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Statement by the Hon. **BOUNLEUA SINXAYVORAVONG**,
Governor of the Fund for the **LAO PEOPLE'S DEMOCRATIC REPUBLIC**

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Governor of the Fund for the Lao People's Democratic Republic

Chairman
Managing Director of the International Monetary Fund
President of the World Bank Group
Fellow Governors
Distinguished Delegates
Ladies and Gentlemen

I am honored to have an opportunity to represent the Lao People's Democratic Republic to address at the International Monetary Fund (IMF) and the World Bank Group (WBG) Joint Board of Governors' 2022 Annual Meetings.

I wish to convey my sincere appreciation and gratitude to the IMF Managing Director Kristalina Georgieva and the World Bank Group President David Malpass, for their vision and leadership in guiding two prestigious institutions to maintain growth and international financial stability in the face of global challenges and uncertainties.

We are pleased that the global economy continues to grow and recover; however, we are mindful that different regions are experiencing these developments at varying paces as Low-income countries (LICs) continue to face enormous challenges in meeting their Sustainable Development Goals while ensuring a sustainable level of external debt.

The Lao economy has started to recover from the pandemic that occurred over the past few years, just like other economies around the world. Lao economic growth has been fueled by a stronger balance of payment position, a recovery in the tourism sector, and an increase in employment in the service sector as the country's economy was reopened and the economic activities were returning to normal.

In 2022, Lao PDR is implementing the 2nd year of the 9th National Five-Year Socio-Economic Development Plan (2021-2025), the economic growth is projected at 4.4 percent, and fiscal deficit projected at 2.1 percent. Since 2021, the government has continued its reform agenda to maintain the macroeconomic stability and to safeguard the economy from the impacts of the Covid-19 pandemic, as well as from the headwinds of the unstable external environment such as global energy price and others.

Beside the economic achievements, the economy is facing several downside risks, particularly a sharp depreciation of the KIP currency, higher global commodities prices, notably oil prices which drove domestic inflation, global financial tightening especially substantial interest rate hikes in some advanced economies and the appreciation of major currencies.

Since the Lao economy remains highly import-dependent and fragile under the multiple currency phenomenon with limited external buffers and high external debt, and also given that the domestic economy is a small open economy, and its financial system is under a comprehensive reform, such external vulnerabilities may have negative impacts on future growth.

Under such circumstance, to ensure monetary and price stability and to efficiently support economic recovery and promote long-term economic growth, several monetary policies have been implemented for instance: policy rate has been slightly increased, central bank's bills has been issued to absorb risks from currency substitution, pressures on exchange rate depreciation and mitigating pressures from demand side.

On public finance management, the Lao PDR is implementing digitization of the revenue administration, and risks-based audits, rationalization of expenditure, strengthening of the public procurement, and strengthening the public debt management through state-owned enterprises (SOEs) reform, and enhancing assessment and selection process of foreign loans-funded investment projects, as well as inspection of domestic public-funded public investment programs.

Lao PDR has also continued to support the private sector to operate in an enabling business environment, and committed to green, sustainable and more equitable growth. In addition, the relevant authorities of Lao PDR have continuously strengthened its institutional capacity to enhance more robustly domestic resources mobilization, as well as to foster the partnership with development partners to support of the social sectors, namely in education and health, child education and nutrition, water supply and sanitation, which are important to achieve the Sustainable Development Goals, as well as socio-economic development of Lao PDR.

Toward the end of the year, it is expected that major downside risks will remain. Therefore, in maintaining the stable macroeconomic conditions amid unfavorable external environment, the government of Lao PDR will continue to implement monetary policies to safeguard the economic and financial stability, and strong effort will be put into lowering the pressures on domestic currency and inflation and creating more buffers to external shocks. On fiscal front, over the short to medium term, the key directions are to increase revenue collection, to minimize unnecessary spending and to reduce the level of public debt.

Lao PDR and the World Bank/IMF have long-standing and fruitful relationships. Since our membership, the two institutions have continued to play significant roles in supporting the implementation of the National Socio-Economic Development Plan, which aims to build and assist the country's transition for the development programs with the stated goals of eliminating poverty and long-term economic stability.

In conclusion, I reaffirm the Lao PDR's strong support for both institutions as they continue to carry out their respective mandates in a global environment that presents both opportunities and challenges. We look to continually working closely with them to achieve our mutual development agenda.

Thank you.