

Lao People's Democratic Republic: Benefit and Impact of Government Financial Management System

by

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GENERAL BACKGROUND

- **Country name:** **Lao P.D.R.**
(Mountainous, Small, Land locked and Least Developed Country)
- **Capital City:** **Vientiane**
- **Population:** **6.52 Million**
- **Total Area:** **236,800 Km²**
(**91,429 square miles**)
- **Religion:** **Buddhism**
- **Language:** **Lao, French, English...**
- **Currency:** **Kip**
- **Literacy:** **73%**
- **Rural Population:** **73%**
- **GDP per capital:** **730 USD**
- **North to South:** **1,898 Km**
- **Exportation:** **Gold Copper, Electricity, Handicraft, Agriculture Product, and Wood**



Government Financial Information Systems in Laos

- Lao P.D.R. aims to achieve economic growth, reduce poverty, and advance from its least-developed-country status by 2020.
- Lao P.D.R. introduces the new Economic Mechanism since 1986, opens the country and integrate with the regional association.
- Lao P.D.R. is a member of ASEAN since 1997 and in the process to be a member of WTO.
- GFIMS:
 - To improve transparency
 - To fortify accountability
 - To increase efficiency and effectiveness of government financial management

Lao Financial Information System

- Treasury
- Budget
- Tax
- Customs

Treasury and Budget System

- Capable of capturing revenue and recurrent expenditure data of the whole country (central and provinces).
- Providing on-line access to budget targets/allocations and status of funds availability.
- Tracking accounts payable and accounts receivable.
- Payroll system, payment of the civil servant salary through commercial banks.
- Producing related reports.

Treasury and Budget System (Cont.)

Challenge:

- The current investment is out of date, new file servers and rapid change of technology faces have for selection.
- The infrastructure is insufficient (Telephone line).
- Big investment.
- The training component.
- Stable of the system.
- The change of the commercial software.

Customs Automated System

- Developed locally and utilized since 2000 .
- Installed at 10 International Customs Checkpoints, which are electronically linked to Customs Department (Head Office).
- Utilized to capture Tax/Duty collection and Import/Export Statistics.
- Future Plan: implementing **Automated SYstem for CUstoms DAta (ASYCUDA)** by 2009 and completely operting it in 2012.

Customs Automated System (Cont.)

Challenge:

- The new instruction of the system.
- The improvement of the regulation and customs procedure.
- The funds in the long run.
- The training component and the sustainability of the system.
- Human resources.

Tax System

- Develop the tax system since 1998.
- Install in the biggest cities of the country.
- The revenue was increasing significantly.
- Introduction of the Tax Identification Number.
- Improve the tax collection procedure by using the self assessment.
- Conduct Pilot test of the tax declaration through the Internet.

Tax System (Cont.)

Challenge:

- The introduction of the VAT, the improvement of the system.
- The strengthening of the tax administration.
- The extension of the tax declaration through the Internet for the biggest provinces.
- The training component and the sustainability of the system
- Human resources.

Thank You
Merci
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