

## **Speech for Deputy Minister Soulivath for the Pre-Consultation Meeting**

Excellencies, Ministers and Vice Ministers,

Representatives from Embassies, International Organizations, Development Partners,

Ladies and Gentlemen,

A very good morning to all esteemed participants both online and in-person,

### **Taking Stock: Progress and Pressures (*title, will note read this*)**

In order to set the context for today's discussion, please allow me to highlight key progress and challenges from the past years.

Despite formidable obstacles, including global economic uncertainty and the after-effects of the COVID-19 pandemic, Lao PDR has maintained political stability and achieved an average annual economic growth rate of 4%, in line with the targets of the 9<sup>th</sup> NSEDP. Key infrastructure projects, notably the Laos-China Railway, have been completed paving the way for growth in the tourism and logistics sectors. The agricultural sector has exceeded its growth targets; the energy sector is expanding, with more renewables such as solar and wind power in the energy mix.

### **Macroeconomic**

However, economic growth has been heavily reliant on resource-based sectors and has not translated into jobs and decent incomes. We recognize that real incomes have fallen with the inflation pressures. Macroeconomic instability has been a major challenge, debt servicing has crowded out investments social sectors. As a result, social development indicators in education and health are showing slow progress, with several targets at risk of not being met. Furthermore, environmental pressures have escalated with increased land use and resource extraction.

## **Human capital**

Human capital remains a key priority under the 9<sup>th</sup> NSEDP, yet progress has been mixed. Education suffers declining enrolment, high dropout rates, low learning performance, teacher shortages, and mismatch between education curriculum and labour market needs. The health challenges include malnutrition and rising non-communicable diseases, particularly in rural areas. Social protection coverage remains low at around 11%, leaving informal workers highly vulnerable to shocks.

Despite those challenges, significant reforms and new initiatives have been introduced. By tightening monetary policies, the government has been able to stabilize the currency pressures and inflation. Key measures include raising interest rates, mandating the conversion of export earnings, and establishing a currency exchange platform. To improve revenue performance, VAT rate was restored to 10% and concessional borrowing is prioritized as part of the measures towards debt sustainability.

## **SDG Implementation**

Lao PDR's 2024 VNR shows mixed progress. No SDG is on track. Poverty, education, and electrification improved, but nutrition, health, gender equality, and climate resilience face challenges due to COVID-19, fiscal issues, and external shocks. Progress needs integrating the 2030 Agenda with the 10th NSEDP, strengthening data, enhancing the Lao Statistics Bureau, and linking financing with planning, ODA, and private sector engagement, as envisioned in the new Vientiane Declaration.

## **LDC graduation**

Lao PDR's graduation from Least Developed Country (LDC) status in November 2026, exactly one year from now, will lead to the gradual withdrawal of international support measures, including access to preferential trade agreements. Lao PDR's trade preference arrangements will change, including with major trading partners such as China and the European Union, and Lao PDR will no longer be eligible for LDC-specific multilateral technical assistance and financing opportunities. To mitigate these impacts, we have adopted a comprehensive

Smooth Transition Strategy (STS), which outlines a forward-looking vision anchored in measures to promote macroeconomic stability, investment, structural transformation, and climate action.

### **Setting the Stage for the Future- Panel discussion**

The 10th NSEDP (2026-2030) is crucial for Lao PDR, coinciding with its LDC graduation in 2026 and the 2030 SDGs culmination. Amidst rapid global shifts—technological revolutions, climate shocks, geopolitical frictions, and demographic changes we aim for an independent, self-reliant economy. become an upper middle-income country.

Today's panel discussion titled "**Post LDC Graduation, Unlocking New Development Ambitions – Growth, Jobs, and Technology,**" aims to **unpack this new path for Lao PDR's development trajectory.**

I hope that the panel discussion can shed light on how we can achieve this.

The forward-looking recommendations and insights developed during this session will be directly presented at the High-Level Round Table Meeting. These contributions will play a vital role in finalizing the 10th NSEDP.

I encourage all participants to engage in a focused, forward-looking dialogue, keeping interventions concise and to the point.

I am confident that through our strong and continued partnership, we can define a clear, actionable, and resilient trajectory for a prosperous, self-reliant Lao PDR.

I now invite the United Nations Resident Coordinator, Mr. Bakhodir Burkhanov to continue to facilitate the next agenda items.

Thank you.