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Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

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Prime Minister's Office

No. 135/PM  
VCC, Date 25/05/2009

## **Decree on State Land Lease or Concession**

- Pursuant to the Law on the Government of Lao PDR No. 02/NA, dated 06 May 2003;
- Pursuant to the Land Law No. 04/NA, dated 21 October 2003;
- Pursuant to the Law on Forestry No. 06/NA, dated 24 December 2007;
- Pursuant to the Letter of Proposal from the Minister to the Prime Minister's Office, Head of NLMA, No. 810/NLMA, dated 23 July 2008.

**Prime Minister to the Lao PDR issues this Decree as follows:**

### **Part I General Provision**

#### **Article 1. Objectives**

This Decree determines the principles, procedures, and measures regarding granting of state land for lease or concession with the aim to ensure the uniform management and use throughout the country, to boost the development of state land, to turn land into capital, to promote the investment for cash crop production and for services, and to build income for the state budget.

#### **Article 2. Definitions**

- **Land Lease** refers to the process of giving authorization to organizations, individuals or juridical entities to have rights to utilize state land based on the conditions and time period specified legally in the terms of the contract.
- **Land Concession** refers to the process of giving authorization to individuals or juridical entities to operate business with the right to use state land based on the conditions and time limit specified legally in the terms of contract.

#### **Article 3: Target State Land for Lease or Concession**

Lease or concession of state land shall be carried out in the target area as specified in Article 5 and 6 of this Decree.

#### **Article 4: Person who is Entitled to Lease or Concede State Land**

The person who is entitled to lease state land shall be a Lao citizen, foreign resident, stateless people, foreigner, organization, state economic unit, collective organization and individual, embassies or international organizations, domestic and foreign investors. The Lessee has to pay the rental fee in accordance with the rate specified in the law and regulations.

The person who is entitled to concede state land shall be domestic and foreign legal entities. The concessionaire have to pay land concession fees, cost for natural resources (royalties), tax, custom fees and other fees as specified in the law.

### **Article 5: Zoning and Classification of State Land**

Zoning and Classification of state land for lease and concession is based on geographical landscape, socio-economic situation in each zone, and the government policy for sectoral promotion which being divided in 3 areas as follows:

Area 1: Upland area, plateau area, plain area where the economic infrastructure are not convenient for the investment.

Area 2: Upland area, plateau area, plain area where the economic infrastructure can partly facilitate the investment.

Area 3: Upland area, plateau area, plain area where the economic infrastructure can fully support the investment.

### **Article 6: General principles for Granting Lease or Concession of State Land**

Before determining the area for lease or concession of construction land, agricultural land, forest land, water area land, industrial land, cultural and communication land, there is the need to do a land survey, prepare a land map and land use plan based on land zoning and land classification specified in Article 5 of this Decree. After that the lease or concession shall be approved by specifying land use objectives in detail.

In case that the land lease or concession area being extended to cover the land of people or individual land, their land use rights should be maintained by advising the lessee or the concessionaire to conclude contracts with these land owners or to give such land into a share with the lessee or the concessionaire, but the process must be in compliance with Article 56 and 67 of the Land Law.

In case that compensation is required, the project's owner shall compensate for the loss to the land use right holders by calculating the value of production or the value received from land development as the basis for determining the cost of compensation, as specified in Article 43 of this Decree, or to find other suitable land area to be agreed by the government on a case by case basis.

### **Article 7: State Land Lease and Concession Method**

Land lease and concession consist of 2 methods as follows:

1. The lease and concession with administrative characteristic is the method in which the state assigns the contract parties to provide any services, such as electricity, water supply, construction, telecommunication, public park, school, hospital, market, playground, bus station, good transportation station, health rehabilitation center, etc.,

2. The lease and concession with commercial characteristics such as plantation land, agricultural land, hydropower land, mining land and other types of land as allocated by the state for business operation in accordance with the relevant laws and regulations.

In addition to the concession fees, concessionaire who uses land in combination with the use of natural resources must pay for fee for natural resources (royalties), tax, custom fees, and other fees as specified in the law.

