ການເງິນຈຸລະພາກໃນ ສປປ ລາວ

MICROFINANCE IN THE LAO PDR

2012

(May 2012)

ທ່ານ ສອນໄຊ ສິດພະໄຊ, ຮອງຜູ້ວ່າການ ທະນາຄານ ແຫ່ງ ສ ປປ ລາວ ລົງຊຸກຍູ້ວຽກງານການພັດທະນາການເຂົ້າເຖິງການບໍລິການທາງດ້ານການເງິນຂອງຜູ້ທຸກຍາກຢູ່ເຂດຊົນນະບົດ, ທີ່ບ້ານປາງໄຮ, ເມືອງຄອບ ແຂວງ ໄຊຍະບູລີ.

Mr. Sonexay SITHPHAXAY, Deputy Governor of Bank of The Lao PDR, attends a village banking day in Panghai, Khop, Sayaboury province.

SURVEY TEAM AND EDITORIAL BOARD

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National Economic Research Institute (NERI)

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Survey and Research Team Members

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Financial Institution Supervision Department (FISD)

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National Project Director

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Director, MIS Division

Mr. Chanthalanon Sangsaiyalath
Mrs. Amphone Phetbouly
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MIS officer and Survey Team Member

Editors

Prof. (em.) Dr. Hans Dieter Seibel

Bernward J. Rohmann

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Abbreviations and Acronyms

ACCU	Association of Asian Confederation of Credit Unions
ADB	Asian Development Bank
AFP	Access to Finance for the Poor
APB	Agricultural Promotion Bank
APRACA	Asia Pacific Rural and Agricultural Credit Association
BoL	Bank of Lao PDR
BSRP	Banking Sector Reform Program
BWPN	Banking with the Poor Network
CARD MRI	Center for Agriculture and Rural Development Mutually Reinforcing Institutions
CGAP	Consultative Group for Assistance to the Poor
CPC	Committee for Planning and Cooperation (before CPI)
CPI	Committee for Planning and Investment (now MPI)
CODI	Community Organizational Development Institute
DGRV	German Cooperative and Raiffeisen Confederation
DPI	Department of Planning and Investment
DTMFI	Deposit-taking microfinance institution
DTVF	Deposit-taking village fund
FIAM	Foundation for Integrated Agriculture Management, a Thai NGO
GAA	German Agro Action
GDP	Gross national product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (now: GIZ)
IFAD	International Fund for Agricultural Development
INGO	International non-government organization
LCSDPA	Lao Community Sustainable Development Promotion Association
LCRDPE	Leading Committee for Rural Development and Poverty Eradication
LPRYU	Lao People's Revolutionary Youth Union
LVCA	Lao Village Credit Association
LWU	Lao Women's Union
LECS	Lao Expenditure and Consumption Survey
MCBR	Microfinance Capacity Building and Research Project
MFC	Microfinance Center
MFI	Microfinance institution
MFWG	Microfinance Working Group
MIS	Management Information System
MOF	Ministry of Finance
MPI	Ministry of Planning and Investment
NDTMFI	Non-deposit-taking microfinance institution
NDTVF	Non-deposit-taking village fund
NERI	National Economic Research Institute

NGO	Non-governmental organization
NGPES	National Growth and Poverty Eradication Strategy
OSS	Operational self-sufficiency
PAR	Portfolio at risk
ROA	Return on assets
SBFIC	Savings Banks Foundation for International Cooperation
RFSDP	Rural Finance Sector Development Program
SCU	Savings and credit union
SRDP	Small Rural Development Project
UNDP/CDF	United Nations Development Program/Capital Development Fund
VB	Village bank
VDF	Village Development Fund
VF	Village Fund
VFP	Village Fund Promoter
VSCG	Village Savings and Credit Groups
VWU	Vietnamese Women's Union
WCEP	Women and Community Empowering Project
WFDF	Women and Family Development Fund
WIDP	Women in Development Project

FOREWORD

From 2003 to 2006 the National Economic Research Institute (NERI) of the Ministry of Planning and Investment (MPI) conducted and published four annual rural and microfinance surveys under the Microfinance Capacity Building and Research Project (MCBR), supported by Concern Worldwide. Due to a lack of funding no surveys were carried out in 2007 and 2008. The surveys for the year 2009 and the current issue 2012 have been supported by GIZ through BoL and MPI.

The surveys since 2003 indicate that outreach of microfinance institutions including village funds has significantly increased: in terms of savers and borrowers, villages with their own funds, savings mobilized, and loans disbursed. Among the most remarkable achievements have been (i) the establishment of a regulatory framework for the formal microfinance sector; (ii) the emergence of regulated microfinance institutions; and (iii) the widespread transition of the semiformal microfinance sector from unsustainable credit-driven revolving funds to increasingly self-reliant savings-led village savings and credit funds.

With the growth of the sector new challenges emerge: expanding outreach to remote areas and the very poor, extending monitoring and institutional development services to the semiformal microfinance sector of village funds, and, most seriously, capacity building for staff, management and governing bodies as well as clients of all types of microfinance institutions. A major challenge has resulted from the closing of projects supported by international organizations and their transfer to government agencies, which lack the necessary experience and technical competence. Therefore the Government has transferred responsibility for the rapidly growing number of village funds and their promoting agencies and projects from the Ministry of Planning and Investment to the National Leading Committee for Rural Development and Poverty Eradication (NLCRDPE). However, numerous government agencies are involved in the promotion of village funds, which cover more than half the villages of the country, without the required technical skills. An alternative strategy has emerged in recent years: establishing sustainable network organizations with a range of services to member institutions. Owned by the village funds, these organizations are based on principles of self-financing, self-management and self-governance. They may eventually replace the functions of their governmental and international support organizations; but this will require further capacity building on a substantial scale. Their potential goes beyond technical and financial services for their members. They already provide monitoring and reporting services to their members and prepare consolidated financial reports, of which this survey has made good use. These are actually functions of the supervisor, which does not, or not yet, possess the full capacity necessary for monitoring and supervising such large numbers of institutions. This survey has included some network organizations as promoters and as providers of data, but has not focused on them as a special subject; this may be left to future surveys or special studies.

The Financial Institution Supervision Department of Bank of Lao PDR is pleased to present the results of its 6th survey of the microfinance sector. I do hope that this publication will be a helpful reference for policymakers, donors, other concerned stakeholders, researchers and students and all those who are interested in microfinance.

On this occasion I would like to express my gratitude to the senior management and researchers of NERI, esteemed officials of provincial and district organizations, projects and counterparts for their active cooperation and their valuable contribution to the collection of data. I also wish to thank GIZ for their much appreciated support to the national microfinance statistical survey 2012.

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Dr. Akhom PRASEUTH
Director General
Financial Institution Supervision Department, Bank of Lao PDR

EDITOR'S NOTE

This report publishes the 6th microfinance survey, conducted by the National Economic Research Institute (NERI) of the Ministry of Planning and Investment (MPI) and Financial Institution Supervision Department, Bank of Lao PDR. While the first survey, titled as "annual rural and microfinance survey", was done in 2003, subsequent editions followed in varying intervals.

This report is the impressive result of the joint efforts of BoL and NERI and has been made possible only by the highly professional and dedicated work of the staff of both institutions. It is a great pleasure to offer my sincerest congratulations, respect and thanks to these institutions, their senior management and staff.

Likewise, this report would have hardly been possible without the strong commitment and the rich experience of Professor Hans Dieter Seibel. Again, Hans Dieter not only led and guided the team in writing this report, but also contributed his profound knowledge and deep insights into the Lao PDR and Microfinance, accumulated over many years of a highly distinguished academic career. I wish to thank Hans Dieter, and not only for a job done in an outstanding way in more than demanding circumstances.

I would also like to acknowledge that this report was much facilitated by the contribution of many donor organizations, which have answered questionnaires and provided data and information. Also Timo Hogenhout contributed to this part of the report.

The report is intended to provide the government of the Lao PDR, the regional governments in the 17 provinces and 143 districts of the country and donor institutions and donor countries alike with a full and realistic picture and a comprehensive set of reliable data, which can serve to evaluate and monitor projects and to prepare and take policy decisions as well.

While the report 2012, which was finished in October and includes statistical data up to the year 2011, is a great achievement and offers significant value, I feel it is one of our prime duties to put in additional work and energy in order to address still existing - and for now unavoidable - minor weaknesses, in particular regarding data quality. Further improvements should be reflected in the next report, and I do welcome feedback and comments from our audience as most important help to understand its needs and priorities and to support our continuous strive for quality and perfection.

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Bernward J. Rohmann
Programme Director AFP
GIZ

Chapter 1: Microfinance in the Lao PDR

1.1. Background and History of Microfinance in the Lao PDR

The development of microfinance in the Lao PDR dates back to the early 1990s when the country opened up and began evolving towards a market economy. The process started with support by multilateral and bilateral organizations for the establishment of village-based credit schemes and revolving funds aimed at food security. For similar reasons the Agricultural Promotion Bank was established in 1993 as a policy bank financing agricultural production; savings mobilization was added in 1997. Between 1994 and 1996 NGOs followed suit. By 1996 more than 20 international organizations were involved in rural credit funds across all 17 provinces. Projects were implemented through district level administrations with the LWU, agriculture and forestry offices and other local government entities. Virtually all projects started with credit; since 1997 there has been a gradual shift to promoting savings. Villages are small in Laos, many with less than 100 households on average. Thus, most of the emerging credit groups were small. With donor support the number of credit schemes and revolving funds grew rapidly. According to a national survey in 1997, the number village funds in cash or kind had reached 1,640 by mid-1996, covering about 15% of all villages.

They included more than 1,000 rice banks, some livestock banks and revolving credit funds. Given the low degree of monetization of the rural economy, most credit was in kind. All projects were carried out in cooperation with government organizations, among them the Department of Social Welfare and several mass organizations. Prominent among them were the Lao Women's Union (LWU) and the Lao People's Revolutionary Youth Union (LPRYU) whose outreach encompasses every village. UNDP/UNCDF also compiled a list, albeit incomplete, of donor-financed projects with Lao Village Credit Associations (LVCA), as they were called at the time. The list comprised 28 projects by 13 NGOs in 1,050 villages (CARE being the largest, covering 649 villages) and 9 projects by multilateral organizations in 518 villages (UNICEF being the largest, covering 489 villages).

The rapid growth in the number of village funds, their credit bias and donor dependence led to increasing concerns about their viability and sustainability. These concerns were articulated by a Microfinance Roundtable of government and donor agencies, coordinated by UNDP/UNCDF. Three microfinance conferences were held in 1995 and 1996[1]. Two major issues emerged: enhancing savings mobilization and improving the regulatory environment for microfinance services. These issues were subsequently taken up by a national consultation workshop in March 1997, jointly organized by BoL, APRACA and GTZ, which concluded that,

> Laos needs a well-functioning system of microfinance with viable institutions and sustainable financial services for all segments of the population. There was consensus that such a system: (i) should be savings-driven; (ii) comprise basic microsavings, microcredit and microinsurance services; and (iii) must be based on the cultural traditions of Laos in which women play a crucial role in microfinance; decisions must be reached with local level participation; and microfinance services must reinforce the existing networks of solidarity. (BoL, APRACA & GTZ 1997: 21)

[1] By GRETT, CCL, IRAM and BOL in October 1995, by UNDP/UNCDF in August 1996 and by UN-ESCAP during the same month.

Two major initiatives followed in 1997 (described in further detail in chapter 2.2.1). The first was the *Microfinance and Sustainable Livelihood Project* of UNDP/UNCDF with the Ministry of Finance, supporting a multistakeholder Microfinance Task Force, a Micro Finance Training Center and model MFIs in Vientiane, Oudomxay and Sayaboury and recommending to hand over microfinance policy to BoL in due course. The project was terminated prematurely in 2003, but laid a foundation others built on, particularly ADB under its policy-oriented *Banking Sector Reform Programme* and its *Rural Finance Sector Development Programme*. The second initiative was taken by FIAM, a Thai NGO initially trained by ACCU in savings and credit cooperative principles including organization democracy, self-help and self-determination. FIAM trained Lao staff how to establish village savings and credit funds adjusted to the Lao social and political culture: managed by an elected committee mostly of women, governed by an appointed advisory committee of the village power structure and based on an innovation: all lending by the village fund was to be fully based on member savings. Starting in Vientiane Capital, the model with its *Guidelines* spread quickly throughout the country, disseminated by LWU.

Progress in the following years was rapid. Advances in the policy environment were initially supported by ADB and subsequently by GIZ. Highlights included a policy statement and action plan by the Prime Minister on the development of a sustainable rural and microfinance sector in 2003, the establishment of a special department of BoL for the supervision of MFIs and pawnshops from 2003 to 2010, the transformation of APB into a self-reliant market-oriented bank starting in 2003, pilot regulations for SCUs in 2004 and other MFIs in 2005, the issuance of a Prime Minister decision handing over responsibility for the development and supervision of the microfinance sector to BoL in 2007, the promulgation of three regulations for MFIs in 2008 and their finalization by a Prime Minister Decree on 3rd of October 2012.

On the ground a benchmark survey of demand and supply of financial services was carried out among rural households in 2003 (Coleman and Wynne-Williams 2006). In the same year NERI started its annual surveys of rural and microfinance institutions until 2006, followed after an interruption by surveys in 2009 and 2012. By 2012, when this survey was carried out 42 MFIs were registered or licensed by BoL (up from 26 in 2009), either as private companies or as savings and credit cooperatives. In addition, as a result of a fruitful collaboration of donor agencies with LWU, other mass organizations and provincial and district authorities, close to 5,000 village funds have come into existence, covering more than half the villages of the Lao PDR, the majority savings-based. Growth in the number and membership of village funds continues not least due to its support by various government institutions and donors. Between 2003 and 2007 the Lao Government had provided a great push by channeling an amount of some 41.7 billion Kip (about USD 5 million) from domestic resources into the establishment of village funds in the 47 poorest districts. 4,434 village funds have been identified through village fund promoters (VFPs) in this survey. The data collected indicate a fundamental change from revolving funds to deposit-taking funds, or in other words: from providers of credit-only to semiformal savings-based microfinance institutions. These deposit-taking funds account for 80% of all village funds in the survey, 91% of their members and 87% of their loan portfolio.

1.2. From Microcredit to Microfinance: the Terminology of an Emerging Sector

The term microfinance has been introduced in the early 1990s to replace the term microcredit. The new term *microfinance* was meant to refer to financial intermediation between low-income savers and borrowers without access to commercial banks and comprises microsavings and microcredit as well as other financial services. In the Lao PDR, the policy statement on the development of a sustainable rural and microfinance sector defines microfinance as "the provision of a broad range of financial services, such as cash-based credit, deposits, insurance, etc., to the poor, low-income households, and their micro-enterprises", with the objective "that in the future people who currently do not have access to the banking system's services can satisfy their financial needs".[2] Microfinance institutions (MFIs) in the broader sense include formal, semiformal and informal financial intermediaries[3] providing both microsavings and microcredit as well as other financial services.[4] Banks were included as microfinance providers in the NERI surveys up to 2006, but excluded in 2009 and the current survey.

Microfinance overlaps with more recent terms such as 'inclusive finance', denoting access to finance for all, particularly low-income people, and 'responsible finance', particularly among commercial banks. There is no agreement on what constitutes microsavings and microloans, which vary widely in size between countries and institutions, except that the amounts should be *small,* which is relative. Only a few countries have defined what they mean by 'microloan', among them Laos, which in its current regulations has set a ceiling of 10 million Kip for regulated MFIs. Some argue that such a definition is better left to individual institutions, lest a narrow definition excludes the enterprising poor from access to larger loans and from graduating to employment-generating small enterprises, while allowing the MFI to diversify its risk.

In its regulations of June 2008 BoL has defined formal microfinance (*see next chapter*). However, the vast majority of microfinance institutions or activities is village based and continues to be non-formal. These have come under many different names and guises. In the mid-1990s, UNDP/UNCDF (1997) used the term Lao Village Credit Associations (LVCA) but the term *association* is now be reserved for organizations that fall under the Decree on Associations of September 2009, which precludes the registration of funds as associations. In their own terminology government agencies and donors have promoted credit groups, revolving fund groups, village revolving funds, community-managed loan funds, village savings and credit groups (VSCGs), savings and credit societies, microfinance and rural financial services. According to the Prime Minister Decree of 2012 "Microfinance institutions are those institutions established in conformity with this Decree, which comprise deposit-taking, non-deposit-taking microfinance institutions and microfinance projects."

The early emphasis on 'credit groups' goes back to the assumption in the past that people in Laos are too poor to save and therefore need revolving funds. Over the last decade many have learned

[2] Endorsed by the Prime Minister, PMO/1760, 17 December 2003.

[3] Formal financial institutions fall under the regulation and supervision of the central bank; semiformal financial institutions are officially recognized, but not regulated; other financial institutions, such as indigenous savings and credit groups, are informal financial institutions. From a central bank perspective both semiformal and informal financial institutions are *nonformal.*

[4] According to CGAP (2008: xiii) "MFIs are defined as licensed and unlicensed financial institutions that include nongovernmental organizations, commercial banks, credit unions and cooperatives, and agricultural, development, and postal savings banks. They range from specialized microfinance providers to programs within larger, multipurpose development organizations" (Article 2).

that Laotians have a high propensity to save, particularly women as the holders of the family purse strings. Therefore credit groups have shown to varying degrees a tendency to evolve into savings and credit groups. This survey will show that they now account for 70% of the funds.

In recent years government agencies have mainly used the term Village Development Fund (VDF) to refer to village-based funds, expressing their concern for village development. Major donors like ADB, GIZ and ILO have referred to them as village banks, even though they do not fall under the banking law. In this survey we use the term **village funds (VFs)** for village-based financial institutions owned and managed by their members. These village funds comprise both credit funds and deposit-taking funds. We use the term **village fund promoters (VFPs)** for governmental, non-governmental and international organizations which establish village funds and provide assistance to them.

1.3. The Emergence of Village Fund Networks

Self-financing (through member savings), self-management (through an elected management committee) and self-governance (through an advisory committee of representatives of the community) are the basic principles of the majority of village funds in the Lao PDR. One of the most remarkable features of the nascent subsector of village funds has been the emergence of service networks of village funds which are built on these principles. In Vientiance Capital the Thai NGOs FIAM and CODI started in 2003 to establish service networks among the village funds (453 village funds as of 2009) that had been promoted in the municipality since 1998. The network of Saithany District has served as a model, which has spread throughout the districts of Vientiane Capital and, with modifications, to other provinces and donor-supported projects.[5] Since 2005 GIZ has supported the creation of so-called network support organizations, which provide technical assistance and financial services to their member village funds. The promotion of these support structures is a key element of GIZ's approach to village funds in Laos.

The emerging networks have a crucial role to play in the development of the village funds. Several development organizations pursue the approach of creating sustainable associations as service apexes of village funds. However they require further strengthening of their ability to carry out core network functions such as registration of village funds within the network, reporting, monitoring, guidance and supervision. Support might also include the establishment of specialized services for training, liquidity exchange and auditing. Increased communication among the promoters should lead to a certain harmonization of bylaws, operations and development strategies. The currently existing networks have no appropriate legal status, and thus lack recognition and sustainability as such: a challenge to stakeholders. Efforts should be made to have the networks registered and recognized as facilitators of a process aimed at establishing a properly monitored system of village funds, perhaps as a first step to a future system of delegated supervision. [6]

[5] Cf. Seibel 2010
[6] Seibel 2010

1.4. The Microfinance Working Group for the Lao PDR (MFWG)

The *Microfinance Working Group for the Lao PDR (MFWG)* is the national microfinance industry network and was established in May 2007. It aims at bringing together microfinance practitioners and other relevant stakeholders to share experience and information about the sector with the goal to improve sector coordination, transparency, sustainability and quality of microfinance services. It strives to become a sustainable professional organization representing the industry interests and responding to its needs. Its services focus on three core areas: knowledge management, research and representation, capacity building, and policy advocacy. Main activities include the regular issuing of a newsletter, performance monitoring and benchmarking of member MFIs, MFWG website updates, MFI social audits, workshops and member meetings with focus topics of relevance to the Lao microfinance sector, regular MFI training needs analysis, brokerage of microfinance training and capacity building activities and scholarships, support in establishing a microfinance management certificate course as well as Government advocacy of identified issues affecting microfinance sector development.

MFWG members comprise regulated microfinance institutions (DTMFIs, NDTMFIs, SCUs and Network Support Organizations) as well as donors, bi- and multi-lateral agencies, INGOs, service providers and resource persons working in microfinance. The network is a member of reputed regional and global networks (such as SEEP, BWTP and Social Performance Task Force Working Group) to ensure exposure to global microfinance developments and international sector representation. Since January 2011 the MFWG has a secretariat and full-time staff and is governed by an elected Board of Directors representing the interests of the members and the MFWG management team. The network is in the process of registering with the Ministry of Home Affairs as a Microfinance Association. Main donors supporting the MFWG financially and technically are SBFIC, GIZ-AFP, ADA Luxembourg, UNCDF-MAFIPP, SEEP, BWTP, Ford Foundation, DGRV as well as Lao microfinance practitioners and service providers.[7]

1.5. The Regulatory Framework of Microfinance

The basic legal framework for the financial sector of Laos was laid down in the early 1990s. BoL was created in 1990[8] as a central bank with licensing, supervision and prudential regulatory powers over financial institutions, which were defined as legal persons doing banking or similar business. The framework for the regulation of financial institutions was laid down in 1992[9] and covered commercial banks and non-bank financial institutions. Non-banks were restricted from mobilizing funds from the general public and from issuing shares or bonds. BoL was empowered to make separate regulations for banks and non-banks. During the same year, a draft law on credit cooperatives was prepared but not enacted due to the negative experience with credit cooperatives and their collapse in the late 1980s. Initiatives in the mid-1990s led to a consensus on the need to promote sustainable microfinance institutions, which would require a legal framework. In 2004 BoL established a Microfinance Institution Division and a Financial Institution Department;

[7] For further information see www.mfwglaopdr.org, mfwglaopdr@gmail.com.
[8] Law No 04/PSA of 27 June 1990.
[9] Decree No. 3 of 23 January 1992.

in 2010 this was transformed to a Financial Institution Supervision Department (FISD) in charge of supervising non-bank non-insurance financial institutions including MFIs, the Lao Postal Savings Institution, leasing and finance companies, money transfer organizations and pawn shops.

In 2005 BoL launched *a Regulation on the Establishment and Implementation of Microfinance Institutions in Lao PDR* (No.10/BoL), announcing that large microfinance institutions had to apply for licenses while smaller ones such as credit unions, cooperatives, saving and loan associations and village funds had to be registered, depending on their scale of operation. This was followed by a notice by the Prime Minister on microfinance supervision in 2007[10] and finally the announcement of three regulations, issued in June 2008.

There are two basic provisions in the regulation of 2008: the first one stipulating that any organization, group or enterprise – governmental, non-governmental or private – that carries out microfinance activities, including village banks, savings groups, village funds, development funds and others, is required to register (Regulation No. 02/BoL Art. 3); the second one requiring any microfinance entity with voluntary deposits exceeding 200 million Kip or annual revenues exceeding one billion Kip to be licensed as a prudentially regulated MFI (Regulation No. 02/BoL Art. 20); however, this requirement has not been enforced. BoL has set a ceiling of 10 million Kip on microloans, but imposes no interest rate restrictions. The three regulations are summarized below:

- **No. 02/BoL on Non-Deposit-taking Microfinance Institutions:** NDTMFIs which do not exceed voluntary deposits of 200 million Kip or revenues of one billion Kip are required to register with BoL and relevant government authorities; there is no minimum size below which registration would not be required. Within this framework NDTMFIs are authorized to mobilize savings from their members and grant microloans up to 10 million Kip. They have to apply BoL's provisioning rules and submit annual reports using BoL's chart of accounts.

- **No. 03/BoL on Savings and Credit Unions:** SCUs can be local, single units or have branches and offices nationwide. 10 founding members together with 100 initial members, or 250 members with voluntary deposits of 300 million Kip, can establish an SCU; minimum capital requirements are 100 million Kip. SCUs are only allowed to provide financial services to members. With regard to credit, the regulation does not explicitly restrict SCUs to microloans. Prudential requirements include a maximum NPL ratio of 5%, provisioning as prescribed by BoL, writing-off loans overdue >180 days, a risk-weighted CAR of 12% and liquidity ratios of 4% of cash in hand and 20% overall. SCUs have to be audited by external chartered accountants and supervised by BoL. Reporting is quarterly and annually.

