

THE GOVERNMENT

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SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

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DECREE

CONSTRUCTION COST MANAGEMENT

Pursuant to the Law on Government organization dated December 25, 2001;

Pursuant to the Law on Construction dated June 18, 2014;

At the request of the Minister of Construction;

The Government promulgates a Decree on construction cost management.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

1. This Decree deals with management of construction costs including total construction investment, construction estimate, construction contract estimate, construction norms, construction prices, construction price indexes, project management and construction consultancy cost, payment for and finalization of construction contracts; reimbursement and statement of construction costs; rights and obligations of investment deciders, investors, building contractors, advisory contracts for construction cost management.
2. With regard to construction projects funded by official development assistance (ODA), if an international agreement to which Socialist Republic of Vietnam is a signatory is in contravention of this Decree, regulations of such international agreement shall apply.

Article 2. Regulated entities

1. This Decree applies to every organization and individual (hereinafter referred to as entity) related to construction cost management of projects funded by state budget and external-source state capital prescribed in Clause 1 and Clause 2 Article 60 of the Law on Construction.
2. Regulations of this Decree may be applied to management of construction costs of projects funded by other sources.

Article 3. Construction cost management principles

1. Construction cost management must ensure achievement of investment targets and project proficiency which have been approved, appropriate for construction investment procedures prescribed in Clause 1 Article 50 of the Law on Construction and capital sources. Construction costs must be calculated correctly and sufficiently for each project, construction, contract, conformable with design requirements, technical instructions, construction conditions, market prices at that time, and the construction site.
2. The State shall manage construction costs by promulgating legal documents, providing instructions, and inspect the implementation thereof; providing instructions on method for estimating and managing construction costs.
3. Investors are responsible for construction cost management from the project preparation stage to the completion and inauguration of the project up to the approved total investment, including the case in which the total investment is adjusted prescribed in Article 7 of this Decree. Investors may hire cost management advisors that are qualified as prescribed in the Decree on construction project management to estimate, examine, control, and manage construction costs.
4. Construction costs shall be managed according to the basis, contents, methods, and time of determination of total investment, construction estimate, construction contract estimate, construction norms, construction prices, construction price indexes that are unanimously used by investment deciders and investors during corresponding stages of cost estimation according to regulations on construction cost management of this Decree.

Chapter II

TOTAL CONSTRUCTION INVESTMENT

Article 4. Preliminary total investment and total construction investment

1. Preliminary total construction investment is the initial estimation of construction cost of the project which is conformable with the preliminary design and other contents of the pre-feasibility study report. Preliminary total construction investment includes the expenditure items mentioned in Clause 2 of this Article.
2. Total construction investment is the total construction cost of the project which has been determined and is conformable with the fundamental design and other contents of the pre-feasibility study report. Total construction investment is inclusive of compensation, support, and relocation cost (if any); construction cost; equipment cost; project management cost; construction consultancy cost; other costs, and cost contingency for additional quantity of works and cost escalation.
3. If only an economic-technical report is required, total construction investment is the construction estimate prescribed in Article 8 of this Decree inclusive of compensation, support, and relocation cost (if any).
4. Costs of total construction investment:

- a) Compensation, support, and relocation costs include cost of compensation for land, houses and constructions on land, and property attached to land, on water surfaces, and other compensation costs as prescribed; support upon land withdrawal by the State; relocation cost; cost of organization of compensation, support, and relocation; opportunity cost of land use during construction period (if any); payment for built infrastructure (if any), and relevant costs;
- b) Construction costs includes costs of dismantlement of constructions, leveling, construction costs of works and work items, construction of temporary works and ancillary works serving the construction process;
- c) Equipment costs include cost of purchase of building equipment and technological equipment; cost of training and technology transfers (if any); cost of installation, testing, calibration; cost of transport, insurance; taxes and relevant charges;
- d) Project management costs include costs of performance of project management tasks from project preparation, project execution, construction completion and project inauguration;
- dd) Construction Consultancy costs include costs of consultancy on survey, making of pre-feasibility study report (if any), making of feasibility study report, making of economic-technical reports, costs of designing and construction supervision, and relevant advisory costs;
- e) Other costs include costs of general items prescribed in Point dd Clause 2 Article 8 of this Decree and costs other than those prescribed in Points a, b, c, d, and dd of this Clause;
- g) Cost contingency includes provision for additional quantity of works and contingency for cost escalation during the project execution.

