



Microfinance Working  
Group for the Lao PDR

# ***ANNUAL REPORT 2010***

## ***Microfinance Working Group for the Lao PDR***

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***Supported by:***



## OUR MISSION:

- To enhance the impact of microfinance on poverty alleviation in the Lao PDR by ***promoting a coordinated approach to sustainable microfinance*** that works towards international good practice principles ***in an enabling market environment***

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## Acronyms

<b>ACLEDA-AARMC</b>	ACLEDA-Asean Regional Microfinance Center
<b>ADA-Luxembourg</b>	Appui au Developpement Autonome-Luxembourg
<b>ADB</b>	Asian Development Bank
<b>ADB-CMP</b>	Asian Development Bank – ‘Catalyzing Microfinance for the Poor Project’
<b>BASIX India</b>	Bhartiya Samruddhi Investments and Consulting Service Ltd
<b>BoD</b>	Board of Directors
<b>BoL</b>	Bank of Lao PDR
<b>BWTP</b>	Banking with the Poor Network
<b>CARD-MRI</b>	Center for Agriculture and Rural Development - Mutually Reinforcing Institution
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CMP</b>	Catalyzing Microfinance for the Poor Project
<b>DED</b>	German Development Service
<b>DGRV</b>	Deutscher Genossenschafts-und Raiffeisenverband e.V
<b>DTMFI</b>	Deposit Taking Microfinance Institution
<b>EBIT</b>	Economic Business Information and Communications technology
<b>EMI</b>	Ekphatthana Microfinance Institution
<b>EU</b>	European Union
<b>DGRV</b>	Deutscher Genossenschafts-und Raiffeisenverband e.V
<b>FISD</b>	Financial Institutions Supervision Department
<b>GIZ-AFP</b>	German International Cooperation – Access to Finance for the Poor Project
<b>IFC</b>	International Finance Corporation
<b>IFDP</b>	Institut Financiere de Developpement de

	Phongsaly
<b>ILO-WEDGE</b>	International Labour Organization
<b>INGO</b>	International Non Government Organization
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	Kreditanstalt fuer Wiederaufbau (German Development Bank)
<b>LUX Development</b>	Agence luxembourgeoise pour la Cooperation au Development
<b>MFC</b>	Microfinance Center
<b>MFI</b>	Microfinance Institution
<b>MFWG</b>	Microfinance Working Group for the Lao PDR
<b>MIS</b>	Management Information System
<b>NDTMFI</b>	Non Deposit Taking Microfinance Institution
<b>NERI</b>	National Economic Research Institute
<b>NGO</b>	Non Government Organization
<b>NGPES</b>	National Growth and Poverty Eradication Strategy
<b>SBFIC</b>	Saving Banks Foundation for International Cooperation
<b>SCU</b>	Savings and Credit Union
<b>SEEP</b>	Small Enterprise Education and Promotion Network
<b>SEWA Bank India</b>	Self-Employed Women's Association Bank India
<b>SWOT</b>	Strength, Weakness, Opportunity and Threat
<b>TACDO</b>	TACDO Management Training Center
<b>UNCDF</b>	United National Capital Development Fund
<b>UNDP</b>	United National Development Program
<b>WEC</b>	World Education Consortium
<b>WFDF</b>	Women and Family Development Fund

## Foreword

We are happy to present the first Annual Report since the creation of the Microfinance Working Group for the Lao PDR (MFWG) in May 2007 to you.

The main objective of this report is to summarize the achievements and activities of the MFWG in 2010 and to provide a brief outlook for planned activities in 2011. It is hoped that the report will help to improve awareness of the MFWG and its services to microfinance practitioners and stakeholders in Laos and provide a contribution to improve transparency in the microfinance sector.

We thank all those members who have provided their contributions to this report and would appreciate your feedback or comments (email: [mfwglaopdr@gmail.com](mailto:mfwglaopdr@gmail.com)).

2010 has been a good year for the MFWG, various reform measures have been initiated and the foundations were laid to become a professional managed microfinance network with relevant services and activities for its members.

All this would not have been possible without the active engagement, participation and contribution of our members which comprise practitioners, donors, bi-/multi-lateral agencies, Government agencies, international/regional microfinance networks, NGOs, service providers and consultants and we herewith would like to express our sincere gratitude to all those who have supported the MFWG throughout the year.

The MFWG Management Team is looking forward to another year filled with microfinance activities and we count on your active participation and engagement to allow us to continue our work and support the development of the microfinance sector in Laos.

Our activities in 2011 will be guided by our goal to improve coordination, transparency, accountability as well as social and financial performance, all of which will improve sustainability of the microfinance sector. With your support we hope to be able to fill these words with content so that we can actively and jointly contribute to poverty alleviation in this country.

On behalf of the MFWG Management Team:

*Bandith Sisoukda, Co-Chair MFWG & Ursula Hammerich, Co-Chair MFWG*

Vientiane January 2011

## 1. MFWG Background

The Lao PDR Microfinance Working Group (MFWG) was established in May 2007 by a group of microfinance practitioners committed to sharing experiences and working together to promote a coordinated approach to sustainable microfinance that works towards international good practice principles in the Lao PDR.

The MFWG supports the poverty alleviation efforts of the Government of the Lao PDR, in particular those outlined in the National Growth and Poverty Eradication Strategy (NGPES) which include movement towards a market-oriented economy, financial sector reform specifically of microfinance providers, client-driven microfinance service development, MFI autonomy including that of interest rate setting, the creation of a microfinance forum and legal space for sustainable microfinance institutions.

Through the MFWG, members will learn from one another about successful and unsuccessful approaches to microfinance in the Lao PDR, consolidate sector information on the microfinance website for the Lao PDR, raise awareness about microfinance, maintain an email discussion and announcement list and facilitate dialogue with government agencies and banks for development of the microfinance sector.

The MFWG will not focus solely on information sharing; it will also encourage discussion for proposed activities to be undertaken by participating organizations, assign responsibility for coordinating activities and follow up regularly on progress made.

## 2. MFWG Objectives

The MFWG main objectives are:

- Knowledge Management & Representation

To represent the interests of the microfinance industry in providing information on the sector locally and internationally and to provide guidance to those intending to enter the MF market in the Lao PDR.

To strengthen coordination and cooperation and to facilitate the information flow among MF stakeholders, donors and development partners, government agencies and policy makers; to support on-going learning and research in the microfinance sector and dissemination of research findings.

- Capacity Building

To identify and address common needs in training and technical resource development; to pool capacity development resources to maximise impact and

outreach of these activities in moving towards international good practice principles.

- Advocacy

To engage in policy dialogue that encourages an enabling market environment for sustainable microfinance that meets international good practice principles; to provide feedback to policy makers and/or regulator with regards the existing or desired policies that have the potential to affect the sector.

### 3. Management Structure

The MFWG management team consists of the Board Members (one national and one international Co-Chair and one treasurer) and the Office Manager.

