



## Lao PDR - Small and Medium Enterprise Access to Finance Project (P131201)

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | Finance & Markets Global Practice |  
IBRD/IDA | Financial Intermediary Loan | FY 2014 | Seq No: 5 | ARCHIVED on 20-Jan-2017 | ISR26672 |

Implementing Agencies:

## Key Dates

### Key Project Dates

Bank Approval Date:09-Jun-2014

Effectiveness Date:15-Sep-2014

Planned Mid Term Review Date:12-Jun-2017

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2019

Revised Closing Date:30-Jun-2019

## Project Development Objectives

Project Development Objective (from Project Appraisal Document)

This project aims at providing long-term funding sources for banks to provide long-term credit to SMEs. The project will support the growth of privately-owned SMEs by increasing the supply of long-term finance provided by commercial banks and by strengthening the capability of the Department for Small and Medium Enterprise Promotion (DOSMEP) to formulate and implement public policies that promote access to finance for SMEs.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

## Components

Name

1. Line of Credit to Commercial Banks to Support SME Loans:(Cost \$15.00 M)

3. Technical assistance:(Cost \$5.00 M)

## Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial



## Implementation Status and Key Decisions

The project implementation has accelerated with the disbursement of the line of credit. Several key decisions and accomplishments made during this reporting period which include the following:

Component 1: The MOIC has signed Subsidiary Financing Agreement (SFA) with the third PFIs - SACOM Bank, on July 15, 2016. To date, US\$6 million (US\$2 million each) was transferred to the Lao-China Bank, ST Bank and SACOM Bank. Subsequently 14 sub-loans were granted to SMEs, with value equivalent of approximately USD1.6 million and in addition to that, more than 6 sub-loans were in the pipeline to be processed by the end of December 2016. The MOIC is expected to proceed swiftly with the decision on the utilization of additional \$3 million under the credit line component following the completion of the restructuring.

Component 2: This component will support provision of technical assistance to strengthen capacity of DOSMEP as well as provide TA to PFIs and other commercial banks in improving their SME lending business. International Consultants are being recruited to carry out needs assessments and define key TA activities for SMEs and PFIs, which are planned for commencement in 2017.

## Risks



## Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Moderate
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Substantial	● Substantial
Technical Design of Project or Program	--	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Substantial	● Substantial
Other	--	--	--
Overall	--	● Substantial	● Substantial

## Results

### Project Development Objective Indicators

#### ► Volume of Bank Support: Lines of Credit - SME (Amount(USD), Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	4,000,000.00	6,000,000.00	15,000,000.00
Date	30-Sep-2014	31-Mar-2016	16-Dec-2016	03-Sep-2018

#### ► SME Masterplan (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	SME Master Plan will be developed once the Advisors are on board.	The work on developing the SME Master Plan has started.	1.00
Date	30-Sep-2014	--	16-Dec-2016	07-Sep-2018

#### ► Increase in Sales by beneficiary SMEs (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	0.00	0.00	0.00	30.00
Date	30-Sep-2014	10-May-2015	16-Dec-2016	07-Sep-2018

#### Overall Comments

Given that disbursement of credit to SMEs have just started to happen three months ago, the DOSMEP at the MOIC is still working to collect the data on percentage sales increase of the SMEs.

#### Intermediate Results Indicators

► Direct project beneficiaries (Number, Core)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	14.00	200.00
Date	30-Sep-2014	10-May-2015	16-Dec-2016	07-Sep-2018

▲ Female beneficiaries (Percentage, Core Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	2.00	20.00

► Performance of SME loans (NPLs) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	5.00
Date	30-Sep-2014	10-May-2015	16-Dec-2016	07-Sep-2018



► Formulation of new SME Development Masterplan (2016-2020) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	Not yet started	A first draft of the document is almost completed.	1.00
Date	30-Sep-2014	10-May-2015	16-Dec-2016	29-Sep-2017

► Number of DOSMEP Staff receiving training (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	24.00	30.00
Date	30-Sep-2014	--	16-Dec-2016	29-Sep-2017

► Number of SMEs benefiting from Technical Assistance (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
Date	30-Sep-2014	31-May-2016	16-Dec-2016	07-Sep-2018

► Formulation of SME Census Plan and Methodology (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	Not yet started	Not yet started	1.00
Date	30-Sep-2014	31-May-2016	16-Dec-2016	07-Sep-2018

#### Overall Comments

The disbursements of credit to SMEs have only started less in late September 2016 and hence measurement of indicators related to the borrowers (SMEs) have not started or need to wait for more time to provide more reliable and complete figures.

