

Framework for the Development of a

# Sector-Wide Microfinance Education & Training Strategy for the Lao PDR



 **Finanzgruppe**  
Sparkassenstiftung für  
internationale Kooperation

submitted  
to GIZ-‘Access to Finance for the Poor  
Program’  
by  
Ursula Hammerich  
Prof. Dr. Hans Dieter Seibel  
Vanhay Chindavong  
Lutz Grashof  
Nicole Brand

January 2014

## Table of Contents

1.	Introduction: Microfinance in the Lao PDR.....	1
1.1.	Microfinance policy .....	1
1.2.	The microfinance sector.....	2
1.2.1.	The formal microfinance sector.....	3
1.2.2.	The semiformal sector of village funds/banks .....	3
1.3.	Challenges for capacity building .....	4
2.	Project Description.....	5
2.1.	Objectives of the study / terms of reference.....	5
2.2.	Methodology and timeline .....	6
2.3.	Limitations and constraints .....	7
3.	Target Groups and Training Needs/Areas of Capacity Building.....	7
3.1	Target groups and training needs .....	7
3.1.1.	Board, management & staff in MFIs.....	7
3.1.1.1.	Board members .....	8
3.1.1.2.	Managers .....	8
3.1.1.3.	Loan officers .....	9
3.1.1.4.	Accountants .....	9
3.1.2.	Management/advisory committee members of village banks.....	10
3.1.3.	Clients and members of MFIs and village banks .....	10
3.1.4.	BoL staff.....	11
3.2.	Areas of capacity building .....	12
3.2.1.	The formal sector of microfinance institutions .....	12
3.2.2.	The semi-formal sector of village banks.....	14
3.3.	Conclusions and recommendations .....	16
3.3.1.	The formal microfinance sector.....	16
3.3.2.	The semi-formal microfinance sector .....	17
4.	Supply of Microfinance Education and Training in Lao PDR.....	18
4.1.	Private training & consultancy service providers.....	18
4.1.1.	MFC .....	18
4.1.2.	TACDO .....	19
4.1.3.	EBIT .....	19
4.1.4.	EDC .....	20
4.1.5.	Freelance Microfinance Experts and Resource Persons .....	20
4.2.	Public & Private Education Institutions.....	20
4.2.1.	Banking Institute - Bachelor/Higher Diploma in Microfinance .....	21
4.2.2.	LIEDC .....	22
4.3.	Associations.....	23
4.3.1.	MFA – MFMCC .....	23
4.3.2.	LCSDPA .....	24
4.4.	Mass Organizations and Government Agencies.....	24
4.4.1.	LWU.....	24
4.4.2.	NERI .....	25

4.5.	Donors Agencies/Projects.....	25
4.5.1.	GIZ-AFP.....	25
4.5.2.	UNCDF-MAFIPP.....	25
4.6.	INGOs.....	26
4.6.1.	SBFIC.....	26
4.6.2.	CARD-MRI.....	26
4.6.3.	DGRV.....	27
4.7.	Training manuals/distance learning course.....	27
4.8.	Conclusions and recommendations.....	27
4.8.1.	The formal microfinance sector.....	27
4.8.2.	The semi-formal microfinance sector.....	29
5.	Organizational Frameworks & Options for Institutionalization of Capacity Building in Microfinance.....	29
5.1.	Conclusions and recommendations related to all three options.....	34
6.	Implementation and Costing Plan for Recommended Options.....	36
7.	Proposal for a Quantitative & Qualitative Monitoring & Evaluation System.....	37