The duties of the members of the management team include the following:

#### *Co-Chairs (2)*

- Elected annually by the participants of the MFWG
- Fulfill general administrative and coordinating functions and act as official liaison persons to external parties
- Chair and facilitate group meetings
- Maintain the working group email list and roster
- Update the MFWG on upcoming meetings, workshops, trainings, and events; update the calendar as new events are added and circulate to the MFWG

#### *Treasurer (1)*

- Elected annually by the MFWG
- Manages the MFWG funding and Bank Account
- Checks financed activities are spent according to work plan or funding proposal
- Maintains the financial records (income/expense) as well as bank statements

#### *Secretariat (at least 1 paid staff, no voting right)*

- Assists the board members (Co-Chairpersons/Treasurer) and members in all administrative and coordinating duties related to MFWG activities (preparation of meetings / agendas / invitations / minutes / Lao-English translations / MFWG web-site update, finances/budgeting, etc.)

In addition, specific MFWG members may be identified to deal with focal issues designated by the group.

## 4. Membership

There is no *formal* membership and *no membership fee* is levied so far. Participation/membership is open to all individuals, organizations, service providers and agencies concerned with microfinance in Lao PDR and committed to sustainable microfinance practices in line with the CGAP principles.

Participating members are requested to engage pro-actively in the working group, meaning that all are expected to:

- Share useful resources (reports, books, links, DVDs, contacts, etc.)
- Share relevant experiences (reports, best practices, etc.)
- Share new developments observed/expected and announce new and relevant events coming up
- Contribute to define the agenda (topics, meeting dates, possible resource persons, etc.)
- Call meetings when felt necessary
- Prepare presentations/discussions about working group topics
- Provide follow up on decisions/agreement on actions taken by the group
- Volunteer to take minutes at MFWG meetings and submit draft to board

See 5.a) below for more information regarding membership of the MFWG.

## 5. MFWG Activities and Achievements 2010

### ***A. Management and Administration***

#### **✓ *A new MFWG Board was elected in January 2010***

In the 1<sup>st</sup> members' meeting since 2008 the two Co-Chairs Somphone Sisenglath and Timo Hogenhout formally resigned from their positions and two new Co-Chairs were elected on 29 January 2010. 24 microfinance stakeholders attended the General Assembly in Vientiane. The new MFWG board is composed of the following members:

1. Bandith Sisoukda, Co-Chair (GIZ - Access to Finance for the Poor Project)
2. Ursula Hammerich, Co-Chair (ADB - Catalyzing Microfinance for the Poor Project)
3. Chantha Mingboupaha, Treasurer (EMI)

#### **✓ *A contact list of MFWG members, practitioners and stakeholders was created***

A contact list was established which includes all formal microfinance practitioners, donors, bi- and multilateral agencies, service providers, NGOs, etc. working in microfinance in Lao PDR. This contact list is updated regularly.

✓ ***An email roster was established and is updated regularly***

The board created a roster with 232 addresses who receive regular emails from the MFWG regarding upcoming events, meetings, workshops, etc. The roster is regularly updated.

✓ ***The Terms of Reference for the MFWG were updated***

Members of the MFWG were requested to provide their comments and feedback regarding the existing terms of reference of the MFWG and several members submitted their revisions in written form to the network. The ToR were revised based on the member comments and suggestions and presented to the members during the 2<sup>nd</sup> member meeting in April 2010 for approval. Main changes made to the ToR included amendments regarding the mission, objectives, management structure and membership. The revised ToR were approved during the MFWG meeting on 5 April 2010.

✓ ***16 organizations/people submitted their membership profiles to the MFWG***

A membership profile was created and sent out via the MFWG roster in English and Lao in February 2010 following the General Assembly with the objective to seek feedback from stakeholders regarding their microfinance activities in Lao PDR and their expectations regarding the MFWG's future sector engagement and activities.

16 organizations/people completed the format and provided some information on their projects/organizations (e.g. activities, budgets, geographical area, methodologies) and suggestions with regards the future direction of the MFWG. Among the 16 organizations/people were 7 microfinance practitioners (44%), 7 donors, bi-multilateral agencies, INGOs (44%), and 2 independent consultants (12%).

a) *Microfinance Practitioners (44% of Members):*

1. EMI DTMFI, Vientiane
2. Fond Cooperatif, Vientiane
3. Hom NDTMFI, Hom
4. Oudomxay Development NDTMFI, Oudomxay
5. Xaniyom NDTMFI, Oudomxay
6. Saynhai Samphanh DTMFI, Savannaketh
7. Women and Family Development Fund NDTMFI, Vientiane

*b) Bi-/Multi-lateral Agencies/Donors/INGOs (44% of Members):*

1. Asian Development Bank (ADB-Catalyzing Microfinance for the Poor Project)
2. German Cooperative and Raiffeisen Confederation (DGRV)
3. German International Cooperation (GIZ-Access to Finance for the Poor Project)
4. International Labor Organization (ILO-WEDGE)
5. International Finance Cooperation (IFC-Access to Finance Project)
6. Savings Bank Foundation for International Cooperation (SBFIC)
7. World Education Consortium (WEC)

*c) Microfinance Consultants (12% of Members)*

1. Sebastian Behrle
2. Timo Hogenhout

The format also enabled the MFWG board to compile some information on areas that these organizations/people would like the MFWG to engage in (capacity building, knowledge management & industry representation and advocacy,) and in particular also listed some issues which they would like the MFWG to address in the future (e.g. revise present regulatory framework, provide microfinance training, improve donor coordination and information sharing, provide funding support, improve sustainable microfinance, provide a discussion forum, etc.). It also provided concrete areas/ideas in which these organizations/people would be willing to actively support the MFWG (e.g. meeting participation, research support/technical sub-groups, presentations in workshops, funding support).

The submitted membership profile data was consolidated in a matrix and used as a basis to develop the MFWG workplan for 2010.

✓ ***Funding was secured to commence activities***

One major constraint which had negatively impacted on the effectiveness of the MFWG in the past was the lack of sufficient funding to enable the network to establish a permanent secretariat to be able to commence activities with relevance to the sector and its members.

The Board therefore submitted proposals to secure donor funding in order to start operations.

In June 2010 the MFWG Board signed a cooperation agreement with SBFIC confirming financial support for the period July 2010 until December 2011. SBFIC agreed to provide external technical assistance (i.e. research study on MFWG status

quo) and a contribution of Euro 500/month to the salary of the MFWG office manager. In addition, SBFIC paid for some office equipment, internet installation and supplies to start office operations. The total financial support was US\$22,624.

In August 2010 the Board signed a contract with ADA Luxembourg which outlines ADA's support to the MFWG over a period covering September 2010 until August 2011. ADA agreed to provide funding for the operational costs of the secretariat, participation in network events and capacity building activities (training and workshops). ADA's total financial support over the period amounts to US\$25,000 and a first tranche (US\$ 11,661.63 or 45% of total amount) was transferred to the MFWG in September 2010. Moreover, ADA has also provided scholarships for six Lao participants in the training on 'Financial Assessment and Indicators for MFIs' in Hanoi (US\$5,100).

