



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Instruction

As regards the implementation of decree
on state-owned land approval for lease or concession

2010

National Land Management Authority



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister's Office
National Land Management Authority

No. 20/PMO.NLMA
Vientiane capital, dated: April 09th, 2010

Instruction

As regards the implementation of decree
on state-owned land approval for lease or concession

- Pursuant to the Prime Minister's Decree No. 67/PM on the Organization and Function of the National Land Management Authority, dated May 18th, 2004;
- Pursuant to the Prime Minister's Decree No. 135/PM on the State-Owned Land Approval for Lease and Concession, dated May 25th, 2009;
- With reference to the Government Secretariat's Notice No. 366/GS, dated March 04th, 2009.

To expand and ensure the implementation on lease or concession management of state-owned land in conformity of and in accordance with law and decree on state-owned land approval for lease or concession, to be unanimity within the country which the state-owned land is effectively managed and developed, capitalize land, investment promotion into goods production, services and income source building into state budget with high effectiveness and to easily understand the following implementation:

Minister to Prime Minister's Office
Chief of National Land Management Authority Issues the Instruction:

Chapter I

General Principles

1. Target of state-owned land for lease or concession

Target of state-owned land for lease or concession is operated in allotted area according to geographic location, socio – economic circumstance of each area, state's promotion policy in the investment promotion sector, which is apportioned into three zones as follows:

- Zone 1: Highlands, plateaus, plane fields without socio – economic structure, which provides the facility for investment and most geography is in rural areas, such areas are received the investment promotion policy in high level.
- Zone 2: Highlands, plateaus, plane fields with socio – economic structure, which provides the facility or undertaking for partial investment and geography is not as dangerous as zone 1, such areas are received the investment promotion policy in intermediate level.
- Zone 3: Highlands, plateaus, plane fields with socio – economic structure, which provides the facility or undertaking for best investment, such areas are received the investment promotion policy in low level.

Detailed list of investment area stipulation is carried out the government's investment promotion area undertaken by Lao PDR Government in each period.

2. Individual who has rights to lease or concede the state-owned land

Individual who has rights to lease or concede the state-owned land is Lao citizen, alien, expatriate, foreigner, organization, all economic sections of state, cooperative group and individual, embassy or international organization, domestic and foreign investor.

Lao citizen is referred to Lao nationality holder.

Alien is individual who holds another nationality, but he/she comes to settle, resides within Lao PDR for long time, holds alien's card and government of such individual has officially known his/her existing nationality.

Expatriate is individual who resides within Lao PDR land, which is not Lao citizen and unable to certify what nationality he/she is.

Foreigner is individual who holds another nationality, but he/she lives within Laos for temporary or long time, to perform any duties after expiration to be returned the country.

Lessee will pay land rental as rate provided in Lao PDR President's Statute No. 02/PDR, dated November 18th, 2009 on rate of rental rate and concession cost of state-owned land.

Individual who required asking for the concession of state-owned land is juristic person of domestic and foreign private.

Juristic person of domestic private is referred to Lao citizen, alien, expatriate and personnel group who lives and operates business in Lao PDR, which will operate business according to type, form, method of enterprise provided in enterprise law.

Juristic person of foreign private is individual or juristic person of foreign country, who comes to operate business in Lao PDR, according to type, form and method of enterprise provided in enterprise law.

Conceder of state-owned land will pay land concession cost, national resources, duty, tax and fees provided in regulation.

3. General principle on state-owned land approval for lease and concession

This provides the areas to lease or concede the state-owned land as classified in type of construction land, agricultural land, forest land, river land, industrial land, cultural and communication land to be approved for the lease or concession, which will be surveyed and allotted and planed to use land according to borderline and land type, provided in article 5 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 and clause 01 above, to provide the business target of detailed land use.