### **Article 8: Scope of Use of the Decree**

This Decree will be effective specifically for the process of granting lease or concession of state land only.

**Part II**  
**The Lease of State Land**  
**Section 1**  
**State Land Lease for Operating**  
**Industrial Plant and Farm Business**

**Article 9: State Land Lease for Industrial Plant, Industrial Farm Business**

The lease of state land for business related to industrial plant and industrial farm should be carried out in the area allocated specifically by the state for such types of businesses and the measures for environmental protection must be guaranteed as specified in the Law on Environment Protection, Law on Processing Industry, Law on Urban Planning and other relevant laws and regulations.

The lease of state land for business related to industrial plant and industrial farm shall be carried out through the bidding process in accordance with the rules and conditions specified in Article 15 of this Decree.

**Article 10: Authorization of State Land Lease for Industrial Plant, Industrial Farm Business.**

The authorization of state land lease for industrial plant and industrial farm business should be carried out only in the state allocated zone under the responsibility of the Land Management Authority at each level, as specified in Article 10 of the Land Law No. 04/NA, dated 21 October 2003.

The Land Management Authority at the provincial or city level can authorize the lease of state land covering an area of not over 50 ha per one business unit. It must take into consideration the characteristics, size, and condition of the factory business, the maximum lease period of 30 years with the possibility to extend on a case-by-case basis, based on the consent of the Department of Industry and Trade, and line agencies within the province, city and with the approval of the provincial/city administrative authority.

For the industrial farm for which the state land lease is granted the area must be less than 150 ha per one business unit, and must take into consideration the characteristics, size and condition of the industrial farm business. The maximum lease period is 40 years with the possibility to extend on a case-by-case basis, based on the consent of the Department of Industry and Trade, and line agencies within the province, city and with the approval of the provincial/city administrative authority.

The National Land Management Authority can authorize the lease of state land of areas from 50 ha to 50,000 ha per one business unit, by taking into consideration the characteristics, size and condition of industrial farm business. The maximum lease period is from 30 to 50 years with the possibility to extend on a case-by-case basis, based on the consent of the Ministry of Industry and Trade, line agencies and local administrative authority as approved by the Government.

For the industrial farm which is granted a state land lease of an area of 150 ha and over per one business unit, this should take into consideration the characteristics, size and condition of industrial farm business. The lease duration can be from 40 years, but must not exceed 70 years with the possibility to extend on a case-by-case basis, in consent with the Ministry of Industry and Trade, line agencies at the provincial, city level as approved by the Government.

The area over 10,000 ha must be authorized by the National Assembly Standing Committee based on the Government suggestion.

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Regarding the authorization of state land lease for operating an industrial plant or an industrial farm, the fees should be collected from the date of starting business onward, but must follow strictly the timeframe of setting up business as specified in Article 36 of this Decree.

### **Article 11: Authorization Steps of State Land Lease for Industrial Plant and Industrial Farm Business**

The authorization of state land lease for an industrial plant and industrial farm business should follow the steps as specified in the relevant laws and regulations.

Anyone who wants to lease state land must create a business feasibility study and a social and environmental impact assessment certified by the concerned sectors, including the investment license issued by the Investment Management Committee as specified in the law, before submitting the land lease request to the National Land Management Authority or the Land Management Authority at provincial, city level for consideration based on the scope of rights specified in Article 10 of this Decree.

## **Section 2**

### **State Land Lease for House Construction and Service Provision**

#### **Article 12: State Land Lease for House Construction and Service Provision**

The lease of state land for house construction and service provision should be carried out in the area allocated by the government for construction business, such as: Trade Centers, hotels, houses, restaurants, public parks, tourism sites, schools, hospitals, markets, passenger or goods transportation station, etc.,. The construction should not disturb the interest of other people and must take consideration any unavoidable circumstances.

All construction activities must receive an authorization from the Urban Planning Authority, strictly implement the urban planning rules, get permission from authority possessing the concerned rights and duties, and to fully guarantee the technical standard as well as the environmental protection.

