

Blue parts are supplementary explanations.

Red parts and underlined parts are important parts or parts to be corrected (mistakes in the original Lao text).

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Construction Law

Published by
Department of Town Planning and Housing
Ministry of Public Works and Transport

In coordination with
Department of Propaganda and Training Affairs
Ministry of Justice

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Table of Contents

SECTION I GENERAL PROVISIONS	7
<i>Article 1 Objectives.....</i>	7
<i>Article 2 Construction</i>	7
<i>Article 3 Terminology.....</i>	7
<i>Article 4 Policies on the Construction Work.....</i>	9
<i>Article 5 Principles of the Construction Work</i>	9
<i>Article 6 Obligations of Lao Citizens towards the Construction Work.....</i>	10
<i>Article 7 Application Scope of the Law</i>	10
<i>Article 8 International Cooperation.....</i>	10
SECTION II CONSTRUCTION ACTIVITIES	10
CHAPTER 1 TYPES, CHARACTERISTICS AND SCALES OF THE CONSTRUCTION.....	10
<i>Article 9 Types of Construction.....</i>	10
<i>Article 10 Characteristics of the Construction.....</i>	10
<i>Article 11 Scale of the Construction.....</i>	11
<i>Article 12 Technical Specifications, Technical Standards and Unit Cost of Construction</i>	11
<i>Article 13 Works Construction Activity</i>	11
CHAPTER 2 FEASIBILITY STUDY OF THE CONSTRUCTION PROJECT.....	11
<i>Article 14 Feasibility Study of Construction Project.....</i>	11
<i>Article 15 Report of the Feasibility Study of the Construction Project.....</i>	12
<i>Article 16 Expectations of the Feasibility Study Report of the Construction Project.....</i>	12
<i>Article 17 Contents of the Feasibility Study Report of Construction Project.....</i>	12
<i>Article 18 Approval on the Feasibility Study Report of the Construction Project.....</i>	12
CHAPTER 3 THE SURVEY, DESIGN OF THE CONSTRUCTION PROJECT AND THE DEFINITION ON THE UTILIZATION OF THE CONSTRUCTION MATERIALS.....	12
<i>Article 19 The Survey and Design of Construction Project</i>	13
<i>Article 20 Process of Survey and Design of Construction Project.....</i>	13
<i>Article 21 Expectations of the Survey and Design of the Construction Project.....</i>	13
<i>Article 22 Adoption of the Survey and Design Documents for the Construction Project.....</i>	13
<i>Article 23 Definitions on the Construction Material Usage</i>	13
CHAPTER 4 CONSTRUCTION PERMIT	14
<i>Article 24 Application for Construction Permit</i>	14
<i>Article 25 The Issue of the Construction Permit.....</i>	14
<i>Article 26 Qualifications of Construction Permit Applicant</i>	14
<i>Article 27 Responsibilities of the Project Owner</i>	14
CHAPTER 5 ALLOCATION OF THE CONSTRUCTION PROJECT SITE	14
<i>Article 28 Provisions on the Allocation of the Construction Project Site.....</i>	14
<i>Article 29 Damage Compensation.....</i>	15
<i>Article 30 Utilization of the Construction Project Site</i>	15
CHAPTER 6 IMPLEMENTATION OF THE CONSTRUCTION PROJECT	15
<i>Article 31 Conditions set forth prior to the Implementation of Construction Project</i>	15
<i>Article 32 Change of Construction Project Site</i>	15
<i>Article 33 Structure Dismantlement</i>	16
<i>Article 34 Safety Measures</i>	16
CHAPTER 7 SUPERVISION THE CONSTRUCTION	16
<i>Article 35 Construction Supervision.....</i>	16
<i>Article 36 Certification of the Structure</i>	16
<i>Article 37 Handover of the Construction Project.....</i>	17
<i>Article 38 Rights and Obligations of Project Owner</i>	17
<i>Article 39 Rights and Obligations of Survey, Design and Material Analysis Company.....</i>	17

Article 40 Rights and Obligations of the Construction Company	17
Article 41 Rights and Obligations of the Consultant Company	18
CHAPTER 8 MAINTENANCE AND UTILIZATION OF STRUCTURES	18
Article 42 Maintenance of Structures	18
Article 43 Utilization of Structures	18
SECTION III CONSTRUCTION BUSINESS	19
Article 44 Investment Forms of the Construction Business	19
Article 45 Application for Investment Permit on the Construction Business	19
Article 46 Scales of the Construction Business	19
Article 47 Types of the Construction Business	19
SECTION IV CONSTRUCTION CONTRACTS	19
Article 48 Survey, Design and Construction Supervision Contracts	19
Article 49 Contents of the Survey, Design and Construction Supervision Contracts	19
Article 50 Bidding and Tendering Requirements of the Survey, Design and Construction Consulting Company	20
Article 51 Construction Contract	20
Article 52 Contents of Construction Contract	20
Article 53 Bidding and Tendering Requirements of Construction Company	20
SECTION V PROFESSIONAL ASSOCIATION OF CONSTRUCTION	21
Article 54 Professional Association of Construction	21
Article 55 Position, Roles and Functions of the Professional Association of Construction	21
Article 56 Rights and Duties of the Professional Association of Construction	21
Article 57 Architect	21
Article 58 Civil Engineer	21
SECTION VI PROHIBITIONS	21
Article 59 General Prohibitions	22
Article 60 Prohibitions for the State Officials and Relevant Authorities	22
Article 61 Prohibitions for the Project Owner	22
Article 62 Prohibitions for the Construction Entrepreneurs	23
Article 63 Prohibitions for the Consultant Company, the Architect and the Civil Engineer	23
SECTION VII RESOLUTION OF DISPUTE	23
Article 64 Forms of Dispute Resolution	23
Article 65 Reconciliation and Compromise	23
Article 66 Administrative Arbitration	24
Article 67 Resolution by the Economic Dispute Resolution Center	24
Article 68 Judicial Verdict	24
SECTION VIII MANAGEMENT AND INSPECTION OF THE CONSTRUCTION	24
CHAPTER 1 CONSTRUCTION MANAGEMENT	24
Article 69 Construction Management Authority	24
Article 70 Rights and Functions of the Ministry of Public Works and Transport and other relevant sectors	24
Article 71 Rights and Functions of the Provincial or Capital Department of Public Works and Transport and Other Relevant Departments	25
Article 72 Rights and Functions of the District of Municipal Office of Public Works and Transport and Other Relevant Offices	25
Article 73 Rights and Functions of Village Authorities	25
CHAPTER 2 CONSTRUCTION INSPECTION	26
Article 74 Construction Inspection Authority	26
Article 75 Rights and Functions of the Inspection Authority	26
Article 76 Inspection Contents	26

