



# Access to Finance for the Poor (AFP)

## Report on project progress

## Annual Microfinance Stakeholder Forum 2013/14

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## Project design and targets

**MACRO  
LEVEL**

**BoL:  
Regulation  
& Supervision  
(Microfinance)**

**MESO  
LEVEL**

**Network Support  
Organizations (NSO)  
for Village Banks**

**MICRO  
LEVEL**

**Monthly support and capacity building  
for village banks in 6 provinces  
(21 districts) of Lao PDR**

**Project  
target:**

**Poor households have better access to sustainable  
financial services.**



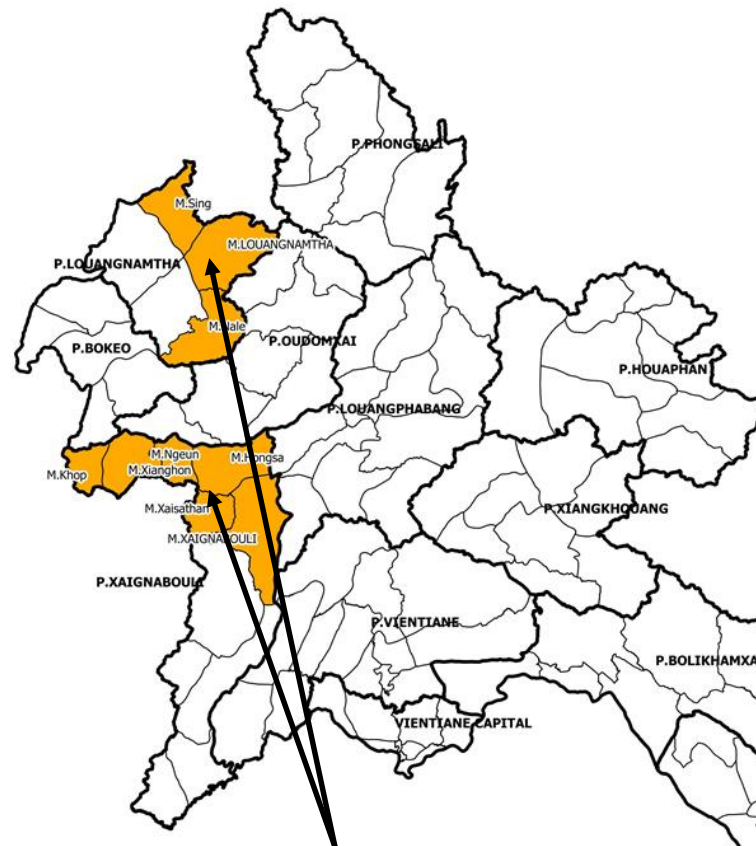
## Micro level - Facts & Figures - Program outreach

Province Data	Attapeu	SAY - Hongsa	SAY - Khop	Luang Namtha	SVK- Vilabouli	SVK- Sepon Phin	Cham- passak	Salavan	Total
<b>No. of VBs</b>	56	45	42	101	41	8	40	21	<b>354</b>
<b>No. of VB member accounts</b>	4,342	4,605	4,746	7,263	2,236	511	3,030	1,692	<b>28,425</b>
<b>VB member savings (in mn kip)</b>	2,714	2,948	1,451	6,458	2,065	61	685	175	<b>16,556</b>
<b>Loan Gross Portfolio (in mn kip)</b>	2,630	3,498	1,837	8,277	1,544	2	616	80	<b>18,484</b>

Data as of:  
28/02/2014

## Micro level - Where we are working:

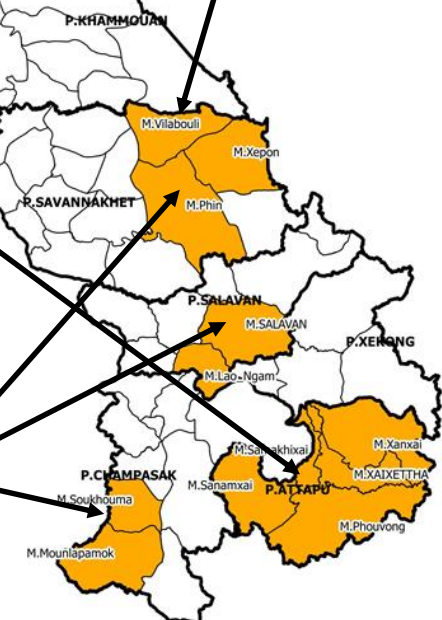
Province	Districts
Luang Namtha	3
SAY - Khob	2
SAY - Hongsa	4
SVK - Vilabouly	1
SVK - Sepon/Phin	2
Salavan	2
Attapeu	5
Champassak	2
Total	21



