



The 9th NSEDP Mid-Term Review (2021-2023), 9th NSEDP Financing Strategy and Lao PDR Resilience Framework

**Presented by: Mme Phonevanh Outhavong, Vice Minister, Ministry of Planning
and Investment**

2023 Round table Implimentation Meeting

Viantiane, 13 February 2024

Content of Presentation

1. The Mid-Term Review of the 9th NSEDP (2021-2023)
2. Financing Strategy and Lao PDR Resilience Framework
3. Directions and Outcomes of the Second-half until 2025

**Mid-Term Review of 9th National Socio-
Economic Development Plan
(2021-2025)**

The 9th Five-Year National Socio-Economic Development Plan (2021-2025)



Consisting of 6 outcomes and 25 outputs

- M & E framework
- Aligned with the United Nations Sustainable Development Goals (SDGs), the criteria for transitioning out of the Least Developed Country (LDC) status involves a multifaceted approach, and Green Growth Strategy.



Global, Regional and Domestic Context



Global and Regional Context

- Covid-19 pandemic
- The Conflict in some areas (Energy price and inflation increase globally)
- Other factors

Domestic Context

- Economic and financial difficulties
- The impact of Covid-19 pandemic
- Natural disasters

OUTCOME 1: CONTINUOUS QUALITY, STABLE AND SUSTAINABLE ECONOMIC GROWTH ACHIEVED

Key results

- GDP growth at 4.03% (5-Year Plan: Average 4.0%)
- Expanded tax base and improved tax collection mechanism at international checkpoints. The budget deficit observes a declining trend as the Government has focused on improving budget management
- Strengthened measures to curb inflations
- Import substitute agricultural and industrial productions increased

Key Challenges

- Growth quality
- High inflation rates
- Kip depreciation
- Weak commercialized production; Unclear promotion policies

| | Implemented | Target 2025 | Noted |
|---------------------|-------------|-------------|------------------------------------|
| GDP | 4.03 | 4.00 | Achieved as anticipated |
| Agricultural sector | 3.10 | 2.50 | Achieved as anticipated |
| Industrial sector | 4.53 | 4.10 | Achieved as anticipated |
| Services sector | 4.00 | 6.00 | May not be achieved as anticipated |
| Tax revenue | 4.03 | 4.00 | Achieved as anticipated |

| | Implemented | Target 2025 | Noted |
|--|-------------|-------------|------------------------------------|
| The exchange rate against the USD (year-on-year) | -18.32 | ±5 | May not be achieved as anticipated |
| Inflation (year-on-year) | 18.25 | ≤ 6 | May not be achieved as anticipated |

OUTCOME 2: IMPROVED QUALITY OF HUMAN RESOURCES

Key results

- Primary school graduation increased
- Maternal and infant mortality rate declined
- Improved latrine use
- Promoted youth vocational trainings

Key Challenges

- High drop-out rate in primary and high school; Lack of teachers
- Nutritional problems in rural areas
- Access to health services in remote areas
- Labor management (Labor migration to overseas)

| | Implemented | Target 2025 | Note |
|---|-------------|-------------|---------------------------------|
| Enrollment rate for 5-year-olds in preschool | 96.2 | 97 | may not achieved as anticipated |
| Primary graduation rate | 93.1 | 94 | achieved as anticipated |
| Promotion rate from grade 5 to grade 6 | 84.5 | 85 | achieved as anticipated |
| Dropout rate of students in Primary school | 4.4 | 4 | may not achieved as anticipated |
| Total enrollment rate for primary school (Grade 4) | 65.3 | 68 | may not achieved as anticipated |
| Dropout rate of High school students | 11.2 | 11 | may not achieved as anticipated |
| Young people and dropouts to be trained through non-formal education and vocational training | 112.559 | 150,000 | achieved as anticipated |
| Percentage of graduates of lower secondary education enrolled in vocational education and training | 1.4 | 3 | may not achieved as anticipated |
| Prevalence of underweight among under-five children | 24.3 | 16 | may not achieved as anticipated |
| Proportion of stunting among under-five children | 32.8 | 27 | may not achieved as anticipated |
| Birth rate attended by skilled health personels | 85.1 | 85 | achieved as anticipated |
| Vaccinate Percentage of infant mortality (28 days and under) | 96.2 | 95 | achieved as anticipated |
| Proportion of population using clean drinking water compared to the total population (clean water consumption rate) | 93.3 | 95 | achieved as anticipated |
| Proportion of population using improved latrines relative to total population (latrine utilization rate) | 84.6 | 85 | achieved as anticipated |