Article 5. Determination of preliminary total construction investment and total construction investment

1. The preliminary total construction investment of the project shall be estimated according to the scale, capacity in the preliminary design of the project, investment rate or information about costs of projects of similar types, scale, characteristics, whether they are completed or in progress, with account taken of other necessary costs.
2. Total construction investment is determined using one of the following methods:
 - a) Determination according to construction quantity based on fundamental design and other requirements of the project, including:
 - Costs of compensation, support, and relocation determined according to the quantity of compensation, support, relocation of the project, and relevant policies of the State;
 - Construction costs are determined according to the quantity of group, type of construction works, structure units, or construction parts, and the overall prices corresponding to the group,

type of construction works, structure unit, or construction part that is measured and calculated; and some other relevant costs estimated;

- Equipment costs are determined according to the quantity, types of equipment of equipment system according to the technical, technological plan and the selected equipment, purchase prices that are conformable with market prices, and relevant costs;

- Project management costs and construction consultancy shall be determined in accordance with Article 23 and Article 25 of this Decree;

- Other costs shall be determined by the percentage (%) or estimate or use of database about similar projects that are already completed;

- Cost contingency for additional works is expressed as a percentage (%) of total of aforementioned costs Contingency for cost escalation is determined according to the duration of project execution, capital allocation plan, and annual construction price indexes that suit the type of the construction with due account taken of domestic and international price fluctuation;

b) Determination according to investment rate:

Total construction investment is determined according to the quantity, area, capacity according to the fundamental design and corresponding investment rate that suit the type and class of the construction, time of estimating total investment, the construction site, and other costs that satisfy project requirements;

c) Determination from data about costs of similar completed or in-progress constructions:

Total construction investment is determined according to the floor area, capacity according to the construction design, structures of the construction, and data about similar completed or in-progress constructions of the same type, class, scale, or capacity. Data about costs must be converted and calculated at the time of estimating total investment, the construction area; other costs shall be adjusted or added to satisfy requirements of the project;

d) Combining the methods prescribed in Points a, b, and c Clause 2 of this Article.

3. If only an economic-technical report is required, the construction estimate, which is part of total construction investment, shall be determined in accordance with Article 9 of this Decree.

Article 6. Appraising, approving total construction investment

1. Total construction investment shall be appraised together with appraisal of the construction project. Appraisal contents:

a) Suitability of the method for determination of total construction investment with characteristics, technical and technological requirements of the project;

b) The sufficiency of quantities of used for determination of total construction investment; suitability, conformity with regulations, instructions of the State with regard to the costs used for calculation of costs in total construction investment;

c) Determination of total construction investment after appraisal. Analyze the reasons for increase, decrease, and assess the assurance of investment efficiency according to the total construction investment determined after appraisal;

2. If the project only requires the economic-technical reports, the appraisal shall comply with Clause 2 Article 10 of this Decree.

3. The power to appraise total construction investment:

a) The State Appraisal Council established by the Prime Minister shall appraise projects of national importance;

b) Construction authorities shall appraise projects funded by state budget capital;

c) Specialized agencies affiliated to the investment decider shall appraise projects funded by external-source state capital;

d) With regard to projects executed in the form of project contracts, PPP contracts having state investment shall be appraised by competent authorities.

4. With regard to projects that require only the economic-technical reports:

a) Projects funded by state budget shall be appraised by construction authorities;

b) Projects funded by external-source state capital shall be appraised by specialized agencies affiliated to the investment decider.

5. The construction authorities and investment deciders shall only invite experienced and qualified organizations or individuals to appraise total construction investment or request the investor to select a qualified construction cost manager according to the Decree on construction project management to appraise total construction investment, which is the basis for approval. With regard to projects of group A or projects of Group B or C that involve complicated techniques or high technologies, the investor shall appraise the total construction investment.

6. The investment decider shall approve the total construction investment together with the project. The approved total construction investment is the maximum permissible cost of project execution.

7. The application for appraisal of the total construction investment is part of the application for appraisal of the construction project according to Clause 2 Article 56 of the Law on Construction and the Decree on construction project management if the project only requires the economic-

technical reports. The result of total investment appraisal shall be given using the form provided by the Ministry of Construction.

Article 7. Adjustment to total construction investment

1. Approved total construction investment shall be adjusted according to Clause 5 Article 134 of the Law on Construction. The investment decider shall approve adjustment to total construction investment.
2. The approved total construction investment is the approved total construction investment plus (+) or minus (-) the increase or decrease. The increase or decrease must be verified as the basis for granting approval for the adjusted total investment.
3. If the adjustment does not change the total value of approved total construction investment, the investor shall make the adjustment, notify the investment decider, and take responsibility for such adjustment.
4. If the cost contingency is overrun, the investor shall determine replenishment of cost contingency according to cost escalation rate when the construction price index announced by a competent authority at the time of commencement of the project execution is higher than the price index of the approved total investment.
5. If the adjustment to total construction investment causes an increase or decrease to the scale of the project or group of projects, it is still managed according to the scale approved before adjustment.

