



NEWS

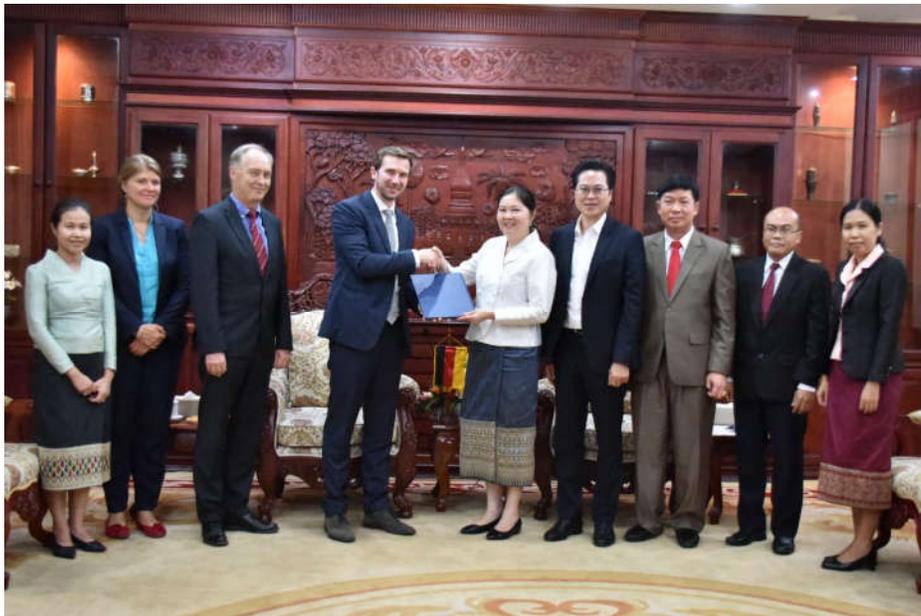
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Bank of the Lao PDR

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

BOL

Germany provided an additional EUR 6.8 million for the Lao Access to Finance Fund (LAFF) to the Bank of Lao PDR

Germany continues supporting the sustainable economic growth of the Lao economy by enhancing the business environment for micro, small and medium enterprises (MSMEs). The grant in the amount of EUR 6.8 million will be provided to the Bank of the Lao PDR through KfW Development Bank to facilitate access to long-term finance for households and enterprises/MSMEs in rural areas and to strengthen capacity building for the Bank of the Lao PDR and Partner Financial Institutions.





The handing over ceremony for the Financing Agreements phase II took place on Friday, 6th March 2020, at the Bank of the Lao PDR (BOL). At the ceremony, Madame Vatthana Dalaloy, Deputy Governor, BOL, Mr. Jens Lütkenherm, the Ambassador of Germany to Lao PDR and Mr. Jan Wiegelmann, Country Director, KfW Office Vientiane, and representatives of LAFF committees and Director General of Cabinet Office/Ministry of Finance were present. With the additional grant of EUR 6 million provided by Germany, the LAFF will be able to substantially extend the number of qualified Partner Financial Institutions, Banks and Micro-Finance Institutions, able to allocate loans for up to LAK 500 million each to eligible MSMEs in rural areas of Lao PDR. Germany provides additional EUR 0.8 million for capacity building to strengthen systems of Bank of the Lao PDR and Partner Financial Institutions of LAFF.

At the ceremony, Madame Vatthana Dalaloy said: “There is a great need for access to smaller sized loans for micro, small and medium sized enterprises (MSMEs) particularly in the rural areas of the country. This is why we are very happy, that through the additional funds for the LAFF, we will be able to accelerate the access to funding of a much larger number of MSMEs. In addition, the LAFF will also contribute to the institutional strengthening of Partner Financial Institutions of the LAFF which is necessary for the development of the Lao financial system.”

The Ambassador of Germany, Mr. Jens Lütkenherm, added: “The LAFF fund will fill a significant gap especially in rural areas, by enabling local entrepreneurs who run MSMEs to access financial services through the formal banking system and Micro Finance Institutions. We do believe that with the additional funding, LAFF will be able to work with more Partner Financial Institutions and it will be an effective tool to provide entrepreneurs with the necessary funds to develop their businesses, thus supporting the economic development of Lao PDR and the well-being of its people”.

KfW Development Bank

KfW has been helping the German Federal Government achieve its goals with respect to development policy and international cooperation for over 50 years. KfW's role in the field of German development cooperation is that of an experienced bank and an institution specialising in development policy. On behalf of the German Federal Government and the European Union (EU) KfW promotes and supports programmes and projects that mainly involve state actors in developing and emerging economies – from their conception and execution through to monitoring their success. In 2018 KfW committed EUR 8.7 billion worldwide to new projects and programmes.

KfW's work in Laos focuses mainly on two priority sectors: Rural Development and Sustainable Economic Growth. KfW's funding for projects in Laos is based on mandates from the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMUB) and the European Union (EU).

Source: BOL