OUTCOME 3: ENHANCED WELL-BEING OF THE PEOPLE

Key results

- Transformed large villages into rural towns
- Number of families, villages and districts lifted out of poverty
- Improved people's living conditions

Key Challenges

- Poverty reduction issues (increased cost of living, food prices)
- Limited necessary infrastructure (remote areas)

| Indicator | Unit | Implemented | Target | Note |
|---|----------|-------------|---------|---------------|
| Number of families built to meet poverty alleviation standards (5-year cumulative figure) | Family | 48,067 | 204,360 | Not Completed |
| Number of villages lifted out of poverty | Village | 482 | 3,104 | Not Completed |
| Number of developed families | Family | 50,076 | 245,754 | Not Completed |
| Number of large villages built as rural towns | Village | 12 | 10 | Completed |
| To establish the district as a comprehensive unit | District | 11 | 69 | Not Completed |
| Number of developed villages | Village | 559 | 4,420 | Not Completed |

OUTCOME 4: ENVIRONMENTAL PROTECTION ENHANCED AND DISASTER RISKS REDUCED

Key results

- Completed comprehensive plans for land allocation and management of natural resources and the environment
- Built meteorological and hydrological stations
- Clean agricultural production, use of electric vehicles, wind energy, solar energy
- Reduced greenhouse gas emissions (carbon trading project in the North)

Key Challenges

- Issuance of land titles
- Solid waste management
- Impact on environment (forest encroachment, development projects)

OUTCOME 5: ENGAGEMENT IN REGIONAL AND INTERNATIONAL COOPERATION AND INTEGRATION

Key results

- Progressed in transportation infrastructure construction
- Completed the construction of Lao-China railway and supporting infrastructure
- Completed the construction of 3 dry ports and carried out feasibility study for another 6 dry ports

Key Challenges

- Weak transportation services
- Road condition and funding for maintenance

OUTCOME 6: PUBLIC GOVERNANCE AND ADMINISTRATION IMPROVED

Key results

- Streamlined administration at the central and subnational levels
- Piloted 7 technical units be to financially independent (previously 5 units and 2 additional units: Tax and Customs departments, MOF)
- Established 9 one-door service centers (achieved 60% of plan)

Key Challenges

- Coordination mechanism
- Private investment and approval process
- Limited staff capacity
- Weak database (Information Missing)

**The 9th NSEDP Financing Strategy, Lao
PDR Resilience Framework and its
Implementation**

Financing Strategy Formulation

- A structured process based on the ‘Integrated National Financing Framework’ approach between 2020 and 2022
- More than 20 government departments involved in collaboration with Development Partners (UNCT, WB, ADB, IMF, EU, GGGI, OECD, DFAT Australia)
- 19 Policy objectives and 54 actions across 5 chapters:
 1. Domestic Public Finance
 2. International Public Finance
 3. Domestic Private Finance
 4. International Private Finance
 5. Priority Sector Finance (Health, Education, Environment)
- Supports implementation of the National Agenda on Addressing Economic and Financial Difficulties

To be Operationalized

- Endorsed by Prime Minister on 30 June 2023
- High-level launch on 5 July 2023 by Deputy Prime Minister
- High-level Meeting on Governance, Coordination and Monitoring Mechanism on 24 November 2023 (Chaired by the Minister of MPI), reaching the following proposed arrangements:
 1. Regular reports on implementation to Government Cabinet meetings and relevant National Assembly committees;
 2. Secretariat support embedded in MPI and MOF to facilitate cross-ministerial working and follow-up on implementation of the actions; and
 3. Integration of Financing Strategy development into the 10th NSEDP formulation.
- Support from Development Partners is essential for effective and timely implementation

The Lao PDR Resilience Framework



Objective: “Prioritisation and consolidation of short to medium-term actions to sustainably recover from the 4F crises, the current economic challenges, and the COVID-19 pandemic as well as actions to build resilience for future crises.”