## Abbreviations and Acronyms

ACLEDA	Association of Cambodian Local Economic Development Agencies
ADA	Appui au Développement Autonome
ADB	Asian Development Bank
AFP	Access to Finance for the Poor
BDS	Business Development Services
BI	Banking Institute
BMZ	German Federal Ministry for Economic Cooperation and Development
BoD	Board of Directors
BoL	Bank of Lao PDR
CARD-MRI	Center for Agricultural and Rural Development – Mutually Reinforcing Institutions
CB	Capacity Building
CEFE	Competency based Economies through Formation of Enterprise
CGAP	Consultative Group to Assist the Poor
CMP	Catalyzing Microfinance for the Poor'
CODI	Community Organizational Development Institute, a Thai Government Agency
DGRV	Deutscher Genossenschafts- und Raiffeisenverband
DPI	Department for Planning and Investment
DSA	Daily Subsistence Allowance
DTMFI	Deposit Taking Microfinance Institution
DTVF	Deposit Taking Village Fund
EBIT	Economic Business ICT
EDC	Enterprise and Development Consultants
FAO	Food and Agriculture Organization of the United Nations
FIAM	Foundation for Integrated Agricultural Management, a Thai NGO
FIDS	Financial Institution Development Strategy
FINA	Financial and Fiscal Assistant – Open source MIS for Financial Supervision Authorities
FISD	Financial Institution Supervision Department
GIZ	Gesellschaft für internationale Zusammenarbeit
HR	Human Resources
HRM	Human Resource Management
IBSL	Institute of Bankers Sri Lanka
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
INGO	International Non Government Organization

LCRDPE	Leading Committee for Rural Development and Poverty Eradication
LCSDPA	Leading Committee for Social Development and Poverty Eradication
LIEDC	Lao-India Entrepreneurship Development Center
LO	Loan Officer
LSWD	Lao Social Welfare Department
LWU	Lao Women's Union
MAFIPP	Making Access to Finance More Inclusive for Poor People
MBWin	FAO-GTZ Microbanking
MCBR	Microfinance Capacity Building Research Project (supported by Concern Worldwide)
M&E	Monitoring & Evaluation
MF	Microfinance
MFA	Microfinance Association (previously MFWG)
MFC	Microfinance Center
MFI	Microfinance Institution
MF MCC	Microfinance Management Certificate Course in Lao PDR
MFTOT	Microfinance Training of Trainers
MFWG	Microfinance Working Group (now MFA)
MIS	Management Information System
MoHA	Ministry of Home Affairs
MMG-LXML	Minerals & Metals Group - Lane Xang Minerals Limited Sepon LXML (MMG), a subsidiary of the Australian Mining Group Minerals & Metals Group (MMG)
MoES	Ministry of Education and Sports
MPI	Ministry of Planning and Investment
MSME	Micro, Small and Medium Enterprise
NABARD	National Bank for Agriculture and Rural Development
NDTMFI	Non-Deposit Taking Microfinance Institution
NERI	National Economic Research Institute
NGPES	National Growth and Poverty Eradication Strategy
NSEDP	National Socio-Economic Development Plan
NRDPE	National Committee for Rural Development and Poverty Eradication
NNSO	National Network Support Organization
NSO	Network Support Organization
NUoL	National University of Lao PDR
PAR	Portfolio at Risk
PC	Personal Computer

PDR	People's Democratic Republic
PMO	Prime Minister's Office
RDO	Rural Development Office
RDMA	Rural Development in Mountainous Areas
RoA	Return on Assets
RMFC	Rural and Microfinance Committee
SBFIC	Savings Bank Foundation for international Cooperation (Sparkassenstiftung für internationale Kooperation)
SCU	Savings and Credit Union
SEAIM	South East Asia Institute of Microfinance
SEEP	Small Enterprise Education and Promotion Network Inc.
TACDO	Training and Consultancy for Development
ToR	Terms of Reference
ToT	Training of Trainers
TSP	Training Service Provider
UNCDF	United Nations Capital Development Fund
US\$	US Dollar
VB	Village Bank
VBSC	Village Bank Service Center
VF	Village Fund
VFSC	Village Fund Supervision Committee
WFDF	Women and Family Development Deposit Taking Microfinance Institution

## 1. Introduction: Microfinance in the Lao PDR

### 1.1. Microfinance policy

Laos is a country with a population of 6.4 million in 1.34 million households, 8,636 villages, 144 districts and 17 provinces (2011). The evolution of microfinance started in the early 1990s with donor-funded revolving funds, mostly in kind (particularly rice), focusing on livelihood security. Government agencies including mass organizations, multilateral and bilateral organizations and INGOs have played crucial roles in the promotion of microfinance in Laos<sup>1</sup>. Formal microfinance has evolved during the last ten years; but the sector continues to be dominated by semiformal village funds, the vast majority (80%) now self-financed deposit-taking village banks, registered at district level but not licensed by BoL, the central bank.