Chapter III

CONSTRUCTION ESTIMATE

Section 1. CONSTRUCTION ESTIMATE

Article 8. Contents of construction estimate

1. The construction estimate is the expenditure necessary for construction that is determined during the project execution and conformable with the engineering design, construction drawing, and tasks of the construction.
2. Construction estimate consists of: construction costs, equipment costs, project management costs, construction consultancy, other costs, and cost contingency. Particularly:
 - a) Construction costs include direct costs, general costs, preliminary taxable income, VAT;
 - b) Equipment costs include cost of purchase of building equipment and technological equipment; cost of training and technology transfers; cost of installation, testing, calibration and relevant costs;

c) Project management costs include the costs prescribed in Clause 2 Article 23 of this Decree to serve project management from project preparation, project execution, construction completion and project inauguration;

d) Construction consultancy costs include costs of survey, engineering, construction supervision, and relevant consultancy costs;

dd) Other costs include costs of general and costs other than those prescribed in Points a, b, c, d of this Clause. Costs of general items include costs of construction temporary houses serving construction management at the site; cost of transporting building equipment and workers to and from the construction site; Occupational safety costs, cost of assurance of traffic safety during the construction process (if any), environmental safety costs for workers at the site and the surroundings, costs of recovery of areas and infrastructure affected by the construction (if any), cost of material testing of contractors and relevant costs related to the construction.

e) Cost contingency includes provision for additional quantity of works and contingency for cost escalation during the project execution.

3. The investor of a project that consists of multiple constructions may make a general construction estimate to serve cost management. The total construction estimate is the sum of construction estimate of each construction and relevant costs of the project.

Article 9. Determination of construction estimate

1. The construction estimate shall be determined on the basis of the quantity of works derived from the engineering design, construction drawing, technical instructions, required tasks of the construction, construction norms, and construction prices of the construction.

2. Costs in a construction estimate are determined as follows:

a) Construction costs include direct costs of materials, manpower, building equipment according to the quantity of construction works measured and calculated according to the engineering design, construction drawing, technical instructions, tasks of the construction, construction prices, general costs, preliminary taxable income, VAT determined according to the cost norms imposed or announced by competent authorities;

b) Equipment costs are determined according to the quantity, types of equipment of equipment system derived from the construction and technology design, and corresponding purchase prices.

c) Costs of training, technology transfers, installation, testing, calibration, and relevant costs shall be determined according to a cost estimate;

c) Project management costs are determined in accordance with Clause 3 Article 23 of this Decree;

d) Construction consultancy costs are determined in accordance with Clause 3 Article 25 of this Decree;

dd) Other costs shall be determined by the percentage (%) or estimate or values of concluded contracts;

e) Cost contingency for additional quantity works is expressed as a percentage (%) of total amount of the costs mentioned in Points a, b, c, d, dd of this Clause. Contingency for cost escalation is determined according to the duration of project execution, capital allocation plan, and construction price indexes with due account taken of domestic and international price fluctuation.

Article 10. Appraisal and approval of construction estimate

1. Construction estimate shall be appraised concurrently with appraisal of engineering design and construction drawing.

2. Contents of construction estimate appraisal:

a) Inspect the consistency of the quantity of construction works, quantity and types of equipment in the estimate with those derived from the construction and technology design;

b) Inspect the legitimacy of the application of estimate norms, construction prices, and relevant regulations to determination of cost items of the construction estimate;

c) Determine the value of construction estimate after appraisal and propose a value of construction estimate for the competent authority to consider. Evaluate the increase, decrease of cost items; analyze the cause of such increase or decrease compared to the value of construction estimate that need approving.

3. The power to appraise, approve construction estimate is specified in the Decree on construction project management.

4. With regard to projects of national importance, projects of Group A, B, and C that apply complicated technologies or high technologies, construction authorities and the investment decider shall request the investor to select a advisory organization specialized in cost management consultancy that is qualified as prescribed in the Decree on construction project management to verify the construction estimate before it is submitted to a competent authority for approval.

5. The approved construction estimate is the basis for determining the contract value in the process of contractor selection, negotiation and conclusion of construction contracts in case of direct contracting. If the contract value in the contractor selection plan is determined according to the total investment, it shall be updated according to the construction estimate that is approved.

6. The application for estimate approval is part of the application for approval for engineering design, construction drawing, and construction estimate prescribed in the Decree on construction

project management. The result of construction estimate appraisal shall be given using the form provided by the Ministry of Construction.