Criteria:

supporting the implementation of the 9th NSEDP, financing strategy, sector plans as well as the National Agenda on addressing economic-financial difficulties issued, and other existing documents addressing urgent national priorities;

Focusing on short to medium-term actions (period from now to ~2025)

Aligning with other key documents including ASEAN Comprehensive COVID-19 Recovery Framework, Implementation Plan, and the Smooth Transition Strategy for LDC Graduation

Focusing on actions with leverage, comparatively low implementation costs

Taking into considerations the lessons learned from other countries

Building on current data collection efforts

After Approving the Lao PDR Resilience Framework in 2022

Contributing entities are encouraged integrate actions within their workplans and/or facilitate their implementation, the 9th NSEDP Plan and National Agenda

5 focus tasks in accord with the development goals of the 9th NSEDP, the financial development strategy and the transition strategy from the status of the underdeveloped country of Lao PDR;

The monitoring of the evaluation of the implementation is based on the evaluation of the socio-economic and sectoral development plan from time to time and from the evaluation of the implementation of the national agenda on solving economic-financial difficulties 2021-2023.

Directions and Outcomes for the Second-half of the 9th NSEDP until 2025

Outcome

Priorities

Outcome 1: Continuous Quality, Stable and Sustainable Economic Growth Achieved

1. Continue addressing the economic-financial challenges, with key emphasis on:
 - 1.1 Strengthening fiscal revenue collection through the exploration of new revenue streams and enhancing modernization efforts.
 - 1.2 Implementing a targeted monetary policy, adjusting foreign currency allocations for strategic imports, managing foreign currency flows from trade activities, and expanding commercial banks' exchange service networks.
 - 1.3 Vigilantly monitoring and managing product prices while conducting research to adjust the pricing structure of essential goods that could affect people's livelihood.
 - 1.4 Addressing public debts through multifaceted approaches.
2. Promote domestic production for import substitution; Bolster export commodity production in conjunction with stringent import regulations; Intensify efforts to boost tourism, especially during Laos Tourism Year in 2024.
3. Strengthen micro, small, and medium-sized enterprises by facilitating access to capital sources, aligning with government credit policies.
4. Enhance business environment by streamlining processes; Foster an environment conducive to attracting investments.
5. Reform and fortify state enterprises to optimize efficiency and effectiveness.
6. Enhance cargo services at border crossings and various land ports to ensure convenience in logistics operations.

Outcome

Priorities

Outcome 2: Improved Quality of Human Resources

1. Continue to improve the quality of teaching and learning; Create conditions for access to education; Solve the issues of insufficient teachers in rural areas.
2. Improve the quality of public health; Upgrade hospitals at various levels to achieve higher standards.
3. Continue to train and develop skills in various professional fields; Increase supply of domestic and foreign labor; Register the unemployed and improve job placement service; Promote self-employment; Improve the minimum wage to be in line with the economic situation.

Outcome 3: Enhanced Well-being of the People

1. Continue infrastructure development in rural areas amidst budgetary constraints; Promote diverse economic sectors to drive rural development.
2. Develop a strong social security system (Expand coverage and improve administration and services).
3. Expand social protection initiatives to support various disadvantaged groups, ensuring they receive appropriate assistance.
4. Enhance efforts to address unexploded ordnance with increased flexibility and focus.

| Outcome | Outputs |
|--|---|
| Outcome 4: Environmental Protection Enhanced and Disaster Risks Reduced | <ol style="list-style-type: none"> 1. Sustain the protection of natural resources by fostering a circular economy; Encourage green agricultural practices; Promote eco-friendly tourism; Support clean energy initiatives. 2. Develop comprehensive land use strategies at central and provincial levels, along with ongoing land registration and title issuance efforts; Modernize land management systems. 3. Continue proactive measures to manage climate change, targeting emission reduction and achieving net-zero greenhouse gas absorption by 2050. 4. Prioritize the establishment and enhancement of a modern weather monitoring system to effectively track and respond to weather fluctuations. |
| Outcome 5: Engagement in Regional and International Cooperation and Integration | <ol style="list-style-type: none"> 1. Continue to develop the connection infrastructure as planned. 2. Improve various transportation systems to improve standards and service quality. 3. Continue to build the infrastructure for modernization works and digital economy transformation in order to promote socio-economic development. 4. Continue to actively cooperate with allied countries, Development Partners. |
| Outcome 6: Public Governance and Administration Improved | <ol style="list-style-type: none"> 1. Continue the enhancement of the state administration system, focusing on efficiency and modernization, particularly in streamlining the approval process for the private investments and business operations. 2. Continue efforts towards building financially independent entities through earnings of technical income, while concurrently establishing legislation on public employees. 3. Persist in creating and refining laws and legislative frameworks. |

Thank You