



PART 3 Information of Issuer

3.2 Government Operations and Performance

1. General Information, Administrative Structure, and Operations of the Government and the Ministry of Finance

1.1 General information

i. General information of Lao PDR

The Lao People's Democratic Republic ("Lao PDR") is a sovereign state located in Southeast Asia and is the only landlocked country in the region. Lao PDR shares borders with the People's Republic of China, the Socialist Republic of Viet Nam, the Kingdom of Cambodia, the Kingdom of Thailand and the Republic of the Union of Myanmar. Its capital city is Vientiane. Lao PDR has a total land area of approximately 236,800 square kilometers and a population of approximately 7.87 million people. The official language is Lao, and the official currency is the Lao Kip (LAK).

The Lao PDR is governed as a one-party socialist republic. Administratively, the country is divided into 17 provinces and Vientiane Capital. The country is also a member of key regional and international organizations, including the Association of Southeast Asian Nations and the World Trade Organization. The economy of Lao PDR is primarily based on agriculture, particularly rice cultivation, while hydropower, mining, transportation and tourism are key sectors contributing to the country's economic growth and development. The Government's development priorities are guided by its national socio-economic development plans, which provide the policy framework for economic development, public investment and social development.

ii. Culture and religion

The Lao PDR officially recognizes 49 ethnic groups, each of which preserves its own dialect, customs, culture and traditions. The culture of the Lao PDR is closely associated with Theravada Buddhism, the influence of which extends to lifestyle, art and architecture. Most villages have at least one temple, which serves not only as a place for monks to live and pray but also as a center for community activities such as village meetings, religious ceremonies and festivals.

Buddhism is recorded as having appeared in the territory of the present-day Lao PDR during the eighth century A.D., as indicated by the Buddha image and stone inscription found at Ban Talat near Vientiane. Following the founding of the unified kingdom of Lane Xang in the fourteenth century, King Fa Ngum declared Buddhism the state religion. Theravada Buddhism remains the predominant religion of the Lao PDR and continues to exert significant influence on Lao society.



iii. Language

The official language of the Lao PDR is Lao. English is commonly used in the principal commercial and tourist centers, and Chinese, Vietnamese and Thai are widely understood, reflecting the country's trade and investment links with neighboring countries. French, Russian and certain other European languages are also spoken, in part because a number of Lao students received scholarships to study in Europe between the 1970s and the 1990s.

iv. Overview of the Government

The Lao People's Democratic Republic is a people's democratic state governed in accordance with the Constitution of the Lao People's Democratic Republic and other applicable laws, as amended from time to time.

The Government of the Lao PDR (the "Government") is the executive organ of the State and is responsible for administering the affairs and implementing the duties of the State in various fields, including political, economic, financial, fiscal, social, cultural, national defense, national security and foreign affairs.

The Government carries out its functions through ministries, ministry-equivalent organizations, central governmental authorities, local administrations and other governmental bodies in accordance with the structure, powers and responsibilities prescribed by the Constitution, laws, decrees and other applicable regulations.

The responsibilities of the Government include formulating and implementing State policies, preparing and implementing national socio-economic development plans, preparing and administering the State Budget, collecting and administering State revenue, managing public expenditure and State assets, and incurring and managing public debt in accordance with applicable law. (Please refer to 2.3 (5) Governance and Organizational Structure for further details.)

v. Structure and Responsibilities of the Ministry of Finance

The Ministry of Finance of the Lao PDR (the "Ministry of Finance" or "MOFL") is a government apparatus. It functions as a staff body for the Government in macroeconomic management regarding national socio-economic development planning, the State Budget, State investment plans and the national statistical system throughout the country.

The Ministry of Finance performs its functions pursuant to the Constitution, the Law on the State Budget, the Law on Public Debt Management, applicable tax and customs laws, the decree governing the organization and operations of the Ministry of Finance, and other applicable laws and regulations.

The principal functions, responsibilities and statutory authority of the Ministry of Finance are described in 1.4 below.



The Ministry of Finance performs its functions through its departments, offices and other subordinate bodies responsible for the State Budget, the National Treasury, taxation, customs, external finance, public debt management, State assets and other related matters.

In performing its responsibilities, the Ministry of Finance coordinates with the Bank of the Lao PDR, State-owned enterprises, other governmental authorities and international financial institutions in relation to budget preparation and administration, public debt management and the implementation of the Government's economic and fiscal policies.

Following the governmental restructuring approved in 2025, the Ministry of Planning and Investment was merged into the Ministry of Finance. Accordingly, in addition to its public-finance responsibilities, the Ministry of Finance is responsible for national socio-economic planning, public-investment planning, coordination and evaluation, to the extent prescribed by Decree No. 538/PM dated 21 August 2025 and other applicable laws and regulations.

1.2 Legal and Constitutional Status of the Country, the Government, and the Ministry of Finance

i. Legal and Constitutional Status of the Lao People's Democratic Republic

The Lao People's Democratic Republic is an independent country with sovereignty and territorial integrity over its territory, territorial waters and airspace. It is a unified and indivisible country belonging to all of its multi-ethnic people.

The Lao PDR is a people's democratic state. All powers belong to the people, are exercised by the people and are exercised for the benefit of the people. The political system operates with the Lao People's Revolutionary Party as its leading core, as provided under the Constitution of the Lao PDR.

The Constitution of the Lao PDR, as amended in 2025 (the "Constitution"), is the fundamental law of the country. All laws are required to conform to the Constitution. Accordingly, the establishment, exercise of powers and operations of State organs are subject to the Constitution and applicable laws.

Under the constitutional framework, State powers are exercised through the relevant organs of the State, including the National Assembly, the President of the State, the Government, the People's Courts, the People's Prosecutor's Offices and local administrative authorities, each of which has the status, powers and duties prescribed by the Constitution and applicable laws.

ii. Legal and Constitutional Status of the Government

The Government of the Lao PDR is the executive and administrative organ of the State. It has responsibility for the comprehensive and unified administration of the State throughout the country and is accountable to the National Assembly and the President of the State.

The powers and duties of the Government include implementing the Constitution, laws, resolutions of the National Assembly, ordinances and presidential decrees; submitting draft laws; issuing decrees and resolutions relating to State administration; and formulating and submitting



national strategic plans, socio-economic development plans and the State Budget plan to the National Assembly.

