



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

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LAW
ON PUBLIC PROCUREMENT

PART I
GENERAL PROVISIONS

Article 1 *Objectives*

This Law defines the principles, regulations and measures regarding the management monitoring and performance of public procurement to ensure such activity is carried out properly and in a unified manner countrywide in order to secure the effective, efficient, economic, transparent, accountability and fair use of government funds in contribution to national socio-economic development.

Article 2 *Public Procurement*

Public procurement applies government funds in works, goods, services and consulting services in support of government programs and/or projects through fair procurement and selection of consultants in line with the laws.

Article 3 *Definitions*

Terms used in this Law have the following meanings:

1. **Government funds** refer to the state budget which includes state funds, state enterprises' funds, foreign grants and loans obtained by the government from foreign countries and financial institutions;
2. **Project Owner** refers to a ministry, agency, local administrative authority and state enterprise applying government funds in procuring works, services and consulting services;

3. **Procuring Entities** refers to a ministry, agency, local administrative authority and state enterprise applying government funds in procuring goods and services;
4. **Contractor** refers to an individual, legal entity employed or contracted by the project owner to perform works on a contract basis;
5. **Supplier** refers to an individual, legal entity providing or supplying of goods or services to a procuring entity on a contract basis;
6. **Consultant** refers to an individual, legal entity employed by a project owner to provide consulting services under a contract;
7. **Individual, Legal Entity** refer to a contractor, supplier and consultant;
8. **Force Majeure** refers to events that may not be expected and beyond control such as natural disasters, flood, earthquakes, epidemics, catastrophes, financial crisis and other circumstances requiring urgent remedies;
9. **Project Management** refers to a team or organization appointed by the project owner or procuring entities to have an oversight in public procurements management and administration;
10. **Bidding Documents** refer to documents issued by the project owner or procuring entities for works, goods and services which include invitation for bids, instructions to bidders, evaluation and qualification criteria, contract, forms, price schedules, technical specifications, delivery or completion schedules and other documents;
11. **Proposals** refer to documents issued by the project owner for the selection of consultants which include letter of invitation, instructions to consultants, evaluation criteria, contract, terms of reference and other documents.

Article 4 **Government Policy on Public Procurement**

The government promotes public procurement by identifying appropriate procurement measures and procedures, through staff training, supply of equipment and facilities to build infrastructure ensuring such activity is carried out in an effective and efficient manner.

The government encourages and promotes local and foreign individuals, legal entities and organizations to participate in bidding for works, goods, services and consulting services based on the basis of equality.

The government promotes public procurement by protecting the rights and interest of the government, individuals, legal entities or organizations and preserving the environment for green sustainability.

Article 5 **Fundamental Principles in Public Procurement**

Fundamental principles in public procurement include:

1. Consistent with the law, national socio-economic development plan and government budget plan;
2. centralized and unified management countrywide are secured;
3. Economy, equality, openness, fairness, transparency, and accountability;
4. ensuring the rights and interest of the government, local and foreign individuals, legal entities and organizations.

Article 6 **Scope of Application**

This Law applies to ministries, agencies, local administrative authorities, state enterprises, local and foreign individuals, legal entities and organizations relating to public procurements in Lao PDR.

This Law does not apply to the procurements pertaining to national security and safety.

Article 7 **International Cooperation**

The state promotes relations of cooperation with foreign countries, regional and international organizations in relation the public procurement by exchanging experiences, sharing data and information, technologies, organizing seminars and upgrading of technical capacity and, implementation of international conventions and treaties to which the Lao PDR is a party.

PART II

PUBLIC PROCUREMENT TYPES AND METHODS, LANGUAGE, CURRENCY AND PROCUREMENT THRESHOLDS

Section 1

Types of Public Procurement

Article 8 **Types of Public Procurement**

There are three types of public procurement:

1. Works;
2. Goods and/or services;
3. Consulting services.

Article 9 **Works**

Works is the process of construction and/or maintenance of infrastructure, namely bridges, roads, railways, waterways, airports, river bank erosion protections, buildings, schools, hospitals, irrigation schemes, reservoirs, weirs,

power plants, power stations and transmission lines, plants and factories, and others, including services associated with construction and/or maintenance where the costs of such services do not exceed the costs of works.

Article 10 **Goods and/or services**

Supply of goods is the supply of raw materials, finished and semi-finished goods and products, equipment, vehicles, office supplies, medicines, medical equipment, educational and other equipment to procuring entities under contracts.

