



Lao People's Democratic Republic

**Statement by
H. E Mr. Phouvong Kittavong
Deputy Minister of Finance**

at the Second Preparatory Committee for the Fourth International
Conference on Financing for Development (FfD4)

(3 minutes)

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(Please check against delivery)

Madam Chair,
Excellencies
Ladies and Gentlemen,

Global health, economic and environmental crises are becoming more frequent, and not enough has been done to make Least Developed Countries (LDCs) more resilient or to boost incomes. As we are working toward the forth Financing for Development, the support measures for LDCs should be much more ambitious and funds must be available at the required scale, delivered through low-cost instruments and underpinned by international financial mechanisms adapted to LDCs' specific needs.

Lao PDR is often faced with mounting fiscal deficits and debt, which can limit our ability to invest in essential services and infrastructure. We do not have access to global financial markets at favourable conditions. While external financial support is important and that we can access is expensive, we have enhanced domestic resource mobilization as it remains central and critical to our financing strategy.

We have been implementing comprehensive tax system reforms, including tax policies, institutions, legal frameworks, and efforts to limit the expansion of inefficient tax exemptions and to promote compliance across all taxpayers as well as leveraging digital technology in tax collection to improving compliance while mitigating costs to taxpayers.

So far Lao PDR has made some progress in increasing tax revenue, however it is insufficient to pay for necessary investments and still has faced challenges in raising the tax-to-GDP ratio. In the light of this, we call on international communities to helping strengthen our tax capacity, explore other taxes that can raise revenues and boost revenue mobilization.

In addition, we urge international communities to fulfil the commitments on supporting countries to raise domestic resource mobilization, particularly to consider not requesting tax exemptions on goods and services delivered as government-to-government aid, beginning with renouncing repayments of value-added taxes and import levies. This would be contributing to countries' efforts on strengthening domestic resource mobilization to restore fiscal sustainability and create much-needed fiscal space. Thank you.