Government policy in microfinance has been based on a policy statement by BoL in 2003, endorsed by the Prime Minister's Office, with an emphasis on "*sustainable economic growth and reduction of poverty (supported by) strong bank and non-bank institutions*"<sup>2</sup>, and, in a larger framework, on NGPES, approved in 2003 by the National Assembly, and the 6<sup>th</sup> NSEDP (2006-2010). The Government has pursued two approaches<sup>3</sup> to the promotion of microfinance:

- one on the regulated sector of MFIs,
- the other one on the semiformal sector of village funds/banks.

The first approach has been regulatory, with its focus on the emerging formal microfinance sector under the supervision of BoL. Initial regulations were issued in 2004 for SCUs and in 2005 for other MFIs. In 2008, BoL issued new microfinance regulation for formal MFIs, comprising DTMFIs and NDTMFIs owned by shareholders and SCUs owned by members; both DTMFIs and NDTMFIs mobilize deposits; the difference lies in the required amount of minimum capital. The regulation also stipulates that all microfinance activities and projects be registered with BoL; this pertains also to village funds/banks, but has not been enforced. On 3 Oct 2012, a Prime Minister's Decree on Microfinance Institutions has been promulgated on the basis of which the regulation is now being revised.

The second approach has broadly focused on the semiformal sector of village funds/banks, initiated by various government agencies and mass organizations, among them the LWU as the most active promoter. NGPES has identified 47 priority districts for poverty eradication, allocating a special budget to establish village funds as a source of funds for production and services<sup>4</sup> in the priority districts as well as in the remaining 49% of villages in which no village fund/bank exists as yet.

Two main strategies, plus a third mixed strategy, have been followed in the promotion of village funds:

- (i) a strategy of revolving village funds, or village development funds, based on capital injections by donors and government agencies since around 1990, continuing into the present time particularly (but not only) in poor and poorest districts, accounting in 2011 for 20% of all village funds;
- (ii) a strategy of self-reliant village savings and credit funds, or village banks, based on the mobilization of member savings, spearheaded by LWU since around 1998 in cooperation with FIAM and CODI, two Thai organizations, subsequently taken up by ILO in cooperation with LCSDPA and numerous other organizations, accounting in 2011 for 80% of all village funds;
- (iii) in addition, a mixed strategy of starting with a capital injection, followed by the promotion of voluntary savings, as in the case of GIZ's RDMA since 1998, followed by GIZ's AFP.<sup>5</sup>

<sup>1</sup> These are summarized in: GIZ, Bank of Lao PDR & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, pp. 8-14

<sup>2</sup> BoL Rural and Micro Finance Committee (RMFC), 2003. *Policy Statement for the Development of Sustainable Rural and Micro Finance Sector in the Lao PDR*, p. 1. Expansion of access, institutional diversity, sustainability and security of deposits (including an appropriate legal and regulatory framework and strengthened supervision of deposit-taking MFIs) are the four pillars of the policy (p. 5).

[http://www.boL.gov.la/english/mf\\_policystatementEng.pdf](http://www.boL.gov.la/english/mf_policystatementEng.pdf) 2003

<sup>3</sup> A third approach, which is not discussed here is the delivery of subsidized credit through two state banks: Agricultural Promotion Bank and Nayoby Bank, a policy bank for the poor, replacing the Village Development Fund.

<sup>4</sup> Notice Letter No. 72/CPC, 28 Jan 2004.

