

LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

The Office of the Prime Minister

No. 95/PM

**THE BANK OF LAO PDR
BASED ON THE DECREE OF THE PRIME MINISTER
NO 95/PM DATED JUNE 22, 1993**

Role

The Bank of the Lao PDR is a perpetual legal entity: an organization equivalent to a Ministry performing the task of state management within the machinery of the Government and has the role of a Central Bank of the Lao PDR.

Overall Responsibilities

The duties of the Bank of the Lao PDR are as follows:

1. To safeguard the stability of the nation's monetary economic system, to implement various measures in a flexible and creative manner in order to stabilize national currency (kip): to maintain the assets and valuable property of the nation consigned to it by the Government.
2. To create and foster conditionals conducive to balanced and sustained socio-economic growth by mobilizing funds from internal and external sources on a broad scale; by granting loans to develop systematically and proportionally production and business in conformance with the directives and policies of the Party and the Government.
3. To print (issue) bank notes and to withdraw notes from circulation or to destroy such notes (including coins, commemorative coins and coins for collection...) according to a fixed schedule or a specific decision by the Government based on a recommendation from the Governor of the Bank of the Lao PDR.
4. To ensure sufficient supply of kip bank notes and for the payment requirements of the country's socio-economic situation, thus contributing to the stability and development of the national economy as well as its balanced grants.
5. To manage and protect the nation's foreign currency reserves through flexible coordination of the 3 principles and to guarantee that of good safekeeping, while as effective use of use of reserves when necessary.
6. To supervise the financial and monetary institutions, monitoring credit grant, organizing the clearing house system, and managing and providing guidance, on the management of foreign exchange and precious metals, to the commercial banks and other institutions on organizations concerned, as well as the people throughout the country.

7. To organize and promote professional education and training for bank staff of all levels in order to meet the requirements of the whole banking system, encouraging the introduction of new technology and innovation in the financial and banking sector to the country.
8. The scope of operation of the Bank of the Lao PDR extends throughout the country and may include activities and relations with foreign countries in its own field on the Government's representative in conformance with specific assignments and as stipulated by law.

Organization and Program

The management and activities organization of the Bank of the Lao PDR consists of the following basic structure:

The head office, Bank of the Lao PDR branches.

+ The Boards of Directors.

+ The Bank of the Lao PDR executive management.

The Principal rights and duties of the Board of the Bank of the Lao PDR:

1. The Board of the Bank is the organ of supreme responsibility in the organization structure of the Bank of the Lao PDR. It acts and decides on banking matters by a majority vote of the members of the Board. It acts in accordance with Articles 6, 7, 8, 9, 11, 12, 13, 14, 15 and 16 of the Law No. 04/SPA concerning the Establishment of the Bank of Lao PDR.
2. The Principal duties of the Board are as follows to :
 - Formulate national monetary and credit policy conformance with Party and Government policy at all time.
 - Draft laws and adopt regulations governing and overseeing the organization and functioning of the whole banking system and other financial institutions which are under the Board's authority, pursuant to the law.
 - Adopt the regulations, principles and policies submitted by the management of the Bank of the Lao PDR consideration by Board meetings.
 - Adopt the annual report, balance sheet, and profit-and-loss statement, consider and adopt the annual budget of the Bank of the Lao PDR.
 - Confirm the appointment of Department heads or staff of equivalent rank and the directors of state commercial bank; confirm the appointment of auditors and accounting experts external to the Bank of the Lao PDR, who will be engaged in bank auditing.
3. The Board of the Bank operates in accordance with its own by-laws (Standing orders) as authorized by the Prime Minister.

The Executive Committee of the Bank of the Lao PDR

1. The Executive Committee of the Bank of the Lao PDR is comprised of the governor, who is a member of the Government, and the Deputy Governor. They direct and supervise the operations of the Bank and are directly responsible to the Board of the Bank and to the Government.

