

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
Peace Independence Democracy Unity Prosperity

**National Assembly**

**№ 197/NA**

**RESOLUTION**

Of the  
National Assembly

Of the  
**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
On the Adoption of the Law on Construction

- Pursuant to Article 53, clause 2 of the constitution and Article 3, clause 2 of the Law on National Assembly of the Lao People's Democratic Republic, related to the rights and duties of the National Assembly.
- Following the wide and in depth discussion by the 8<sup>th</sup> session of the National Assembly (VI<sup>th</sup> legislature) regarding the contents of the Law on Construction in the morning session on 26 November 2009.

The Session decides that:

Article 1. The Law on Construction is adopted at qualified vote.

Article 2. This resolution shall enter into force on the date of its signing.

Vientiane Capital, 26 November 2009

President of the National Assembly,

(Seal and Signature)

**Thongsing THAMMAVONG**

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
Peace Independence Democracy Unity Prosperity

**President of the State**

**№ 159/PO**

Vientiane Capital, dated 16 December 2009

**DECREE**

Of the  
PRESIDENT  
Of the

LAO PEOPLE'S DEMOCRATIC REPUBLIC  
On the Promulgation of the Law on Construction

- Pursuant to chapter VI, Article 67, Point 1 of the constitution of the Lao People's Democratic Republic which provides for the promulgation of the constitution and of the Laws adopted by the National Assembly;
- Pursuant to Resolution N.197/NA, date 26 November 2009 of the National Assembly of the Lao People's Democratic Republic regarding the adoption of the Law on construction;
- Pursuant to the Proposal N.084/NASC, dated 10 December 2009.

The President  
Of the Lao People's Democratic Republic decrees that:

Article 1. The Law on Construction is hereby promulgated.

Article 2. This Decree shall enter into force on the date of its signature.

The President of the Lao PDR

(Seal and Signature)

**Choummaly SAYASONE**

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
Peace Independence Democracy Unity Prosperity

National Assembly

№ 05/NA

Vientiane Capital, date 26 November 2009

## **LAW ON CONSTRUCTION**

### **PART I** **General Provisions**

#### **Article 1. Objective**

The Law on Construction determines principles, rules and measures on the management, authorization, control, monitoring, inspection of construction's activities in order to ensure the constructed items will have good quality, safety, economical, convenience, transparency and be consistent with urban plan, socio-economic development plan, proper to laws and regulations aiming to promote the construction's development by using modern technique-technology, equally to the international standard, coordinate between the use of intelligence, domestic and foreign materials of construction, to preserve the national independence, protect the scenery, the beauty of the urban and contribute to the national socio-economic development.

#### **Article 2. Construction**

A construction is the process for the implementation of all construction's activities, the construction and repair by commencing from the feasibility study, survey, construction design, building and installation until the completion of the constructed items.

#### **Article 3. Term interpretation**

Different terms which are used in this law have the following meanings:

1. Construction's activities operation is referred to the determination of the implementation of construction works and the determination of the mass plan such as survey, design, construction, repair, restoration, renovation, extension, modification, widening, demolition, management, control and construction supervision;
2. Construction's project is referred to activities to implement various types of construction by having an area limitation, targets and specific conditions, determination of responsibilities, labor or construction company, budget, working plan, limitation of the commencement and the termination of the project;
3. Constructed items are referred to products produce by human laborer, materials, machineries and construction equipment together with accessories and other installations that are connected with land, on the surface of land, underground, under water and on the water's surface which are constructed according to the design and are used for benefits of individuals, and are technical and social infrastructure system.

**Unofficial Translation – Rely on Lao version for authoritative purposes**

4. Technical infrastructure system is referred to irrigation, transportation, traffic, systems, telecommunication network, energy supply, electricity, public's lights, water supply, dirty water, waste water, treat water drainage in the town, storage system and garbage disposal and others;
5. Social infrastructure system is referred to the infrastructure system on public health, culture, education, sport, commerce, habitat, services to public and public parks;
6. Special construction's activities are referred to activities which are not Implemented through the regular stages such as particular activities for the national security, construction activities according to the urgent order of the government;
7. Construction standard is referred to provisions or technical regulations related to the structure and other components of construction activities determined by relevant sectors;
8. Project's owner is referred to the capital's owner or the authorized persons who use the capital into the construction's activities operation;
9. Construction's company is referred to legal entity which has signed the contract with the project's owner to construct or repair;
10. Bidding competitions are referred to legal entities both domestic and foreign which have proper qualifications to conditions for the selection and bid competition under any form as determined by the project's owner;
11. Preliminary design is referred to the collection of data, explanation and sketch map which indicates to see the direction to design that has been provided sufficient basic requirements for the preparation, the total level of investment and shall be the basis for the further design's steps;
12. Basic design is referred to the design which consists of the location plan of the project, mass plan that indicates the characteristic and details of the constructed items in the area of the construction project;
13. Detailed design is referred to a complete construction design which consist of architectural plan, engineering plan and developed picture that need the accurate detail including construction materials use plan and other installation of equipment;
14. Architectural plan is referred to drawing sheet that show to see the characteristic, form size, proportion, material, level of the structure, area and the use of other parts of the construction project;
15. Engineering plan is referred to the drawing sheet that show to see the size, number and volume on technical structure of the construction project including the necessary developed picture;
16. Supervision of the construction is referred to the monitoring, inspection in the field of professional in the process of a regular construction of an architect or an engineer aiming to strictly ensure constructed items having a quality, accurate to the design, technical standard,

duration and budget of each tasks including to monitor, control the safety, protection of the environment;

17. Monitoring, supervision of the construction is referred to the control of the progress of the construction project of each period from the day of the commencement until the day of the completion of the project;
18. The certification of the correctness of the construction is referred to the certification of the project which has been appropriately constructed according to the plan, the norm of techno-economic of the construction material and construction technique standard;
19. Area of the construction project is referred to whole limit area of the construction project including the area to be offered according to the investment project which have been already approved;
20. Unit price in the construction is referred to the expenses for some tasks of work or the value of other construction activities that have been calculated upon the measurement unit such as in square meters, in cubic meters long meters, kilometers and others;
21. Construction, erection and installation is referred to a new construction including the supply of other equipments such as transmission line, machineries that are related to the construction;
22. Repair is referred to the improvement, modification, reparation of deteriorated parts of constructed items;
23. Extension is referred to the expansion of area and volume of the constructed item;
24. Renovation is referred to the re-construction in order to make materials or cultural, historical, scenery, natural constructed items become to initial condition and be an unique;

#### **Article 4. Policies on Construction's Activities**

The state promotes all economic sectors both domestic and foreign to invest into the construction, repair, protection and constructed items according to laws and regulations.