Construction land is provided to use for residential construction, plant, factory, office, organization, public area, such as:

1. Construction land for public benefit is served for the general interest, such as public parks, schools, hospitals, markets, playgrounds, stadiums and others for public benefit services;
2. Land of residential construction is used to build residence of individuals or families;
3. Land of plant construction is used for production operation, processing industry;
4. Land of office construction is used to construct the office, state organization, enterprise, embassy or international organization.

Allotment of construction land is performed in accordance with district plan.

Agricultural land is provided to use for plantation, livestock and research of agricultural experiment, including irrigation land, such as:

1. Plantation land used for plantation includes:
 - Plane land;
 - Highland or upper land is not sloped over 15%.

2. Livestock land is denuded land type or variety of grass wild that can plant the crops and grass for livestock, it is not sloped over 25% or the land is able to build the pool for aquatic animal;
3. Land used into research of agricultural experiment is plantation land or livestock to use into research and experiment of seed and breed, fertilizer and fodder, pesticide and animal medicine, productive technique, agricultural machine, and including the plantation and livestock technique;
4. Irrigation land is type to use into water supply for agricultural production, with various methods, such as reservoir building, dam making for irrigation purposes, spring way making, water pump and irrigation canal building.

Forest land referred in this decree is declined forest and denuded land to provide the forest type, provided in forestry law 2007 as follows:

1. Declined forest land is referred to forest area, which is heavily and continuously destroyed to cause the damage of organic physic balance; it is naturally unable to reforest to become the fertile forest. Plant and tree mostly grown in denuded forest is Bermuda grass, bush, small bamboo or grass of the genus *Saccharum* and others;

2. Denuded land is referred to forest area without trees, which they are grown by nature or due to deforestation or continuous forest burn; this makes the trees unable to grow up.

River land is referred to the underwater ground or around the water resource area, such as underwater ground, upstream land, riverside land, island, new-grown land, dry land or land occurred by modification or water streak turn.

Industrial land is referred to scope or land area, which the Lao PDR Government provides the location to establish the plant, factory, including worker's accommodation, industrial land, industrial scope, industrial settlement, institution or research center of technical – scientific industry experiment, wastewater rehabilitating place, industrial waste destroying place, energy object resource, transmission line streak, energy and gas pipeline streak, water supply pipe, mineral scope and other lands used into the industrial targets.

Cultural land is referred to the location of cultural heritage related to historical clue, antique, worship place, monastery, natural view, constructed matter of culture and other places, which is provided the cultural lands and tourism sites.

Communication land is referred to the land using for road, roadside, canal, road streak preserving area, bridge setting place, telephone line streak, communication station location, and including the airport, port, goods and passage transporting station and passenger vehicle, tunnel, railway, location of transportation warehouse service and others used into the communication work.

In case of land lease and concession area, if it covers people's land or individual's lands which will reserve their land use rights, the land lessee or conceder makes lease agreement to land owner or such land for the lessee's share or land conceder, but it is in accordance with article 56 and 57 of land law, thereafter, the land management authority of province, Vientiane capital and district, municipality will pay attention to inspect the contractual contents between lessee and land owner, to have legal certification of notary public office, then it is regularly registered the legal act regarding land at district's land management authority.

In case of being required to compensate, the project owner will compensate the damage to obtainer of use right and land using right, this is calculated according to acquired product value or value acquired by that land development, to be reference to provide the value compensation of damage, provided in article 43 of Prime Minister's Decree No. 135/PM on state-owned land approval for lease or concession, dated May 25th, 2009 or to seek other suitable lands to change instead, the Lao PDR Government or administration of province, Vientiane capital will agree in each case.

4. Form of state-owner land lease and concession

Land lease and concession includes two forms, such as:

1. Form of lease and concession in service manner, the state gives the contractual party to operate regarding the any services, such as electricity, water supply, construction, communication, public park, school, hospital, market, playground, passenger transportation station, goods transportation station, healthy rehabilitation and others;

2. Form of commercial concession, such as wood plantation land, agricultural land, electrical power land, mineral land and other types is legally allotted by the state for business operation concerned.