<i>Article 77 Forms of Inspection.....</i>	<i>26</i>
SECTION IX POLICY TOWARDS THE GOOD PERFORMERS AND MEASURES AGAINST THE VIOLATORS..	27
<i>Article 78 Policy towards the Good Performers</i>	<i>27</i>
<i>Article 79 Measures against the Violators.....</i>	<i>27</i>
<i>Article 80 Education Measures</i>	<i>27</i>
<i>Article 81 Disciplinary Measures</i>	<i>27</i>
<i>Article 82 Fine Measures</i>	<i>27</i>
<i>Article 83 Civil Measure</i>	<i>27</i>
<i>Article 84 Penal Measure.....</i>	<i>27</i>
SECTION X FINAL PROVISIONS.....	27
<i>Article 85 Implementation</i>	<i>28</i>
<i>Article 86 Effect.....</i>	<i>28</i>

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No. 197/NA

RESOLUTION
of
the National Assembly of the LAO PEOPLE'S DEMOCRATIC REPUBLIC
Regarding
the Adoption of Construction Law

- Pursuant to Article 52 Clause 2 of the Constitution and Article 3 Clause 2 of the Law regarding to National Assembly of the Lao People's Democratic Republic

Upon a thorough discussion of the context of the Construction Law in the morning meeting session held on November 26th, 2009 of the 8th Regular Meeting of the National Assembly IV, the meeting agreed to the followings:

Article 1: Adopt the Construction Law based on full voting.

Article 2: This Resolution is effective since the date of signature.

Vientiane Capital, November 26th, 2009
Chairman of National Assembly

Thongsing Thammavong

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

President's Office

No. 159/PO
Vientiane Capital, December 16th, 2009

DECREE
of
The President
of
The LAO PEOPLE'S DEMOCRATIC REPUBLIC
on
the promulgation of Construction Law

- Pursuant to Chapter VI Article 67 Clause 1 of the Constitution of Lao People's Democratic Republic regarding to the promulgation of the Constitution and the law adopted by National Assembly;
- Pursuant to the Resolution No. 197/NA of the National Assembly of the Lao People's Democratic Republic; dated November 26th, 2009 regarding to the adoption of the Construction law;
- Pursuant to proposal letter No. 084/NASC of the Standing Committee of National Assembly; dated December 10th, 2009;

The president of the Lao People's Democratic Republic decrees that:

Article 1: The Construction Law is hereby promulgated.

Article 2: **This Decree shall be put into force since the date of signature.**

The President of the Lao PDR

Choummaly Xaiyasone

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No. 159/NA
Vientiane Capital, November 26th, 2009

Construction Law

Section I

General Provisions

Article 1 Objectives

The Construction Law defines the rules, regulations and measures on the management, permission, control, monitoring and inspection of **all types of construction** in order to ensure:

- the quality, safety, economy and comfort of the **constructed structures** as well as
- transparency and compatibility with the **urban planning**, the **socio-economic development plans** and **laws**.

The objective of the law is:

- **to promote the construction development**

by using modern technique and technology in coordination with the local knowledge as well as the usage of both domestic and imported materials. The law also aims **to preserve the traditional and beautiful landscape of the town** in parallel with the contribution to national socio-economic development activity.

Article 2 Construction (kaan koo saang)

Construction (kaan koo saang) is the **implementation of** all construction activities (**khichakaan koo saang**), consisting of:

- actual construction works (**kaan saang**) and
- preparation works (**kaan soong pheem**),

such as **feasibility study** as starting, **survey**, **construction design**, **assembly**, and **installation** up to the completion of the structures.

Article 3 Terminology

Terms used in this law are defined as follows:

1. **Construction (pok saang)** is defined as the investment project, the implementation of construction and the general planning such as: the survey, the design, the construction, the reparation, the renovation, the restoration, the expansion, the modification, the extension, the dismantlement, the management, the inspection and supervision of the construction.
2. **“Build” (saang)** refers to all types of “construct” (kaan koo saang), which have specific limits, objectives and conditions. There must be setting of liabilities, wages or such a construction company must possess adequate budget, plans of action with starting and ending dates.
It is impossible to understand.
3. **Structures (sin koo saang)** are defined as the **products (phalitthaphan)** from:
 - laboring,
 - materials,
 - construction machines and
 - equipment including utilities and
 - other equipment,

which are:

- **firmly associated:**
 - **with the ground** (the ground surface or the underground),

- in the water, or
- on the water, and
- constructed according to the design for the use of personal interest, and
- the technical and social infrastructure.

This definition of “structures” sounds strange.

4. **Technical Infrastructure** refers to the irrigational system, the transportation and traffic systems, the telecommunication system, the power supply system, the power system, the public lighting system, the water supply system, the waste water treatment system, the city drainage system as well as the waste storage and disposal system and the likes.
5. **Social Infrastructure** refers to infrastructures related to the public health, the culture, the education and sports, the commerce, the residences, the public services and parks.
6. **Special Construction Activities** means the activities, which are not necessary to follow regular process, such as the activities related to national security, the urgent construction works under the governmental orders.
7. **Construction Standards** (maa tha thaan koo saan) refer to the technical regulations and rules regarding the framework as well as other portions of the construction activities set by relevant sectors.
8. **Project Owner** means the fund owner or his/her authorized representative for the use of fund into the construction activity.
9. **Construction Contractor** refers to any legal entity who signs and enters into the contract with Project Owner for the construction and repair work.
10. **Bidder** is any local or foreign legal entity with sufficient qualifications for the tendering the bid in pursuance to the form determined by the Project Owner.
11. **Initial Design** is defined as the data collection, the explanation of drawings which illustrate the direction of designing, and provide sufficient basic foundation for total investment planning and be used as the basics for further detailed designing.
12. **Basic Designing** means the designing, which consists of maps of project site and general layout showing the characteristics and details of structures within the project site.
13. **Detailed Designing** means the complete construction designing, composing the architectural drawings, engineering drawings and enlarged drawings of the parts which precise details are required. This must be included with the usage plan of construction materials as well as the equipment installations.
14. **Architectural Drawings** refer to the drawings, which show shapes, sizes, ratio, materials, structure levels, areas as well as the usage of parts into the construction project.
15. **Engineering Drawings** refer to the drawings illustrating the size, quantity and volume of the technical framework of the construction project, including necessary enlarged drawings.
16. **Construction Supervision** is the regular technical monitoring and inspection during the construction process of the architect or engineer, aimed at strictly ensuring the structure be of good quality as well as be in compliance with the designing, technical standards, lead time and budget of each work while monitoring and checking the safety and the environmental conservation.
17. **Construction Monitoring and Inspection** means the periodic inspection of the progress of construction work from the beginning to the completion date.
18. **Certification of Construction Project** is defined as the issuance of the certification to the construction projects built correctly in line with the design drawings, the techno-economic specifications related to the construction materials as well as the construction standards.
19. **Construction Project Site** refers to the whole areas of the construction project including areas to be provided based on the approved investment plan.
20. **Construction Unit Cost** refers to the expense for a task or the cost for each type of construction calculated by using the measuring units such as: square meters, cubic meters, meters in length, kilometers, etc.

