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Note by the Secretariat

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II. Executive summary

Lao People's Democratic Republic

1. Introduction: overview of the legal and institutional framework of the Lao People's Democratic Republic in the context of implementation of the United Nations Convention against Corruption

The Lao People's Democratic Republic signed the Convention on 10 December 2003 and ratified it on 25 September 2009.

The country's implementation of chapters III and IV of the Convention was reviewed in the second year of the first review cycle, and the executive summary of that review was published on 30 May 2013 (CAC/COSP/IRG/I/2/1/Add.15). The review report is published on the website of the United Nations Office on Drugs and Crime.

The legal system of the Lao People's Democratic Republic is based on the civil law tradition. International treaties are not directly applicable, but require domestic legislation as supporting instruments. In areas of international cooperation, the terms of bilateral agreements are afforded priority.

The national legal framework for preventing and combating corruption includes, notably, the Anti-Corruption Law, the Law on State Inspection, the Law on State Audit, the Law on Civil Servants, the Law on the Handling of Petitions, the Law on Anti-Money-Laundering and Countering the Financing of Terrorism, the Penal Law and the Criminal Procedure Law.

The Lao People's Democratic Republic has several bodies and agencies concerned with preventing and combating corruption, including the central authority for inspection and preventing and fighting corruption, the State Inspection and Anti-Corruption Authority (SIAA), the Ministry of Public Security, the Ministry of Finance, the Ministry of Justice, the Office of the Supreme People's Prosecutor, the Office of the People's Supreme Court, the National Assembly, the State Audit Organization, the Anti-Money-Laundering Intelligence Office (AMLIO) and the Bank of the Lao People's Democratic Republic. The country has also established the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

The Anti-Corruption Strategy Towards 2020 was adopted in 2012 to counter corruption, bureaucracy and extravagance. It is underpinned by the Prime Minister's Decree on the Adoption and Implementation of Anti-Corruption Strategy No. 511/PM and has been transposed into various laws and policy documents. The SIAA has further interpreted the Strategy in its implementing instruction and developed programmes and action plans for 2016–2020.

Corruption prevention measures have been taken in fulfilment of the Vision 2030, 10-Year Socioeconomic Development Strategy Plan (2016–2025) and the eighth Five-Year National Socioeconomic Development Plan (2016–2020). The measures have been incorporated into the five-year anti-corruption plan by line ministries and localities.

The SIAA coordinates and assesses the implementation of the Anti-Corruption Strategy through monthly, quarterly, biennial and annual consultative meetings and joint working groups between different authorities. However, limited information was available regarding the monitoring and evaluation of implementation of the Strategy.

The SIAA is the main corruption prevention body and consists of various State inspection authorities organized in an administrative hierarchy at the central, sectoral and administrative levels (art. 29 of the Law on State Inspection). The SIAA conducts various prevention activities together with other relevant stakeholders, including education, public awareness-raising and integrity training for public officials, and it has issued reports on inspection and corruption prevention activities. However, challenges have been reported in assessing the effectiveness of corruption prevention practices.

Pursuant to article 21 of the Law on Making Legislation, the Lao People's Democratic Republic reviews laws in force every five years and revises sublaws and administrative measures on an annual basis. Relevant line ministries are responsible for reviewing the laws concerning their respective agencies in consultation with relevant stakeholders.

As the SIAA is a government body, its Chair is accountable to the Prime Minister and the Standing Committee or sessions of the National Assembly and is appointed and removed in the same way as other members of Government (art. 33 of the Law on State Inspection). No additional legislative or other measures support the Authority's independence. State inspection authorities at different levels make budget proposals to the National Assembly through the Government (the Law on the State Budget; Annual Instruction on State Budget Making (2020)). SIAA personnel participate in professional training; however, the country reported constraints relating to the Authority's budget and specialized staff.