- **No. 04/BoL on Deposit-taking MFIs:** DTMFIs can be local, single units or have branches and offices nationwide. Establishing a DTMFI requires five shareholders and one major shareholder with at least 20% of registered capital, a total registered capital of one billion Kip divided into shares, and a five-year business plan demonstrating sustainability. Voting is by simple share majority. DTMFIs may provide financial services to the general public; but at least 80% of their

[10] No. 05/PM, dated 04 April 2007

portfolio must be comprised of microloans not exceeding ten million Kip.[11] Prudential requirements include: voluntary deposits not exceeding 10 times the capital, a single-borrower limit of 10% of capital, provisioning as prescribed by BoL, including 5% on performing loans, a maximum NPL ratio of 5%, a risk-weighted CAR of 12%, liquidity ratios of 4% of cash in hand and 20% overall, and investments in other MFIs up to a maximum of 10% of registered capital. DTMFIs have to be audited by external chartered accountants and are supervised by BoL. Reporting is monthly, quarterly and annually.

Early in 2010, BoL iniated a consultation process on a Microfinance Decree involving relevant ministries and mass organizations. The consultations were supported by GIZ. The Drafting Committee, chaired by BoL, submitted the draft decree to the Ministry of Justice. The Microfinance Decree[12] was approved by the Prime Minister of Lao PDR and signed on 3rd of October 2012, coming in to effect 30 days after date of signing.

[11] This may be a serious constraint on their viability and on their ability to graduate borrowers from microenterprises to employment-creating small enterprises.
[12] An English version of the Decree will be available in December 12.

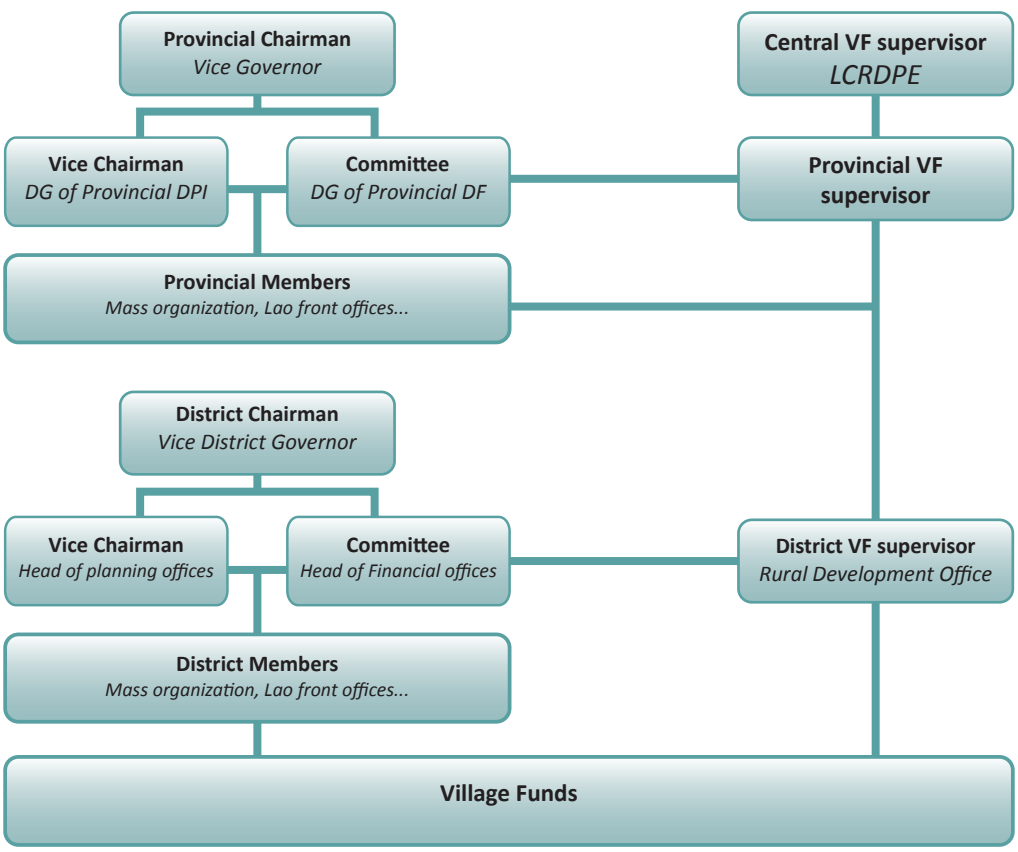
Chapter 2: Governmental and International Support Programs

2.1. Government Programs and Projects

The National Growth and Poverty Eradication Strategy (NGPES) was approved in 2003 by the 4th Ordinary Session of the National Assembly identifying 47 priority districts for poverty eradication. Regarding the lack of capital for income-generating activities as one of the main obstacles to poverty eradication, the Government allocated an amount of 25 billion Kip for the 47 poorest districts in the 2003-2004 budget to establish village funds as a source funds for production and services[13]. This should enable the poor to gradually change from traditional to modern technologies and respond to market demand. This in turn was expected to strengthen communities and their development potential in the framework of the NGPES.

To monitor and supervise the utilization of the budgetary resources, the Government established village fund supervision committees (VFSCs) at central, provincial and district levels.[14] This was followed by an instruction of the Prime Minister's Office and President of the Leading Committee for Rural Development and Poverty Eradication (LCRDPE) on the financial management of the village funds, issued on 14 January, 2009. So far, the current structure of VFSCs is still in force as presented in Figure 1.

Figure 1: Village Fund Supervision Committees (VFSCs) Chart



[13] Notice Letter No. 72/CPC, 28 January, 2004.
[14] Decree of the President of the Committee for Planning and Cooperation No. 408/CPC, dated 29 April, 2004.

From 2003-2007 the Government allocated 41.7 billion Kip to the development of village funds across the country.[15] 10% of the budget was used for technical support at central, provincial and district levels. 90% was dedicated as seed funds for VFs. By September 30, 2009 the Government's support for VFs in the 47 poorest districts covered 528 villages and 34,865 families. The number of active members comprised 21,759 families, and total revolving funds stood at 42.5 billion kip.[16]

2.2. International Programs and Projects

The MFWG is preparing a donor mapping in order to get a full overview of all international programmes and projects. The following overview is indicative only.

2.2.1. Multilateral and bilateral agencies

ADB has played a prominent role in the development of the financial sector in Laos, with an emphasis initially on the banking sector (starting in the early 1990s) and subsequently on the promotion of a regulated microfinance sector. From 2007 to 2012 ADB's *Rural Finance Sector Development Program (RFSDP)* has included a policy-based loan ($7.8 million), a project loan ($2.3 million), a technical assistance grant ($0.7 million) and grant projects ($1.98 million and $0.472 million). ADB contributed substantially to the transformation of the Agricultural Promotion Bank (APB) from a loss-making policy bank to a commercial bank. In microfinance ADB has focused on the policy framework for MFIs: supporting the establishment of a Microfinance Division in BoL in 2003, pilot regulations for SCUs in 2004 and for MFIs in 2005, and three regulations together with the related charts of accounts enacted in June 2008. To provide continual support to the nascent microfinance sector, ADB together with BoL launched *Catalyzing Microfinance for the Poor* in 2007. The two main instruments of support were capacity-building, including the development of training materials adapted to the Laotian context, and the provision of matching grants to eligible MFIs for capacity and operational development. Examining the feasibility of an apex fund in 2009, ADB found that the scope was too limited, the core challenge being shortage of human resources and technical assistance. Assessing institutional development under *Catalyzing Microfinance for the Poor,* BoL & ADB (2010) found financial performance varying widely, ratings in most categories improving, and service providers requiring further training and support in order to achieve international standards. These results were subsequently deepened by a stocktaking of rural and microfinance, including an assessment of the capacity building needs of the Financial Institution Supervision Department of BoL (ADB 2012).

GIZ has supported village funds in Laos since 1998, initially covering three provinces in the northern region (Bokeo until 2008, Luang Namtha and Sayaboury) under the project *Rural Development in Mountainous Areas (RDMA)*. By April 2011, a total of 346 village funds had been promoted, with some 24,000 members, 4 billion Kip in savings and 10.6 billion Kip in loans outstanding. Total assets amounted to 13.1 billion Kip, which included grants of some 6.7 billion Kip. In addition to technical

[15] *Source:* Instruction of the Minister for the Prime Minister Office and President of the Leading Committee for Rural Development and Poverty Eradication (LCRDPE)
[16] LCRDPE , Annual Report on Village Development Fund Performance, 2008-2009, .

assistance GIZ initially provided seed capital in cooperation with IFAD[17], Lao Government and Norwegian Church Aid (NCA), amounting between 1998 to 2011 to 7.2 billion Kip (56% of which was provided to Bokeo).

Since May 2009 GIZ's support of village funds has been integrated into a broader financial sector development project with BoL, *Microfinance in Rural Areas - Access to Finance for the Poor (AFP)*, adding provinces of Attapeu and Savannakhet; AFP covers now 264 village funds in four provinces, with some 20,000 members and a loan portfolio of 8.8 billion Kip as of August 2012. GIZ has contributed EUR 3.75 million from the German government; as of December 2011 Lane Xang Minerals Limited (LXML) has added EUR 805,000 for the second phase. A pivotal part of GIZ's approach has been the establishment of Network Support Organizations (NSOs) of village funds, three of which are registered with BoL and licensed as limited companies with the Department of Industry and Commerce at provincial level[18]; the remaining two have submitted their applications to BoL. As an exit strategy the NSOs are designed to become sustainable by providing cost covering financial intermediation services and technical support (bookkeeping, auditing, financial literacy training, management training) against membership and service fees. In addition to its support to village funds at the micro level and to NSOs at the meso level, AFP provides technical assistance to BoL at the macro level, with a focus on microfinance policy, regulation and capacity building of the Financial Institution Supervision Department (FISD)[19]. Results include the Prime Minister Decree on Microfinance Institutions on 3rd October 2012 and the implementing of an improved Management Information System (MIS) by FISD.

ILO has supported the establishment of a total of 139 village banks in 5 provinces (Borikhamxay, Champassak, Savannakhet, Khammouane, and Sayaboury) in close collaboration with the Lao Community Sustainable Development Promotion Association (LCSDPA[20]) and the provincial departments of labor and social welfare, and of industry and commerce. ILO's intervention initiated in 2003 and was part of two technical cooperation projects to reduce the incidence of human trafficking (2003-08) and to promote women entrepreneurship and gender equality (2009-11). The ILO developed a village banking methodology that is savings-based, inclusive, client-focused and geared towards financial sustainability. The established village banks serve over 27,000 members. LCSDPA provided technical, monitoring and auditing support. A detailed methodology, adapted to the Lao context, is presented in *Village Banking in Lao PDR* published in 2008 in English and Lao.[21] They aim to help village bank management committees to improve the operations and sustainability of their village bank, and to assist village bank support organizations and associations in providing technical assistance. Since the issuance of the BoL's microfinance regulation, the ILO

[17] IFAD provided seed capital and equipment to village funds in Bokeo (1998-2004), Sayaboury (since 2006) and Attapeu (since 2009).
[18] Two are registered under the name Community Credit and Savings Association (CCSA), the other one as Village Development Fund Association (VDFA).
[19] FISD is responsible for supervising formal non-bank, non-insurance financial institutions.
[20] LCSDPA has also received direct funding from the Family Stone Foundation.
[21] The materials consist of a *Handbook for Village Bank Management Committees and Support Organizations* and a *Ledger Guide.* (http://www.ilo.org/asia/whatwedo/publications/lang--en/docName--WCMS_100502/index.htm http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_100503.pdf)

has been exploring ways to best support the established village banks to comply with the regulation. Due to limited resources, no concrete intervention has started yet.

UNDP/UNCDF. In the mid-1990s UNDP/CDF initiated a microfinance roundtable, acting as a coordinator of communication among international donors. In 1996 UNDP/CDF carried out the first microfinance survey among rural households, reporting on 1,640 village funds (most of them rice banks) and 28 projects. Concluding that the dominant revolving fund approach posed serious problems of sustainability, a *Microfinance and Sustainable Livelihood Project* was prepared with BoL in 1997 to build capacity and disseminate good practices. Field interventions in three provinces led to the establishment of three MFIs: Sayaboury Microfinance Office, Sihom Project Savings and Credit Scheme and Oudomxay Development NDTMFI. One of the lasting results has been the establishment of the Microfinance Center (MFC), a leading training and consultancy provider. In June 2010 UNCDF and UNDP entered into a joint programme with BoL, *Making Access to Finance more Inclusive for Poor People*, with a budget of USD 7 million, focusing on interventions at the macro, meso and micro levels. This is to include strategic capital and technical assistance to increase access to financial services by low-income households and microentrepreneurs on a sustainable basis, with a goal of increasing client numbers in the microfinance sector to over 140,000 by 2014.

The World Bank provides financial and implementation support to the development of village funds through its Community Driven Development (CDD) projects. The Khammouane Development Project (KDP), 2008-2013, aims at provincial capacity building and local development through grants to 27 villages in 3 districts to support their agricultural livelihood activities. Its local implementing partner is the provincial government through the Planning and Investment Office. The Sustainable Forestry and Rural Development Project (SUFORD), 2004-2008 and 2009-2011, provides revolving funds to 723 rural villages in nine provinces to support their livelihood development for sustainable forest management. The project is co-financed with the government of Finland and implemented by the Department of Forestry, MAF. The Lao Social and Environmental Project (LSAE) Additional Financing, 2010-2013, provides grants for livelihood development for sustainable watershed management to 12 villages in two districts of Borikhamxay. The Livelihood Pilot Project, as part of the Poverty Reduction Fund-II (PRFII) under the National Committee for Rural Development and Poverty Eradication, 2011-2014, focuses on the four poorest districts of Houaphan and Savannakhet. The pilot project will provide grants to self-help groups of 10-20 families in some 200 villages, with the objective of improved nutrition in the community. In Khammouane and Savannakhet Village Income Restoration Funds are established as part of a downstream livelihood strategy, compensating villages for the loss of livelihood caused by Nam Theun 2, a large hydropower project.[22] The World Bank provides implementation support through its technical and management teams in cooperation with LWU; financial support is provided by the Nam Theun 2 Power Company (NTPC) and the government. **IFC**, which is a member of the World Bank Group, has supported the establishment of a Credit Information Bureau, jointly with ADB and

[22] A Prime Minister's decree stipulates that, if the loss of livelihood from dislocation due to hydropower or mining projects, which are numerous in the Lao PDR, is more than 20%, financial compensation packages shall be provided to establish village funds for „improved or better access to micro-finance and affordable micro-credit facilities."

the EU, which in the future may also cover MFIs. IFC also works with BoL on the development of a payment system and, possibly, branchless banking.

2.2.2. Non-governmental agencies

ACCU. The Association of Asian Confederation of Credit Unions, with its head office in Bangkok, has supported the development of SCUs in Laos since 1992. This has included capacity building of VFs as pre-SCUs and their upgrading to SCUs. ACCU's main partners have been BoL, the provincial Department of Planning and Investment (DPI) in Luang Prabang, Xayaboury, Oudomxay and Luang Namtha and two Dutch NGOs, Agriterra and Rabobank Foundation. Its activities have included contributions to the preparation of a regulatory framework for SCUs, promulgated by BoL in 2008,and of bylaws; the promotion and organization of 19 VFs during 1995-2000; technical support to 6 SCUs and 44 VFs in 2002-2008; and organizational strengthening of 22 VFs in 2009-2010, together with capacity building for participating organizations. Most VFs in Laos mobilize savings but do not collect share capital; in contrast, the promotion of VFs as pre-SCUs by ACCU has focused on the formation of share capital as a requirement for their transformation into licensed institutions. As of December 2010 the 22 VFs had a share capital of 44.22 billion Kip and savings of 2.94 billion Kip. Under *Savings and Credit Unions Development in Lao PDR (SACUDIL)* ACCU's overall objective is to contribute to the development of a sustainable market-oriented rural financial system and to poverty reduction. With support by Rabobank Foundation as of 2011, ACCU is now assisting with the transformation of VFs into SCUs and the establishment of an association of SCUs (ASCU) in the northern region. As of 2012 five SCUs have been licensed, another five are expected to be licensed in 2013. By 2013 the project structure is expected to be transferred to an apex organization.

DGRV. The German Cooperative and Raiffeisen Confederation acts in Germany as a national auditing confederation for some 5,400 cooperatives with 17.8 million members in all sectors of the economy, including 1,138 cooperative banks. Starting in 2007 DGRV has supported the growth of Naxaythong Rural Development Cooperative in Vientiane Capital, which is now one of the largest in Laos. Following capacity building for village funds and their promoting agencies (including LWU) in four provinces, DGRV has helped to establish a Village Bank Service Center (VBSC) as a cooperatively owned network support organization in Champhone District, Savannaketh Province, in 2010, designed to evolve into a licensed SCU operating as a self-sufficient financial intermediary and service provider for its member village funds. Within two years, as of November 2012, the VBSC reached 50 village funds with 3,990 members, a savings balance of 4.6 billion Kip and a loan portfolio of 3.1 billion Kip. The VBSC also operates as financial services provider, with a loan portfolio of 1.1 billion Kip and a savings balance of 1.2 billion Kip after the first year of operation.

FIAM and CODI. The development and implementation of a savings-led approach toward the end of the 1990s was spearheaded by two Thai organizations, both in cooperation with LWU. One was the Foundation for Integrated Agriculture Management (FIAM) with its *Women in Development Project (WIDP)* and *Small Rural Development Project for Women (SRDPW),* which took the lead in 1997 with an exposure program for LWU staff in Thailand. This was followed by the *Women and Community Empowering Project (WCEP) by* the Community Organizational Development Institute (CODI). In

1998 FIAM helped establishing the first savings-based village savings and credit groups (VSCG, or VFs) in Saithany District and expanded in 2002 to Saysettha District. In 2002 this was followed by CODI in the remaining seven districts of Vientiane Capital, and subsequently also in 15 districts in four other provinces[23]. As a sustainability strategy, the staff and functions of the FIAM project were transmitted to **LCSDPA** as a domestic organization. The VFs are fully self-financed through savings as a source of loanable funds and profits to compensate savers and committee members; there are no donor capital grants or credit lines. By September 2009 FIAM and CODI in cooperation with LWU had established 453 village banks/VFs in the nine districts of Vientiane Capital, covering 91% of the villages and 48% of the families in the municipality. Out of 104,000 member-savers, 30,000 are borrowers and 25,000 life insurance participants. Total Assetss amounted to 153 billion Kip ($18 million), total savings to 127 billion Kip. Average membership per VF was 229, with 338 million Kip in average Total Assetss, 280 million Kip in average savings and an average of 299 million Kip in loans outstanding. Dividends received by savers amounted to 10.7% of total savings. 193 out of the 453 VFs had accumulated savings of more than 200 million Kip. The approach has become a model for LWU and other organizations with their partners throughout Laos. A growing savings component is now widespread in most schemes which may have started out as revolving funds. Together with LWU, FIAM and CODI have initiated self-sustaining networks of village funds in all districts of Vientiane Capital. No update has been available for the 2011 report.

SBFIC. Benefiting from more than 200 years of community-based savings banking experience, the German Savings Banks Foundation for International Cooperation (SBFIC) has promoted the development of microfinance in Laos since 2008. In the framework of a regional program funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), SBFIC supports the establishment of a *Women and Family Development Fund (WFDF)* in partnership with LWU, the training program of the Microfinance Centre (MFC) and the Microfinance Working Group (MFWG). Consulting services are provided by the Savings Bank Finance Group in Germany and CARD[24] in the Philippines. The WFDF was established in 2009 as a savings-based financial intermediary. Modifying the original Grameen banking approach, it operates on the principle of *savings first*. With a ratio of 74% voluntary to 26% mandatory savings, total savings to date finance 53% of the loan portfolio; the balance comes from a credit fund and retained earnings of the organization. The WFDF is designed as a centralized institution operating through groups of 4-6 women, centers of 8-10 groups and branches with 20-25 centers, serving some 1,000-1,500 members per branch. WFDF is licensed with BoL as a DTMFI. It reports monthly to BoL using MicroBanker as MIS. Credit disbursement started in January 2010, offering business and agricultural loans in rural and semi-urban areas; operational-self-sufficiency was achieved in August 2011. Currently, WFDF has reached more than 3,000 clients through four branches and 83 centers in three provinces (Borikhamxay, Vientiane Province and Vientiane Capital), with an on-time repayment rate of over 99% (*Nov 2012*). Group lending, with insistence on timely repayment at weekly center meetings, has been accepted in a country where individual lending has been the sole technology of VFs and

[23] Four districts in Luang Prabang, three districts in Champassak, three districts in Bokeo and five districts in Phongsaly. The total number of VFs promoted by CODI in Vientiane Capital and in four provinces is 471, among them 122 with more than 200 million Kip in savings. (Khanthone 2010, in Seibel 2010)
[24] CARD MRI Rural Bank & NGO, www.cardbankph.com/.

where payments are notoriously delayed. Impressed by this experience some MFIs and SCUs have started to adopt a similar approach. In a separate project as of 2012, SBFIC also gives technical assistance to the professionalization of village funds in Vientiane Capital.

Welthungerhilfe has promoted village funds (VFs) in Laos since 2003, inspired by the FIAM model of village savings and credit groups. In Oudomxay Welthungerhilfe initially established VFs with monthly dividend payments to savers, but found that bookkeeping exceeded the capacity of most VF committees. For areas and villages in Oudomxay and Savannakhet Welthungerhilfe has therefore added a rotating fund model, without a savings component and dividends. Every participating family pays a fixed amount determined by the village into an equity fund to which Welthungerhilfe contributes a matching grant. Interest payments on loans for income-generating activities are the only source of growth of the fund. The VFs are self-managed, and once they feel confident enough they may decide to progress to the village banking model with savings deposits and dividend payments to savers. In Oudomxay Welthungerhilfe also developed a variant for women. Welthungerhilfe first built some basic capacity through literacy campaigns, and then promoted savings groups. The women contributed regular savings for a given period of time, and Welthungerhilfe added a matching grant, which together formed a start-up loan fund. Each loan has to be guaranteed by two members who are only entitled to a loan of their own after the initial loan has been repayed. Welthungerhilfe has noted a strong sense of ownership, excellent repayment performance and a rapid rate of growth.

Chapter 3: Microfinance Data at the National Level

Country profile 2011	Number of Households: 1,136,376
Capital: Vientiane	Number of Villages: 8,636
Population: 6,385,057	Number of Districts: 144
Population (15-64 yrs): 3,343,361	Number of Provinces: 16 + 1
Area: 236,800 km^2	
Density: 27 persons/km^2	

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

3.1. Background, Objectives and Methodology

The survey aims at presenting an overall picture of the microfinance sector to all stakeholders, including policymakers, government agencies, donors, microfinance practitioners and investors. We hoped that the data collected will provide a basis for the planning and improvement of programs and interventions, contributing to the expansion and performance of the microfinance sector in its various segments. The database may also be useful to academics, researchers and students who are interested in the analysis and development of the microfinance sector.

NERIs data collection method has evolved over time. In 2003 and 2004 questionnaires were sent by mail to government organizations and project offices at provincial and district levels. In an effort to improve data quality, NERI sent its own survey teams to the field, contacting relevant organizations directly, in 2005, 2006, 2009 and 2012.

In preparation of the present survey the team revised the questionnaire used in previous surveys. Questionnaires were sent to coordinating partners identified by the provincial DPI and forwarded to microfinance institutions and promoters in preparation of the actual field visit and data collection. For practical reasons consolidated information covering several districts or provinces was attributed to the district or province where the reporting organization had its head office, and counted as a single entity (usually a VFP[25]). This may have had a distorting effect on the reported provincial data.

Until 2009 the survey by NERI covered both the regulated and the unregulated microfinance sector. In 2012 NERI covered only the unregulated sector of village funds with its survey methodology. The survey was conducted from April to October 2012. Data on regulated MFIs were provided by BoL directly.