**MMG** ລ້ານຊ້າງ ມີເນໂຮນສ໌ ລິມິເຕັດ  
LXML SEPON  
**1 district  
1 NSO**

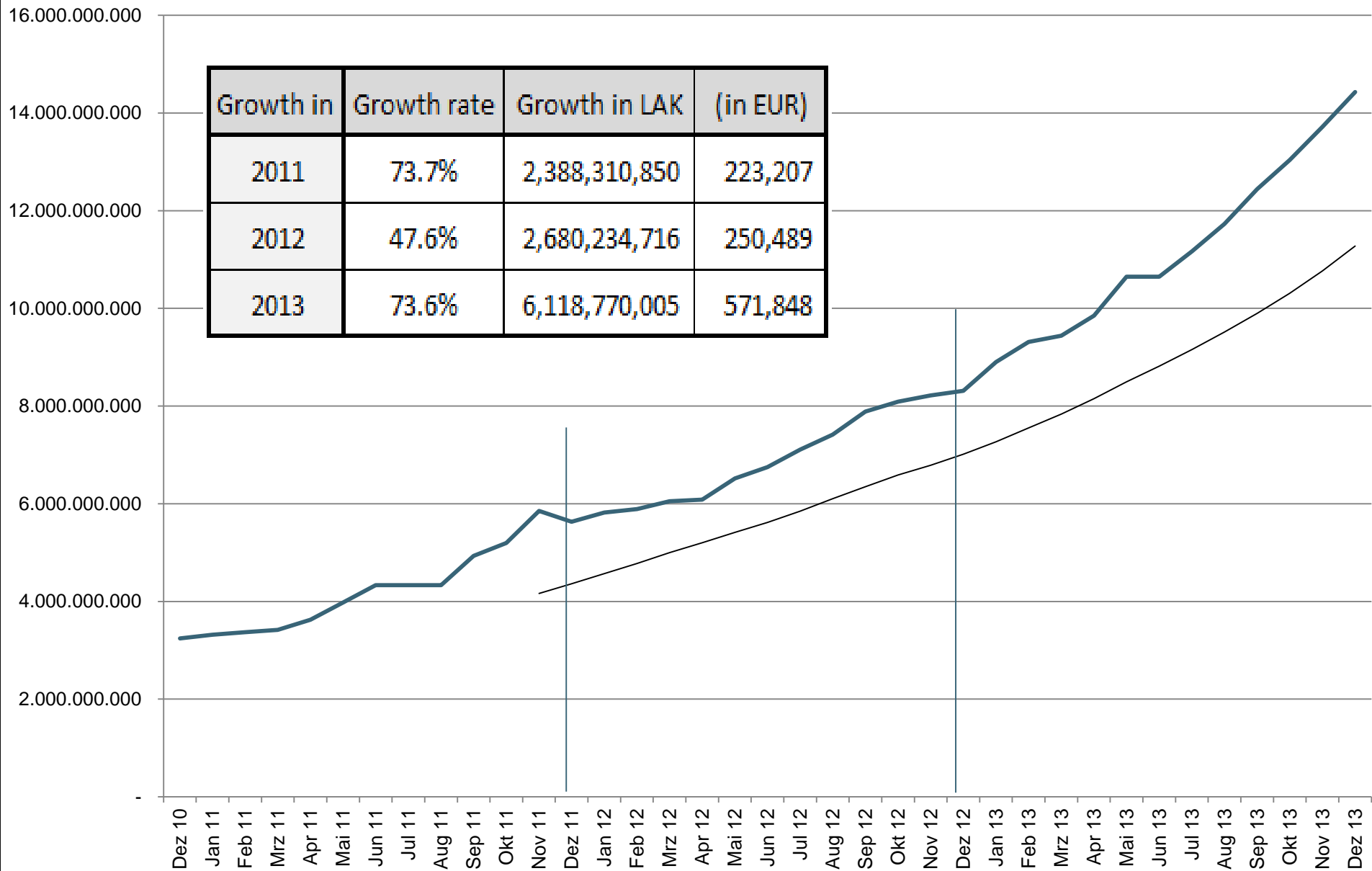
  
ການ ຮ່ວມມື  
ເຢຍລະມັນ  
DEUTSCHE ZUSAMMENARBEIT  
**3 provinces /  
4 NSOs /  
14 districts**