#### **Article 13: Authorization for State Land Lease for House Construction and Service Provision**

The authorization of state land lease for house construction and service provision should be conducted in the government allocated area only, for which the Land Management Authority is assigned the responsibility as specified in Article 10 of the Land Law No. 04/NA, dated 21 October 2003.

The Land Management Authority at provincial/municipal level has the right to authorize the lease of state land for the area of less than 15 ha per one business unit, by taking into consideration the characteristics, size and condition of the business. The maximum lease duration is 30 years with the possibility to extend on a case-by-case basis, and in consent with the Department of Public Work and Transport and the approval of the provincial/city administrative authority.

The National Land Management Authority has the right to authorize the lease of state land of more than 15 ha per one business unit by taking into consideration the characteristics, size and condition of the business. The duration of lease can be from 30 to 50 years with the possibility to extend on a case-by-case basis, in consent with the Ministry of Public Work and Transport and the local authorities as agreed by the government. For an area of more than 10,000 ha it must be approved by the National Assembly Standing Committee in accordance with the suggestion of the government.

With the authorization of state land lease for trade and service businesses, the lease fee must be collected from the date of starting business and must strictly follow the time period of the business operation, as specified in Article 36 of this Decree.

**Article 14: Condition for Authorizing State Land Lease for House Construction and Service Provision**

The lease of state land for business concerning house construction and service provision must be implemented in accordance with the condition specified in the relevant laws and regulations.

Anyone who desires to lease state land must create a business feasibility study and a social and environmental impact assessment certified by the concerned sector, and to receive investment license from the Investment Management Committee before submitting the application for state land lease to the National Land Management Authority or the provincial/city Land Management Authority for consideration based on their scope of rights specified in Article 13 of this Decree.

**Article 15: Method of Leasing State Construction Land for House Construction and Service Provision**

The lease of state land for business concerning house construction and service provision should be carried out through the bidding process by ensuring the highest benefit to the state, the people, and the investors, as well as to avoid any negative impacts to the society and the environment.

The initial minimum bidding amount should be set in the rate not less than specified in the Presidential Decree on State Land Lease and Concession.

**Section 3**  
**State Land Lease for Tourism Business**

**Article 16: State Land Lease for Tourism Business**

The lease of state land for tourism business should be carried out in the area allocated as tourism zone where business operation is allowed, as stated in Article 55 of the Law on Tourism, and must get authorization from the Land Management Authority and Tourism Authority and the consent of concerned sectors.

**Article 17: Authorization of State Land Lease for Tourism Business**

The Land Management Authority is assigned the right to authorize the lease of state land for tourism business, as stated in Article 10 of the Land Law (year 2003).

As stated in Article 16 of this Decree, the authorization of state land lease for tourism site at local level should be under the responsibility of the provincial/city Land Management Authority and the maximum time period should not exceed 30 years with the possibility to extend on a case-by-case basis, in consent with the Department of Tourism, Department of Information and Culture, Department of Agriculture and Forestry, and line sectors concerned, based on the agreement of the provincial/city administrative authorities.

As stated in Article 16 of this Decree, if the state land lease is for a tourism site at national level, the National Land Management Authority should be in charge of the authorization and the lease duration must be from 30 to 50 years with the possibility to extend on a case-by-case basis, in consent with the National Tourism Authority, Ministry of Information and Culture, Ministry of Agriculture and Forestry, line sectors concerned and

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local administrative authorities in the place where the tourism site is located, in accordance with the agreement made by the Government.

In the authorization of state land lease for tourism business, the fee should be collected from the starting date of the service and must be strictly implemented following the business time frame, as specified in Article 36 of this Decree.

**Article 18: Condition for Authorizing State Land Lease for Tourism Business**

The lease of state land for tourism business must be implemented following the condition specified in the relevant laws and regulations.

Anyone who desires to lease state land must prepare an economic feasibility study and a social and environmental impact assessment certified by line sectors concerned and must receive the investment license from the Investment Management Authority following the laws and regulations, before submitting application for state land lease to the National Land Management Authority or the Provincial/city Land Management Authority for consideration based on their scopes of right as specified in Article 17 of this Decree.