<sup>5</sup> The NERI surveys of 2009 and 2012 distinguish only between deposit-taking and non-deposit-taking village funds; there is no mixed third category; the village funds promoted by GIZ are listed among the former (DTVFs). Most revolving funds do accept deposits; but these are not recorded in the NERI surveys.

BoL has not yet taken responsibility for the village funds/banks; it also has not made efforts to implement its policy of 2008 requiring village banks, like any other microfinance activity, to be registered with BoL and those with more than 200 million Kip in savings to be licensed. In theory, authority for promoting village banks throughout the country was devolved to so-called supervision committees (VFSCs) at central, provincial and district levels. They were placed under LCRDPE, reorganized on the basis of Decree No. 20/PM of 19<sup>th</sup> January 2012 as NRDPE. It has lacked an effective delivery structure.<sup>6</sup> While there are multiple responsibilities and sources of support without a clear overall structure at national and provincial level, district administrations have emerged as the level where village funds are registered, and where information and support may be coordinated. Several promoters of village banks have noted the need for federating at higher levels to coordinate strategies, proposing a national network of support organizations and district networks; among the proponents are GIZ, LWU and LCSDPA as well as NRDPE.<sup>7</sup>

Although the government has made major efforts over the last ten years to create a conducive environment for the development of microfinance, the microfinance policy has not always been consistent. A main concern of the government has been the supply of directed subsidized credit by state banks<sup>8</sup> and village revolving funds to fuel economic development and reduce poverty, as pronounced by the 6<sup>th</sup> NSEDP (2006-2010). Along similar lines, the 7<sup>th</sup> NSEDP (2011-2015) emphasizes the expansion of microcredit, social insurance and SME lending. Institutional sustainability as presented in the BoL Policy of 2003 has been a lesser concern. The FIRD until 2020 aims at “*the development of financial institutions in the Lao PDR in a systematic and integrated way*”, but does not have a section on microfinance and does not seem to be widely recognized.

Policy inconsistencies disrupt the transition from unsustainable revolving funds to self-financed village banks. District administrations reportedly prefer to promote revolving funds, originally meant for very poor villages, receiving service fees from both the government agency which provides interest-free funds and the villages which receive the funds. It has been observed that the introduction of revolving funds into not-so-poor villages where self-financed village banks already exist has led to an evolution in reverse: from self-financing village banks to government-dependent revolving funds. In Punthong District, Champasack Province, all but two out of 40 village banks under LCSDPA reportedly collapsed when a government agency moved in with free money.

## 1.2. The microfinance sector

As of December 2011, **the total microfinance sector** (excluding banks with microfinance services) comprised 4,476 institutions – the market for capacity building, with around 500,000 clients or members, respectively, including 421,000 savers and 241,000 borrowers.<sup>9</sup> Total assets stood at \$91 million, deposits at \$58 million, loans outstanding at \$47 million and total equity at \$29 million.<sup>10</sup> In terms of outreach, services and profitability, the semiformal sector outperforms the regulated microfinance sector by a wide margin (Annex 1, Table 1).

---

<sup>6</sup> Responsibility for village funds and other poverty eradication measures lies with a division within the Rural Development and Poverty Eradication Department. The Division has a staff of seven, six of which are new; as of 2013 their function has actually been limited to reporting.

<sup>7</sup> Keolabthavong Songsamayvong, November 2013. *Microfinance semi-formal sector development in Lao PDR*. Informal note.

<sup>8</sup> Particularly Agricultural Promotion Bank and Nayoby Bank, a policy bank.

<sup>9</sup> GIZ, Bank of Lao PDR & MPI, 2012. *Microfinance in the Lao PDR 2012*, pp. 8-14. Since 2003 the results of the Government's policy of promoting microfinance have been measured in six national surveys by the National Economic Research Institute (NERI) of the Ministry of Planning and Investment (MPI). The latest, *Microfinance in the Lao PDR 2012*, provides data on a national, regional and provincial basis, including consolidated financial reports; it also summarizes the historical contributions of Government and major donors. The survey does not include APB, Nayoby Bank, Phongsavanh Bank and ACELDA Bank Lao as other providers of microfinance services.

