

Statement by Mr. Soulivath Souvannachoumksam, Director General of External Finance and Debt Management Department, Ministry of Finance, Lao PDR.

**Distinguished Co-Chairs,
Ladies and Gentlemen,**

It is with great pleasure for me to represent Lao PDR in this high-level Asia Pacific regional review meeting on the Istanbul Programme of Action in preparation for the Fifth United Nations Conference on the Least Developed Countries, especially in this Session 7 on the Road to Doha.

In recent years, the economy of Lao PDR has faced many challenges, which have been affected by both external and internal factors, such as the impact of competition and barriers to trade and investment, and the volatility of global capital markets, which have affected the economic situation in many countries, including Laos. As the COVID-19 pandemic hit globally since late 2019, Lao PDR cannot escape the unavoidable impacts that it brings with in all fronts.

The National Assembly of Lao PDR had recently approved the National Agenda to address financial and economic difficulties amid the Covid-19 pandemic and the nation's growing debt burden in which measures, timeframes for priority schemes and the responsibilities of various sectors are outlined in response to the nation's fiscal concerns and are designed to prevent Laos from being dragged into economic crisis. Some of the most important elements of the national programme include boosting revenue collection while reducing extravagant spending of the budget by rolling out a strictness policy.

Ministry of Finance was given a task to carry the measures enshrined in the agenda, particularly those relating to the creation of more revenue sources, and battling extravagance, financial leaks and corruption. All of which is aligned with the Ministry's Public Finance Development Strategy to 2025 and Vision to 2030, through the theme **"The road towards a strong, transparent, modern & fair Public Finance Management System"** that has the overall goals of strengthening the foundations of PFM; ensuring the comprehensive transformation of public finance entities into effective, transparent and fair institutions; mitigating negative impacts of financial growth; and moving towards finance modernization. The achievement of these goals will ensure macroeconomic sustainability; maximize additional potential revenue sources to finance the implementation of our National Socio-Economic Development Plan - NSEDP; and create conditions for Lao PDR to graduate from the LDC status by 2024, while achieving green growth and sustainability for the future.

The development of public finance entities must be in accordance with the Vision and overall direction of the Public Finance Development Strategy. Public finance entities must provide a strong PFM foundation that allows them to meet the needs of the NSEDP, to enhance livelihoods and prosperity of people of all ethnic groups, to attain the Sustainable Development Goals (SDGs), and to foster development according to the country's development vision. To this end, 10 sub-strategies have been defined, but for our discussion, I will focus on Strategy 02: Revenue policy and resource mobilization to maximize revenue collection and Strategy 07: Modernization of public finance entities in line with regional and international trends.

For Strategy 02, we have set goals to maximize revenue collection through exploration of untapped revenue potential and full application of the legal framework; set fair tax and customs policies for all economic sectors. Promote domestic production and services by focusing on enhancing productivity and quality. Build a sustainable revenue base while aligning with green growth and sustainable development; enhance the efficiency of revenue collection management, and close leakages; manage ODA effectively; and use proceeds from natural resources for sustainable development.

Some of the priorities include assessing and developing customs and tax policies that promote investment and commercial production as part of a sustainable revenue base; enhancing the effectiveness of revenue management collection through conducting enterprise surveys, using a sound technical methodology, to define the revenue base and to inform annual projections and the medium-term budget framework; creating modern tools and systems in revenue collection management to cover the entire revenue base and to maximize collection by fully applying the current legal framework; reviewing and develop laws, regulations, instructions and guidelines to guide the modernization process as well as adopting measures to close revenue leakages.

For Strategy 07, we aim to upgrade professionalism in public finance management to be on par with regional peers, also develop and implement a modern system for proper, comprehensive and timely revenue collection and expenditure management through improving and upgrading a centralized IT infrastructure to modernize human resource management and operate in an accurate, fast, modern and secure manner as well as equipping staff with IT and public finance skills by training them domestically and abroad; also develop a medium and long-term leadership succession plan.

We also prioritize on developing and applying a modern system through developing a complete set of interfaces with budget units, banks, and other relevant ministries/organizations, between Government agencies, and between the Government and the private sector in order to ensure data accuracy and integrity and to facilitate tax payments, electronic payments, and the application of modern tools such as smartphones, tablets, ATMs and others. There is a need to also develop a modernized system to manage and collect tax revenue country-wide, such as online tax filing, payment through the banking system, and linking the Tax Administration with the banking system, National Treasury and other relevant entities. Apply tools to monitor VAT implementation in all commercial entities. Improve and accelerate taxpayer services, and develop a data system for accurate and timely tax collection and reporting. Lastly, we aim to develop modern systems and tools to manage expenditures, linking the public finance management systems between MOF, central entities and local entities, and between MOF and the banking sector. This collaboration would include modules on budget preparation, budget execution, fiscal reporting and auditing. DMFAS would be used to manage public debt.

Thank you chairs.