Land conceder related to natural resource use, other than concession payment, this is also paid the fee of natural resource, duty, tax and others provided in law.

Both forms of state-owned land lease and concession, incase of more two individuals or more two juristic persons will lease or concede the same land to operate in bidding form as the regulation issued, at least the initial bidding value is not lower than the rate provided by Lao PDR President's Statute No. 02/PDR, dated November 18th, 2009 on state-owned land rental and concession cost. In case of single individual or single juristic person is not required to have the bidding, but there will have been negotiation of state-owned land lease and concession cost that is referred to required circumstance of increasing land, this has caused to have the land market and land cost in expensive price. So far, agreement on approval for state-owed land lease or concession is attempted to have more income than rate of land rental and concession cost as issued. But it is absolutely prohibited not to set state-

owned land rental and concession cost lower than rate of rental and state-owned rental concession cost as provided by the Lao PDR President's Statute.

Chapter II

State-Owned Land Lease

1. Approval on state-owned land lease for activity of industrial factory, industrial settlement

1.1. Approval on state-owned land lease for activity of industrial factory, industrial settlement is strictly carried out, provided in article 9, 10 and 11 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the application of state-owned land lease to operate such activity, which will be urged to inspect all complete documents and to coordinate with related section and local administration to inspect factual place and to study development feasibility of such project, this is to ensure in accordance with socio-economic development plan and to avoid the harmfully-negative impact on environment.

1.2. State-owned land lease for activity of industrial factory, industrial settlement within right scope approved by central administration will complete the written document, on behalf of National Land Management Authority to request the comments to the Ministry of Industry and Commerce, Ministry of Planning and Investment, Water Resource and Environment Administration, related ministries and local administration after having received the written response from related section and to have technical unanimity to make report to propose the leading committee of National Land Management Authority, consider to propose the Prime Minister for decision making. After having been decided by the Prime Minister, the agreement of state-owned land lease and concession can be signed to assign the any deputy minister, any deputy chief of National Land Management Authority to sign agreement on behalf of National Land Management Authority, to invite representative of the Ministry of Industry and Commerce, representative of the Ministry of Planning and Investment to attend as the agreement signing witnesses. Related sector and local administration where the land located is invited to attend as witness of such signing ceremony.

1.3. State-owned land lease for activity of industrial factory, industrial settlement within the right scope approved by local administration will complete the written document, on behalf of land management authority of province, Vientiane capital to request the comments to Industry and Commerce Division, Planning and Investment Division, Office of

Water Resource and Environment, related section of province, Vientiane capital and land management authority of district after having received the written response from related sector and to have the technical unanimity to make report to propose the land management authority of province, Vientiane capital to propose the province's governor, Vientiane capital's governor for decision making. After having been decided by the province's governor, Vientiane capital's governor, the agreement of state-owned land lease and concession is signed to assign the chief of land management authority of province, Vientiane capital, to invite representative of Industry and Commerce Division, Planning and Investment Division to attend as witness of such agreement signing ceremony. Related sector and land management authority of district where the land located is invited to attend as witness of such agreement signing ceremony;

1.4. Approval on state-owned land lease for activity of industrial factory, industrial settlement will be collected the rental as contract agreed.

2. Approval on state-owned land lease for activity of lodge construction and service

2.1. Approval on state-owned land lease for activity of lodge construction and service is carried out, provided in article 12, 13, 14 and 15 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the application of state-owned land lease for such activity, which will be urged to inspect all complete documents and to coordinate with related section and local administration to inspect factual place and to study development feasibility of such project, in accordance with socio-economic and environmental development plan.

2.2. Procession and method in research and approval on signing of land lease agreement, especially the lodge construction and service is performed as well as the case provided in clause 1.2 and 1.3 of chapter II above, but this is in unanimity of the Ministry of Public Work and Transportation and land management authority of province, Vientiane capital where the land located. If the administration of province level, Vientiane capital will be in unanimity of the Ministry of Public Work and Transportation, related sector within province, Vientiane capital and district administration where the land located.