**Article 19: Method of State Land Lease for Tourism Business**

The state land lease for tourism business should be carried out through a bidding process based on the rules and conditions specified in Article 15 of this Decree.

**Section 4  
State Land Lease for Sport Business**

**Article 20: State Land Lease for Sport Business**

Leasing of state land for sport business should be carried out in the area allocated by the state for such type of business, as specified in paragraph 2 of Article 15 of the Law on Urban Planning, and the building of structures to serve the public and the athletes must receive the permission from the Land Management Authority and Division of Public Works and Transports, in consent with the National Sport Committee, and to fully guarantee the required technical standards and environmental protection as well.

**Article 21: Authorization of State Land Lease for Sport Business**

The authorization of state land lease for sport business is assigned to the Land Management Authority, as specified in Article 10 of the Land Law (2003).

The Land Management Authority at provincial/city level have the right to authorize the lease of state land up to a maximum area of 30 ha per one business unit, and the lease period must not exceed 30 years with the possibility to extend on a case-by-case basis, in consent with the Sport Committee and Department of Public Works and Transports, and based on the agreement from the provincial/city administrative authorities.

The National Land Management Authority have the right to authorize the lease of state land of an area from 30 to 50 hectares per one business unit, and the lease duration from 30 years to 50 years with the possibility to extend on a case-by-case basis, in consent with the National Sport Committee, Ministry of Public Works and Transports, and local administrative authorities, based on the government's agreement. For an area exceeding 10,000 ha, the lease must be approved by the National Assembly Standing Committee based on the Government's suggestion.

The fee for land lease for sport activities should be collected from the starting date of the service and must be strictly implemented in according to the business time frame, as specified in Article 36 of this Decree.

**Article 22: Condition for Authorizing State Land Lease for Sport Business**

The lease of state land for sport business must be carried out in accordance with the condition specified in the relevant laws and regulations.

Anyone who desires to lease state land must prepare a business feasibility study and a social and environmental impact assessments certified by the National Sport Committee and line sectors concerned, and the investment license legally issued by the Investment Management Committee, before submitting the application for state land lease to the National Land Management Authority or the Land Management Authority at provincial/city level for consideration within their scopes of rights as specified in Article 21 of this Decree.

**Article 23: Method of State Land Lease for Sport Business**

The lease of state land for sport business must be carried out through the bidding process based on the rules and conditions specified in Article 15 of this Decree.

**Section 5**

**State Land Lease for Diplomatic  
or International Organization Purpose**

**Article 24: State Land Lease for Diplomatic or International Organization Purpose**

The state land lease for diplomatic or international organization purpose must be carried out in the area allocated by the state for such activities as specified in the Land Law and must receive authorization from the National Land Management Authority with the consent of the Ministry of Foreign Affairs.

**Article 25: Authorization of State Land Lease for Diplomatic or International Organization Purpose**

The National Land Management Authority has the right to authorize the lease of state land to serve diplomatic or international organization purpose but with maximum lease duration of 90 years, in consent with the Ministry of Foreign Affairs based on the Government's agreement.

In the authorization of state land lease for this purpose, the exemption of lease fees must be avoided, except for the case that the Government has a special contract with the concerned country.

In any case, the government shall not allow the government of concerned countries or any international organization to lease land directly from the Lao citizen in order to serve the diplomatic or international organization purpose.

**Part III**

**State Land Concession**

**Section 1**

**State Land Concession for Agricultural Business and Tree Plantation**

**Article 26: State Land Concession for Agricultural Business and Tree Plantation**

State land granted as concession for agricultural business must be carried out in the area of agricultural land for planting cash crop allocated by the state only, as specified in the Law on Agriculture.

State land granted as concession for industrial tree plantation or cash crop and NTFPs should be carried out in the area of waste land or denuded land, degraded forest land which cannot rejuvenate naturally, which is allocated by the state as specified in Article 69 of the Law on Forestry (the amended version of 2007).

The concession must be given out in the suburban and rural areas only.