The Lao People's Democratic Republic participates in several international anti-corruption programmes and initiatives, such as the Southeast Asia Parties against Corruption and the International Anti-Corruption Academy, and it has signed several cooperation agreements with States in the Asia-Pacific region.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The administration of public officials is regulated by the Law on Civil Servants, relevant instructions and orders. The recruitment of civil servants is conducted through open competition and is based upon merit, integrity and predefined criteria (arts. 17 and 18 of the Law), with vacancies being announced in the media (Instruction No. 11 of the Ministry of Home Affairs). Civil servants can be promoted on the basis of educational qualifications, duration of service, examination and administrative position (art. 15 of the Law). Performance assessments are widely used (arts. 37–43 of the Law). A complaint mechanism regarding official decisions, including in the recruitment process, is provided by the Law on the Handling of Petitions. Pay scales and increments are established in the Law on the State Budget (art. 21, para. 1). The Lao People's Democratic Republic provides various integrity training to public officials. There is no systematic approach to identifying positions considered especially vulnerable to corruption or for the selection, training and rotation of persons in such positions.

General rules on candidature for and election to public office, including the offices of President and members of the National Assembly, are established in the Constitution (arts. 4, 54, 64–66 and 68) and criteria for election to the National Assembly and the Provincial People's Council are set out in the Law on the Election of Members of the National Assembly and Provincial People's Council (arts. 6 and 7).

Election expenditures are financed from the State budget, with the National Election Committee designated to distribute the budget (art. 49 of the Law on the Election of Members of the National Assembly and Provincial People's Council). Voluntary contributions are only permissible for general elections through the National Election Committee (art. 24 of the Law). The country has adopted basic measures to promote transparency in the funding of candidates for election.

Article 82 of the Law on Civil Servants and article 27 of the Anti-Corruption Law establish measures to prevent conflicts of interest for public officials, such as prohibitions on engaging in certain conduct and the obligation to submit asset declarations. Disciplinary and criminal penalties can be applied for violations of these rules (art. 73 of the Law on Civil Servants; arts. 56–58 of the Anti-Corruption Law). Furthermore, judicial officers must recuse themselves from proceedings if they are related to any of the parties (arts. 10 and 22 of the Criminal Procedure Law). The Lao People’s Democratic Republic has not adopted any system requiring public officials to declare conflicts of interest or any measures to prohibit the acceptance of gifts or a broad range of outside activities by public officials. Detailed information regarding declarations of assets (including gifts) is provided under the discussion of article 52 (5) below.

State inspection authorities at each level are responsible for promoting integrity, honesty and responsibility in State organizations. Codes of ethics for civil servants are established under the Law on Civil Servants (arts. 59–63) and the Decree on the Code of Ethics for Civil Servants. A draft decree on the implementation of the code of ethics would apply the code of ethics beyond civil servants to a wider range of public officials.

The country has adopted various laws to protect citizens’ petition rights and reporting persons and has established complaint mechanisms and a duty to report corruption for all citizens, including civil servants (arts. 7 and 8 of the Anti-Corruption Law). Public officials may also report corruption to the discipline committees of each organization, established pursuant to article 77 of the Law on Civil Servants. However, specific systems to facilitate the reporting of such complaints have not been created.

While disciplinary measures may be taken against public officials for code of conduct violations, the Law on Civil Servants does not specify which disciplinary measures should be applied by the disciplinary committees for such violations.

The independence of the judiciary is established in the Constitution (art. 94), and the organization of the court is governed by the Law on the People’s Court (arts. 2, 6, 8, 11, 21, 37 and 47–49). The Law on Judges establishes selection and removal standards and procedures for judges and a code of ethics for judges and prosecutors (arts. 59–63). Provisions on recusal are provided under the Criminal Procedure Law and the Law on Civil Procedure. Prohibitions for staff of the People’s Court are set out in the Law on Civil Procedure (art. 59). One integrity training course for judges has been organized to date.