The State encourages all types of construction shall be undertaken in accordance with laws and regulations conformed to technical norm, technical standard, the unit price of the construction, quality assurance, efficiency, thrift, safety, splendor, national unique preservation and protection of the environment and also to urge on the use of domestic construction's materials products.

The State encourages and promotes to domestic construction business operator has access to the capital source, create the strength, develop labor skill and can make competition with foreign labor to ensure to make the construction business receiving a development and extension contributing to the socio-economic development.

#### **Article 5. Principles on Construction's Activities**

The operation on construction's activities shall be performed in accordance with principles as follows:

**Unofficial Translation – Rely on Lao version for authoritative purposes**

1. To ensure the conformity with the national socio-economic development plan, master development plan of each sector, urban plan, construction project plan, technical norms, technical standard and the unit price of the construction;
2. To ensure the quality, safety and not create excess adverse effects to the defined standard towards the living conditions of the population, infrastructure, natural panorama, environment and create an excess , inconvenience to the persons living near to the construction site;
3. Promotes the development jointly with the safeguard of cultural, historical and natural heritage including the preservation of national unique;
4. Ensure the sustainment and the highest advantage to the economy and social and also having facilities to disabled and elderly people for example:
5. Shall have a participation of domestic architects and engineers in the important construction's activities of foreign investors;
6. Shall have an assessment of impacts to social and natural environment such as Health of the population.

**Article 6. Obligations of Citizens related to Construction's Activities**

A Lao citizen, aliens, foreigners and stateless persons who reside in the Lao PDR have the obligations to respect and implement in accordance with laws and regulations relating to construction, provide opinions to construction's activities and contribute to protect other constructed items that are fundamental system of social and technical infrastructure including cultural, historical and natural heritage.

**Article 7. Scope of Applicability of the Law**

This law applies to all activities for the construction of infrastructure, construction's activities, repair with a high value that are belong to individuals, organizations and private in the urban, rural area and special economic zone in the entire country such as: transportation system, irrigation system, embankment system, Telecommunication system, habitat system, electricity grid, construction system on mining and other construction's activities.

**Article 8. International Cooperation**

The State opens up and promotes international relations and cooperation in the sub-regional, regional, foreign counties in the area of construction through the exchange of technical lessons, data information, science, technique and technology, build, train, upgrade professional technique to personnel, seek for assistance, investment cooperation and participate into the performance of agreements, treaties which the Lao PDR is a party.

**PART II  
Construction's Activities**

**Chapter 1  
Type, Characteristic and Size of the Construction**

## **Article 9. Type of the Construction**

The types of construction are divided in sector as follows:

### **1. Public works and Transportation Sector**

- Transport system such as: bridges, roads, railroads, harbors, tunnels, boat's navigation lines and airports;
- Habitation system such as: Houses, buildings, hospitals, schools, temples, plants, factories, fuel storage, fuel's sending tube, gas, fuel station, sport stadium, public park, transportation terminus;
- Water supply and sanitation system such as: water pumping station, water supply production plant, transmission and distribution pipe, channel, pipe and tunnel to drain sewerage and dirty water;
- Telecommunication system such as: satellite station, radio frequency transmission receiver station;
- Embankment and protection of floods system.

### **2. Agriculture and Forestry sector:**

Irrigation system such as: irrigation, ditch, canal, dam, reservoir.

### **3. Energy and Mines Sector:**

- Electricity system such as: Hydropower Dam, Electricity Plant, reception and transmission power station, transmission lines;
- Construction system on mines exploitation.

## **Article 10. Characteristics of the construction**

The characteristics of the construction are as follows:

1. Construction, Erection and installation;
2. Repair;
3. Extension;
4. Restoration and others.

## **Article 11. Sizes of the Construction**

The construction of each type is divided in three sizes as follows:

- Large size;
- Medium size;
- Small size.

The relevant sector is the body to determine the size of the construction of each type of construction that one's has managed based on the value, location, level of importance and

technique of the project. For the construction project invested by the State shall be determined in accordance the Law on the State's Investment.

**Article 12. Technical Norm, Technical Standard and the Unit's Price on the Construction**

The technical norm, technical standard and the unit's price on the construction is a norm, comparative standard and indicator related to the construction for using as a reference to establish the budget plan, monitor, control and assess the construction project.

The Ministry of Public Works and Transportation coordinates with other relevant sectors to undertake the study on the norm, general technical standard and the unit's price on the construction in order to submit to the government to consider for adoption. In addition, the relevant sectors shall be also the researchers and the body to determine the technical norm, specific technical standard and the unit's price of their constructions.

**Article 13. Construction's Activities**

The construction's activities are as follows:

1. The feasibility study of the construction project;
2. The survey, design of the construction project and the determination on the use of construction materials;
3. Construction permission;
4. Allotment of construction project area;
5. Implementation of the construction project;
6. Supervision of the construction;
7. Protection and the use of constructed items.

**Chapter 2**  
**Feasibility Study of the Construction Project**

**Article 14. Feasibility Study of the Construction Project**

The feasibility study of the construction project is the socio-economic study, technical-technology, finance, technicians or construction's labor, environmental impact assessment, socio-cultural matter that indicate to see the efficiency of the investment based on the type, characteristic and size of the construction.

Every large and medium size of the construction project which have a complex technique, using a considerable sum of investment shall have a prior initial feasibility study by submitting many alternative, thereafter shall undertake the detailed study.

For the small scale of construction activities which have no complex technique and not high value, the relevant sector is the body to determine a specific regulation for the management.