**Article 27: Condition of State Land Concession for Agriculture and Forestry Business**

Land concession for cash crop plantation, forest rejuvenation, reforestation, industrial tree and economic tree plantation, and NTFP collection, must follow conditions specified in Article 74 of the Law on Forestry (version 2007) as follows:

1. Study on socio-economic data and the suitability of the nature, such as land, weather, the altitude, rainfall, water sources, land use right, local labour, the survey of forest situation and forest resources and other necessary tasks;
2. Prepare a Business Feasibility Study certified by the Forest and Forest Land Management Authority and concerned sectors;
3. Prepare a report on the social and environmental impact assessment, including appropriate resolution measures through the certification from concerned sectors;
4. Develop an operational plan focusing on the protection of water sources and the environment, the clearing of land, developing village infrastructure, boosting public participation in the production process, using appropriate technology, etc., as well as sharing of benefits;
5. Implement the laws and concerned regulations.

**Article 28: Authorization of the Concession of Degraded Forest Land for Agricultural Business and Tree Plantation.**

As specified in Article 75 of the Law on Forestry (2007) and Point 4 of Article 10 of the Land Law (2003), the authorization for concession of degraded forest land must be implemented based on the scope of right listed below:

1. The Land Management Authority at the Provincial/city level is in charge of granting concession of degraded forest land which can not be regenerated naturally for an area not exceeding 150 ha per one project, and the concession period should not exceed 30 years with the possibility to extend it on a case-by-case basis, with the consent of the Provincial/city Agriculture and Forestry Office and based on the agreement of the provincial/city administrative authorities.
2. The National Land Management Authority has the right to grant concession for the degraded forest land which cannot be regenerated naturally for an area of 150 ha to 15,000 ha per one project, and the duration of concession from 30 to 40 years with the possibility to extend on a case-by-case basis, with the consent of Ministry of Agriculture and Forestry and local administrative authority in accordance with the Government's agreement. The concession of an area exceeding 15,000 ha must be approved by the National Assembly Standing Committee based on the Government's suggestion.

In the concession of degraded forest land to serve agricultural business and tree plantation, the concession fee must be collected from the date of harvesting the crop onward but must strictly implement the time period specified in Article 36 of this Decree.

**Article 29: Authorization of the Concession of Barren Land for Agricultural Business and Tree Plantation.**

As specified in Article 76 of the Law on Forestry (2007) and point 4 of Article 10 of the Land Law (2003), granting concession of barren land should be implemented in accordance with the following scope of rights:



1. The Land Management Authority at the Provincial/city level is in charge of granting concession of barren land for an area not exceeding 500 ha per one project, and the duration of concession should not exceed 40 years with the possibility to extend on a case-by-case basis, with the consent of the Provincial/city Agriculture and Forestry Office and based on the agreement of the provincial/city administrative authority.

2. The National Land Management Authority has the right to grant concession for barren land in the area between 500-30,000 ha per one project, and the duration of concession of over 40 years but should not exceed 60 years with the possibility to extend on a case-by-case basis, with the consent of Ministry of Agriculture and Forestry and based on the Government's agreement. For an area of over 30,000 ha, the approval from the National Assembly Standing Committee is required based on the Government's suggestion.

For the rural and remote area, the duration of concession can be more the 40 years must not to exceed 70 years with the possibility to extend on a case-by-case basis.

## **Section 2**

### **State Land Concession for the Operation of Mining Business**

#### **Article 30: State Land Area to be Conceded for Mining Business**

Concession area for mining business must be conducted in the land area allocated for mine exploitation only, and must follow the procedures specified in the Law on Mining, Law on Investment Promotion, Law on Environment Protection, Law on Forestry and Land Law.

#### **Article 31: Authorization the Concession of State Land for Mining Business**

The right to authorize state land concession for mining business shall be the responsibility of the Government only, and the mining duration should not exceed 20 years starting from the date of granting onward with the possibility of extension based on the case and the volume of minerals as proposed by the Ministry of Energy and Mining and in consent with the National Land Management Authority, Ministry of Agriculture and Forestry, line agencies and local administration.

There should be no exemption of concession fee in granting state land for mining business.