21. **Construction (kaan pok saang) and Installation (dtit than)** refers to **new construction (kaan pok saang mai)** including the equipment installation, such as a conveyor belt and machine, which are related to the construction work.
It sounds strange if this Law applies only to new construction activity.
22. **Repair** means improvement, modification, fixing of deteriorated or broken parts of the construction structures.
23. **Extension** is defined as the expansion of construction structures in terms of areas and volume.
24. **Renovation and Restoration** refer to the rebuild of cultural, historical, landscape or natural objects or structures to their previous state and characteristics.

Article 4 Policies on the Construction Work

The government encourages all local and foreign economic sectors to invest in the construction, repair, protection and utilization of structures in accordance with the laws and regulations.

The government promotes all types of construction to be carried out according to:

- the technical specifications (kam not maai theknik),
- technical standards (maa tha thaan theknik), and
- construction unit cost,

in order to ensure:

- the quality,
- the efficiency,
- the economy,
- the safety and
- beauty, as well as
- the conservation of the national characterization,
- the environmental protection and
- the promotion of local material usage.

The government promotes and encourages all local construction companies to ensure accessibility to the funds so that they can strengthen their companies in parallel with upgrading the labor skills in order to compete with foreign companies. This is to allow the construction industry to develop, expand to the level of contribution to socio-economic development.

Article 5 Principles of the Construction Work

Construction shall follow the principles below:

1. It shall be compliance with the national socio-economic development plan, the master development plans of each sector, urban planning, construction project design drawings, technical specifications, technical standards and construction unit cost.
2. It shall ensure the quality, the safety, and will not cause excessive negative impacts on the living of local people, infrastructure, natural landscape, and environment. It shall not cause any over-limit annoyance to the people living close to the construction site.
3. It shall promote the development in parallel with the conservation and protection of cultural, historical and natural heritage including the conservation of the national characteristic.
4. It shall ensure the sustainability and the highest benefit for the socio-economy and extend facilities to the disabled and elderly people primarily in the construction of buildings, roads and other public facilities.
5. In the important construction under foreign investment, there has to be the participation of the local architects and engineers.
6. The impact assessment to the natural environment and the society has to be made, especially the health of the people.

Article 6 Obligations of Lao Citizens towards the Construction Work

All Lao citizens, aliens, foreigners and stateless persons living within Lao PRD are obliged to respect and follow the construction law. They also have the obligation to comment on the construction work while participating in the protection of structures, which are considered to be the technical and social infrastructures cultural, historical and natural heritages.

Article 7 Application Scope of the Law

This Law is applied to:

- all infrastructure construction (koo saang),
- construction activities (khichakaan koosaan), and
- high-cost repair works of building,

which belong to any individual, state or private sectors within the urban and rural areas and special economic zones countrywide, e.g. the transportation system, the irrigational system, the embankment system, the telecommunication system, the housing, the power system, the mining construction system and other construction works.

This Law is not applied to special construction activities, which are covered by specific regulations.

Article 8 International Cooperation

The government widely promotes the regional, sub-regional, foreign and international cooperation in the field of construction by scientific, technical, technological exchanging lessons, information and data, in order to raise, train and upgrade technical skills to officials while seizing foreign aid, investment cooperation and participating in contract and international treaty executive in which Lao PRD has become a member.

Section II

Construction

Chapter 1

Types, Characteristics and Scales of the Construction

Article 9 Types of Construction

Types of Construction (kaan koo saang) are classified upon the following sectors:

1. Public Works and Transport Sector:
 - Transport system such as: Roads and bridges, railroads, ports (harbors), tunnels, navigation canals and airports.
 - Dwelling system such as: Houses, buildings, hospitals, schools, monasteries, factories, oil reservoir tanks, oil pipes, gas pipes, gas (petrol) stations, sports stadium, parks and bus stations.
 - Water supply and hygiene system such as: Water pump stations, water stations, water supply and distribution pipes, sewer and waste water pipes and tunnels.
 - Telecommunication system such as: Satellite stations, radio or base transceiver stations.
 - Embankment and flood prevention system.
2. Agriculture and Forestry Sector:
 - Irrigational system such as: Irrigational canal, channel, weir, water reservoir.
3. Energy and Mining Sector:
 - Power system such as: Hydropower dam, power plant, power house, substation and transmission line.
 - Mining-related construction system.

It sounds strange that construction of private buildings is not listed here.

Article 10 Characteristics of the Construction (kaan koo saang)

The construction has the following characteristics:

1. Actual construction work (kaan saang) and installation;

2. Repair
3. Extension
4. Renovation, etc.

Article 11 Scale of the Construction

Each type of construction is divided into three scales as follows:

1. Large scale
2. Medium scale
3. Small scale

Each relevant sector shall determine the scale of construction under its control based on the project cost, the project site, the priority and technical aspects. Projects invested by the Government shall be determined in conformity with the State Investment Law.

Article 12 Technical Specifications, Technical Standards and Unit Cost of Construction

Technical specifications, standards and unit cost of the construction are criteria (maa tha thaan son thiap) and indices for the construction, used as reference in budgeting, monitoring, inspection and evaluation of the construction project.

The technical specifications, general technical standards and unit cost of construction are considered by the Ministry of Public Works and Transport in conjunction with relevant sectors. They will be proposed to the Government board for approval. In addition, relevant sectors also have to consider and set their own specific technical specifications, standards and unit cost of the construction.

Criteria for construction permission is not clearly mentioned.

Article 13 Works of Construction Activity

The works of construction activity are as follows:

1. To make the feasibility study of the construction project;
2. To survey and design the construction project as well as to determine the construction materials to be utilized;
3. To issue the construction permit;
4. To procure the construction site;
5. To organize implementation of the construction project;
6. To supervise the construction
7. To protect and utilize the structures.

Chapter 2

Feasibility Study of the Construction Project

Article 14 Feasibility Study of Construction Project

The Feasibility study of the construction project is the study of the socio-economic, technical, technological, financial, professional or labor aspects as well as the study of the impacts over the environment, culture and society. It shows the effectiveness of the investment by basing on the types and scales of the construction.

All medium-to-large-scale construction projects with complicated techniques and large amount of construction cost are subject to make the advance feasibility study and to provide several options before proceeding to the detailed study.

For small-scale uncomplicated construction projects with low cost, specific controlling regulations shall be determined by relevant sectors.

Article 15 Report of the Feasibility Study of the Construction Project

The Feasibility study report of the construction project is a review on the techno-economic aspect of the project, mainly efficient and effective assessment of the project, the technical and technological study related to the construction, to include the impact on the natural environment and society.

Article 16 Expectations of the Feasibility Study Report of the Construction Project

The feasibility study report of the construction project shall include the following expectations:

1. Maximum benefit and expected beneficiaries from the construction project;
2. Cost and life cycle of the construction project;
3. Techno-economic, environmental and social effectiveness.
4. Measures to reduce impact caused by the project on natural environment and society as well as health of the people;
5. Implementation schedule and methods for the construction project.