The powers of the Office of the Supreme People’s Prosecutor are established in the Constitution (arts. 99 and 103) and the Law on the People’s Prosecutor. The Law sets out selection, appointment, transfer and removal standards and procedures for prosecutors (art. 26) and various prohibitions and inspection requirements (arts. 57 and 61–63). Public prosecutors are also obliged to declare their assets.

Public procurement and management of public finances (art. 9)

Public procurement is decentralized and governed by the Law on Procurement with State Funds. The Ministry of Finance is responsible for supervising the procurement process in collaboration with relevant ministries and authorities. Procurement is carried out through tendering committees in each procuring agency (art. 40 of the Law). The Law prescribes four procurement methods (arts. 18–22) but does not specify competitive tendering as the preferred method. Details on how the different methods are to be applied on the basis of the principles in the Law are contained in the Ministry of Finance Instruction on the Implementation of the Law on Procurement with State Funds, No. 0477/MF (2019). The Lao People’s Democratic Republic does not collect data on the application of these methods owing to capacity constraints. In addition to lowest price being set as an evaluation criterion (art. 42 of the Law), the consideration of bids includes evaluation of the technical capacity of potential tenderers and service providers, with no reference to quality considerations.

Aggrieved tenderers may file petitions to the procuring agency and to the competent State authority and the courts. The Law on Procurement with State Funds refers to the public announcement of tenders electronically, but no information was available on the use of electronic procurement or the publication of tender awards and tender announcements. While article 66 of the Law contains basic prohibitions for members of tender committees, officials and relevant authorities on abuse of power and responsibility, bribery and other acts that contravene the law and regulations, there are no concrete measures to strengthen the integrity of procurement personnel besides the provisions of the Decree on the Code of Ethics of Civil Servants.

The procedures for the preparation and adoption of the centralized State budget are set out in the Law on the State Budget (art. 56). Inspection of the State budget is carried out by various inspection authorities and external bodies (arts. 80 and 86). The government agencies and provincial governors must submit budget expenditure reports to the Ministry of Finance on a periodic basis, while line ministries and localities must submit expenditure reports on government investment projects to the Ministry of Finance and the Ministry of Planning and Investment. The Ministry of Finance prepares the annual budget report, which is published on the website of the State Audit Organization and approved by relevant state organizations pursuant to article 18 of the Law on State Audit. The government accounting and auditing standards are established by the Law on Accounting and the Law on State Audit. Although internal controls are required by the Law on Accounting, no specific measures on risk management or controls, including corrective action in case of a failure to comply with public financial management requirements, were provided.

The country has put in place civil and administrative measures to protect the integrity of accounting books and documents (arts. 93–96 and 98 of the Law on Accounting; arts. 92 and 93 of the Law on the State Budget).

Public reporting; participation of society (arts. 10 and 13)

Free access to information is established in the Constitution (art. 11) and the Law on Media (arts. 9–12). However, there is no dedicated law to regulate the procedure for requesting access to information held by public entities. Information is usually published through the media, government websites and government periodicals and disseminated at ministries and local administrations. In addition, parliamentary sessions are open to the public, broadcast by the media and made available through transcripts published in the official gazette. Information can be disclosed by government agencies upon request or petition by citizens, although the applicable procedures and criteria for providing information vary depending on the nature of the information sought.

A public website is maintained by the Prime Minister's Office on government activities, laws, strategies and policies, including a public reporting centre for inquiries and requests. Efforts to continue simplifying administrative procedures and to increase transparency of government functions are a priority area for the Government.

The SIAA publishes summary reports on prevention and anti-corruption activities annually and every five years, and further reports biannually to the National Assembly. In addition, the SIAA also publishes inspection journals on the challenges of combating corruption and reports that reflect the performance of inspection and prevention activities.

The participation of society is enshrined in the Constitution, the Anti-Corruption Law, the Law on State Inspection and other specialized legislation. Pursuant to the Law on Government, government bodies regularly invite public participation in meetings and decisions. Public consultation in the legislative drafting process is envisaged by the Law on Making Legislation (art. 32).