Supply of goods includes transport services, insurance, lease, advertising, installation, training on operation, maintenance and other services where the costs of such services do not exceed the costs of goods supplied.

Services are service activities such as routine maintenance, security service, cleaning service and other services; which are not associated with works, goods and consulting services.

Article 11 **Consulting Services**

Consulting services refer to technical services, namely feasibility studies, research and analysis, design, surveys, management of government projects, financial and accounting management.

Section 2

Public Procurement Methods

Article 12 **Public Procurement Methods**

Public procurement is carried out in the following manners:

1. Procurement (of goods, works and services);
2. Selection of consultants.

Article 13 **Procurement (of goods, works and services)**

Procurements are cost and quality competitions for procurement of works, goods and/or services in the procurement methods described in Article 18 of this Law.

Article 14 **Selection of Consultants**

Selection of consultants is a competition of methodologies, qualification, price and other criteria in consulting services according to the selection of consultants methods as indicated in Article 23 of this Law.

Section 3

Language, Currency and Procurement Threshold

Article 15 **Language in Tenders**

The language used in tenders and selection of consultants must be the Lao language. When in open international tenders, both Lao and a foreign language may be used as necessary.

Article 16 **Currency of Bid**

Currency of bid in tenders and selection of consultants must be the Lao Kip or foreign currencies. Where necessary, multiple but no more than three currencies may be used.

Article 17 **Procurement Threshold**

Procurement threshold is the estimated value for each method of procurement inclusive of taxes and fees, except in cases determined by law, as reference in the application of method of procurement as provided in Article 18 of this Law.

The threshold for each procurement method is set out in separate regulations to ensure consistency with financing sources' conditions, economic growth and appropriate execution in each stage.

PART III

METHODS OF PROCUREMENT, SELECTION OF CONSULTANTS AND GUARANTEES

Section 1

Methods of Procurement

Article 18 **Methods of Procurement**

Procurement methods may follow:

1. Open bidding;
2. Limited bidding;
3. Request for quotations (Price Comparison);
4. Direct contracting;

Public procurement may be carried out through direct submission of bids or through electronic systems.

Procedures and implementation guidelines for each procurement methods are set out in separate regulations.

Article 19 **Open Bidding**

Open bidding are tenders formally announced through mass media or electronic systems without limitation of participants.

Open bidding includes:

1. National open bidding is a procurement proceeding that only local individuals, legal entities participate in the tenders;
2. International open bidding is a procurement proceeding that both local and foreign individuals, legal entities participate in the tenders.

Article 20 **Limited Bidding**

Limited bidding is applied when tenders call for high expertise or specific techniques that may be provided by a limited number of contractors or suppliers and/or services providers are announced by project owners or procuring entities directly to contractors or suppliers and/or services providers for price competition.

Article 21 **Request for Quotations (Price Comparison)**

Request for quotations is applied for the procurement of small works, routine maintenance, supplies of office equipment and other services within set budgets.

Request for quotations are solicited by way of direct invitations or through appropriate electronic systems to no less than three participants.

Article 22 **Direct Contracting**

Direct contracting refers to the agreement between project owners and contractors or procuring entities and suppliers and/or service providers without a competitive of procurement process.

Direct contracting shall be carried out in only of the following circumstances:

1. Single source of products linked to copyrights protect or industrial or intellectual properties;
2. Specific equipment and goods from contractors or suppliers and/or service providers for maintenance or replacement;
3. Extended for additional works, goods and/or services and consulting services of a similar nature; which value does not exceed twenty percent of the original contract;
4. Government project and activity in isolated areas with poor access infrastructure or very limited interested bidders;
5. Within budgets set under regulations;
6. In force majeure or urgent cases.

Section 2

Methods of Selection of Consultants

Article 23 *Methods of Selection of Consultants*

The selection of consultants includes:

1. Quality and cost-based selection;
2. Quality-based selection;
3. Selection under a fixed budget;
4. Least-cost selection;
5. Selection based on the consultants' qualifications;
6. Single source selection.

Selection of consultants may be carried out through direct submission of documents or through electronic systems.

Article 24 *Quality and Cost-Based Selection*

Quality and cost-based selection is carried out through the assessment of participants' technical and financial proposals so as to obtain consultants with the highest scores in accordance with the evaluation method.