**Article 15. Report on the Feasibility Study of the Construction Project**

The report on the feasibility of a construction project is the economic technical feasibility of the project for example: the assessment of the construction project which has an efficacy and



efficiency, the study on technique-technology related to the construction including impacts to natural and social environment.

**Article 16. Object of the Report on the Feasibility Study of the Construction Project**

The study on the feasibility of a construction project shall indicate to see the following objects:

1. Highest benefit and the person who will obtain the interest from the construction of the project;
2. Value, term of usage of the construction project;
3. Efficiency on economic-technique, natural and social environment;
4. Measures on the reduction of other adverse effects towards the natural and social environment;
5. Action plan and methods of implementation of the construction project.

**Article 17. Contents of the Report on the Feasibility Study of the Construction Project**

The report on the feasibility of a construction project consists of the following contents:

1. In the area of policies in the study relating to directives and the national socio-economic development plan which is related to the construction project;
2. In the area of finance and the benefit of the investment is the assessment of global value of the construction project, the need of capital in each period, fund sources and efficiency which will obtain from the investment including the people who will receive a direct and indirect interest from the construction project;
3. In the area of technique is the study on the size of the construction project technique-technology which is appropriate to the actual geographical, socio-economic situation of the local in the future and for a long term including the management, the operation and protection in order to make the construction project to be sustainable;
4. In the area of personnel is the study on the need of materials, equipment, labor, training of personnel and others;
5. In the area of organization and management of the construction project is the study which is recently existed, the necessity and efficiency in the establishment of a specific committee for the management of the project to coordinate in the implementation of the construction project;
6. In the area of socio-cultural affairs is the study related to the resettlement of the population, target groups which will obtain interests from the construction project especially the dispersion of the revenue, creation of employment to the population including the study on impacts towards the resettlement, the new installation of habitation, the preservation of tradition and custom, culture which is the valuable heritage of the ethnic population;
7. In the area of environment is the study on the impacts against the natural and social environment, the health of population such as: biodiversity, natural water source, weather and others, including possessing appropriate measures to protect impacts against such environment.

**Article 18. Approval of the Report on the Feasibility study of the Construction Project.**

The report on the feasibility study of a construction project is adopted by state's relevant sectors after the examination and assessment according to the contents as provided in Article 16 of this law.

For the natural and social environment impacts assessment shall be adopted through the water Resource and Environment Sector.

### **Chapter 3**

#### **Survey, Design of Construction Project and Determination on the use of Construction Materials**

##### **Article 19. Survey, Design of the Construction Project**

The survey of the construction project is the collection of other necessary detailed data in order to establish the economic-technique feasibility study by having an assessment of the efficiency on socio-economic matters and impacts to natural and social environment for the preparation to make a design.

The design of the construction project is the creation of detailed plan which is accurate to the technical standard based on the analysis of data which are acquired from the survey that are consisted of the establishment of architectural, engineering plan and complete set of technique, technical norm and estimation of value and fixation of construction's duration.

Every construction project shall have a survey, design and estimation construction value, except the small size of construction which has no complex technique and not high value of which the relevant sector is the body to define a specific regulation.

##### **Article 20. Procedures on the Survey, Design of the Construction Project**

The survey, design of the construction project shall be performed according to the following procedures:

1. Survey, collection and analysis of data;
2. Initial design, estimation of value in general;
3. Basic design;
4. Detailed design, estimation of the construction project value;
5. Preparation of tendering documents of the construction project.

##### **Article 21. Expectation of the Survey, Design of the Construction Project**

The survey, design of the construction project shall show to see the following expectations:

1. Be consistent with the objective to the construction project, if it is a construction project of buildings it may have a unique on national architecture mixed with the best of the era, environment and natural scenery.
2. Be correct to the technical norm and technical standard of the construction of each type of construction project including the promotion on the use of domestic construction materials;
3. Ensure the efficiency in the area of economy, socio-culture and benefits of the people;
4. Ensure the conservation, protection of natural and social environment, public property, life and property safety of individuals.

**Article 22. Approval of documents on the Survey, Design of the construction Project**

The documents of the survey, design of construction project are consisted of architectural plan, complete set of engineering and technique plan, technical norm and construction materials, estimation of value and the construction operation plan.

The construction project that has passed through the survey, design, if it is found that it has an efficiency in the area of socio-economic result and there is any impact to the natural and social environment such will be approved from the State's relevant sector based on the type, size and level of such construction project.

**Article 23. Determination on the use of Construction Materials**

The Ministry of Public Works and transportation undertake the survey, manage the construction materials source for example: laterite deposit site, black soil, red soil, sand, gravel, basalt, limestone, soil and other type of stones for construction at the place there is a survey and has obtained the authorization from the government including the determination on the use of such construction materials and include bricks, tiles, timbers, reinforced iron bars, prepare iron and other construction materials.

The science and technology Agency will consider approving the standard of the construction materials of which the Ministry of Public Works and relevant sectors have submitted.

The Ministry of Industry and Commerce controls the production and distribution of construction materials to meet the standard issued by the science and technology agency.

**Chapter 4  
Construction's Authorization**

**Article 24. Application for Construction Authorization**

Individuals or organizations which have the intention to undertake a construction in different characteristics such as: build, erect, install, repair, extend, restore, modify or destroy shall complete documents to request for authorization and submitted to the State's relevant sector.

**Article 25. Construction's Authorization**

After the receipt of documents requesting for authorization from individual or organization the State's relevant sector shall consider according to regulations. If the request for construction authorization is met the conditions, such sector shall issue a construction permit according to the nature of the construction as requested within the duration as provided by laws and regulations.

**Article 26. Conditions for the Person who Request for Construction Authorization**

Individuals or organizations which request the authorization for construction shall have complete conditions as follows:

1. Correctly complete documents to request the authorization for construction;

2. Have a certified documents on the right to use land or certified documents to use land where will be the place to operate the construction in consistency with the Land Law and other relevant laws and regulations.
3. Have documents on the survey, design correctly approved by the State relevant sector as provided for in paragraph 3 of Article 19 of this law;
4. Have an authorization to dig earth or fill earth of the place which will be authorized to undertake the construction.