The field survey team comprised of NERI professional staff, collected data from all 16 provinces and Vientiane Capital, covering 144 districts and the development zone of Nam Nhou area in Bokeo province. The team interviewed all entities at provincial and district levels with quantitative

[25] See definition above in Chapter 1.2

information on microfinance activities. This included promoting agencies with consolidated information on a number of village funds, such as government agencies, mass organizations, the Lao National Front for Construction and projects and a small number of individual village funds. The total number of entities providing data on village funds was 209, entities providing information on a total of 4,434 village funds. This is an approximation, as the team might have missed some funds which could not be contacted, particularly in remote areas, while others may have been double-counted due to multiple reporting.

BoL has provided data on 42 regulated MFIs. In contrast to reports up to 2006, this survey does not include data on the Agricultural Promotion Bank and Nayobai Bank, which do not report on microcredit as defined by BoL.

3.2. The Regulated Microfinance Sector

3.2.1. Number of MFIs by Region

Table 1 presents the total number of regulated microfinance institutions (MFIs) by region. There were 42 MFIs in 2011 (up from 26 in 2009), comprising 9 deposit-taking MFIs (DTMFIs), 15 non-deposit-taking MFIs (NDTMFIs) and 18 Saving and Credit Unions (SCUs) (up from 5 DTMFIs, 8 NDTMFIs and 13 SCUs, respectively, in 2009); 25 operate in the central region, 13 in the north and 4 in the south. DTMFIs mostly operate in the central region: Newton MFI, Ekphatthana Microfinance Institution (EMI), Saynhai Samphanh MFI, Microfinance Institution Champalao, Microfinance Institution Seng Ali, Microfinance Institution Mani, Microfinance Institution Bor Kham Chaleurnsub, Microfinance Institution Development and Microfinance Institution Patoukham. There is only 1 DTMFI in the northern region, namely DTMFI Champa Lao, and none in the southern region. In contrast, most NDTMFIs are located in the northern and central region, numbering 8, 6 and one, respectively Development Phongsaly NDTMFI, Community Credit and Saving Association Hongsa-Nguenh, Village Development Fund Association Bokeo, Community Credit and Saving Association Khop-Xienghon, Oudomxay Development NDTMFI, Suaykan Pattana NDTMFI, Hom NDTMFI, Mitmaity NDTMFI, Xayniyom NDTMFI, Women and Family Development NDTMFI, Khouamvangmai NDTMFI, Sasomsab NDTMFI, Thavisab NDTMFI, Homsabphatthana NDTMFI and Vilaboulidankham NDTMFI; there is only one in the south namely NDTMFI Thavisab. Most SCUs (11) are located in the central region; 4 are in the north and 3 in the south Credit Cooperative for the Support of Small Production Units, Funds Cooperative, SCU Vientiane, SCU Seno, SCU Laung Phrabang, SCU Thakhek, SCU Houamchai Phattana, SCU Paksong, SCU Huasae Chaleun, SCU Thoulakhom, SCU Mittaphap, SCU Vanhmai, SCU Nonghaikhok Development, SCU Phonngam, SCU Namthouam Tai, SCU Xiengmouk, SCU Huay Ngangkham and SCU Phatthana Keosamphanh. The southern region is clearly underrepresented in terms of coverage by formal MFIs.

Unlike 2009, the Lao Postal Savings Institution is not included any more. Nevertheless, the number of regulated MFIs has increased substantially, largely due to a new regulatory window for MFIs and the successful cooperation between government and donor agencies who joined together in an effort to increase outreach to the poor and reduce poverty as codified in the Millennium

Development Goals (MDG) and National Growth and Poverty Eradication Strategy (NGPES). Since 2009 the number of regulated MFIs has increased by an impressive 62% (from 26 to 42); their client outreach , however, has increased by only 12%, from 61,043 to 68,140, reflecting an urgent need for consolidation rather than quantitative outreach.

Table 1: Number of MFIs by Region

Region	DTMFIs		NDTMFIs		SCUs		Total	
	No. MFI	No. Clients	No. MFI	No. Clients	No. MFI	No. Members	No. MFI	No. Clients/Members
Northern	1	2,839	8	14,802	4	1,556	13	19,197
Central	8	29,996	6	7,850	11	8,551	25	46,397
Southern	-	-	1	-	3	2,546	4	2,546
Total	9	32,835	15	22,652	18	12,653	42	68,140

Remark: Northern region *(Phongsaly, Luangnamtha, Oudomxay, Bokeo, Luangprabang, Houaphan and Sayaboury provinces)*, central region *(Vientiane Capital, Xiengkkhuang, Vientiane, Borikhamxay, Khammuane and Savannakhet provinces)* and southern region *(Saravanh, Xekhong, Champassak and Attapeu provinces)*

3.2.2. Villages Covered and Members/Clients Access

Table 2 presents the number of villages and members/clients covered by regulated MFIs. The MFIs serve about 29% (2,495 villages) of the total number of 8,636 villages in the country. In relative terms, SCUs serve the largest number of villages, followed by DTMFIs and NDTMFIs. The total number of members/clients is about 68,000. With 48% DTMFIs have the largest outreach, followed by NDTMFIs (33%) and SCUs (19%).

Table 2: Microfinance outreach

Outreach	DTMFIs	NDTMFIs	SCUs	Total
Number of Villages served	1,158	605	732	2,495
Percent	46%	24%	29%	100%
Number of clients/ members	32,835	22,652	12,653	68,140
Percent	48%	33%	19%	100%

3.2.3. Employment Creation

With 431 employees, regulated MFIs have started to play role in job creation. A total of 369 people are full-time employees of the regulated microfinance sector, 51% female. DTMFIs employ 49%, SCUs 35% and NDTMFIs 16% of the total. The average number of clients per full time worker is 158.

Table 3: Employment (absolute number of full time staff)

Sex	DTMFIs	NDTMFIs	SCUs	Total
Female	104	54	61	**219**
Male	107	16	89	**212**
Total	**211**	**70**	**150**	**431**

3.2.4. Loan Information

The total number of borrowers of regulated MFIs was 18,998 in 2011: 47% among DTMFIs, 37% among NDTMFIs and 16% among SCUs. There has been a striking drop in the number of borrowers: down by 26% from 25,808 in 2009. At 45% the decline has been most pronounced among SCUs; the number of borrowers of DTMFIs declined by 19% and that of NDTMFIs by 24%. The decline is even more striking when comparing average numbers of borrowers in 2009 and 2011: cut into less than half during the two-year period, from 993 in 2009 to 452 in 2011, a decline of 54%. The decline has been of a similar magnitude for all three types of MFIs: 55% among DTMFIs, 59% among NDTMFIs and 60% among SCUs. The decline may be due to the addition of a number of new and thus smaller MFIs, perhaps also an indication of a consolidation process among some MFIs.

Loans outstanding amounted to 80.7 billion kip in 2011, about twice the amount of 39.4 billion Kip in 2009. DTMFIs accounted for 44% of loans outstanding, NDTMFIs for 21% and SCUs for 35%. Between 2009 and 2011 the average portfolio per MFI increased by 27% from 1.5 billion Kip to 1.9 billion kip. Between 2009 and 2011 the average portfolio size per DTMFI almost doubled: from 2.2 billion kip to 3.9 billion kip; among SCUs it grew from 1.3 billion kip to 1.6 billion kip; among NDTMFIs it declined from 1.4 billion kip to 1.1 billion kip.

Table 4: Information on loans outstanding

Loan information	DTMFIs	NDTMFIs	SCUs	Total
No. of borrowers in 2011	8,901	7,020	3,077	**18,998**
Percent	47%	37%	16%	**100%**
Average no. of borrowers per MFI	989	468	171	**452**
Total amount of loans outstanding (kip)	35,324,436,365	17,168,306,325	28,194,973,970	**80,687,716,660**
Percent	44%	21%	35%	**100%**
Average loan outstanding per MFI (kip)	3,924,937,374	1,144,553,755	1,566,387,443	**6,635,878,572**
Average loan size per borrower (kip)*	3,968,592	2,466,534	7,786,720	**4,031,964**

** Average loan size per borrower equal total loan use from table 8 divided by number of borrowers*

A breakdown of the number of borrowers of regulated MFIs by region indicates that of the total number of 18,998 borrowers 62% are in the central, 32% in the northern and 5% in the southern

region. While MFI performance in terms of outreach may appear very poor in the southern region, there has been a remarkable increase between 2009 and 2011: from 86 borrowers served by a single SCU to 1,028 borrowers (a twelve-fold increase) served by 3 SCUs and 1 NDTMFI.

Table 5: Number of borrowers by region

Region	DTMFIs	%	NDTMFIs	%	SCUs	%	Total	%
Northern	578	6%	5,106	73%	417	14%	**6,101**	**32%**
Central	8,323	94%	1,914	27%	1,632	53%	**11,869**	**62%**
Southern	-	0%	-	0%	1,028	33%	**1,028**	**5%**
Total	**8,901**	**100%**	**7,020**	**100%**	**3,077**	100%	**18,998**	**100%**

67% of the outstanding loan portfolio is found in the central region (mainly provided by DTMFIs and SCUs), 28% in the northern region (mainly provided by NDTMFIs and SCUs) and 5% in the southern region, with SCUs as the only reported providers.

Table 6: Loans outstanding by region

Unit: kip

Region	DTMFIs	NDTMFIs	SCUs	Total
Northern	2,189,023,050 (2,189,023,050)	13,368,381,125 (1,671,047,641)	7,151,989,410 (1,787,997,353)	**22,709,393,585** **(1,746,876,430)**
Central	33,135,413,315 (4,141,926,664)	3,946,688,150 (657,781,358)	17,295,848,208 (1,572,349,837)	**54,377,949,673** **(2,175,117,987)**
Southern			3,747,136,352 (1,249,045,451)	**3,747,136,352** **(936,784,088)**
Total	**35,324,436,365** **(3,924,937,374)**	**17,315,069,275** **(1,154,337,952)**	**28,194,973,970** **(1,566,387,443)**	**80,834,479,610** **(1,924,630,467)**

Note: The average loans outstanding per MFIs are shown in parentheses.

Interest rates are high in Laos by international standards. They are usually stated on a monthly basis. However, calculating annual effective interest rates on the basis of Table 7 is difficult, as it is not always clear whether these are rates on the declining balance or flat rates[26]; reportedly, all DTMFIs and some NDTMFIs and SCUs charge flate rates. Moreover, there are data problems: there are 13 answers by 9 DTMFIs, 7 answers by 15 NDTMFIs and 11 answers by 18 SCUs. Using the existing incomplete information, 20 out of the total of 31 answers state interest rates above 3.5% per month, 9 state interest rates around 3%, and 2 state interest rates up to 2.5% per month. There is no information on additional charges. In the case of SCUs, where interest rates are around 3%

[26] A flat rate of 2% per month on a one-year loan with regular monthly payments is equivalent to 44% effective per annum, plus extra charges and the cost of mandatory savings if any. Interest rates of money lenders in Laos are reportedly 15% to 20% per month or higher.

and 4% per month, note should be taken that savers are remunerated by dividends calculated on the basis of profit at the end of the year; high interest rate income of SCUs thus benefits the savers

Table 7: Interest rate of loans per month

Unit: number of entity

Interest rate per month	DTMFIs	NDTMFIs	SCUs	Total
0 – 0.50 %	-	0	0	-
1% = 0.51– 1.50 %	-	0	0	-
2% = 1.51 – 2.50 %	-	3	3	6
3% = 2.50 – 3.50 %	3	4	5	12
4% = 3.51 – 4.50 %	3	8	10	21
5% = ≥4.51	3	0	0	3

Remark: All DTMFIs and some NDTMFIs and SCUs charge flate rates.

3.2.5. Loan Use

26% of the loan portfolio is reportedly invested in agriculture, 41% in trade and services, 4% in handicrafts, 11% in emergencies and 19% in unspecified activities. The latter is largely due to the practice of the Lao's Post Office of not stating its loan purposes. (The respective figures for 2009 were 21%, 30%, 9%, 2% and 38%). The information given in table 8 covers 95% of the loan portfolio as stated in table 6. DTMFIs lend predominantly for trade and services, NDTMFIs for agriculture and also for trade and services, and SCUs equally for agriculture and trade and services. SCUs and NDTMFIs also lend substantially for emergencies: 22% and 18% of their respective portfolios; DTMFIs do not offer emergency loans.

Table 8: Loan purpose of all loans given during 2011 (full principle)

Unit: (kip)

Loan purpose	DTMFIs	NDTMFIs	SCUs	Total
Agricultures and livestock	4,438,044,813	8,180,647,839	7,165,696,510	**19,784,389,163**
Trade and services	18,666,299,606	5,290,790,721	7,244,228,518	**31,201,318,844**
Handicraft	152,993,126	600,753,491	2,242,479,498	**2,996,226,114**
Emergency		3,072,152,500	5,288,307,250	**8,360,459,750**
Other purposes*	12,067,098,820	170,724,724	2,019,026,933	**14,256,850,477**
Total loan use	**35,324,436,365**	**17,315,069,275**	**23,959,738,709**	**76,599,244,349**

3.2.6. Savings Information

All 42 MFIs provide savings deposit services, including NDTMFIs. There are 49,142 savings accounts (down from 54,719 in 2009) with a total balance of 63.5 billion Kip (same as in 2009), averaging 1.5 billion Kip per MFI (down from 2.4 billion Kip in 2009) and 1.3 million per account. With 49% of the total DTMFIs attract the largest number of savers and 55% of total savings deposits. NDTMFIs account for 32% of savers and 20% of savings deposits. SCUs account for 19% of savers and 24% of savings deposits. On average DTMFIs and SCUs pay around 1% interest per month on savings deposits.

Table 9: Savings information

Savings information	DTMFIs	NDTMFIs	SCUs	Total
Number of providers with savings products	9	15	18	42
Number of savers	23,934	15,632	9,576	49,142
Precent	49%	32%	19%	100%
Average no. of savers per MFI	2,659	1,042	532	1,170
Total amount of savings (kip)	35,136,824,527	12,892,574,100	15,476,057,477	63,505,456,104
Percent	55%	20%	24%	100%
Average savings per MFI (kip)	3,904,091,614	859,504,940	859,780,971	1,512,034,669
Average savings size per person (kip)	1,468,072	824,755	1,616,130	1,292,285
Average savings interest rate per month (%)	1%	0%	1%	1%

70% of the savers in regulated MFIs are located in the central region, 27 % in the northern region and 3% in the southern region. The bulk of savers in the central region are attracted by DTMFIs, in the northern region by NDTMFIs and in the south exclusively by SCUs.

Table 10: Number of savers by region

Regions of the country	DTMFIs	NDTMFIs	SCUs	Total
Northern	2,261	9,696	1,139	**13,096**
Central	(2,261)	(1,212)	(285)	**(1,007)**
Southern	21,673	5,936	6,919	**34,528**
Total	**(2,709)**	**(989)**	**(629)**	**(1,381)**

Remark: Average number of savers per MFI given in parentheses.

The central region accounts for 67% of total savings mobilized by regulated MFIs, the northern region for 28% and the southern region for 5%; this is fundamentally different from 2009 when 95% of savings were reported in the central region. As in the case of savers (Table 10), the bulk of savings in the central region are collected by DTMFIs, in the northern region by NDTMFIs and in the south exclusively by SCUs.

Table 11: Absolute amount of savings by region

Region	DTMFIs	NDTMFIs	SCUs	Total
Northern	795,366,500 (795,366,500)	11,095,366,900 (1,386,920,863)	5,692,383,569 (1,423,095,892)	**17,583,116,969** **(1,352,547,459)**
Central	34,341,458,027 (4,292,682,253)	1,797,207,200 (299,534,533)	6,698,954,908 (608,995,901)	**42,837,620,135** **(1,713,504,805)**
Southern			3,084,719,000 (1,028,239,667)	**3,084,719,000** **(771,179,750)**
Total	**35,136,824,527** **(3,904,091,614)**	**12,892,574,100** **(859,504,940)**	**15,476,057,477** **(859,780,971)**	**63,505,456,104** **(1,512,034,669)**

Remark: Average amount of savings per MFI shown in parentheses.

3.2.7. Income Statement

To ensure their survival and growth MFIs must cover their costs and make a profit. In 2011 the total amount of net profit after taxes including extraordinary income was reportedly 3.24 billion Kip. 41% of this amount was earned by DTMFIs, 46% by NDTMFIs and 13% by SCUs. If extraordinary income (such as grants) is excluded the total amount of net profit is 1.84 billion Kip: DTMFIs made a profit of 1.15 billion Kip, NDTMFIs a profit of 1.05 billion Kip and SCUs a loss of 0.36 billion Kip. The operational self-sufficiency (OSS[27]) ratio (income without grants/expenditure, after loan loss provisioning and before taxes) of MFIs is 109%. DTMFIs have an OSS of 110%, NDTMFIs of 125% and SCUs of 94%. There is probably wide variation between the MFIs within each category which is not presented here.

[27] Including Loan loss provision/Reserves

Table 12.1: Income statement 2011

Unit: kip	DTMFIs	NDTMFIs	SCUs	Total
Interest Income	12,413,716,002	4,884,441,717	4,048,480,913	**21,346,638,632**
Other Income (e.g. fees, service charges)	1,013,107,877	444,359,548	543,141,410	**2,000,608,835**
Total Income	**13,426,823,879**	**5,328,801,265**	**4,591,622,323**	**23,347,247,467**
Operating Expenses	10,285,245,388	3,925,792,080	3,817,127,649	**18,028,165,117**
Other Expenses (e.g. consultants, studies)	92,500,350			**92,500,350**
Total Operating Expenses	**10,377,745,738**	**3,925,792,080**	**3,817,127,649**	**18,120,665,467**
Net Operating Income/Loss	3,049,078,141	1,403,009,185	774,494,674	**5,226,582,000**
Loan Loss Provision/Reserves	(1,824,843,650)	(353,985,825)	(1,093,655,186)	**(3,272,484,661)**
Extraordinay Income (e.g. grants)	177,544,288	446,123,016	774,639,910	**1,398,307,214**
Tax paid	72,226,000	2,700,000	38,629,450	**113,555,450**
Net profit for the period (incl. extraordinary income)	**1,329,552,780**	**1,492,446,376**	**416,849,948**	**3,238,849,104**
Net profit for the period (excl. grants and donations)	**1,152,008,492**	**1,046,323,360**	**(357,789,962)**	**1,840,541,890**

Table 12.2 presents the data of table 12.1 as averages per DTMFI, NDTMFI, SCU and the total MFI sector.

Table 12.2: Average income statement 2011 per type of MFI

Unit: kip	DTMFIs	NDTMFIs	SCUs	Total
Interest Income	1,379,301,778	325,629,448	224,915,606	**1,929,846,832**
Other Income (e.g. fees, service charges)	112,567,542	29,623,970	30,174,523	**172,366,035**
Operating Expenses	1,142,805,043	261,719,472	212,062,647	**1,616,587,162**
Other Expenses (e.g. consultants, studies)	10,277,817			**10,277,817**
Total Operating Expenses	1,153,082,860	261,719,472	212,062,647	**1,616,587,162**
Net Operating Income/Loss	338,786,460	93,533,946	43,027,482	**485,625,704**
Loan Loss Provision/Reserves	(202,760,406)	(23,599,055)	(60,758,621)	**(287,118,082)**
Extraordinary Income (e.g. grants)	19,727,143	29,741,534	43,035,551	**92,504,228**
Tax paid	8,025,111	180,000	2,146,081	**10,351,192**
Net profit for the period (incl. extraordinary income)	**147,728,087**	**99,496,425**	**(23,158,330)**	**270,382,842**
Net profit for the period (excl. grants and donations)	**12,445,388**	**69,754,890**	**(19,877,220)**	**43,822,238**

3.2.8. Balance Sheet

In 2011 total assets of the regulated MFI sector amounted to 133.4 billion Kip, a nominal increase of 15.6% over 2009, barely above the inflation rate[28]; DTMFIs account for 45% of that amount, NDMFIs for 23% and SCUs for 32%. There have been substantial changes in the structure of the consolidated balance sheet of 2009 (comprising 26 MFs) and 2011 (comprising 42 MFI): 61% of total assets are gross loans outstanding (up from 34% in 2009); an amazing 28% is held in cash (down from 56% in 2009); DTMFIs and NDTMFIs hold 33% and 31% of their respective total assets in cash, SCUs 18%. Relatively speaking, DTMFIs are savings-driven, NDTMFIs are driven by donations and grants, and SCUs by equity. Savings deposits account for 48% of passiva of the MFI sector: 59%, 42% and 36% of the respective passiva of DTMFIs, NDTMFIs and SCUs. Donations and grants account for 9% of the passiva of the sector. That share varies widely among DTMFIs, NDTMFIs and SCUs: 2%, 23% and 8%, respectively. Total equity accounts for 36% of the passiva of the sector: 28% among DTMFIs, 39% among NDTMFIs and 45% among SCUs. Return on assets (ROA)[29] in 2011 was 1.4% for the MFI sector, 1.9% for DTMFIs, 3.4% for NDTMFIs and -0.8% for SCUs, quite different from 2009 when the respective ratios (of a much smaller sector) reportedly were 1.2%, 2.1%, -0.5% and -0.4%.

[28] The inflation rate was 5.98% in 2010 and 7.58% in 2011.

[29] ROA is calculated as net profit after loan loss provisions and taxes (excluding extraordinary income such as grants and donations) divided by total assets at year-end.

Table 13.1: Balance Sheet

Unit: kip	DTMFIs	NDTMFIs	SCUs	Total
Cash	19,465,537,173	9,687,426,286	7,782,038,831	**36,935,002,290**
Gross loan outstanding	35,324,436,365	17,168,306,325	28,194,973,970	**80,687,716,660**
Fixed and other assets	4,897,585,455	4,083,820,614	6,746,879,184	**15,728,285,253**
Total Asset	**59,687,558,993**	**30,939,553,225**	**42,723,891,985**	**133,351,004,203**
Saving deposits	35,136,824,527	12,892,574,100	15,340,962,393	**63,370,361,020**
Loan received	6,757,610,000	3,717,336,544	2,197,211,706	**12,672,158,250**
Other (unpaid interests)	1,026,723,266	2,186,052,017	5,822,510,542	**9,035,285,825**
Total Liability	**42,921,157,793**	**18,795,962,661**	**23,360,684,641**	**85,077,805,095**
Shares	13,892,717,158	2,911,710,520	13,432,405,358	**30,236,833,036**
Reserve	318,681,486	85,000,000	607,362,395	**1,011,043,881**
Donations and grants	1,475,133,549	7,209,911,110	3,540,536,201	**12,225,580,860**
Retain Earnings prior period, others* Dividend Payment	(249,683,773)	444,522,558	1,366,053,442	**1,560,892,227**
Profit/Loss of current year	1,329,552,780	1,492,446,376	416,849,948	**3,238,849,104**
Total Equity	**16,766,401,200**	**12,143,590,564**	**19,363,207,344**	**48,273,199,108**
Total liability and Equity	**59,687,558,993**	**30,939,553,225**	**42,723,891,985**	**133,351,004,203**

Note: * Additional capital, dividend declared

Table 13.2 presents the data of table 13.1 as averages per DTMFI, NDTMFI, SCU and the total MFI sector. Average total assets of the sector per MFI are 3.18 billion Kip. There are wide differences between the three types of MFIs in terms of average total assets: 6.63 billion Kip among DTMFIs, 0.81 billion Kip among NDTMFIs and 2.63 billion Kip among SCUs.

Table 13.2: Average balance sheet per type of MFI

Unit: kip	DTMFIs	NDTMFIs	SCUs	Total
Cash	2,162,837,464	645,828,419	432,335,491	**3,241,001,373**
Gross loan outstanding	3,924,937,374	1,144,553,755	1,566,387,443	**6,635,878,572**
Fixed and other assets	544,176,162	272,254,708	374,826,621	**1,191,257,491**
Total Asset	**6,631,950,999**	**2,062,636,882**	**2,373,549,555**	**11,068,137,436**
Saving deposits	3,904,091,614	443,745	1,022,730,826	**4,927,266,186**
Loan received	750,845,556	127,946	146,480,780	**897,454,282**
Other (unpaid interests)	114,080,363	75,241	388,167,369	**502,322,973**
Total Liability	**4,769,017,533**	**646,932**	**1,557,378,976**	**6,327,043,441**
Shares	1,543,635,240	194,114,035	746,244,742	**2,483,994,017**
Reserve	35,409,054	5,666,667	33,742,355	**74,818,076**
Donations and grants	163,903,728	480,660,741	196,696,456	**841,260,924**
Retain Earnings prior period, others* Dividend Payment	(27,742,641)	29,634,837	75,891,858	**77,784,054**
Profit/Loss of current year	147,728,087	99,496,425	23,158,330	**270,382,842**
Total Equity	**1,862,933,467**	**809,572,704**	**1,075,733,741**	**3,748,239,912**
Total liability and Equity	**6,631,950,999**	**810,219,636**	**2,633,112,717**	**10,075,283,353**

Note: * Additional capital, dividend declared, profit for current year

3.3. The Unregulated Microfinance Sector: Village Funds

3.3.1. Outreach of VFs by region and type of VF (with and without savings)

The microfinance survey 2011 covers 4,434 village funds (VFs) with a total of 430,623 members, or 97 members per VF on average. This information has been provided by 192 village fund promoters (VFPs). The majority of them has presented consolidated data on several VFs, and a few on a single VF each. The number of total reported VF members is more than six times the number of

members/clients of regulated MFIs (68,140). 39% of VFs is located in the northern region, 38% in the central region and 23% in the southern region. 34% of VF members is located in the northern region where VF have an average size of 85 members, 46% is in the center with an average membership of 118, and 20% in the south with an average membership of 84.