The selection of consultants based on quality and cost is applied to select consultants on the basis of clearly detailed scope and terms of reference allowing for the projection of the number of key staff, key staff's inputs and other reimbursables associated with the selection of consultants.

Article 25 *Quality-Based Selection*

Quality-based selection of consultants is based on the assessment of participants' qualifications so as to obtain the consultants with highest scores in accordance with the evaluation method.

Quality-based selection of consultants is applied for the selection of consultants on the basis of multi-sectoral works where quality consulting services is of utmost importance for the works' outcome.

Article 26 *Selection under a Fixed Budget*

Selection of consultants under a fixed budget is based on assessments stipulated in Article 24 of this Law to obtain consultants with the highest scores with advance notice of the fixed budget to participants.

Selection of consultants under a fixed budget is applied to select consultants on the basis of outlined terms of reference, timeframe, number of key staff and fixed budget.

Article 27 **Least-Cost Selection**

Least-cost selection of consultants is based on assessments stipulated in Article 24 of this Law to obtain outlined scores.

Least-cost selection of consultants is applied to select consultants for short-term, routine and continuous work, namely for maintenance and regular inspection.

Article 28 **Selection based on the Consultants' Qualifications**

Selection based on the consultants' qualification is when participants' competence and experience are assessed to select quality and standard meeting consultants in accordance with the evaluation method.

Selection based on the consultants' qualifications is applied for the selection of highly competent and experienced consultants for tasks requiring such consultants.

Article 29 **Single Source Selection**

Single source selection of consultants is a non-competitive selection, as it is for work that represent a natural continuation of previous tasks carry by the same firm; or when only one consultant is qualified or has the specific conditions and experience for the tasks to be assigned or in urgent circumstances as declared by project owners.

Section 3

Securities (Guarantees) in the Public Procurement Process

Article 30 **Types of Securities in the Public Procurement Process**

Types of securities in the public procurement process include:

1. Bid securities;
2. Performance securities;
3. Advance payment securities;
4. Warranty securities.

Returning and forfeiting of each type securities are governed by procurement procedures and conditions of contracts.

Article 31 **Bid Securities**

Bid securities are guarantees provided by bidders in the form of cash deposits, bank securities and other forms of guarantees.

Article 32 **Performance Securities**

Performance securities are guarantees by contractors or suppliers and/or service providers or consultants to project owners or procuring entities on the performance of contracts according to agreed contract terms and conditions.

Article 33 **Advance Payment Securities**

Advance payment securities are guarantees by contractors or suppliers and/or service providers or consultants to project owners or procuring entities for advance payment according to agreed contract conditions.

Article 34 **Warranty Securities**

Warranty securities are guarantees by contractors or suppliers and/or service providers or consultants to project owners or procuring entities on workmanship, standards, quality and services according to agreed contract conditions and other guarantees.

PART IV

ELIGIBILITY, RIGHTS AND OBLIGATIONS OF BIDDERS AND PARTICIPANTS TO TENDERS

Section 1

Eligibility, Rights and Obligations of Bidders

Article 35 **Bidders**

Bidders are those intending to be:

1. Contractors or suppliers and/or service providers;
2. Consultants;

Article 36 **Eligibility for Participation in Tendering**

Eligibility criteria for participation in public tendering are:

1. Be local and foreign individuals, legal entities possessing taxpayer identification numbers or business licenses and performance of taxes certificates and other obligations in compliance with the laws;
2. Have letters of reference indicating their achievements, experience, technical capacity, personnel and quality implementation of works, goods and/or services and consulting services;

3. Have certificates of financial standing over the last three years from local and/or foreign financial institutes and/or annual financial audit reports;
4. Have sufficient competent and experienced personnel related to the assignment;
5. Have no conflict of interest in such procurement as the same firm has been involved in designing or preparing the bidding document;
6. Have certificates of standards and quantity of production machinery, tools and equipment for works, and goods and/or services;
7. Have legal capacity or not sentenced to imprisonment by courts from business operations.

Article 37 *Rights and Obligations of Bidders*

During the bidding period, bidders have the following rights and obligations:

1. Participate to tenders;
2. Receive information relating to public procurements;
3. Perform according to public tender regulations;
4. Extend cooperation, supply information and facilitate to tender committees;
5. Preserve tenders' confidentiality;
6. complain to relevant authorities when tenders are seen as lacking transparency and fairness as required under this Law and other relevant laws;
7. Exercise other rights and perform other obligations set out in bidding documents.

