



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

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | Finance, Competitiveness and Innovation Global Practice | IBRD/IDA | Investment Project Financing | FY 2014 | Seq No: 10 | ARCHIVED on 16-Jun-2019 | ISR37411 |

Implementing Agencies: Ministry of Finance, Ministry of Industry and Commerce

Key Dates

Key Project Dates

Bank Approval Date: 09-Jun-2014

Effectiveness Date: 15-Sep-2014

Planned Mid Term Review Date: 10-Jul-2017

Actual Mid-Term Review Date: 10-Jul-2017

Original Closing Date: 30-Jun-2019

Revised Closing Date: 30-Jun-2020

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

For the past six months, the project has achieved significant implementation progress of both components supported by a functional project management team; and therefore the key ratings of project remain Moderately Satisfactory. Several notable achievements during this reporting period include:

Project Component 1 – Line of Credit. Currently there are four banks selected as PFIs for the project and US\$13.6 million had been transferred from DoSMEP to these PFIs. As of March 31, 2019, approved loans to SMEs by the four PFIs of the Project have cumulatively reached LAK94.5 billion or US\$11.5 million to 139 SMEs.



Project Component 2 – Technical Assistance. There has been continued progress with the delivery of the project’s key training for the PFIs and SMEs. First, The TA for SMEs has received good feedback from SMEs and PFIs, but has not yet reached the agreed targets due to launch delays and lack of demand among SMEs. Progress to date includes developing the SME toolkit tailored for Lao, and a cadre of business development service providers (11) to deliver the training to SMEs, and delivering training to 285 SMEs (according to quarterly progress report, 1Q19), compared to target of 600 by the end of June. The training will target a minimum of 600 SMEs in Lao PDR. Secondly, a reputable international consulting firm (AFC) completed the first phase of training for the PFIs in December 2019.

A 12 month no-cost project extension and a revision to the monitoring and evaluation framework has been granted on June 4, 2019. This is necessary to fully achieve the project development objectives. The new closing date is now June 30, 2020.

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

PDO Indicators by Objectives / Outcomes

increase in long-term financing available to SMEs in participating banks				
▶ Volume of Bank Support: Lines of Credit - SME (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10,700,000.00	11,530,000.00	15,000,000.00
Date	30-Sep-2014	31-Oct-2018	29-Mar-2019	30-Jun-2020
Comments:	As the end of February 2018, US\$13.6 million had been transferred from DoSMEP to the four PFIs (ST Bank, Sacom Bank, Lao China Bank, and Lao Viet). The cumulative disbursement of loans from the PFIs to the SMEs reached LAK 94.5 billion or US\$ 11.3 million to 139 SMEs as of the end of October 2018. The (first three) PFIs expressed their optimism that they would be able to fully utilize the funds (approximately US\$12 million) by the end of 2018. To date, Sacom Bank and ST Bank have fully			



disbursed, while Lao China Bank has disbursed 77% of allocated funds, and Lao Viet Bank -23%. Both LVB and LNCB are expected to fully disburse funds during extension period, but WB has recommended close monitoring, particularly of LNCB which has been slow to utilize funds.

Increase Department of SME Promotion's capacity to formulate and implement SME strategy

►% of trained DOSMEP Staff, SMEs and PFI staff reporting medium or intensive use of lessons learnt from Capacity Building Measures (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	70.00
Date	29-Mar-2019	--	29-Mar-2019	30-Jun-2020
Comments:	This will be measured through the Tracer Study which is part of the new national M&E Officer ToR.			

Strengthen business skills of participating SMEs

►% increase in employment at beneficiary SMEs (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	10.00
Date	29-Mar-2019	--	29-Mar-2019	30-Jun-2020

Overall Comments

"Increase in Sales by beneficiary SMEs" has proven difficult to measure, and also has attribution problems. The new indicator will measure increase in employment in SMEs. The new indicator to measure quality of all TA activities will be measured through the impact assessment.

Intermediate Results Indicators by Components

1. Line of Credit to Commercial Banks to Support SME Loans

►Direct project beneficiaries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	176.00	139.00	150.00
Date	30-Sep-2014	31-Oct-2018	29-Mar-2019	30-Jun-2020
Comments:	This figure consists of 124 SMEs which have borrowed from the PFIs and 52 SMEs which received training on safeguards.			

▲Female beneficiaries (Percentage, Custom Supplement)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	62.00	62.00	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	31-Oct-2018	29-Mar-2019	30-Jun-2020
Comments:	Based on data from the three PFIs, as of the end of February 2018 all loans to SMEs were current (no NPLs).			
►Number of SME Banking Strategies developed and adopted by PFIs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	2.00
Date	17-Apr-2019	--	17-Apr-2019	30-Jun-2020

3. Technical assistance

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	75.00	298.00	300.00
Date	30-Sep-2014	28-Feb-2018	29-Mar-2019	30-Jun-2020
Comments:	From July 2017 to February 2018, an additional 30 DOSMEP staffs out of total 70 staffs of the Ministry of Industry and Commerce (MoIC) had received environment and social safeguard training. Adding this number to the previously reported number of DOSMEP's staffs receiving training of 45, the cumulative number increased to 75.			