**Australian  
Aid**   
**3 provinces /  
3 NSOs  
6 districts**



# Micro level – Accumulated savings in VBs – Development 2011 - 2013:

Growth in	Growth rate	Growth in LAK	(in EUR)
2011	73.7%	2,388,310,850	223,207
2012	47.6%	2,680,234,716	250,489
2013	73.6%	6,118,770,005	571,848





## Micro level – main activities 2013



Project expansion to

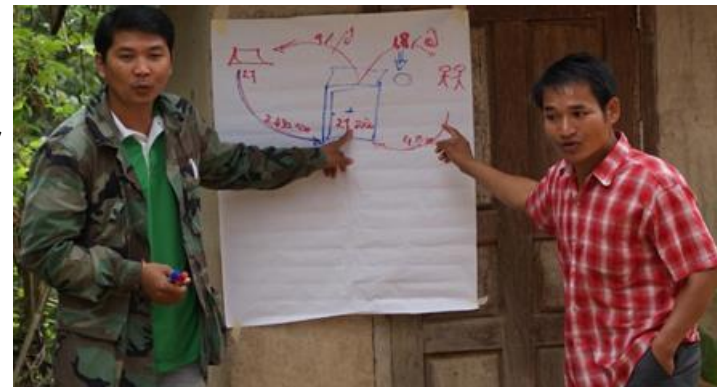
- Soukhouma/ Mounlapamok (Champassak)
- Salavan, Lao Ngam (Salavan)
- Sepon / Phin (Savannaketh, 01/2014)



## Micro level – main activities 2013

Extensive capacity development

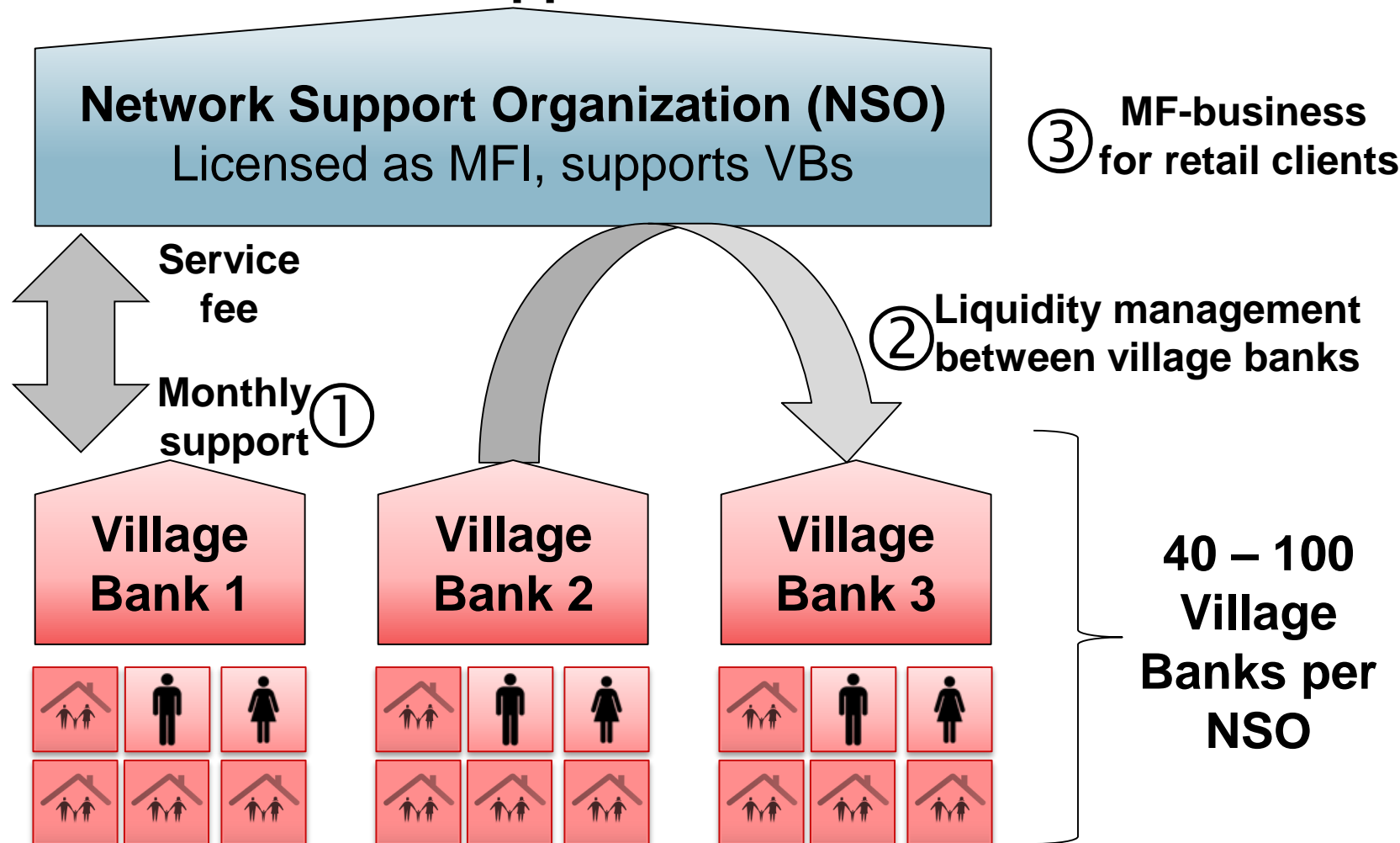
- **More than 3.000** participant days/ quarter
- Class-room trainings for VBC
- Peer-to-Peer experiences for VBC
- Financial Literacy for villagers
- ...and much more...