**Article 27. Responsibilities of the Project's Owner**

The project's owner has the responsibilities as follows:

1. Notify the day to commence the actual construction and shall inform the sector which issues the permit;
2. Fix a sign to indicate basic data of the project at the construction's site;
3. Correctly operate the construction according to the permit;
4. Provide data, information or other documents to the construction management organization in order to make the monitoring, control to have an efficacy during the period of the construction;
5. Notify to the construction management organization after the construction project completion in order to review according to the contract, complete set of technical plan and other relevant documents.

**Chapter 5**  
**Allotment of the Construction's Area**

**Article 28. Requirements of the Allotment of the Construction Area**

The allotment of the construction area shall ensure the conditions as follows:

1. Elaborate plan to compensate the damaged value that has a correctly, firmly, completely evidence and data or the organization relating to the allotment of the construction project area before the commencement of the construction;
2. Having a compensation for the damaged value, conduct to accomplish the transfer of accommodation and obstruction then hand over the construction's project area;
3. Determine the limit of the area which will be allotted to be consistent with the national, regional, provincial and district allotment plan, general plan of the construction project and the approved investment project;
4. Duration for the allotment of the construction project area to be consistent with the timetable on the implementation of the investment project which have been approved or according to the decision of the state's relevant sectors.

**Article 29. Compensation for Damages**

The compensation for damages which are incurred in the allotment of the construction project area shall be performed as follows:

1. Ensure the general benefits of the nation, individual or organization;
2. Ensure to the people which were transferred to have their accommodation and their living conditions not under the level before they move;
3. Ensure the justice, equality, transparency and correctness as provided by laws and regulations;

4. Compensate the damaged value according to laws and regulations.

#### **Article 30. The Use of the Construction Project Area**

The use of the construction project area shall ensure firstly the general benefit, rights and legitimate interests of individuals or organizations also to ensure the safety, protection of the environment, cultural, historical and natural heritage in consistency with the national socio-economic development plan, urban plan and master plan of relevant sectors.

### **Chapter 6 Implementation of the Construction Project**

#### **Article 31. Requirements before the Implementation of the Construction Project**

Before the implementation of the construction project, the project's owner and the contractor shall have the main requirements as follows:

1. Obtain the permit for construction as provided in Article 24 of this law;
2. Have an entrepreneurial contract of all sizes and a contract on supervision for a large and medium size of construction or having a technical complexity through the reasonable bidding form. Such contract shall be correctly registered;
3. Have detailed plan to operate the construction project of each term of reference;
4. Have measures to prevent the safety and the preservation of the environment during the construction operation period;
5. Fix the sign board indicating data of the construction project such as: the name of the project, the project's owner, the fund's grantor, designer, Number of the construction permit, constructor, construction supervisor, value, date, month, year of the commencement and the completion.

In the event that there is discovery of artifacts which are cultural and historical traces during the period of construction operation shall immediately notify the relevant sector.

#### **Article 32. Change of Construction Project Area**

The change of construction project area from one place to another place shall ensure the construction having a correctness and be appropriate to the approved plan, having a consistence with the neighboring environment, ensure the shape, characteristic and quality of the initial constructed items including to ensure the equitable benefit of the population, having a safety and have not adverse effects to the environment.

The change of the construction project area is arisen in the main cases as follows:

1. To respond to the general benefit of the State;
2. When the area condition is not suitable to the construction project,
3. When there is a discovery of artifacts, high value of minerals, during the period of construction at the area which obtain the allotment.

The change of the construction project area shall request for authorization from the relevant sector which has approved such construction project.

#### **Article 33. Demolishment of Constructed Items**

The constructed items which will be demolished are as follows:

1. Construction items that are damaged and deteriorated which may have dangerous effects to the society and environment;
2. Constructed items which are not met the standard, not erect to the plan or not proper to the construction approved permit;
3. Constructed items which have not obtained a lawful authorization and not proper to the approved urban plan;
4. Temporary constructed items to serve during the period of construction which do not need to use when the construction project is accomplished.

The demolition of such constructed items is the responsibility of the project's owner or the owner of the constructed items. If the project's owner or the owner of the constructed items does not performed according to their responsibilities, the relevant sector will demolish or dismantle and keep such constructed items by which the project's owner or the owner of such constructed items shall be liable to all costs.

#### **Article 34. Prevention for Safety**

The prevention of safety in general cases shall use measures according to the rules of relevant sector for example: there is an alert signal, fence around the construction site, protection tools for labor: helmets, shoes, gloves, glasses.

During any construction project execution if there is a force majeure has been arisen such as: floods, storm, fire, earthquake, soil collapse or other catastrophe that affect to the construction project operation, the contractor shall have measures of prevention and timely solve as follows:

1. Make alert signal at the construction site;
2. Temporary stop the construction then timely use reasonable measures to settle in order to ensure the safety to laborers and protect assets of the construction project;
3. Urgently report of the events to the project's owner, relevant officers, local administration in order to have measures to timely solve.

### **Chapter 7 Supervision of the construction**

#### **Article 35. Supervision of the Construction**

The supervision of the construction shall be performed as follows:

1. Supervise the construction to be proper to the plan, technical standard, technical norm and approved construction materials;
2. Permanently and continually operate if it is found some mistakes during the construction project operation, the supervisor of such construction shall notify to the project's owner including to have methods and measures to appropriately and timely solve.
3. Correctly and clearly establish a minute or a report on the result of the supervision including the accurate filing of documents and relevant data.

The project's owner shall appoint or hire a person or consultancy's company which has an ability and appropriate experience with the work, type, size and level of the project, in order to monitor, control and supervise the construction, except the small size construction project which has no complex technique and no high value.

**Article 36. Certification of the Correctness of Constructed Items**

Every construction project shall be passed through the inspection of the construction project management organization after the completion of such construction. If it is found that the construction has been implemented according to the design, technical standard, technical norm, construction materials and other relevant documents as provided for correctly and completely in the construction contract, the construction activities management organization will issue the certificate of correctness of the constructed items to the project owner.