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	52.00	285.00	600.00
Date	30-Sep-2014	28-Feb-2018	29-Mar-2019	30-Jun-2020
Comments:	Thus far 52 SMEs had received training on E&S safeguards in the Vientiane, Savannakhet and Luangphrabang provinces.			

►A cross-ministerial and outcome-oriented SME Development Action Plan (2021-2025) is developed (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	1.00



Date	30-Sep-2014	28-Feb-2018	29-Mar-2019	30-Jun-2020
Comments:	The SME Master Plan has been issued following the endorsement by the Prime Minister on 18 August 2017. A translated English version was made available in December 2017.			

Data on Financial Performance

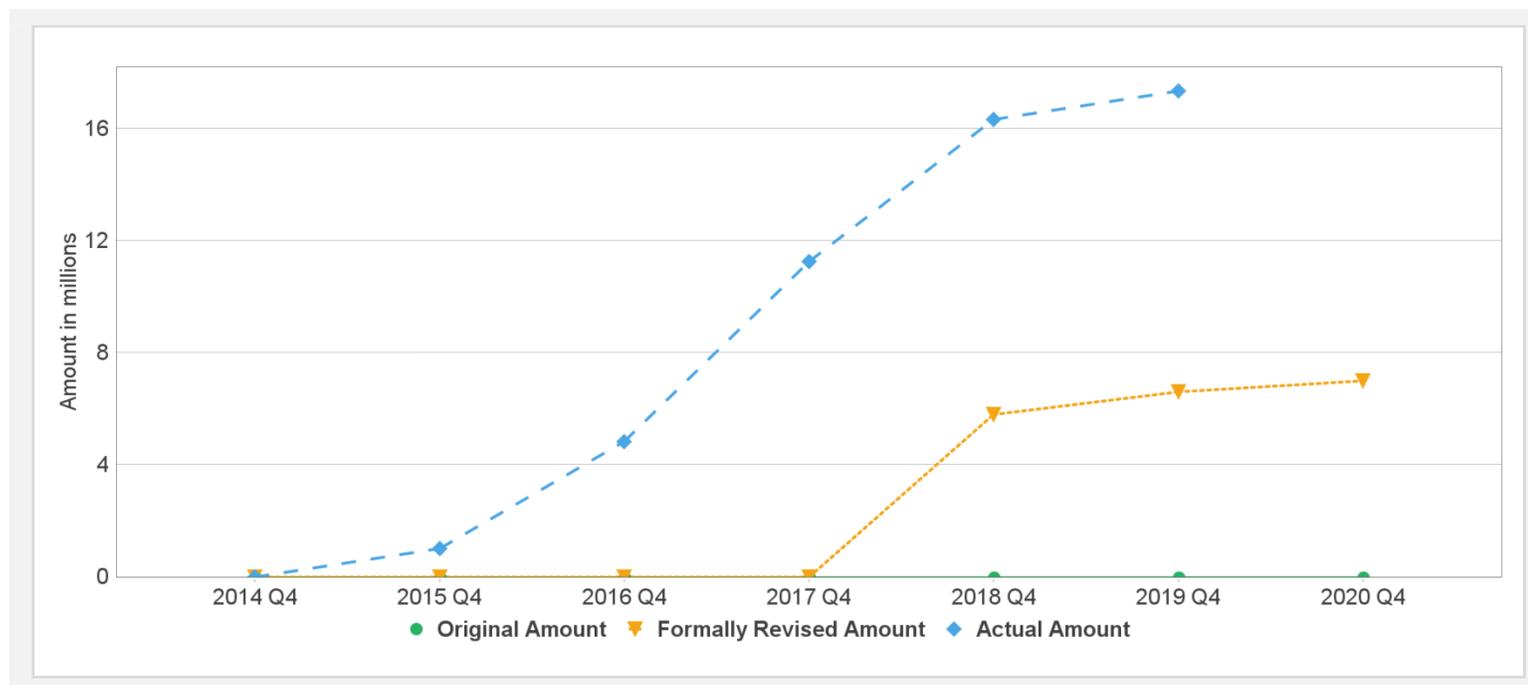
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P131201	IDA-54710	Effective	USD	10.00	10.00	0.00	9.08	0.00	100%
P131201	IDA-H9580	Effective	USD	10.00	10.00	0.00	8.26	0.81	91%

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-2020
P131201	IDA-H9580	Effective	09-Jun-2014	14-Aug-2014	15-Sep-2014	30-Jun-2019	30-Jun-2020

Cumulative Disbursements





Restructuring History

Level 2 Approved on 09-Sep-2016 ,Level 2 Approved on 04-Jun-2019

Related Project(s)

There are no related projects.
