

## Newsletter:

### ESTABLISHING AN NGO IN LAO PDR

#### In Brief

Recently, on 27th February 2025, we observed World NGO Day. On this occasion, ILAW Laos reaffirms its strong support for feminist rights and its commitment to upholding the principles of equality. We firmly believe that NGOs not only catalyze positive change within Laos but also make a meaningful impact on a global scale.

Therefore, this newsletter offers a comprehensive examination of the statutory framework, regulatory mandates, and procedural requirements essential for the successful formation and operation of an international non-governmental organization (INGO) in Laos.

The following analysis outlines the key legal obligations, registration processes, and strategic considerations necessary for navigating the complexities of establishing an NGO in the Lao People's Democratic Republic.

#### Key Takeaways

##### Legal And Procedural Requirements

###### A. Application for an Operation Permit (OP)

An NGO seeking to operate in Lao PDR must **first obtain an Operation Permit (OP)** from the Ministry of Foreign Affairs<sup>1</sup>.

To qualify, the organization must satisfy the following criteria:

- 1) It must be a legally registered entity in its country of origin, with a legal status in accordance with applicable foreign laws.
- 2) It must be a non-profit entity operating internationally.
- 3) It must have a clear constitution or set of internal regulations governing its operations.
- 4) It must demonstrate financial stability and transparency, ensuring that its funds originate from legal sources.
- 5) Its mission and objectives must align with the development and humanitarian priorities of Lao PDR<sup>2</sup>.

Once an OP is granted, the NGO is formally authorized to commence preparatory activities in Lao PDR, including the engagement of staff and negotiation of project agreements.

###### B. Work Permits and Business Visas for Foreign Employees

Upon receiving an OP, such NGO must secure appropriate work permits and business visas (Visa E-B2) for its foreign employees<sup>3</sup>.

**The key requirement are as follows:**

- 1) Foreign employees must obtain a work permit to legally work in Lao PDR in order to prepare documents and a Memorandum of Understanding (MOU) with the relevant Ministry and sectors that will be partners in the implementation of the project.
- 2) Business visas (Visa E-B2)<sup>4</sup> are valid for 90 days and are renewable<sup>5</sup>. These visas can be obtained at Lao embassies, consulates, or international entry checkpoints.

The work permit application must be submitted before employees can engage in project activities or office establishment procedures.

###### C. Project Approval Process<sup>6</sup>

Before commencing any project, an NGO must obtain formal approval through the Memorandum of Understanding (MOU) process.

Next./page 2....

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## About us

ILAW LAOS CO., LTD. ("The Firm") is a prominent law firm in Laos, established in January 2021 and registered with the Ministry of Commerce under the enterprise number 01-00024891. The Firm is located at Vientiane, and was founded by Somphob Rodboon, Managing Partner. The Firm is a branch office of its parent company, ILAWASIA CO., LTD., which has been based in Bangkok, Thailand for over a decade.

Our partners and local attorneys were recently recognized and listed in the Asia-Pacific Legal 500 series and recently, the firm recognized as 'Leading Firms (Tier 2)' in the Legal 500 rankings during 2024 to 2025. Moreover, also recognized by AsiaLaw as 'Notable Firms' for the General Business Area during 2023 to 2024.

The firm is specializing in various legal services to meet the needs of both domestic and international clients. Our expertise spans across intellectual property, corporate and commercial law, and labour law.

### This requires:

- 1) Drafting and negotiating the MOU with the relevant Lao ministry that will act as the counterpart for project implementation<sup>7</sup>.
- 2) Ensuring the project meets the following conditions:
  - ◆ It aligns with the Lao government's approved development priorities.
  - ◆ It has clear objectives, activities, and a well-defined budget.
  - ◆ It explicitly defines the roles and responsibilities of all involved parties, including government agencies and the NGO.
  - ◆ A majority of the project's budget must be allocated toward direct project activities rather than administrative costs.
  - ◆ A Project Steering Committee must be established, comprising representatives from relevant Lao government bodies and the NGO. The committee is responsible for approving work plans, budgets, and reviewing project implementation reports<sup>8</sup>.

Upon obtaining approval, an MOU signing ceremony must be held within 30 days<sup>9</sup>. No project activities may commence prior to the formal execution of the MOU. The Lao government requires at least 60 days for MOU consideration before approval.