## Meso level – Our approach





## Meso level – Aiming for sustainable institutions

- Current sustainability ratios of network support organizations

	Operational Self Sufficiency 2013			Income 2012	Income growth 2012-13
	OSS-ratio	Expenses	Income		
SAY-Hongsa	101%	464,699,000	468,835,038	356,605,000	31%
SAY-Khop	100%	368,743,630	369,142,000	190,921,000	93%
LNT	63%	615,033,750	387,753,058	174,646,500	122%
Vilabouly	29%	404,710,500	115,446,388	37,301,263	209%
ATT	25%	557,738,000	137,800,780	66,185,500	108%

## Meso level – main activities capacity development 2013



### Trainings to Board of Directors of NSOs

- Credit management
- Internal control



### Leadership trainings for NSO Manager and Deputy Manager



### Daily on the job training for all NSO staff by national and international advisors



## Macro level – main activities

### Regulation

- Support to BoL in setting up the 'Implementing guidelines' for the prime ministerial decree No. 460
- Study tour to Mongolia in Q1/2014

### Supervision

- Support in setting up the supervision software FinA and expanding to several institutional groups
- Financed Oracle license to operate software

### Financial literacy

- Study tour guided by Deputy Governor of BoL, Mr Sonexay Sithpaxay to Germany
- BoL delegates participate in FinLit conference in Kuala Lumpur and Hongkong

## Macro level – Ongoing support

### Reporting

- **Financing and editorial guidance to 2-yearly report ‘Microfinance in Lao PDR’**
- **Support in setting up the first statistical report on microfinance**