A variety of awareness-raising activities on corruption have been organized. However, details regarding the involvement of civil society in anti-corruption activities were

not provided. The Ministry of Education has developed an anti-corruption curriculum in collaboration with relevant stakeholders, for delivery at various levels of education.

State inspection authorities at each level have a dedicated department for receiving complaints and procedure for handling them, as provided under the Law on the Handling of Petitions. Reports may also be made to the SIAA concerning political leaders and high-level public officials, as well as to the National Assembly. The State inspection procedure and authorities responsible for dealing with petitions are publicized and reports can be made through various channels.

Private sector (art. 12)

Rules pertaining to the private sector, including accounting and auditing standards, are set out in the Law on Accounting, the Law on Independent Auditing and the Law on Enterprises. The Ministry of Finance is assigned to promulgate financial reporting standards for public and private enterprises. Rules on internal auditing, which apply to both public and private sector entities, are set forth in the Law on Accounting (arts. 42 and 43).

The Law on Enterprises contains provisions on the registration of companies (sect. 2), but no public register of companies had been established at the time of the country visit.¹ Prohibitions set out in the Law on Processing Industry (parts V and VIII) are designed to prevent the misuse of procedures regulating private entities in the processing industry and trade sector.

There are no specialized standards or procedures on business integrity such as corporate governance codes. Post-employment restrictions for public officials have not been established, although authorities considered such measures useful.

Records of accounting documents must be kept for a minimum of 10 years, with a possible extension for another 10 years in certain cases (art. 50 of the Law on Accounting). Forgery of documents and use of forged documents is criminalized (art. 161 of the Penal Law). Such documents include financial documents of private sector entities (art. 68, para. 4 of the Law on Accounting).

The Tax Law specifies non-deductible expenses (art. 34), including expenses that are not directly related to business operations and those incurred without lawful receipts or contracts, but does not specifically prohibit the tax deductibility of expenses constituting bribes.

Measures to prevent money-laundering (art. 14)

The legal framework to combat money-laundering comprises, principally, the Anti-Money-Laundering Law, its implementing regulations and relevant administrative instruments. These measures emphasize requirements for customer and beneficial owner identification, record-keeping and the reporting of suspicious transactions. Institutionally, the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism was established to oversee activities to combat money-laundering and the financing of terrorism.

A national risk assessment was completed in August 2018, covering 18 sectors and focusing on the identification of predicate offences and vulnerabilities to money-laundering. Challenges were identified in the implementation of anti-money-laundering requirements in higher-risk areas.

Anti-money-laundering supervisors for all sectors have not been specified as required under the Anti-Money-Laundering Law (arts. 15 and 16). However, the Anti-Money-Laundering Intelligence Office (AMLIO) is currently working on a draft decree on responsibility for the implementation of measures to combat money-laundering and the financing of terrorism that would establish such responsibilities. The AMLIO, as the national financial intelligence unit, follows a risk-based approach to supervision.

¹ The national enterprise database website was officially launched in June 2019.

There are some gaps in the coverage of reporting entities, as defined in the Anti-Money-Laundering Law (arts. 8 (7–8) and 17). In particular, accountants, lawyers, dealers in precious stones, company service providers and trusts are not covered among designated non-financial businesses and professions. Furthermore, not all reporting entities have established adequate, risk-based programmes against money-laundering and the financing of terrorism, as required by article 19 of the Anti-Money-Laundering Law. The aforementioned draft decree on responsibility for the implementation of measures to combat money-laundering and the financing of terrorism would clarify the anti-money-laundering requirements for designated non-financial businesses and professions.

National cooperation takes place primarily through the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism (art. 54 (7) of the Law) and the functions of the AMLIO. However, there are challenges owing to the quality of the suspicious transaction reports received and the investigative capacity of the authorities, including in the provinces. The grounds for the appointment and removal of Committee members by the Prime Minister (art. 53 of the Law) are not specified in the legislation.