Section 2

Rights and Obligations of Participants to Tenders

Article 38 *Participants to Tenders*

Participants to tenders include project owners or procuring entities and other stakeholders.

Article 39 *Rights and Obligations of Participants to Tenders*

Participants to tenders have the following rights and obligations:

1. Appoint project management and tender committees;
2. Monitor, inspect and assess tenders under their responsibilities;
3. Adopt plans, bidding documents or request for proposals and bid evaluation reports;

4. Consider suspending or rejecting public procurements, extend bidding's timeframe and decide re-bidding;
5. perform rights and other obligations set out in bidding documents or request for proposals.

PART V

TENDER COMMITTEES AND EVALUATION OF BIDS

Section 1

Tender Committees

Article 40 *Tender Committees*

Tender committees are appointed by ministers, heads of agencies or governors, mayor, chief of district, chief of municipality or by relevant assignees to assist in managing and carrying out public procurements in accordance with methods as indicated in Article 12 of this law. Structures of tender committees are set out in separate regulations.

Article 41 *Rights and Duties of Tender Committees*

Tender committees have the following rights and duties:

1. Set qualification requirements and conditions and approve bidding documents or request for proposals;
2. Carry out procurements, open bids or proposals;
3. Evaluate bids or proposals;
4. Propose approving, suspending or canceling bids or proposals;
5. Report evaluation of bids or proposals to project owners or procuring entities;
6. perform rights and other duties as stipulated by law.

Section 2

Evaluation of Bids or Proposals

Article 42 *Evaluation of Bids or Proposals*

Evaluation of bids or proposals aim at assessing procurement to achieve value for money and ensure the following:

1. Open competition;
2. Completeness of bid as required under the procurement terms;
3. Fairness;
4. Lowest evaluated bid.

Evaluation of bids is carried out through preliminary and detailed examinations.

Article 43 **Preliminary Examination**

The preliminary examination of bids or proposals aims at selecting bids or proposals meeting the desired general procedures by considering the following:

1. Completeness of bids or proposals, and duly signed by the authoritative persons, including letters of appointment or powers of attorney;
2. Bid securities must in an acceptable form and meet the set amounts and validity periods;
3. Proposals for discounts (if any).

Any amendment or modification to the documents' content must be certified by bidders.

Article 44 **Detailed Examination**

Detailed examination of bids or proposals consider in detail the financial statements, technical specifications, qualifications, quality and contract implementation timeframe, experience, personnel, vehicles and equipment, and prices.

Detailed examination for works, goods and/or services and consulting services is set out in separate regulations.

Article 45 **Domestic Preference**

Contractors, suppliers or consultants meeting all conditions shall be given domestic preference and considered to be awarded the contracts. Conditions for domestic preference are set out in separate regulations.

Article 46 **Complaints**

During tenders, bidders unsatisfied with the procurement process, namely from unfairness, from the lack of transparency, and partiality by tender committees may file a written complaint to project owners or procuring entities for resolution within fifteen days.

If the resolution is not to the bidders' satisfaction, matters may be submitted to relevant government agencies.

Article 47 **Approval of the Bid Evaluation**

When bids and proposals evaluation reported by tender committees are seen as complying with procurement procedures, ministers, heads of

agencies or governors, mayor, chief of district, chief of municipality or concerned assignees shall approve bids and proposals evaluations.

PART VI

CONTRACTS, RIGHTS AND OBLIGATIONS OF CONTRACT PARTIES

Section 1

Public Procurement Contracts

Article 48 Public Procurement Contracts

Public procurement contracts are agreements between project owners and contractors/consultants or procuring entities and suppliers and/or service providers.

Public procurement contracts include:

1. works contracts;
2. goods and/or services contracts;
3. Consultancy contracts.

Article 49 Contents of Public Procurement Contracts

Public procurement contracts consist of the principle contents as follows:

1. Full names and addresses of the contracting parties;
2. Purpose, price, performance period, [method of] payment and [details of] delivery;
3. Scope, quantity and quality of contractual obligations;
4. Rights and obligations of contracting parties;
5. [Project] site and notifications under contracts;
6. Consequences arising from the breach of contractual obligations;
7. Authorities and measurements for resolving disputes;
8. Conditions for modification and termination of contracts before their [natural] expiration;
9. Perform customs, tax obligations and other fees

Article 50 Works Contracts

Works contracts are agreements between contract parties requiring contractors build and/or maintain structures according to project owners' objectives with materials and equipment provided by project owners or contractors, and requiring project owners to accept and pay for construction and/or maintenance works which successful completion is jointly inspected.