Article 17 Contents of the Feasibility Study Report of Construction Project

The feasibility study report of the construction project shall include the followings:

1. Policy lines: the study on the construction-related national policy and socio-economic development plan.
2. Financial and beneficial aspect of the investment: the total cost assessment of the construction project, funds necessary for each phase, sources of fund and effectiveness acquired from the investment as well as both direct and indirect beneficiaries from the construction project.
3. Technical aspect is the study on the scale of the construction, techniques and technology suitable for the geographical, socio-economic conditions in each region in short and long terms. It also covers the management, the implementation and protection to ensure the sustainability of the construction project.
4. Resource aspect is the study on the requirements of materials, equipment, laborers, and staff training and so on.
5. The organizational and management aspect of the construction project is the study on the existing organization, the necessity and the effective establishment of a specific management board for the coordination in project implementation.
6. Socio-cultural aspects are to make the study on the habitation move, targeted groups beneficial from the construction project, especially revenue distribution and job creation for people. It is to include the including a study on the impacts against the habitation move, the village resettlement, the conservation of the fine tradition and culture which are the valuable heritage of the ethnical groups of people.
7. Environmental aspect: A study on the impact over the socio-natural environment, the health of the people such as: the biodiversity, the natural water sources, the climate and so on. This study shall also provide appropriate measures to prevent such environmental impacts.

Article 18 Approval on the Feasibility Study Report of the Construction Project

The Feasibility study report is subject to be approved by relevant Governmental sectors upon making a review and assessment as stipulated in Article 16 of this Law.

As to the assessment of the impact on the socio-natural environment, it shall be approved by the Water Resources and Environmental Sector.

Chapter 3

The Survey, Design of the Construction Project and the Definition on the Utilization of the Construction Materials

Article 19 The Survey and Design of Construction Project

The survey of a construction project is the collection of detailed data necessary for the formulation of the techno-economic study by evaluating the socio-economic effectiveness as well as the natural and social environmental impacts conditional for the designing.

The design of a construction project is the formulation of drawing in detail complying with the technical standards based on the surveyed data analysis, which composes of full architectural, engineering and technical drawings, technical specifications, cost estimation and construction term.

All construction projects must possess the survey, design and cost estimation, except for the small projects with uncomplicated techniques and low cost where specific regulations are provided by relevant sectors.

Article 20 Process of Survey and Design of Construction Project

The survey and design of any construction project shall follow the steps below:

1. Survey, collect and analyze all data;
2. Initial design, approximate cost estimation;
3. Basic design;
4. Detailed design, project cost estimation;
5. Preparation of bidding document for the construction project.

Article 21 Expectations of the Survey and Design of the Construction Project

The survey and design of construction project shall display the following expectations:

1. Conforming to the objectives of the project, for example, the residential construction project should show the national architectural characteristic blending with marvels of the century, the environment and natural landscape;
2. Being in compliance with the technical specifications and technical standards of each construction project type as well as the promotion of local material usage;
3. Providing the guarantee on the economic, socio-cultural effectiveness as well as the benefits of the people;
4. Ensuring the protection and reservation of the socio-natural environment, the public properties, the safety to the life and individual properties.

Article 22 Adoption of the Survey and Design Documents for the Construction Project

The Survey and design documents for a construction project must comprise of full architectural, engineering and technical drawings, technical specifications, construction material list, cost estimation and construction schedule.

A surveyed and designed project with socio-economic effectiveness and no natural and environmental impact shall be adopted by relevant governmental sectors, by basing on the type, scale and the grade of such construction project.

Article 23 Definitions on the Construction Material Usage

The Ministry of Public Works and Transport is liable to make the survey and management of the construction material sources, mainly the Laterite deposit, the organic soil (black soil), red soil, sand, gravel, karst rock, basalt rock, limestone and other construction soil and gravel at various surveyed deposits and approved by the Government. The Ministry also determines the utilization of the construction materials such as: bricks, tiles, lumbers, steel reinforcement bars, structural and ornamental steel and other construction materials.

The Authority of the Science and Technology will make the consideration in adopting the standards of the construction materials proposed by the Ministry of Public Works and Transport.

The Ministry of Industry and Commerce will control the production and marketing of the construction materials complying with the standards set forth by the Authority of the Science and Technology.

Chapter 4 Construction Permit

Article 24 Application for Construction Permit

Any individuals and/or organizations with a purpose of undertaking “construct” (koo saan) in any type, such as:

- construct (pok saang)
- build (saang)
- install,
- repair,
- extend,
- renovate and
- restore, modify or dismantle,

must assemble necessary documents and apply for the construction permit from relevant Government sectors. Activities, such as small repair works and demolition, also need Construction Permit.

Article 25 The Issue of the Construction Permit

Upon receiving the application from any individuals and/or organizations, the relevant Government sectors shall, by basing on the procedures, take the document into account. In case it is deemed that the application meets the prescribed provisions, the construction permit for the applied construction shall be issued within a period as defined by the Law.

Article 26 Qualifications of Construction Permit Applicant

Any Individuals and/or organizations eligible for applying for the construction permit shall meet the following qualifications:

1. Properly submit the document requesting for the construction permit;
2. Possess certificate for land usage rights or rights on the transfer document for land usage for each construction site in accordance with the Land Law and other relevant laws and regulations;
3. Possess survey and design document approved by related Government sector as stipulated in Article 19 Paragraph 3 of this Law;
4. Possess permits for earth excavation or backfill at the construction site.

Article 27 Responsibilities of the Project Owner

The project owner shall be responsible for the following:

1. To inform the actual starting date of the construction to relevant sectors;
2. To place a sign with basic information of the project at the construction site;
3. To undertake the construction in pursuant to the permit;
4. To provide data, information and other documents to construction management authority for efficient monitoring and inspection during the construction period;
5. To inform the construction management authority upon the completion of the construction for further inspect of the work, based on the contract, full technical drawings and related documents.

Chapter 5 Allocation of the Construction Project Site

Article 28 Provisions on the Allocation of the Construction Project Site

The allocation of the construction project shall meet with the following conditions:

1. To work out a damage compensation plan with fully proper complete proof of evidence, and there must be the individual or organization involvement in the allocation of construction site prior to undertaking the construction;

2. The damage compensation, the dwelling move, and the hindrance removal should be completely made;
3. To make the boundary of the allocation area in compliance with the national, regional, provincial or district land allocation plans, as well as the approved overall drawings of the construction and investment project;
4. To set up the time for the provision of the project construction site in accordance with the implementation schedule of the invested project, adopted by or approved by relevant governmental sectors.

Article 29 Damage Compensation

The damage compensation from the allocation of the construction project site shall be conducted as follows:

1. To ensure the national, individual and/or organizational interest;
2. To ensure the dwelling and living conditions to the people to be moved out of no less than similar grade prior to the relocation.
3. To legally ensure that existence of justice, equality, transparency, and accuracy.
4. To compensate the damage according the law.