Article 11. Adjustment to construction estimate

1. An approved construction estimate shall be adjusted in the following cases:
 - a) The total construction investment is adjusted as prescribed in Article 7 of this Decree;
 - b) The design is changed in a way that is conformable with the fundamental design; the costs, including cost contingency, are adjusted without exceeding the total construction investment that was approved;
2. The adjusted construction estimate is the approved construction estimate plus (+) or minus (-) the increase or decrease. The increase or decrease must be verified as the basis for granting approval.
3. The investor shall determine adjustment to the construction estimate as the basis for adjusting contractual prices, contract value, and the total investment.
4. If the adjustment does not change the total value of construction estimate that was approved, including cost contingency, the investor shall make the adjustment.
5. The power to appraise, approve adjusted construction estimate is specified in the Decree on construction project management.

Section 2. CONTRACT ESTIMATES

Article 12. General regulations on contract estimates

1. The contract estimates shall be determined for each contract, suitable for the contractor selection plan, approved construction estimate, and done before selection of building contractors.
2. Contract estimates include: estimate of construction contract, estimate of procurement contract, estimate of construction consultancy contract, and estimate of mixed contract.
3. The investor shall determine, update, appraise, and approve contract estimates to replace construction contract value in the approved contractor selection plan, which is the basis for making bidding documents or request for proposals and for evaluation of building contractors.
4. Investors may hire cost management advisors that are qualified as prescribed in the Decree on construction project management to estimate, examine, control, and manage construction costs.

Article 13. Construction contract estimate

1. Construction contract estimate consists of necessary expenditures on construction, including the works, items, and constructions suitable for the scope of the construction contract. Contents of the construction contract estimate consist of building costs, cost of general items, and cost contingency.

2. The building costs shall be determined according to the quantity of works to be done and construction unit costs as follows:

a) The quantity of works include the quantity of construction works that are measured and calculated when determining building costs in the construction estimate and other updates determined according to the drawing or construction solution (if the construction or work requires a design or construction solution), technical instructions, and relevant technical requirements of the contract.

b) Construction unit costs are all the costs (including direct costs, general costs, preliminary taxable income, VAT) necessary for completing a corresponding unit of construction work of the contract. The construction unit costs are updated according to the unit prices of the construction estimate, suitable for market prices around the construction site, relevant policies of the State at the time of making the contract estimate, relevant technical requirements and technical instructions of the contract.

3. Costs of general items are determined according to the cost norms announced by competent authorities or according to cost estimates.

4. Cost contingency in the construction contract estimate is determined according to the ratios of costs in the contract estimate and the duration of contract execution. Nevertheless, the cost contingency shall not exceed the ratio of cost contingency in the approved construction estimate.

Article 14. Procurement contract estimate

1. Procurement contract estimate includes cost of purchase of building equipment and technological equipment; cost of training and technology transfers (if any); cost of installation, testing, calibration; cost of transport, insurance; taxes, relevant charges, and cost contingency.

2. Costs of equipment purchase are determined prescribed the quantity of equipment to be purchased and their unit prices as follows:

a) The quantity of equipment to be purchased in includes the quantity of equipment calculated in the construction estimate and additional quantity according to the construction and technology design, relevant technical requirements and technical instructions of the contract.

b) Unit prices of equipment include purchase prices of equipment, costs of transport, insurance, taxes, and relevant charges. Unit prices of equipment are determined according to the unit prices in the construction estimate, suitable for market prices around the construction site, relevant policies of the State at the time of making the contract estimate, relevant technical requirements and technical instructions of the contract.

3. Costs of installation, testing, calibration of equipment including the costs determined similarly to the construction contract estimate.

4. Cost contingency in the contract estimate is determined according to the ratios of costs in the contract estimate and the duration of contract execution. Nevertheless, the cost contingency shall not exceed the ratio of cost contingency in the approved construction estimate.

Article 15. Consultancy contract estimate

1. Consultancy contract estimate is the costs of one or some advisory works that suit the scope of the contract.

2. The contents of the consultancy contract estimate includes the costs of hiring experts, management costs, other costs, preliminary taxable income, taxes, and cost contingency. With regard to construction survey consultancy contracts and construction testing contracts, the contents of the contract estimate shall include the same costs as the construction contract estimate.

3. The consultancy contract estimate is made according to the consultancy costs in the construction estimate and update of additional quantities, policies of the State related to such costs (if any) at the time of making the estimate.

4. Cost contingency in the contract estimate is determined according to characteristics of the advisory works and the progress. Nevertheless, the cost contingency shall not exceed the ratio (%) of cost contingency in the construction estimate.

5. With regard to construction survey and engineering contracts of constructions of class II or above, the contract estimate also includes the cost of professional liability insurance for the consultants.

6. With regard to the consultancy contracts that must be done before the total construction investment and construction estimate is approved, the contract estimate shall be determined according to the amount of work to be done.

Article 16. Mixed contract estimate

1. The estimates of an engineering and construction contract (hereinafter referred to as EC contract) include the works prescribed in Article 15 and Article 13 of this Decree.

