

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister's Office

No 40/PM

DECREE ON THE ORGANISATION AND ACTIVITIES OF THE BANK OF LAO PDR

- In accordance with the Constitution of the Lao People's Democratic Republic;
- In accordance with the Law on the Government of the Lao People's Democratic Republic;
- In accordance with the Law on the Bank of Lao PDR No 05/NA, dated 14 October, 1995 and implemented in accordance with the provisions of the new article 14, introduced by the Amendment to the Law No 05, dated 11 October 1999;
- In accordance with the proposal made by the Committee for Organization Improvement of the Bank of Lao PDR and with the unanimous agreement from the Committee for Government Organization Improvement.

THE PRIME MINISTER ISSUES THE DECREE:

CHAPTER I: POSITION AND ROLE

Article 1: Position and Role

1. Position of the Bank.

The Bank of Lao PDR is a state management organization at the central level within the government apparatus. It is the financial institution of the state and the Central Bank of the Republic, having the status of an independent legal entity. Its head office is in Vientiane.

2. The Role of the Bank:

2.1 To be the government's chief of staff, responsible for the macro management of the currency, credit and payment accounts of the banks in the whole country. To be a modern centre of command ensuring rapid and efficient services for the commercial banks and other monetary institutions under its authority.

2.2 To promote and stabilize the value of the kip within the country and abroad. To raise the efficiency of payment and credit mechanisms in Lao PDR so as to acquire a high degree of effectiveness and transparency.

2.3 To promote, facilitate and control monetary circulation so that it contributes to the economic growth in line with the national socio-economic development plan.

CHAPTER II: DUTIES AND SCOPE OF AUTHORITY

Article 2: The Bank has the following duties

2.1 To study and translate the monetary, economic and financial policies of the party into plans, projects and detailed activities for the Bank of Lao PDR. To take also responsibility for their implementation which shall contribute to the continuous growth and stability of the economy.

2.2 To study the national monetary policy-plan and submit it to the government for consideration and to implement this policy-plan effectively after approval by the National Assembly.

2.3 To study and improve the law system, presidential and government decrees that concern the monetary system, credit and activities of banks and other financial institutions, then propose them to the government or the National Assembly for approval and issuance of decrees and regulations to manage banks under its authority.

2.4 To establish and improve the state and commercial banking system for sustainable growth. To establish confidence in the users of the bank and investors both domestically and abroad. To expand international cooperation in the banking sector.

2.5 To manage and inspect the activities of all banks and financial institutions under its authority in order to ensure the stability and expansion of the banking system and the financial institutions.

2.6 To save and manage the foreign currency reserves of the government.

2.7 To collect and analyse information on the economic and financial situation, currencies bank activities and activities of the financial institutions, individuals and concerned sectors both within and outside the country. The information shall be used for planning monetary policy and banking activities.

2.8 To report and make regular money supply in accordance with the plan approved by the government.

2.9 To manage and regulate money supply in accordance with the plan approved by the government.

2.10 To represent the government in international financial organizations, to associate, cooperate and sign financial and monetary agreements with foreign countries and international financial organization, as delegated by the government.

2.11 To manage, inspect and preserve the properties of the state and the people.

2.12 To plan for staff development in order to provide qualified manpower for the banking sector. To commend good performers and take disciplinary action against violators.

2.13 To perform other duties as prescribed by law or assigned by the government.

Article 3: The Scope of Authority of the Bank

3.1 Print and sell banknotes and coins with the authorization of the government and manage their circulation throughout the country.

3.2 Undertake monetary management, and act as the central bank for commercial banks and financial institutions that are under its authority. To act as the lender of last resort for the commercial banks and financial institutions, as part of monetary policy implementation.

3.3 Implement policies on the management of foreign currency and exchange rates.

3.4 Sell banknotes on behalf of the bank as part of monetary policy implementation. Buy and sell bonds directly with commercial banks and other financial institutions.

3.5 Grant permission for the establishment of branches of the Bank of Lao PDR and local foreign commercial banks as well as financial institutions under Bank's authority , with the agreement from the government.