There are two types of VFs: 3,560 deposit-taking VFs (80%), which provide savings and credit services, and 874 non-deposit-taking VFs (20%), which provide credit only. The latter solely rely on external sources of capital. The two types differ widely in terms of size: deposit-taking VFs have 110 members on average, non-deposit-taking VFs have only 46 members. Total membership is 390,431 and 40,192 respectively, or 91% and 9% of the subsector. The client outreach of deposit-taking VFs (DTVFs) is significantly higher (91% of all members) than that of non-deposit-taking VFs (9% of all members). DTVFs are strongest in the central region (46% of all members), in the northern region they account for 35% of all members and in the southern region for 19%.

Table 14: Outreach of VFs by region and type of VF

	Northern	Central	Southern	Total
Village Fund Promoters (VFPs)	80	98	31	209
Deposit-taking VFs:				
No. of VFs[1]	1,470	1,258	832	3,560
No. of members	137,227	179,693	73,511	390,431
Non-deposit-taking VFs:				
No. of VFs	234	428	212	874
No. of members	6,790	19,368	14,034	40,192
Total:				
No. of VFs	1,704	1,686	1,044	4,434[2]
Percent	*39%*	*38%*	*23%*	*100%*
No. of members	144,017	199,061	87,545	430,623
Percent	*34%*	*46%*	*20%*	*100%*

[1] *Village Fund (VF) is the village with savings and credit services providing for its members within the village*
[2] *In a few cases there is more than one funding source of VFs in some villages; therefore the number of VFs recorded might include some double-counting.*

3.3.2. Loan Information

VFs have a total of 221,897 borrowers, which make up 52% of their total membership. The central region accounts for the largest number of borrowers (109,330), the north is second (67,955) and the south third (44,612). The average number of borrowers per VF is 50, with 65 borrowers in the central, 40 persons in the northern and 43 in the southern region. The total loan portfolio of VFs is 295 billion Kip, on average 66 million per VF. The average outstanding loan per VF is 98 million Kip for the center, about 42 million Kip for the northern and 55 million Kip for the southern region.

Table 15: Information on loans outstanding by region and type of VF

	Northern	Central	Southern	Total
Deposit-taking VFs				
No. of borrowers	61,406	91,704	30,648	183,758
Average no. of borrower per VF	42	73	37	52
Amount of loans outstanding	62,582,854,000	148,288,367,000	44,388,417,000	255,259,638,000
Average loan outstanding per VF	42,573,000	117,876,000	53,351,000	71,702,000
Average outstanding loan size	1,019,000	1,617,000	1,448,000	1,389,000
Non-deposit-taking VFs				
No. of borrowers	6,549	17,626	13,964	38,139
Average no. of borrowers per VF	28	41	66	44
Amount of loans outstanding	8,566,692,000	17,224,360,000	13,499,333,000	39,290,385,000
Average loan outstanding per VF	36,610,000	40,244,000	63,676,000	44,955,000
Average outstanding loan size	1,308,000	977,000	9667,000	1,030,000
Total				
No. of borrowers	67,955	109,330	44,612	221,897
Average no. of borrowers per VF	40	65	43	50
Amount of loans outstanding	71,149,546,000	165,512,727,000	57,887,750,000	294,550,023,000
Average loan outstanding per VF	41,754,000	98,169,000	55,448,000	66,430,000
Average outstanding loan size	1,047,000	1,514,000	1,298,000	1,327,000

Information on loan interest rates is only available at the level of VFPs. As shown in Table 16 below, non-deposit-taking VFs, which are externally subsidized, charge lower interest rates than deposit-taking VFs. However, it is difficult to interpret information on interest rates as no distinction has been made in the questionnaire between flat and annual effective rates.

Table 16: Monthly loan interest rate

Interest rate of loan per month	Deposit-taking VFs	Non-deposit-taking VFs	Total
0 – 0.50 %	12	19	32
1% = 0.51 – 1.5 0%	41	19	60
2% = 1.51 – 2.50 %	41	6	47
3% = 2.51 – 3.50 %	46	5	51
4% = 3.51 – 4.50 %	7	1	8
5% = ≥4.51	3	2	5
Total	150	52	202*

*information on interest rate of 7 VFPs (totally 209 VFPs) is missed

Table 17 presents information on loan use. 46% of the loan amount is invested in agriculture including livestock, 11% in trade and services, 3% in handicrafts, 4% in emergencies and 2% in other activities; on 35% of the loan portfolio there is no information. Agricultural loans are relatively most pronounced in the north and least in the south.

Table 17: Loan purpose of all loans given during 2011 (full principle)

Purpose of loan use	Northern	Central	Southern	Total
Total loan use (kip)	**99,519,266,000**	**322,636,119,500**	**72,070,244,000**	**494,225,629,500**
Agricultures and Livestock	56,477,216,500	144,985,176,150	23,830,951,000	**225,293,343,650**
Trade and Services	11,255,708,000	34,473,525,100	9,875,773,000	**55,605,006,100**
Handicraft	4,193,565,000	10,861,977,150	1,013,776,000	**16,069,318,150**
Emergency	3,286,304,000	5,677,182,900	2,091,489,400	**11,054,976,300**
Other purposes	2,875,393,000	11,243,523,000	234,997,000	**14,353,913,000**
Percentage	20%	65%	15%	**100%**
Agricultures and Livestock	57%	45%	33%	**46%**
Trade and Services	11%	11%	14%	**11%**
Handicraft	4%	3%	1%	**3%**
Emergency	3%	2%	3%	**2%**
Other purpose	3%	3%	0%	**3%**

3.3.3 Savings Information

In 2011 3,560 DTVFs provided savings services to a total number of 371,572 savers; this was more than seven times the number of savers of regulated MFIs (49,142). The largest part of total VF savers (49%) is in the central region, followed by the northern (35%) and the southern region (16%). The total deposit balance is 402 billion Kip, which is on average 113 million Kip per deposit-taking VF and 1,081,000 Kip per saver. 75% of the savings deposits are in the central region, 12% in the northern region and 13% in the southern region.

Table 18: Savings information by region

	Northern	Central	Southern	Total
Deposit-taking VFs:	1,470	1,258	832	3,560
No. of savers	131,173	179,779	60,620	371,572
Percent of savers	35%	48%	16%	100%
Average no. of savers per VF	89	143	73	104
Amount of savings (kip)	49,236,690,000	302,309,060,000	50,182,511,000	401,728,261,000
Percent of savings	12%	75%	12%	100%
Average amount of savings per VF (kip)	33,494,347	240,309,269	60,315,518	112,845,017
Average savings per member	375,357	1,681,559	827,821	1,081,159

3.3.4. Income Statement

Table 19.1 shows profit or loss of VFs in the year 2011. Total profit of VFs including grants minus loan loss provisions/reserves amount to about 50 billion Kip. DTVFs are responsible for a net profit of 52 billion Kip, which is 95% of the total profit of VFs. It is clear that they are more profitable than NDTVFs. Net profit of all VFs is 17% of loans outstanding; for DTVFs it is 19% and for NDTVFs 6%. There is almost no difference in the operating expense ratio of DTVFs (25%) and NDTVFs (24%). The income statement includes *Loan Loss Provision/Reserves*, but does not distinguish between the two items; in all likelihood, very few, if any, VFs provision for loan losses.

Table 159.1: Income statement 2011

Unit: kip	Deposit-taking VFs	Non-deposit-taking VFs	Total
Interest Income	67,401,757,000	2,624,936,000	**70,026,693,000**
Other Income (e.g. fees, service charges)	1,015,884,000	339,478,000	**1,355,362,000**
Operating Expenses	68,417,641,000	2,964,414,000	**71,382,055,000**
Expenses for Village Development	10,488,758,000	415,680,000	**10,904,438,000**
Expenses for Social Welfare	2,515,814,000	51,769,000	**2,567,583,000**
Other Expenses (e.g. consultants, studies)	2,067,385,000	53,403,000	**2,120,788,000**
Total Operating Expenses	1,795,760,000	176,131,000	**1,971,891,000**
Net Operating Income/Loss	**16,867,717,000**	**696,983,000**	**17,564,700,000**
Loan Loss Provision/Reserves	51,549,924,000	2,267,431,000	**53,817,355,000**
Extraordinary Income (e.g. grants)	-3,861,679,000	-65,992,000	**-3,927,671,000**
Net profit for the current year	**219,257,000**	**207,380,000**	**426,637,000**

The average net profit is 11.3 million kip for of all VFs, 13.5 million kip for DTVFs and 2.8 million kip for NDTVFs. Further details are given below.

Table 19.2: Income statement 2011, average per VF

Unit: kip	Deposit-taking VFs	Non-deposit-taking VFs	Total
	18,935,000	77,127,000	15,794,000
Interest Income			
Other Income (e.g. fees, service charges)	285,000	388,000	306, 000
Operating Expenses	2,946,000	475,000	2,459, 000
Expenses for Village Development	706,000	59,000	578, 000
Expenses for Social Welfare	581,000	61,000	478, 000
Other Expenses (e.g. consultants, studies)	504,000	201,000	445, 000
Total Operating Expenses	4,737,000	797,000	3,961, 000
Net Operating Income/Loss	**14,483,000**	**2,594,000**	**12,140, 000**
Loan Loss Provision/Reserves	1,098,000	75,000	897, 000
Extraordinary Income (e.g. grants)	68,000	237,000	102, 000
Net profit for the period	**13,453,000**	**2,756, 000**	**11,345, 000**

3.3.5. VF's Balance Sheet

Table 20.1 shows that DTVFs account for 89% of the total aggregate balance sheet of VFs. Among DTVFs savings deposits make up 76%, shares and reserves 4%, and donations and grants 15% of total liabilities and equity; aong NDTVFs donations and grants make up 76%, and reserves 19%.

Table 20.1: VFs' Balance sheet for 2011 [30]

Unit: kip	Deposit-taking VFs	Non-deposit-taking VFs	Total
Cash	260,059,443,000	23,676,899,000	283,736,342,000
Gross loan outstanding	255,259,638,000	39,290,385,000	294,550,023,000
Fixed and other assets	13,728,870,000	301,269,000	14,030,139,000
Total Asset	**529,047,951,000**	**63,268,553,000**	**592,316,504,000**
Saving deposits	401,728,261,000		401,728,261,000
Loan Received	4,340,030,000	50,000,000	4,390,030,000
Others (Unpaid dividend)	910,803,000		910,803,000
Total Liability	**406,979,094,000**	**50,000,000**	**407,029,094,000**
Shares	3,142,792,000		3,142,792,000
Reserve	20,301,767,000	11,776,873,000	32,078,640,000
Donation and grant	80,080,664,000	48,195,058,000	128,275,722,000
Retained earnings prior period, others*	5,761,585,000	973,742,000	6,735,327,000
Dividend Payment	-35,125,453,000	-135,939,000	-35,261,392,000
Profit/Loss of current year	47,907,502,000	2,408,819,000	50,316,321,000
Total Equity	**122,068,857,000**	**63,218,553,000**	**185,287,410,000**
Total Liability and Equity	**529,047,951,000**	**63,268,553,000**	**592,316,504,000**

* Additional capital, dividend declared

Table 20.2 gives the average balance sheet of VFs. The average DTVF is more than twice as big in terms of total assetss as the average NDTVF. Dividend payments of the average DTVF amount to almost 10 million kip, covering remunerations to savers and to the members of the management board and the governing board; by comparison, dividend payments of NDTVFs are a mere 156,000 kip to board members.

[30] In reality, very few VFs or VFP have their own balance sheet. Their accounting and bookkeeping system is very simple, the balance sheets for VFs were constructed after the data collection by the authors of this report.

Table 20.2: Average balance sheet per VF

Unit: kip	Deposit-taking VFs	Non-deposit-taking VFs	Total
Cash	73,050,000	27,090, 000	63,991, 000
Gross loan outstanding	71,702, 000	44,955, 000	66,430, 000
Fixed and other assets	3,856, 000	345, 000	3,164, 000
Total Asset	**148,609, 000**	**72,390, 000**	**133,585, 000**
Saving deposits	112,845, 000	-	90,602, 000
Loan Received	1,219, 000	57, 000	990, 000
Others (Unpaid dividend)	256, 000	-	205, 000
Total Liability	***114,320, 000***	***57, 000***	***91,797, 000***
Shares	883, 000	-	709, 000
Reserve	5,703, 000	13,475, 000	7,235, 000
Donation and grant	22,495, 000	55,143, 000	28,930, 000
Retained earnings prior period, others*	1,618, 000	1,114, 000	1,519, 000
Dividend Payment	-9,867, 000	-156, 000	-7,952, 000
Profit/Loss of current year	13,457, 000	2,756, 000	11,348, 000
Total Equity	***34,289, 000***	***72,332, 000***	***41,788, 000***
Total Liability and Equity	**148,609, 000**	**72,390, 000**	**133,585, 000**

* Additional capital, dividend declared

3.3.6. Return on Assets – Comparing regulated MFIs and unregulated VFs

Table 21 compares return on assets ratios (ROA) at year-end[31] of the various types of microfinance providers. The calculation excludes grants (as income) in order to get a more meaningful sense of institutional performance. Note should be taken that the unregulated VFs generally do not provision for loan losses[32], do not write off bad debts and do not pay taxes. If they did the ratios presented in Table 21 would be substantially lower. In 2011 regulated MFIs did provide for loan losses and paid taxes, but did not write off bad debts. Furthermore, MFIs and VFs cannot be directly compared because of fundamental differences in their accounting practices. In contrast to MFIs, VFs do not pay salaries, have very low administrative expenses and pay no interest on savings. Instead their management and governing board committee members and their depositors are compensated with dividends, which are only calculated at the end of the year or accounting periods. The accounting profit margins of VFs are therefore substantially higher than those of MFIs.

[31] ROA is normally calculated as an average over the full year. This is not possible here because total assets are only available for the end of period, not for the beginning of period nor for each month.

[32] As noted in the explanatory text to Table 19.1, "The income statement includes *Loan Loss Provision/Reserves*, but does not distinguish between the two items; in all likelihood, very few, if any, VFs provision for loan losses."

Table 21: Adjusted Return on Assets (in percent)

Regulated MFI and VFs	ROA [33]
Regulated MFIs	**1.4%**
DTMFIs	1.9%
NDTMFIs	3.4%
SCUs	-0.8%
VFs	**9.1%**
Deposit-taking VFs	9.7%
Non-deposit-taking VFs	3.6%

There are three notable results of the comparison: First, VFs with a ROA of 9.1% outperform regulated MFIs with a ROA of 1.4% by a wide margin. Second, in contrast to 2009, NDTMFIs with a ROA of 3.4% outperform DTMFIs with a ROA of 1.9%, while SCUs remain loss-making at both periods. Third, at a ROA of 9.7% DTVFs outperform NDTVFs with a ROA of 3.6% by a wide margin

3.4. Summary and conclusions

A comparison of the study of 2006 with the surveys of 2009 and 2012 shows that the overall microfinance sector has expanded significantly[34]. In 2006 the regulated microfinance sector was just emerging. Therefore the survey report did not present separate data for regulated MFIs and unregulated village funds back then. Now that a regulated microfinance sector has emerged and a regulation is in place, the reports for 2009 and 2012 present data separately for the two subsectors and for the different types of institutions within them.

From 2009 to 2011 the **regulated microfinance sector** grew from 26 to 42 MFIs, an increase of 62%; DTMFIs grew from 5 to 9, NDTMFIs from 8 to 15 and SCUs from 13 to 18. The sector continues to be strongest in the central part of the country, comprising 25 MFIs (with 68% of total outreach), followed by the north with 13 MFIs (with 28% of outreach); the south is underserved, but the number of MFIs has increased from 1 to 4 (with 4% of outreach). Outreach grew by 12% from 61,043 clients in 2009 to 68,140 in 2011; DTMFIs and NDTMFIs grew by 16% and 19%, respectively, while the number of members of SCUs fell by 8%. Among the regulated MFIs DTMFIs seem to hold the largest potential. In 2011 they accounted for 48% of clients, compared with 33% among NDTMFIs and 19% among SCUs.

There have been some major changes between 2009 and 2011 some which to seem to require an explanation. Total assets of the regulated MFI sector went up by 16%: from 115.3 billion Kip to 133.35 billion Kip. There are some surprising differences between the three types of MFIs: total assets of DTMFIs fell by 19%, while total assets of NDTMFI and SCUs grew by 99% and 63%, respectively. From 2009 to 2011 loans outstanding more than doubled: from 39.4 billion Kip to 80.7 billion Kip. The loan portfolio of DTMFIs grew by 224%, NDMFIs by 54% and SCUs by 63%, reaching 35.3 billion Kip, 17.2 billion Kip and 29.2 billion Kip, respectively. During the same period savings

[33] Note: ROA is calculated as net profit (adjusted by excluding grants from income) divided by total assets at year-end.
[34] In contrast to the NERI reports up to 2006 Nayoby Bank and APB bank are not included in the studies of 2009 and 2012.

deposits stagnated; they stood at 63.6 billion Kip in 2009 and 63.5 billion Kip in 2011. However, there is considerable variation between the three types of MFIs: savings deposits of DTMFIs fell by 33%, while those of NDTMFIs (paradoxically) skyrocketed by 389% and those of SCUs grew by 80%; the share of savings of DTMFIs in terms of the MFI sector fell from 82% to 55%, while the share of NDTMFIs rose from 4% to 20% and that of SCUs from 13.5% to 24%. According to the data available the increase in savings of non-deposit-taking MFIs reflects strong growth in the province of Phongsaly.

Profitability of the regulated MFI sector is still low (and would be lower if international accounting practices were applied), but has improved as measured by ROA (at year-end): from 1.2% in 2009 to 1.4% in 2011. Profitability of DTMFIs has deteriorated somewhat from 2.1% to 1.9%, NDTMFIs have substantially improved their performance from -05% to 3.4%, while the performance of SCUs has further declined from -0.4% to -0.8%. There is wide variation between institutions within each group.

The unregulated microfinance sector of village funds (VFs) accounts by far for the largest portion of the total microfinance sector: 86% of outreach in terms of clients and members and 82% of total assets. From 2009 to 2011 the number of VFs has increased by 8% from 4,113 to 4,434, their outreach in terms of membership by 20% from 359,608 to 430,623; their average size has gone up from 87 to 97. Their geographical spread is more even than that of the regulated microfinance sector: virtually identical percentages of VFs are found in the northern (39%) and southern region (38%) and a remarkable 23% in the south. Outreach in terms of membership is tilted to the central region (46%), compared to 34% in the north and 20% in the south. From 2009 to 2011 total assets have gone up by 48% from 299.0 billion Kip to 592.2 billion Kip, loans outstanding by 20% and savings deposits by 49%, the latter accounting for 68% of the balance sheet.

As in 2009, the most striking result of this survey is the vast difference found between DTVFs and NDTVFs. This is all the more remarkable as the VF movement started in the e 1990s with revolving funds. The spread and prevalence of deposit-taking VFs is testimony to strong propensity to save as well as a pronounced tendency to self-help, self-reliance and self-management among the people in Laos. As of 2011 there were 3,560 deposit-taking VFs (80% of the total number) and 874 NDTVFs (20%). Compared with 2009 the number of DTVFs has gone up by 7% and the number of NTVFs by 9%. DTVFs account for 91% of total VF membership, 100% of (voluntary) savers, 83% of borrowers and 87% of loans outstanding. DTVFs and NDTVFs differ substantially in average number of members (110 vs. 46), average amount of loans outstanding per VF (71.7 million Kip vs. 39.3 million Kip) and average loan size per borrower (1.4 million Kip vs. 1.0 million Kip). At a ROA of 9.7% (down from 12.9% in 2009), they outperform NDTVFs with a ROA of 3.6% (up from 3.2% in2009), by a wide margin.

There are a number of challenges for the VF subsector, facing the Government and the donor community:

- Transforming non-deposit-taking VFs into deposit-taking VFs, with technical assistance and capacity building;

- Expanding outreach to the remaining 4,300 villages which are not covered, including those in remote areas
- Building and strengthening service networks among VFs at district level, following the examples set by GIZ and networks in the districts of Vientiane Capital and in several other provinces (*see chapter 1.3*);
- Strengthening self-help, self-governance, self-management and financial and social performance of the VFs: through their service networks and direct technical assistance and capacity building;
- Developing an appropriate framework of regulation and supervision in partnership between VF service networks/federations and BoL together with other relevant stakeholders.[35]
- Promoting the adoption of a unified chart of accounts by VFs based on the regulation of 2008 for SCUs and strengthening the capacity of VFPs to train trainers, bookkeepers and accountants.
- Promoting the registration of VFs at appropriate levels and the licensing of larger DTVFs and NDTVFs by BoL in cooperation with their respective service networks, thereby gradually integrating VFs as semiformal MFIs into the regulated microfinance sector.
- Strengthen the capacity of the Microfinance Working Group to function as an effective self-organized network and service provider for all formal and semiformal MFIs.

We are confident that the excellent cooperation of government organizations and BoL with the donor community will continue to contribute to the progress of the microfinance sector, leading to sustainable poverty alleviation and prosperity for all in the Lao PDR.

[35] This is one of the long term goals of the GIZ project Microfinance in Rural Areas - Access to Finance for the Poor (AFP).