Article 51 **Goods and/or Services Contracts**

Goods and/or services contracts are agreements between contract parties requiring suppliers and/or service providers to secure and deliver goods and/or services to destination or according to procuring entities' objectives, and requiring procuring entities to pay for goods and/or services at mutually agreed prices.

Article 52 **Consultancy Contracts**

Consultancy contracts are agreements between contracting parties where consultants are required to perform tasks outlined by project owners and project owners are required to pay consultancy fees in accordance with the rates agreed and specified in contracts.

Article 53 **Management of Contracts**

Project owners or procuring entities must appoint project management for managing contracts to ensure the quantity, quality and timeframe in works, goods and/or services and consulting services contracts.

Works, goods and/or services and consulting services contracts shall be approved and certified by inspection and certification committees. If technical and quality certifications are required, such certifications shall be from engineers or independent experts.

Article 54 **Amendment of Contracts**

Public procurement contracts may be amended as agreed between contracting parties in the following cases:

1. Costs and quality of works are not affected;
2. Increase or decrease of work quantity set in original contracts namely due to technical modifications, events of force majeure or unexpected occurrences;
3. Increase or decrease of price indexes for contracts which provide for time of implementation exceeding one year.

Amendment to contract values shall comply with contract conditions and the Public Investment Law.

Article 55 **Expiration of a Contract**

Public Procurement contracts shall expire in any of the following cases:

1. The contract is correctly and fully performed;
2. Mutual agreement between contracting parties;
3. Serious breach of contract by either contracting party, causing substantial damage;
4. Dissolution or bankruptcy of either contracting party.

In case of breach, dissolution or bankruptcy, the contracting party sustaining damage is entitled to claim cost reimbursement and damages.

Section 2

Rights and Obligations of Contracting Parties

Article 56 *Rights and Obligations of Contractors*

Contractors have the following rights and obligations:

1. Correctly and strictly comply with relevant sectoral laws and regulations;
2. Comply with instructions from project owners, project management and/or consultants, unless such instructions are inconsistent with technical specifications and likely to result in sub-standard projects;
3. Implement projects to completion according to technical specifications and schedule set out in contracts;
4. Provide performance securities;
5. Receive payments for completed projects from project owners according to contracts;
6. Propose amending terms or prices under the contracts;
7. Propose terminating contracts in the event the other contracting party fails to perform according to contracts;
8. Withdraw performance security;
9. Preserve project vehicles, equipment and construction materials provided by project owners;
10. Carry out construction and/or maintenance works in accordance with contracts;
11. Re-build or repair projects at their own costs in case projects show defects or fail to meet technical specifications during the defect liability period;
12. Perform customs, tax obligations and fees as required by law;
13. Take responsibility for damage arising from projects built by them and failing to meet technical specifications, unless such damage is caused by events of force majeure;
14. perform rights and other obligations set out in contracts.

Article 57 *Rights and Obligations of Suppliers and/or Service Providers*

Suppliers and/or service providers have the following rights and obligations:

1. Supply goods and/or services in full, in accordance with technical specifications and delivery schedule set out in contracts;
2. Provide performance securities;

3. Receive payments for supplied goods and/or services according to contracts;
4. Propose amending terms or prices under the contracts
5. Propose terminating contracts in the event the other contracting party fails to perform according to contracts;
6. Withdraw performance/warranty securities when contract has been completed or according to the mutual agreement;
7. Replace and repair defective or sub-standard goods during the period of warranty;
8. Take responsibility for all damages arising during contract implementation;
9. Perform their obligations pertaining to duties, taxes and fees as required by laws;
10. Perform rights and other obligations set out in contracts.

Article 58 *Rights and Obligations of Consultants*

Consultants have the following rights and obligations:

1. Perform their roles, duties and responsibilities as assigned by project owners in accordance with contracts;
2. Secure of contract implementation by providing appropriate performance securities/Professional liability insurance;
3. Receive consulting fees according to contracts;
4. Propose amending terms or costs under the contracts;
5. Propose terminating contracts in the event the other contracting party fails to perform according to contracts;
6. Withdraw performance securities;
7. Perform their obligations in terms of duties, taxes and fees as required by laws;
8. Perform rights and other obligations set out in contracts.