<sup>10</sup> This is roughly the same of what ACLEDA Bank Lao, a MSME bank, a subsidiary of ACLEDA Bank Cambodia which had started in the 1990s as an NGO, achieved by 2012 after only four years of operation, the first two years of which were loss-making.



### 1.2.1. The formal microfinance sector

In 2011, the subsector of formal MFIs comprised 42 institutions with 1,622 clients on average: 9 DTMFIs, 15 NDTMFIs and 18 SCUs, averaging 3,648, 1,510 and 703 clients, respectively. Profitability was low, but had improved as measured (at year-end) by ROA: from 1.2% in 2009 (26 MFIs) to 1.4% in 2011 (42 MFIs). Profitability of DTMFIs had declined from 2.1% to 1.9%; surprisingly, NDTMFIs improved from -0.5% to 3.4%, while the performance of SCUs declined further from -0.4% to -0.8%. There is wide variation in performance between institutions within each group (Annex 1, Table 1).

The density of MFIs varies widely between provinces, ranging from one MFI with 45 clients in Bokeo to 13 MFIs with 26,261 clients in Vientiane Capital. MFIs have the strongest presence in the central region, comprising 23 MFIs with 42,616 clients, followed by the northern region with 13 MFIs with 19,299 clients. The southern region, with a much smaller population, has 6 MFIs (5 of them SCUs) with 1,698 clients. The provinces with the largest outreach of MFIs are Vientiane Capital and Savannakhet in the central region and Oudomxay and Luangprabang in the northern region (Annex 1, Table 2).

By the end of 2013 the formal microfinance sector had increased to 60 MFIs.<sup>11</sup> According to the BoL website (Annex 2a)<sup>12</sup> which lists some microfinance statistics on the regulated sector, the sector made good progress in 2013: savings increased by 50%, loans by 45%, and the number of active borrowers grew by almost 40%, coming now close to 30,000. However, the MFA (the industry representative body) collects financial data on member MFIs on a quarterly basis and MFIs' self-reported data in 2013 indicates that their overall performance has been declining (i.e. portfolio quality, financial performance, efficiency as well as productivity) (Annex 2b).

In a network assessment undertaken by SEEP in 2013, MFA members highlighted that they face major challenges related to (i) low capacity, recruitment and retention of human resources as well as to (ii) complexity and cost of compliance, (iii) lack of access to capital and (iv) increasing competition by banks and other MFIs.<sup>13</sup>

### 1.2.2. The semiformal sector of village funds/banks

By all standards the unregulated subsector of village funds/banks, comprising revolving funds (20%) and deposit-taking village banks (80%), is overall much larger than that of the licensed microfinance institutions, comprising 4,434 village funds with a total of 431,000 member clients; 97 members per village on average. Return on assets was a stunning 9.1% (reflecting an operational and accounting model different from that of regulated MFIs):<sup>14</sup> 9.7% among deposit-taking and 3.6% among revolving funds (Annex 1, Table 1).

All provinces have a sizeable number of village funds/banks, covering overall around 50% of villages: 47.5% in the northern region and 49% in the central region. In the southern region where licensed MFIs are weakest an astonishing 64% of villages have a village fund; however, this is mainly due to Champasak Province (with 693 village funds) where 66% of the village funds in the region are found. The provinces with the lowest penetration rates are Phongsaly (22% of villages covered) in the northern region, Savannakhet (15%) in the central region and Saravanh (20%) in the southern region. The provinces with the highest penetration rates (each above 100%, due to multiple village funds in a number of villages) are Sayaburi (106%) in the northern region, Vientiane Capital (123%) in the central region and Champasak (108%) and Attapeu (101%) in the southern region (Annex 1, Table 3). Reportedly, the government plans to consolidate several village funds in one village into a single entity.