2. The appointment and principal rights and duties of the Governor of the Bank of the Lao PDR are stipulated in Articles 10, 11, 12, 13, 14, 15, and 16 of the above mentioned Law on the establishment of the Bank of the Lao PDR. In the head office of the Bank of the Lao PDR are Departments with the following responsibilities:

1. Administration Department:

Is responsible for administrative and secretarial duties, documentation, preparation of general reports, and public relations and information matters for the Bank of the Lao PDR, reviews the regulations or the Bank established by the various Departments. Is responsible for protocol matters and liaison work with foreign experts and other guests come to work with the Bank of the Lao PDR. Prepares and consolidates financial plans manages assets, improves the physical and psychological well being of the staff and oversees the operations of the nurseries and day-care centers. Maintains order and security on Bank premises.

2. Organization and personnel Department :

Assists the party Committee of the Bank of the Lao PDR in the task of building and consolidating the party. Handles political and ideological work within the Bank, as well as matters of personnel and mass organizations.

Studies the organization, structure, role and division of responsibilities among the various Departments and performs organizational tasks, such recruitment, selection, assignment, appointment, and transfer of personnel in accordance with the decisions of the Executive Committee of the Banks. Formulates general plans on human resources development needs, is in charge of ideological work among the staff. Studies and implements personnel policies such as, education and training, congratulations (recognition of merits), promotion, and training welfare policies.

3. Economic Research Department :

Gathers, consolidates, and maintains statistical data for research use. Prints and disseminates Bank's data and information. Conducts research on the world economics. Acts as liaison with international economic and financial institutions concerned, as directed by the Board of Governors. Conducts research in the country's domestic economy prepares reports on the economic situation.

4. International Department :

Studies and draft policies, decrees, regulations, and detailed documents concerning the implementation of foreign exchange management. Monitors and surveys foreign exchange activities throughout the country. Studies policies, standing orders, guidelines, and detailed documents to manage the foreign currency reserves. Handles placement of funds on the international market, foreign currency transactions with domestic commercial banks. Handles foreign currency transactions for the Government and coordinates with the Ministry of Finance to monitor foreign aid and Government loans from foreign countries and international financial organizations.

5. Credit Department :

Studies policies and regulation concerning credit such as: loans procedures, lending interest rates, all categories of deposits. Formulates macro-economic plans concerning sources of funds, summarizes and reports on the credit situation of the country. Manages and implements credit projects assigned to the Bank by the Government. Administers, supervises, and accelerates the recovery of debts which have reached or passed maturity for commercial banks and directly for clients.

6. Accounting Department :

Studies procedures and techniques for bank accounting, issue forms and documents for nation wide uniformity in bank accounting. Organizes, disseminates, and advises on new modifications in accounting techniques. Summarizes operations and prepares balance sheets and financial statements for banks throughout the country.

7. Currency Department :

Studies rules and principles regulation the issuing of currency, establishes a plan for a balance of bank notes in circulation. Withdraws money from circulation, prints bank notes and negotiable instruments and mints coins. Studies rules and principles concerning the treasury and monitors commercial activities of precious metals. Formulates macroeconomic plans for cash flow and prepares periodic summary reports of its work. Maintains the security of the Treasury.

8. Banking operations Department :

Organizes customer service by deposits to and withdrawals from accounts. Issues and purchases stock. Provides credit with interest. Prepares daily, monthly, and annual balance sheets for the Department. Sets the mandatory reserve requirements for commercial banks and for the Central Bank itself. Establishes an inter-bank clearing facility and handles overseas banking-related transactions.

9. Supervision Department:

Exercises supervision within the Bank of the Lao PDR, including financial auditing of the Bank's income and expenditures, supervision of the use of property and the work methodology of the Bank's personnel. Checks business operations of the commercial banks and other financial institutions, as well as their assets and liabilities and their adherence to official principles and regulations. It carries out monitoring and reports to the Executive Committee of the Bank. In cooperation with the judicial and the law enforcement authorities, it investigates and resolves cases inside and outside the Bank, including cases involving funds borrowed from the Bank. Studies and analyzes requests to establish commercial banks, branches and representative offices of foreign banks and other financial institutions to submit to the consideration of higher authorities.