**Article 37. Hand over of the Construction Project**

After the completion of the construction project and there is an inspection of correctness of the constructed items; then the contractor and the project owner shall establish documents on the hand over of such construction project in order to officially use according to laws and regulations and organize to hand over the project of each type within the highest period not excess three months.

Duration and value of the guarantee of the construction project of each type is regulated in a specific regulation of each sector.

**Article 38. Rights and obligations of the Project's Owner**

In the operation of the construction project, the Project's owner has the rights and main obligations as follows:

1. Select, organize the bid and sign agreement with construction entrepreneurial contractor to operate the construction and with the consultancy company to supervise the construction;
2. Modify the plan in case of necessity in the area of economic-technique and reasonable value of the construction project, and thrifty from the proposal of the construction contracting company or consultancy company;
3. Payment of the construction cost to the construction entrepreneurial company and cost of the supervision of the construction to the consultancy company of each task of works in consistency with the contract as agreed;
4. Monitor, inspect activities operation of the construction entrepreneurial company and consultancy company in the area of the safety and protection of the environment;
5. Notify, suggest, order to temporary suspend, definitively stop the construction project in case that the company entrepreneurial of construction or the consultancy company do not conform to the agreed contract and according his suggestions;
6. File all documents related to the technical feasibility study, the result of soil analysis, construction materials, and components of important structure, approved construction plan before the construction execution, actual construction plan and other relevant documents.

**Article 39. Right and Obligations of the Survey, Design, Construction materials Analysis Company**

The company which undertakes the survey, design, construction materials analysis has the rights and main obligations as follows:

1. Completely collect, analyze data and necessary construction materials for each type of construction project to be the basis to the design;
2. Design the plan, design-calculate the engineering structure, draw the detailed parts of the structure;
3. Determine the use of construction materials, estimate the value of the construction and elaborate the detailed action plan;
4. Consider to re-improve the plan that deemed as not proper to the proposal of the project owner;
5. Be responsible before law on the result of the survey, design and analysis of its construction materials.

**Article 40. Rights and Obligations of Construction Entrepreneurial Company**

1. Establish the action plan from the date of the commencement until the date of the completion then propose to the project's owner and consultancy company for adoption;
2. Operate the construction to be proper to the plan, technical standard, technical norm and construction materials according to the construction entrepreneurial contract;
3. Notify to the consultancy company in advance before the commencement of execution of important term of reference in order to monitor, actual control;
4. Manage the construction site, comply to regulation on the safety to be proper to the type, size and characteristic of the construction project, ensure order, not having adverse effects to the neighbors and constructed items located in the construction area;
5. Provide data and necessary documents to the project's owner or construction activities control organization at the agreed day and time;
6. Propose to modify the plan and the value of project with reasonable manner;
7. Be liable to compensate for damages that incurred from the non performance of the contract, perform tasks not proper to the plan, construction technical standard and the use of agreed construction materials and due to the negligence in performance of works;
8. Keep and hand over the technical feasibility study result of the analysis, actual construction plan, modified documents of the construction, minute, report and other documents concerned to the project's owner;
9. Receive the cost of construction according determined value as provided in the construction entrepreneurial contract.

**Article 41. Rights and Obligations of Consultancy Company**

The consultancy company has the rights and main obligations as follows:

1. Prepare the documents of bidding, draft the construction entrepreneurial contract and other documents to serve to the construction;
2. Control the plan, supervise the construction and instruct methods to the contractor to properly implement according to plan, norm and technical standard of the construction;
3. Monitor, control and summarize the detailed volume of works in each period in order to certify the correctness to the payment of the cost of the construction;
4. Report on the progress of works, conveniences, difficulties and other problems of the construction project to the project's owner from time to time;



5. Decide to approve or not approve some works in area of technique which is not met the technical standard then report to the project's owner;
6. Compile the technical feasibility study, the result of the analysis, the result of construction materials analysis, important components of the structure, construction plan which are initially approved, actual construction plan, construction contract, quotation, minute, report on the progress in each period from the day of the commencement until the day of the completion of the construction then hand in to the project's owner;
7. Receive the cost on the supervision of the construction according to the value as provided in the contract.

## **Chapter 8**

### **Maintenance and the Use of Constructed Items**

#### **Article 42. Maintenance of Constructed items**

Individuals or organizations which are the owners or the possessors of the constructed items shall manage, maintain, restore, repair their constructed items to have a lasting, safe, clean, beautiful and can be used for long time.

#### **Article 43. Use of Constructed Items**

Individuals or organizations which are the owners or the possessors of constructed items shall properly use constructed items to the authorized targets and shall have measures to protect the safety towards health, life, assets of the population and not having impacts to the environment.

In case that should have change of the targets it shall request prior authorization from the relevant construction activities management organization.

## **PART III**

### **Construction Business**

#### **Article 44. Form of Investment on Construction Business**

The form of the investment on construction business is consisted of individual enterprise, partnership enterprise and company as provided in Article 10 of the Law on Enterprise.

#### **Article 45. Application for Investment License on Construction Business**

Individuals or organizations which have the intention to invest in construction's business shall apply to the relevant sector to consider upon the procedures as provided for in the Enterprise Law and the Law on the Promotion of the Investment.

#### **Article 46. Size of Construction Business**

The business on construction is divided in tree sizes:

1. large size;
2. medium size;
3. Small size.

The business on construction of each size is the relevant sector to determine.

**Article 47. Types of Construction Business**

The business on construction has four types as follows:

1. Survey-design;
2. Construction's materials analysis;
3. Consultancy;
4. Construction entrepreneurship.

Each type of construction's business may divide into different levels based on the size, value, technical requirements, technology, construction materials and duration on the use of which the relevant sector is the body to do research and specifically regulate.

**PART IV**  
**Contract on the Construction**

**Article 48. Contract of Survey-Design, Supervision of the Construction**

The project's owner shall enter into agreement on the survey design, supervision of the construction with a consultancy company, architect or engineer according to each task of the project in respect to the conditions as provided in the contract and Tort Law in order to regularly monitor, control in the area of professional in the process of the construction aiming to ensure that the construction project has a quality and proper to the design.