2. The estimate of a procurement and construction contract (hereinafter referred to as PC contract) includes the works prescribed in Article 14 and Article 13 of this Decree.

3. The estimate of an engineering, procurement, and construction contract (hereinafter referred to as EPC contract) includes the costs of engineering, procurement, and construction in the approved total construction investment of the project.

4. The estimate of a lump sum turnkey project (project planning, engineering, procurement, and construction) includes the costs in the total construction investment of the project prescribed in Points b, c, d, dd, e, g Clause 4 Article 4 of this Decree.

Chapter IV

CONSTRUCTION NORMS, CONSTRUCTION PRICES, AND CONSTRUCTION PRICE INDEXES

Section 1. Construction norms

Article 17. Economic – technical norms

1. Economic – technical norms include the basic norms and construction estimate norms.
2. Basic norms include norms on use of materials, labour, capacity of building equipment. Basic norms are used for determining construction estimate norms.
3. Construction estimate norms are the norms for consumption of materials, manpower, and building equipment which are suitable for technical requirements, construction conditions, and building solutions to complete a unit of construction quantity.
4. The economic – technical norms are the basis for construction cost management.

Article 18. Cost norms

1. Cost norms include norms expressed as percentage (%) and norms expressed as a value.
2. Cost norms are the basis for determination of construction prices, estimated costs of some works, cost of construction investment including project management costs, consultancy costs, general costs, preliminary taxable income, cost of general items, other tasks, and other costs.

Article 19. Management of construction norms

1. The Ministry of Construction shall provide instructions on establishing norms of construction estimate and announcing construction norms.
2. According to the method of establishing construction estimate norms prescribed in Clause 1 of this Article, related Ministries and the People’s Committees of provinces shall establish and announce construction norms for distinct works of their sectors or provinces after reaching an agreement with the Ministry of Construction. Announced construction norms shall be annually sent to the Ministry of Construction.
3. Construction norms announced as prescribed in Clause 1 and Clause 2 of this Article are the basis for investors to determine total construction investment, construction estimate, and manage construction costs.

4. With regard to building tasks that are not regulated by the announced construction estimation norms or are regulated but not conformable with technical requirements, construction conditions, or construction solution:

a) The investor shall determine new construction estimate norms, adjust construction estimate norms, or apply the norms of similar constructions as the basis for construction cost management;

b) Investors in construction contracts that are funded by state budget and awarded in the form of direct contracting shall request the investment decider to consider before application. With regard to constructions of the projects decided by the Prime Minister, related Ministers and Presidents of the People's Committees of provinces shall make decisions.

5. Investors may hire cost management advisors that are qualified as prescribed in the Decree on construction project management to establish, adjust, and examine the construction estimate norms mentioned in Clause 4 of this Article.

Section 2. CONSTRUCTION PRICES AND CONSTRUCTION PRICE INDEXES

Article 20. Construction prices

1. Construction prices include:

a) Specific construction unit costs that are the basis for determining the construction estimate;

b) Overall construction prices of groups, types of works, structure units, or construction parts that are Unit the basis for determining the construction estimate and total construction investment.

2. Specific construction unit prices are determined according to construction norms, prices for materials, structures, labour costs, equipment cost per shift, and other costs that are suitable with market prices in the same area as the construction site at that time and conformable with relevant regulations; or determined according to market prices.

3. Overall construction prices are determined according to specific construction unit.

Article 21. Management of construction prices

1. According to the method for determination of construction prices provided by the Ministry of Construction, technical requirements, construction conditions and solutions of the construction, the investor shall determine specific construction unit prices and overall price of the construction, which are the basis for the construction estimate, total investment, and construction cost management.

2. Investors may hire cost management advisors that are qualified as prescribed in the Decree on construction project management to perform the tasks or part of the tasks related to determination and verification of construction costs.

Article 22. Construction price indexes

1. The construction price index is a figure that reflects the fluctuation of construction prices by time, and is the basis for determination, adjustment of the total construction investment, construction prices, construction estimate, contract estimates, contract value, conversion of capital investment in construction, and construction cost management.

2. Construction price indexes include construction price indexes by type of construction, cost structure (including the price index of building works, price index of equipment, and price index of other costs), cost factors (including price index of building materials, price index of labour, price index of building equipment).

3. The Ministry of Construction shall provide the method for determination of construction price indexes and announce the national construction price index. The People's Committees of provinces shall request Departments of Construction to determine construction price indexes prescribed in Clause 2 of this Article according to the method provided by the Ministry of Construction, make monthly, quarterly, and annual announcements, and send reports to the Ministry of Construction for monitoring. The fund for collecting information, calculating and announcing construction price indexes of provinces shall be covered by annual provincial budgets.

