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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' 2023 Annual Meetings.

On behalf of the Bank of the Lao PDR and the Lao Government, I express the deepest sympathy to the people of Morocco who were affected by the recent devastating earthquake. Our thoughts and prayers are with the families who lost loved ones and those who were injured. We stand in solidarity with Morocco during this difficult time and wishing the people of Morocco find strength and comfort in the days ahead as they recover and rebuild.

As we come together at the IMF Annual Meeting, let us reaffirm our commitment to working towards a more resilient and sustainable global economy. At this juncture, I wish to extend my heartfelt appreciation to Ms. Kristalina Georgieva, the IMF's Managing Director, and Mr. Ajay Banga, the President of the WBG, for their remarkable guidance and vision in steering our esteemed institutions towards sustained development and stability, despite the diverse global challenges and uncertainties.

We are pleased that the global economy continues to recover; however, we are aware that different regions are experiencing these developments at varying paces as Low-income countries (LICs) continue to face greater challenges, especially from the increasing in commodity prices, geographical tensions, and climate change.

Similar to other economies in the region and globally, the Lao economy has made some progresses towards its recovery from the pandemic that emerged in recent years. The economy continues to develop gradually as the country's economic activities and business operations return to normal, a stronger balance of payments position, a rebound in the tourism industry, and a rise in employment in the service sector. In 2023, Lao PDR is implementing the 3rd year of the 9th National Five-Year Socio-Economic Development Plan (2021-2025), the economic growth is projected at 4.5 percent in 2023.

In addition to the economic accomplishments, the Lao economy is currently tackling with a number of challenges that pose significant risks to its growth prospects, particularly the depreciation of the Lao Kip, high inflation and the tightened global financial conditions. Furthermore, the Lao economy remains import-dependent and under the multiple currencies phenomenon with limited foreign reserves and high external debt service. These challenges, thus, have contributed to an increased domestic inflation, reduced consumer spending, and consequently slowed down investment.

These challenges require a coordinated and collective effort from policymakers to address effectively and mitigate the impacts on the Lao economy. Given the current situation, various monetary policies have been put in place to maintain monetary and price stability and to effectively

support economic recovery and encourage long-term economic growth. These policies include an increase in the policy rate, reserve requirement ratio, the issuance of central bank bills to absorb liquidity, and measures to mitigate pressures from exchange rate depreciation and foreign exchange demand.

The Lao PDR is committed to achieve fiscal consolidation and advancing public finance management (PFM). The government is taking several measures to achieve these goals, including strengthening public debt management and reforming tax administration to increase revenue collection and fiscal balance. The country is also improving medium-term fiscal planning and budgeting, which will help ensuring greater fiscal discipline and transparency. Moreover, the government is striving to enhance governance and budget credibility, which will help to increase public trust and confidence in the country's fiscal policies.

It is expected that significant downside risks will remain towards the end of this year and into the following year. Consequently, the Government of the Lao PDR is committed to maintain stable macroeconomic conditions despite an unfavorable external environment. The government plans to continue implementing monetary policies to ensure economic and financial stability, with a particular focus on lowering pressure on Lao kip depreciation and domestic inflation while creating more buffers to mitigate external shocks. Regarding fiscal management, the short to medium-term goals include fiscal management to reduce budget deficits.

Going forward, the Lao government is also committed to conduct appropriate reforms to address structural challenges, including reducing the cost of doing business, improving the regulatory environment, and strengthening governance and transparency. In addition, the Lao PDR is looking to invigorate global cooperation, particularly with its regional neighbors and the trading partners, to enhance trade and investment flows as well as promoting economic integration regionally and globally. These efforts are expected to support sustainable economic growth and reduce poverty in the country.

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

Thank you.