**Article 49. Contents of the Survey- Design, Supervision of Construction Contract**

The contract on survey design, supervision of the construction has the main contents as follows:

1. Description of terms of reference of the survey-design, monitor, control and supervise the construction;
2. Expenditure and method of payment to the person who conduct the survey-design supervision of the construction;
3. Duration and survey-design plan, supervise each task of the construction project;
4. Report on the result of the monitoring, control and supervision of the construction;
5. Fine in case there is a breach of the contract or do not implement obligations in due time;
6. Modification, cancellation or termination of the contract;
7. Dispute resolution;
8. Language using in the contract.

**Article 50. Bidding and Requirements in tendering a bid of the survey-design Construction's Consultancy Company**

The survey-design, the selection of construction consultancy, in general shall have bidding in consistency with the law on state's investment especially the State's investment.

Participation to the bid by the survey design, construction Consultancy Company shall met the complete requirements as follows:

1. Correctly incorporated in accordance with laws and regulations;

2. Have architects and engineers who have the knowledge, ability, qualification and experience in the survey-design, supervision of the construction proportioned with the size and nature of each type of the construction project;
3. Have a financial status, regularly and completely implement obligations in the area of custom duty, taxes;
4. Have possibilities as prescribed in the bidding documents.

**Article 51. Construction's Entrepreneurial Contract**

After the completion of the survey-design, before operating the construction, the project's owner and the construction entrepreneurship company shall mutually make a contract in respect to the requirements as provided in the Contract and Tort Law.

**Article 52. Contents of the Construction's Entrepreneurial Contract**

The construction's entrepreneurial contract has the main contents as follows:

1. Objective, description of terms of reference of the construction project;
2. Value, method of payment of the construction cost;
3. Duration and schedule of construction project operation;
4. Provision of construction materials;
5. Control, approval and hand over of the construction project;
6. Fines, in case there is a breach of the contract or not performance of obligations in due time;
7. Duration and value of construction items' guarantee according to laws and regulations;
8. Modification, cancellation and termination of the contract;
9. Dispute resolution;
10. Language using in the contract;
11. Technical norm and technical standard of the construction.

**Article 53. Bidding and Requirements in the Participation of the bid of the Construction Entrepreneurial Contract**

The construction entrepreneurial contract in general shall have a bid in consistency with the Law on State's Investment especially State's Investment Project.

The participation into the bidding of a construction entrepreneurial company shall have complete requirements as follows:

1. Correctly incorporated in accordance with laws and regulations;
2. Have an experience and actual achievement which is appropriate to the type, size and level of the construction project;
3. Have a good financial status by obtaining the certification from the bank;
4. Have architects and engineers who have the knowledge, ability, qualification and experience proportioned with the size and level of each type of project;
5. Have vehicles, tools and construction equipments that have a quality and be sufficient;
6. Regularly and completely implement obligations on custom duty, taxes;
7. Have other requirements as prescribed in the bidding documents.

**PART V**  
**Professional Association on Construction**

**Article 54. Professional Association on Construction**

The Association of professionals on construction is a social organization that is a place to gather architects, engineers, technicians and business operators on the construction.

The association of professionals shall be established in accordance with laws and regulations.

**Article 55. Location and Role of the Professional Association on Construction**

The association of professionals is one social organization which is subject to the Public Works and Transportation sector, has the role to gather the solidarity, intelligence, of professionals in construction and business operators on the construction to act upon the construction, laws and regulations, by laws and their ethics in order to protect, promote and develop their profession, contributing into the creation of advantages to the society and the development of the nation.

**Article 56. Rights and Duties of the Professional Association on the Construction**

The association of professionals on construction has the rights and main duties as follows:

1. Propagate, disseminate the policies, laws and regulations and State's socio-economic development plan on the construction and contributing into the implementation;
2. Assist, build and promote its members in the implementation of activities as well as the exercise of profession to have a progress and efficiency;
3. Manage and protect rights and equitable benefits to their association's members based on the policy, laws and regulations;
4. Be responsible in the study and research in order to conserve, promote the unique in the area of architecture and constructed items which are the national heritage;
5. Use the science, technique-technology of the construction which is modern;
6. Exchange of lessons, other experiences on the construction to upgrade knowledge, ability of its members to be continually higher;
7. Enhance the solidarity, unification within professionals and liaise to cooperate with other professionals' association in domestic and foreign countries;
8. Regularly summarize and report the result of the implementation of their works to the Public Works and Transportation Sector and other relevant sectors.

**Article 57. Architects**

An architect is a technician who has knowledge, ability in architectural design, decoration and embellishment.

An architect has the duty and role to determine ideology regarding the form on the draft design, shape, proportion, structure, economic-technical norm and determination on the use of construction materials, monitoring, control of correctness in respect to architectural style, technical standard and direct the construction to be realized.

**Article 58. Construction Engineers**

A construction engineer is a technician who has knowledge, ability in the field of science-technique on the construction.

A construction engineer has the duty and the role to analyses, calculate, engineering design, direct, control and supervise the quality of the construction according to the plan.

## **PART VI Prohibitions**

### **Article 59. General Prohibitions**

It is prohibited to individuals and organizations to act as follows:

1. Operate business on construction without license from the relevant sector;
2. Construct in the area where laws and regulations are not permitted such as military strategic zone, artifacts site, historical place, cultural, reserved forest heritage area, reserved area of the public road, railroad, pond, marsh, stream, rice fields, irrigation system, hydropower dam, airport area, and the area that is related to the safety of the aviation, embankment protection area and others.
3. Survey-design, construct, supervise and control the state's and private construction projects by the same person;
4. Construct, repair, extent and modify the plan without responsibility and without receiving authorization, not correct and in consistency with the socio-economic development plan, infrastructure and urban plan;
5. Digging soil, heaping soil or filling soil without the authorization from the relevant sector;
6. Cutting small trees to make wooden support without authorization;
7. Transport of construction materials such as soil, gravel, stone and sand that create dirt on the surface of the roads, public places or the places of other people without receiving authorization from relevant sector;
8. Obstruct, not felicitate or not cooperate without sufficient reason to the construction operation;
9. In accomplice to give or receive bribe in the construction operation;
10. Having other acts that are a breach to laws and regulations.