The Government may propose to the National Assembly the establishment, merger, or dissolution of ministries and ministry-equivalent organizations. Ministries, including the Ministry of Finance, operate within the executive structure of the Government and headed by Ministers who form part of the Government.

The Government comprises the Prime Minister, Deputy Prime Ministers, Ministers and heads of ministry-equivalent State organizations. The Prime Minister is the head and representative of the Government and directs and supervises the activities of the Government and local administrative authorities.

The Government is a constitutional organ of the State and is distinct from an enterprise established under the Enterprise Law. Its powers, duties and financial operations are governed by the Constitution and applicable laws and regulations, including the legal framework governing the State Budget.

iii. Legal Status of the Ministry of Finance

The Ministry of Finance of the Lao PDR is a governmental ministry operating within the executive structure of the Government. Its organization and exercise of authority are governed by the Constitution, applicable laws and regulations, and the decree governing the organization and operations of the Ministry of Finance.

The Minister of Finance is a member of the Government and is responsible for leading, administering and supervising matters within the jurisdiction of the Ministry of Finance. The Minister performs those responsibilities within the Government headed by the Prime Minister and is subject to the oversight mechanisms of the National Assembly prescribed by the Constitution and applicable laws.

The detailed legal status, powers and functions of the Ministry of Finance are prescribed under applicable legislation and regulations, including the Law on the State Budget, the Law on Public Debt Management, applicable tax and customs laws and the decree governing the organization and operation of the Ministry of Finance. The current organization, powers, functions and administrative structure of the Ministry of Finance are prescribed by Decree No. 538/PM dated 21 August 2025 on the organization and operations of the Ministry of Finance. Decree No. 144/PM dated 8 May 2017 prescribed the Ministry's organizational framework prior to the 2025 governmental restructuring.

In relation to public finance and public debt, the Ministry of Finance compiles, administers and reports information concerning the domestic and external debt of the central Government, as well as the debt of State-owned enterprises and publicly guaranteed debt, within the scope prescribed by applicable law.

The Ministry of Finance is not a company and does not have registered capital, shareholders or a shareholding structure. Its actions constitute the exercise of governmental



authority and the performance of public functions under applicable law, rather than commercial activities undertaken by a separate private-sector legal entity.

1.3 Major Developments and Key Changes of the Government and the Ministry of Finance

Year	Major Developments and Key Changes
2020	➤ The COVID-19 pandemic had a material adverse effect on the Lao PDR's economy, particularly the tourism, trade and services sectors, and GDP growth slowed to approximately 0.5%. The Government and the BOL implemented fiscal and monetary measures to mitigate the effects of the pandemic and maintain economic and financial-system stability. The Lao PDR also signed the Regional Comprehensive Economic Partnership ("RCEP") as an original signatory, representing an important step in promoting trade, investment and economic cooperation in the Asia-Pacific region.
2011	➤ Following the election of the 9th legislature of the National Assembly, a new Government took office. Mr Thongloun Sisoulith was elected President of the Lao PDR and Mr Phankham Viphavanh was appointed Prime Minister. The National Assembly enacted the Law on the Government (Amended) No. 03/NA dated 16 November 2021, which sets out the composition, powers and duties of the Government, and Law No. 13/NA dated 17 November 2021 amending certain articles of the Law on the State Budget. The Vientiane-Boten railway commenced operations on 3 December 2021, establishing a rail link between the Lao PDR and the People's Republic of China.
2022	➤ The Lao PDR experienced macroeconomic pressures arising from the depreciation of the Lao kip, elevated inflation and temporary fuel shortages, reflecting both domestic and external factors. The Government and the BOL implemented fiscal and monetary policy measures to maintain economic stability and mitigate the effects on businesses and households. The Government also reduced the value added tax ("VAT") rate from 10% to 7% to reduce cost-of-living pressures and support the recovery of economic activity. However, VAT was restored to 10% in March 2024.
2023	➤ The Lao PDR continued to face inflationary pressures and exchange-rate volatility, with average annual inflation of approximately 31.2%. The Government and the BOL continued to implement measures to stabilize the economy and the financial system. The Government also issued Prime Minister's Order No. 10/PM to strengthen foreign-exchange administration, promote the repatriation of foreign-currency revenues into the domestic financial system and support the stability of the Lao kip and the broader macroeconomy.
2024	➤ Inflationary pressures moderated during the year, with average annual inflation of approximately 23.1%, compared with approximately 31.2% in 2023. The Government restored the value added tax rate from 7% to 10% with effect from March 2024 and enacted the Law on Value-Added Tax (Amended) No. 60 dated 28 June 2024. The National Assembly also enacted the Law on the Bank of the Lao PDR (Amended) No. 66/NA dated 11 December 2024, which replaced Law No. 47/NA dated 19 June 2018, the Law on Independent Audit (Amended) No. 73/NA dated 11 December 2024, and Law No. 74/NA dated 12



Year	Major Developments and Key Changes
	December 2024 amending the Law on Public Investment. In public financial management, the Ministry of Finance established a Treasury Single Account pursuant to Decision No. 2211/MOF dated 24 July 2024, under which government bank accounts were consolidated, and adopted a revised chart of accounts in December 2024. Public and publicly guaranteed debt outstanding at the end of 2024 amounted to approximately US\$14.11 billion, or approximately 94% of gross domestic product.
2025	➤ The Lao PDR's economy continued to recover, with GDP growth of approximately 4.8% and average inflation declining to approximately 8.8%, supported by monetary and fiscal measures designed to maintain macroeconomic stability. In February 2025, the Financial Action Task Force ("FATF") placed the Lao PDR on its list of jurisdictions under increased monitoring (the "Grey List") due to strategic deficiencies in the country's anti-money laundering and counter-terrorist financing ("AML/CFT") framework. The Government and the BOL have undertaken measures to accelerate improvements to the supervisory framework and strengthen compliance with international standards.

1.4 Issuer Information

The Ministry of Finance of the Lao People's Democratic Republic is a ministry of the Government of the Lao People's Democratic Republic and a government apparatus which functions as a staff body for the Government in macroeconomic management regarding national socio-economic development planning, the State Budget, State investment plans and the national statistical system throughout the country. It is principally responsible for the management of public finances, State Budget planning and administration, government revenue, taxation and customs, and those aspects of the national financial system falling within its jurisdiction.

i. Duties of the Ministry of Finance

The Ministry of Finance serves as the principal governmental authority responsible for formulating, proposing, implementing and supervising fiscal policy and the administration of the public finances of the Lao PDR. Its functions support the implementation of the Government's economic policies and national socio-economic development plans.

