

National Assembly reconsiders State Investment Law.

The government hopes it will be able to channel state funding for its development plans more effectively with a new Law on State Investment.

Minister of Planning and Investment Dr Sinlavong Khouthphaythoune yesterday presented the draft of the Law on State Investment to the 8th Session of the 6th Legislature of the Lao National Assembly, giving legislators the opportunity to debate it.

Assembly members are scheduled to vote on whether to approve the new law at the end of the current session on November 27. This is the second time the government has asked members to approve the law after the majority voted against the law last year.

Speaking at the session, Dr Sinlavong said the ministry had deleted some content relating to state enterprise investment after learning the law should relate only to investment in public works.

He said the management of investment in the development of public utilities and in business operations was different. Investment in business aimed to make a profit.

The Ministry of Finance plans to develop a specific law on state enterprise investment to enable these enterprises to manage business effectively, according to Dr Sinlavong.

He said before the ministry asked the National Assembly to reconsider and approve the law, it had consulted with the sectors concerned, aiming to clarify the content of the law and ensure its objectives were met.

If the law is approved, planning officials will be empowered to scrutinise and offer recommendations on proposed state investment projects by other state organisations to ensure these projects are in line with the socio-economic development plans of the Party and government.

Dr Sinlavong said although the government had mobilised a large amount of funding for the construction of basic infrastructure and public utilities in recent years, it had been unable to achieve its development goals and priorities.

He said the budget for state investment was allocated without sufficient focus points, and estimations of the budget required were not based on reality. This made the cost of some state projects expensive, which was one of the main reasons the government had been unable to achieve its socio-economic development plans.

According to a report from the Ministry of Planning and Investment, the government plans to invest about 5,125 billion kip this fiscal year, an increase of about 50 percent from last fiscal year.

Government investments in the 2008/2009 fiscal year were estimated to reach about 3,329 billion kip.

About 1,265 billion kip of the planned state investment will come directly from the government's budget, with the remainder to come from external sources including donors and loans from international financial institutions.

The funds will be used to implement 3,138 public projects nationwide, 1,133 of them new and the remainder ongoing.

Public investment will account for 41 percent of the government's planned total expenditure of 12,470 billion kip for this fiscal year.

By Ekaphone Phouthonesy

(Latest Update November 20 , 2009)