

Country Report
On
Current Practices and Status on Lao National
Accounts Compilation

**Regional course on SNA 2008 (Special topic): improving
exhaustiveness of GDP coverage.**

31 August – 4 September 2015, Daejeon, Republic of Korea

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1. Introduction

The Gross Domestic Products (GDP) compilation in Lao PDR have started officially in 1990 by using a value added coefficient for its calculated as well-known the product approach. GDP constant price used the year 1990 prices. Its publication was grouped into three broad economic activities such as Agriculture, Industry and Services. The estimates were prepared for major groups of products and have not fully used the standard classification of industrial activities, known as the International Standard Industrial Classification of All Economic Activities (ISIC).

Since 1997, Lao Statistics Bureau (LSB) has achieved several main sources of economic data such as Lao Expenditure and Consumption Survey (LECS)¹, Non-Financial Corporation Survey (Establishment Survey)², Government Financial Statistics recoded by Ministry of Finance and other administrative data. Based on surveys data and administrative reporting System, LSB has attempted to adopt the System of National Accounts 1993 framework and achieved the first benchmark (1997) and finally came out with the second benchmark in 2002. The second benchmark estimation was done in 2006 with reference year 2002-2005 and result was published in National Accounts Statistics 2002-2005 in 2008. However, the annual GDP by expenditure component available only at aggregated level. In general, the GDP by production side annually published in the Year Book of LSB. Under the implementation of Strategy for Development of National Statistics System (SD NSS) 2010-2020, the Lao Statistics Bureau continue to works on the implementation and adaptation of SNA 1993 and 2008 (where possible) to compile and build the System of National Account as to response to the emerging demand and users need.

2. Estimation of National Accounts

The first series of GDP by industry (1990-2005) was based on production approach by using bench mark data estimation with fixed 1990's prices and value added ratio with conjunction with administrative reporting data. The current GDP (since 2002) is estimated by using new benchmark (reference year 2002-2005) data based on 1993 SNA. GDP by industry breakdown by one-digit at current price and constant price are produced on annual basis.

The GDP by expenditure approach disaggregated into main components: final consumption expenditure (household and government), gross fixed capital formation (state, private and household) net export at aggregated level.

The GDP by income approached was not officially produced in the National Statistics System. Despite the needs on the quarterly account but with the limitation of data and resources quarterly account/quarterly GDP was not compiled.

3. Status of SNA Compliance

- GDP (P): Compilation both current price and constant price, 2002 is recently base year, based on 1993 SNA.
- GDP (E): The GDPE approach is disaggregated into main components: final consumption expenditure (household and government), gross fixed capital formation (state, private and household) Net export (available 2002-2005) and 2009, 2011 Compile for ICP propose.
- GDP (I): The GDP by income approached was not officially produced in the Lao National Accounts.

¹ The survey is conduct in very 5 year. 1997/1998 was the first survey and the late was conducted 2007/2008

² Year conducted survey 1997, 2002, 2003, 2004, 2005, 2006, 2007

4. Compilation Methodology

- GDP (P) = Gross value added + (Taxes – Subsidies)
- GDP (E) = Final consumption expenditure (household and government)
 - + Gross fixed capital formation (state, private and household)
 - + Exports - Imports

5. Sources data and classification

❖ Surveys

- The Lao Expenditure and Consumption Survey (LECS) conducted in 1992/1993, 1997/1998, 2002/2003, 2007/2008, 2012/2013
- Sample enterprise survey in bigger cities in 1998
- Economics Censes EC 2005, 2013
- Annual Establishment Survey (AES) conducted in 2003, 2004, 2005, 2006, 2007 (Full enumeration, country wide with cut-off less five employees enterprise)
- Annual Household Survey (AHS) conducted in 2004, 2005, 2006, 2007 (2400 households are surveyed)

❖ Administrative reporting data

- Sector quantity production outputs
- Financial statistics e.g. banking services
- State budget
- Public investment
- Others

❖ The classification

- ISIC rev 3 (GDP (P) estimation base year 2002); (Since 2012 survey, EC, HHs apply ISIC Rev 4 and developed to LSIC as 5 digit)
- CPC (EC 2005, 2013 and Establishment survey)
- COICOP (LECS, Five year interval and Annual Household Survey)
- HS (Import and export)

6. Quality assurance

The calculated national accounts, LSB are used data diversity like survey data and administrative data. As mentioned above, before using those data to compilation to the system. The data was analyzed thoroughly enough, and comparison the various data sources, and also evaluate the results of the calculations after being complicated in the system.

Before the presentation and publication every time, there are deal the meeting through with technical of ministries and related parties several times to pinpoint shortcomings and find ways to solve of the national accounts data.

7. Issues and Challenges

- Staff shortage, capability in the implementation of SNA concept, compilation and data analysis.
- The coverage of the data source, as well as the informal sector, and insufficient data and data sources in annual basis (R&D, GFCF, inventory, FISIM by activities).
- GDP Deflator only CPI is available. PPI, WPI, Export and Import Index are not available in the system yet.

8. Way Forward

Plans to address issues in adopting the 2008 SNA recommendations and meet specific outputs:

- Formulate a working program for the economic statistics data development to serve the needs of NA compilation according to the 2008 SNA, focusing in specific on working program for annual GDP estimation both product and expenditure side
- Shift the base year from 2002 to 2012, estimates GDP (P) by using the data from EC2013, the Agriculture Census of 2010 and LECS year 2012/2013
- Switch the ISIC rev3 into ISIC rev 4 in GDP (P) compilation (Time series)
- Enhance staff capacity building on SNA using different means.
- PPI compilation to support GDP deflators