The Ministry of Finance has the following duties:

1. Implement and expand Party policies, the Constitution, laws, and government resolutions into visions, strategies, and national development plans.
2. Research, create, and improve laws and legislation, while monitoring and enforcing legal instruments within the finance sector.
3. Create strategic plans for insurance management.
4. Develop strategies for organizational structure and personnel development within the finance sector.
5. Manage and evaluate the implementation of the state budget, including allocation and adjustment of budgets nationwide.



6. Analyze and disseminate national statistics and socio-economic data to propose financial policies, taxes, customs, and debt management to the government.
7. Coordinate with relevant sectors to propose measures for economic growth and sustainable "green" development.
8. Propose revenue and expenditure policies for state financial management.
9. Manage a centralized database from central to local levels for tax and obligation collection.
10. Monitor the payment of customs, taxes, and non-tax revenues.
11. Supervise state procurement, official development assistance (ODA), loans, and fund mobilization.
12. Research the establishment or dissolution of secondary state budget units.
13. Manage, maintain, and liquidate state assets, including seized or confiscated property.
14. Develop policies regarding the use of the state budget for government consideration.
15. Establish accounting and independent audit standards and financial report management.
16. Manage the movement of all state funds into the centralized National Treasury system.
17. Monitor individuals and entities regarding compliance with accounting and auditing laws.
18. Implement legislation regarding frugality, anti-extravagance, and the use of state vehicles/assets.
19. Lead the technical evaluation of state investment projects before, during, and after implementation (2–5 years post-completion).
20. Prioritize state investment projects (including ODA and loans) for government reporting.
21. Manage state procurement and investment projects.
22. Monitor the effective use of loans and ODA.
23. Define financial obligation policies to promote domestic and foreign private investment.
24. Manage the implementation of financial policies linked to investment promotion laws.
25. Research policies to reduce risks from natural disasters and manage emergency recovery projects.
26. Monitor socio-economic development policies and state investment plans.
27. Issue, suspend, or revoke business licenses for insurance, accounting, lotteries, casinos, logistics, and duty-free shops.
28. Create strategies for public debt management according to international standards.
29. Manage the national statistical system and define indicators for national development plans.
30. Evaluate the implementation of financial and statistical visions and programs.
31. Expand work regarding Party inspection, anti-corruption, and asset declarations for officials.
32. Monitor the political and professional duties of finance sector staff nationwide.
33. Inspect budget obligations of enterprises (state and private) and state funds.
34. Handle complaints and petitions from citizens and officials regarding finance sector responsibilities.
35. Improve organizational structure, appoint/transfer staff, and manage assets (vehicles, offices) for customs, tax, and treasury sectors.
36. Appoint financial representatives to overseas offices or international organizations.



37. Develop curricula and training for human resource development in finance.
38. Modernize and maintain the digital Public Finance Management Information System.
39. Ensure the effective use of budget in development projects.
40. Coordinate cooperation with development partners and verify government counterpart funds.
41. Coordinate comprehensive cooperation and projects between Laos-Vietnam and Laos-China.
42. Define policies and resolve issues related to state procurement bidding.
43. Approve and manage experts, volunteers, and interns under ODA programs.
44. Perform international obligations and negotiate treaties with ASEAN and international organizations.
45. Represent the Lao government in the Board of Governors of banks and international financial institutions.
46. Manage the budget and assets of the Ministry of Finance.
47. Disseminate socio-economic and financial information.
48. Summarize and report on the comprehensive activities of the Ministry nationwide.
49. Perform other duties as assigned by law or the government.

ii. Scope of Rights of the Ministry of Finance

The Ministry of Finance has the right to:

1. Propose laws and measures to the government.
2. Propose socio-economic and macroeconomic management policies.
3. Issue orders, agreements, and notices to manage the sector.
4. Propose adjustments to 5-year or annual development targets.
5. Adjust budget expenditures between categories for primary budget units.
6. Approve or suspend self-financing technical units.
7. Manage state revenue/expenditure through the National Treasury at the Bank of the Lao PDR.
8. Recover money/assets based on audit results into the state budget.
9. Use strict measures (including asset freezing or legal action) against those violating budget obligations.
10. Open or close specific deposit accounts at the Bank of the Lao PDR.
11. Authorize the use, transfer, or liquidation of state assets.
12. Issue payment orders for the annual budget and transfer funds within the treasury system.
13. Authorize customs warehouses, duty-free zones, and insurance businesses.



14. Establish or dissolve secondary budget units.
15. Suspend or dissolve enterprises operating illegally.
16. Prioritize state investment projects for government consideration.
17. Suspend or cancel bank accounts of budget units or state funds.
18. Stop or cancel illegal state procurement.
19. Coordinate requests for additional funding or project extensions.
20. Propose modifications, suspensions, or cancellations of investment projects.
21. Propose public debt solutions and mobilize funds.
22. Write off uncollectible budget debts based on court or National Assembly decisions.
23. Order the opening of criminal investigations according to law.
24. Accept abandoned or ownerless items as state property.
25. Auction seized goods during legal proceedings to hold funds in a treasury account.
26. Sign agreements and MoUs with international entities.
27. Decide on investment incentives exceeding standard laws.
28. Sign aid and investment agreements for the finance sector.
29. Appoint or discipline staff according to decentralized management.
30. Access and link to all sectoral statistical databases.
31. Approve statistical methodologies and announce national statistics.
32. Combat money laundering and terrorism financing in the finance sector.
33. Inspect Party/staff affairs and anti-corruption efforts.
34. Utilize the budget, vehicles, and land managed by the Ministry.
35. Exercise other rights as granted by law or the government.

iii. Statutory Authority

The Ministry of Finance derives its authority from the Constitution, applicable laws and regulations, and instruments issued by the Government, including the decree governing the organization and operations of the Ministry of Finance. In exercising that authority, the Ministry performs governmental and administrative functions within the executive structure of the Government.