GIZ-AFP also provided substantial in-kind support in 2010 amounting to US\$26,220 for training, website support, MFWG meetings and office equipment.

Moreover, SEEP supported the MFWG by contributing to the costs of the MFWG treasurer's attendance at the SEEP Annual Workshop in Arlington, USA (\$2,090) and BWTP provided two scholarships for participation in the Microfinance Forum in Colombo, Sri Lanka (US\$1,200).<sup>1</sup>

Several Lao Microfinance practitioners and service providers have also provided financial support to the MFWG by either making cash donations and/or covering some of the costs incurred during network events which they attended.

The following Lao organizations provided financial support to the MFWG in 2010: EMI (US\$2,600)<sup>2</sup>, Saynhai Samphanh (US\$1,100)<sup>3</sup>, MFC (US\$300) and TACDO Center (US\$300).

The total financial and technical support provided to the MFWG in 2010 amounted to US\$73,195.63. For more details please refer to the financial report (6.).

One PlaNet Finance proposal containing amongst others also technical and financial support of the MFWG worth US\$ 267,000 which was submitted to the European Union (EU) was disapproved in the first round but there is still a chance that the proposal might be approved by March 2011.

✓ ***A MFWG secretariat was established***

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<sup>1</sup> This figure does *not* include the costs for the Microfinance Industry Report which was commissioned by BWTP and funded by the Citi Foundation.

<sup>2</sup> This figure includes a cash donation (US\$ 300) as well as EMI's contribution to cover costs to attend the MF Forum in Sri Lanka (Somphone Sisenglath) and the SEEP Annual Conference (Chantha Mingboupha).

<sup>3</sup> This figure includes a cash donation (US\$500) as well as Sainhai Samphanh's contribution to cover costs to attend the MF Forum in Sri Lanka (Saisamone Kouanmeunandchanh).

Once funding was secured (August 2010) the Board actively engaged in finding a suitable office space/secretariat for the MFWG and after considering various options opted for an office room (54sqm) which is centrally located in Vientiane Capital (113/01 Setthathirath Road) and thus easily reachable by microfinance practitioners and other stakeholders. A rental agreement was formally signed by the two Co-Chairs on 23 September 2010.

Directly thereafter the Board engaged in buying the required equipment (with funding provided by GIZ-AFP and SBFIC) which was installed step by step until mid-December 2010. The office was fully equipped with furniture (tables, chairs, shelves, filing cabinet, etc.), two laptops, one printer, one telephone and fax, one scanner and required stationary and supplies to start operations.

✓ ***A MFWG office manager was recruited***

The board prepared terms of reference and a contract for an office manager who should be in charge of running the MFWG secretariat on a full-time basis. The position was advertised in the Vientiane Times and the INGO Network Website in July 2010 and 26 candidates submitted their applications. A matrix was established comparing competence, expertise and qualifications of all candidates and a scorecard established. Based on the scorecard matrix seven candidates were shortlisted which were subsequently invited to pass a written test and an interview with the Board members.

Based on the results of the written test and the interview the Board selected a candidate who however was only available to start work in January 2011. Therefore the shortlisted candidate on 2<sup>nd</sup> position was chosen and started work on 1 October 2010 as planned. However, as the newly recruited office manager received resigned after only once month of work the Board opted again to engage the 1<sup>st</sup> choice candidate even if this meant that the start of work would be delayed. The 1<sup>st</sup> choice candidate signed the contract on 1 November 2010. She will start working in January 2011. The contract covers a period from January until December 2011 and is renewable on an annual basis. The funding for this position is provided by ADA and SBFIC.

✓ ***A MFWG Study was conducted outlining a 'roadmap to a successful, Lao-managed microfinance network'***

Based on the information provided in the member profiles the Board decided that it would be beneficial to conduct a more detailed study to further investigate the present status of the MFWG (strengths and weaknesses) and summarize opportunities, challenges and recommendations and design a roadmap to establish a successful and professional, Lao-managed microfinance network. SBFIC kindly

provided funding support and the study was conducted by Michael Kuehl (long term expert to the SBFIC based in Indonesia) in June 2010. The expert spent two weeks in Laos and conducted a thorough desk research and on-site interviews with 41 microfinance stakeholders.

The study findings were summarized in a German version which was subsequently translated into English and then into Lao to be able to share the results with a wide range of microfinance practitioners and stakeholders.

Main results of the study included amongst others the following points and recommendations (see also the attached powerpoint presentation for more details):

#### Identification of main reasons for low membership of the MFWG in the past:

- Limited awareness about MFWG's existence
- No permanently available secretariat or contact/liaison persons
- Topics of discussion had little relevance to Laos and/or level of MFIs
- Problems were identified but not solved strategically and systematically
- Insufficient BoL representation and responsiveness
- In-transparent distribution and use of scarce donor resources
- Lack of knowledge and information sharing among members
- Insufficient presentation of MFWG results and achievements

#### Identification of Future MFWG Services:

There is strong demand from practitioners that the MFWG should offer services in the following areas:

- Capacity Building (e.g. microfinance training provided by MFWG or as intermediary)
- Advocacy (lobbying with regards new MF decree/regulation, etc.)
- Knowledge Management (i.e. website, improve transparency/establish benchmark system, annual bulletin, guidelines for MFIs/SCUs explaining the licensing process step-by-step, mapping of donor microfinance projects, identify practitioners on provincial level who can act as multipliers or intermediaries to disseminate relevant microfinance information to overcome difficult communication infrastructure)

#### Formalization:

- Formalization is not a prerequisite for the MFWG to be operational but should be thoroughly prepared over the next two years (design, test and

institutionalize efficient processes and procedures, refer to 'Decree on Associations') and implemented thereafter