2.3. Approval on state-owned land lease for industrial factory, industrial settlement will be collected the rental as contract agreed.

3. Approval on state-owned land lease for tourism business

3.1. Approval on state-owned land lease for tourism business is carried out, provided in article 16, 17, 18 and 19 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the application of state-owned land lease for such business, which will

be urged to inspect all complete documents and to coordinate with related section and local administration to inspect factual place and to study development feasibility of such project, in accordance with socio-economic and environmental development plan.

3.2. Procession and method in research and approval on state-owned land lease for tourism business is performed as well as the case provided in clause 1.2 and 1.36 of chapter II above, but this is in unanimity of the National Tourism Administration, Ministry of Information and Culture, Ministry of Agriculture and Forestry, related sector and local administration where the tourism site located. If the administration of province, Vientiane capital will be in unanimity of Tourism Division, Information and Culture Division, Agriculture and Forestry Division and related sector within province, Vientiane capital and district administration where the land located.

3.3. Approval on state-owned land lease for tourism business will be collected the rental as contract agreed.

4. Approval on state-owned land lease for sport business

4.1. Approval on state-owned land lease for sport business is carried, provided in article 20, 21, 22 and 23 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the application of state-owned land lease for such business, which will be urged to inspect all complete documents and to coordinate with related section and local administration to inspect factual place and to study development feasibility of such project, in accordance with socio-economic and environmental development plan.

4.2. Procession and method in research and approval on signing of land lease agreement for sport business is performed as well as the case provided in 1.2 and 1.3 of chapter II above, but this is in unanimity of National Sport Committee, the Ministry of Public Work and Transportation and local administration where the land located. If the administration of province, Vientiane capital will be in unanimity of Sport Office, Public Work and Transportation Division and related sector within province, Vientiane capital and local administration where the land located.

5. Approval on state-owned land for diplomacy or international organization

Approval on state-owned land lease for diplomacy or international organization is carried out, provided in article 24 and 25 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the proposal from the Ministry of Foreign Affairs, the National Land Management Authority will coordinate with the Ministry of Foreign Affairs and local administration where the land located to start to provide the scope and location for such target use, which will consider about safety and national defense and security work.

After having the technical unanimity will be reported to committee of National Land Management Authority to consider, propose the Lao PDR Government for decision making. After Lao PDR Government's Decision, the National Land Management Authority will sign land lease agreement on behalf of Lao PDR Government as land lease agreement proposed.

Approval on state-owned land lease for diplomacy or international organization is not exempted the rental. Except that Lao PDR Government has specific agreement to related country.

Chapter III

State-Owned Land Concession

1. State-owned land concession for agricultural business and wood plantation

1.1. State-owned land concession for agricultural business and wood plantation is carried out, provided in article 26, 27, 28 and 29 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009 after having received the application of state-owned land concession for such business, which will be urged to inspect all complete documents and to coordinate with related section and local administration to inspect factual place and to study development feasibility for such project, in accordance with socio-economic and environmental development plan. Land of approved concession is operated in suburb and rural area.

1.2. If any project has signed the project development agreement from planning and investment sector or approved by related section or proposed project of new concession, which has 150 hectares land per one business, as for denuded land is given to Land Planning and Development Department as the leading role to coordinate with Center of Land Research and Information and Water Resource, Land Department, Land Policy and Use Inspection Department, National Land Management Authority, Ministry of Agriculture and Forestry and land management authority where the land located (Land management authority of province, Vientiane capital, Agriculture and Forestry Division, and including the related sector within province, district and village where the land located) to be ready to survey, measure the land allotment of approved projects for state-owned land concession, to plant industrial wood or industrial vegetable, and including the land where the processing factory is located to serve such business, this is accessed to constructed site, cleared land and completed plantation. If the project proposed to have land concession will be surveyed to allot, provide and land type as detailed, which will assign the Land Planning and Investment Department as the leading role in coordinating with all related sections. Any

project licensed prior to the Decree No. 135/PM, dated May 25th, 2009 on approval of state-owned land for concession after having completed the survey, measure on land for the following re-inspection:

- a. Legal place of authorized person to sign land lease or concession license;
- b. Benefit that state obtained by the land lease or concession per m² or one hectare in how much kip or us dollar is;
- c. To re-inspect such land lease or concession that is impacted on political matter, economics, society and environment in any positive or negative manner, and this is immediately submitted the report to leading of province, Vientiane capital and National Land Management Authority to report the Lao PDR Government.

1.3. If any project requested the state-owned land concession in declined forest land, which is unable to be reforested by nature, at least from 150 hectares for business and the denuded land, at least from 500 hectares, this will assign land management authority of province, Vientiane capital to coordinate with related section within province, to propose the approval to sign concession agreement on leading of province, Vientiane capital as the contents stated above, if exceeding such areas is proposed the national Land Management Authority to consider the approval of Lao PDR Government, as provided in the Decree No. 135/PM, dated May 25th, 2009 on approval for state-owned land lease or concession;

1.4. Approval for declined land concession that is unable to be reforested by nature and denuded land for agricultural and forest business, which will be collected the rental since the date it is cropped by the product.

2. State-owned land concession for mineral business

State-owned land concession for mineral business is carried out the article 30 and 31 of decree on approval for state-owned land concession. Approval on state-owned land concession for mineral business, which only the Lao PDR Government has rights to decide. As for local administration are only participated in research, survey and mining.

Approval on state-owned land concession for mineral business is not exempted the concession cost. Collection of concession cost for mineral business is performed as provision in Lao PDR President's Statute No. 02/PDR, dated November 18th, 2009 on rental and concession cost of state-owned land, as divided into 04 stages:

- Stage of mineral prospect;
- Stage of mineral exploration;
- Stage of technical – economic feasibility study;
- Stage of mining.

Chapter IV

Implementation on State-Owned Land Lease or Concession

1. Contents of state-owned land lease or concession

Agreement of state-owned land lease or concession will provide the target, term, condition, rental, land concession cost, the land rental or concession cost in each year, which is increased over 5% of state-owned land rental or concession cost in that year or according to lease agreement consented, prior to the Decree No. 135/PM dated May 25th, 2009 on approval of state-owned land lease or concession promulgated by performing the contractual form, provided in related law or the state-owned land rental or concession cost that individual or juristic person can bid in every five years, which will be re-estimated as circumstance of socio-economic growth and land cost in such area, in case of having the increment of state-owned land rental or concession cost consented in agreement, which the Lao PDR Government will consider, decide in each matter as provided in article 04 of Prime Minister's Statute No. 02/PDR, dated November 18th, 2009 on the rate of state-owned land rental and concession cost, as the proposal of National Land Management Authority by coordination and to be in unanimity of related section.

1.2. Any project subject to central government approved the land lease and concession will assign the Land Policy and Use Inspection Department to coordinate with related sector, to research contractual draft of state-owned land lease or concession, to assign the Land Planning and Development Department to issue the certificate of allotment survey and after completed agreement signing, the Land Department will issue the certificate of state-owned land lease or concession. If any project subject to approval of state organization at high level; will assign the land management authority of province, Vientiane capital where the land located is to coordinate with related sector within province for study and agreement making or state-owned concession and to be responsible for issuing the certificate of allotment survey and issue the license of state-owned land lease or concession. Issuance of license of state-owned land use to leased or conceded company will assign the land management authority of province, Vientiane capital where the land located to have direct responsibility. Expenses, service fee of measure and fee of state-owned land use license and fee of issuance of state-owned land lease or concession license, which the investor or related company is responsible for payment, as the rate provided in Lao PDR President's Statute No. 03/PDR, dated November 19th, 2008 on fee and service fee and in accordance with the regulation of Ministry of Finance;