Article 30 Utilization of the Construction Project Site

The utilization of construction project site must chiefly ensure the public interest, the legitimate rights and benefits of individuals and organizations as well as to ensure the safety, the environment protection, the preservation of cultural, historical and natural heritage in compliance with national socio-economic development plans, the urban planning and the master plans of relevant sectors.

Chapter 6

Implementation of the Construction Project

Article 31 Conditions set forth prior to the Implementation of Construction Project

Prior to the implementation of any construction project, the project owner and contractor shall fully be under the following conditions:

1. **Must obtain the construction permit as stipulated in Article 24 of this Law;**
2. Possess the construction contracts for all scale of construction. For medium and large scale construction or the construction with technical complexity, there must be the supervisory contracts acquired through appropriate bidding and legally registered;
3. Possess the execution plans in detail for each work piece of the construction project;
4. Safety and environmental protection measures shall be put in place during the construction;
5. **A sign** with project information such as the **project name**, the **project owner**, the **fund provider**, the **designer**, the number of **construction permit**, the **constructor**, the **construction supervisor**, the **cost**, the **beginning and completion dates** must be installed.

In case of discovering of the archeological items showing the cultural and historical traces are found during the execution of the construction, relevant sectors must be informed immediately.

Article 32 Change of Construction Project Site

In case there is a change of construction site to a different location, the correctness and suitability of the construction must be based on the approved design drawings and must ensure to be in compliance with the surrounding environment. The shapes, characteristics and quality of previous structure as well as the legitimate benefits of the people, the safety must also be guaranteed in order to ensure not to cause negative impact on the environment.

The main causes of the change of construction site are as follows:

1. When national interest needs to be prioritized;
2. When the project site is not suitable for construction project;

3. When antiques, valuable ore are discovered during the construction within the allocated site. The change of construction project site shall be authorized by relevant sectors which have recognized such a construction project.

Article 33 Structure Dismantlement

The structures subject to the dismantlement must be under the following status:

1. The broken and deteriorated structures which may cause danger to the society and the environment;
2. Any structures which are non-standardized and non-compliant to the approved design drawings or construction permit;
3. Any structures without proper approval abided by law and approved urban planning;
4. Temporary structures used during the construction and unnecessary for use upon the completion of the construction project.

The dismantlement of such structures shall be bound by the project owner or the owner of the building. In case the project owner or the owner of the building does not take any responsibility, the relevant sectors shall dismantle or remove and dispose such structures and the owner shall bear all expenses.

Article 34 Safety Measures

In general the safety measures shall follow the regulations issued out by relevant sectors such as: The danger warning signs, the fence around the construction site, the safety equipment, for laborers (helmets, boots, gauntlet, glasses).

In case the forced majeure such as: Flood, storm, fire, earthquake, landslide or other disasters happens, which affects the construction, the contractor shall immediately take preventive and corrective measures as follows:

1. Give disaster warning in the construction site;
2. Temporarily stop the construction and take solving measures in time to ensure the safety of laborers and to protect the properties of the construction project;
3. Report the incident to project owner, relevant officers as well as local authority immediately for prompt action.

Chapter 7

Supervision the Construction

Article 35 Construction Supervision

The supervision of the construction shall follow the processes below:

1. To supervise the construction to meet the approved design drawings, technical standards and specifications as well as the construction materials;
2. The supervision shall be implemented regularly and continuously. In case any deficiency is found during the project execution, the construction, the supervisor has to inform the project owner to take appropriate and immediate solving measures;
3. An accurate and clear memorandum or report of the supervision output shall be provided and all concerned documents and data shall be properly kept in a safe manner.

The project owner shall assign or hire an individual or a consultant full of capability and experience suitable for each task, type, scale and level of the project to monitor, inspect and supervise the construction. Small scale construction projects with simple techniques and low cost are in exception.

Article 36 Certificate of Structure (sin koo saang)

All construction projects shall be inspected by the **construction management authority** upon their completion.

In case the construction is conducted in compliance with:

- the design,
- technical standards and specifications,

- construction materials and
- relevant documents as specified in the construction contract,
the construction management authority shall issue a certificate of structure to the project owner.

As for construction management authority, see Article 69.

It sounds strange if the construction management authority checks the construction result with the relevant documents as specified in the construction contract.

Article 37 Handover of the Construction Project

Upon the completion inspection and certification, the construction contractor and the project owner shall officially sign the handover document for legal utilization. The handover ceremony for each type of project shall be held within a period not in excess of three months.

The warranty period and value of each type of construction project are defined in specific regulations of each sector.

Article 38 Rights and Obligations of Project Owner

The project owner has the main rights and obligations in the execution of the construction project as follows:

1. To select, arrange the bidding and sign contracts with the construction company to implement the construction and with the consultant company to supervise the construction;
2. To make appropriate amendment of the drawings in case of necessity in terms of techno-economic matter and logically adjust the construction cost for economical purpose as proposed by the construction or the consultant company;
3. To pay the construction cost to the construction company and the supervision cost to the consultant company for each construction work as agreed in the contract;
4. To monitor, inspect the work performance of the construction and the consultant companies for the safety and the environment protection;
5. To notify, instruct, issue orders for temporary suspension and/or the permanent termination of the project in case the construction and/or consultant company does not follow agreements and instructions;
6. Keep all documents related to the techno-economic feasibility report, soil test result, construction materials test result, test result of significant structural parts, drawings approved prior to the construction, actual construction drawings and other related documents.

Article 39 Rights and Obligations of Survey, Design and Material Analysis Company

The survey, design and material analysis company has the following main rights and obligations:

1. To fully collect and analyze data and construction materials necessary for each type of the construction which will be used as the bases for the designing;
2. To produce designed drawings, to design and calculate the engineering structure and produce detailed structural drawings;
3. To define the utilization of construction materials, to estimate construction cost and to formulate the work schedule in detail;
4. To revise and improve seemingly inappropriate drawings based on the proposal from the project owner;
5. To bear legal responsibility for the result of the survey, design and analysis of the construction materials.

Article 40 Rights and Obligations of the Construction Company

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

1. To work out the execution plans from the starting up to the completion dates and propose the plan to the project owner and consultant company for approval;

2. To carry out the construction in conformity to the designed drawings, the technical standards, the technical specifications and construction materials as described in the construction contract;
3. To inform the consultant company prior to executing important tasks so as to perform actual monitoring and inspection;
4. To manage the construction site, enact safety measures propitious to each type, scale and characteristic of the construction project while maintaining good order so as to prevent impact against the people living nearby and the adjacent structures within the construction site;
5. To provide necessary data and document to the project owner or construction inspection authority on the date as having placed in the contract;
6. To logically propose the amendment to the drawings and the construction cost;
7. To be responsible for paying the damage compensation caused from not properly executing the contract, not in compliance with the drawings, technical standards as well as the utilization of agreed construction material or caused from the negligence during the work execution;
8. To keep and handover the techno-economic feasibility study, analysis result, actual construction drawings, documents of construction modification, memorandum, reports and other related documents to the project owner;
9. To receive the payment of the construction cost with the amount as having agreed in the construction contract.