4. Investors in constructions that are not on the list of construction price indexes announced by Departments of Construction and the linear constructions that go through multiple provinces shall determine construction price indexes according to the method provided by the Ministry of Construction and decide the application of such price indexes to their constructions.

5. Investors may hire cost management advisors that are qualified as prescribed in the Decree on construction project management to collect information and calculate construction price indexes as prescribed in Clause 4 of this Article, which are the basis for determination and management of construction costs.

Chapter V

COSTS OF PROJECT MANAGEMENT AND CONSULTANCY

Article 23. Project management costs

1. Project management costs are necessary expenditures on performance of project management tasks from project preparation, project execution, construction completion and project inauguration.

2. Project management costs include salaries of project managers; wages of employees under contracts; allowances, bonuses, collective benefits; contributions (social insurance, health insurance, unemployment insurance, trade union fees, and other payments made by individuals receiving salaries from the project); application of science and technology, construction information system management, provision of advanced training for project managers; payment for public services; office supplies; communications, propagation; organization of relevant conventions; business trip allowances; lease, repair, purchase of assets serving project management; other costs, and cost contingency.

3. Project management costs are determined according to a rate (%) announced by the Ministry of Construction or according to an estimate or database of similar projects that suit the project management manner, duration, scale of the project, and characteristics of the project management tasks.

4. With regard to projects funded by external-source state capital and special projects, if the investor hires a project management consultant, then the project management consultancy costs shall be determined according to the contents, quantity of project management tasks, and agreement between the investor and the advisory organization in the project management contract.

5. With regard to small-scale renovation or repair projects that are defined in the Decree on construction project management and participated by the community, and the investor may make use of the whole apparatus to manage the project, the project management costs shall be determined according to estimate as prescribed in Clause 3 of this Article.

Article 24. Managing of project management costs

1. With regard to projects funded by state capital, the project management cost determined according to Clause 3 Article 23 of this Decree is the maximum project management cost. Project management costs shall be managed according to annual estimates that suit the project management tasks and relevant policies.

2. If certain tasks of the project preparation stage are performed ahead of time, the costs of managing such tasks shall be estimated and included in the project management costs.

3. Project management costs shall be adjusted in the cases permitted in Clause 1 Article 61 of the Law on Construction.

Article 25. Construction consultancy costs

1. Construction consultancy costs are necessary expenditure on performance of construction consultancy tasks from project preparation, project execution, construction completion and project inauguration.

2. Construction consultancy costs include expenditures on hiring experts and administrative cost of the advisory organization, other costs including the cost of using construction information

system, professional liability insurance for construction survey and engineering of constructions of class II or above, preliminary taxable profit, taxes, and cost contingency. With regard to construction survey consultancy contracts and construction testing contracts, the contents of the contract estimate shall include the same costs as the construction contract estimate.

3. Construction consultancy costs are determined according to a rate (%) announced by the Ministry of Construction or according to a consultancy cost estimate of similar projects or the cost estimate of that project itself.

4. The expenditure on hiring foreign consultants for certain tasks shall be estimated in accordance with regulations of competent authorities and international practice.

Article 26. Management of construction consultancy costs

1. Construction consultancy costs determined according to Clause 3 Article 25 of this Decree is the basis for determination of construction consultancy costs in the total construction investment, construction estimate, determination of contract value, and construction cost management. Before selecting the advisory contractor, the investor shall make the consultancy contract estimate in accordance with Article 15 of this Decree, which is the basis for contractor selection.

2. The approved estimate of construction consultancy cost is the maximum cost of construction consultancy and may only be adjusted if the scope of works and progress of consultancy tasks are changed. Construction consultancy costs shall be managed via the construction consultancy contract.

3. Investors and project management boards that are capable of construction consultancy may include the cost of consultancy tasks in the project management costs.

Chapter VI

PROVISION AND ACCOUNTING OF CONSTRUCTION CAPITAL

Article 27. Payment for construction contract

The Decree on construction contracts shall apply to advances, payments for construction contracts, and payment documents.

Article 28. Reimbursement of construction costs

1. Within 07 working days from the day on which the application for reimbursement is fully received, the reimbursing body shall reimburse the construction costs at the investor's request of the investor legal representative according to the investment plan.

2. The investor or the investor's legal representative shall be responsible for the unit prices, quantity of works, and the amount of investment to be reimbursed in the application for reimbursement; the reimbursing body is not responsible for such information provided by the

investor or the investor's legal representative in the documents. During the payment process, if mistakes in the documents are found, the reimbursing body shall send a written request for completion of documents to the investor or the investor's representative to complete the application.

3. Capital-providing bodies and investors are prohibited to impose illegal regulations on reimbursement of construction costs.