1.3. As regards the agreement signed by investor or it has not been signed, the Land Policy and Use Inspection Department is a leading role to research agreement and negotiate with investor, who applies for the state-owned land lease or concession for business targets,

to coordinate with Center of Land Research and Information and Natural Resource, Land Planning and Development Department, Land Department and related section, this will propose the National Land Management Authority to consider, decide to propose the Lao PDR Government for regular determination. In local level is given to Land Inspection and Arbitration Agency to be a leading role to research agreement and negotiate with investor, who applies for the state-owned land lease or concession to operate various businesses and to coordinate with Land Information and Map Office, Land Planning and Development Office, Land Office and related section to propose the leading of land management authority of province, Vientiane capital to consider, decide to propose the administration of province, Vientiane capital for regular determination.

1.4. By carrying out the article 16 of the Lao PDR President's Statute No. 02/PDR, dated November 18th, 2009 on state-owned land rental and concession cost, the project signed agreement with the Lao PDR Government prior to the Lao PDR President's Statute comes into effect or promulgation, the provided land rental and concession cost is calculated according to rate of land rental and concession provided in the agreement. If any project signed the agreement with Lao PDR Government, prior to this statute has not been provided the land rental or concession cost, this will be negotiated to make new agreement, the rate of land rental or concession provided in the Lao PDR President's statute is based on provision of contractual land rental and concession cost.

Draft of state-owned land rental and concession is consisted of:

Agreement on State-Owned Lease/Concession

For:

This lease/concession agreement is entered on/...../....., in
....., Lao People's Democratic Republic.

Between

Land Management Authority:, which its office is located at,
Road:, Village:, District:
.....Province/Vientiane capital, Tel:; Fax:

As the land lessee/conceder is hereinafter called as "A", for contractual party 1.

Company:, is legally registered in Lao PDR, which its
office is located at, Road:, House No:, Unit:,
Village:, District:,
Province:, Tel:; Fax:, as the land
lessee/conceder is hereinafter called as party "B", for contractual party 2.

Consequently:

1.
2.
3.

Therefore, both parties have agreed as the basis and condition follows:

- Article 1. Definition of Agreement
- Article 2. Target of State-Owned Land Lease/Concession
- Article 3. Term of State-Owned Land Lease/Concession
- Article 4. State-Owned Land Rental/Concession Cost
- Article 5. Rights and Obligations of Party “A”
- Article 6. Rights and Obligations of Party “B”
- Article 8. Notice of Each party
- Article 9. Dispute Settlement
- Article 10. Governing Law
- Article 11. Force Majeur
- Article 12. Confidence
- Article 13. Mutual Reliance and Agreement Modification
- Article 14. Termination of Agreement
- Article 15. Language
- Article 16. Enforcement of Agreement

Therefore, both parties have signed this agreement in accordance with law, in the witness of the date specified above.

Party “A” or Grantor of
Land Concession, for Land
Management Authority

Party “B” or Land Conceder
Company:

Witness

Witness

Witness

2. Collection of state-owned land rental and concession cost

By carrying out the article 55, clause 03 of Law on State Budget No. 02/NA, dated December 26th, 2006, article 14 of Prime Minister's Decree No. 88/PM, dated June 03rd, 2008 and article 42 of Prime Minister's Decree No. 135/PM, dated May 25th, 2009, collection of land rental and concession cost is performed as the following:

1. If the project of land lease or concession subject to approval of central administration, the state-owned land lease or concession is covered by many provinces of the same project, which will assign the National Land Management Authority to be responsible for collecting the land rental or concession cost as the law provided, as for the project of land lease or concession subject to approval of central government, the state-owned land lease or concession is located at the same province where the concession area located, this will assign the land management authority of province to be responsible for collecting the land rental or concession cost as the law provided. If the project of land lease or concession subject to approval of local administration, especially the concession area includes only single district or is covered by many districts, which will assign the administration office, land management authority of province, Vientiane capital to be responsible for collecting the land rental or concession cost as the law provided.