Article 59 *Rights and Obligations of Project Owners*

Project owners have the following rights and obligations:

1. Guide project management in line with work plans according to contracts;
2. Adopt procurement plans, bidding documents or request for proposals and bids/proposals evaluation reports;
3. Monitor, inspect and evaluate projects' and/or program outcomes according to technical specifications and regulations;
4. Propose, consider amending terms or costs under the contracts;
5. Consider terminating contracts at contract parties' proposal;

6. Terminate contracts in case other contracting parties fail to perform according to contracts;
7. Pay for work done to contractors according to contracts;
8. perform rights and other obligations set out in contracts.

Article 60 *Rights and Obligations of Procuring Entities*

Procuring entities have the following rights and obligations:

1. Implement procurements as plans according to contracts;
2. Adopt procurement plans, bidding documents and bid evaluation reports;
3. Monitor, inspect and assess their procurement processes;
4. Consider postponing or terminating public procurements;
5. Amend terms or costs under the contracts;
6. Terminate contracts in case other contracting parties fail to perform according to contracts;
7. Pay for goods and/or services to suppliers and/or services providers according to contracts;
8. perform rights and other obligations set out in contracts.

Section 3

Inspection and Certification Committees

Article 61 *Inspection and Certification Committees*

Inspection and certification committees are the same as tender committees indicated in Article 40 of this Law. Where necessary, specific inspection and certification committees may be appointed as approved by relevant ministers, heads of agencies or governors, mayor, chief of district, chief of municipality, or assignees.

Article 62 *Contents of Inspection and Certification*

Contents of Inspection and certification include:

1. Public procurement plans;
2. Bidding documents or request for proposals;
3. Exercising of rights, performing of obligations and duties of bidders and participants to tenders;
4. Other necessary relevant contents.

Article 63 *Rights and Duties of Inspection and Certification Committees*

Inspection and Certification Committees have the following rights and duties:

1. Inspect and certify proper work descriptions, quantities, quality and technical specifications according to contracts;
2. Approve or reject the procurement's implementation;
3. Recommend solutions for and measures against improper execution of contracts;
4. Report findings of inspection and certification to project owners or procuring entities;
5. Exercise other rights and perform other duties stipulated by laws.

PART VII

PROHIBITIONS

Article 64 **General Prohibitions**

Individuals, legal entities and organizations are forbidden to act as follows:

1. Maintain any form of contacts, participate to and assist participants to tenders, act as middlemen, bribe relevant civil servants and officers;
2. Counterfeit documents or seals relating to public procurements;
3. Enter in collusion to win tenders;
4. Conceal, hide, delay or obstruct relevant officers' performance of activities;
5. Open or use accounts of other individuals, legal entities or organizations;
6. Perform as consultant in preparing and designing or setting technical specifications of goods and services that are fundamental factors in procurement causing conflicts of interest;
7. Act otherwise in breach of laws.

Article 65 **Prohibitions on Bidders and Participants to Tenders**

Bidders and participants to tenders are forbidden to act as follows:

1. Sell, handover or transfer awarded projects to others;
2. Advertise in all manners promote works, goods and/or services and consulting services in contravention with the laws;
3. Mislead project owners or procuring entities regarding features and quality of goods, such as brand names, trademarks, symbols and other logos;
4. Bribe civil servants and officers concerned for their personal benefit;
5. Take credit for achievements/experience or reputation of other individuals, legal entities or organizations;
6. Act otherwise in breach of laws.

Article 66 ***Prohibitions on Tender Committees, Civil Servants and Officers Concerned***

Tender Committees, civil servants and officers concerned are forbidden to act as follows:

1. Abuse their rights, duties and positions to pressure and threaten for their personal benefit;
2. Disclose confidential information without authorization;
3. Solicit, demand or receive bribes;
4. Fail to act according to their duties and responsibilities or delay processing documents;
5. Act otherwise in breach of laws.

PART VIII

RESOLUTION OF DISPUTES

Article 67 ***Methods of Dispute Resolution***

Disputes may be resolved in the following manners:

1. Compromising;
2. Through administrative measures;
3. Determination by economic arbitration tribunals;
4. Filing complaints to the people's court;
5. International dispute resolution.

Article 68 ***Resolution through Compromising***

Where disputes arise in relation with public procurements, parties to such disputes are required to endeavor resolving the disputes through discussions and compromises for mutual benefit.