Article 29. Statement of construction costs

1. Capital investment in constructions funded by state budget and external-source state capital must be stated after the constructions are completed.

2. The investment stated is every legitimate cost incurred during the investment process to put the project into operation. Legitimate cost is every cost within the scope of the project, design, and estimate that are approved; concluded contracts including revisions thereto that are approved *intra vires*. With regard to projects funded by state budget capital, the costs stated must not exceed the total investment that is approved or adjusted in accordance with law.

3. The investor shall prepare the cost statement and convert capital investment after the construction is completed, transferred, and put into operation, submit them to the investment decider for approval within 09 months (for projects of national importance and projects of group A) or 6 months (for projects of group B) or 3 months (for projects of group c) from the day on which the construction is completed and put into operation. Within 06 months from the issuance of the decision to approve the cost statement, the investor shall settle the debts and project accounts at the reimbursing body.

With regard to independent works and work items of the project that are completed, put into operation, and need immediate settlement, the investor shall request the investment decider to consider.

4. With regard to projects funded by state budget, after the end of the fiscal year, the investor shall make an annual cost statement as prescribed by the Ministry of Finance.

5. The investor that fails to make the statement on schedule as prescribed in Clause 3 of this Article shall be dealt with in accordance with the Decree on penalties for administrative violations against regulations on construction; real estate trading; manufacture, extraction, and trading of building materials; management of infrastructure, management, development of houses and office buildings.

6. The power to approve cost statements:

a) With regard to projects of national importance and other important projects in which investment is decided by the Prime Minister:

- The superior authority of the investor shall consider approving cost statements of subprojects funded by state budget;

- The investor shall consider approving cost statements of subprojects that are not funded by state budget.

b) With regard to other projects, the investment decider shall approve cost statements thereof.

Chapter VII

RIGHTS AND OBLIGATIONS TO CONSTRUCTION COST MANAGEMENT OF THE INVESTMENT DECIDER, INVESTORS, BUILDING CONTRACTORS

Article 30. Rights and obligations of the investment decider

1. The investment decider is entitled to:

a) Approve or authorized another person to approve the total investment, construction estimate, adjusted total investment, and adjusted construction estimate;

b) Decide the contract value in the contractor selection plan, type and format of the contract;

c) Accept the selection of a qualified cost management organization as prescribed in the Decree on construction project management to verify the total investment and construction estimate, which are the basis for appraising and granting approval;

d) Exercise other rights to cost management prescribed by relevant regulations of law.

2. The investment decider is obliged to:

a) Ensure sufficient capital sources to pay for the project and works according to the approved schedule;

b) Approve cost statements on schedule;

c) Fulfill other obligations related to cost management prescribed relevant regulations of law.

Article 31. Rights and obligations of investors

1. The investor is entitled to:

a) Decide the method of determining the total investment. Adjust the expenditures in the total investment without exceeding the approved total investment;

a) Adjust and approve construction estimate without exceeding the approved construction estimate;

c) Appraise, verify, and approve the construction contract estimate, which is the basis for making bidding documents or request for proposals serving contractor selection;

d) Decide the use of construction norms, construction prices when making the construction estimate, construction price indexes of the construction and the construction contract;

dd) Hire a qualified construction cost management organization as prescribed in the Decree on construction project management to make, verify, control, and manage construction cost;

e) Claim damages or file lawsuits as prescribed by law in case of against lateness of the reimbursing body;

g) Approve changes to construction solutions and technical requirements proposed by contractors as long as quality, progress, safety, and environmental protection are ensured and values of concluded contracts are not changed. Control the changes during the construction process related to changes in construction costs or construction progress acceleration;

h) Approve changes in building materials proposed by the engineering consultant or building contractor as long as the technical value, aesthetic value, quality, and construction progress are ensured according to the concluded contract;

i) Perform some construction consultancy tasks if qualified;

k) Exercise other rights to cost management prescribed by relevant regulations of law.

2. The investor is obliged to:

a) Organize the project planning, request competent authorities to appraise and approve the total investment or adjusted total investment;

b) Organize the making of and adjustment to construction estimate, and then submit it to a competent authority for appraisal and approval;

c) Organize the determination of new or adjusted construction estimate norms of the construction, which are the basis for construction cost management;

d) Organize the determination of construction prices, construction price indexes of the construction or the contract;

dd) Give advances, make payments, and finalize contracts in accordance with regulations in the contracts with contractors;

e) Organize the control of construction costs as prescribed;

g) Decide and take responsibility for the accuracy and rationality of the amounts payable to contractors by the reimbursing body;

h) Organize the making of the cost statement of the completed construction in accordance with Article 29 of this Decree;

i) Buy mandatory construction insurance;

k) Fulfill other obligations related to cost management prescribed relevant regulations of law.

