Compilation of

Lao System of National Accounts:

Current Practice and Status

Prepare By: VICHAI DARASAVONG (MR)

National Accounts Division
Department of Economic Statistics
Lao Statistics Bureau
Ministry of Planning and Investment
A. Current Practices and Status

The LSB regularly compiles and disseminates annual GDP estimates by production at current and constant prices. GDP estimates by expenditure at current and constant prices were last published in 2005 and covered 2002 – 2005, 2007, 2009 and 2011. Since then, no GDP estimates by expenditure have been published, though some estimates at current prices have been worked out.

- **GDP by production:**

  At present, national accounts estimates published by LSB are limited to annual estimates of GDP at current and at constant 2002 prices. Annual series of GDP based on the production approach are available for 1990–2016. First estimates based on partial data are usually released in March, three months after the end of the period, and are reviewed one year later in March of the following year. At the request of Government, LSB also compiles fiscal year GDP running from October to September of the following year. First figures of fiscal year GDP are available in May and are revised in December.

  Due the lack of economic statistical surveys, compilation of GDP estimates by production relies extensively on extrapolation methods using volume indicators from administrative sources. Current price estimates are then obtained by deflating the constant price estimates with price indices, mostly the CPI or its components in the absence of suitable price indices.

  Given the nature of the data sources used, LSB does not compile the other elements of the production account, namely gross output and intermediate consumption; only estimates for value added are compiled.
- **GDP by expenditure:**

  GDP by expenditure at current and at constant prices were published for years 2002 to 05. Some estimates were also produced for the years 2007, 2009 and 2011 to comply with the data requirements of the International Comparison Program.

  Main data sources for the household final consumption expenditure (HFCE) are the Lao Expenditure and Consumption Surveys (LECS) for survey years, supplemented by other reliable sources such as Utility Providers and Customs Department. For non-survey years, extrapolation of estimates of household final consumption items was made by applying population growth rates and changes in the CPI or relevant subcomponents of the CPI, assuming no changes in consumption per capita at constant prices. The commodity flow method has been applied for estimating consumption of some specific categories of goods. LSB has also started a new annual household survey on consumption, based on a smaller sample than the LECS. This new data source is expected to increase the accuracy and reliability of future estimates of HFCE.

  Other sources of data used in the computation of GDP by expenditure include the government budget for general government final consumption expenditure, imports of construction materials and machinery and equipment for estimates for gross fixed capital formation, and Balance of payments compiled by the central bank for exports and imports of goods and services.
• Quarterly GDP by production:

No quarterly GDP estimates are available. Because of due to the lack of financial and human resources and Limited value added tax data have been received, but in hard copies making the analysis of the data and compilation of quarterly estimates very tedious.

Suggested the compilation of a Quarterly Indicator of Economic Activity (QIEA) from IMF’s Mission, that is, estimates by production at constant prices on the basis of available indicators with focus on the main contributors of the economy, as a first step. These can be improved and extended to the whole economy as more suitable data become available. The mission also stressed on the need to assess the quality of the indicators by comparing them with the annual estimates of GDP when they become available. If the QIEA is found to be good at tracking the annual GDP, but on a more timely basis, it will be a valuable contribution to economic monitoring. However, if it is found to track annual GDP poorly, then it will be necessary to identify the weakness or gaps in the source data of components. The mission advised that the quarterly estimates be kept under study (or used internally, or by the Ministry of Finance, BOL, and IMF) for one or two years before public dissemination.

The QIEA approach uses similar techniques to quarterly GDP, but recognizes that the data coverage is less complete. As LSB gains experience in the QIEA, it can identify priorities for further development, such as additional surveys to fill gaps or add detail, expanding to current price values, expanding to expenditure data, and adopting the Denton and seasonal adjustment techniques. However, the mission sees the need to take a step-by-step approach of making gradual improvements.
In the medium term, the IMF’s mission also strongly recommended the use of administrative data from the Value Added Tax (VAT) department rather than conducting quarterly surveys of businesses, which according to the mission and experience of failures over several years, will be too resource-demanding and not sustainable. The mission advised that LSB communicates with the VAT department to enlist their cooperation for data provision; LSB should spell out clearly its data needs and ensure that data transmission is done electronically.

- **Other Issues**

LSB was also receiving technical assistance in national accounts from the World Bank, more specifically on the compilation of new base year GDP estimates and Supply and Use tables (SUT). The compilation of a provisional benchmark GDP and SUT estimates for 2012 were completed. The LSB decided that it would assign complementary roles to the World Bank and Fund, with the Bank project being used for the new benchmark. The new GDP estimate for 2012 is not far from the previously published figure though some differences were noted at industry level. LSB staff indicated that the figures would be checked for consistency before release. The release possibly as early as the end of 2016 with some back series and the SUT Sources data and Classification

- **Sources data**

**Two main data sources:**

- **Survey**
  - The LECS conducted in 1997-98, 2007-08, 2012-13
  - Sample enterprise survey in bigger city in 1998
- **Administrative reporting data**
- Commodity quantity basis product
- Finance statistics
- State budget and Public investment

• Classification
  - ISIC rev 3 (GDP (P) estimation base year 2002), (Since 2006 we use ISIC Rev 4 and (developed to LSIC as 5 digit)
  - LCPA for Supply and Use Tables (Lao Classification of Production on Activities) (ISIC Rev 4 and CPC2.0)
  - CPC 2.0 (Economic Census 2006, 2012 and Establishment survey)
  - COICOP (LECS, Five year interval and Annual Household Survey )
  - HS (Import and export )

B. Challenges

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

C. Quality practices

Quality assurance

• To comparison the various data sources, and also evaluate the results of the calculations after being complicated in the system.

• Before the presentation and publication, organized the meeting through with technical of ministries and related partnerships.