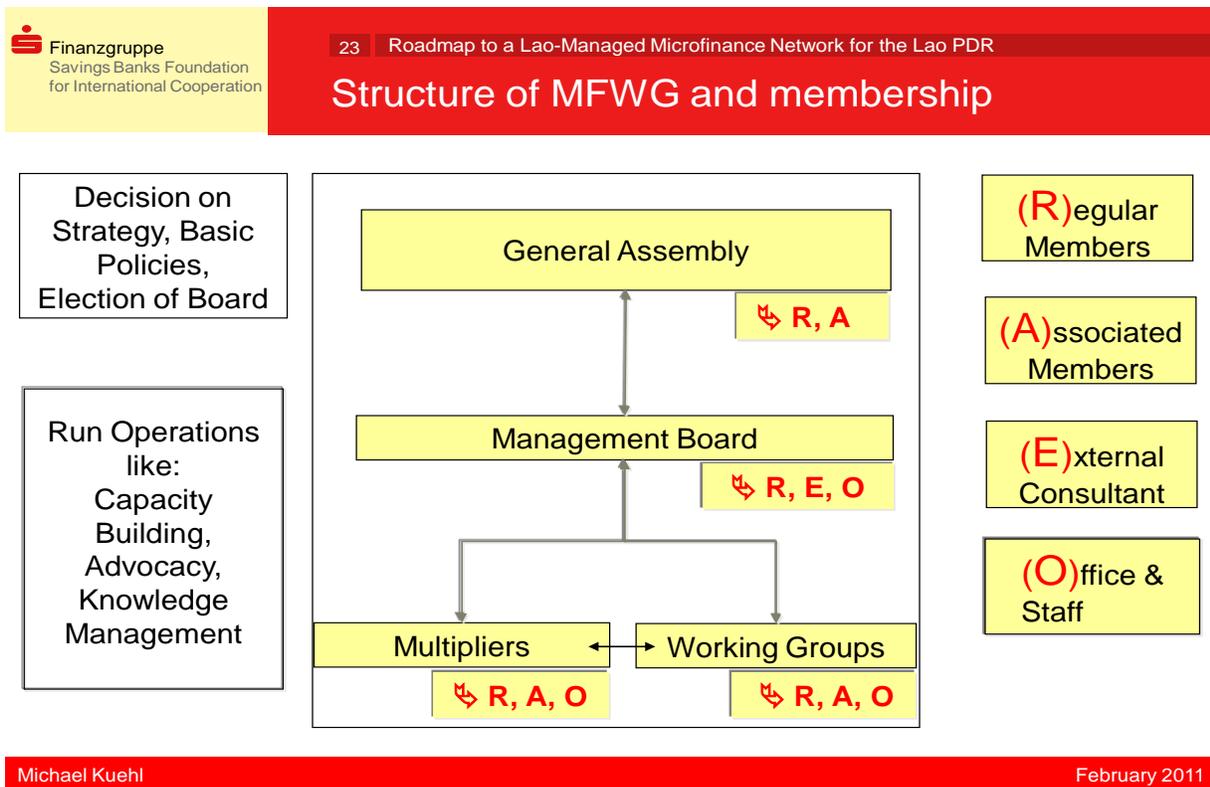
- Assign long-term consultant for continuous support, guidance, technical assistance and donor liaison in the process
- Seek close cooperation with international network(s) to use their technical assistance to gear statutes and organizational structure to formalization

Membership/Fees:

- Membership should be categorized into two segments: Regular members with voting rights (all licensed/registered MFIs/SCUs and network support organizations) and associate members without voting rights (donors, government organizations, service providers, networks, (I)NGOs engaged in microfinance)
- No membership fees should be levied until MFWG has established a good range of member services that members are willing to pay for

Structure of MFWG:

The following organizational structure was proposed for the MFWG:



## **B. Capacity Building**

Main activities in this core area focused on participation in two microfinance trainings and three international network events/workshops:

✓ ***Six trainees participated in training on 'financial assessment and performance indicators for MFIs' in Hanoi, Vietnam***

The training on 'Financial Assessment and Performance Indicators for MFIs' was organized jointly by ADA Luxembourg and the Vietnam MFWG. It was conducted from 24-26 March 2010 in Hanoi, Vietnam and funding support from ADA allowed five Lao MFIs (EMI, Saynhai Samphanh, Fond Cooperatif, IFDP Phongsaly and Development MFI Oudomxay) to participate together with one microfinance trainer from MFC with funding support from ADA.

ADA also allowed a Lao trainer to attend the workshop to enable a Lao training institute to duplicate the training content and provide similar training subsequently in the Lao PDR so that a bigger number of practitioners could benefit from the training in the medium term.

The main contents of the training comprised transparency, benchmark and performance analysis as well as the effective use and analysis of performance monitoring tools.

Costs for transport, accommodation were paid for by ADA but each participant had to contribute a participation fee of US\$200.

The participants were requested to provide training feedback by the MFWG and all of them commented very positively on the training and evaluated it as being extremely useful for their respective organizations. MFC also presented the various tools in a MFWG meeting to share the lessons learned with other members and informed them that parts of the tool had already been translated into Lao and where available for use by interested practitioners.

Subsequently MFC organized a training session on "Analyzing Financial Performance" in Vientiane. 16 participants from 12 MFIs/SCUs attended the training. This training course focused on reading financial statements, operational and financial ratios, gathering the required information from MBWin and data entry into a MFI Factsheet (which had been provided to MFC during the Hanoi training as a tool). Some MFIs have started using the MFI Factsheet and it helps them to analyze their financial performance. However, the use of the spreadsheet could be further improved if all parts could be translated into Lao which is presently not possible as it requires permission from ADA to access the code to make changes to the factsheet.

✓ **27 trainees participated in 'micro, small and medium enterprise lending' training delivered by ACLEDA-AARMC in Vientiane, Laos**

From 18 - 22 October 2010 ACLEDA-AARMC provided a training on 'Micro, Small and Medium Enterprise Lending' to 27 Lao practitioners in Vientiane, Laos. The training was jointly funded by GIZ-AFP and KfW and the participants comprised 12 village bank staff working for GIZ supported Network Support Organizations/Associations of village banks in mountainous rural areas of Laos. Moreover, GIZ kindly agreed to provide scholarships to 15 additional microfinance practitioners. The information was circulated via the MFWG roster and three SCUs, three NDTMFIs and three DTMFIs, one apex, one bank, one postal institute, one donor and Bank of Lao PDR were eligible to attend the training (see list below):

1. SCU Vientiane
2. SCU Houamchay Phathana
3. SCU Thakhek
4. Xaniyom NDTMFI
5. Oudomxay Development NDTMFI
6. Hom NDTMFI
7. EMI DTMFI
8. Saynhai Samphanh DTMFI
9. Rural Development Cooperative Naxaithong DTMFI
10. Fonds Cooperatif
11. Lao Development Bank
12. Lao Postal Institute
13. GTZ-AFP
14. BoL-FISD
15. BoL-FISD

The training included topics such as loan evaluation, financial and ratio analysis, collateral evaluation, loan discipline, loan problem solving, loan portfolio management and monitoring.

The organizers conducted a final evaluation which showed that the overall outcome was highly satisfactory and participants valued the training content highly. High scores were obtained for the relevance of the training content to their work (4.59 out of a scale from 1 to 5), the faculty technical and teaching skills (4.50), the appropriateness of training methods used (4.36) and the overall course organization (4.25).

Problems were mainly related to the communication/translation skills of ACLEDA (3.86) which should be addressed in the future (i.e. ensure a high quality translator and powerpoint presentations in Lao only). Participants also recommended that

future training should include more real life case studies and exercises geared towards the Lao context. Some suggested that the training duration should be longer to enable them to go into more detail and gain a deeper understanding of the content. All participants answered with yes when asked whether the course assumed too much prior knowledge. This is an important indicator which should be considered for any future training provided by ACELDA as it shows that the knowledge base in the Lao context is lower than what ACELDA is used to in the Cambodian context.