Chapter 4: Microfinance Statistics at the Provincial Level

1. Phongsaly Province

Capital: Phongsaly

Population: 178,006 people

Area: 16,270 Km^2

Density: 11 people/Km^2

Number of Villages: 540 Villages

Number of Households: 31,118Households

7 Districts: Phongsaly, May, Khua, Samphanh, Boon neua , Nhot ou and Boontai.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Phongsaly province is located in the remotest northern region of Lao PDR, dominated by rugged, mountainous terrain and an abundance of thick forest and fast-flowing rivers. Microfinance has made inroads into this difficult terrain, but only to a limited extent. There is only one NDTMFI in this area, Phongsaly Microfinance Institution for Development (IFDP), providing its service since 2006. In addition there are 121 VF. As of 2011 there was a total of 3,138 members or clients with access to microfinance services. This includes 1,859 borrowers with a total amount of loans outstanding of 3.3 billion kip. The promoting organizations who play a key role for microfinance services in this province are the Lao Women Union and the Poverty Eradication and Rural Development Offices at district level. International promoters include Ausaid, EU, Welthungerhilfe and the Danish Red Cross.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		1,586,367,655		1,586,367,655	204,427,000	1,782,330,000	1,986,757,000
Loans		820,880,000		820,880,000			
Grants		765,487,655		765,487,655	204,427,000	1,782,330,000	1,986,757,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1		1	35	86	121
Percent		100%		100%	*29%*	*71%*	*100%*
No. members/clients		356		356	1,343	1,439	2,782
Percent		100%		100%	*48%*	*52%*	*100%*
Average no. of members per entity		356			38	17	23

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		132		132	420	1,439	1,859
Percent				0%	*23%*	*77%*	*100%*
Average no. of Borrower per entity		132		132	12	17	15
Total Amount of Loan Outstanding		5,822,259,000		5,822,259,000	633,523,000	2,058,575,000	2,692,098,000
Percent				0%	*24%*	*76%*	*100%*
Average loan outstanding per entity				-	18,100,000	23,937,000	22,249,000
Average outstanding loan size		44,108,023		44,108,023	1,508,000	1,431,000	1,448,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan provision		5,822,259,000		5,822,259,000	739,580,000	2,067,534,000	2,807,114,000
Agricultures and Livestock		3,068,681,725		3,068,681,725	678,817,000	913,400,000	1,592,217,000
Trade and Services		2,492,108,680		2,492,108,680	60,763,000	400,218,000	460,981,000
Handicraft		79,177,533		79,177,533			
Emergency		179,070,301		179,070,301		4,552,000	4,552,000
Other Purpose		3,220,761		3,220,761			

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		224		224	1,343		1,343
Average no. of savers per entity		224		224	38		38
Total amount of savings		8,679,027,900		8,679,027,900	451,625,000		451,625,000
Average saving per entity		8,679,027,900		8,679,027,900	12,904,000		12,904,000
Average savings size per member		38,745,660		38,745,660	336,000		336,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		1,134,378,800		1,134,378,800	93,345,000	169,699,500	263,044,500
Other Income (e.g. fees, service charges)		137,246,317		137,246,317	250,000		250,000
Total Income		**1,271,625,117**		**1,271,625,117**	**93,595,000**	**169,699,500**	**263,294,500**
Operating Expenses		1,085,480,680		1,085,480,680	8,605,000	13,917,000	22,522,000
Expenses for Village Development					3,721,000		3,721,000
Expenses for Social Welfare					3,627,000	3,931,500	7,558,500
Other Expenses (e.g. consultants, studies)					633,000	53,396,000	54,029,000
Total Operating Expenses		**1,085,480,680**		**1,085,480,680**	**16,586,000**	**71,244,500**	**87,830,500**
Net Operating Income/Loss		186,144,437		186,144,437	77,009,000	98,455,000	175,464,000
Loan Loss Provision/Reserves		(11,911,850)		(11,911,850)	-1,100,000		-1,100,000
Extraordinary Income (e.g. grants)							
Tax paid							
Net profit for the period		**174,232,587**		**174,232,587**	**75,909,000**	**98,455,000**	**174,364,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		4,413,383,606		4,413,383,606	183,466,000	21,583,000	205,049,000
Gross loan outstanding		5,822,259,000		5,822,259,000	633,523,000	2,058,575,000	2,692,098,000
Fixed and other assets		1,491,153,063		1,491,153,063			
Total Asset		**11,726,795,669**		**11,726,795,669**	**816,989,000**	**2,080,158,000**	**2,897,147,000**
Saving deposits		8,679,027,900		8,679,027,900	451,625,000		451,625,000
Loan Received		820,880,000		820,880,000			
Others (Unpaid dividend)		943,135,000		943,135,000			
Total Liability		**10,443,042,900**		**10,443,042,900**	**451,625,000**	**0**	**451,625,000**
Shares		416,375,000		416,375,000			
Reserve					37,459,000	108,936,000	146,395,000
Donation and grant		765,487,655		765,487,655	204,427,000	1,782,330,000	1,986,757,000
Retained earnings prior period, others*		(72,342,473)		(72,342,473)	83,000,000	97,965,000	180,965,000
Dividend Payment				-	-35,431,000	-7,528,000	-42,959,000
Profit/Loss of current year		174,232,587		174,232,587	75,909,000	98,455,000	174,364,000
Total Equity		**1,283,752,769**		**1,283,752,769**	**365,364,000**	**2,080,158,000**	**2,445,522,000**
Total Liability and Equity		**11,726,795,669**		**11,726,795,669**	**816,989,000**	**2,080,158,000**	**2,897,147,000**

*Note: * Additional capital, dividend declared*

2. Luangnamtha Province

Capital: Namtha

Population: 168,140 people

Area: 9,325 Km^2

Density: 18 people/Km^2

Number of Villages: 364 Villages

Number of Household: 30,**058** Households

5 Districts: Namtha, Sing, Long, Viengphoukha and Nalae.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Luangnamtha province, in the upper northwest of Lao PDR, has 3 poorest districts[36], namely Long, Nalae and Viengphooka with a total of 7,918 households. In 2011, there were 1 NDTMFI, 163 deposit-taking and 28 non-deposit-taking VFs. They provide small financial services to about 10,362 members/clients. 45% of them have availed of small loans, with a total amount of outstanding loans of 10.8 billion kip. There are 3 promoters playing a key role in Luangnamtha province: GIZ, Lao Women Union and ACCU.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		400,000,000	-	400,000,000	3,260,810,000	2,687,000,000	5,947,810,000
Loans		-		0	2,019,900,000		2,019,900,000
Grants		400,000,000		400,000,000	1,240,910,000	2,687,000,000	3,927,910,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1		1	163	28	191
Percent		100%	0%	100%	*85%*	*15%*	*100%*
No. members/clients		125		125	8,410	1,827	10,237
Percent		100%	0%	100%	*82%*	*18%*	*100%*
Average no. of members per entity		125			52	66	53

[36] According to the National Growth and Poverty Eradication Strategy, 2004

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		23		23	2,830	1,827	4,675
Percent		100%		100%	*61%*	*40%*	*100%*
Average no. of Borrower per entity		23		23	18	66	25
Total Amount of Loan Outstanding		211,696,000		211,696,000	7,601,339,000	2,991,013,000	10,592,352,000
Percent		100%		100%	*72%*	*28%*	*100%*
Average loan outstanding per entity		211,696,000		211,696,000	46,634,000	106,822,000	55,457,000
Average outstanding loan size		9,204,174		9,204,174	2,686,000	1,637,000	2,266,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total		211,696,000	0	211,696,000	7,928,539,000	2,991,013,000	10,919,552,000
Agricultures and Livestock		143,000,000		143,000,000	4,958,238,000	2,542,361,000	7,500,599,000
Trade and Services		68,696,000		68,696,000	1,331,445,000	299,101,000	1,630,546,000
Handicraft				0	68,061,000	59,820,000	127,881,000
Emergency				0	526,220,000	89,731,000	615,951,000
Other Purpose				0	1,038,815,000		1,038,815,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		-		0	7,552		7,552
Average no. of savers per entity		-		-	46		46
Total amount of savings		-		0	3,462,443,000		3,462,443,000
Average saving per entity		-		0	21,242,000		21,242,000
Average savings size per member		-			458,000		458,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income					816,282,000	304,013,000	1,120,295,000
Other Income (e.g. fees, service charges)					21,699,000		21,699,000
Total Income					**837,981,000**	**304,013,000**	**1,141,994,000**
Operating Expenses					126,709,000	91,204,000	217,913,000
Expenses for Village Development					31,605,000	15,201,000	46,806,000
Expenses for Social Welfare					11,192,000		11,192,000
Other Expenses (e.g. consultants, studies)					19,883,000	46,602,000	66,485,000
Total Operating Expenses					**189,389,000**	**153,007,000**	**342,396,000**
Net Operating Income/Loss					648,592,000	151,006,000	799,598,000
Loan Loss Provision/Reserves					-11,328,000	-2,000,000	-13,328,000
Extraordinay Income (e.g. grants)							
Tax paid							
Net profit for the period					**637,264,000**	**149,006,000**	**786,270,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		363,462,000		363,462,000	1,277,366,000	2,000,000	1,279,366,000
Gross loan outstanding		211,696,000		211,696,000	7,601,339,000	2,991,013,000	10,592,352,000
Fixed and other assets					107,130,000		107,130,000
Total Asset		**575,158,000**		**575,158,000**	**8,985,835,000**	**2,993,013,000**	**11,978,848,000**
Saving deposits					3,462,443,000		3,462,443,000
Loan Received					2,019,900,000		2,019,900,000
Others (Unpaid dividend)					1,210,000		1,210,000
Total Liability					***5,483,553,000***		***5,483,553,000***
Shares					1,100,650,000		1,100,650,000
Reserve					622,498,000	157,007,000	779,505,000
Donation and grant		400,000,000		400,000,000	1,240,910,000	2,687,000,000	3,927,910,000
Retained earning prior period, others*		175,158,000		175,158,000	78,919,000		78,919,000
Dividend Payment					-177,959,000		-177,959,000
Profit/Loss of current year					637,264,000	149,006,000	786,270,000
Total Equity		**575,158,000**			***3,502,282,000***	***2,993,013,000***	***6,495,295,000***
Total Liability and Equity		**575,158,000**		**575,158,000**	**8,985,835,000**	**2,993,013,000**	**11,978,848,000**

*Note: * Additional capital, dividend declared*

2. Bokeo Province

Capital: Huoisai

Population: 169,807 people

Area: 6,196 Km^2

Density: 27 people/ Km^2

Number of Villages: 266 Villages

Number of Household: 28,942 Households

5 Districts: Huoisai, Tonpheung, Meung, Phaoudom and Paktha

3. Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Bokeo province, in the northern region of Lao PDR, has 4 poor districts with 5,942 poor households as listed in the NGPES. Microfinance has been promoted since 2000 by GIZ through the Village Community Development Fund of Bokeo, in order to reduce poverty and to assist people in rural areas to access financial services for income-generating activities. As of 2011, there is one NDTMFI, NDTMFI Village Community Development Fund of Bokeo)[37]. In addition there are 164 VFs. They comprise 20,446 members/clients and about 10,000 borrowers with total loans outstanding around 5.6 billion kip. NCA, VICO and GIZ are the main promoters.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		286,046,968		286,046,968	4,553,326,000	339,487,000	4,892,813,000
Loans					236,238,000		236,238,000
Grants		286,046,968		286,046,968	4,317,088,000	339,487,000	4,656,575,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1		1	151	13	164
Percent		100%		100%	*92%*	*8%*	*100%*
Members/clients		45		45	9,965	516	10,481
Percent		100%		100%	*95%*	*5%*	*100%*
Average no. of members per entity		45			66	40	64

[37] In 2009 the NDTMFI acted as network support organization for some 138 VFs. Due to flaws in data collection and processing these VF are not mentioned in the VF sections but under the information for the NDTMFI.

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		26		26	4,721	516	5,237
Percent		100%		100%	*90%*	*10%*	*100%*
Average no. of Borrower per entity		26		26	31	40	32
Total Amount of Loan Outstanding		278,419,000		278,419,000	4,993,689,000	316,690,000	5,310,379,000
Percent		100%		100%	*94%*	*6%*	*100%*
Average loan outstanding per entity		278,419,000		278,419,000	*33,071,000*	*24,361,000*	*32,380,000*
Average outstanding loan size		10,708,423		10,708,423	1,058,000	614,000	1,014,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision		278,419,000		278,419,000	4,993,689,000	316,690,000	5,310,379,000
Agricultures and Livestock		16,020,323		16,020,323	4,260,165,000	316,690,000	4,576,855,000
Trade and Services		237,953,725		237,953,725	189,230,000		189,230,000
Handicraft		2,067,356		2,067,356			
Emergency		21,743,204		21,743,204	168,723,000		168,723,000
Other Purpose		634,392		634,392	324,571,000		324,571,000

Table 5: Saving Information

	Regulated MFIs						VFs
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		19		19	9,965		9,965
Average no. of savers per entity		19		19	66		66
Total amount of savings		6,360,000		6,360,000	592,194,000		592,194,000
Average saving per entity		6,360,000		6,360,000	3,922,000		3,922,000
Average savings size per member				334,737	59,000		59,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		73,314,655		73,314,655	389,404,000	35,263,000	424,667,000
Other Income (e.g. fees, service charges)		115,245,495		115,245,495	13,169,000		13,169,000
Total Income		**188,560,150**		**188,560,150**	**402,573,000**	**35,263,000**	**437,836,000**
Operating Expenses		192,619,956		192,619,956	74,263,000		74,263,000
Expenses for Village Development					17,758,000		17,758,000
Expenses for Social Welfare					575,000		575,000
Other Expenses (e.g. consultants, studies)					117,321,000		117,321,000
Total Operating Expenses		**192,619,956**		**192,619,956**	**209,917,000**		**209,917,000**
Net Operating Income/Loss		(4,059,806)		(4,059,806)	192,656,000	35,263,000	227,919,000
Loan Loss Provision/Reserves		(13,920,950)		(13,920,950)	-2,500,000		-2,500,000
Extraordinay Income (e.g. grants)		32,923,285		32,923,285			
Tax paid							
Net profit for the period		**14,942,529**		**14,942,529**	**190,156,000**	**35,263,000**	**225,419,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		8,073,763		8,073,763	525,131,000	31,000,000	556,131,000
Gross loan outstanding		264,498,050		264,498,050	4,993,689,000	316,690,000	5,310,379,000
Fixed and other assets		25,728,040		25,728,040		27,060,000	27,060,000
Total Asset		**298,299,853**		**298,299,853**	**5,518,820,000**	**374,750,000**	**5,893,570,000**
Saving deposits		6,360,000		6,360,000	592,194,000		592,194,000
Loan Received					236,238,000		236,238,000
Others (Unpaid dividend)							
Total Liability		**6,360,000**		**6,360,000**	***828,432,000***		***828,432,000***
Shares							
Reserve					214,399,000		214,399,000
Donation and grant		286,046,968		286,046,968	4,317,088,000	339,487,000	4,656,575,000
Retained earning prior period, others*		(9,049,644)		(9,049,644)			
Dividend Payment					-31,255,000		-31,255,000
Profit/Loss of current year		14,942,529		14,942,529	190,156,000	35,263,000	225,419,000
Total Equity		**291,939,853**		**291,939,853**	***4,690,388,000***	***374,750,000***	***5,065,138,000***
Total Liability and Equity		**298,299,853**		**298,299,853**	**5,518,820,000**	**374,750,000**	**5,893,570,000**

*Note: * Additional capital, dividend declared*

4. Oudomxay Province

Capital: Xay

Population: 307,065 people

Area: 15,370 Km^2

Density: 20 people/Km^2

Number of Villages: 474 Villages

Number of Household: 47,781 Households

7 Districts: Xay, La, Namor, Nga, Beng, Hoon and Parkbeng

Source: Statistical Year book 200=11 (Lao Department of Statistics, MPI)

Microfinance was initially introduced in Oudomxay in 1999 by Oudomxay Microfinance Office, now Oudomxay Development NDTMFI. As of 2011 there were 2 NDTMFIs and 159 village funds with a total of 28,240 members/clients, including 12,692 borrowers and a loan portfolio of 13.6 billion kip. The main promoters are the district Lao Women Unions and Poverty Eradication and Rural Development Offices.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		3,874,089,869		3,874,089,869	3,850,338,000	1,913,491,000	5,763,829,000
Loans		2,896,456,544		2,896,456,544			
Grants		977,633,325		977,633,325	3,850,338,000	1,913,491,000	5,763,829,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		2		2	139	20	159
Percent		100%		100%	*87%*	*13%*	*100%*
members/clients		13,513		13,513	13,118	1,609	14,727
Percent		100%		100%	*88%*	*12%*	*100%*
Average no. of members per entity		6,757			87	80	86

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		4,354		4,354	6,912	1,426	8,338
Percent		100%		100%	*83%*	*17%*	*100%*
Average no. of Borrower per entity		2177		2177	50	71	52
Total Amount of Loan Outstanding		5,551,028,875		5,551,028,875	5,883,376,000	1,857,091,000	7,740,467,000
Percent		100%		100%	*76%*	*24%*	*100%*
Average loan outstanding per entity		2,775,514,438		2,775,514,438	42,326,000	92,854,000	48,682,000
Average outstanding loan size		1,274,926			851,000	1,302,000	928,000

1,274,926

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total		5,551,028,875		5,551,028,875	7,804,171,000	2,305,091,000	10,109,262,000
Agricultures and Livestock		2,682,787,866		2,682,787,866	5,699,839,000	2,208,935,000	7,908,774,000
Trade and Services		1,243,778,146		1,243,778,146	721,992,000	47,800,000	769,792,000
Handicraft		346,202,612		346,202,612	406,339,000	20,500,000	426,839,000
Emergency		1,172,023,943		1,172,023,943	1,188,574,000	27,856,000	1,216,430,000
Other Purpose		106,236,308		106,236,308	156,889,000		156,889,000

Table 5: Saving Information

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		9159		9,159	12,245		12,245
Average no. of savers per entity		4,580		4,580	88		88
Total amount of savings		1,848,760,000		1,848,760,000	3,111,352,000		3,111,352,000
Average saving per entity		924,380,000		924,380,000	22,384,000		22,384,000
Average savings size per member				201,852	254,000		254,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		1,788,060,711		1,788,060,711	1,829,167,000	97,758,000	1,926,835,000
Other Income (e.g. fees, service charges)		23,369,909		23,369,909	101,736,000	217,284,000	319,020,000
Total Income		**1,811,430,620**		**1,811,430,620**	**1,930,903,000**	**315,042,000**	**2,245,855,000**
Operating Expenses		1,241,472,864		1,241,472,864	303,771,000	60,587,000	364,358,000
Expenses for Village Development					19,565,000	11,075,000	30,640,000
Expenses for Social Welfare					32,039,000	41,975,000	74,014,000
Other Expenses (e.g. consultants, studies)					81,773,000	74,193,000	155,966,000
Total Operating Expenses		**1,241,472,864**		**1,241,472,864**	**437,148,000**	**187,830,000**	**624,978,000**
Net Operating Income/Loss		569,957,756		569,957,756	1,493,755,000	127,212,000	1,620,877,000
Loan Loss Provision/Reserves		(105,869,525)		(105,869,525)	-14,606,000	-195,000	-14,801,000
Extraordinay Income (e.g. grants)		39,944,500		39,944,500	99,257,000		99,257,000
Tax paid							
Net profit for the period		**504,032,731**		**504,032,731**	**1,578,406,000**	**127,017,000**	**1,705,333,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		2,006,772,214		2,006,772,214	3,682,994,000	487,604,000	4,170,598,000
Gross loan outstanding		5,551,028,875		5,551,028,875	5,883,376,000	1,857,091,000	7,740,467,000
Fixed and other assets		1,774,266,233		1,774,266,233	416,044,000	1,500,000	417,544,000
Total Asset		**9,332,067,322**		**9,332,067,322**	**9,982,414,000**	**2,346,195,000**	**12,328,609,000**
Saving deposits		1,848,760,000		1,848,760,000	3,111,352,000		3,111,352,000
Loan Received		2,896,456,544		2,896,456,544			
Others (Unpaid dividend)		858,683,151		858,683,151			
Total Liability		**5,603,899,695**		**5,603,899,695**	**3,111,352,000**		**3,111,352,000**
Shares		1,697,780,402		1,697,780,402			
Reserve					1,424,745,000	305,687,000	1,730,432,000
Donation and grant		977,633,325		977,633,325	3,850,338,000	1,913,491,000	5,763,829,000
Retained earning prior period, others*		548,721,169		548,721,169	395,504,000		395,504,000
Dividend Payment					-377,931,000		-377,931,000
Profit/Loss of current year		504,032,731		504,032,731	1,578,406,000	127,017,000	1,705,423,000
Total Equity		**3,728,167,627**		**3,728,167,627**	**6,871,062,000**	**2,346,195,000**	**9,217,257,000**
Total Liability and Equity		**9,332,067,322**		**9,332,067,322**	**9,982,414,000**	**2,346,195,000**	**12,328,609,000**

*Note: * Additional capital, dividend declared*

5. Luangprabang Province

Capital: Luangprabang

Population: 455,532 people

Area: 16,875 Km^2

Density: 27 people/Km^2

Number of Villages: 781 Villages

Number of Household: 74,905 Households

12 Districts: Luangrabang, Xieng ngeun, Nan, Park ou, Nambark, Ngoi, Park xeng, Phonxay, Chomphet, Viengkham, Phoukhoune and Phonthong.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Microfinance has been actively promoted in Luangprabang since 2004, when the provincial government introduced VFs in 4 poor districts (Phonesay, Pakseng, Viengkham and Phookhoun). Later in the same year, the Luangprabang Savings and Credit Union[38] was established. Since then microfinance has been growing to comprise 1 DTMFI, 4 SCU and 274 village funds in 2011. There are a total of 58,443 members/clients, about 11,000 of them borrowers with a portfolio of loans outstanding of 18.4 billion kip. The main promoters are the district Lao Women Unions, the Poverty Eradication and Rural Development offices, World Vision and ACCU.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports	6,881,735,000		99,245,000	6,980,980,000	4,028,774,000	759,650,000	4,788,424,000
Loans	6,757,610,000			6,757,610,000	160,000,000		160,000,000
Grants	124,125,000		99,245,000	223,370,000	3,868,774,000	759,650,000	4,628,424,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities	1		4	5	267	7	274
Percent	20%		57%	77%	*97%*	*3%*	*100%*
members/clients	2,839		1,556	4,395	54,005	43	54,048
Percent	65%		35%	100%	*99%*	*1%*	*100%*
Average no. of members per entity	2,839		389	3,228	202	6	197

[38] One of 3 pilot projects supported by ADB

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year	578		417	995	10,248	43	10,291
Percent	58%		42%	100%	*99%*	*1%*	*100%*
Average no. of Borrower per entity	578		104	199	38	6	37
Total Amount of Loan Outstanding	2,189,023,050		7,151,989,410	9,341,012,460	8,413,484,000	699,463,000	9,112,947,000
Percent	23%		77%	100%	*92%*	*8%*	*100%*
Average loan outstanding per entity	2,189,023,050		1,787,997,353	1,868,202,492	31,511,000	99,923,000	33,259,000
Average outstanding loan size	3,787,237		17,151,054	9,387,952	821,000	16,266,000	885,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision	2,189,023,050		7,151,989,410	9,341,012,460	8,785,332,000	759,650,000	9,544,982,000
Agricultures and Livestock	22,900,000		3,490,848,009	3,513,748,009	3,529,920,000	589,650,000	4,119,570,000
Trade and Services	2,166,123,050		2,706,302,928	4,872,425,978	807,306,000	50,000,000	857,306,000
Handicraft			70,126,048	70,126,048	303,030,000	120,000,000	423,030,000
Emergency			863,193,430	863,193,430	402,487,000		402,487,000
Other Purpose			21,518,995	21,518,995			

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers	2,261		1,139	3,400	54,005		54,005
Average no. of savers per entity	2,261		285	680	202		202
Total amount of savings	795,366,500		5,692,383,569	6,487,750,069	5,853,494,000		5,853,494,000
Average saving per entity	795,366,500		1,423,095,892	1,297,550,014	21,923,000		21,923,000
Average savings size per member	351,776		4,997,703	1,908,162	108,000		108,000

Table 6: Income Statement

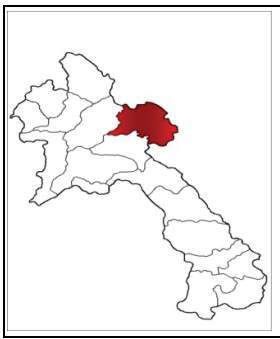
	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income	974,206,000		515,003,000	1,489,209,000	905,263,000	41,101,000	946,364,000
Other Income (e.g. fees, service charges)	174,753,000		48,427,727	223,180,727	22,018,000		22,018,000
Total Income	**1,148,959,000**		**563,430,727**	**1,712,389,727**	**927,281,000**	**41,101,000**	**968,382,000**
Operating Expenses	304,418,825		259,434,672	563,853,497	117,458,000	26,985,000	144,443,000
Expenses for Village Development					20,876,000		20,876,000
Expenses for Social Welfare							
Other Expenses (e.g. consultants, studies)					84,915,000		84,915,000
Total Operating Expenses	**304,418,825**		**259,434,672**	**563,853,497**	**223,249,000**	**26,985,000**	**250,234,000**
Net Operating Income/Loss	844,540,175		303,996,055	1,148,536,230	**704,032,000**	**14,116,000**	**718,148,000**
Loan Loss Provision/Reserves	(55,497,900)		(13,982,029)	(69,479,929)	-108,758,000		-108,758,000
Extraordinay Income (e.g. grants)	26,860,972			26,860,972			
Tax paid							
Net profit for the period	**815,903,247**		**290,014,026**	**1,105,917,273**	**595,274,000**	**14,116,000**	**609,390,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash	354,892,514		737,118,831	1,092,011,345	2,053,107,000	74,303,000	2,127,410,000
Gross loan outstanding	2,189,023,050		7,151,989,410	9,341,012,460	8,413,484,000	699,463,000	9,112,947,000
Fixed and other assets	420,200,976		271,820,571	692,021,547	69,018,000		69,018,000
Total Asset	**2,964,116,540**		**8,160,928,812**	**11,125,045,352**	**10,535,609,000**	**773,766,000**	**11,309,375,000**
Saving deposits	795,366,500		5,692,383,569	6,487,750,069	5,853,494,000		5,853,494,000
Loan Received					160,000,000		160,000,000
Others (Unpaid dividend)	88,109,453		126,490,478	214,599,931	433,000		433,000
Total Liability	**883,475,953**		**5,818,874,047**	**6,702,350,000**	***6,013,927,000***		***6,013,927,000***
Shares	1,092,070,876		1,540,384,500	2,632,455,376	262,073,000		262,073,000
Reserve	36,128,464		189,043,365	225,171,829	156,084,000		156,084,000
Donation and grant	124,125,000		99,245,000	223,370,000	3,868,774,000	759,650,000	4,628,424,000
Retained earning prior period, others*	12,413,000		223,367,874	235,780,874	98,861,000		98,861,000
Dividend Payment					-459,384,000		-459,384,000
Profit/Loss of current year	815,903,247		290,014,026	1,105,917,273	595,274,000	14,116,000	609,390,000
Total Equity	**2,080,640,587**		**2,342,054,765**	**4,422,695,352**	***4,521,682,000***	***773,766,000***	***5,295,448,000***
Total Liability and Equity	**2,964,116,540**		**8,160,928,812**	**11,125,045,352**	**10,535,609,000**	**773,766,000**	**11,309,375,000**