## **Part IV**

### **The Implementation of State Land Lease or Concession**

#### **Section 1**

##### **Setting Duration for State Land Lease or Concession**

#### **Article 32: Setting Duration for State Land Lease or Concession**

Lease or concession of state land is divided in 3 phases as follows:

1. Short-term lease;
2. Medium-term lease or concession
3. Long-term lease or concession

#### **Article 33: Type of State Land and Short-term Lease**

Land for short-term lease shall be the type of construction land for residential and service provision allocated by the state. The maximum duration should not exceed 5 years

and can be extended. The preparation of authorizing document should refer to paragraph 1, Point 01, Article 36 of this Decree.

**Article 34: Type of State Land and Medium-term Lease**

Land for medium-term lease shall be all types of construction land for service, tourism and sport business allocated by the state and after a land use plan was prepared by the state. The duration must be from 5 to 15 years and can be extended. The authorization for land lease shall follow Article 17, 21, and paragraph 01 of Point 02 of Article 36 of this Decree.

**Article 35: Type of State Land for Long-term Concession**

Land for long-term lease or concession is the land for which the state has prepared the allocation, zoning, and categorizing in order to be applied in various objectives for the promotion of investment for infrastructure development, industry, plantation, mining and so on. The duration shall be higher than 15 years, as specified in the Land Law and shall be in compliance with paragraph 01, Point 03 and paragraph 02 of Article 26 of this Decree.

**Article 36: Setting Duration for Business Establishment or Project Operation**

Setting the duration for business establishment or project operation must be concluded within the time limit based on the business condition as follows:

1. Small-scale business: the duration for business establishment or setting up of project operations must be completed within the period of 6 months to 1 year from the date of signing the contract;
2. Medium-scale business: the duration for business establishment or setting up of project operations must be concluded within the period of 1 to 2 years from the date of signing the contract;
3. Large-scale business: the duration for business establishment or setting up of project operations must be concluded within the period of 2 to 3 years from the date of signing the contract.

The establishment of industrial farm must be completed within a period of 7 years from the date of signing the contract.

In case that the lessee or concessionaire of state land fails to complete the establishment within the time limit mentioned above, it should be considered as the cancellation of the contract and all assets being established shall fall under the ownership of the state without any compensation at all, except for reasonable cases in which the Government shall consider on a case-by-case basis.

**Article 37: The Contents of Contract on State Land Lease or Concession**

The state land lease or concession must determine objectives, duration, conditions, lease fee and concession fees which should be increased by at least 5% of the original fee rate for every 5 years, following the contract method specified in the relevant laws.

The approved state land lease or concession contract must be implemented through the submission of report and business assessment periodically to the National Land Management Authority and line sectors.

**Article 38: The Benefits from the State Lease or Concession**

The person or legal entity who leases or concedes state land is entitled to the following benefits in according with the laws and regulations:

- To sell assets under his ownership which associate with the land lease or concession contract but the state shall have the priority to buy such assets if they want;

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- To use assets under his ownership as collateral for getting loan from banks or financial institutions which are legally operating in the Lao PDR. In case of fixed assets, prior consent from the government shall be required;
- To continue exercising the rights acquiring from the state land lease or concession but must obtain prior consent from the state. The duration of the sub-contract must be within the remaining period of the main contract and the fees must be paid in accordance with the regulations;
- To inherit the state land lease or concession contract based on the duration of the contract;
- To use the state land lease or concession contract as a business share with another person or enterprise, but must be done through the consent of the state;
- To be compensated for the loss in case that such land parcel is required by the state for infrastructure development to serve public interests.

### **Article 39: Obligation of Person or Legal Entity Who Leases or Concedes State Land**

The person or legal entity who leases or concedes state land shall have the following rights:

- To use land in accordance with the objectives and secure the effectiveness of business operations;
- To manage and protect the leased or conceded state land from any forms of erosion, degradation, to maintain the suitable quality for each type of land, and not to cause the reduction in size of each type of land without authorization;
- Not to cause any damage to the quality of land and negative impact to the natural environment and the society;
- Not to infringe upon the rights and interest of others;
- To implement an unavoidable circumstance as specified in the law;
- To fully pay fees for land lease, concession, royalties, tax, custom fees and other fees relevant to land;
- The lessee has no right to convert the condition of land and structures existing on the land, except for the case of necessity, but agreement must be reached before any agreements are made between the land management authority and the lessee;
- At the end of lease or concession period or if the lease or concession contract is terminated before the end of the agreed period, the lessee or concessionaire must be responsible for restoring the land and the environment to return to a normal situation and can be used as normal, as agreed in the terms of the contract;
- To fully implement the procedures and the terms of the lease or concession contract.