### **Article 60. Prohibitions for Officials and Relevant Officers**

It is prohibited to officials and relevant officers to act as follows:

1. Operate business, be a consultant or technician to a construction project entrepreneurial company which is related to their responsibilities;
2. Disclose data on the bid;
3. Accept bribe on the construction for his own interest or for his friends;
4. Neglect to their responsibilities, delay, withhold documents on construction, erection and neglect to the incorrect act of the contractor;
5. Issue a permit to construct a hotel or a restaurant bar and entertainment hall near the pagoda, hospital and school;
6. Have other acts that are a violation to laws and regulations.

### **Article 61. Prohibitions for the Project's Owner**

It is prohibited to the project's owner to act as follows:

1. In conspiracy with officials, relevant officers or the contractor, consultancy company, architects or engineers in the certification and approval of constructed items which are not met the standard;
2. Accept bribe on construction from the contractor;
3. Delay in the payment of constructed items which are already accomplished except otherwise agreed;
4. Retard, withhold the constructor on the method and measures to settle problems which are occurred in the construction;
5. Neglect to the monitoring, controlling the execution of the construction of the contractor;
6. Have other acts that are the violation of laws and regulations.

**Article 62. Prohibitions for Business Operations on the Construction**

It is prohibited to a business operator on the construction to act as follows:

1. Operate the construction out of the type of which one's has registered the enterprise or concession registration;
2. Construct not proper to the plan, technical norm and technical standard of the construction;
3. Construct without measures of protection for the safety and preservation of the natural and social environment;
4. Sell or transfer the construction project to individual or other organization without obtaining the authorization from the project's owner;
5. Digging soil, heaping soil or filling soil outside of the construction site as prescribed during the construction operation, except if it has obtained the authorization from the relevant sector;
6. Abandon activities of the construction project that one's has signed the construction contract with the project's owner;
7. Cutting trees to make the wooden support without authorization;
8. Have other acts that are a violation of laws and regulations.

**Article 63. Prohibitions for Consultancy Company, architects and construction's Engineers**

It is prohibited to the consultancy company, architects and construction's engineers to act as follows:

1. Copy architectural and engineering plan of another people to seek for personal commercial benefit;
2. Disclose data on the middle price of the construction project which has opened an auction;
3. In conspiracy with the project owner or the contractor on the construction project to seek for personal interests;
4. Wrong behave to the ethics of their profession;
5. Have other acts that are a violation of laws and regulations.

**PART VII  
Dispute Resolution**

**Article 64. Form of Dispute Resolution**

The dispute resolution may undertake under the following forms:

1. Mediation or conciliation;
2. Administrative arrangement;
3. Resolution by the Economic Arbitration committee;
4. Court decision.

**Article 65. Mediation or Conciliation**

In the event that a dispute is arisen in the course of business operation concerning the construction, the parties may negotiate, mediate and mutually conciliate.

**Article 66. Administrative arrangement**

In case of failure of the mutual conciliation, the parties have the rights to propose to the relevant sector where one's has been licensed to arrange for settlement.

**Article 67. Resolution by the Economic Arbitration Committee**

In the event that the relevant can not mediate and resolve, the parties have the rights to submit to the economic arbitration committee to consider for giving an award in accordance with laws and regulations.

**Article 68. Court Decision**

The dispute that is occurred during the operation of business related to the construction which can not settle by the mediation or conciliation or administrative arrangement or economic arbitration committee, one of the parties has the rights to sue to the People's Court to consider for decision in accordance with laws and regulations.

**PART VIII**

**Management and Supervision of the Construction Activities**

**Article 69. Construction Activities Management Organization**

The government is the organ to manage the construction's activities in centralized and unified manner throughout the country by assigning to the Public Works and Transportation as the focal point of coordination with other relevant sectors for example: Energy and Mines sector, agriculture and forestry sector, industry and commerce sector, science and technology agency, relevant local administration to manage according to their responsibilities.

The Construction Activities Management Organization is consisted of:

1. Ministry of Public Works and Transportation, other relevant sectors;
2. Public Works and Transportation Division;
3. Public Works and Transportation Office, other District, municipality's relevant Offices.

**Article 70. Rights and Duties of the Ministry of Public Works and Transportation, other relevant Sectors**

In the management of the construction's activities, the Ministry of Public Works and Transportation, other relevant rectors have the rights and main duties as follows:

1. Study the policies, strategic plan, laws and regulations related to the construction's activities of their sectors to propose to the government for consideration;
2. Transform the policies, strategic plan, decisions of the government related to the construction's activities to become their plans, action plans and detailed projects of their sectors;
3. Propagate, disseminate policies, strategic plan, laws and regulations to stimulate awareness to the population to contribute into the construction's activities of their sectors in the entire country;
4. Direct, monitor the implementation of policies, strategic plan, laws and regulations, investment plan, the development, expansion of infrastructure system in their sectors;
5. Research on norm and technical standard of the construction, study and select appropriate technology including to issue a guideline for the implementation;
6. Consider on the authorization of big size of construction according to their responsibilities;
7. Examine, give opinions related to the investment expansion, suspension and cancellation of the construction projects;
8. Build, train, upgrade the personnel in the field of construction;
9. Coordinate with other sectors and relevant local administration on construction's activities;
10. Liaise and cooperate with foreign countries, regional, international on construction's activities;
11. Regularly summarize, report the result of the implementation of construction's activities to the government.

**Article 71. Rights and Duties of Public Works and Transportation Division, other Division subject to the Provinces, City**

In the management of the construction's activities the division of Public Works and Transportation, other divisions subject to the provinces, city have the rights and main duties as follows:

1. Translate policies, strategic plan and construction's activities development plan of their sectors;
2. Propagate, disseminate policies, strategic plan, laws and regulations related to construction's activities of their sectors in the area of the provinces, city;
3. Direct and monitor the implementation of construction's activities within their localities;
4. Survey, collect data, statistics related to construction's activities in their localities;
5. Consider to authorize the medium size of construction according to their responsibilities;
6. Examine, give opinion related to investment expansion, suspension and cancellation within the provinces, city;
7. Manage the business operation, survey, design, construct and consultancy within their localities;
8. Collect data, statistics related to the construction's activities of the sectors in their localities;
9. Liaise and cooperate with foreign countries, regional and international related to the construction's activities from the assignment of the higher level;
10. Regularly summarize, report the result of the implementation of construction's activities to the relevant higher sectors and provincial, city administration organization.