### General capacity development

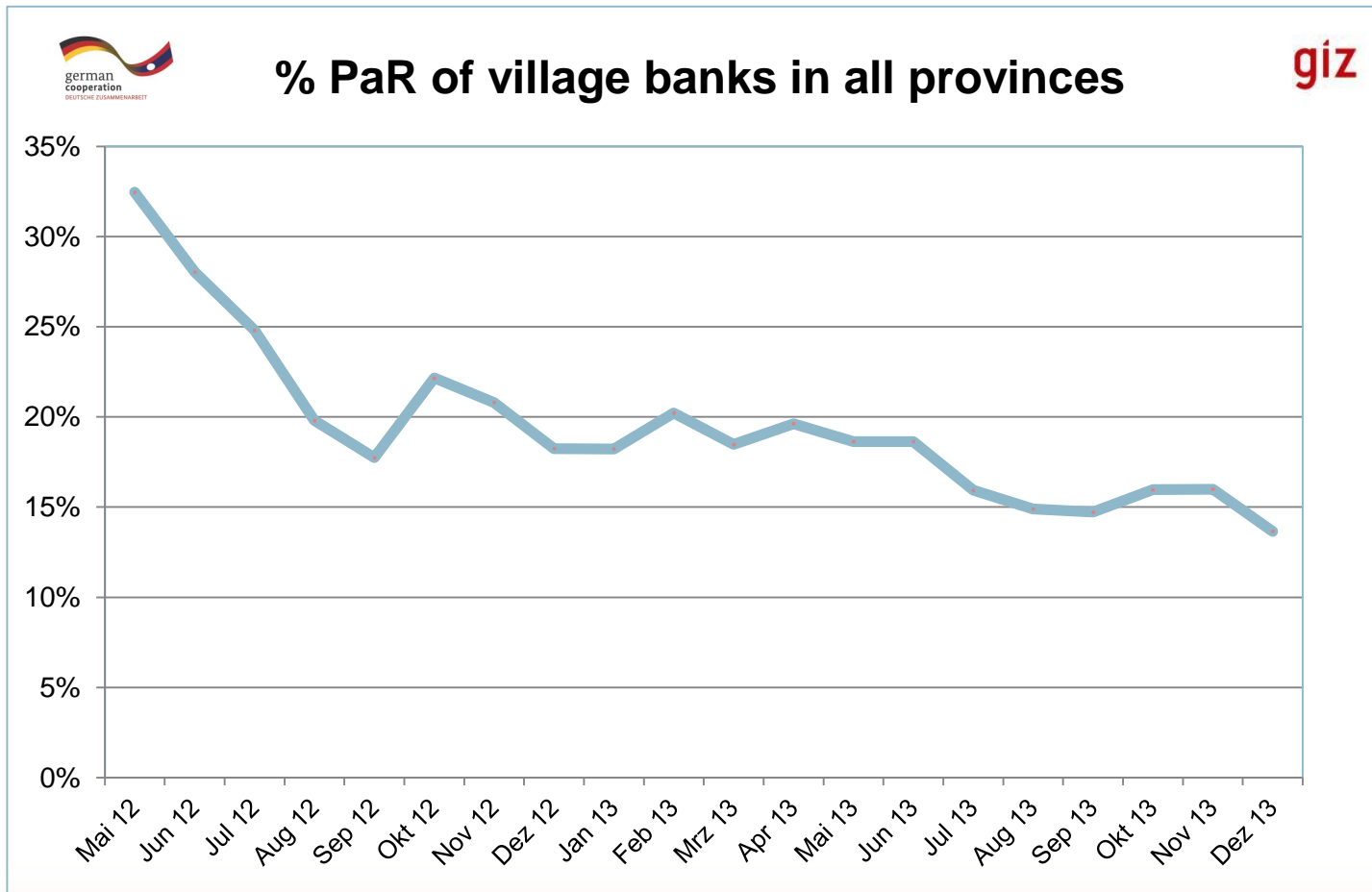
- **Trainings for staff of the Bank of the Lao PDR**
  - **Accounting**
  - **English**
- **Financing of trainings from BoL to licensed institutions**
  - **Training on monthly reporting of financial figures to BoL**





## Challenges and fields of improvement - Micro

- Credit risk continuously reducing – but still a long way to go





## Challenges and fields of improvement - Meso

- Substantial improvements needed to form sustainable institutions





## Challenges and fields of improvement - Macro

- AFP strategy on village banks and their network support organizations seems to be working – **how can it be up-scaled from 21 districts to more provinces?**
- **More trainings** for the microfinance institutes and savings and credit unions needed to fully comply with BoL reporting requirements.
- **Implementing guidelines** to the **microfinance decree** to be finalized
- **Financial literacy** and **consumer protection** – Incorporate information from micro- and meso-level into national level regulation and procedures.



## The Road Ahead

- Funding from Australian Aid secured until 06/2016
- Funding extension until 11/2017 from German Government expected in Government negotiations in May 2014
- Additional funds from MMG LXML currently rather unlikely

### Micro / VB

- Open additional village banks
- Enhance credit & delinquency management
- More and better products/ services
- Financial literacy trainings

### Meso / NSO

- Professionalize operations:
- BoD capable of governance
- Better planning and analysis
- More products
- Better risk management

### Macro / BoL

- National financial literacy strategy
- Consumer Protection embedded in regulation & supervision
- National strategy for village banks



# Thank you for your attention!

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LXML SEPON