The principal legal and regulatory instruments forming the basis of the Ministry's authority include:



1. The Constitution of the Lao People's Democratic Republic;
2. The Law on the Government (Amended) No. 03/NA dated 16 November 2021;
3. The Law on the State Budget No. 71/NA dated 16 December 2015, as amended by Law No. 13/NA dated 17 November 2021;
4. The Law on Public Debt Management No. 46/NA dated 18 June 2018;
5. Applicable laws concerning taxation, customs, government revenue and State assets;
6. The Decree on the Organization and Operations of the Ministry of Finance No. 538/PM dated 21 August 2025;
7. The Decree on Borrowing and Guarantee Management No. 490/GO dated 10 July 2025; and
8. Other resolutions, orders, decisions, approvals and regulations issued by the competent State authorities.

iv. Fiscal policy administration, budgeting, and government revenue and expenditure management

Public financial management in the Lao PDR is governed by the Law on the State Budget No. 71/NA dated 16 December 2015, as amended by Law No. 13/NA dated 17 November 2021, together with the Public Investment Law dated 15 December 2015, as amended by Law No. 74/NA dated 12 December 2024, the Public Procurement Law dated 2 November 2017 and the relevant regulations, guidelines and instructions issued by the Government and the Ministry of Finance. The framework also comprises the five-year and annual State Budget plans, budget-preparation and execution guidelines, and guidelines concerning the management of State revenue and expenditure.

a. Fiscal Policy Administration

Fiscal policy administration includes the formulation of objectives and measures relating to:

- The collection and mobilization of government revenue;
- The level and prioritization of public expenditure;
- The management of the budget balance or deficit;
- Government liquidity and cash-flow management;
- The financing of budget deficits;
- Interest payments and public debt servicing; and
- Monitoring the effects of fiscal policy on the economy and the Government's financial position.

In formulating fiscal policy, the Ministry of Finance coordinates with the Bank of the Lao PDR, line ministries, central governmental authorities, local administrations and other relevant bodies to ensure consistency among economic assumptions, revenue projections, expenditure requirements, public investment and the Government's financing requirements. The Ministry of



Finance collects revenue and expenditure forecasts from relevant authorities, issues annual budget-preparation instructions, including expenditure ceilings for central and local authorities, and coordinates the information required to prepare the proposed State Budget for submission through the Government to the National Assembly.

b. State Budget Planning and Preparation

The Government prepares a five-year State Budget plan and an annual State Budget plan, which are linked to the national socio-economic development plans and the country's economic and fiscal objectives.

The Ministry of Finance is the principal authority responsible for coordinating and consolidating the proposed budget. The budget-preparation process includes:

- Preparing macroeconomic projections and the fiscal framework;
- Forecasting government revenue and available financing;
- Establishing expenditure frameworks or ceilings for ministries, central authorities and local administrations;
- Issuing annual budget-preparation instructions or guidelines;
- Collecting and reviewing budget submissions from government authorities;
- Prioritizing expenditure in accordance with government policies and development plans;
- Estimating the budget balance and financing requirements; and
- Submitting the proposed State Budget to the Government for presentation to and approval by the National Assembly.

Following approval by the National Assembly, the State Budget provides the framework for government revenue collection, expenditure, budget allocations and financing for the relevant fiscal year. Revenue and expenditure execution is reported by reference to the budget plan approved by the National Assembly.

c. Budget Execution and Treasury Management

Following approval of the State Budget, the Ministry of Finance controls and monitors budget execution to ensure that government receipts and payments remain within the authorized amounts, purposes and conditions.

Budget execution includes:

- Notifying government authorities of their budget allocations;
- Issuing expenditure authorizations or payment instructions;
- Controlling receipts and payments through the National Treasury system;
- Managing government cash flows and liquidity;
- Prioritizing expenditures and obligations as they become due;
- Monitoring revenue collection and expenditure against the approved plan;
- Processing budget adjustments or transfers in accordance with applicable procedures; and
- Preparing government accounts and budget-execution reports.



Local administrations and local finance authorities participate in preparing and implementing budgets within their respective jurisdictions and submit budget plans and allocation details for consolidation by the Ministry of Finance and processing through the relevant approval and payment procedures.

d. Government Revenue Management

The composition of government revenue is described in the table below.

Revenue administration includes expanding the tax base, reducing revenue leakage, strengthening tax and customs administration, using electronic systems to collect and monitor revenue, coordinating information among government authorities and ensuring that collected revenue is remitted to the appropriate State Budget accounts.

The table describe the composition of government revenue

In billions of LAK

Items	2021	2022	2023	2024 ^R	2025 ^P
1. Tax Revenues	18,523.67	24,938.12	34,483.57	48,657.53	63,605.72
Profits Taxes	2,733.25	3,958.31	4,492.76	6,885.84	9,706.56
Income Taxes	1,493.67	2,215.41	3,727.96	4,614.61	5,894.08
Land Taxes	169.21	188.04	190.57	211.51	254.56
Business Licenses	-	-	-	-	-
Minimum Taxes	-	-	-	-	-
Turnover Taxes	-	-	-	-	-
VAT	5,709.16	5,916.18	8,782.13	14,023.73	17,844.82
Excise Taxes	4,287.56	5,561.42	7,142.93	8,885.84	10,613.15
Import Duties	1,181.86	2,206.70	2,936.45	3,594.89	3,531.25
Export Duties	23.44	414.71	370.32	1,214.68	1,735.14
Registration Fees	53.58	33.95	94.34	33.25	5.54
Other Fees	1,177.73	1,256.78	2,252.55	2,943.58	3,830.88
Natural Resources Taxes	1,199.58	2,646.79	3,542.51	5,025.25	6,390.36
Timber Royalties	25.46	7.59	7.28	2.20	2.30
Hydropower Royalties	479.17	532.19	943.76	1,222.16	3,797.08
2. Non-Tax Revenues	4,965.70	4,988.34	6,468.37	9,790.14	11,122.92
Leasing Fees	39.05	105.71	226.77	161.48	193.44
Concessions	525.08	883.53	1,232.06	1,080.82	1,427.56
Penalties (Fine)	24.53	50.92	303.38	352.51	209.14
Administration Fees	838.11	1,064.95	1,521.88	2,589.37	3,130.19
Depreciation and Dividends	1,475.37	807.82	978.31	1,422.61	2,047.30
Interest	456.76	582.14	326.82	588.41	394.13
Over-Flight	357.40	500.62	1,012.78	1,613.82	1,957.99
Forest Preservation Funds	672.74	737.23	699.21	972.23	818.85
Others	849.66	255.39	167.17	1,008.89	944.33



Items	2021	2022	2023	2024 ^R	2025 ^P
Total Tax and Non-Tax Revenue	23,499.37	29,926.46	40,951.94	58,447.67	74,728.64
Assets Sales	933.93	151.88	28.42	5.59	132.39
Capital Return	1,611.95	553.63	4,655.99	40.00	-
Total Revenue with Capital Return	26,045.25	30,631.97	45,636.35	58,493.36	74,861.02

Remark: From 2017, fiscal statistics compilation was classified from fiscal year to calendar year.