**Article 72. Rights and Duties of the Public Works and Transportation Offices other district, municipality, relevant offices**

In the management of the construction's activities, the Public Works and Transportation Offices, other district, municipality, relevant offices have the rights and main duties as follows:



1. Implement plans, projects, regulations and instructions of the provincial, city Public Works and Transportation division regarding the construction's activities;
2. Disseminate laws and regulations related to the construction's activities in the area of their districts, municipalities;
3. Research to provide opinion related to the construction's activities within the district area, integrated development point and rural area in order to propose to the provincial city Public Works and Transportation division for consideration;
4. Consider on the authorization of the small size construction according to their responsibilities;
5. Coordinate with other relevant sectors including to monitor the implementation of various construction's projects within their districts, municipalities;
6. Regularly summarize, report on the result of the implementation of construction's activities of their relevant divisions and districts, municipalities administrative organizations.

**Article 73. Rights and Duties of Village's Administration Organization**

In the management of the construction's activities the village's administration organization has the rights and main duties as follows:

1. Disseminate and implement laws and regulations related to the construction's activities and instructions of the Public Works and Transportation sector, other sectors related to construction's activities in their villages area;
2. Mobilize the population to participate to give opinions and contribute into the construction and the maintenance of the constructed items such as the move to the population and obstacle items out of the construction's area, repair, restore, renovate constructed items which serve the public utilization within their village's area;
3. Report on the violation of laws and regulations situation related to the construction within their villages to the Public Works and Transportation offices, other relevant offices of the districts, municipalities;

**Chapter 2**  
**Inspection of Construction Activities**

**Article 74. Inspection Organization of Construction Activities**

The construction activities inspection organization has two categories as follows:

1. Internal inspection organization which is a part of the construction's activities management organization as provided in Article 69 of the law;
2. External inspection organizations which are:
  - National Assembly as provided in the Law on the oversight of the National Assembly;
  - State Inspection organization as provided in the law on State Inspection;
  - State Audit organization and independent audit unit as provided in the Law of Audit;
  - Lao National Front for Construction, Mass Organizations, Population and Media.

The external inspection has the objective to control the performance of duties of construction's activities management and control in order to have the strength, transparency, justice and efficiency.

**Article 75. Rights and Duties of the Inspection Organization**

In the control of the construction's activities, the inspection organization has the rights and duties to perform according to the contents and forms as provide in Article 76 and 77 of this law.

**Article 76. Contents of the Inspection**

The inspection of the construction's activities has the main contents as follows:

1. Control on the implementation of strategy plan, policies, laws and regulations, investment plan, the development and maintenance of infrastructure of their sectors;
2. Control the performance of technical standard in the implementation of construction's projects including construction materials, installation of infrastructure system of their sector;
3. Control the performance of the standard of the safety and social welfare policies to labors in the construction operation;
4. Control on the use of protection measures, settle impacts and compensate for damages to life, health, property of the population, public and environment in the construction operations;
5. Control the bidding, construction contract, construction's supervision and installation of infrastructure system contract of their sectors;
6. Control the progress of the implementation of the construction according to the scope as provided in the construction contract.

In addition, the control shall be performed in accordance with the contents of the control as provided in the law on the State's investment.

**Article 77. Forms of Inspection**

The inspection of the construction's activities is performed on regular basis, by having an advance notification and immediate inspection.

In performing construction's project inspection, officers of the inspection authority shall strictly comply with the laws and regulations.

**PART IX**

**Policies towards Productive Persons and Measures against Violators**

**Article 78. Policies towards Productive Persons**

Individuals, legal entities or organization which have an outstanding deed in the performance of this law especially the contribution into the construction's activities development will receive commendations and policies as deemed reasonable.

**Article 79. Measures against Violators**

Individuals, legal entities or organizations which violate this law will be educated, imposed discipline sanctions, fined, compensated civil damages cost or be taken action in accordance with law depending on the severity of the case.

**Article 80. Educational Measures**

Individuals, legal entities or organizations which violate the laws and regulations related to the construction especially prohibitions that have minor characteristic which are not criminal offenses will be educated and admonished.

**Article 81. Disciplinary Measures**

Officers or officials that manage the construction's activities which violate the laws and regulation related to the construction, especially prohibitions that have minor characteristic which is not criminal offense, cause not considerable damages and not willingly to report on his own wrongdoing, escape from his own mistake will be imposed disciplinary sanction according to regulations must be admonished of the wrongdoing, suspended of the promotion of rank or dismissed from office.

**Article 82. Fine Measures**

Individuals, legal entities or organizations which violate the law and regulations related to construction causing damages that have no constituent proof of criminal offense will be fined due to the main acts as follows:

1. Conduct business on construction without license;
2. Construct and install equipments and construction accessories without authorization;
3. Non-performance in compliance with technical and safety standard;
4. Non-performance of measures in the construction, repair that reflect adverse effects to the environment.

For the rate of the fines is regulated in a specific regulation.

**Article 83. Civil Measures**

Individuals, legal entities or organizations which violate laws and regulations related to the construction that cause damages to property of individuals, legal entities or other organizations shall compensate for damages that one's has incurred.

**Article 84. Criminal Measures**

Individuals who violate laws and regulations related to the construction that are criminal offenses will be taken action as provided in the Penal Law.

**PART X  
Final Provisions**

**Article 85. Implementation**

The government of the Lao People's Democratic Republic Implements this law.

**Article 86. Effectiveness**

This law shall enter into force after one hundred twenty days from the date of the President of the Lao People's Democratic Republic has issued a decree to promulgate it.

**Unofficial Translation – Rely on Lao version for authoritative purposes**

Any regulations, provisions which contradict this law are hereby repealed.

**President of National Assembly**

(Seal and Signature)

**Thonsing THAMMAVONG**

Unofficial translation