✓ **Two members and one Bank of Lao Official participated in the Asia Microfinance Forum in Colombo, Sri Lanka**

From 11-15 October 2010 three members attended the Asia Microfinance Forum in Colombo, Sri Lanka with funding support from BWTP, SBFIC, Saynhai Samphanh and MFC. The participants representing the Lao microfinance sector were:

1. Dr. Akhom Praseuth, Director General of Bank of Lao PDR-FISD (funding support provided by SBFIC)
2. Saysamone Kouanmeuandchanh, BoD Saynhai Samphanh (funding support provided by BWTP and Saynhai Samphanh)
3. Somphone Sisenglath, Managing Director EMI (funding support provided by BWTP and EMI)

The forum featured presentations and panel discussions related to recent trends and developments in the microfinance sector. Key topics related to the role of microfinance in achieving financial inclusion, governance and management, policy, regulation and investment, client education, products and services.

Somphone Sisenglath, Managing Director of EMI represented Laos during the panel discussion on 'Financial Inclusion in the Mekong: Discussion of the BWTP Industry Assessments' which was attended by representatives from Cambodia, Vietnam Thailand and Laos and moderated by Jamie Bedson, BWTP Program Manager.

Key lessons learned for the Lao microfinance sector where that in order to develop the sector we need support from all stakeholders such as government, donors, MFIs, industrial support organizations, etc. Moreover, the importance of foreign investors was highlighted who strongly contribute to sector development by providing both funding and technical support to the industry. The Lao participants commented also on the importance of establishing strong relationships between national and international networks to share information and knowledge with each other to enable Laos to keep pace with international development concerning the sector.

✓ **MFWG treasurer attended the SEEP Global Network Summit**

The treasurer of the MFWG Chantha Mingboupha participated in the SEEP Global Network Summit in Arlington, USA from 1-5 November 2010. Funding support for this event was provided by SEEP and EMI.

The 12<sup>th</sup> Global Network Summit provided microfinance associations from around the world with the opportunity to participate in sessions and events designed specifically to address key issues facing associations today.

Main contents of the summit focused on how to build strong associations and how to provide valuable services. The following topics were covered during the summit:

- a. Managing your association's brand
- b. Effective governance
- c. Membership strategies for microfinance associations
- d. Policy advocacy
- e. How to promote industry innovation
- f. Training strategies
- g. Promoting credit bureaus
- h. Performing a state of the sector analysis

All topics were highly relevant to the Lao MFWG and the MFWG Management Team has since sought to receive continuous guidance from a suite of tools that SEEP has specifically designed for microfinance associations. The tools on governance, policy advocacy and training strategies have been particularly helpful to guide the development of present and future activities of the MFWG.

✓ **Co-Chair attended the Regional Meeting of MF Network Vietnam, Cambodia, Laos**

The Co-Chair of the MFWG Bandith Sisoukda attended the Regional Meeting of the Microfinance Network Vietnam, Cambodia and Laos which was organized and funded by SBFIC from 17-19 November 2010. The regional meeting was held to strengthen the exchange of experiences and expertise and cooperation between all partner institutions of SBFIC. The MFWG as a new partner of the SBFIC regional program therefore was invited to present on challenges and opportunities of the MFWG.

Other presentations included WFDF/Laos on human resources, MFC/Laos on challenges in training and education of MFI personnel, EMI/Laos on credit management, SAMIC Ltd./Cambodia on credit management, Seilanithih Ltd./Cambodia on corporate governance and TYM Fund/Vietnam on product development and marketing.

During the meeting and the presentations made by the participating partners of SBFIC in the region it was also possible to discuss about other regional microfinance associations (i.e. Vietnam and Cambodia) and compare them with the Lao MFWG. As the sectors in Cambodia and Vietnam are more advanced and developed compared to Laos, these associations already provide a good set of services which are valued by their members. Cambodia Microfinance Association (CMA) is a formal organization and registered with the State Bank of Cambodia while the Vietnam MFWG is not a legal entity yet but an informal platform like Lao MFWG. However, their organizational structure is different to the one of the Lao MFWG as they have a Board of Directors and a managing director instead of a small Board with two Co-Chairs as in Laos.

### **C. Advocacy**

#### **✓ *Joint statement summarizing issues/concerns regarding the Microfinance Decree submitted to Drafting Committee***

Two MFWG meetings (30 July and 26 November) were dedicated to discuss the first and second drafts of the planned prime ministerial Microfinance Decree and how it would change the regulatory situation for DTMFIs and NDTMFIs. The main objective of the meetings was to gather feedback from practitioners regarding the decree and to be able to voice and address remaining issues. The two meetings were facilitated by GIZ-AFP as the lead agency involved in the drafting process.

Main general concerns regarding the decree voiced by practitioners related to vague formulation of provisions, too ambitious and detailed demands and the danger of too much rigidity which would not improve but rather deteriorate the regulatory situation for DTMFIs in Laos.

Specific comments were made regarding the definition of NDTMFIs, voluntary deposits, consideration of establishment application, equipment requirements by BoL, revocation of establishment approval, criteria of members of Board of Directors, prohibitions, loans to related parties and profit and losses.

All comments were summarized in a joint statement which was submitted on behalf of the MFWG to the Drafting Committee on 8 December 2010 for consideration. The statement had significant impact. All recommendations made by the MFWG were thoroughly discussed between BoL and AFP-GIZ. Most concerns were accepted in content. Disagreements remain with regards to regulatory approach/style.

BoL also agreed not to include village banks and village development funds under the regulatory form of NDTMFI, which constitutes a significant change to prior drafts. Such community managed financial institutions will now be treated under a separate regulatory category. As a consequence the Decree will provide for three different regulatory categories: DTMFIs, NDTMFIs and "Projects". The introduction of the latter category shall enable BOL to collect data on village banks and village development funds. The data is expected to be collected indirectly through the promoting organization and not directly from the village banks/village development funds. Details with regards to registration and reporting duties will be specified through regulations under this Decree. .

SCUs will not be included under the Microfinance Decree and the present regulation will still be applicable.

The 3<sup>rd</sup> version of the Decree will be submitted to the Ministry of Justice in early January for consideration.

## ***D. Knowledge Management & Representation***

### ***✓ Information on microfinance sector provided to interested parties***

Throughout the year the Board members have allocated a considerable amount of their time to advise interested people, donors, investors, international NGOs, bi-/multi-lateral agencies, foundations with interest in engaging in microfinance in Lao PDR about the current situation of the sector. Organizations included amongst others: Grameen Foundation, PlanetRating, PlanetFinance, Entrepreneur du Monde, BASIX India, Charities Aid Foundation Australia, JIKA, ADB, ILO, LUX-Development, ProCredit, OXFAM Novib, SEWA Bank India, SBFIC, UNCDF, KfW and private investors.

### ***✓ Six member meetings held in 2010 with focus topics relevant to the microfinance sector***

In 2010 the new Board organized and chaired six member meetings (bi-monthly). The main objective of these member meetings are to allow a regular exchange of

information, to follow up on progress of ongoing activities/expected results, to present/discuss specific topics of interest and to remain informed about developments and to allow action when required.