P: Preliminary Data

R: Revised Data

Source: Ministry of Finance.

e. Government Expenditure Management

The Ministry of Finance is responsible for administering and controlling government expenditure in accordance with the approved State Budget, applicable law and the purposes for which the relevant appropriations were authorized.

Government expenditure is divided into the following categories:

f. Current Expenditure

Current expenditure comprises salaries and compensation of public officials, operating expenses, subsidies and transfers, social-welfare expenditure, interest and fees relating to government debt, and other recurrent expenditure.

g. Capital Expenditure

Capital expenditure comprises expenditure on infrastructure, development projects, acquisitions of fixed assets and public investment under the national socio-economic development plans and public investment programs.

Government expenditure is reported by reference to current and capital expenditure and is compared against the approved annual plan.

In managing expenditure, the Ministry of Finance establishes requirements and measures relating to:

- Prioritization of essential expenditure;
- Cost-saving and reduction of unnecessary expenditure;
- Control of expenditure amounts and purposes;
- Public procurement;
- Commitment controls before payment;
- Payment and liquidity management;
- Inspection of expenditure by government authorities; and
- Prevention of the misuse of State Budget funds.



v. Fiscal Monitoring, Reporting and Transparency

The Ministry of Finance monitors government revenue collection and budget expenditure and prepares reports comparing actual performance with the approved State Budget.

Such reports include information concerning:

- Actual revenue by category;
- Actual expenditure by category and government authority;
- The budget balance or deficit;
- Sources of deficit financing;
- Interest and debt-service payments;
- Performance against the annual budget plan; and
- Fiscal trends and risks.

The Ministry of Finance publishes government finance statistics and periodic budget-execution reports. Certain of these reports are compiled and presented using the Government Finance Statistics framework.

1.6 Foreign Relations and International Organizations

i. General

The integration of the economy of the Lao PDR at the regional and international levels, through the implementation of open-door economic policies, has progressively increased economic and trade cooperation and trade negotiation at the bilateral, sub-regional, regional and multilateral levels. The Lao PDR is a member of the Association of Southeast Asian Nations, the World Trade Organization, the Asia-Pacific Trade Agreement and the Regional Comprehensive Economic Partnership, and is a member of the Asian Development Bank, the World Bank Group and the International Monetary Fund.

ii. Regional and international economic integration

The Lao PDR pursues economic integration through multilateral trade cooperation, economic cooperation with ASEAN and the wider region, cooperation with ASEAN's dialogue partners and participation in the Asia-Pacific Trade Agreement. The Government's stated objective is to use integration to expand market access for Lao exports, attract foreign investment and support the transition of the economy following graduation from least developed country status.

iii. Economic cooperation with ASEAN and the region

The Lao PDR was admitted to ASEAN on 23 July 1997 pursuant to the Declaration on the Admission of the Lao People's Democratic Republic into the Association of Southeast Asian Nations. It is a party to the ASEAN Trade in Goods Agreement and the ASEAN Comprehensive Investment Agreement, and participates in the ASEAN Framework Agreement on Services. The Lao PDR became a full participant in the ASEAN Economic Community in 2015 and served as ASEAN Chair in 2016 and again in 2024.



The Lao PDR is also a participant in the Lancang-Mekong Cooperation framework and in the Greater Mekong Subregion economic cooperation program, each of which addresses trade, investment, infrastructure development and cross-border connectivity within the Mekong subregion.

iv. Cooperation within the framework of ASEAN and its dialogue partners

The Lao PDR participates in the free trade and economic cooperation agreements concluded between ASEAN and its dialogue partners, including the ASEAN-China Free Trade Area, the ASEAN-Japan Comprehensive Economic Partnership, the ASEAN-Australia-New Zealand Free Trade Area, the ASEAN-India agreements and the ASEAN-Korea agreements on trade in goods, services and investment.

The Lao PDR signed the Regional Comprehensive Economic Partnership on 15 November 2020, and the agreement entered into force for the Lao PDR on 1 January 2022. The Regional Comprehensive Economic Partnership brings together the ASEAN member states with Australia, China, Japan, New Zealand and the Republic of Korea.

v. Implementation of the Asia-Pacific Trade Agreement

The Lao PDR is one of the seven participating states of the Asia-Pacific Trade Agreement, together with Bangladesh, China, India, Mongolia, the Republic of Korea and Sri Lanka. The Lao PDR is an original signatory of the agreement, which was signed on 31 July 1975 as the Bangkok Agreement and took effect on 17 June 1976.

The Fourth Round of tariff concessions under the agreement took effect on 1 July 2018 and extended coverage to 10,294 tariff lines. Under that round the Lao PDR grants concessions on 999 products at an average margin of preference of approximately 30.17%, and, as a least developed country participant, receives special concessions on 1,251 products at an average margin of preference of approximately 86.21%.

vi. Bilateral trade cooperation

Bilateral trade cooperation, particularly with neighboring countries, has continued to develop, most significantly in relation to Viet Nam, the People's Republic of China and Thailand. The Lao PDR is a party to 18 free trade and preferential trade arrangements that are signed and in effect, of which two are bilateral arrangements, namely the Lao PDR-Thailand Preferential Trading Arrangement and the Lao PDR-Viet Nam Trade Agreement. The remaining arrangements have been concluded within the ASEAN framework or with ASEAN's dialogue partners.

vii. The Asian Development Bank

The Lao PDR has been a member of the Asian Development Bank since the Bank's establishment in 1966 and has received development assistance from it since 1968. The Bank's current Country Partnership Strategy for the Lao PDR covers the period 2024 to 2028 and was approved in February 2024.



As at the date of the most recent information published by the Asian Development Bank, the Bank had committed 393 public sector loans, grants, and technical assistance operations to the Lao PDR with an aggregate value of approximately US\$3.1 billion. In 2025, the Asian Development Bank committed four projects in the Lao PDR with an aggregate value of approximately US\$149 million.

viii. The World Bank

The Lao PDR joined the International Bank for Reconstruction and Development on 5 July 1961 and the International Development Association on 28 October 1963. It joined the International Finance Corporation on 29 January 1992 and the Multilateral Investment Guarantee Agency on 5 April 2000.