The exchange of information between the AMLIO and foreign financial intelligence units is governed by memorandums of understanding signed with those units and based on requests. However, the international cooperation provisions of the Anti-Money-Laundering Law (arts. 42–44) do not specify what investigative measures may be taken in response to requests from foreign authorities.

The Lao People’s Democratic Republic has recently implemented the International Criminal Police Organization (INTERPOL) I-24/7 communication system and the Association of Heads of Police of the Association of Southeast Asian Nations (ASEANAPOL) electronic Database System (eADS).

The country has established a reporting requirement for cross-border transfers of cash and bearer negotiable instruments, with a reporting threshold of 100 million Kip (approx. US\$ 11,638). The fine in case of non-declaration is 50 per cent of the total value of proceeds (art. 49 of the Law on Foreign Currency Management). The requirements are not effectively implemented in practice.

The requirements on electronic transfers of funds (wire transfers) are implemented mainly through provisions in the Anti-Money-Laundering Law and Bank of the Lao People’s Democratic Republic Decision on the Reporting of Wire Transfers Exceeding the Specified Limit No. 963/BOL.

The Lao People’s Democratic Republic remains subject to the transitional follow-up process of the Asia/Pacific Group on Money Laundering (APG), owing to deficiencies in the areas of international and other forms of cooperation (spontaneous information exchange). The country has developed an action plan to address the APG recommendations, and the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism has appointed an ad-hoc committee to advance this work. In June 2017, the country was removed from the “grey list” approved by the Financial Action Task Force (FATF).

2.2. Successes and good practices

- The issuance of occasional reports containing information on the performance of inspection and corruption prevention activities should be continued (art. 10 (c)).

2.3. Challenges in implementation

It is recommended that the Lao People’s Democratic Republic:

- Continue monitoring and evaluating the effectiveness and impact of implementation of the Anti-Corruption Strategy and make statistics and evaluation data more systematically available (art. 5, para. 1).

- Endeavour to strengthen systems to evaluate and assess the effectiveness of practices aimed at preventing corruption (art. 5, para. 2).
- Strengthen international cooperation to prevent and counter corruption, particularly beyond the Asia-Pacific region (art. 5, para. 4).
- Adopt legislative or other measures to grant the SIAA the necessary independence, in accordance with the fundamental principles of its legal system, to carry out its functions effectively and free from any undue influence and ensure that there are adequate resources for the training and development of specialized staff (art. 6, para. 2).
- Consider adopting procedures to identify public positions considered especially vulnerable to corruption and for the selection, training and rotation of persons in such positions, as appropriate (art. 7, para. 1 (b)).
- Consider strengthening legislative and administrative measures to enhance efficiency and transparency in the management and use of State funds to finance the election of candidates to public office (art. 7, para. 3).
- Endeavour to strengthen measures to prevent conflicts of interest, including rules concerning gifts, secondary employment and a broad range of outside activities of public officials that may give rise to a conflict of interest, and consider establishing systems requiring public officials to declare conflicts of interest (art. 7, para. 4, and art. 8, para. 5).
- Adopt the draft decree on the implementation of the code of ethics, which would apply the code to a wider range of public officials (art. 8, paras. 2 and 3).
- Consider establishing systems to facilitate the reporting by public officials of acts of corruption (art. 8, para. 4).
- Consider specifying disciplinary or other measures for code of ethics violations (art. 8, para. 6).
- Strengthen the public procurement system by (i) enhancing transparency in the publication of tender awards and tender announcements; (ii) specifying competitive bidding as the preferred method of procurement; (iii) considering the adoption of bid evaluation principles that are based on quality and price considerations; (iv) enhancing the integrity of procurement personnel; and (v) continuing efforts to establish an electronic procurement system. It is further recommended that the Lao People's Democratic Republic strengthen methods to collect, analyse and make available data on public procurement (art. 9, para. 1).
- Establish effective systems of risk management and internal control in public financial management and specify corrective action for failure to comply with the requirements of article 9, paragraph 2.
- Strengthen measures to regulate public access to information, including by considering the adoption of a dedicated legal framework and appeals mechanism, and continue efforts to simplify administrative procedures to facilitate access to the competent authorities (art. 10 (a) and (b)).
- Continue to provide integrity training for judges and members of the judiciary (art. 11, para. 1).
- Take measures to strengthen corruption prevention in the private sector, including by (i) promoting the development of standards on business integrity in the private sector, such as corporate governance codes; (ii) continuing efforts to enhance transparency among private entities; and (iii) considering the introduction of appropriate post-employment restrictions for public officials transferring to the private sector (art. 12, para. 2).
- Explicitly disallow the tax deductibility of expenses that constitute bribes (art. 12, para. 4).