Article 32. Rights and obligations of advisory contractor

1. The advisory contractor is entitled to:

a) Provide consultancy on cost management within their competence as prescribed in the Decree on construction project management;

b) Request the investor and relevant parties to provide information and documents serving the cost management;

c) Refuse to perform the tasks that are not related to cost management consultancy under the concluded contract;

d) Request the investor to pay for the costs under the concluded contract; have the late payment interest covered;

dd) Exercise other rights under the cost management consultancy contract and relevant regulations of law.

2. The advisory contractor is obliged to:

a) Perform the consultancy tasks under the concluded contract;

b) Take legal responsibility to the investor for result of cost management consultancy and pay compensation for any damage to the investor (if any) under regulations of law on contracts and relevant regulations of law;

c) Do not reveal information and documents about the cost management consultancy provided by the consultant without the consent of the investor or a competent authority;

d) Fulfill other obligations under the contract and relevant regulations of law.

Article 33. Rights and obligations of the building contractor

1. The building contractor is entitled to:

a) Decide the construction norms, construction prices, and relevant costs when making bids;

- b) Change the construction solution during the construction process as long as the quality, progress, safety, and environmental protection is ensured, the investor or the investor's legal representative approves, and the value of the concluded contract is not changed;
 - c) Actively use the advances and payment for quantity of construction to serve the construction;
 - d) Make proposals and negotiate with the investor about construction norms and construction unit costs for additional works that arise during the contract execution;
 - dd) Request payment for late payment interest; claim compensation for damage caused by delay in transferring the construction site and other damage that is not caused by the building contractor;
 - e) Exercise other rights under the contract and relevant regulations of law.
2. The building contractor is obliged to:
- a) Buy insurance for works at the construction site;
 - b) Pay compensation for damage to the investor and relevant parties (if any) on account of the building contractor according to regulations of law on contracts and relevant regulations of law;
 - c) Fulfill other obligations under the contract and relevant regulations of law.

Chapter VIII

STATE MANAGEMENT OF CONSTRUCTION COSTS

Article 34. The Ministry of Construction

The Ministry of Construction is responsible for uniform state management of construction cost and is obliged to:

1. Provide specific instructions on determination and management of construction costs, including preliminary total construction investment, total construction investment, construction estimate, construction norms, construction prices, project management costs, consultancy costs, construction price indexes, construction quantity measurement, equipment cost per shift, adjustment to total investment and construction estimate, determination of labor cost, conversion of construction capital, and control of construction costs.
2. Announce construction norms, norms of degradation of construction equipment, project management cost norms, consultancy costs, construction prices, investment rate, national construction price index, and other economic - technical criteria.
3. Inspect the adherence to regulations of law on construction cost management.

Article 35. The Ministry of Finance

1. Provide instruction on payment and statement of construction costs. Promulgate regulations on management, use of revenues from project management of investors and management boards of the projects funded by state budget.
2. Impose fees and provide instructions on management and use of fees for appraising projects of investment, designs, construction estimates, and other fees (if any).
3. Inspect the payment and statement of construction costs of the projects funded by state budget and external-source state capital.

Article 36. Other Ministries and the People's Committees of provinces

1. According to the method of making construction estimate norms provided by the Ministry of Construction, other Ministries and the People's Committees of provinces shall establish and announce construction estimate norms for professional tasks under their management after reaching an agreement with the Ministry of Construction.
2. The People's Committees of provinces shall provide instruction on estimating and managing construction costs; announce prices of building materials, labor cost, equipment cost per shift, construction price indexes and construction unit costs that suit local market prices; inspect the adherence to regulations on construction cost management.

Chapter IX

IMPLEMENTATION

Article 37. Transition

1. The Government's Decree No. 112/2009/ND-CP dated December 14, 2009 on construction cost management shall apply to projects of investment that are approved before the effective date of this Circular and are yet to be commenced or still in progress.
2. Regulations of this Decree shall apply to construction cost management of the projects that have been formulated, appraised, but not approved before the effective date of this Circular.

Article 38. Implementation

1. This Decree takes effect on May 10, 2015 and replaces the Government's Decree No. 112/2009/ND-CP dated December 14, 2009 on construction cost management.
2. Ministers, Heads of ministerial agencies, Heads of Governmental agencies, Presidents of the People's Committees of provinces, heads of political organizations, socio-political organizations, socio-political-professional organizations, relevant organizations and individuals are responsible for the implementation of this Decree.

3. The Ministry of Construction shall take charge, cooperate with relevant Ministries and regulatory bodies in providing guidelines for this Decree./.

**FOR THE GOVERNMENT
THE PRIME MINISTER**

Nguyen Tan Dung

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