The current Country Partnership Framework between the World Bank Group and the Lao PDR covers the period 2023 to 2026. As at November 2025, the World Bank's active portfolio in the Lao PDR comprised 20 ongoing projects financed by the International Development Association with commitments of over US\$966 million, the largest allocations being to infrastructure, environment, and health, nutrition and social protection. The International Finance Corporation has invested approximately US\$150 million in the Lao PDR since 1998.

ix. The World Trade Organization

The Working Party on the accession of the Lao PDR to the World Trade Organization was established on 19 February 1998. The Lao PDR became a member of the World Trade Organization on 2 February 2013. Accession required the Lao PDR to bring its trade regime, including its tariff schedule, customs procedures, intellectual property regime and trade-related laws, into conformity with World Trade Organization requirements.

x. The International Monetary Fund

The Lao PDR joined the International Monetary Fund on 5 July 1961 and has accepted the obligations of Article VIII of the Fund's Articles of Agreement. Its quota is SDR 105.80 million.

As at 30 June 2026, the Lao PDR had no outstanding purchases or loans from the International Monetary Fund and no overdue financial obligations to the Fund. The Lao PDR's most recent Fund arrangement, under the Extended Credit Facility, expired on 24 April 2005. The International Monetary Fund conducts periodic consultations with the Lao PDR under Article IV of its Articles of Agreement; the most recent such consultation was concluded by the Executive Board on 13 February 2026.

i. Fiscal Authorities

a. Ministry of Finance

The Ministry of Finance is the central governmental authority responsible for the administration of public finance and related economic, development-planning and national statistical functions in the Lao PDR.



The current organizational framework of the MOFL is prescribed by the Decree on the Organization and Operations of the Ministry of Finance No. 538/PM dated 21 August 2025. The Decree defines the position, role, duties, scope of rights, organizational structure, principles and working methods of the Ministry of Finance.

The central-level management organizational apparatus of the Ministry of Finance comprises:

- Permanent Secretariat Office;
- Organisation Department;
- Department of State Inspection;
- State Budget Department;
- Economic and Fiscal Policy Department;
- Department of Planning;
- Department of Evaluation and Public Procurement;
- Department of International Cooperation and Finance;
- Tax Department;
- Customs Department;
- State Treasury;
- State Asset Management Department;
- Financial Regulatory Department;
- Public Debt Management Department;
- Accounting Department;
- Financial Information Technology Department;
- Academy of Economics and Finance;
- Lao-Vietnam Cooperation Committee Office; and
- Lao-China Cooperation Committee Office.

The MOFL also operates through finance authorities at the capital, provincial, district and local levels and through regional economic and finance institutes for northern and southern Lao PDR. These bodies support the implementation of budget, revenue, treasury, planning and other public-finance functions at the subnational level.

b. State Budget Department

The State Budget Department is responsible for coordinating and consolidating the State Budget, establishing expenditure frameworks and ceilings, monitoring budget execution, processing proposed allocations and adjustments, and preparing information concerning government revenue, expenditure, the budget balance and financing requirements.

It also coordinates the inclusion of interest payments, principal repayments and other government financial obligations in the annual State Budget in accordance with applicable law and the relevant authorizations.



c. National Treasury

The National Treasury is the principal authority responsible for government accounts, State receipts and payments, cash management, expenditure controls and the transfer of collected revenue into the treasury system.

The National Treasury executes payments authorized under the State Budget, including payments of principal, interest and related government debt obligations, based on authorized instructions and information provided by the public debt management authorities.

d. Tax and Customs Departments

The Tax Department administers domestic taxes, taxpayer registration, tax assessments, audits, collection and enforcement. The Customs Department administers customs duties and import- and export-related taxes, border and customs controls, and measures against customs evasion.

Amounts collected by these authorities are transferred into the State Budget and treasury system in accordance with applicable laws and regulations.

e. Bank of the Lao PDR

The Bank of the Lao PDR is a ministry-equivalent organization and the country's central bank. It is responsible for monetary policy, currency and international reserves, banking and financial-institution supervision, payment systems and foreign-exchange administration under the Law on the Bank of the Lao People's Democratic Republic (Amended) No. 66/NA dated 11 December 2024, which replaced Law No. 47/NA dated 19 June 2018.

The Bank of the Lao PDR is not the principal fiscal-policy or public debt management authority. It nevertheless coordinates with the MOFL on macroeconomic stability, exchange rates, domestic debt issuance and settlement, liquidity management and the provision of exchange-rate information used in the public debt database.

ii. Public Debt Management Agencies

a. Ministry of Finance as the Principal Debt Authority

The MOFL is the principal governmental authority responsible for public debt management under the Law on Public Debt Management No. 46/NA dated 18 June 2018 and the Decree on Borrowing and Guarantee Management No. 490/GO dated 10 July 2025.

The MOFL's public debt functions include preparing debt-management strategies and plans, arranging government borrowing and bond issuances, administering government guarantees, recording and monitoring debt, preparing debt-service projections, coordinating debt-service payments and publishing public debt information.



b. Public Debt Management Department

The Public Debt Management Department is responsible for compiling public debt information. The Department obtains information from the State Budget Department, the National Treasury, the External Finance Department, State-owned enterprises, the Bank of the Lao PDR and international financial institutions.

The MOFL uses the Debt Management and Financial Analysis System (DMFAS) to maintain detailed loan records and compile aggregate reports on domestic and external government debt. State-owned enterprises report publicly guaranteed debt to the MOFL.

c. Supporting Authorities

The principal bodies supporting the public debt management process include:

- **The State Budget Department**, which incorporates debt-service obligations and financing requirements into the State Budget;
- **The National Treasury**, which processes authorized receipts and debt-service payments;
- **The authority responsible for external finance**, which coordinates foreign loans, creditors and loan disbursements;
- **The Bank of the Lao PDR**, which supplies exchange-rate information and is involved in certain Treasury-bill and domestic debt transactions;
- **State-owned enterprises**, which report on-lent and guaranteed debt and related fiscal-risk information; and
- **The MOFL's planning and public-investment authorities**, which provide information concerning debt-financed projects and project financing requirements.