- Continue to strengthen the participation of society in efforts to prevent corruption (art. 13, para. 1).
- Adopt legislation and other appropriate measures to (i) ensure that all relevant entities are covered as reporting entities, as required by international standards, and ensure the implementation of anti-money-laundering requirements across all sectors; and (ii) specify supervisory authorities for all sectors (art. 14, para. 1 (a)).
- Continue to enforce implementation of the risk-based approach to anti-money-laundering among all reporting entities, apply risk-based supervision and continue to implement the national risk assessment results (art. 14, para. 1 (a)).
- Continue efforts to strengthen the quality of suspicious transaction reports submitted by reporting entities and to improve the investigative capacity of the national authorities, including in the provinces (art. 14, para. 1 (b)).
- Consider specifying in the legislation criteria for the appointment and removal of members of the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism (art. 14, para. 1 (b));
- Specify in the Anti-Money-Laundering Law and other relevant laws which specific investigative measures may be provided in response to requests for international cooperation (art. 14, para. 1 (b)).
- Continue to strengthen cooperation among regulatory, law enforcement and other authorities dedicated to combating money-laundering, both nationally and internationally (art. 14, para. 1 (b)).
- Review and amend the legal framework for reporting, detecting and monitoring the cross-border movement of cash and negotiable instruments, including by reviewing the threshold for declarations, and ensure effective enforcement (art. 14, para. 3).
- Continue efforts to address the results of the mutual evaluation by the Asia/Pacific Group on Money Laundering (art. 14, para. 4).

2.4. Technical assistance needs identified to improve implementation of the Convention

- Exchange of experiences and best practices in the development of legislation, anti-corruption strategies and facilitation of international cooperation (art. 5).
- Capacity-building (arts. 6, 8 and 14).
- Institution-building and capacity-building (arts. 7 and 9–13).

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

The law of the Lao People's Democratic Republic does not specify the procedure for mutual legal assistance in criminal matters. Articles 271–273 of the Criminal Procedure Law are broad in nature and do not regulate in detail the requirements of chapter V of the Convention. A draft law on mutual legal assistance has been in development since the first cycle country review.

Mutual legal assistance is provided in accordance with international treaties or agreements and national law and may be provided in the absence of such agreements through diplomatic channels on the condition of reciprocity (art. 271 of the Criminal Procedure Law).

The country is a party to the ASEAN Treaty on Mutual Legal Assistance in Criminal Matters and has adopted three bilateral mutual legal assistance treaties. The Lao

People's Democratic Republic recognizes this Convention as a legal basis for mutual legal assistance on the condition of reciprocity.

There have been no incoming requests for asset confiscation. The requests received have related to interim measures (search, seizure and freezing of property). The country has never formally refused a request for asset recovery. There have been no concluded cases where assets have been returned to a requesting country.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

The Anti-Money-Laundering Law and National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism Decision No. 01/NCC contain measures requiring the verification of customer identities and identification of beneficial owners. Enhanced due diligence is required for politically exposed persons, including their family members and close associates (arts. 25, 28 and 32 of the Anti-Money-Laundering Law; art. 14 of Decision No. 01/NCC).