<sup>11</sup> comprising of 12 DTMFIs, 27 NDTMFIs and 21 SCUs. New DTMFIs (5) were exclusively established in Vientiane, the majority of new NDTMFIs also in Vientiane (8) as well as in Savannakhet (1), Luang Prabang (1), Khamouan (1), Saravanh (1) and Oudomxay Province (1). New SCUs were opened in Luang Prabang (2), Luang Namtha (1) and Champasack (1).

<sup>12</sup> [www.bol.gov.la](http://www.bol.gov.la)

<sup>13</sup> SEEP, 2013, *Lao Microfinance Association: Network Capacity Assessment*, Diana Dezso (powerpoint presentation for MFA Members on 13 December 2013)

<sup>14</sup> Allocating compensations in the form of dividends to depositors, management and supervisory committee members from earnings upon the conclusion of the year.

Village funds have been promoted by large numbers of government agencies and donors.<sup>15</sup> LWU and GIZ are the two organizations which have systematically promoted networks of village banks as service providers, following different approaches (cf. Chapter 5, Options II and III). Initially, since 1998, LWU established and promoted village banks in 26 districts of five provinces as well as district and sub-district<sup>16</sup> networks in 11 districts of Vientiane Capital and Province. Since 2005, in cooperation with various agencies, LWU expanded its monitoring and reporting services nationwide to all 17 provinces, with an outreach to 119 districts (out of 143) and 2,391 village banks, but without donor support is unable to provide capacity services. GIZ has promoted 326 village banks through NSOs licensed as NDTMFIs in 21 districts and four provinces, providing financial and capacity building services, and will now, in cooperation with AusAID, also expand to other districts and provinces.

### 1.3. Challenges for capacity building

While the microfinance sector has rapidly expanded, overall it is still weak and underperforming. Inadequacies in capacity building at micro, meso and macro level, particularly the lack of an overall training and consulting system, are presumably one of the main causes of underperformance; others are the lack of a shared vision of government at different levels and a lack of determination to pursue good practice approaches to microfinance. In addition, effective supervision and the transformation in due course, but not in the immediate future, of the semiformal microfinance sector into a properly regulated and supervised sector remain major challenges.

The level of education in the country is still considered low. Basic mathematical, analytical and problem solving skills are weak, and most graduates are ill equipped and lack required competencies when they join the labor market. This is despite the fact, that the Congress of the Lao PDR Revolutionary Party has identified education as the core of human resource development in the country. In order to further this aim a strategic plan was developed and approved in 2009 covering the period 2009-2015. One priority issue that the 'Education Sector Development Framework' seeks to address is a closer alignment between education and employment including the development of technical and vocational education and training in response to labor market demands and nationwide skill building.<sup>17</sup>

Presently, there is no formal education or training in microfinance, and as a consequence, a majority of staff employed in the microfinance industry do not possess the skills and expertise needed to run a microfinance organization in an effective and sustainable manner. The lack of capacity of microfinance staff has often been cited as one (if not *the*) most prominent limitation to sustainable sector development<sup>18</sup> - despite the fact that over the years many stand-alone measures were implemented with donor support, but also by government and private entities, such as short-term training courses/workshops, on-the-job training, technical assistance, internships, and exposure visits.

However, these mainly uncoordinated and supply driven efforts have not yielded the expected results, mostly due to the fact that trainees have difficulties to relate the content to their practical work (implementation of training contents) without additional external support/follow up (technical on-site assistance). Training materials are often not adapted to the Laos context and thus not tailored to the needs of trainees with lower education standards; a lack of understanding of training contents, communication barriers and use of inadequate training methods have also been observed. As a consequence, the majority of microfinance staff is still not sufficiently equipped to do their jobs. Microfinance stakeholders on all levels voice their concern and feel that not enough attention has been paid to human capacity building and institutional development.