Article 41 Rights and Obligations of the Consultant Company

The consultant company has the following rights and obligations:

1. To prepare the bidding documents, draft the construction contracts and other documents to be used for the construction;
2. To review the construction schedule, supervise the construction and instruct the contractor the methods in pursuant to the drawings, technical specifications and construction standards;
3. To monitor, inspect and summarize the work quantity in each phase to certify for the payment of the construction cost;
4. To periodically report the progress of work, the convenience, the difficulties and other problems related to the construction to the project owner;
5. To approve or disapprove on the technical aspect of any task which is not in compliance with the technical standards and report to the project owner;
6. To gather the techno-economic feasibility study, soil test report, construction material test result, test result of important structural parts, initially approved structural design drawings, actual construction drawings, construction contracts, cost estimation sheet, memorandum as well as progress reports in each phase from the start date till the project completion and hand them over to the project owner;
7. To receive payment for construction supervision cost in the amount as agreed in the contract.

Chapter 8 Maintenance and Utilization of Structures

Article 42 Maintenance of Structures

Any individual and/or organization in possession of the structures shall manage, maintain, renovate and repair his/its own structures to ensure the durability, the safety, the tidiness, the beauty and prolonged usage.

Obligation to keep buildings in compliance with regulations is not mentioned.

Article 43 Utilization of Structures

Any individual and/or organization in possession of the structures shall utilize the structures in accord with the approved purpose and shall place protection measures for the safety of health, life and properties of the people and prevent the usage to cause the environmental impact.

In case where a change of utilization purpose is necessary, the owner must apply for permission from relevant Construction Management Authority in advance.

Section III

Construction Business

Article 44 Investment Forms of the Construction Business

The investment forms of the construction business comprise of the private enterprises, share-holding enterprises and companies as having described in Article 10 of the Enterprise Law.

Article 45 Application for Investment Permit on the Construction Business

Any individual or organization with the intention to invest in the construction business shall submit the application to relevant sectors for consideration by the steps as described forth in the Enterprise Law and the Investment Promotion Law.

Article 46 Scales of the Construction Business

There are three scales of the construction business:

1. Large scale
2. Medium scale
3. Small scale

The scale of construction business has to be determined by relevant sectors.

Article 47 Types of the Construction Business

Construction business is categorized into four types as follows:

1. Survey and design;
2. Analysis of construction materials;
3. Consulting;
4. Contractor.

Each type of the construction business can be classified into several grades depending on its size, cost, technical and technological requirements, construction materials and life cycle. Specific regulations for each grade are considered and determined by relevant sectors.

Section IV

Construction Contracts

Article 48 Survey, Design and Construction Supervision Contracts

The Project owner has to enter into the contracts for the survey, design and the construction supervision with the consultant company, the architect or the engineer by basing on the tasks in the project in accordance with the provisions specified in the Law pertaining to the Contractual and Non-contractual Commitment in order to professionally and regularly monitor and inspect the construction process while aiming at making the project to have good quality and to be in compliance to the design.

Article 49 Contents of the Survey, Design and Construction Supervision Contracts

The survey, design and construction supervision contract must have the following main points:

1. Work details on the survey, design, monitoring, inspection and supervision of the construction;
2. Expenses and payment method to the survey, design and construction supervision company;
3. Schedule and plans for the survey, design, and the management of each task in the construction project;
4. Reporting of the monitoring, inspection and supervision result;
5. Penalty in case of breaching the contract or not executing the obligations within the defined schedule;
6. Amendment, revocation or termination of the contract;
7. Resolution of disputes;

8. Language of the contract;

Article 50 Bidding and Tendering Requirements of the Survey, Design and Construction Consulting Company

In general, the selection of the survey, design and construction consultant shall be carried out by bidding in conformity with the Law on State Investment, particularly in the project under the government investment.

The survey, design and construction consulting company applied for the bidding shall have the following qualifications:

1. Legally incorporated;
2. The company must have skillful, qualified, experienced architects and engineers with the knowledge in the survey, design and construction supervision appropriate for scale and characteristic of each task of the construction project;
3. The company shall have good financial status and regularly and fully execute its obligations in terms of tax and tariff payment;
4. The company shall meet other requirements as specified in the bidding documents.

Article 51 Construction Contract

After the survey and design, the project owner and the contractor shall have to enter into the construction contract prior to starting the construction as the terms and conditions described in the Law on Contractual and Non-contractual Commitments.

Article 52 Contents of Construction Contract

The construction contract shall include the following main points:

1. Purpose, work details of the construction project;
2. Construction cost and method of payment;
3. Lead time and the construction schedule;
4. Procurement of the construction materials;
5. Inspection, adoption and handover of the construction project;
6. Penalty in case of breaching the contract or not executing the obligations within defined lead time;
7. Warranty period and amount of the structure as required by law;
8. Amendment, revocation or termination of the contract;
9. Resolution of disputes;
10. Language of the contract;
11. Technical specifications and standards for the construction.

Article 53 Bidding and Tendering Requirements of Construction Company

In general, the selection of construction contractor shall be carried out through the bidding in conformity with the Law pertaining to the State Investment, particularly in the project under the government investment.

A construction company shall fully meet the following requirements in order to attend the tendering:

1. The company is legally established;
2. The company must possess the experience and actual work achievement suitable for each type, scale and grade of the construction project;
3. The company shall be in good financial status certified by the bank;
4. The company must have skillful, qualified, experienced architects and engineers with knowledge in the survey, design and construction supervision propitious for the scale and characteristic of each construction project;
5. The company is sufficiently equipped with vehicles, tools and construction equipment of good quality;
6. The company has regularly and fully executed its obligations in terms of tax and tariff payment;
7. The company shall meet other requirements as specified in bidding document.

Section V

Professional Association of Construction

Article 54 Professional Association of Construction

The Professional Association of Construction is a social organization for gathering the architects, engineers, technicians and construction entrepreneurs.

The Association is established in conformity with the law.

Article 55 Position, Roles and Functions of the Professional Association of Construction

The Professional Association of Construction is a social organization attached to the public works and transport sector. Its roles are to unify the harmony and the intelligence of construction professionals and construction entrepreneurs to transact their activities under the constitution, laws, regulations and sell-ethics in order to protect, promote and develop professional skills while contributing the useful benefit to the society and the national development.

Article 56 Rights and Duties of the Professional Association of Construction

The main rights and duties of the Professional Association of Construction are as follows:

1. To propagate and disseminate the policy, laws and governmental socio-economic development plan regarding the construction and to take part in the implementation;
2. To assist, raise and promote members in carrying out works as well as in progressing the profession effectively;
3. To organize and protect the legitimate rights and interest of the members on the basis of enforcing the policy and laws;
4. To proactively conduct the study and research in order to preserve and promote the unique architectural and structural heritage of the country;
5. To utilize the state-of-the-art scientific knowledge, techniques and technology related to the construction;
6. To exchange knowledge and experience in various aspect of the construction in order to continuously improve knowledge and skills of the members;
7. To enhance the harmony, the unity amongst the construction professionals and cooperate with both local and overseas professional associations;
8. To regularly summarize and report activity result to the public works and transport sector as well as other relevant sectors.