1.8 Recent Material Developments

i. Public expenditure policy and public financial management reforms

Between 2003 and 2012, the Government undertook a program of reform to strengthen the public sector and the public financial management system, supported by development partners. That program focused on establishing the regulations, processes and procedures required for a basic public financial management framework, and was accompanied by measures to strengthen human capital. Notable outcomes included the centralization of the treasury, customs and tax functions and the extension of the Government Financial Information System to the provincial level.

A change in the Government's development partner cooperation policy in 2012 slowed the pace of reform. Reform activity resumed from 2016, including through the Public Finance Management Modernization Program, which the World Bank implemented between January 2016 and July 2018 with financing from the European Union and which provided technical, analytical and advisory assistance.

On the revenue side, the Automated System for Customs Data has been deployed at the principal checkpoints since 2012 and has since been extended to other border posts. The



Government's current public financial management reform framework comprises the Public Finance Development Strategy 2025 and Vision 2030, approved in July 2017, which is implemented through the Public Financial Management Reform Action Plan 2021-2025 adopted in February 2022 and organized around seven priority areas. Implementation is supported by the Lao PDR Public Financial Management Reform Project financed by the World Bank, which was approved on 29 June 2023 and is scheduled to close on 31 August 2027. Measures implemented under this framework include the establishment of a Treasury Single Account pursuant to Decision No. 2211/MOF dated 24 July 2024, under which government bank accounts were consolidated, and the adoption of a revised chart of accounts in December 2024.

ii. Current status of the public financial management system of the Lao PDR

The Government continues to develop the public financial management system, with priorities including commitment controls prior to expenditure, cash management and forecasting capability, budget execution reporting, the modernization of the Government Financial Information System and the extension of system coverage to the district level. The Ministry of Finance has prepared an information and communication technology strategy addressing the modernization of its systems, technology and infrastructure.

The Public Procurement Law was adopted by the National Assembly on 2 November 2017, replacing a framework that had been governed by Prime Minister's decree since 2004, and an implementing instruction was adopted in 2019. Secondary instruments issued since then include a procurement manual, standard bidding documents, complaint-handling procedures and a procurement information website maintained by the Ministry of Finance. Public procurement is regulated by the Public Procurement and Price Monitoring Division of the Ministry of Finance. An assessment of readiness for electronic government procurement was completed in May 2024, following which the Ministry of Finance determined to prioritize completion of its core information technology systems and to defer the introduction of electronic procurement.

iii. Introduction of value added tax

The Lao PDR introduced value added tax in January 2010 to strengthen public financial management, broaden the tax base and provide an additional source of revenue for the State Budget. Value added tax is a tax on consumption which is ultimately borne by the final consumer, collected in stages along the supply chain, with registered taxpayers entitled to deduct input tax on purchases and required to account for output tax on sales.

Value added tax was introduced at a rate of 10% ,on most goods and services supplied in the Lao PDR, and on most imports of goods, in each case by registered taxpayers, subject to exemptions. The rate was reduced from 10% to 7% in 2022 as part of measures to reduce cost-of-living pressures and was restored to 10% with effect from March 2024. Value added tax is currently governed by the Law on Value-Added Tax (Amended) dated 28 June 2024, which was published in the Lao Official Gazette on 11 March 2025 and which prescribes the registration requirements, the applicable rates and the categories of exempt supplies.



iv. Agreement to resume servicing debts of the former Soviet Union

The Union of Soviet Socialist Republics extended to the Government of the Lao PDR interest-free loans contracted between 1975 and 1989 in an aggregate amount of approximately Soviet Ruble (SUR) 772 million and US\$0.4 million, arising principally from Soviet net exports and project assistance to the Lao PDR. Following the dissolution of the USSR in 1991, the Russian Federation succeeded to the external claims and external debts of the USSR.

The loans were denominated principally in Soviet Rubles at a contractually agreed exchange rate of 0.6 SUR per U.S. dollar, which would have produced claims against the Government of approximately US\$1,287 million. Under a Memorandum of Understanding between the Russian Federation and the Paris Club member countries signed on 17 September 1997, the Russian Federation agreed to grant an upfront discount of approximately 70% on Soviet-era Ruble-denominated claims on developing countries, including interest arrears, before the application of standard Paris Club terms.

In 2003, the Government of the Lao PDR and the Government of the Russian Federation reached a bilateral agreement to restructure the Soviet-era debt consistently with the key terms of that Memorandum of Understanding. Taking into account the agreed exchange rate and the upfront discount, the restructuring resulted in a new debt with a face value of US\$387 million on concessional terms, which the Government has serviced since 2003. The amount outstanding to the Russian Federation was approximately US\$187.28 million as at 31 December 2025, representing approximately 1.7% of the total external public debt of the Lao PDR of approximately US\$10,961.32 million as at that date. The 2025 figures are preliminary and are subject to revision following completion of the final State Budget accounts.

v. The Vientiane-Boten Railway

The Vientiane-Boten railway runs for approximately 414 kilometers between Vientiane and Boten on the border between the Lao PDR and the People's Republic of China, where it connects with the Chinese rail network by way of the Yuxi-Mohan railway. Construction began on 25 December 2016 and the railway commenced operations on 2 December 2021.

The railway is owned and operated by Laos-China Railway Company Limited, a joint venture between Chinese state-owned enterprises and a Lao state-owned enterprise, in which Chinese parties hold 70% and the Lao party holds 30%, under a build-operate-transfer concession entered into in December 2016. The total cost of the Lao section was approximately US\$5.9 billion, financed approximately 40% by equity and 60% by debt. The Government's share of the equity contribution was approximately US\$730 million, of which approximately US\$250 million was funded from the State Budget and approximately US\$480 million was funded by a loan from the Export-Import Bank of China. The Government's obligations in respect of that loan are included in the public debt of the Lao PDR.

The railway has become a significant trade corridor. Cross-border trade carried on the railway amounted to approximately CNY 6.81 billion in the first quarter of 2026, an increase of



approximately 62.7% compared with the corresponding period of 2025, and cumulative cross-border trade carried since operations commenced exceeds CNY 80 billion.

1.9 Economic, fiscal, and national development policies and plans

i. National Policy and Development Framework

The principal national development framework currently applicable in the Lao People's Democratic Republic ("Lao PDR") is the 10th Five-Year National Socio-Economic Development Plan for 2026-2030 (the "10th NSEDP"), which was presented by the Prime Minister on 25 February 2026 and approved by the National Assembly at the inaugural session of its 10th legislature, held from 23 to 27 March 2026.