## **Section 2**

### **Fee Collection for State Land Lease and Concession**

#### **Article 40: Fee Collection for State Land Lease and Concession**

The collection of lease fee, concession fee of state land should follow the Presidential Decree on Fee Rate for State Land Lease and Concession.

#### **Article 41: Evaluate the State Land Lease and Concession Fee**

The National Land Management Authority is assigned with the responsibility to evaluate the fees for state land lease and concession in different areas and for different types of land, in

collaboration with line agencies and local administration authority, before reporting to the Government for consideration.

#### **Article 42: Settlement of Fees for State Land Lease and Concession**

The fees for land lease and concession should be paid following the steps below:

1. Short-term, medium-term, and long-term fees must be paid in advance for at least 1 year starting from the date of starting the service, while in the year after the payment shall be made regularly as specified in the contract.

2. Concession fees must be paid in advance for at least 1 year, starting from the date of starting the service or harvesting the crop, while in the year after the payment shall be made regularly as specified in the contract. Exceptionally for the case of land concession for mining business the concession fees must be paid from the date of signing the contract, as specified in Article 31 of the Decree.

The National Land Management Authority is charged with the collection of fees for state land lease or concession and to forward these to the national treasury in accordance with the Law on State Budget and the Decree on the implementation of the Land Law. Taking such fees for other illegal purposes must be strictly prohibited.

The collection of fees for the lease of state owned buildings existing on the land shall be the responsibility of the finance sectors and separate collection rules need to be issued to collect the fees for leasing of building.

### **Section 3**

#### **Compensation for the Loss to the Land Granted for Lease and Concession**

#### **Article 43: Calculation of Compensation for the People Affected by the Land Lease and Concession**

In case that the area of state land lease and concession covers the land of the people who have a legitimate land use right, and in accordance with the Decree No. 192/PM, dated 07 July 2005, the compensation should be calculated based on each case as follows:

- In principle, agricultural land for growing rice or annual crops must be preserved for the farmers; except for necessary case, compensation should be made to the farmers by adding the estimated value of the land to the estimated value of crops in a normal year, and then multiply by 10.

- In the case of agricultural land for orchard tree plantation, compensation must be calculated and paid by adding the estimated value of the land to the estimated value of crops in a normal year, and then multiply by 10.

- In the case of agricultural land for planting industrial trees and medicinal plants, compensation must be calculated and paid by adding the estimated value of the land to the estimated value of the trees or other plants planted on such a plot of land.

- In the case of agricultural land for livestock, compensation must be calculated and paid by adding the estimated value of the land to the estimated value of animals being raised in a normal year, and then multiply by 3.

The paddy land area must not be allowed to use for other purposes. If necessary the authorization from the Land Management Authority and the Agricultural and Forestry Sector must be obtained.

In case of construction land, the compensation must be calculated by adding the estimated value of the land to the value of the structures and crops existed in such a plot of land.

If it is necessary to use land in the area being granted for lease and concession for the public interest as specified in the Law on Investment Promotion, the state shall compensate to the investor as appropriately for the loss of properties associated with such land.

The estimation of compensation must be done with the participation of line agencies, local administrative authorities, naiban and villagers being involved, by preparing a written memo which must be signed by all participants.

## **Part V Land Conflict Resolution**

### **Article 44: Settlement of State Land Conflict with Administrative Characteristic**

The settlement of conflict with administrative characteristic concerning the zoning, duration, setting of lease and concession fees, and estimation of compensation rates for state land shall be the task of the National Land Management Authority, in collaboration with the local administrative authorities, line agencies concerned and the conflict parties in the land area where the conflict arises. Mediation needs to be attempted in order to reach a compromise or the conflict needs to be settled in compliance with the laws and regulations.