*Note: * Additional capital, dividend declared*

6. Houaphan Province



Capital: Xamnue

Population: 325,757 people

Area: 16,500 Km^2

Density: 20 people/Km^2

Number of Villages: 720 **Villages**

Number of Household: 46,138 Households

8 Districts: Xamneua, Xiengkhor, Viengthong, Viengxay, Huameuang, Xamtay, Sopbao and Add.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

VFs have been actively promoted by the government of Huaphan province since 2003. As of 2011 there were 323 DTVFs and 1 NDTMFI with a total of 13,488 members/clients, including 9,571 borrowers with a total amount of loans outstanding of 9.2 billion Kip. The main promoter in the province is the Lao Women Union with UNODC and Lao Red Cross as partners.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		52,132,500		52,132,500	11,596,605,000		11,596,605,000
Loans							
Grants		52,132,500		52,132,500	11,596,605,000		11,596,605,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1		1	323		323
Percent		100%		100%	*100%*		*100%*
members/clients		665		665	12,823		12,823
Percent		100%		100%	*100%*		*100%*
Average no. of members per entity		665			39		39

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		453		453	9,118		9,118
Percent		100%		100%	100%		100%
Average no. of Borrower per entity		453		453	28		28
Total Amount of Loan Outstanding		337,930,250		337,930,250	8,807,923,000		8,807,923,000
Percent		100%		100%	100%		100%
Average loan outstanding per entity		337,930,250		337,930,250	27,269,000		27,269,000
Average outstanding loan size		745,983		745,983	966,000		966,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision		337,930,250		337,930,250	18,955,051,000		18,955,051,000
Agricultures and Livestock		279,123,313		279,123,313	15,120,320,000		15,120,320,000
Trade and Services		36,019,702		36,019,702	1,227,141,000		1,227,141,000
Handicraft		11,734,170		11,734,170	2,030,504,000		2,030,504,000
Emergency					576,810,000		576,810,000
Other Purpose		11,053,066		11,053,066			

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		212		212	10,586		10,586
Average no. of savers per entity		212		212	33		33
Total amount of savings		217,994,000		217,994,000	5,655,726,000		5,655,726,000
Average saving per entity		217,994,000		217,994,000	17,510,000		17,510,000
Average savings size per member				1,028,274	534,000		534,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		142,413,500		142,413,500	1,593,694,000		1,593,694,000
Other Income (e.g. fees, service charges)		7,141,000		7,141,000	67,610,000		67,610,000
Total Income		**149,554,500**		**149,554,500**	**1,661,304,000**		**1,661,304,000**
Operating Expenses		105,429,206		105,429,206	375,210,000		375,210,000
Expenses for Village Development					72,082,000		72,082,000
Expenses for Social Welfare							
Other Expenses (e.g. consultants, studies)							
Total Operating Expenses		**105,429,206**		**105,429,206**	**447,292,000**		**447,292,000**
Net Operating Income/Loss		44,125,294		44,125,294	1,214,012,000		1,214,012,000
Loan Loss Provision/Reserves		(1,605,750)		(1,605,750)			
Extraordinay Income (e.g. grants)		19,619,231		19,619,231			
Tax paid							
Net profit for the period		**62,138,775**		**62,138,775**	**1,214,012,000**		**1,214,012,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		136,692,646		136,692,646	9,856,297,000		9,856,297,000
Gross loan outstanding		337,930,250		337,930,250	8,807,923,000		8,807,923,000
Fixed and other assets		49,177,161		49,177,161			
Total Asset		**523,800,057**		**523,800,057**	**18,664,220,000**		**18,664,220,000**
Saving deposits		217,994,000		217,994,000	5,655,726,000		5,655,726,000
Loan Received							
Others (Unpaid dividend)		86,615,200		86,615,200			
Total Liability		**304,609,200**		**304,609,200**	***5,655,726,000***		***5,655,726,000***
Shares		42,314,000		42,314,000			
Reserve		85,000,000		85,000,000	889,793,000		889,793,000
Donation and grant		52,132,500		52,132,500	11,596,605,000		11,596,605,000
Retained earning prior period, others*		(22,394,418)		(22,394,418)	522,096,000		522,096,000
Dividend Payment					-1,214,012,000		-1,214,012,000
Profit/Loss of current year		62,138,775		62,138,775	1,214,012,000		1,214,012,000
Total Equity		**219,190,857**		**219,190,857**	**13,008,494,000**		**13,008,494,000**
Total Liability and Equity		**523,800,057**		**523,800,057**	**18,664,220,000**		**18,664,220,000**

*Note: * Additional capital, dividend declared*

7. Sayaboury Province

Capital: Xayabuly

Population: 381,908 people

Area: 16,389 Km^2

Density: 23 people/Km^2

Number of Villages: 446 Villages

Number of Household: 69,805 Households

11 Districts: Xayabouly, Khop, Hongsa, Ngeun, Xienghone, Phiang, Parklai, Kenethao, Botene, Thongmysay and Xaysathan.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Microfinance in Xayabouly dates back to 1997 when it was introduced by the microfinance office under the supervision of the Provincial Financial Department. This report covers 2 NDTMFIs and 472 VF; however the report for 2009 included 3 NDTMFIs, namely Sayaboury Microfinance Office, Khop Community Credit and Savings Association and Hongsa Community Credit and Savings Association, the latter two supported by GIZ[39]. Most of the VFs are under the supervision of the Lao Women Unions and Poverty Eradication and Rural Development offices in partnership with ACCU and IFAD. In all there are 39,119 members/clients recorded by the survey team, about 73% of them reported as active borrowers with a total amount of outstanding loans of 28.1 billion kip.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		1,047,868,558		1,047,868,558	4,177,111,000	1,445,050,000	5,622,161,000
Loans					587,815,000		587,815,000
Grants		1,047,868,558		1,047,868,558	3,589,296,000	1,445,050,000	5,034,346,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		2		2	392	80	472
Percent		100%		100%	*83%*	*17%*	*100%*
members/clients		200		200	37,563	1,356	38,919
Percent		100%		100%	*97%*	*3%*	*100%*
Average no. of members per entity		100		100	96	17	82

[39] In 2009 the two NDTMFIs acted as network support organizations for some 80 VFs. Due to flaws in data collection and processing these VF are not mentioned in the VF sections but under the information for the NDTMFIs. There is no additional information for 2011.

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		118		118	27,157	1,298	28,455
Percent		100%		100%	*96%*	*4%*	*100%*
Average no. of Borrower per entity		59		59	69	16	60
Total Amount of Loan Outstanding		1,167,048,000		1,167,048,000	26,249,520,000	643,860,000	26,893,380,000
Percent		100%		100%	*98%*	*2%*	*100%*
Average loan outstanding per entity		583,524,000		583,524,000	66,963,000	8,048,000	56,977,000
Average outstanding loan size		9,890,237		9,890,237	967,000	496,000	945,000

Table 4: Loan Usage – Amount Loaned (Kip)

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total loan provision		1,167,048,000		1,167,048,000	40,470,276,000	1,402,650,000	41,872,926,000
Agricultures and Livestock		811,692,405		811,692,405	14,498,822,000	1,160,059,500	15,658,881,500
Trade and Services		244,413,117		244,413,117	6,120,712,000		6,120,712,000
Handicraft		9,382,616		9,382,616	942,721,000	242,590,000	1,185,311,000
Emergency		98,680,697		98,680,697	301,351,000		301,351,000
Other Purpose		2,879,165		2,879,165	1,355,118,000		1,355,118,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		82		82	35,477		35,477
Average no. of savers per entity		41		41	91		91
Total amount of savings		343,225,000		343,225,000	30,109,856,000		30,109,856,000
Average saving per entity		171,612,500		171,612,500	76,811,000		76,811,000
Average savings size per member				4,185,671	849,000		849,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		389,995,701		389,995,701	5,057,973,000	202,740,600	5,260,713,600
Other Income (e.g. fees, service charges)		76,034,000		76,034,000	57,862,000		57,862,000
Total Income		**466,029,701**		**466,029,701**	**5,115,835,000**	**202,740,600**	**5,318,575,600**
Operating Expenses		323,022,000		323,022,000	1,051,587,000	95,181,320	1,146,768,320
Expenses for Village Development					98,296,000	16,505,280	114,801,280
Expenses for Social Welfare					22,196,000		22,196,000
Other Expenses (e.g. consultants, studies)					258,763,000		258,763,000
Total Operating Expenses		**323,022,000**		**323,022,000**	**1,430,842,000**	**111,686,600**	**1,542,528,600**
Net Operating Income/Loss		143,007,701		143,007,701	3,684,993,000	91,054,000	3,776,047,000
Loan Loss Provision/Reserves		(30,750,000)		(30,750,000)	-6,725,000		-6,725,000
Extraordinay Income (e.g. grants)							
Tax paid							
Net profit for the period		**112,257,701**		**112,257,701**	**3,678,268,000**	**91,054,000**	**3,769,322,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		444,840,859		444,840,859	11,389,325,000	891,936,000	12,281,261,000
Gross loan outstanding		1,034,206,000		1,034,206,000	26,249,520,000	643,860,000	26,893,380,000
Fixed and other assets		207,054,600		207,054,600	865,833,000	7,895,000	873,728,000
Total Asset		**1,686,101,459**		**1,686,101,459**	**38,504,678,000**	**1,543,691,000**	**40,048,369,000**
Saving deposits		343,225,000		343,225,000	30,109,856,000		30,109,856,000
Loan Received					587,815,000		587,815,000
Others (Unpaid dividend)							
Total Liability		**343,225,000**		**343,225,000**	***30,697,671,000***		***30,697,671,000***
Shares		61,000,000		61,000,000	1,580,002,000		1,580,002,000
Reserve					113,195,000	7,587,000	120,782,000
Donation and grant		1,047,868,558		1,047,868,558	3,589,296,000	1,445,050,000	5,034,346,000
Retained earning prior period, others*		121,750,200		121,750,200	2,039,446,000		2,039,446,000
Dividend Payment					-3,193,200,000		-3,193,200,000
Profit/Loss of current year		112,257,701		112,257,701	3,678,268,000	91,054,000	3,769,322,000
Total Equity		**1,342,876,459**		**1,342,876,459**	***7,807,007,000***	***1,543,691,000***	***9,350,698,000***
Total Liability and Equity		**1,686,101,459**		**1,686,101,459**	**38,504,678,000**	**1,543,691,000**	**40,048,369,000**

*Note: * Additional capital, dividend declared*

8. Vientiane Capital

Capital: Chanthabuly

Population: 783,032 people

Area: 3,920 km^2

Density: 200 people/Km^2

Number of Villages: 483 Villages

Number of Household: 201,209 Households

9 Districts: Chanthabuly, Sikhottabong, Saysettha, Sisattanak, Nasiathong, Xaythany, Hadxaifong, Sangthong and Parkgeum.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Vientiane Capital is biggest center of microfinance activities in the Lao PDR, due to the high population density as well as a high demand for financial services. There are 13 regulated MFIs: 7 DTMFIs, 3 SCUs, 3 NDTMFIs and about 596 VFs, with a total of about 135,000 members or clients, about half of which are active borrowers with total outstanding loans of about 141 billion kip. The main promoter of VFs has been the Lao Women Union.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	Total
Total amount of financial supports	1,480,258,559	2,803,500,000	4,319,913,448	8,603,672,007	2,267,435,000	450,000,000	2,717,435,000
Loans	480,360,000		1,629,498,541	2,109,858,541	15,343,000	50,000,000	65,343,000
Grants	999,898,559	2,803,500,000	2,690,414,907	6,493,813,466	2,252,092,000	400,000,000	2,652,092,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities	7	3	3	13	522	74	596
Percent	54%	23%	4%	81%	*88%*	*12%*	*100%*
members/clients	18,330	7516	415	26,261	107,788	532	108,320
Percent	70%	29%	78%	176%	*99%*	*1%*	*100%*
Average no. of members per entity	2,619	2,505	138	5,262	206	7	182

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year	4,801	1,727	266	6,794	59,152	234	59,386
Percent	71%		4%	75%	*99%*	*1%*	*100%*
Average no. of Borrower per entity	686	576	89	523	113	3	99
Total Amount of Loan Outstanding	21,631,627,125	3,517,235,650	12,282,553,551	37,431,416,326	103,081,986,000	360,375,000	103,442,361,000
Percent	58%	9%	33%	100%	*99%*	*1%*	*100%*
Average loan outstanding per entity	3,090,232,446	1,172,411,883	4,094,184,517	2,879,339,717	197,475,000	4,870,000	173,561,000
Average outstanding loan size	4,505,650	2,036,616	46,175,013	5,509,481	17,423,000	1,540,000	1,742,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total	21,631,627,125	3,517,235,650	12,282,553,551	37,431,416,326	209,146,566,500	441,175,000	209,587,741,500
Agricultures and Livestock	1,672,404,313	1,064,119,119	2266743285	5,003,266,717	72,699,983,500	354,175,000	73,054,158,500
Trade and Services	12,906,940,315	829,407,560	3646424211	17,382,772,086	25,626,344,000	48,500,000	25,674,844,000
Handicraft	152,993,126	137,320,145	1964834162	2,255,147,433	7,358,455,000	38,500,000	7,396,955,000
Emergency		1,444,250,538	2470723668	3,914,974,206	3,319,109,000		3,319,109,000
Other Purpose	6,899,289,371	42,138,288	1933828225	8,875,255,883	7,300,426,000		7,300,426,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers	17,310	5,789	149	23,248	109,475		109,475
Average no. of savers per entity	2,473	1,930	50	1,788	209		209
Total amount of savings	22,633,616,031	1,709,013,700	1,166,544,230	25,509,173,961	227,166,296,000		227,166,296,000
Average saving per entity	3,233,373,719	569,671,233	388,848,077	1,962,244,151	435,184,000		435,184,000
Average savings size per member	1,307,546	295,217	7,829,156	1,097,263	2,075,000		2,075,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income	7,563,921,610	1,093,689,250	1,234,443,275	9,892,054,135	30,288,059,000	13,058,000	30,301,117,000
Other Income (e.g. fees, service charges)	776,675,477	77,882,827	53,475,521	908,033,825	28,364,000		28,364,000
Total income	**8,340,597,087**	**1,171,572,077**	**1,287,918,796**	**10,800,087,960**	**30,316,423,000**	**13,058,000**	**30,329,481,000**
Operating Expenses	6,783,027,486	825,147,273	1,441,170,034	9,049,344,793	3,833,146,000	3,500,000	3,836,646,000
Expenses for Village Development					1,573,233,000		1,573,233,000
Expenses for Social Welfare					1,549,458,000	500,000	1,549,958,000
Other Expenses (e.g. consultants, studies)	67,150,350			67,150,350	595,487,000		595,487,000
Total Operating Expenses	**6,850,177,836**	**825,147,273**	**1,441,170,034**	**9,116,495,143**	**7,551,324,000**	**4,000,000**	**7,555,324,000**
Net Operating Income/Loss	1,490,419,251	346,424,804	(153,251,238)	1,683,592,817	22,765,099,000	9,058,000	22,774,157,000
Loan Loss Provision/Reserves	(1,120,860,229)	(140,790,000)	(762,504,343)	(2,024,154,572)	-2,543,952,000		2,594,057,000
Extraordinay Income (e.g. grants)	45,402,079	353,636,000	637,608,665	1,036,646,744			
Tax paid	4,527,000	1,500,000	38,629,450	44,656,450			
Net profit for the period	**410,434,102**	**557,770,804**	**(316,776,366)**	**651,428,540**	**20,221,147,000**	**9,058,000**	**25,368,214,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash	11,597,165,484	1,270,430,104	1,051,523,077	13,919,118,665	135,846,724,000	122,738,000	135,969,462,000
Gross loan outstanding	21,631,627,125	3,517,235,650	12,282,553,551	37,431,416,326	103,081,986,000	360,375,000	103,442,361,000
Fixed and other assets	2,883,711,809	344,980,750	4,131,481,465	7,360,174,024	3,572,168,000		3,572,168,000
Total Asset	**36,112,504,418**	**5,132,646,504**	**17,465,558,093**	**58,710,709,015**	**242,500,878,000**	**483,113,000**	**242,983,991,000**
Saving deposits	22,633,616,031	1,709,013,700	1,166,544,230	25,509,173,961	227,166,296,000		227,166,296,000
Loan Received	480,360,000		1,629,498,541	2,109,858,541	15,343,000	50,000,000	65,343,000
Others (Unpaid dividend)	737,640,608	101,370,000	5,432,168,383	6,271,178,991			
Total Liability	**23,851,616,639**	**1,810,383,700**	**8,228,211,154**	**33,890,211,493**	**227,181,639,000**	**50,000,000**	**227,231,639,000**
Shares	10,650,646,282	300,000,000	5,944,333,589	16,894,979,871	46,170,000		46,170,000
Reserve	282,553,022		365,152,193	647,705,215	9,151,935,000		9,151,935,000
Donation and grant	999,898,559	2,803,500,000	2,690,414,907	6,493,813,466	2,252,092,000	400,000,000	2,652,092,000
Retained earning prior period, others*	(82,644,186)	(339,008,000)	554,222,616	132,570,430	55,000,000	24,055,000	79,055,000
Dividend Payment					-16,407,105,000		-16,407,105,000
Profit/Loss of current year	410,434,102	557,770,804	(316,776,366)	651,428,540	20,221,147,000	9,058,000	20,230,205,000
Total Equity	**12,260,887,779**	**3,322,262,804**	**9,237,346,939**	**24,820,497,522**	**15,319,239,000**	**433,113,000**	**15,752,352,000**
Total Liability and Equity	**36,112,504,418**	**5,132,646,504**	**17,465,558,093**	**58,710,709,015**	**242,500,878,000**	**483,113,000**	**242,983,991,000**

*Note: * Additional capital, dividend declared*

9. Xiengkkhuang Province

Capital: Pek

Population: 276,242 people

Area: 16,358 Km^2

Density: 17 people/Km^2

Number of Villages: 517 Villages

Number of Household: 42,006 Households

8 Districts: Pek, Kham, Nonghed, Khoune, Mork, Phookood, Phaxay and Thathom.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

There are only VFs and no regulated MFIs in Xiengkhuang province. Promotion of VFs in the province was initiated by the Government in 2002. As of 2011, there were reported 123 village funds with a total of 3,680 members/clients. There are 1,471 borrowers with 3.4 billion kip of outstanding loans.[40] Key promoters are the Lao Women Union, Poverty Eradication and Rural Development Offices, agriculture and forestry offices of Pek District and Xiengkkhuang Provincial Consolidation Front Organization. In addition, VFs are promoted by the Lao Red Cross and IFAD.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports					2,519,184,000	451,500,000	2,970,684,000
Loans							
Grants					2,519,184,000	451,500,000	2,970,684,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of entities					93	30	123
Percent					76%	24%	100%
members/clients					2,847	833	3,680
Percent					78%	22%	100%
Average no. of members per entity					31	28	30

[40] There are drastic decreases of all reported figures against 2009. This is being investigated.

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year					1,205	266	1,471
Percent					82%	18%	100%
Average no. of Borrower per entity					13	9	12
Total Amount of Loan Outstanding					3,136,743,000	247,426,000	3,384,169,000
Percent					93%	7%	100%
Average loan outstanding per entity					33,728,000	8,247,000	27,513,000
Average outstanding loan size					2,603,000	930,000	2,301,000

Table 4: Loan Usage

	Regulated MFIs						
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total Loan Provision					3,696,128,000	451,500,000	4,147,628,000
Agricultures and Livestock					2,572,618,150	84,800,000	2,657,418,150
Trade and Services					1,064,394,600	326,500,000	1,390,894,600
Handicraft					53,078,150	28,200,000	81,278,150
Emergency					6,056,900	3,000,000	9,056,900
Other Purpose						9,000,000	9,000,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Number of savers					2,847		2,847
Average no. of savers per entity					31		31
Total amount of savings					1,053,271,000		1,053,271,000
Average saving per entity					11,325,000		11,325,000
Average savings size per member					370,000		370,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income					454,061,000	151,743,000	605,804,000
Other Income (e.g. fees, service charges)							
Total Income					**454,061,000**	**151,743,000**	**605,804,000**
Operating Expenses					162,245,000	18,255,000	180,500,000
Expenses for Village Development					1,026,000		1,026,000
Expenses for Social Welfare							
Other Expenses (e.g. consultants, studies)					1,026,000	200,000	1,226,000
Total Operating Expenses					**164,297,000**	**18,455,000**	**182,752,000**
Net Operating Income/Loss					**289,764,000**	**133,288,000**	**423,052,000**
Loan Loss Provision/Reserves					-87,894,000	-58,439,000	-146,333,000
Extraordinay Income (e.g. grants)							
Tax paid							
Net profit for the period					**201,870,000**	**74,849,000**	**276,719,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash					843,432,000	264,313,000	1,107,745,000
Gross loan outstanding					3,136,743,000	247,426,000	3,384,169,000
Fixed and other assets							
Total Asset					**3,980,175,000**	**511,739,000**	**4,491,914,000**
Saving deposits					1,053,271,000		1,053,271,000
Loan Received							
Others (Unpaid dividend)							
Total Liability					**1,053,271,000**		**1,053,271,000**
Shares							
Reserve					217,503,000		217,503,000
Donation and grant					2,519,184,000	451,500,000	2,970,684,000
Retained earnings prior period, others*					124,203,000	58,439,000	182,642,000
Dividend Payment					-135,856,000	-73,049,000	-208,905,000
Profit/Loss of current year					201,870,000	74,849,000	276,719,000
Total Equity					**2,926,904,000**	**511,739,000**	**3,438,643,000**
Total Liability and Equity					**3,980,175,000**	**511,739,000**	**4,491,914,000**

*Note: * Additional capital, dividend declared*

10. Vientiane Province

Capital: Viengkham

Population: 493,593 people

Area: 22,554 Km^2

Density: 22 people/Km^2

Number of Villages: 505 Villages

Number of Household: 87,395 Households

13 Districts: Phonhong, Thoulakhom, Keo oudom, Kasy, Vangvieng, Feuang, Xanakharm, Mad, Viengkham, Hinherb, Hom, Xaysomboon and Meun.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Vientiane province is one of largest provinces in Lao PDR, including 149 poor villages and 7,149 poor households.[41] The provincial government recognizes that microfinance is an important tool for poverty reduction and has actively supported the growth of microfinance. As of 2011, there were 2 SCUs and 1 NDTMFI (Vientiane Credit and Saving Union, Thoulakhom Credit and Saving Union and NDTMFI Hom District) and 273 village funds. Together these institutions have 29,711 members/clients, including 19,569 borrowers with total loans outstanding of 17.6 billion Kip. The main promoter is the Lao Women Union in partnership with FIAM and UNESCAP.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		45,782,104	75,475,450	121,257,554	4,995,883,000	333,304,000	5,329,187,000
Loans					1,149,223,000		1,149,223,000
Grants		45,782,104	75,475,450	121,257,554	3,846,660,000	333,304,000	4,179,964,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1	2	3	249	24	273
Percent		33%	8%	42%	*92%*	*8%*	*100%*
members/clients		223	608	831	28,267	613	28,880
Percent		27%	99%	126%	*98%*	*2%*	*100%*
Average no. of members per entity		223	304	527	113	25	106

