



Results of the Pre-Consultation Meeting

**“Post LDC Graduation -Unlocking New Development Ambitions:
Growth, Jobs, and Technology.”**

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1. Progress and Challenges



- **Macroeconomic**

- Achievement: 4% average growth and completed key infrastructure.
- Challenges: Resource-reliant; high debt and macroeconomic instability.

- **Human Capital**

- Achievement: Mixed progress.
- Challenges: Education suffers from declining enrollment/skills mismatches, and social protection is critically low (~11%).

- **SDG implementation:**

- Achievement: Poverty and electrification improved.
- Challenges: challenges remain in nutrition, health, and climate resilience.

- **LCD Graduation:**

- Pressure: withdrawal of international support and preferential trade access.
- Mitigation: Adopted Smooth Transition Strategy (STS), focusing on macroeconomic stability, structural transformation, and climate action.

2. Practices shared from recent LDC graduated Countries



Bhutan: Strategy, Achievement, and supporting factors

- **Strategy:** Balance between economic growth with environmental protection.
- **Successes:** High youth literacy rate (99%), increased life expectancy (over 70) and being the only carbon-negative country.
- **Three Enablers for Smooth LDC Transition:**
 - **Policy Reforms:** Prioritize human development, economic diversification promoting policy, natural resource protection policy.
 - **Strengthened Institutions:** Reduce fragmentation and siloes.
 - **Partnerships Grounded in Mutual Respect:** National ownership and empowerment while external support strengthened domestic institutions.

2. Practices shared from recent LDC graduated Countries (Cont'd)

Economic Development Plan and Vision



1. The 13th 5-Year Plan; and
2. The 21st Century Economic Roadmap.
 - **Priorities: Core sectors** (hydropower, tourism) and emerging sectors (digital economy, renewable energy, services)
 - **Focuses:**
 - Improve policy and governance, private sector growth, investment in human capital, innovation ecosystem, and market access.
 - Institutionalize transition mechanisms,
 - Promote policy coherence, strengthen data systems, and ensure people-centered governance.
 - Create Gross National Happiness (GNH) index: balancing economic growth with environmental protection, culture, spirituality and good governance.

2. Practices shared from recent LDC graduated Countries (Cont'd)



Maldives: LDC graduation impact

- **Decline in ODA:**
 - **Impact:** Decline in ODA entitled for LDC.
 - **Mitigation:** ODA was restored steadily post-graduation due to recovery and institutional reforms. Continued IFI access as concessional lending is based on income level, not LDC status.
- **International Trade:**
 - **Impact:** Loss of preferential EU access
 - **Mitigation:** Efforts to negotiate EPA and qualify for GSP+ ongoing.

2. Practices shared from recent LDC graduated Countries (Cont'd)



National Development Plan (NDP)

The general strategy for economic and social development.

- **Economic Strategy:**
 - **Diversification:** Expanded tourism and local guesthouse model.
 - **Social Investment:** Introduced social security and expanded higher education access.
 - **Revenue Mobilization:** Introduced new taxes and divested SOE shares.
 - **Financing:** Increased domestic borrowing, PPPs, and outreach to non-traditional donors.
- **Vision:** Achieve developed status by 2040 through digital transformation.

3. Results from Panel Discussion



- **Public Budget Concern:** Declining ODA, losing preferential trade access and increasing lending finance After LDC graduation.
- **Recommendations:**
 1. **Deepen structure reform**
 2. **Focus on quality of growth**
 3. **Diversify the economy**
 4. **Diversify trading partners**
 5. **Digital transformation**

3. Results from Panel Discussion (Cont'd)



- **Challenges remain in human capital:** Low Human Capital Index (0.46) in the Mekong Region.

- **Recommendation:**

1. Prioritizing through the 10th NSEDP

- Invest in education, skills, health.
- Support MSMEs .
- Promote youth employment.

2. Focusses under sector development plan - Job Creation

- Invest in physical and human capital to match infrastructure progress with skills development
- Create a conducive business environment.
- Outlook: leverage Lao PDR's geographic location to become a regional hub for trade and services through stronger skills and private-sector growth.

3. Results from Panel Discussion (Cont'd)



Potential growth identified

- **Logistics and Infrastructure:**
 - ASEAN connectivity through:
 - Leveraging the Lao-China Railway and the future Vientiane-Bangkok connection.
 - Highway link between Vientiane & Hanoi.
- **Energy:**
 - Combining the Energy & Mine portfolio with Industry & Commerce to increase sector resilience and diversify production (solar, wind).
 - Reducing raw mineral exportation and utilizing energy resources domestically.
- **Agriculture:**
 - Focus on niche, high-value, non-chemical products rather than competing in mass production.
- **Tourism:**
 - Promoting eco-tourism and leveraging UNESCO-recognized sites.
 - Road access and rail connectivity is key.

3. Results from Panel Discussion (Cont'd)

Way forward



- **Digital Transformation & Skills**
 - Leverage proximity to China for affordable technology.
 - Integrate digital learning earlier into curriculums.
- **Green Growth & Innovation**
 - Mainstream sustainability across all sectors.
 - Use AI for monitoring.
- **Governance & Financing**
 - Align all sectors under a unified green strategy with transparency and rule of law.
 - Develop profitable green business models and ensure financing reaches national priorities with clear accountability.

3. Results from Panel Discussion (Cont'd)

Way forward



- **Balanced Economic Management:** Stabilize monetary environment while stimulating real economic activity.
- **Coordination & Oversight:** close coordination between MOF and the Bank of Lao PDR to contain inflation and stabilize the kip, strengthen bank monitoring and ensure consistent implementation of legislation.
- **Fiscal Sustainability:** Improve revenue mobilization, debt management, and expenditure efficiency; prioritize development-linked investments and increase debt transparency.
- **Social Spending:** Expand targeted social expenditures to support inclusive growth.
- **Talent & Investment:** Create a supportive environment with incentives to attract non-domestic talent and investment.



Thank you