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, Landlocked 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- The current investment is out of date, new file servers and rapid change of technology faces have for selection.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 CUnstoms DAta (ASYCUDA) by 2009 and completely operating 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.
**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
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