2. Collection of rental, state-owned land concession cost is carried out Prime Minister's Statute No. 02/PDR, dated November 18th, 2009 on rate of state-owned rental or concession cost. In event the rate of state-owned rental or concession cost is higher than the rate provided in the Prime Minister's statute on rate of state-owned rental or concession cost, which is due to bidding of state-owned land lease or concession or due to the negotiation over provided rate is collected by obtained bidding rate or in more negotiable rate.

3. As for the collection of state's constructed matter fee located in such area, which will assign the financial division to issue separated collection regulation and to be responsible for collecting the constructed matter fee.

4. The sum collected by state-owned land rental or concession cost will be paid into the National Treasury, in accordance with the law on state budget and implementation decree on land. This is absolutely prohibited not to take the state-owned land rental or concession cost to pay in illegal manner.

3. Valuation on state-owned land rental and concession cost

Valuation on rental, state-owned land concession cost in each period and each type of land, which will assign the National Land Management Authority to be responsible for researching to coordinate with related section and local administration, and to report the Lao PDR Government for decision making.

For valuation on rental or state-owned land concession cost is referred to 04 factors as follows:

- Location of land type;
- Land quality;
- Infrastructure;
- Developed land.

4. Payment of state-owned land rental and concession cost

Payment of state-owned land rental and concession cost is performed as the following:

1. Rental payment for short, intermediate and long term is paid in advance, at least one year; the next year is paid in regularity, as provided in agreement.

2. Payment of concession cost is paid in advance, at least one year; the next year is paid in regularity, as provided in agreement. Except the land concession cost for mineral business is collected the concession cost since the date of agreement is signed.

3. In event the state-owned lessee or conceder is required to make payment in advance, of the land rental or concession cost, during the period of state-owned land lease or concession; this might make all payment at one time or in installment, as condition of each case is performed in such agreement.

5. Calculation of people's land repayment under the lease and concession area.

In event the area of state-owned land lease and concession covered the people's land that they have rights to use it as the law and pursuant to the Prime Minister's Decree No. 192/PM, dated July 07th, 2005, the calculation of repayment cost is carried out each case and to appoint the damage evaluation committee, which is consisted of related section's representative to provide the damage specified in article 71 of land law 2003 and article 43 of the Prime Minister's Decree No. 135/PM, dated May 25th, 2009 as follows:

- In the principle, agricultural land for rice plantation or annual crops is reserved for farmer using, except the necessary case is repaid for them and to take evaluation cost of regular-year crops to multiply ten, and to be plus to evaluation cost of such factual land.

- Land of agricultural wood plantation and rubber tree, which evaluation cost of factual land is plus to evaluation cost of wood planted in such land.

- Agricultural land of livestock, which evaluation cost of product acquired by regular-annual livestock to multiply three, and to be plus to evaluation cost of such land.

Paddy field is prohibited not to use in other targets, in event the necessity will be approved by the land management authority and agriculture and forest division.

Construction land which the evaluation cost of land is plus to construction matter cost and crops planted in such land.

In event the necessity to use land in approved and conceded area, to use for public benefit provided in the investment promotion law, the state will repay the damage of property related to leased or conceded land that investor will obtain as appropriateness.

In evaluation of compensation cost will have the participation in related sector, local administration, village chief and related people, and to make the evaluation memorandum in written to the participant.

Chapter V

Dispute Settlement

1. Dispute settlement related to state-owned land lease or concession

Dispute settlement related to state-owned land lease or concession is consisted of 03 types as:

1. Dispute settlement of service related to area apportionment, term, rental provision, concession cost, and evaluation of state-owned land compensation.

2. Dispute settlement in civil manner related to transfer, succession, agreement of state-owned land lease or concession;

3. Land dispute settlement related to foreigner, especially the state-owned land lease for office, ambassador residence, consulate or any international organization.