For the case of conflict related to the implementation of contract on state land concession, only the state organization or the government agencies assigned as contract parties should be responsible for mediation, compromise and final resolution.

### **Article 45: Settlement of Conflict with the Characteristic of Civil Case**

Concerning the settlement of conflicts with the characteristics of civil case concerning the transfer, inheritance, or contract on state land lease or concession, firstly the mediation should be done by the National Land Management Authority and the conflict parties. If the mediation is not successful, the conflict party can submit the request to the Economic Arbitration Authority for mediation or to transfer the case to the people's court for justice process.

### **Article 46: Settlement of Land Conflict Related to Foreigners**

Land conflicts involving foreigners concerning the lease of state land where office premises of embassies, consulates or international organizations are located must be resolved through the method of discussion based on the contract on state land lease and the contract on the exchange of land use right, in compliance with the laws of Lao PDR and the principles of the international law or international treaties which Lao PDR is a signatory.

## **Part VI The Management and Monitoring of State Land Lease or Concession**

### **Article 47: The Management and Monitoring**

The National Land Management Authority is assigned with the tasks of management and monitoring of the state land lease and concession, as specified in Article 9 and 78 of the Land Law (amended version).

The Land Management Authority at provincial/city level and the Land Management Authority at district/municipal level shall be in charge of the management and monitoring the lease and concession of state land, as assigned by the National Land Management Authority.

**Article 48: Review the Content of State Land Lease or Concession Contracts**

Concerning any cases of state land lease or concession contracts which are in contradiction with the provision of this Decree or other relevant laws and regulations, the Land Management Authority must invite the conflict parties to discuss and re-adjust the content of the contract to be consistent with the laws and regulations and this Decree.

In case that there is critical impact to the interests of the state or the society, as specified in Article 14, paragraph 2 of the Law on Contractual Obligation, the contract must be definitely annulled through the cancellation and a law case process should be opened.

**Article 49: Cancellation of State Land Lease or Concession Contracts**

In case that the lessee or the concessionaire of the state land violates the law and regulations or the provisions in this Decree, such as use land contrary to the objectives and the scope of use, fail to pay fees for lease, concession and other conditions as specified in the contract, the contract shall be cancelled. If loss or damage was made to the natural resources, the environment or the society, the lessee or the concessionaire must responsible to compensate for all the losses to the state, in accordance with the laws of the Lao PDR.

**Part VII**

**Policy toward Lessee/Concessionaire with Good Performance and Measures against Violators**

**Article 50: Policy toward Lessee/Concessionaire with Good Performance**

Individuals, juridical entities or organizations who lease or concede state land by implementing the terms and condition of the contract, in compliance with the laws/regulations and this Decree, shall be entitled to receive a praise and other benefits, as specified in the laws and regulations.

**Article 51: Measures against Violators**

Individuals, juridical entities or organizations leasing or conceding state land but violating the contract or laws and regulations or any provisions of this Decree shall be warned in written form to implement changes and adjustments. If such person fails to implement and adjust in accordance with the notification made by concerned parties within a period of 30 days from the date of receiving this notification, the contract shall be cancelled and a compensation shall be paid based on the actual loss.

In case that the use of such state land lease or concession is not consistent with the objectives or the terms and condition of the contract or in the case of a criminal offence, in addition to the cancellation of the contract and the compensation for the loss, a criminal case shall be file against such offenders, be it a minor or a serious case, as specified in the law.

**Part VIII**

**Final Provision**

**Article 52: The Implementation**

The National Land Management Authority, the Ministry of Finance, the Ministries and ministry-equivalent agencies, provincial/city administrative authorities, and concerned sectors are urged to acknowledge and strictly implement this Decree.

*[Unofficial translation]*

The National Land Management Authority is assigned to issue the implementation guideline of this Decree in order to be applied uniformly throughout the country.

**Article 53:**

This Decree will come into effect from the date it is signed. Any other regulations and provisions which are in contradiction with this Decree shall be void.

Prime Minister of the Lao PDR

Bouasone Boupphavanh