---

<sup>15</sup> They are listed in Annexes 3.1 and 3.2 of *Microfinance of the Lao PDR 2009*; they are not included in the report of 2012. Major governmental and international support programs are summarized in *Microfinance of the Lao PDR 2012* (pp. 8-14)

<sup>16</sup> sub-districts are often also referred to as 'zone'

<sup>17</sup> Ministry of Education, 2009. *Education Sector Development Framework 2009-2015*

<sup>18</sup> Cf. Annex 33: Selected Literature with Relevance to the Project' for more details

Some new initiatives have recently emerged. For example the government (BI) together with the UNCDF-MAFIPP program is engaged in setting up a 'Higher Diploma' Program<sup>19</sup> in microfinance for banking and MFI staff,<sup>20</sup> and SBFIC together with MFA<sup>21</sup> has done substantial research in preparation of an MFMCC<sup>22</sup> specifically designed for MFI management staff. It should be noted though that these initiatives are mainly directed to strengthen staff capacity in the formal microfinance sector, and it is unclear how the management and board (as well as advisory committee) capacities of village funds, which constitute the majority of microfinance organizations in this country, can be improved in the medium term.

Therefore, a more strategic, systematic and holistic approach, which involves all relevant government and non-government stakeholders on macro, meso and micro-level, is required to address the identified gap and weaknesses in a structured manner. It is expected that this would result in the provision of adequate training and education services for the different models of microfinance organizations prevalent in Lao PDR and their specific requirements. It would help formal as well as semi-formal microfinance organizations to run and grow their businesses in a sound and profitable manner. Operational sustainability, loan portfolio quality, adherence to BoL regulatory and reporting requirements and governance would improve over time and help the sector to increase outreach and provide sustainable and reliable services to poor populations thus improving their living conditions in the medium to long term.

## **2. Project Description**

### **2.1. Objectives of the study / terms of reference<sup>23</sup>**

The main goal of the assignment is to conduct a study concerning the development of a framework for a sector-wide education and training strategy for the microfinance sector in Lao PDR. It examines how the capacity and skills of those working in the microfinance sector including formal and semi-formal MFIs (micro-level), training and consultancy service providers (meso-level) and BoL (macro-level) can be improved so that the overall development of the sector is strengthened. The project seeks to get a better understanding of why previous training and education measures had limited impact and assesses the *capacity building needs* of those working in the microfinance sector. Main training contents are suggested according to the identified essential requirements of various target groups (Chapter 3).

It also aims at gaining a better understanding of the capacity building requirements on the meso-level, i.e. those of existing training and consultancy service providers, their strengths and weaknesses, trainers' qualifications and training methods. Available documents regarding the *supply side* of training measures including public and private service providers have been updated (Chapter 4). The project also suggests improvements of the methodology and quality of training, particularly in response to the demand of training recipients for practical exposure, group work and good facilitation skills of trainers.<sup>24</sup>

The study project provides suggestions as to who would be best placed to provide training to the different target groups and whether existing services can effectively be expanded or consolidated and whether the establishment of new initiatives is required. Different feasible approaches to *deliver and institutionalize capacity building* measures are examined (Chapter 5) and an *implementation plan* as well as general overview of the financial resource planning (*costing plan*) of capacity building for the formal and semi-formal microfinance sector are provided (Chapter 6). Finally, a proposal for a *quantitative and qualitative M&E system* for the proposed training measures is provided in Chapter 7.

---

<sup>19</sup> Originally it was planned to set up a 'Bachelor's Degree Program', but due to a education system reform (2013) only NUoL is now allowed to offer BAs and as a consequence the BA in Microfinance was transformed into a Higher Diploma Program (see 4.2.1. for more details).

<sup>20</sup> UNCDF & Bank of Lao PDR, 2011. *Design and Launch of a Bachelor's Degree in Microfinance*, Robert Cater.

<sup>21</sup> One of the mandates of the MFA (formerly known as MFWG) is to provide capacity building to its members, which is mainly provided in the form of short-term training courses of specific microfinance topics requested by its members (formal MFIs).

<sup>22</sup> SBFIC & MFWG, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong.

<sup>23</sup> cf. Annex 3 for detailed ToR.

<sup>24</sup> e.g. SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong and MFWG/MFA, 2013. *Evaluation of Training Needs Survey*.