The Ministry of Public Security may send information on higher-risk persons and accounts to reporting entities within one day and distribute such information online to financial institutions. The AMLIO may issue similar advisories in relevant cases. No other advisories have been issued and there is no list of high-risk persons or jurisdictions.

Article 28 of the Anti-Money-Laundering Law provides for record-keeping of customer information for 10 years and transaction records for five years. Decision No. 01/NCC contains related provisions (art. 25).

Bank of the Lao People's Democratic Republic Decision No. 42/BOL establishes licencing requirements for commercial banks. All financial institutions, legal persons and organizations are further prohibited from opening and using "anonymous accounts" (arts. 50 and 52 of the Anti-Money-Laundering Law) and interacting with correspondent banks that have business relations or transactions with anonymous banks (art. 26 of the Law). These provisions are coordinated by the Bank.

Financial disclosures (including in relation to domestic and foreign bank accounts) are required of all public officials pursuant to the Law on State Employees, the Decree on Asset Declaration and its Implementing Guidelines, and the Anti-Corruption Law. A reporting threshold of 20 million Kip (approx. US\$ 2,328), or 5 million Kip (approx. US\$ 582) in the case of gifts, applies. State inspection authorities at the central, provincial and district levels inspect declarations in specific cases, e.g. in cases of suspicion. The system is paper-based and declarations are only available to law enforcement authorities for investigative purposes. No data were available on compliance with the filing requirements.

There is no specific legislation for the spontaneous sharing of information with foreign authorities. The AMLIO may spontaneously share such information on the basis of memorandums of understanding. INTERPOL and ASEANAPOL channels may also be utilized.

The AMLIO was set up in 2005 as an organizational unit of the Bank of the Lao People's Democratic Republic (art. 55 of the Anti-Money-Laundering Law) and was separated from the Bank in 2015. It has a status equivalent to a department under the direct technical supervision of the National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism. Human resources and budgetary supervision are provided by the Bank.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

Article 361 of the Law on Civil Procedure allows individuals, organizations or enterprises in foreign countries to file claims against persons in the Lao People's

Democratic Republic, according to relevant international cooperation treaties or, in the absence of such treaties, through the Ministry of Foreign Affairs. However, the Law limits who may qualify as a party in a civil case (art. 71) and there is no notification mechanism for foreign claimants.

Courts are required to make decisions on compensation in criminal cases at the same time as they consider the criminal case (arts. 16 and 51 of the Criminal Procedure Law). Additional provisions on compensation are found in the Penal Law (art. 46), the Law on Civil Procedure (art. 250) and the Anti-Money-Laundering Law (art. 61).

The Criminal Procedure Law protects the rights of victims to present evidence and file petitions and affords civil plaintiffs the same rights in criminal proceedings as victims (arts. 67 and 68). These measures can also be applied to foreign States.

The laws of the Lao People's Democratic Republic do not provide for the direct enforcement of foreign confiscation orders. However, articles 34, 64 and 174 of the Penal Law and articles 59 and 208 of the Criminal Procedure Law provide for the penalty of confiscation and the transfer of confiscated property to State ownership or its return to the legitimate owners.

Domestic courts cannot recognize foreign confiscation requests in the absence of a foreign court judgment (art. 68 of the Penal Law). However, the procedural requirements of article 55 (1) of the Convention are not defined in the legislation.

There is no provision in domestic law allowing for confiscation in the absence of a conviction.

Articles 53, 56, 102, 107, 108 and 128, of the Criminal Procedure Law provide for the issuance of seizure or freezing orders to compensate victims and ensure compensation for damages. The same measures are applied for freezing or seizing proceeds on the basis of a foreign order or request.

While there are measures to preserve frozen or seized property, there are no additional measures to preserve property of foreign origin pending confiscation. Authorities expressed a need to develop stronger measures on asset management.