[41] Report on the Implementation of the poverty eradication plan for 2006-2007 and focus work plan for 2007-2008 of Vientiane Province (Vientiane Planning and Investment Department, 2007)

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		120	76	196	18,808	565	19,373
Percent		61%	39%	100%	*97%*	*3%*	*100%*
Average no. of Borrower per entity		120	38	65	*76*	*24*	71
Total Amount of Loan Outstanding		196,698,000	364,052,226	560,750,226	17,053,086,000	14,000,000	17,067,086,000
Percent		35%	65%	100%	*99%*	*1%*	*100%*
Average loan outstanding per entity		196,698,000	182,026,113	186,916,742	68,486,000	583,000	65,517,000
Average outstanding loan size		1,639,150	4,790,161	2,860,971	907,000	25,000	881,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total loan Provision		196,698,000	364,052,226	560,750,226	43,295,336,000	347,740,000	43,643,076,000
Agricultures and Livestock		73,939,950	99,040,516	172,980,466	34,168,439,500	175,640,000	34,344,079,500
Trade and Services		9,935,191	190,988,391	200,923,583	4,676,499,500	13,600,000	4,690,099,500
Handicraft		9,541,643	12,780,766	22,322,409	2,803,839,000	6,500,000	2,810,339,000
Emergency		100,353,251	57,320,625	157,673,876	937,028,000		937,028,000
Other Purpose		2,927,964	3,921,927	6,849,892		2,600,000	2,600,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		103	532	635	27,539		27,539
Average no. of savers per entity		103	266	212	111		111
Total amount of savings		16,033,500	476,418,637	492,452,137	34,521,304,000		34,521,304,000
Average saving per entity		16,033,500	238,209,319	164,150,712	138,640,000		138,640,000
Average savings size per member			895,524	775,515	1,253,000		1,253,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		194,491,500	131,697,420	326,188,920	6,909,042,000	14,585,000	6,923,627,000
Other Income (e.g. fees, service charges)		6,840,000	7,216,590	14,056,590	501,215,000	1,048,000	502,263,000
Total income		**201,331,500**	**138,914,010**	**340,245,510**	**7,410,257,000**	**15,633,000**	**7,425,890,000**
Operating Expenses		125,756,101	161,231,403	286,987,504	1,201,094,000	4,108,000	1,205,202,000
Expenses for Village Development					284,938,000	3,630,000	288,568,000
Expenses for Social Welfare					126,955,000	351,000	127,306,000
Other Expenses (e.g. consultants, studies)					58,295,000	1,740,000	60,035,000
Total Operating Expenses		**125,756,101**	**161,231,403**	**286,987,504**	**1,671,282,000**	**9,829,000**	**1,681,111,000**
Net Operating Income/Loss		75,575,399	(22,317,393)	53,258,006	5,738,975,000	5,804,000	5,744,779,000
Loan Loss Provision/Reserves		(49,137,750)	4,643,157	(44,494,593)	-235,158,000		-235,158,000
Extraordinay Income (e.g. grants)			4,618,126	4,618,126	120,000,000	7,000,000	127,000,000
Tax paid							
Net profit for the period		**26,437,649**	**(13,056,110)**	**13,381,539**	**5,623,817,000**	**12,804,000**	**5,636,621,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		158,342,136	89,037,463	247,379,599	22,207,851,000	371,754,000	22,579,605,000
Gross loan outstanding		196,698,000	364,052,226	560,750,226	17,053,086,000	14,000,000	17,067,086,000
Fixed and other assets		41,694,267	550,364,207	592,058,474	3,472,952,000		3,472,952,000
Total Asset		**396,734,403**	**1,003,453,896**	**1,400,188,299**	**42,733,889,000**	**385,754,000**	**43,119,643,000**
Saving deposits		16,033,500	476,418,637	492,452,137	34,521,304,000		34,521,304,000
Loan Received					1,149,223,000		1,149,223,000
Others (Unpaid dividend)		99,282,266	127,885,056	227,167,322			
Total Liability		**115,315,766**	**604,303,693**	**719,619,459**	***35,670,527,000***		***35,670,527,000***
Shares		194,241,118	297,367,967	491,609,085			
Reserve			2,223,744	2,223,744	1,437,590,000	8,000,000	1,445,590,000
Donation and grant		45,782,104	75,475,450	121,257,554	3,846,660,000	333,304,000	4,179,964,000
Retained earning prior period, others*		14,957,766	37,139,152	52,096,918	668,856,000	35,964,000	704,820,000
Dividend Payment					-4,513,561,000	-4,318,000	-4,517,879,000
Profit/Loss of current year		26,437,649	(13,056,110)	13,381,539	5,623,817,000	12,804,000	5,636,621,000
Total Equity		**281,418,637**	**399,150,203**	**680,568,840**	***7,063,362,000***	***385,754,000***	***7,449,116,000***
Total Liability and Equity		**396,734,403**	**1,003,453,896**	**1,400,188,299**	**42,733,889,000**	**385,754,000**	**43,119,643,000**

*Note: * Additional capital, dividend declared*

11. Borikhamxay Province

Capital: Parkxane

Population: 272,794 people

Area: 14,863 Km^2

Density: 18 people/Km^2

Number of Villages: 323 Villages

Number of Household: 43,951 Households

7 Districts: Parkxane, Thaphabath, Parkkading, BoLikhanh, Khamkeuth, Viengthong and Xaychamphone.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Due to the promoting role of party and government, microfinance has made considerable progress in BoLikhamxay province. In 2011 there were 127 VFs with 18,204 members including 6,189; loans outstanding amounted to around 8 billion kip. Key promoters are the Lao Women's Union, the poverty reduction fund and the poverty eradication and rural development offices.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports					3,618,116,000	1,168,000,000	4,786,116,000
Loans					68,800,000		68,800,000
Grants					3,549,316,000	1,168,000,000	4,717,316,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
No. of entities					112	15	127
Percent					*89%*	*11%*	*100%*
members/clients					18,065	139	18,204
Percent					*99%*	*1%*	*100%*
Average no. of members per entity					161	9	143

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year					6,047	139	6,189
Percent					*97%*	*3%*	*100%*
Average no. of Borrower per entity					54	9	49
Total Amount of Loan Outstanding					6,768,306,000	1,288,952,000	8,057,258,000
Percent					*84%*	*16%*	*100%*
Average loan outstanding per entity					60,431,000	85,930,000	63,443,000
Average outstanding loan size					1,119,000	9,273,000	1,302,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total Loan Provision					12,773,469,000	1,288,952,000	14,062,421,000
Agricultures and Livestock					686,000,000	1,288,952,000	1,974,952,000
Trade and Services					50,940,000		50,940,000
Handicraft					332,530,000		332,530,000
Emergency					332,530,000		332,530,000
Other Purpose							

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Number of savers					18,065		18,065
Average no. of savers per entity					161		161
Total amount of savings					11,900,179,000		11,900,179,000
Average saving per entity					106,252,000		106,252,000
Average savings size per member					659,000		659,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income					4,769,673,000	178,605,000	4,948,278,000
Other Income (e.g. fees, service charges)					147,539,000		147,539,000
Total Income					**4,917,212,000**	**178,605,000**	**5,095,817,000**
Operating Expenses					1,204,952,000	26,790,000	1,231,742,000
Expenses for Village Development					104,049,000	5,358,000	109,407,000
Expenses for Social Welfare					136,764,000	3,572,000	140,336,000
Other Expenses (e.g. consultants, studies)					138,390,000		138,390,000
Total Operating Expenses					**1,584,155,000**	**35,720,000**	**1,619,875,000**
Net Operating Income/Loss					**3,333,057,000**	**142,885,000**	**3,475,942,000**
Loan Loss Provision/Reserves					-422,603,000	-5,358,000	-427,961,000
Extraordinay Income (e.g. grants)							0
Tax paid							0
Net profit for the period					**2,910,454,000**	**137,527,000**	**3,047,981,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash					13,249,887,000	21,933,000	13,271,820,000
Gross loan outstanding					6,768,306,000	1,288,952,000	8,057,258,000
Fixed and other assets					414,026,000		414,026,000
Total Asset					**20,432,219,000**	**1,310,885,000**	**21,743,104,000**
Saving deposits					11,900,179,000		11,900,179,000
Loan Received					68,800,000		68,800,000
Others (Unpaid dividend)					155,667,000		155,667,000
Total Liability					***12,124,646,000***	***0***	***12,124,646,000***
Shares					2,699,000		2,699,000
Reserve					2,839,415,000	5,358,000	2,844,773,000
Donation and grant					3,549,316,000	1,168,000,000	4,717,316,000
Retained earnings prior period, others*					1,484,124,000		1,484,124,000
Dividend Payment					-2,478,435,000		-2,478,435,000
Profit/Loss of current year					2,910,454,000	137,527,000	3,047,981,000
Total Equity					***8,307,573,000***	***1,310,885,000***	***9,618,458,000***
Total Liability and Equity					**20,432,219,000**	**1,310,885,000**	**21,743,104,000**

*Note: * Additional capital, dividend declared*

12. Khammuane Province

Capital: Thakhek

Population: 383,099 people

Area: 16,315 Km^2

Density: 23 people/Km^2

Number of Villages: 581 Villages

Number of Household: 72,481 Households

10 Districts: Thakhek, Mahasay, Nongbok, Hinboon, Nhommalath, Bualapha, Nakai, Xebangfay, Xaybuathong and kounkham.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

The government of Khammuane province is actively involved in the development of microfinance. In 2011 there were 1 SCU (Thakhek Credit and Saving Cooperative), 1 NDTMFI and 411 village funds with a total of 32,853 members, including19,437 borrowers with a loan portfolio of 22.8 billion kip. Promoters include Lao Front, Labor and Social Welfare, Construction and Rural Development Offices and Lao Women Union.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports			130,543,340	130,543,340	45,711,000	19,521,225,000	19,566,936,000
Loans					45,711,000		45,711,000
Grants			130,543,340	130,543,340		19,521,225,000	19,521,225,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1	1	2	126	285	411
Percent		50%	50%	100%	*30%*	*70%*	*100%*
members/clients		111	848	959	14,643	17,251	31,894
Percent		12%	88%	100%	*46%*	*54%*	*100%*
Average no. of members per entity		111	848	959	116	60	77

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year		67	130	197	2,818	16,422	19,240
Percent		34%	66%	100%	*15*	*85%*	*100%*
Average no. of Borrower per entity		67	130	99	22	58	47
Total Amount of Loan Outstanding		232,754,500	414,007,170	646,761,670	6,784,299,000	15,313,607,000	22,097,906,000
Percent		36%	64%	100%	*31%*	*69%*	*100%*
Average loan outstanding per entity		232,754,500	414,007,170	323,380,835	53,843,643	53,731,954	53,766,195

Average outstanding loan size		3,473,948	3,184,671	3,283,054	2,407,000	932,000	1,148,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision		232,754,500	414,007,170	646,761,670	12,098,348,000	23,865,650,000	35,963,998,000
Agricultures and Livestock		41,283,139	69,411,409	110,694,548	7,309,138,000	23,133,170,000	30,442,308,000
Trade and Services		128,478,598	246,924,295	375,402,893	427,145,000	521,480,000	948,625,000
Handicraft		5,327,417	21,861,837	27,189,255		114,875,000	114,875,000
Emergency		56,030,565	69,101,069	125,131,635	19,600,000	96,125,000	115,725,000
Other Purpose		1,634,780	6,708,560	8,343,340			

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers		44	718	762	13,770		13,770
Average no. of savers per entity		44	718	381	109		109
Total amount of savings		72,160,000	839,529,230	911,689,230	15,769,040,000		15,769,040,000
Average saving per entity		72,160,000	839,529,230	455,844,615	125,151,111		125,151,111
Average savings size per member			1,169,261	1,196,443	1,145,174		1,145,174

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income		68,097,600	139,175,000	207,272,600	2,326,356,000	1,158,148,000	3,484,504,000
Other Income (e.g. fees, service charges)		600,000	49,731,903	50,331,903	3,147,000	116,169,000	119,316,000
Total Income		**68,697,600**	**188,906,903**	**257,604,503**	**2,329,503,000**	**1,274,317,000**	**3,603,820,000**
Operating Expenses		26,864,000	185,617,493	212,481,493	112,848,000	26,700,000	139,548,000
Expenses for Village Development					7,433,000		7,433,000
Expenses for Social Welfare					1,383,000	3,074,000	4,457,000
Other Expenses (e.g. consultants, studies)					1,643,000		1,643,000
Total Operating Expenses		**26,864,000**	**185,617,493**	**212,481,493**	**123,307,000**	**29,774,000**	**153,081,000**
Net Operating Income/Loss		**41,833,600**	**3,289,410**	**45,123,010**	**2,206,196,000**	**1,244,543,000**	**3,450,739,000**
Loan Loss Provision/Reserves			(27,195,470)	(27,195,470)	-9,039,000		-9,039,000
Extraordinay Income (e.g. grants)			48,634,558	48,634,558			
Tax paid		1,200,000					
Net profit for the period		**40,633,600**	**24,728,498**	**66,562,098**	**2,197,157,000**	**1,244,543,000**	**3,441,700,000**

Table 7: Balance Sheet

Unit: kip	DTMFIs	Regulated MFIs NDTMFIs	SCUs	total	Deposit taking	VFs with Non-deposit taking	total
Cash		34,746,458	689,432,774	724,179,232	11,568,814,000	17,136,459,000	28,705,273,000
Gross loan outstanding		232,754,500	414,007,170	646,761,670	6,784,299,000	15,313,607,000	22,097,906,000
Fixed and other assets		149,766,500	66,930,518	216,697,018	181,535,000		181,535,000
Total Asset		**417,267,458**	**1,170,370,462**	**1,587,637,920**	**18,534,648,000**	**32,450,066,000**	**50,984,714,000**
Saving deposits		72,160,000	839,529,230	911,689,230	15,769,040,000		15,769,040,000
Loan Received					45,711,000		45,711,000
Others (Unpaid dividend)		96,966,400	24,517,574	121,483,974	391,457,000		391,457,000
Total Liability		**169,126,400**	**864,046,804**	**1,033,173,204**	***16,206,208,000***		***16,206,208,000***
Shares		200,000,000	150,700,000	350,700,000	71,198,000		71,198,000
Reserve					9,039,000	11,184,298,000	11,193,337,000
Donation and grant			130,543,340	130,543,340		19,521,225,000	19,521,225,000
Retained earning prior period, others*		7,507,458	351,820	7,859,278	67,812,000	500,000,000	567,812,000
Dividend Payment					-16,766,000		-16,766,000
Profit/Loss of current year		40,633,600	24,728,498	65,362,098	2,197,157,000	1,244,543,000	3,441,700,000
Total Equity		**248,141,058**	**306,323,658**	**554,464,716**	***2,328,440,000***	***32,450,066,000***	***34,778,506,000***
Total Liability and Equity		**417,267,458**	**1,170,370,462**	**1,587,637,920**	**18,534,648,000**	**32,450,066,000**	**50,984,714,000**

*Note: * Additional capital, dividend declared*

13. Savannakhet Province

Capital: Kaysone Phomvihane

Population: 922,210 people

Area: 21,774 Km^2

Density: 42 people/Km^2

Number of Villages: 1,015 Villages

Number of Household: 144,754 Households

15 Districts: Kaysone Phomvihane, Outhoomphone, Atsaphang thong, Phine, Sepone, Nong, Thapangthong, Songkhone, Champhone, Xonbuly, Xaybuly, Vilabuly, Atsphone, Xayphoothong and Phalanxay.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Savannakhet is the biggest province in Lao PDR and has a long-standing experience with village funds. As of 2011, there were 3 SCUs, one DTMFIs (Seno Saving and Credit Union, Houmjaipattana Credit and Saving Cooperative, Parksong Credit and Saving Cooperative and Sayaisamphanh MFI) and 156 village funds, with 22,648 members/clients including 8,356 borrowers with loans outstanding amounting to 27.2 billion kip. The Department of Planning and Investment of Savannakhet, which has played a key role supporting the establishing the village funds, has transferred this role to the Poverty Eradication and Rural Development Department. Village funds are also promoted by the Labor and Socio-Welfare Offices at the provincial and district level.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports	6,628,359,990	450,460,000	216,926,455	7,295,746,445	6,135,050,000		6,135,050,000
Loans	6,277,250,000		-	6,277,250,000	57,000,000		57,000,000
Grants	351,109,990	450,460,000	216,926,455	1,018,496,445	6,078,050,000		6,078,050,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities	1	1	3	5	156		156
Percent	20%	20%	60%	100%	*100%*		*100%*
members/clients	7,885		6680	14,565	8,083		8,083
Percent	54%	0%	46%	100%	*100%*		*100%*
Average no. of members per entity	7,885	-	2,227	10,112	52		52

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year	3,522		1,160	4,682	3,674		3,674
Percent	75%	0%	25%	100%	*100%*		*100%*
Average no. of Borrower per entity	3522	0	387	936	24		24
Total Amount of Loan Outstanding	11,503,786,190	-	4,235,235,261	15,739,021,451	11,463,947,000		11,463,947,000
Percent	73%	0%	27%	100%	*100%*		*100%*
Average loan outstanding per entity	11,503,786,190	-	1,411,745,087	3,147,804,290	73,487,000		73,487,000
Average outstanding loan size	3,266,265		3,651,065	3,361,602	3,120,000		3,120,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision	11,503,786,190	0	0	11,503,786,190	15,231,255,000		15,231,255,000
Agricultures and Livestock	2,742,740,500			2,742,740,500	2,512,260,000		2,512,260,000
Trade and Services	3,593,236,241			3,593,236,241	1,718,122,000		1,718,122,000
Handicraft				0	126,000,000		126,000,000
Emergency				0	963,734,000		963,734,000
Other Purpose	5,167,809,449			5,167,809,449	3,931,497,000		3,931,497,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers	4,363	-	5,520	9,883	8,083		8,083
Average no. of savers per entity	4,363	-	1,840	1,977	52		52
Total amount of savings	11,707,841,996	-	4,216,462,811	15,924,304,807	11,898,970,000		11,898,970,000
Average saving per entity	11,707,841,996	-	1,405,487,604	3,184,860,961	76,275,000		76,275,000
Average savings size per member	2,683,438	-	763,852	1,611,282	1,472,000		1,472,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income	3,875,588,392		1,650,792,674	5,526,381,066	2,769,509,000		2,769,509,000
Other Income (e.g. fees, service charges)	61,679,400		328,199,705	389,879,105	22,666,000		22,666,000
Total Income	**3,937,267,792**		**1,978,992,379**	**5,916,260,171**	**2,792,175,000**		**2,792,175,000**
Operating Expenses	3,197,799,077		1,461,992,494	4,659,791,571	535,867,000		535,867,000
Expenses for Village Development					69,150,000		69,150,000
Expenses for Social Welfare					28,471,000		28,471,000
Other Expenses (e.g. consultants, studies)	25,350,000			25,350,000	52,581,000		52,581,000
Total Operating Expenses	**3,223,149,077**		**1,461,992,494**	**4,685,141,571**	**686,069,000**		**686,069,000**
Net Operating Income/Loss	**714,118,715**		**516,999,885**	**1,231,118,600**	**2,106,106,000**		**2,106,106,000**
Loan Loss Provision/Reserves	(648,485,521)		49,850,527	(598,634,994)	-154,615,000		-154,615,000
Extraordinay Income (e.g. grants)	105,281,237		9,170,657	114,451,894			
Tax paid	67,699,000			67,699,000			
Net profit for the period	**103,215,431**		**576,021,069**	**679,236,500**	**1,951,491,000**		**1,951,491,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash	7,513,479,175	453,532,500	4,357,296,472	12,324,308,147	6,530,261,000		*6,530,261,000*
Gross loan outstanding	11,503,786,190		4,235,235,261	15,739,021,451	11,463,947,000		*11,463,947,000*
Fixed and other assets	1,593,672,670		1,280,720,828	2,874,393,498	1,764,194,000		*1,764,194,000*
Total Asset	**20,610,938,035**	**453,532,500**	**9,873,252,561**	**30,937,723,096**	**19,758,402,000**		***19,758,402,000***
Saving deposits	11,707,841,996		4,081,367,727	15,789,209,723	11,898,970,000		*11,898,970,000*
Loan Received	6,277,250,000		567,713,165	6,844,963,165	57,000,000		*57,000,000*
Others (Unpaid dividend)	200,973,205			200,973,205			
Total Liability	**18,186,065,201**		**4,649,080,892**	**22,835,146,093**	***11,955,970,000***		***11,955,970,000***
Shares	2,150,000,000		3,899,039,302	6,049,039,302	80,000,000		*80,000,000*
Reserve			39,991,720	39,991,720	798,891,000		*798,891,000*
Donation and grant	351,109,990	450,460,000	216,926,455	1,018,496,445	6,078,050,000		*6,078,050,000*
Retained earnings prior period, others*	(179,452,587)	3,072,500	492,193,123	315,813,036	5,325,000		*5,325,000*
Dividend Payment					-1,111,325,000		*-1,111,325,000*
Profit/Loss of current year	103,215,431		576,021,069	679,236,500	1,951,491,000		*1,951,491,000*
Total Equity	**2,424,872,834**	**453,532,500**	**5,224,171,669**	**8,102,577,003**	***7,802,432,000***		***7,802,432,000***
Total Liability and Equity	**20,610,938,035**	**453,532,500**	**9,873,252,561**	**30,937,723,096**	**19,758,402,000**		***19,758,402,000***

*Note: * Additional capital, dividend declared*

14. Saravanh Province

Capital: Saravane

Population: 375,517 people

Area: 10,691 Km^2

Density: 35 people/Km^2

Number of Villages: 605 Villages

Number of Household: 61,211 Households

8 Districts: Saravan, Ta oi, Toomlarn, Nakhonepheng, Vapy, Khongxedone, Lao ngarm and Samuoi

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

There are 1 SCU and 121 VFs in Saravanh province with a total of 5,108 members, almost double the number of 2009. 4,263 are reported as active borrowers, with a total loan portfolio of 6.0 billion kip.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports			87,708,000	87,708,000	172,000,000	7,540,808,000	7,712,808,000
Loans							
Grants			87,708,000	87,708,000	172,000,000	7,540,808,000	7,712,808,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities			1	1	7	114	121
Percent		0%	1%	1%	*6%*	*94%*	*100%*
members/clients			849	849	316	3,943	4,259
Percent		0%	100%	100%	*14%*	*86%*	*100%*
Average no. of members per entity			849	#DIV/0!	45	32	35

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year			170	170	150	3,943	4,093
Percent			100%	100%	*3%*	*97%*	*100%*
Average no. of Borrower per entity			170	170	21	35	34
Total Amount of Loan Outstanding			267,198,702	267,198,702	86,040,000	5,661,170,000	5,747,210,000
Percent			100%	100%	*5%*	*95%*	*100%*
Average loan outstanding per entity			267,198,702	267,198,702	12,291,000	49,659,000	47,498,000
Average outstanding loan size			1,571,757	1,571,757	574,000	1,436,000	1,404,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision			267,198,702	267,198,702	228,030,000	8,232,200,000	8,460,230,000
Agricultures and Livestock			121,537,996	121,537,996	27,917,000	6,425,523,000	6,453,440,000
Trade and Services			56,398,019	56,398,019		127,450,000	127,450,000
Handicraft			28,588,557	28,588,557	35,013,000	438,770,000	473,783,000
Emergency			51,901,399	51,901,399	165,100,000	1,076,161,400	1,241,261,400
Other Purpose			8,772,732	8,772,732			