Article 57 Architect

An architect is a professional who has the knowledge and skills in architectural design, ornamentation and decoration.

Roles and duties of the architect are to determine his ideas on the forms, the shapes, the proportions, structure, techno-economic specifications, the determination of material usage, monitoring, inspection in conformity with the architectural drawings and technical specifications. The architect is also responsible for instructing and materializing of the construction.

Article 58 Civil Engineer

A civil engineer is a professional who has the knowledge and skills in the construction science and techniques. The roles and duties of civil engineer are to analyze and perform engineering calculation and design as well as to instruct, inspect and supervise the quality of the construction to meet with the design.

Section VI

Prohibitions

Article 59 General Prohibitions

It is prohibited for any individual or organization:

1. To undertake the construction business without the permission from relevant sectors;
2. To perform the construction (kaan go saang) in the areas not allowed by laws, such as:
 - The military strategic zones,
 - ancient ruins,
 - historical sites,
 - cultural heritage areas,
 - conservation forests,
 - road reservation areas,
 - railroad areas, swamps,
 - ponds,
 - streams,
 - paddy fields,
 - irrigation system,
 - hydropower dams,
 - airport areas including the air safety zones,
 - river embankment areas and
 - so on.
3. To survey, design, construct, supervise or inspect the state or private construction project by the same individual simultaneously.
It is difficult to understand.
4. Arbitrarily to build, repair, extend or modify drawings without approval and not in compliance with the socio-economic development plan as well as the infrastructure and the urban planning;
5. To perform soil excavation, soil embankment or backfill without permission from relevant sectors;
6. To cut trees for the purpose of supporting-post for wood forms without permission;
7. To transport construction materials such as soil, gravel, mountain rocks, and sand which causes dirt to road pavement, public places or properties of other people without permission from relevant sectors;
8. To obstruct, not to facilitate nor cooperate in the construction without sufficient grounds for such construction;
9. To conspire to bribe or receive bribes in the construction;
10. To engage in other illegal actions.

Article 60 Prohibitions for the State Officials and Relevant Authorities

It is prohibited for the state officials and relevant authorities:

1. To run a consultant business or work as a technician for the contractor of the project related to his/her own responsibility;
2. To disclose the bidding information;
3. To receive bribes in the construction for self and friend's interest;
4. To neglect his/her own responsibility, delay any construction documents and ignore the inappropriate actions of the contractor;
5. To issue the construction permit for the construction of hotel, restaurant (haan kin duum) or nightclub (haan ban-thuun) near the monasteries, hospitals and schools;
This requirement should be involved in Detail ZC.
6. To engage in other illegal actions.

Article 61 Prohibitions for the Project Owner

The project owner is subject to the following prohibitions:

1. To conspire with the state or relevant officials as well as the contractor, consultant, architect or engineer in issuing the certification adopting the substandard structures;

2. To receive bribes from the construction contractor;
3. To delay the payment for the completed structure unless agreed by both parties;
4. To delay the contractor in the methods and measures for solving the problems occurred during the construction;
5. To neglect the monitoring, inspection and work implementation of the contractor;
6. To engage in other illegal actions.

Article 62 Prohibitions for the Construction Entrepreneurs

It is prohibited for the construction entrepreneurs:

1. To engage in the construction not assigned for in the business license or concession license;
2. To proceed the construction not in compliance with the drawings, technical specifications and standards;
3. To proceed with the construction without safety measures as well as the natural and social environment protection;
4. To sell or transfer the construction project to another individual and/or organization without the permission from the project owner;
5. To perform soil excavation, soil embankment or backfill outside the assigned construction site during the construction without the permission from relevant sectors;
6. To neglect the work or construction project which he/she has signed the contract with the project owner;
7. To cut trees for the use of supporting-post for wood-form without permission;
8. To engage in other illegal actions.

Article 63 Prohibitions for the Consultant Company, the Architect and the Civil Engineer

The consultant company, the architect and the civil engineer are subject to the following prohibitions:

1. To duplicate architectural and engineering drawings of others for the purpose of commercial self-interest;
2. To disclose the information on the target price of the construction project under the bidding;
3. To conspire with project owner or contractor in relation to the construction project for the purpose of seeking self-interest;
4. To misconduct to his/her own professional ethics;
5. To engage in other illegal actions.

To make drawings not in compliance with regulations is not mentioned.

Section VII

Resolution of Dispute

Article 64 Forms of Dispute Resolution

Disputes may be resolved in one of the following forms:

1. Reconciliation and compromise;
2. Administrative Arbitration;
3. Arbitration of the Economic Dispute Resolution Center;
4. Judicial verdict.

Article 65 Reconciliation and Compromise

In case any dispute arises in construction business, both parties may find a resolution by means of using the negotiation, reconciliation and compromise.

Article 66 Administrative Arbitration

In case the dispute cannot be resolved by means of a compromise, either party has the right to submit such as dispute to relevant sector, in which he/she has been granted the approval, for further arbitration.

Article 67 Resolution by the Economic Dispute Resolution Center

In case the relevant sectors are unable to resolve the dispute, it may be referred by either party to the arbitration of Economic Dispute Resolution Center in accordance with the law.

Article 68 Judicial Verdict

In case the dispute on the construction business cannot be settled by means of reconciliation, compromise, administrative arbitration or by Economic Dispute Resolution Center, either party may sue for legal proceeding in court in accordance with the law.

Section VIII

Management and Inspection of the Construction

Chapter

1

Construction Management

Article 69 Construction Management Authority

The Government is in charge of the centralized and integrated construction management throughout the country by assigning the Public Works and Transport sectors to act as the center of coordination with relevant sectors, such as:

- the energy and Mining sectors,
- the Agriculture and Forestry sectors,
- the Industry and Commerce sectors,
- Authority of Science and Technology and
- relevant local authorities,

each of which has to make the construction management under its own jurisdiction.

The Construction Management Authority consists of:

1. Ministry of Public Works and Transport, other relevant sectors;
2. Department of Public Works and Transport, other relevant departments at the provincial or capital level;
3. Office of Public Works and Transport, other relevant offices, at the district or municipal level.

Article 70 Rights and Functions of the Ministry of Public Works and Transport and other relevant sectors

The Ministry of Public Works and Transport and other relevant sectors have the main rights and functions in the construction management as follows:

1. To issue policies, strategic plans, laws and regulations on the construction in its corresponding sectors in order to propose to the government for approval;
2. To develop the governmental policies, strategic plans and decisions on the construction into its own plans, work execution plans and project in detail;
3. To propagate and disseminate the policies, strategic plans and laws in order to create awareness of the people so they will make their contribution;
4. To direct and follow up the implementation of policies, strategic plans, laws, investment plans, infrastructure development and expansion within its own sectors;
5. To develop construction specifications and standards, to research and select appropriate technology and issue out the instruction for the implementation;
6. To consider and **issue permissions to large-scale construction** under its corresponding responsibility;

7. To review and comment on the investment, the expansion, the suspension and cancellation of construction projects;
8. To raise and improve human resources on the construction;
9. To coordinate with other relevant sectors as well as the local authorities in the construction work;
10. To coordinate and cooperate with overseas, regional and international organizations regarding the construction;
11. To regularly summarize and report the construction work result to the government.

