

Lao People's Democratic Republic

Peace Independence Democracy Unity Prosperity



Ministry of Labour and Social Welfare

No. 2951/MoLSW

Vientiane Capital, 23rd November 2011

Ministerial Notification

On Adjustment of Minimum Wage for Workers in Business Sector

- Refer to the notification of the government's office No. 712, dated 31st October 2011, on adjustment of minimum wage for workers in business sector.
- To ensure that the government's notification is put in place and implemented appropriately and effectively,

Minister of Labour and Social Welfare notify that:

I. Objective

- 1.1. To inform the employers in producing enterprises, businesses, and services sector all of all economic sector about the insights and objective of the minimum wage adjustment for workers in business sector so that they are able to implement it extensively and properly;
- 1.2. To ensure that workers' rights and benefits are fairly protected at workplaces, especially rights to receive fair wages determined by labour units and to ensure that workers know how to compare their work performance and wages they shall be paid for;
- 1.3. To improve a better basic living condition of workers in line with the growth rate of socio-economic, the material and moral needs as well as social welfare benefits and

consistent with living costs. This is also to encourage workers work effectively and stably.

II. Definition of Minimum Wage

Minimum wage stated in this notification is minimum rate of payment which shall be paid by employers to workers who are unskilled, have a lack of work experiences, work in regular basis of 26 days per month, six days per week or eight hours per day. This minimum wage is excluded the payment for productive works, overtime works, bonuses, incentives, meal allowances and other forms of benefits.

III. Target and Scope of Application

3.1. This minimum wage is applied to all unskilled and/or lack experienced workers working at manufacturing, business, and service sectors in Lao PDR.

3.2. This minimum wage is not applied to workers working for international organisations in Lao PDR, civil servants or contracted officials working in a state-run agency, officials working for the Party's organisation, the National Front for Construction, the mass organisation, defense force or security force as these officials are paid by the public budget and there is a specific regulation on payment for these officials.

IV. Context and Regulation on Setting Minimum Wage

4.1. Minimum wage of workers in manufacturing, business and service sectors throughout the country is 626,000 kip (Six hundred and twenty-six thousand kip only) per person per month; when calculated in daily basis is no less than 24,076 kip (twenty-four thousand and seventy-six kip only) per person per day or no less than 3,009 kip (three thousand and nine kip only) per person per a working hour;

4.2. In case a manufacturing, business or service unit pays its workers based on an amount of work assigned basis, daily wage, working hour rate, product outputs or during their pre-job training or internship, the minimum wage stated above is also applied as the standard of minimum wage payment or as stated in 4.1 above;

4.3. Employers are entitled to set minimum wage for their workers higher than the rate of minimum wage set by the government in order to encourage workers to work actively and effectively;

- 4.4. Minimum wage is not the lowest income or basic salary of workers and it is prohibited for employers to take this minimum wage as basic salary of their workers;
- 4.5. If a labour unit has already paid their workers with this minimum wage rate or higher than this rate, it can continue paying its workers with the wage rate. In case a labour unit pays its workers with lower wage than specified in this minimum wage notification, it must immediately adjust the wage as specified in this minimum wage notification;
- 4.6. If the employers employed minimum wage workers or workers specialize for heavy works, complicated works, hazardous works or works that cause bad-health impacts such as works with poisons, chemical substance, toxic substance, transmitted disease, smoke, works in tunnel or underground, under water, high place, hotter or colder workplace than normal working environment, works with vibration machine/tool, works in rural remote areas, work in areas with high risks or difficult living condition, the employers must pay their workers with an additional 15 per cent of the minimum wage specified in 4.1 of this minimum wage notification;
- 4.7. Employers have to consider and increase the wage or salary appropriately for workers who are skilled, active, perform their tasks well with great achievement and who have long work experience. Apart from salary or wages, the employers also have to considerably give bonuses, awards and other forms of benefit to workers with great achievement.

V. Implementation

- 5.1. All labour units operating manufacturing activities, running businesses and providing services over the country shall acknowledge and strictly implement this minimum wage notification;
- 5.2. The Labour Management Department, the Labour and Social Welfare Departments in Vientiane Capital and provinces, the Labour and Social Welfare Offices in all districts are entitled to and responsible for collaborating with all concerning organisations to disseminate, advise, support and oversee the implementation of this minimum wage notification in an effective and strict manner;
- 5.3. This minimum wage notification are equally entered into force over the country;

5.4. This minimum wage notification replaces the notification No. 1450/MoLSW, dated 30 April 2009 and it has been officially entered into force since 1st January 2012 until there will be another amendment.

Minister of Labour and Social Welfare

Signed and Sealed

H.E OnChanh THAMMAVONG

Acknowledged by:



Baykham KHATTIYA

Permanent Secretary