The meetings took place at the Lao-German House with funding support from GIZ-AFP and focused on the following topics:

<b>Ref</b>	<b>Date</b>	<b>Topic</b>	<b>Presented/ Facilitated by</b>	<b>Parti- cipants</b>
1	29 January	General Assembly (Election of new Board)	Board	24
2	5 April	Approval of revised ToR, workplan & budget for 2010  SBFIC Presentation  WFDF Presentation  Summary on training in Hanoi (Financial Assessment & Performance Indicators)  Brief summary on issues affecting the microfinance sector	Board  Bernd Werthenbach/Country Director of SBFIC  Khonevilay Sengsourinha/Director and Kheungthong Vongsaya/Operations Manager of WFDF  Somphone Sisenglath/MFC  Timo Hogenhout/MF Consultant	25
3	18 June	Microfinance Networks, launching of Microfinance Industry Report for Lao PDR	Jamie Bedson/BWTP Network Program Manager	23
4	30 July	1 <sup>st</sup> Draft of Microfinance Decree for DTMFIs and NDTMFIs	Klaus Prochaska/Team Leader GIZ-AFP	18

5	1 October	Microfinance Education and Training	Sebastian Behrle/MF Consultant	30
6	26 November	2 <sup>nd</sup> Draft of Microfinance Decree for DTMFIs	Klaus Prochaska/Team Leader GIZ-AFP	22

✓ **Seven MFWG Board Meetings held**

The Board held seven Board meetings to prepare the member meetings and to discuss future activities, progress made against the workplan, etc. The meetings took place on 3 March 2010, 15 March 2010, 12 May 2010, 26 May 2010, 17 June 2010, 30 August 2010 and 1 November 2010. Meeting minutes were prepared after each meeting to document any decisions taken and progress made since the last Board meeting. The meeting minutes are available to any member upon request.

✓ **The MFWG Website was re-established (English)**

One of the specific activities under the coordination and information sharing objective of the group was to re-establish the MFWG website as a main means of accessing relevant industry data and information, raising awareness about microfinance, maintaining an announcement list of relevant microfinance events/workshops/training and facilitating the dialogue with government agencies and banks for development of the microfinance sector.

The website ([www.mfwglaopdr.org](http://www.mfwglaopdr.org)) was originally established in 2007 but was not regularly and systematically updated since its original launch. The registration with the previous webhost ('dreamhost') expired end of 2009 and as a consequence the website could not longer be accessed and utilized. As none of the new board members were involved in the development and establishment of the original website, it took some time to figure out what the issues were affecting the site but finally, in May 2010 CYBERIA was tasked to re-register the website and re-establish the English and Lao website content (bi-lingual). While most of the English content could be re-established this was not possible for the Lao pages. However, as most website users are Lao, the MFWG website also requires pages in Lao language to ensure maximum benefit and usage of the site. Therefore, it is pivotal to establish a website which is fully bi-lingual.

Moreover, various problems have also arisen in updating the website and viewing its content as there are problems with the original configuration which affects the whole system. Cyberia is also not familiar with Wordpress (a free website software which was used to compose the original website) and despite various efforts these problems could not be fully solved and continue to pose problems. As the website acts strangely it was so far also impossible to train the MFWG management team in

updating the website independently (without support from Cyberia).

Based on this experience it seems obvious that the only solution is to design a new website which is bi-lingual and which allows the MFWG management team to update it regularly and thus providing a powerful knowledge management tool for the Lao microfinance industry. Additional donor funding would be required to make this happen.

✓ ***First Microfinance Industry Report for the Lao PDR published by BWTP***

The first ever Microfinance Industry Report in the history of the Lao PDR was produced by MFWG member Timo Hogenhout under the direction of Jamie Bedson, BWTP Network Program Manager and published by BWTP and funded by the Citi Foundation as an activity of the Citi Network Strengthening Program. It was officially launched on 18 June 2010 at the MFWG Meeting in Vientiane. The report contains a brief country overview, a summary on the formal financial sector, the microfinance sector, semi-formal microfinance providers, challenges for the sector, coordination and advocacy, MIS and a SWOT analysis. While the availability of reliable and comprehensive data remains a challenge in Laos, this is the first industry reference report for Laos and numerous readers have commented positively on the fact this has been made available with the support of BWTP and Citi Foundation. It has been particularly useful to readers new to the Lao microfinance industry.

✓ ***MFWG joined the BWTP Network***

Following Jamie Bedson's (BWTP) visit and presentation on microfinance networks (see above) in June 2010 during the MFWG meeting where the members had an opportunity to learn about the advantages to join a microfinance network, the MFWG decided to become a member of the BWTP Network, Asia's regional microfinance association which aims at strengthening international cooperation and development. BWTP's mission is 'to achieve greater financial inclusion in Asia.' The network has 40 members in eight countries (NGOs, commercial banks, cooperatives, national networks, non-bank financial institutions). Main objectives of BWTP which acts as a platform for international and national microfinance networks is to provide exposure to its members, develop training materials, share knowledge, produce industry reports, host the Asia Microfinance Forum and Asia Network Summits. As a BWTP network member MFWG Laos has access to relevant and up-to-date microfinance information and tools which are shared with the sector. The membership fee is US\$150 per annum.

✓ ***MFWG joined the 'Social Performance Task Force' Asia Working Group***

In October 2010 the MFWG joined the 'Social Performance Task Force' Asia Working Group. The group aims to serve as a platform for learning and exchange on topics

related to social performance in microfinance. Its objective is also to gain a deeper understanding of how to assess the social performance of MFIs and contribute to the need for information and greater transparency within the industry.

The network seeks to provide a platform for networks to share their experiences and future plans in social performance which includes how to serve larger numbers of the poor and excluded people, improve the quality and appropriateness of financial services, create benefits for clients and improving the social responsibility of an MFI.

✓ ***A sub-working group on microfinance education was established***

On 1st October 2010 Sebastian Behrle, (Microfinance Consultant) facilitated a MFWG meeting on microfinance education and training and presented the main findings from a study which he undertook on behalf of DGRV on the 'Development of an Undergraduate Course in Microfinance Management in Lao P.D.R.'.

He outlined that the quality of microfinance operations is generally very poor and many MFI functionaries do not possess the necessary qualifications required for their position. The level of education in general is very low in Laos and specific training events on Microfinance related issues are far from fulfilling the large demand.

After a discussion which highlighted various and different requirements of training for village banks as compared to formal MFIs/SCUs it was highlighted that the training issue is a crucial one which demands further follow-up and strategic development. It was therefore suggested to set up a sub-working group dedicated to further develop strategies based on current training demand and supply. The following 12 members of the MFWG have volunteered to be part of the MFWG sub-working group on microfinance education and training:

1. Manila Marilyn, CARD MRI
2. Khamphat Boulom, TACDO
3. Bernd Werthenbach, SBFIC
4. Chanthip Lathathirut, MFC
5. Timo Hogenhout, SBFIC
6. Thorsten Fuchs, DED
7. Bernard Georges, Lux Development
8. Annemarie Reerink, ILO

9. Phetphom Champasith, ILO-WEDGE

10. Jutta Rehak, DED

11. Klaus Prochaska, GTZ-AFP

12. Ursula Hammerich, ADB-CMP

Due to time constraints the sub-working group has not started to operate yet in 2010 but plans to do so in early 2011 once the UNCDF program has started its activities. It was felt to be beneficial to include UNCDF as a member of this sub-group as their program design foresees to support the meso-level support structures and in particular the microfinance education sector technically as well as financially.