### D. Establishment of a Project Office in Lao PDR<sup>10</sup>

An NGO wishing to establish a Project Office in Lao PDR must obtain an Operation Office Permit.

#### The office must meet the following requirements:

- 1) The NGO must have an approved project in Lao PDR.
- 2) The office premises must have a valid lease agreement, officially recognized by relevant Lao authorities.
- 3) The office must remain operational only for the duration of the approved project and must be closed within 30 days after project completion<sup>11</sup>.

### E. Ongoing Compliance and Reporting Obligations

NGOs operating in Lao PDR are subject to continuous compliance obligations, including:

- 1) Submit a report of activities to the relevant sectors on the Lao side on a regular basis, or at least once a year<sup>12</sup>.
- 2) Disclosure of financial statements, including project implementation reports and financial reports submitted to donors<sup>13</sup>.
- 3) Mid-term and end-term project evaluations, conducted jointly with Lao authorities<sup>14</sup>.
- 4) Submission of final project reports within 30 days after project completion, including a formal handover to relevant Lao government agencies and the Ministry of Foreign Affairs<sup>15</sup>.
- 5) Tax compliance, including filing Personal Income Tax (PIT) for employees by the 20th of the following month<sup>16</sup>.

### F. Renewal and Validity Period

The Operation Permit and project approval are valid for one year and are renewable upon meeting compliance requirements. Failure to renew or comply with reporting obligations may result in permit revocation or administrative penalties.

## Conclusion and Legal Support

Establishing and operating an NGO in Lao PDR requires strict adherence to legal and regulatory frameworks, which include obtaining an Operation Permit, securing project approval through an MOU, acquiring work permits for foreign employees, and obtaining an office establishment permit. NGOs must also meet ongoing compliance obligations throughout their operations.

Navigating these complex regulatory requirements can be challenging. To ensure seamless compliance and minimize legal risks, NGOs should seek professional legal

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assistance. Our experienced legal team at ILAW Laos is fully equipped to support NGOs in every aspect of the regulatory process, ensuring smooth and efficient navigation of all requirements.

### We offer a comprehensive range of services, including:

- ◆ Advisory services on Lao NGO regulatory compliance, ensuring you fully understand and meet legal obligations.
- ◆ Preparation and submission of all necessary applications for permits, project approvals, and work visas, streamlining the process for you.
- ◆ Assistance with MOU negotiations and project structuring, ensuring clear, well-defined agreements.
- ◆ Ongoing compliance monitoring and reporting support, keeping you up-to-date and in full compliance with Lao authorities.

## References

- <sup>1</sup>Article 5 of No. 5.5 Prime Minister's Decree on International Non-Government Organization No.013pm dated 8 January 2010; and No. 4 No 4.1. Instructions on the Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015.
- <sup>2</sup>Article 6 of Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>3</sup>No. 4 of No 4.2. Instructions on the Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064. Dated 17 February 2015;and Article 20 (No.9) - Law on Entry-Exit and Management of Foreigners in Lao PDR No.59.NA Dated 26 December 2014.
- <sup>4</sup>No. 15 of Instructions on The Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015; and Article 20 (No.9) - Law on Entry-Exit and Management of Foreigners in Lao PDR No.59.NA Dated 26 December 2014.
- <sup>5</sup>No. 4 of No 4.3. Instructions on The Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015.
- <sup>6</sup>No. 4 of No 4.4. Instructions on The Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015; and Article 5 of No. 5.2. Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>7</sup>No. 6 of No 6.3. Instructions on The Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015.
- <sup>8</sup>Article 7 of Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>9</sup>No. 4.4.2 and No. 4.5 Instructions on The Implementation of Prime Minister's Decree on International Non-Government Organization No. 001064, dated 17 February 2015.
- <sup>10</sup>Article 5 of No. 5.3. Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>11</sup>Article 8 of Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>12</sup>Article 18 of No. 18.4. Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>13</sup>Article 18 of No. 18.5. Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>14</sup>Article 18 of No. 18.6. – Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>15</sup>Article 18 of No. 18.7. – Prime Minister's Decree on International Non-Government Organization No.013pm, dated 8 January 2010.
- <sup>16</sup>Article 40 of Income Tax Law No .67na Dated 18 June 2019.

Remark: Please note that this document is for informational purposes only and does not constitute legal advice. Prospective founders are encouraged to consult with a qualified attorney for personalized legal guidance.