3.6 Implement other rights as prescribed by law or as delegated by the government.

CHAPTER III: ORGANIZATIONAL STRUCTURE AND STAFF OF THE BANK OF LAOS PDR

Article 4: Organizational Structure of the Bank of Lao PDR

The Bank Lao PDR has the following organizational structure:

4.1 The Executive Board is the top administrative organization which consists of a president. Vice-president and a certain number of members. The organization and activities of the Executive Board of the Bank of Lao PDR are undertaken in accordance with Articles 10,11,12,13,14,15 and 16 of the Law on the Bank of Lao PDR No 05/NA, dated 14 October , 1995 and the provisions of the new article 14, introduced by the Amendment to the Law nr 5, dated 14 October 1999.

4.2 The management of the Bank of Lao PDR consists of one governor who is appointed and dismissed by the President of the Republic on the recommendation of the Prime Minister and with the approval of the National Assembly. The governor is a member of the Council of Ministers and is responsible before the government for success and shortcomings in the implementation of his/her duties in accordance with the Law on the Government of Lao PDR and article 19 of the Law on the Bank of Lao PDR, Decree No.05/NA, dated 14 October , 1995.

4.3 The Bank of Lao PDR also consists of a certain number of vice-governors who are appointed or dismissed by the Prime Minister on the recommendation of the Governor of the Bank and the CCOP. The vice-governors assist the Governor and also undertake specific tasks as assigned by the Governor of the Bank of Lao PDR. If the Governor of the Bank of Lao PDR is absent or on a mission away from the office, the Governor delegates his/her

authority to a particular vice-governor to act on his/her behalf. The authorization to act on his/her behalf should be in writing and clearly indicate the content and duration.

Article 5: Management and Administration

5.1 The Bank of Lao PDR also consists of the Chief of the Office of Governor, the Heads Of the Departments who are appointed by the Prime Minister on the recommendation of the CCOP and with the agreement from the Governor of the Bank of Lao PDR.

5.2 The Governor appoints and transfers the vice-chief of the office, deputy directors of departments, the heads of the branches of the bank and the chiefs of divisions, who are appointed on the recommendation of the Department of Organisation and Personnel, following consultation and consensus between the Governor of the Bank of Lao PDR and the concerned local authority.

5.3 The Bank of Lao PDR consists of a certain number of professional and administrative staff who are appointed to different positions as appropriate.

Article 6: The organizational structure of the Lao PDR

The organizational apparatus of the Bank of Lao PDR consists of:

1. Office of the Bank
2. Department for Research
3. Department of Currency
4. Department of Inspection
5. Department of Organisation and Personnel
6. Department of Foreign Currencies
7. Department of Bank Services
8. Department of Financial Accounting
9. Department of Commercial Bank and Financial Institution Management

In addition, the Bank of Lao PDR also has branches. The office and departments are authorized to establish divisions or work units as demanded by the existing workload.

Article 7: Authority is granted to the Governor of the Bank of Lao PDR to define the role and duties of the office, departments and branches under authority of the Bank of Lao PDR, based on the recommendation of the CCOP.

CHAPTER IV: WORKING METHODS

Article 8: Working Methods

The Bank of Lao PDR functions and operates in accordance with the following principles:

8.1 Implementation of unitary leadership and the deconcentration of management in accordance with the principles of centralized democracy, characterized by collective leadership and individual responsibility and with the appropriate delegation of decision-making authority to each level and each individual. It should expand the creative ideas of staff.

8.2 The implementation of planned working methods by summarizing, inspecting and drawing lessons from past experience in monthly, quarterly and annual periods, in order to guarantee the successful operations and the implementation of one's own duties and functions.

8.3 Strengthening integration and coordination with the relevant sectors and local authorities to ensure a high level of achievement in the operation of the Bank of Lao PDR.

8.4 The implementation of a system of regular reporting and consultation with the government and superiors.

8.5 Operational activities should focus on working closely with local organizations and the actual situation in order to improve and strengthen transparency in the operations of the bank.

CHAPTER V: FINAL PROVISIONS

Article 9: The Bank of Lao PDR, departments and branches have their own seal for official operations.

Article 10: This decree becomes effective on the date of signing and replaces the decree on the Bank of the Lao PDR No.95/PM, dated 22 June, 1993

Vientiane, 6 April 2000
Prime Minister of Lao PDR

Sisavath KEOBOUNPHANH