## 6. Financial Report

Total expenses of the MFWG for the year amounted to US\$62,151.50 versus total revenues of US\$ 73,195.63 (in kind or cash contributions from member donors). The operating reserves at the end of the year were US\$12,016.70.

Please see the annual expenses (table 1) and the statement of revenues and expenses (table 2) for 2010 below for more detailed information on the financial situation of the MFWG:

**Table 1: Financial Report 2010 for Microfinance Working Group for the Lao PDR**

### Annual Expenses 2010

Ref	Activity	Budgeted Cost \$	Actual Cost \$
<b>I.</b>	<b>Establishment of Secretariat / MFWG Mgt</b>		
1	Office Rent (Upfront payment for 6 months)	\$ 900	\$ 1,500.00
2	Office Equipment	\$ 7,000	\$ 8,333.00
3	Electricity	\$ -	\$ -
4	Telephone Internet	\$ 320	\$ - \$ 775.00
5	Supplies	\$ 400	\$ 336.00
6	MFWG meetings (food/snacks/venue)	\$ 500	\$ 338.00
7	Salary Secretary/Admin Staff	\$ 3,800	\$ 650.00

8	Translations	\$ 2,000	\$ 98.00
9	Transport	\$ 600	\$ -
10	Bank Charges		\$ 14.50
10	Contingency (Vientiane Times Advert, DHL Fees)	\$ 1,000	\$ 151.00
<b>I.</b>	<b>SUB-TOTAL Secretariat/MFWG Management</b>	<b>\$ 16,520</b>	<b>\$ 12,195.50</b>

<b>II.</b>	<b>Capacity Building</b>		
1	Conduct MFWG study (strategy, future, etc.)	\$ 25,000	\$ 16,180.00
2	Financial Indicators/Analysis' Training Hanoi		\$ 5,100.00
3	MSMEL Training by ACELDA in Vientiane	\$ -	\$ 18,857.00
4	Training Subsidies	\$ 5,000	\$ -
<b>II.</b>	<b>SUB-TOTAL Capacity Building</b>	<b>\$ 30,000</b>	<b>\$ 40,137.00</b>

<b>III.</b>	<b>Knowledge Management &amp; Representation</b>		
1	BWTP Membership Fee	\$ 150	\$ 175.00
2	MF Forum Singapore (Ticket Treasurer)		\$ 359.00
3	MF Forum Colombo / Sri Lanka: 2 members particip. 1 Government Official (Bank of Lao)	\$ 2,500	\$ 2,400.00
		\$ 1,500	\$ 1,275.00
4	SEEP Annual WS in Washington /US (Treasurer)	\$ 4,000	\$ 3,790.00
5	SBFIC Reg Network Meeting in Cambodia (Co-Chair)		\$ 1,050.00
6	Re-activate MFWG website / maintenance	\$ 770	\$ 770.00
7	MF Industry Report for Lao PDR (BWTP)		?
8	Various Workshops on industry related topics	\$ 3,000	\$ -
<b>III.</b>	<b>SUB-TOTAL Coordination &amp; Information</b>	<b>\$ 11,920</b>	<b>\$ 9,819.00</b>

<b>I. - III.</b>	<b>TOTAL</b>	<b>\$ 58,440</b>	<b>\$ 62,151.50</b>
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**Table 2: STATEMENT OF REVENUES & EXPENSES**

**I. Revenues 2010 (in cash/kind)**

Ref	Member Donor Contributions 2010	Amount in US\$	%
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1	<b>GIZ-AFP</b> (training, equipment, website, meetings)	\$ 26,220.00	36
2	<b>SBFIC</b> (equipment, internet, salary, research, network events)	\$ 22,624.00	31
3	<b>ADA</b> (rent, salary, translations, training, network events)	\$ 16,761.63	22
4	<b>SEEP Network</b> (SEEP scholarship for SEEP Summit)	\$ 2,090.00	3
5	<b>BWTP Network</b> (BWTP scholarship for MF Summit)	\$ 1,200.00	2
6	<b>EMI &amp; MFC</b> (cash donation & participation in MF Summit)	\$ 2,900.00	5
7	<b>Saynhai Samphanh</b> (cash donation & particip. MF Summit)	\$ 1,100.00	2
8	<b>TACDO Center</b> (cash donation)	\$ 300.00	0
<b>TOTAL CONTRIBUTIONS</b>		<b>\$ 73,195.63</b>	<b>100</b>

## II. Expenses 2010

Ref	Expenses 2010	Amount in US	%
1	Operating Expenses	\$ 11,545.50	19
2	Personnel	\$ 650.00	1
3	Capacity Building & Training	\$ 40,137.00	65
4	Participation in Int. Network Events	\$ 9,049.00	15
5	Knowledge Management	\$ 770.00	1
<b>TOTAL EXPENSES</b>		<b>\$ 62,151.50</b>	<b>100</b>

<b>Excess of Revenues over Expenditures for the Year</b>	<b>\$ 11,044.13</b>
<b>Operating Reserves at beginning of year</b>	<b>\$ 972.57</b>
<b>Operating Reserves at end of year</b>	<b>\$ 12,016.70</b>

## 7. Conclusions & Recommendations

As highlighted in this report, overall progress made in 2010 was good and the majority (95%) of activities as outlined in the workplan 2010 were completed (see annex 1 for more details).

Various reform measures have been initiated by the MFWG management team which will require further follow up and consolidation in 2011. Feedback from members, practitioners and donors has so far been very encouraging and supportive and an increase in active participation of microfinance practitioners in MFWG activities has been observed.

Efforts have been made to overcome the communication barrier (lack of access to information due to lack of internet, etc.) by faxing meeting invitations and training announcements to practitioners or to call them to ensure that they receive the information on time and can avail themselves to participate in the planned activities.

Main challenges were related to time constraints of Board members. Monthly Board meetings as planned in the workplan were not feasible as all Board members have other job duties to fulfil and work on an entirely voluntary basis. Therefore it was only possible to hold Board meetings on a bi-monthly basis.

In addition, ADA signed the cooperation contract later than foreseen and therefore transferred funds to the MFWG only in September. This resulted in a late start of operations of the MFWG secretariat. Moreover, the resignation of the first office manager and the fact that the new office manager will only start her work in January 2011 also had as a consequence that not all activities could be implemented. Pending activities for the next year are:

- Establishment of by-laws for the MFWG
- Establish a bi-lingual website (with Lao pages)
- Mapping of all microfinance projects in Laos
- Publish a newsletter for the microfinance sector
- Establish a microfinance library and reference centre

However, it should be highlighted that despite these constraints the MFWG still managed to make substantial progress in 2010 and laid the foundations to become a professional managed microfinance network with relevant activities for its members.

