

7th National Socio-Economic Development Plan (2011-2015)

Presented by:

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Structure of the Plan

- I. Implementation of the 6th National Socio-Economic Development Plan (2006-2010)

- II. 7th National Socio-Economic Development Plan (2011-2015), measures and implementation mechanism

I. Achievement of the 6th National Socio-Economic Development Plan (2006-2010)

1. Macroeconomic

- The economy grew at 7.9% per annum on average, compared to the 5th NSEDP (2001-2005) increased by 1.08 times.
- GDP per capita: US\$ 573 in 2005-2006 up to US\$ 1,069 in 2009-2010

- Inflation: 8% (2001-2005) to 4.41% (2009-2010)
- Stable exchange rate
- Trade deficit: 5.3% of GDP
- Budget revenue : 16.5% of GDP and budget deficit 4.7% of GDP
- Foreign reserve covers about 6 months
- Poverty rate has been reducing from 33.5% (2002-2003) to about 26% (2009-2010)

2. Investment balances

- **State investment:**

Totally 24,747 billion kip, of which domestic 3,982 billion kip, ODA 20,765 billion kip (about US\$2,443 million, an average at US\$488 million per annum);

- **Domestic and foreign investment**

Actual 1,022 projects with US\$ 11.06 billion, of which private investment for domestic about US\$ 2 billion.

■ **Outstanding Achievement:**

- Political stability, peace and security were maintained
- The economy expanded continuously and at 7.9% GDP growth, exceeded the original target of 7.5%). Overall macro-economic stability has been maintained.
- The impacts of two natural disasters were withstood, and the country was able to effectively safeguard itself from the global financial crisis
- The economic structure is moving towards industrialisation and modernisation. Production for commercial purposes is increasingly occurring following the market mechanism
- Poverty levels have decreased. The living conditions of Lao people have improved; International organizations, friendly countries and development partners cooperation have been increasing and deeply integrated to the global.

■ **Some challenges:**

- Poverty has considerably reduced but inequality persists; the industry sector has grown at a slower rate compared to the service sector
- There are good basic public investments, but no focal investment areas are identified. The effectiveness of public investment is low.
- A number of public investment projects still lack financial support for implementation. Contribution from Government counterpart funding was relatively modest so reliance on foreign aid is still high.
- Labour demand and job creation for the workforce have been carried out according to the market mechanism but have not been well planned. As the result, labour market is not balanced

II. 7th National Socio-Economic Development Plan (2011-2015)

Characteristic of NSEDP VII : still be an ambitious plan including 6 points :

- Rapid growth, stability and sustainability
- Comprehensive basic infrastructure, especially in the rural area, connecting to the region and global
- Improving governance efficiency, transparency, and solving all obstacles
- Achieving MDGs with a quality
- International integration
- and openness trade

Goals

1. Ensure continuation of national economic growth with security, peace and stability, and ensure GDP growth rate of at least 8% annually and GDP per capita to be at least USD 1,700.
2. Achieve the Millennium Development Goals by 2015, and adopt appropriate technology and skills, and create favourable conditions for graduating the country from LDC by 2020.
3. Ensure sustainability of development by emphasising economic development with, cultural and social progress, preserving natural resources and protecting the environment.
4. Ensure political stability, peace and an orderly society,⁹

Overall directions

1. Develop all aspects of national economy: Build a strong base for sustained economic growth
2. Make dynamic changes towards rural development, historical and focal development areas and poverty eradication
3. Socio-cultural, economic development and environmental protection must reinforce each other
4. Increase enforcement and effectiveness of public administration, reform democratic state in the direction of rule of law, ensure equality and justice in society
5. Ensure national defence and security across the country in order to maintain political stability, and social order
6. Increase cooperation with friendly countries at regional and global levels and raise competitiveness at the regional and international levels
7. Implement industrialisation and modernisation strategies in a progressive way

7th Plan macroeconomic targets

- **GDP growth rate: at least 8%**
 - Agriculture and forestry : 3.5%
(share: 23.0% of GDP)
 - Industry : 15%
(share: 39.0% of GDP)
 - Service : 6.5%
(share: 38.0% of GDP)
- **GDP per capita: \$1,700 by 2014-2015**
- **Inflation: less than GDP growth rate**
- **Exchange rate stays stable**
- **Revenue: ~ raise to 19-21% of GDP**
- **Budget deficit <5% of GDP**

7th Plan social sector targets

- Poverty to reduce below 19% and household poverty ratio 11%
- Net enrolment rate at Primary school at 98%
- Proportion of pupils starting grade 1 who reach grade 5 at 95% , literacy rate in the age group 15-24 at 99%
- Reduce CMR at 70/1,000 live births and IMR to 45
- Reduce MMR to 260/100,000 live births
- Prevalence of underweight in children under age 5 : 20% and stunting in children under age 5 : 34%

Balance of Financial Sources for Investment During The 5 Years

- In order to achieve the annual GDP growth at 8% (or more), and total investment 32% of GDP or 127 thousand billion kip (about USD 15 billion)

	% to total investment	Value (thousand billion kip)	Value (USD million)
Government budget	8-10%	10-12	1,200-1,400 (average 240 per annum)
Grants and loans	26-28%	33-35	3,800-4,200 (average 776 per annum)
Domestic and international private investment	50-56%	64-70	7,400-8,300 (average 1,700)
Credits	10-12%	13-15	1,500-1,800 ¹³ (average 360 per annum)

Labor balance and employment

- Projected data 2015, employment ratio:
 - Agriculture: about 70%
 - Industry: about 7%
 - Service: about 23%

Targets of integration

- Openness ratio per GDP

- Lao PDR 83%

- In the next 5 years, it is targeted to achieve highest export growth rate , in order to open to trade at 100% (but it is a main challenge to achieve that figure)

Rural development and poverty alleviation

- In the 7th NSEDP, poor villages and districts are targets and priorities for rural development and poverty alleviation
- Village and district development concentrates on the production and services that generate high value added and high competitive advantages.

Regional and Local development

- Development by regions (north, central and south)
- Geographical development (mountainous and remote areas, flat areas and areas along the borders)
- Urban development
- Village and targeted area development
- Special economic zone development

Measures

1. Fund mobilizing and increase the effectiveness of fund utilization
2. Firmly grasp the policy on economic Renouveau along socialist path
3. Applying the policy on industrialization and modernization, promote the use of science and technology
4. Human resource development, staff capacity building

Measures (cont.)

5. Enhance capacity and the effective State's management of economy
6. Implementation of the VII five-year socio-economic plan and deconcentration.
7. Fostering international economic cooperation and seeking support from friendly countries and development partners
8. Translating the VII Five Year Socio-economic Development Plan into actual sectors in grass root localities

Thank you
for your kind attention