On training for DOSMEP staffs, 10 officers attended training on Project Cycle and Management and 14 officials joined a study tour to Thailand an access to finance. In addition to that, a few more trainings have been provided to MOIC officers which include procurement training (20 officers), safeguard training (10 officers), English language training (37 officers). More recently in September 2016, officials of the MOIC attended



training/workshops a global symposium on innovative financial inclusion in Kuala Lumpur. A list of technical assistance activities for implementation in 2017 has been tabled and agreed upon, which includes diagnostic works on training needs for MOIC, PFIs and SMEs will be developed and to be implemented subsequently.

An indicator related to the formulation of a new SME Master Plan in the Intermediate Results Indicator overlaps with the one in PDO Indicators. It will be removed from the Intermediate Result Indicators and remain in the PDO indicators.

## Data on Financial Performance

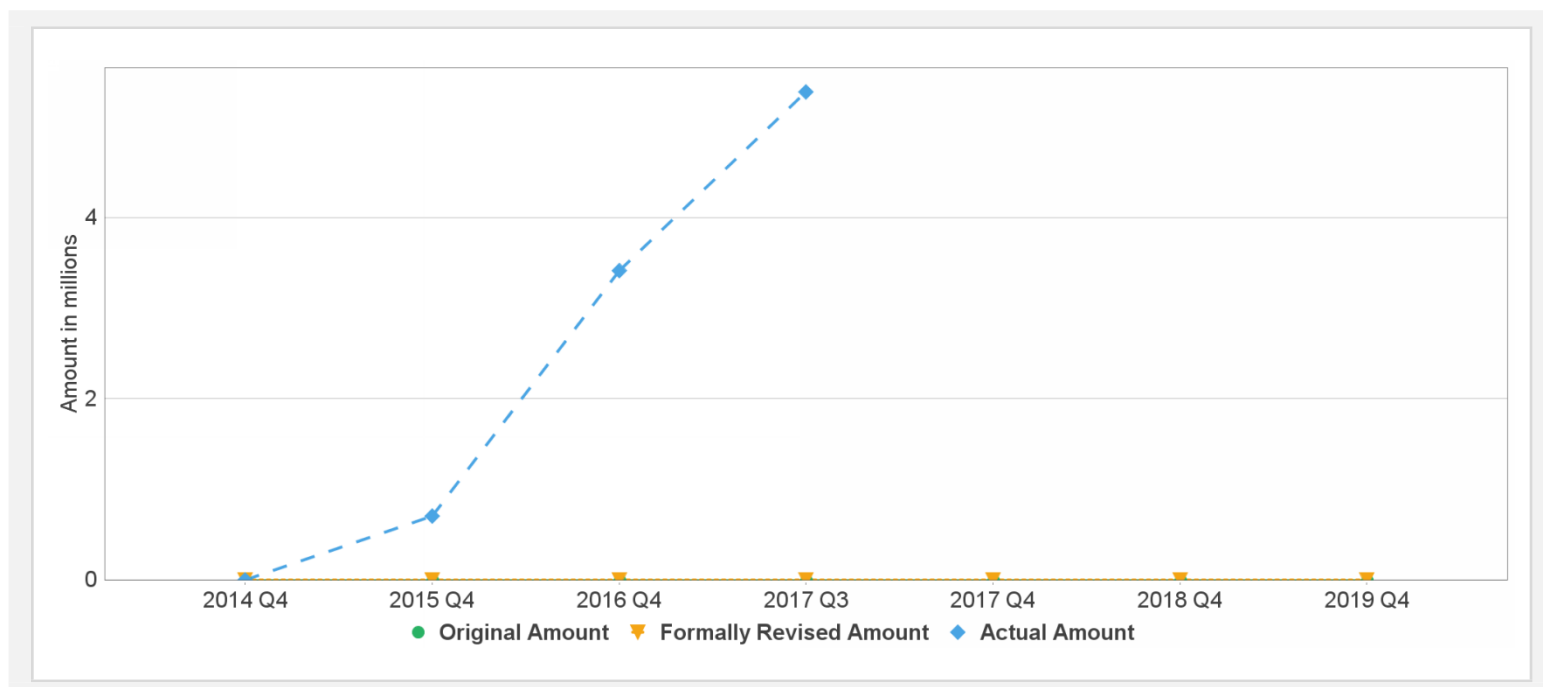
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P131201	IDA-54710	Effective	XDR	6.50	6.50	0.00	2.86	3.64	44%
P131201	IDA-H9580	Effective	XDR	6.50	6.50	0.00	2.53	3.97	39%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P131201	IDA-54710	Effective	09-Jun-2014	14-Aug-2014	15-Sep-2014	30-Jun-2019	30-Jun-2019
P131201	IDA-H9580	Effective	09-Jun-2014	14-Aug-2014	15-Sep-2014	30-Jun-2019	30-Jun-2019

## Cumulative Disbursements





## **Restructuring History**

Level 2 Approved on 09-Sep-2016

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## **Related Project(s)**

There are no related projects.

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