## 8. Outlook for 2011

Please find summarized below a list of main activities the MFWG seeks to implement or start in 2011. Please also refer to annex 2 (Workplan 2011) for more details:<sup>4</sup>

### **a. Management and Administration**

Main activities will be focusing on **starting office operations, introducing the new office manager** to her work and familiarize herself with the office administration (processes, documentation, finances, reporting, etc.).

A **technical advisor will be assigned** to support the MFWG in becoming a successful, professionally managed microfinance network. The funding support for this position will be provided by SBFIC until December 2011.

The management will engage in **increasing membership** and thus sector representation by actively approaching formal MFIs, SCUs and network support organizations.

**Bi-monthly Board meetings** will be held to review progress made and jointly decide on next steps with regards future activities in line with the agreed MFWG workplan for 2011. Any new members will be introduced to their roles and capacity building support will be provided to ensure that the MFWG Board will follow good governance principles and avoid conflict of interest among members.

It is intended to **increase the number of Board members** to further improve the representation of the sector in the Board. It is considered important to enable representatives from MFIs located outside Vientiane to join the Board to allow for a better flow of information and communication with MFIs in remote areas.

In this context the possibility and interest in conducting a Northern and Southern MFWG workshop to more actively engage these MFIs will be explored.

The management will also actively seek to **gain continuing donor support from various sources to ensure availability of technical/financial assistance** to be able to pursue its goals in the medium to long term. Other options of income generation (membership fee, administration fee for training, etc.) will also be considered.

The MFWG will start **preparing for formalization of the network** by establishing by-laws, membership criteria, policies, etc. with the active engagement of its members.

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<sup>4</sup> Kindly note that not all activities will be possible to complete in 2011, some will be continuous over a period of 2 years.

Monthly **workplans and progress reports** will be established to transparently document the progress made and next steps to be taken. The progress reports will also be shared with the members during the bi-monthly member meetings.

At the end of the year the management team will prepare an **annual report** summarizing the main achievements (including a financial report) to share with its members, donors and other interested stakeholders.

### **b. Capacity Building**

Major activities in this area will cover the following activities:

One **training** will be provided by ACLEDA on '**Loan Quality Management**' for MFWG members with funding support by GIZ-AFP and KfW (15 scholarships will be provided).

A **training demand analysis/survey** will be conducted and **two more trainings for microfinance practitioners** will be organized jointly with local training service providers (MFC, TACDO, EBIT) on specific microfinance topics identified by the training survey.

One **internship** will be organized with a reputed Lao MFI to allow other practitioners to learn from the experience of a peer MFI and share experiences.

One **training on social performance (TOT)** will be provided to trainers and consultants working in microfinance with the objective to disseminate the content to a wider MFI audience to increase awareness of social performance in MFIs.

The '**Sub-Working Group on Microfinance Training and Education**' will be actively engaged in developing a strategy for the sector with regards the provision of microfinance related courses, training and education.

### **c. Advocacy**

The MFWG will continue to **provide policy support** in particular with regards the microfinance decree and regulations. The 3<sup>rd</sup> version of the Decree will be submitted to the Ministry of Justice for consideration in January 2011.

In order to be able to actively pursue its lobbying efforts the MFWG will coordinate **closely with lead donor agencies working on policy level** (GIZ-AFP, UNCDF, WB, IFC and Lao Business Forum).

The management with the active engagement of its members will continue to **identify issues which have an adverse affect on the sector** and will try to address these issues with the relevant Government agencies.

#### **d. Knowledge Management & Representation**

The most urgent and important activity under this section is to develop a **bi-lingual MFWG website (Lao-English)** which should become the most relevant information sharing tool for the industry. It is pivotal to gain the members' support to add financial and social performance data on the website to allow for more transparency, improved sector planning and strategic development.

An **audit survey** will be conducted at the beginning of the year with all formal MFIs/SCUs to investigate whether MFIs are compliant with their duty to get audited. In cooperation with other donor agencies it should be considered to seek partnerships with local auditing firms to further develop their capacity in this regard.

The MFWG will conduct **bi-monthly member meetings** (with focus topics with a relevance to the Lao microfinance sector) to continue an on-going dialogue and discussion with and among its members.

MFWG members will continue to submit their data to **SEEP** in order to compile a **market forecast** for the Lao microfinance sector on a quarterly basis. The MFWG management will aim at increasing the number of participating MFIs in 2011.

With a view to improving sector transparency the MFWG will aim at agreeing with its members which financial as well as social performance data can be gathered reliably and regularly and disseminated publicly (e.g. MFWG website).

A briefing paper assessing the microfinance institutions' capacity and analyzing the future needs of the sector will be finalized based on the findings from the ADB funded 'Catalyzing Microfinance for the Poor' Project and disseminated to all its members.

Moreover, it is planned to **start mapping microfinance projects and MFIs in Laos** with the aim to identify gaps/overlaps and to strengthen sector coordination.

Marketing measures which aim at improving the visibility of the MFWG and awareness among stakeholders and practitioners might include the creation of a **MFWG Brochure** (English – Lao) and the publication of an **annual microfinance bulletin/newsletter**.

A small **microfinance library and reference centre** should be established in the MFWG office which can be used by practitioners and other microfinance stakeholders to gain access to relevant and up-to-date sector information. The reference center will have copies available of research studies, training materials, other relevant microfinance handbooks, etc.

Provided that funding support can be secured it would be beneficial for the sector to translate a **microfinance reference book** into Lao for daily use of MFIs in the country. At present there is no handbook on microfinance available in Lao language and this should be addressed.

Following the success of last year's **Annual Microfinance Stakeholder Forum** which was organized by ADB-CMP it should be considered to repeat the event on an annual basis. The MFWG can facilitate the process in providing support in developing an agenda and gaining funding support from donors working in Laos together with the Bank of Lao PDR.

It is important for the MFWG to continue to participate in **international network events and workshops** to be exposed to and share recent trends and developments in microfinance in the region and globally with other networks.

In 2011 the MFWG will participate in the following events:

1. Participation in SPTF Asia Working Group Meeting, Thailand (Feb-March)
2. Participation in BWTP Asia MF Forum, India (October)
3. Participation in SEEP Global Network Summit, USA (November)
4. Participation in SBFIC Regional MF Network Meeting, Laos (November)

The total budget required for the implementation of the above listed activities is estimated at US\$86,110 (see annex 3 for more details) whereof financial support totaling US\$74,581 has already been confirmed by various donors, bi-multilateral agencies, networks, local practitioners, such as GIZ-AFP, SBFIC, ADA, UNCDF, SEEP. Efforts will be undertaken to seek funding support to cover the remaining balance of US\$ 11,529.

## **9. Annexes:**

Annex 1: MFWG Workplan 2010

Annex 2: MFWG Workplan 2011

Annex 3: MFWG Budget 2011