This dispute settlement in each type is subject to each case, which will be strictly carried out article 44, 45 and 46 of the Prime Minister's Decree No. 135/PM, dated May 25th, 2009.

Chapter VI

Management and Monitor of State-Owned Land Lease or Concession

1. Management and monitor

1.1 National Land Management Authority controls and monitors the state-owned land lease and concession provided in article 9 and 78 of amended land law 2003.

1.2. To assign the Center of Land Research and Information and Water Resource to make the database system of state-owned land lease and concession, to consolidate all

documentary information related to state-owned land lease and concession within the country, this will be the reference to management and inspection of state-owned land lease and concession. In locality is assigned the Land Information and Map Office to be responsible for the database building of state-owned land lease and concession, under instruction of the Center of Land Research and Information and Water Resource, to consolidate all documentary information related to state-owned land lease and concession within its locality, to be the reference to management and inspection.

1.3. Land management authority of province, Vientiane capital and land management authority of district, municipality has duties to control and monitor state-owned land lease and concession assigned by the National Land Management Authority.

1.4. Management of land lease and concession, which the central or local administration approves for any project lease or concession, the lease or concession area may have single province or cover many provinces or many districts and many villages, which the responsibility is assigned the land management authority of province, Vientiane capital to directly control the leased or conceded area and land management authority of province, Vientiane capital has rights to grant the land management authority of district to control the leased or conceded area.

1.5. Monitor of state-owned land lease or concession includes three forms as follows:

Inspection of regular system;

- Inspection of regular system;
- Inspection with notice in advance;
- Immediate inspection.

Inspection of regular system is regular conduction and has due time, which will be conducted at least one time per year.

Inspection with notice in advance is conduction in case of necessity, which will notice the supervisor of protection and development or proceeding in advance, at least twenty hours.

Immediate inspection is conduction in case of necessity, but this inspection will be in urgent action, without noticing the supervisor of protection and development or proceeding in advance.

Inspection is conducted by documentary check and factual performance in working place.

If the regular inspection, the central or local administration however approves, this is assigned the land management authority of province, Vientiane capital to be responsible for monitoring the protection, development and use of state-owned land, especially the leased or conceded area in conformity of target, regulation or agreement and to have effectiveness, and land management authority of province, Vientiane capital has rights to assign the land

management authority of district, leased or conceded area locating to monitor, inspect instead.

If the monitor, inspection with notice in advance and immediate inspection of project of state-owned land lease or concession for various targets, which the central or local administration however approves, in case of necessity the Land Policy and Use Inspection Department is a leading role to coordinate with Land Planning and Development Department, Land Department, Center of Land Research and Information and Water Resource, and including related sector of central and local administration to be responsible for the leased or conceded area located and to start inspection in factual place. In case of necessity the land management authority of province, Vientiane capital is directly responsible for the leased or conceded area located and land management authority of province, Vientiane capital has rights to assign the land management authority of district to act instead.

3. Termination of agreement of state-owned land lease or concession

In case of state-owned land lessee or conceder infringed on this regulation or provision of this decree, such as land use is not conformity of target and use scope, in avoidance of paying the rental, concession cost and other conditions provided in agreement, which that agreement will be terminated or in event the damage occurred on natural resource, environment or society, the lessee or conceder will be responsible for all damages occurred on state, individual and society in accordance with Lao PDR law.

Termination of state-owned land lease or concession is subject to the following case: Agreement termination consented by both parties, termination of any party and decided by economic arbitration agency or court's judgment.

Chapter VII

Final Provision

1. Implementation

To assign the National Land Management Authority, Center of Land Research and Information and Water Resource, Land Planning and Development Department, Land Policy and Use Inspection Department and land management authority of province, Vientiane capital, land management authority of district and related section to implement on this instruction in legal and strict manner.

This instruction comes into effect since the date it is signed.

Minister to the Prime Minister's Office
Chief of national Land Management Authority
[Signed and sealed]

Khamouan BUPPHA