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Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers			679	679	316		316
Average no. of savers per entity			679	679	45		45
Total amount of savings			286,922,000	286,922,000	57,939,000		57,939,000
Average saving per entity			286,922,000	286,922,000	8,277,000		8,277,000
Average savings size per member			422,566	422,566	183,000		183,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income			74,459,803	74,459,803	19,894,000	197,802,000	217,696,000
Other Income (e.g. fees, service charges)			12,875,702	12,875,702		4,977,000	4,977,000
Total Income			**87,335,505**	**87,335,505**	**19,894,000**	**202,779,000**	**222,673,000**
Operating Expenses			95,517,760	95,517,760	9,525,000	39,076,000	48,601,000
Expenses for Village Development				-			
Expenses for Social Welfare				-	1,305,000		1,305,000
Other Expenses (e.g. consultants, studies)				-			
Total Operating Expenses			**95,517,760**	**95,517,760**	**10,830,000**	**39,076,000**	**49,906,000**
Net Operating Income/Loss			(8,182,255)	(8,182,255)	9,064,000	163,703,000	172,767,000
Loan Loss Provision/Reserves			(18,757,158)	(18,757,158)			
Extraordinay Income (e.g. grants)			55,785,000	55,785,000		200,380,000	200,380,000
Tax paid							
Net profit for the period			**28,845,587**	**28,845,587**	**9,064,000**	**364,083,000**	**373,147,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash			195,109,515	195,109,515	108,140,000	2,236,226,000	2,344,366,000
Gross loan outstanding			267,198,702	267,198,702	86,040,000	5,661,170,000	5,747,210,000
Fixed and other assets			53,972,917	53,972,917	71,965,000	264,814,000	336,779,000
Total Asset			**516,281,134**	**516,281,134**	**266,145,000**	**8,162,210,000**	**8,428,355,000**
Saving deposits			286,922,000	286,922,000	57,939,000		57,939,000
Loan Received							
Others (Unpaid dividend)			9,746,222	9,746,222			
Total Liability			**296,668,222**	**296,668,222**	***57,939,000***		***57,939,000***
Shares			102,385,000	102,385,000			
Reserve							
Donation and grant			87,708,000	87,708,000	172,000,000	7,540,808,000	7,712,808,000
Retained earning prior period, others*			674,325	674,325	27,142,000	257,319,000	284,461,000
Dividend Payment							
Profit/Loss of current year			28,845,587	28,845,587	9,064,000	364,083,000	373,147,000
Total Equity			**219,612,912**	**219,612,912**	***208,206,000***	***8,162,210,000***	***8,370,416,000***
Total Liability and Equity			**516,281,134**	**516,281,134**	**266,145,000**	**8,162,210,000**	**8,428,355,000**

*Note: * Additional capital, dividend declared*

15. Sekong Province

Capital: Lamam

Population: 100,595 people

Area: 7,665 Km^2

Density: 13 people/Km^2

Number of Villages: 229 Villages

Number of Household: 16,796 Households

4 Districts: Lamarm, Kaleum, Dakcheung and Thateng

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Sekong province has the smallest number of village funds of any province, and no regulated MFIs. Population density is low, and interest in financial activities limited. However, 81 village funds are in existence as of 2011 (up from 20 in 2009) upon the initiative of the Lao Women's Union and the Poverty Eradication and Rural Development Offices. Total membership is 2,608 (three times the number of 2009), 1,014 of them borrowers with loans outstanding reportedly amounting to 1.3 billion kip.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports					1,024,000,000		1,024,000,000
Loans							
Grants					1,024,000,000		1,024,000,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
No. of entities					81		81
Percent					*100%*		*100%*
members/clients					2,608		2,608
Percent					*100%*		*100%*
Average no. of members per entity					32		32

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year					1,014		1,014
Percent					*100%*		*100%*
Average no. of Borrower per entity					13		13
Total Amount of Loan Outstanding					1,303,894,000		1,303,894,000
Percent					*100%*		*100%*
Average loan outstanding per entity					*16,097,000*		*16,097,000*
Average outstanding loan size					1,286,000		1,286,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Total Loan Provision					1,886,115,000		1,886,115,000
Agricultures and Livestock					1,303,464,000		1,303,464,000
Trade and Services					149,834,000		149,834,000
Handicraft					11,000,000		11,000,000
Emergency					284,468,000		284,468,000
Other Purpose					117,984,000		117,984,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCU	total	Deposit taking	Non-deposit taking	total
Number of savers					2,125		2,125
Average no. of savers per entity					26		26
Total amount of savings					943,485,000		943,485,000
Average saving per entity					11,648,000		11,648,000
Average savings size per member					444,000		444,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income					36,055,000		36,055,000
Other Income (e.g. fees, service charges)					2,250,000		2,250,000
Total Income					38,305,000		38,305,000
Operating Expenses					14,174,000		14,174,000
Expenses for Village Development					339,000		339,000
Expenses for Social Welfare					12,258,000		12,258,000
Other Expenses (e.g. consultants, studies)					554,000		554,000
Total Operating Expenses					**27,325,000**		**27,325,000**
Net Operating Income/Loss					**10,980,000**		**10,980,000**
Loan Loss Provision/Reserves					-3,457,000		-3,457,000
Extraordinay Income (e.g. grants)							0
Tax paid							0
Net profit for the period					**7,523,000**		**7,523,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash					714,564,000		714,564,000
Gross loan outstanding					1,303,894,000		1,303,894,000
Fixed and other assets							
Total Asset					**2,018,458,000**	**0**	**2,018,458,000**
Saving deposits					943,485,000		943,485,000
Loan Received							
Others (Unpaid dividend)							
Total Liability					***943,485,000***	***0***	***943,485,000***
Shares							
Reserve					8,633,000		8,633,000
Donation and grant					1,024,000,000		1,024,000,000
Retained earning prior period, others*					50,055,000		50,055,000
Dividend Payment					-15,238,000		-15,238,000
Profit/Loss of current year					7,523,000		7,523,000
Total Equity					***1,074,973,000***	***0***	***1,074,973,000***
Total Liability and Equity					**2,018,458,000**	**0**	**2,018,458,000**

*Note: * Additional capital, dividend declared*

16. Champassak Province

Capital: Pakse

Population: 661,358 people

Area: 15,415 Km^2

Density: 43 people/Km^2

Number of Villages: 644 Villages

Number of Household: 113,190 Household

10 Districts: Pakse, Sanasomboon, Bachiangchaleunsook, Paksong, Pathoomphone, Phonthong, Champasack, Sukhuma, Moonlapamok and Khong.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

Champasak province has 4 SCUs and 693 village funds. The reported total number of members is 67,923, including 29,872 borrowers with total loans outstanding of about 46 billion kip. Promoting agencies include the Construction and Rural Development Office, Labor and Social Welfare Department, Provincial Agriculture and Forestry Department and the Lao Women Union.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports			240,223,049	240,223,049	31,410,342,000		31,410,342,000
Loans							
Grants			240,223,049	240,223,049	31,410,342,000		31,410,342,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities			4	4	693		693
Percent			100%	100%	*100%*		*100%*
members/clients			849	849	67,074		67,074
Percent			100%	100%	*100%*		*100%*
Average no. of members per entity			212	212	97		97

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year			858	858	29,014		29,014
Percent			100%	100%	*100%*		*100%*
Average no. of Borrower per entity			215	215	42		42
Total Amount of Loan Outstanding			3,479,937,650	3,479,937,650	42,479,087,000		42,479,087,000
Percent			100%	100%	*100%*		*100%*
Average loan outstanding per entity			869,984,413	869,984,413	61,297,000		61,297,000

Average outstanding loan size			4,055,871	4,055,871	1,464,000		1,464,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision		0	3,479,937,650	3,479,937,650	51,351,290,000		51,351,290,000
Agricultures and Livestock			1,118,115,297	1,118,115,297	9,586,212,000		9,586,212,000
Trade and Services			397,190,674	397,190,674	6,032,424,000		6,032,424,000
Handicraft			144,288,127	144,288,127	390,142,000		390,142,000
Emergency			1,776,067,058	1,776,067,058	502,915,000		502,915,000
Other Purpose			44,276,494	44,276,494			

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers			839	839	54,666		54,666
Average no. of savers per entity			210	210	79		79
Total amount of savings			2,797,797,000	2,797,797,000	48,570,871,000		48,570,871,000
Average saving per entity			699,449,250	699,449,250	70,088,000		70,088,000
Average savings size per member			3,334,681	3,334,681	888,000		888,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income			302,909,741	302,909,741	9,101,618,000		9,101,618,000
Other Income (e.g. fees, service charges)			43,214,262	43,214,262	9,773,000		9,773,000
Total Income			**346,124,003**	**346,124,003**	**9,111,391,000**		**9,111,391,000**
Operating Expenses			212,163,793	212,163,793	1,340,784,000		1,340,784,000
Expenses for Village Development					211,743,000		211,743,000
Expenses for Social Welfare					141,162,000		141,162,000
Other Expenses (e.g. consultants, studies)					384,496,000		384,496,000
Total Operating Expenses			**212,163,793**	**212,163,793**	**2,078,185,000**		**2,078,185,000**
Net Operating Income/Loss			133,960,210	133,960,210	7,033,206,000		7,033,206,000
Loan Loss Provision/Reserves			(325,709,870)	(325,709,870)	-259,944,000		-259,944,000
Extraordinay Income (e.g. grants)			18,822,904	18,822,904			
Tax paid							
Net profit for the period			**(172,926,756)**	**(172,926,756)**	**6,773,262,000**		**6,773,262,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash			662,520,699	662,520,699	39,269,450,000		39,269,450,000
Gross loan outstanding			3,479,937,650	3,479,937,650	42,479,087,000		42,479,087,000
Fixed and other assets			391,588,678	391,588,678	2,686,905,000		2,686,905,000
Total Asset			**4,534,047,027**	**4,534,047,027**	**84,435,442,000**		**84,435,442,000**
Saving deposits			2,797,797,000	2,797,797,000	48,570,871,000		48,570,871,000
Loan Received							
Others (Unpaid dividend)			101,702,829	101,702,829	362,036,000		362,036,000
Total Liability			**2,899,499,829**	**2,899,499,829**	**48,932,907,000**		**48,932,907,000**
Shares			1,498,195,000	1,498,195,000			
Reserve			10,951,373	10,951,373	2,267,190,000		2,267,190,000
Donation and grant			240,223,049	240,223,049	31,410,342,000		31,410,342,000
Retained earning prior period, others*			58,104,532	58,104,532	4,942,000		4,942,000
Dividend Payment					-4,953,201,000		-4,953,201,000
Profit/Loss of current year			(172,926,756)	(172,926,756)	6,773,262,000		6,773,262,000
Total Equity			**1,634,547,198**	**1,634,547,198**	***35,502,535,000***		***35,502,535,000***
Total Liability and Equity			**4,534,047,027**	**4,534,047,027**	**84,435,442,000**		**84,435,442,000**

*Note: * Additional capital, dividend declared*

17. Attapeu Province

Capital: Samakkhixay

Population: 130,402 people

Area: 10,320 Km^2

Density: 13 people/Km^2

Number of Villages: 147 villages

Number of Household: 24,636 Households

5 Districts: Xaysetha, Samakkhixay, Sanamsay, Sanxay and Phouvong.

Source: Statistical Year book 2011 (Lao Department of Statistics, MPI)

There are one newly established NDTMFI and 149 village funds in Attapeu province, with 13,604 members, reportedly including 10,491 active borrowers with loans outstanding amounting to 8.4 billion Kip. Main promoters are GIZ and the Poverty Eradication and Rural Development Offices.

Table 1: Financial Support

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Total amount of financial supports		381,000,000		381,000,000	561,582,000	9,853,213,000	10,414,795,000
Loans							
Grants		381,000,000		381,000,000	561,582,000	9,853,213,000	10,414,795,000

Table 2: Coverage of Villages and Members/Clients

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
No. of entities		1		1	51	98	149
Percent		100%	0%	100%	*34%*	*66%*	100%
members/clients					3,513	10,091	13,604
Percent			0%	0%	*26%*	*74%*	100%
Average no. of members per entity					69	103	91

Table 3: Credit Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
No. of Borrowers in the year					470	10,021	10,491
Percent					*4%*	*96%*	100%
Average no. of Borrower per entity					9	102	70
Total Amount of Loan Outstanding					519,396,000	7,838,163,000	8,357,559,000
Percent					*6%*	*94%*	100%
Average loan outstanding per entity					10,184,235	79,981,000	56,091,000
Average outstanding loan size					1,105,098	782,000	797,000

Table 4: Loan Usage

	Regulated MFIs				VFs with		
	DTMFIs	NDTMFIs	SCUs	Total	Deposit taking	Non-deposit taking	total
Total Loan Provision					519,396,000	9,853,213,000	10,372,609,000
Agricultures and Livestock					193,938,000	6,293,897,000	6,487,835,000
Trade and Services					145,600,000	3,420,465,000	3,566,065,000
Handicraft						138,851,000	138,851,000
Emergency					62,845,000		62,845,000
Other Purpose					117,013,000		117,013,000

Table 5: Saving Information

	Regulated MFIs				VFs		
	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Number of savers					3,513		3,513
Average no. of savers per entity					69		69
Total amount of savings					610,216,000		610,216,000
Average saving per entity					11,965,020		11,965,000
Average savings size per member					173,702		174,000

Table 6: Income Statement

	Regulated MFIs				VFs		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Interest Income					42,362,000	60,421,000	102,783,000
Other Income (e.g. fees, service charges)					16,586,000		16,586,000
Total Income					**58,948,000**	**60,421,000**	**119,369,000**
Operating Expenses					16,520,000	9,377,000	25,897,000
Expenses for Village Development							
Expenses for Social Welfare							
Other Expenses (e.g. consultants, studies)							
Total Operating Expenses					**16,520,000**	**9,377,000**	**25,897,000**
Net Operating Income/Loss					42,428,000	51,044,000	93,472,000
Loan Loss Provision/Reserves							
Extraordinay Income (e.g. grants)							
Tax paid							
Net profit for the period					**42,428,000**	**51,044,000**	**93,472,000**

Table 7: Balance Sheet

	Regulated MFIs				VFs with		
Unit: kip	DTMFIs	NDTMFIs	SCUs	total	Deposit taking	Non-deposit taking	total
Cash		397,150,000		397,150,000	752,634,000	2,015,050,000	2,767,684,000
Gross loan outstanding					519,396,000	7,838,163,000	8,357,559,000
Fixed and other assets					107,100,000		107,100,000
Total Asset		**397,150,000**		**397,150,000**	**1,379,130,000**	**9,853,213,000**	**11,232,343,000**
Saving deposits					610,216,000		610,216,000
Loan Received							
Others (Unpaid dividend)							
Total Liability					**610,216,000**		**610,216,000**
Shares							
Reserve					113,398,000		113,398,000
Donation and grant		381,000,000		381,000,000	561,582,000	9,853,213,000	10,414,795,000
Retained earning prior period, others*		16,150,000		16,150,000	56,300,000		56,300,000
Dividend Payment					-4,794,000	-51,044,000	-55,838,000
Profit/Loss of current year					42,428,000	51,044,000	93,472,000
Total Equity		**397,150,000**		**397,150,000**	***768,914,000***	***9,853,213,000***	***10,622,127,000***
Total Liability and Equity		**397,150,000**		**397,150,000**	**1,379,130,000**	**9,853,213,000**	**11,232,343,000**

*Note: * Additional capital, dividend declared*

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Annex

Annex 1: Questionnaire

Lao People's Democratic Republic
Peace Indepdence Democracy Unity Prosperity

Ministry of Planning and Investment
National Economic Research Institute

Questionnaire
Microfinance Statistical Survey
January to December 2011

Section 1: General Information

1.1. Questionnaire code

1.2. Province: ……

1.3. District:……

1.4. Village: ……..

1.5. Name of Office/Project: ……

1.6. Type of microfinance 1. MFI 2. SCU 3. Village Fund Promoter (VFP)

1.7. Location of office: Urban ☐ Rural ☐

1.8. Starting year of operation: ……

1.9. Name of respondent: ……

1.10. Position: ……

1.11. Mobile: ……

1.12. Office phone No./Fax:……

Quality Control Record

	Date	Month	Year	Respondent's Name	Phone Number
1.13. Data Collection					
1.14. Checking					
1.15. Data Entry					

Section 2: Information on Operations

2.1. Main organization that takes responsibility.....

2.2. At present, does your office cooperate with other organization in operating/managing/monitoring of credit and savings? Single answer (✓)

1. ☐ Self-operation
2. ☐ Co-operation

2.3. If co-operation, which organization (partner) are you co-operating with? Multiple answers (✓)

1. ☐ Planning Office (*Office = district or provincial office*)
2. ☐ Lao Women Union Office
3. ☐ Labour and Social Welfare Office
4. ☐ Forestry and Agriculture Office
5. ☐ Youth Union Office
6. ☐ Public Health Office
7. ☐ Trade Union Office
8. ☐ Financial Office
9. ☐ Lao Front Construction Office
10. ☐ Rural Development Office
11. ☐ Poverty Reduction Fund
12. ☐ Bank of the Lao PDR
13. ☐ World Bank
14. ☐ Asian Development Bank
15. ☐ International Labour Organization (ILO)
16. ☐ European Union
17. ☐ Lux-Development
18. ☐ German Technical Cooperation (GTZ)
19. ☐ German Cooperative and Raiffeisen Confederation (DGRV)
20. ☐ Asian Confederation of Credit Unions (ACCU)
21. ☐ Stone Family Foundation
22. ☐ World Vision
23. ☐ German Agro Action
24. ☐ Nam Theun 2 Power Company
25. ☐ Theun Hinboun Power Company
26. ☐ Phu Bia Mining
27. ☐ Sepon Mining
28. ☐ Other (Specify) .....
29. ☐ Other (Specify).....

2.4. Are there any organizations providing financial support to your office?

1. ☐ Yes 2. ☐ No

2.4.1. Total amount of financial support.....kip

Of which: 2.4.1.1 loan.....kip

2.4.1.2. Grant.....Kip

2.5. How many full-time officers are there in your office? .....Persons,

2.5.1. Female.....persons

2.5.2. Male.....person

3. Credit and Savings (in cash) activities (Please answer every questions)

No	Description	2009	Remark
3.1	No. of provinces where your office/project currently provides services (do not include provinces in which your organization has separate administration and accounting)		
3.2	No. of districts where your office/project currently provides services (do not include the districts in which your organization has separate administration and accounting)		
3.3	No. of villages/village funds to which your office/project currently provides services		
3.4	Total number of members/clients in 2008 (persons)		
3.5	Total number of members/clients in 2009 (persons)		
3.6	**Total number of members/clients increase or decrease**		
3.7	If decrease, why?		
Credit Information			
3.8	Total numbers of borrowers on the closing account date (31.12.2009) (persons)		
3.9	Total amount of loan providing on the closing account date 31.12.2009 (kip)		
3.10	Total amount of loan repayment (excluded interest) on 31.12.2009 (kip)		
3.11	Total amount of outstanding loan on 31.12.2009 (kip)		
3.12	Average loan size (kip)		
3.13	Average flat interest rate of loans per month(%)		
Saving information:			
3.14	Does your institution/village fund(s) mobilize savings from the members or not?(yes = 1, No=0)		
3.15	Total number of savers on the closing account date on 31.12.2009 (persons)		
3.16	Total amount of savings on the closing account date on 31.12.2009 (kip)		
3.17	Average interest rate of savings per month (%)		
Chapter 4: Income Statement 2009			
4.1	**Total income (kip) (4.1 = 4.1.1 + 4.1.2 + 4.1.3)**		
4.1.1	Interest(kip)		
4.1.2	Grants(kip)		
4.1.3	Other income(kip)		
4.2	**Total expenditure (kip)**		
4.3	**Profit (kip) (4.3 = 4.1 – 4.2)**		
	Profit allocation:		
4.3.1	Dividends for members (kip):		

No	Description	2009	Remark
4.3.2	Dividends for committee (kip)		
4.3.3	Village development fund(kip)		
4.3.4	Social welfare fund (kip):		
4.3.5	Loan loss reserve (kip)		
4.3.6	Other (kip)		
4.3.7	**(Retained earnings) Net profit for expanding the activitites (kip)**		
Chapter 5: Balance Sheet 2009			
5.1	**Total Assets (5.1 = 5.1.1 + 5.1.2 + 5.1.3)**		
5.1.1	Cash (kip)		
5.1.2	Loan principal outstanding (kip)		
5.1.3	Other assets (kip)		
5.2	**Liabilities and Equity (5.2 = 5.2.1 + 5.2.2)**		
5.2.1	**Liabilities (5.2.1 = 5.2.1.1 + 5.2.1.2+ 5.2.1.3)**		
5.2.1.1	Savings (kip)		
5.2.1.2	External Funds/Borrowings) (kip)		
5.2.1.3	Other.....		
5.2.2	**(Equity) (5.2.2 = 5.2.2.1+5.2.2.2+5.2.2.3+5.2.2.4+5.2.2.5)**		
5.2.2.1	Share capital (kip**)**		
5.2.2.2	Retained earnings (kip)		
5.2.2.3	Grants (kip)		
5.2.2.4	Reserves (kip)		
5.2.2.5	Others.....		

Chapter 6: Loan Purpose

No.	2009 Loan purpose	Loan Outstanding	Repayment (excluding interest)	Total
6.1	Emergency			
6.2	Agriculture			
6.3	Trade and Services			
6.4	Other			
6.5	Other			

Chapter 7: Financial Products

7.1 ☐ Loans

7.2 ☐ Savings

7.3 ☐ Social welfare

7.4 ☐ Money transfer

7.5 ☐ Bill payment (water supply, electricity and phone)

7.6 ☐ Other .....

(October 2012)

ທ່ານ ສອນໄຊ ສິດພະໄຊ, ຮອງຜູ້ວ່າການ ທະນາຄານ ແຫ່ງ ສ ປ ປ ລາວ ພົບປະກັບຄະນະກຳມະການບໍລິຫານທະນາຄານບ້ານສົບປາ, ຕາງໜ້າສະມາຊິກຂາຫຸ້ນຂອງສະຖາບັນການເງິນຈຸລະພາກທີ່ບໍ່ຮັບເງິນຝາກວິລະບູລີແດນຄຳ. ສະຖາບັນດັ່ງກ່າວໄດ້ຮັບການສະໜັບສະໜູນທາງດ້ານວິຊາການ ແລະ ການເງິນຈາກບໍລິສັດລ້ານຊ້າງ ມິເນโธນສ໌ຈຳກັດ ແລະ ອົງການ ຈີໄອແຊັດສ.

Mr. Sonexay SITHPHAXAY, Deputy Governor of Bank of The Lao PDR, talks to member of the Village Bank Committee in Soppa village, who is also a representative of shareholders of Vilabouli Denkham Non Deposit Taking Microfinance Institution. This institution has been receiving finance and technical support from MMG/LXML SEPON and GIZ.

ທະນາຄານແຫ່ງ ສປປ ລາວ

ບ້ານຊຽງຍືນ, ຖະໜົນຢອນເນດ,
ຕູ້ໄປສະນີ 19,
ນະຄອນຫລວງວຽງຈັນ, ສປປ ລາວ
ໂທ: +856 21 213109-10
ແຟັກ: +856 21 213108
ອີເມລ: BOL@bol.gov.la
ເວບໄຊ: www.bol.gov.la

Bank of the Lao P.D.R
Ban Xieng Yeun, Yonnet Rd,
P.O.Box: 19
Vientiane Capital, Lao P.D.R
T: +856 21 213109-10
F: +856 21 213108
E: BOL@bol.gov.la
Web: www.bol.gov.la

Deutsche Gesellshchaft fur internationale
Zusammenarbeit (GIZ) GmbH

ບ້ານທ່າພະລານໄຊ, ຖະໜົນວັດນາກໃຫຍ່
ຕູ້ ປ.ນ: 9233
ນະຄອນຫລວງວຽງຈັນ, ສປປ ລາວ
ໂທ: +856 21 353605
ແຟັກ: +856 21 312408
ອີເມລ: giz-laos@giz.de
ເວບໄຊ: www.giz.de/laos

Ban Thaphalanexay, Watnak Nyai Rd,
P.O.Box: 9233
Vientiane Capital, Lao P.D.R
T: +856 21 353605
F: +856 21 312408
E: giz-laos@giz.de
Web: www.giz.de/laos

ກະຊວງແຜນການ ແລະ ການລົງທຶນ
ສະຖາບັນຄົ້ນຄວ້າເສດຖະກິດແຫ່ງຊາດ

ກິໂລແມັດທີ 7, ຖະໜົນໄກສອນ ພົມວິຫານ
ນະຄອນຫລວງວຽງຈັນ, ສປປ ລາວ
ໂທ: +856 21 771418

Ministry of Planning and
Investment (MPI)
National Economic
Research Institute (NERI)
Km7, Kaysone Phomvihah Ave,
Vientiane, Lao PDR
Tel: 021 771418