The 10th NSEDP targets average annual economic growth of at least 6% and seeks to build a more independent and self-reliant economy while promoting rapid, high-quality, green and sustainable development. The plan comprises 230 priority projects organized under six principal development objectives.

The plan continues the implementation of the national development vision to 2030 and is aligned with the Socio-Economic Development Strategy to 2035, the National Vision to 2045, the Sustainable Development Goals, the Green Growth Strategy and national policies concerning an independent and self-reliant economy. Its longer-term objective includes supporting Lao PDR's transition toward upper-middle-income-country status.

ii. Six Development Objectives

The six principal objectives of the 10th NSEDP are to:

- 1. Build an independent and self-reliant economy** by effectively using national potential to achieve stable, high-quality and sustainable growth;
- 2. Develop high-quality human resources** with the skills and knowledge required to use modern technology;
- 3. Improve living standards and reduce poverty**, including disparities between urban and rural areas;
- 4. Manage natural resources and protect the environment sustainably**, while strengthening resilience to climate change and natural disasters;
- 5. Strengthen regional and international integration and connectivity**; and
- 6. Improve public administration**, while maintaining political stability, peace, order, justice and the rule of law.

The 230 priority projects comprise 74 projects relating to economic development and self-reliance, 31 relating to human resources and technology, 23 relating to living standards and poverty reduction, 13 relating to environmental and climate resilience, 64 relating to connectivity and international cooperation, and 25 relating to governance, stability and justice.



iii. Principal Quantitative Targets for 2026–2030

The principal targets under the 10th NSEDP include:

Indicator	Plan target
Average GDP growth	At least 6% per year
GDP per capita by 2030	US\$3,104
GNI per capita by 2030	US\$2,914
Cumulative State Budget revenue	LAK554.4 trillion, or approximately 20.95% of GDP
Cumulative State Budget expenditure	LAK528.4 trillion, or approximately 19.96% of GDP
Target cumulative budget balance	Surplus of approximately LAK26 trillion
Public debt	Reduced to below 70% of GDP
Inflation	Not more than 5% per year
Foreign-exchange reserves	At least five months of import coverage
Total investment	LAK636.178 trillion, or at least 24% of GDP

The plan targets average annual growth of 4.1% in agriculture, 5.7% in industry and 7.1% in services, with services intended to serve as the principal engine of growth.

These figures are medium-term policy objectives rather than actual results or assurances that each target will be achieved.

iv. Economic Policy

The Government's economic policy seeks to preserve macroeconomic stability while increasing domestic productive capacity, reducing import dependence, promoting exports and generating greater value from domestic resources and raw materials.

Priority economic sectors include:

- Energy and clean energy;
- Agriculture and food security;
- Manufacturing and processing, including mineral processing;
- Tourism;
- Transport, logistics and economic corridors;
- Regional production chains;
- Information technology and the digital economy; and
- Micro, small and medium-sized enterprises.

Government policy includes promoting domestic agricultural production and inputs, product certification, processing before export, lower transport costs and infrastructure connecting Lao PDR with neighboring markets. The Government also intends to mobilize private investment, foreign direct investment, official development assistance and public-private partnerships to finance development.

Other reform priorities include digitalization of State administration, improvement of the investment environment, simplification of administrative procedures, removal of business



bottlenecks, greater transparency in natural-resource management and restructuring of the State apparatus to make it more compact and results-oriented.

v. Fiscal Policy

Fiscal policy is directed toward increasing domestic revenue, controlling expenditure, preserving debt-servicing capacity and reducing the Government's borrowing requirements. For 2026, the Government has targeted State Budget revenue of no less than 20% of GDP.

Revenue measures include broadening tax and fee bases, improving the collection of value-added tax, excise tax, land tax and other taxes, developing new revenue sources, modernizing collection systems and reducing revenue leakage. Expenditure policy emphasizes economy, anti-waste measures, expenditure prioritization and improved effectiveness of public-investment projects.

The Government also intends to coordinate fiscal and monetary policies to manage inflation, stabilize the Lao kip, control liquidity, promote the use of the kip in domestic transactions and strengthen foreign-exchange administration. Monetary-policy implementation remains within the statutory responsibilities of the Bank of the Lao PDR.

The five-year plan targets a reduction in public debt to below 70% of GDP through stronger revenue mobilization, expenditure control, limits on new borrowing, prioritization of public-investment projects and management of debt-service obligations.

vi. Social, Environmental and Human Development

The 10th NSEDP targets a reduction in the poverty rate to below 10%, improved education and healthcare services, development of workforce skills for the digital economy and reduced disparities in income and access to public services between urban and rural areas.

Environmental objectives include increasing national forest coverage to 70%, reducing greenhouse-gas emissions, improving transparent and sustainable management of minerals, water, forests and other natural resources, and strengthening resilience to climate change and natural disasters.

vii. Graduation from Least Developed Country Status

The Lao PDR is scheduled to graduate from the United Nations least developed country category on 24 November 2026. The Government has prepared a Smooth Transition Strategy for LDC Graduation to manage potential effects on trade preferences, development assistance, financing access and other international support measures.

The 10th NSEDP therefore seeks not only to achieve graduation on schedule but also to make graduation sustainable by promoting economic diversification, competitiveness, human-capital development, reduced vulnerability and continued engagement with trading partners and development partners.



viii. Implementation Status and Limitations

The Government reported economic growth of 5% during the first half of 2026, supported by services, industry, tourism, manufacturing and agriculture. This was below the five-year plan's average annual target of at least 6%. The National Assembly called on the Government to accelerate socio-economic development, preserve macroeconomic stability and implement structural reforms to achieve the 2026 targets.

The IMF has stated that the policy priorities of the 10th NSEDP are appropriate but require strong and effective implementation. Its recommendations emphasize macroeconomic stability, stronger revenue collection, sustained primary surpluses, a credible medium-term debt and financing strategy, and reforms to the business environment, human capital, banks and State-owned enterprises.

Implementation may be affected by public debt obligations, exchange-rate and commodity-price volatility, financing and capacity constraints, project-execution risks, changes in global economic conditions and geopolitical events. The targets contained in the plan are not representations, warranties or guarantees of future performance. (Please refer to Part 2 Risk Factors for further details.)