Article 71 Rights and Functions of the Provincial or Capital Department of Public Works and Transport and Other Relevant Departments

The Department of Public Works and Transport and other relevant departments have the following main rights and functions regarding the construction management:

1. To develop policies, strategic plans and construction development plans for its corresponding sectors;
2. To propagate and disseminate the policies, strategic plans and laws regarding the construction under its corresponding sectors within the provinces and the capital city;
3. To instruct and follow up the implementation of construction work in its corresponding region;
4. To survey, collect data and statistics related to the construction in its corresponding region;
5. To consider and **issue permission to medium-scale construction** under its corresponding responsibility;
6. To review and comment on the investment, expansion, suspension and cancellation of construction projects within the province or capital city;
7. To manage business on the survey, design, construction and consultancy within its corresponding region;
8. To collect data and statistics on the construction of various sectors within the region;
9. To coordinate and cooperate with overseas, regional and international organizations regarding the construction as assigned to by the high ranking;
10. To regularly summarize and report the construction work results to its concerned superiors as well as to the provincial and capital authority.

Article 72 Rights and Functions of the District of Municipal Office of Public Works and Transport and Other Relevant Offices

The Office of Public Works and Transport and other relevant offices have the following rights and functions regarding the construction management:

1. To devise and implement the plans, projects, regulations and instructions of the provincial or capital department of public works and transport regarding the construction;
2. To propagate and disseminate the law on the construction in the boundary of the district and municipality;
3. To review and comment on the construction business within the district, the integrated development areas and the rural areas in order to propose to the provincial or capital department of public works and transport for consideration;
4. To consider and **issue permissions to small-scale projects** under its corresponding responsibility;
5. To coordinate with other relevant sectors and follow up the project construction within the its corresponding district or municipality;
6. To regularly summarize and report the construction work results to the relevant department as well as to the district and municipal authority.

Article 73 Rights and Functions of Village Authorities

The village authorities have the following rights and functions on the construction management:

1. To disseminate and implement the law on the construction as well as to give the instruction regarding the construction from public work and transport sectors and other relevant sectors within the village areas;

2. To motivate the people to participate in providing comments and take part in the construction and the protection of the structures such as: The relocation of people and obstacles from the construction site, repair, renovation and restoration of structures used as public facilities within the village areas;
3. To report the violation of laws regarding the construction within the village area to the office of public works and transport as well as other relevant offices at the district or municipal level.

Chapter 2

Construction Inspection

Article 74 Construction Inspection Authority

Construction Inspection Authority is divided into two types as follows:

1. **Internal Inspection Authority** is a section under the construction management authority as stipulated in Article 69 of this law;
2. **External Inspection Authority** is:
 - The National Assembly as specified in the Law pertaining to the Inspection of the National Assembly;
 - The State Inspectorate Authority as defined in the Law pertaining to the State Inspection;
 - The State Audit Authority and Freelance Audit Unit as defined in the Law pertaining to the Audit;
 - The Lao Front for National Construction, the public organizations, the people and mass media.

The purpose of external inspection is to inspect work implemented by the construction management and inspection authority in order to ensure the strength, transparency, fairness and effectiveness.

Article 75 Rights and Functions of the Inspection Authority

The Inspection Authority has the rights and functions regarding the construction inspection in the forms and contents as mentioned in Article 76 and 77 of this law.

Article 76 Inspection Contents

The inspection includes the following main points:

1. To inspect the devise and implementation of the strategic plans, policies, laws, investment plans, infrastructure development and maintenance within the corresponding sectors;
2. To inspect the execution of the technical standards in the construction project including construction tools, equipments and the infrastructure installation within the corresponding sectors;
3. To inspect the practice of the Inspection of safety measures and the social welfare policy for laborers during the construction;
4. To inspect the use of preventive, corrective and compensation measures for the loss of lives, the impact to the health and properties of people or to the public and environment during the construction;
5. To inspect the bidding, the construction contracts, the construction management contracts and contracts for infrastructure installation in the corresponding sectors;
6. To inspect of the progress of construction as described in the construction contract.

In addition, the inspection shall have to follow the inspection contents as specified in the Law pertaining to the State Investment.

Article 77 Forms of Inspection

The inspection of construction can be carried out on a regular basis with or without making prior notice.

In the inspection of the construction project, the inspection officers shall have to strictly carry out their duty accordingly to the law.

Section IX

Policy towards the Good Performers and Measures against the Violators

Article 78 Policy towards the Good Performers

Any individual, legal entity or organization with outstanding performance in the implementation of this law, especially in the contribution to the development of the construction shall be offered an appraisal and be eligible to appropriate policy.

Article 79 Measures against the Violators

Any individual, legal entity or organization that violates this law shall be:

- educated,
- subject to a discipline, a fine,
- required to make the compensation for civil damage or
- penalized,

in accordance with the law by basing on the severity of the damage.

[Orders, such as to demolish and not to use, are not provided here.](#)

Article 80 Education Measures

Any individual, legal entity or organization that violates the construction law as prescribed in Articles of prohibitions at a mild-and-non-criminal level shall be subject to the education and warning.

Article 81 Disciplinary Measures

Any Construction management officer who violates the construction law such as: A mild-and-non-criminal level causing a small damage; however he/she does not report his/her own misconduct or elude from such misconduct shall be subject to warning, suspension of promotion or dismissal from job.

Article 82 Fine Measures

Any individual, legal entity or organization that violates the construction law and the action of which has cause non-criminal-related damage shall be subject to a fine due to the following principal offenses:

1. To run a construction business without a license;
2. To build and install equipment and construction accessories without any permission;
3. To execute the work not in compliance with the technical standards of the construction as well as the safety standards;
4. To neglect the implementation of the construction measures causing negative impact to the environment.

The amount of fine is specified in a separate regulation.

Article 83 Civil Measure

Any individual, legal entity or organization that violates the construction law and has caused the damage to the properties of another individual, legal entity or organization shall have to compensate such damage.

Article 84 Penal Measure

Any individual who violates the construction law in a criminal level shall be subject to the prosecution as mentioned in the Penal Law.

Section X

Final Provisions

Article 85 Implementation

The Government of the Lao People's Democratic Republic is in charge of arranging the implementation of this law.

Article 86 Effect

This law shall be put into effect in one hundred and twenty days after the promulgation by the President of the Lao People's Democratic Republic.

All regulations, provisions prior to and against this law shall be voided.

Chairman of the National Assembly