Apart from article 45 of the Anti-Money-Laundering Law and relevant treaties, the country's legislation does not specify the required content of requests for mutual legal assistance.

The Lao People's Democratic Republic recognizes grounds for refusal and imposes additional requirements pertaining to the costs of executing requests where property is of minimal value.

There is no legal provision requiring consultation before the lifting of provisional measures or the refusal of assistance.

Provisions to protect bona fide third parties are contained in the Anti-Money-Laundering Law and treaties.

Return and disposal of assets (art. 57)

The Criminal Procedure Law establishes the rights of victims and civil plaintiffs to receive compensation for losses (arts. 67 and 68). National Coordination Committee for Anti-Money-Laundering and Countering the Financing of Terrorism Guideline No. 08/NCC further recognizes the claims of legitimate owners over assets that are seized, frozen or confiscated (art. 6).

The procedure to enable the competent authorities to return confiscated property, when acting on the request of another State, is not detailed in the legislation.

While the Penal Law provides for the return of assets to rightful owners in corruption cases (art. 174, para. 2), this provision does not establish the mandatory return of assets to requesting countries in the case of Convention offences.

The authorities expressed an interest in developing a guideline on asset recovery that would cover the requirements of article 57, paragraph 3, of the Convention.

The legislation does not regulate the costs of asset recovery through mutual legal assistance, which are subject to agreements or arrangements on a case-by-case basis.

3.2. Challenges in implementation

It is recommended that the Lao People's Democratic Republic:

- Expedite the finalization and adoption of a law on mutual legal assistance that covers the detailed requirements of chapter V, including the specific types of assistance that may be provided and the required content of requests, and consider developing a manual, guidelines or other tools for domestic and foreign practitioners to process requests related to asset recovery (art. 51 and art. 55, para. 3).
- Adopt appropriate measures to ensure that information is made available to financial institutions when new money-laundering risks are identified or information becomes available (art. 52, para. 2 (a)).
- Adopt a more structured system to track and monitor compliance by public officials with the financial reporting requirements, including detected violations of filing requirements, and consider enhancing the transparency of financial disclosure statements (art. 52, para. 5).
- Amend legislation in line with article 53 (a).
- Adopt a provision in its legislation providing for the recognition and enforcement, in accordance with domestic law, of foreign confiscation orders in the absence of an adjudication on the matter, and also in cases where no international treaty is applicable (art. 54, para. 1 (a)).
- Consider adopting legislative provisions on non-conviction-based confiscation (art. 54, para. 1 (c)).
- Consider taking additional measures to preserve property for confiscation, including by strengthening the asset management capacity of institutions and adopting relevant guidelines in light of international best practices (art. 54, para. 2 (c)).
- Adopt provisions that clearly specify the procedure set out under article 55, paragraph 1.
- Amend legislation to give effect to the requirements of article 55, paragraph 8, in cases of offences under this Convention.
- Strengthen legislative measures to ensure the protection of bona fide third parties in confiscation and asset recovery proceedings (art. 55, para. 9).
- Specify the asset recovery procedure in the legislation, including the disposal and return of confiscated property, when acting on a request made by another State party (art. 57, para. 2).
- Adopt measures in the legislation and relevant guidelines on the return of confiscated property to requesting States in accordance with article 57, paragraph 3.
- Consider adopting a clear legal provision on the costs of asset recovery, taking into account article 46, paragraph 28, of the Convention (art. 57, para. 4).
- Adopt legislative or other measures to grant the AMLIO the necessary independence, in accordance with the fundamental principles of its legal system, to carry out its functions effectively and free from any undue influence (art. 58).
- Continue efforts to conclude further agreements in the field of international cooperation related to asset recovery (art. 59).

3.3. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building and support for policymaking on asset recovery (arts. 51–55 and 57).
 - Exchange of best practices and challenges in the seizure, confiscation, disposal and return of proceeds of corruption (arts. 51–55 and 57).
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