Article 69 ***Resolution through Administrative Measures***

Where administrative disputes arise in relation with public procurements, parties to such disputes may request the relevant government agencies to resolve the disputes in accordance with the laws.

Article 70 ***Resolution by Economic Disputes Arbitration Authorities***

Where disputes arise in relation with public procurements, parties to such disputes may submit the matters to the economic dispute arbitration authorities for determination in accordance with the laws.

Article 71 *Filing complaints to the People's Court*

Where disputes arise in relation with public procurements, parties to such disputes may file the matters to the people's court for decision in accordance with the laws.

Article 72 *International Dispute Resolution*

Where international disputes arise in relation with public procurements, the laws of Lao PDR, treaties and international conventions to which the Lao PDR is a party.

PART IX

PUBLIC PROCUREMENT MANAGEMENT AND INSPECTION

Section 1

Public Procurement Management

Article 73 *Public Procurement Management Authorities*

The government centrally manages public procurements in a unified manner countrywide and delegates direct responsibility to the Ministry of Finance in coordination with the Ministry of Planning and Investment, ministries, agencies, local administrative authorities and other parties concerned.

Public procurement management authorities include:

1. The Ministry of Finance;
2. Provincial/capital Departments of Finance;
3. District/ town/city Finance Offices.

Article 74 *Rights and Duties of the Ministry of Finance*

In managing public procurements, the Ministry of Finance holds the following rights and duties:

1. Research, outline policies, strategic plans, laws, programs and/or projects on public procurement for submission to and consideration by the government;
2. Expound policies, strategic plans and laws on public procurement into programs and/or projects and organize their implementation;
3. Propagate, disseminate and educate on policy guidelines, laws, regulations, treaties and international conventions to which the Lao PDR is a party on public procurement;

4. Issue instructions, decisions, regulations and notices on public procurement;
5. Suspend or cancel decisions, instructions, regulations and notices issued by other entities contrary to laws and regulations pertaining to public procurement;
6. Guide the management and use of state funds in implementing public procurement programs and/or projects;
7. Monitor and inspect public procurement activities;
8. Build capacity, train, upgrade, manage and employ civil servants for public procurements;
9. Set up and use information management technologies in public procurement;
10. Summarize public procurement plans at the request of relevant sectoral and local administrative authorities;
11. Apply administrative measures to resolve disputes on public procurement according to its mandate;
12. Collaborate with parties concerned in public procurement;
13. Maintain external, regional and international relations and cooperation on public procurement;
14. Regularly report public procurement activities to the government;
15. Perform rights and other duties stipulated by laws.

Article 75 ***Rights and Duties of Provincial/Capital Finance Departments***

In managing public procurement, provincial/capital Finance Departments hold the following rights and duties within the scope of their responsibilities:

1. Implement policies, strategic plans, laws, programs and/or projects on public procurement;
2. propagate, disseminate and educate on policy guidelines, strategic plans, laws and regulations, treaties and international conventions to which the Lao PDR is a party on public procurement;
3. Guide and manage the use of state funds in implementing programs and/or projects related to public procurement;
4. Monitor and inspect public procurement activities;
5. Propose training, upgrading, managing, employing civil servants on public procurements;
6. Use information technology systems in public procurement;
7. Summarize public procurement plans at the request of departments concerned;
8. Apply administrative measures to resolve disputes relating to public procurement according to their mandate;
9. Collaborate with parties concerned on public procurement;

10. Maintain bilateral, regional and international relations and cooperation on public procurement;
11. Regularly report public procurement activities to the Ministry of Finance, province governors/mayor of capital city;
12. Perform rights and other duties stipulated by laws.

Article 76 *Rights and Duties of District/ Town/City Finance Offices*

In managing public procurements, district/ town/city finance offices hold the following rights and duties within the scope of their responsibilities:

1. Implement policies, strategic plans, laws, programs and/or projects on public procurement;
2. Disseminate and educate on policy guidelines, strategic plans, laws and regulations, treaties and international conventions to which the Lao PDR is a party on public procurement;
3. Manage the use of state funds in implementing programs and/or projects related to public procurement;
4. Monitor and inspect public procurement activities;
5. Propose training, upgrading, managing and employing civil servants on public procurements;
6. Use information technology systems in public procurement;
7. Summarize public procurement plans at the request of offices concerned;
8. Apply administrative measures to resolve disputes on public procurements;
9. Collaborate with other parties in public procurement;
10. Regularly report public procurement activities to provincial/capital Finance Departments and governors, chief of district, chief of municipality;
11. Perform rights and other duties stipulated by laws.

