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Bank of the Lao PDR

NEWS

Public Relations Section, Cabinet Office, Bank of the Lao PDR

BOL

Lao Access to Finance Fund – LAFF project Supported by German Government through German Development Bank (KfW) Kick-Off Workshop

On Thursday the 29th of October 2020, the Bank of the Lao PDR (BOL) in partnership with Agriculture & Finance Consultants (AFC) held a kick-off workshop on the second phase of the Lao Access to Finance Fund - LAFF II and officially present the LAFF II TA component and its work plan.

The workshop was chaired by H.E Mme. Vathana DALALOY, Deputy Governor of BOL and chair of the LAFF Steering Committee, and co-chaired by Mr. Jan Wiegelmann, KfW Country Director in Lao PDR. There were 16 participants who took part in the workshop including the LAFF Project Steering Committee members, the LAFF Management Unit team members from BOL, representatives of KfW, and the AFC Consultant TA team. Three of the participants took part on-line as due to the current COVID-19 situations, they could not travel to Laos to join in person: the KfW project manager from Frankfurt, Germany; the AFC project manager from Bonn, Germany and the AFC team leader from Sri Lanka.



The Lao Access to Finance Fund was established in 2014 with financial support from the German Government through KfW Development Bank, for the specific purpose of enhancing access to finance for micro and small enterprises in Lao PDR in rural areas. A first cycle of credit worth Euro 3 million and Euro 0.8 million for TA was initially issued as wholesale loans from LAFF to ACLEDA Bank Lao Ltd as the 1st partner financial institution (PFI). ACLEDA Bank has successfully issued around 2,300 sub-loans to MSMEs, has paid interest and repaid principal to LAFF, managed by the BOL. In 2019, a second PFI, Patoukham DTMFI was selected, receiving a LAK 3 billion loan from LAFF. Patoukham issued 65 sub-loans to microenterprises in Vientiane province. With the success of LAFF phase I, the German Government decided to provide additional funds worth Euro 6 million to the LAFF phase II and again Euro 0.8 million for the TA component.

The first phase of the LAFF (LAFF I) started on 4th September 2017 with the technical assistance (TA) provided by the German Consultancy Firm, AFC – Agriculture and Finance Consultants GmbH and was successfully completed in August 2020. By the completion of the first phase, the LAFF project stakeholders including the BOL and KfW have acknowledged the achievements of the TA and agreed for AFC to continue the TA measures in the second phase starting from 1st September 2020 for a projected period of 3 years.

The kick-off workshop served to enable all partners to agree on the project priorities, the work plan, its activities and the time frame. The main objectives of the workshop were the following:

- Present and discuss the draft work-plan for the main activities to be implemented during the 2nd phase of the capacity building project over the next three years;
- Exchange ideas on proposed plans and actions, agree on any changes and receive recommendations for possible actions during the project implementation phase;
- Exchange on the Draft ideas and suggested activities especially for the new components 3 (ESRM), 4 (Digital Finance) and 5 (Green Finance).

During the half-day workshop, the participants were actively discussing the following:

- Highlighting the main achievements from the LAFF I project;
- Presenting the plan for the TA measure for LAFF II, with its five components;
- Discussing the draft work plan, the upcoming call for expression of interest (EoI) for the loan fund application (call for EoI to be issued in January 2021) and the loan fund disbursement planned for April 2021.



In her final remarks, the chair expressed that the design of the current phase of LAFF II is in line with the National Socio-Economic Development Plan (NSED) of the Government of Lao PDR for the next 5 years. She provided a strong commitment from the BOL's side to contribute and lead the project implementation successfully. On behalf of the senior management of BOL, she also expressed her appreciation to the German Government as well as KfW Development Bank for their financial support, and the German Consulting Firm, AFC Agriculture & Finance Consultants for their valuable TA support to ensure the effectiveness and sustainability of the established Lao Access to Finance Fund (LAFF) within the BOL.

Source: BOL