Article 77 *Rights and Duties of Ministries, Agencies, Local Administrative Authorities and Other Parties Concerned*

In managing public procurements, ministries, agencies, local administrative authorities and other parties concerned hold the following rights and duties within the scope of their responsibilities:

1. Prepare public procurement plans in accordance with the budget plans approved by the National Assembly;
2. Encourage, monitor and inspect the implementation of public procurement as plans and contracts;
3. undertake public procurements;

4. Take lead in technical reviewing related public procurement regularly by inspection department or each sectoral state inspection
5. Develop and use information technology systems in public procurement;
6. Collaborate with finance or related agencies in implementing procurement in accordance with the regulations;
7. Report public procurement activities on a quarterly, semi-annual and annual basis to the Ministry of Finance for consolidation and report to the Government;
8. Manage, follow-up and collaborate with public procurement management authorities in accordance with their mandates.

Section 2

Inspection of Public Procurements

Article 78 *Public Procurement Inspection Authorities*

Public procurement inspection authorities include:

1. Internal inspection authorities which are the same authorities as the public procurement management authorities indicated in Article 73 of this Law;
2. External inspection authorities which are the National Assembly, provincial people's councils, state inspection agency, state audit organization, the Lao Front for National Construction and mass organizations in accordance with their mandates.

Article 79 *Scope of Inspection*

Public procurement inspection aims at:

1. Compliance with laws and regulations in public procurements;
2. Organization and activities of public procurement management authorities;
3. The exercise of rights, performance of duties and use of legal measures against violations.

Article 80 *Technical Inspection*

Technical inspection includes:

1. Sectoral public procurement plans;
2. Purpose of using state funds in procurement;
3. Implementation of public procurements;
4. Project site, equipment and bidding documents or proposals;
5. Reporting on execution of the public procurement;

6. Review other documents related to public procurement.

Article 81 **Methods of Inspection**

Inspection of public procurements takes three methods as follows:

1. Routine inspection;
2. Inspection following advance notice;
3. Sudden inspection.

Routine inspection is an inspection carried out regularly as planned and according to set schedules.

Inspection following advance notice is an unplanned inspection when seen necessary and the parties to be inspected are given advance notice.

Sudden inspection is an inspection carried out urgently without advance notice to the inspected parties.

Inspection may cover documents and on-site performance.

Inspection officers are required to strictly enforce the laws.

PART X

POLICIES TOWARDS PERSONS WITH OUTSTANDING ACHIEVEMENT AND MEASURES AGAINST VIOLATORS

Article 82 **Policies Towards Persons with Outstanding Achievement**

Individuals, legal entities or organizations with outstanding achievements in the enforcement of this Law, such as setting good examples, active participation in implementing public procurements shall be praised or granted benefits in accordance with regulations.

Article 83 **Measures Against Violators**

Individuals, legal entities or organizations violating this Law shall be educated, disciplined, fined, obliged to pay civil damages or subjected to criminal punishments depending on the seriousness of violation.

Article 84 **Educational Measures**

Individuals, legal entities or organizations violating the laws and regulations on public procurement, deemed as first-time violation and as a minor violation shall be warned or educated.

Article 85 **Disciplinary Measures**

Officers and civil servants violating this Law, such as violating the restrictions and previously warned or educated, but without components of a criminal offence, shall be disciplined as stipulated by law on civil servant.

Article 86 **Fines**

Individuals, legal entities or organizations violating this Law without constituting criminal wrongdoings shall be fined as stipulated in separate regulations.

Article 87 **Civil Measures**

Individuals, legal entities or organizations violating this Law and thereby affecting the interest of the government, collectives or other persons shall compensate the caused damages.

Article 88 **Criminal Measures**

Individuals or legal entities violating this Law which constituted as the criminal offence shall be punished as stipulated in the Criminal Code depending on the seriousness of violation.

PART XI

FINAL PROVISIONS

Article 89 **Implementation**

The Government of the Lao People's Democratic Republic shall implement this Law.

Article 90 **Effectiveness**

This Law enters into force from the date of the promulgating decree signed by the President of the Lao People's Democratic Republic and after fifteen days of the notification of this law in the Official Gazette.
Provisions [and] rules that conflict with this Law shall be abrogated.

President of the National Assembly

Stamped and signed

Pany Yathortou