## 2.2. Methodology and timeline

SBFIC was commissioned by GIZ-AFP to undertake the project, and a consultant team was assigned to carry out the task. The following experts were members of the team: Ursula Hammerich, Microfinance Expert (lead), Prof. Dr. Hans Dieter Seibel, Microfinance Expert, Lutz Grashof, Financial Systems Development Expert/Trainer, Vanhsy Chindavong, National Microfinance Expert/Trainer and Nicole Brand, SBFIC Project Manager (backstopping).

After a thorough desk review of existing and relevant documents, the team members prepared a concept paper for the project (18-22 November 2013). Ursula Hammerich, Prof. Seibel and Vanhsy Chindavong were in Laos from 23 November until 3 December 2013 and started the mission with a kick-off meeting on 25 November highlighting objectives of the study and discussing the concept paper with a group of selected stakeholders (Annex 4). Following the kick-off session the team conducted in-depth interviews with macro-, meso- and micro-level sector representatives, comprising 45 microfinance stakeholders from 28 different agencies or projects including key BoL, Lao government and LWU officials, donors, NGOs, public and private training and consultancy service providers and resource persons, as well as formal and semi-formal microfinance institutions (Annex 5). Follow-up meetings were held with BoL, LWU, MFC and MFA by Ursula Hammerich during 18-20 December, namely with Mme Keasorn Manviong, Deputy Director BoL FISC; Mme Sirikit Boupha, Deputy Director LWU Development Department; Somphone Sisenglath, Director MFC and EMI; and Mme Pamouane Phetthany, Director General, MFA, Alfred Gugler, Advisor MFA and with Vanhsy Chindavong, in her capacity as Chair MFA.

On the basis of the results of the field visits the team developed questionnaires for formal and semi-formal organizations (Annexes 6 & 7) to further identify training needs of the various positions held in the organization (i.e. manager, board of directors, accountant and loan officer for formal MFIs; management committee and advisory committee members for village banks). 22 key training topics were identified and listed in the questionnaire for formal organizations and 17 for semi-formal organizations. Respondents were asked to rate their importance. The questionnaires were sent out with the objective to enable these organizations to a) voice their perceived needs according to the position held in the organization, b) provide feedback on received training so far (content, methods, duration, venue)<sup>25</sup> and c) suggest improvements to the present situation.

In the case of regulated MFIs the questionnaires were emailed via the MFA roster to 30 member MFIs and the ones for village banks were administered directly (on-site interviews). 15 MFIs submitted their responses to the survey (3 DTMFIs, 5 NDTMFIs, 4 SCUs and 3 NSOs) representing 25% of all regulated microfinance institutions in Lao PDR. Overall, 11 board members, 14 managers, 18 credit officers and 13 accountants responded to the questionnaire (total of 58 respondents).<sup>26</sup>

A separate questionnaire was prepared for management and advisory committee members of village banks with 17 identified training topics which were adjusted for this target group based on the review of literature and stakeholder interviews, but otherwise covering the same questions as for MFIs. Due to shortage of time and logistical problems only 28 interviews were conducted in six districts: one each in Bokeo and Sayaburi and four in Vientiane Capital. The results are based on responses from 20 management committee members and 8 advisory committee members. The responses to both questionnaires were subsequently analyzed and used as an additional tool to develop the framework for future training and education measures.

A debriefing workshop with relevant stakeholders was held on 3 December to summarize and discuss first findings and recommendations (Annexes 8 & 9). Based on the findings from field interviews, feedback from the debriefing workshop as well as the results of the questionnaire study, the team prepared this final report, which was submitted end of January 2014.

<sup>25</sup> The questionnaire did not include 'on-the-job training/mentoring' (although it is an important part of CB).

<sup>26</sup> In some cases the MFI sent more than one answer per position and in other cases MFIs did not submit data for all four positions but just for one or two.

## 2.3. Limitations and constraints

The work of the team was constrained by delays in contracting which led to a shortage in planning and time available for field work in Laos. As a consequence, the allocated time for stakeholder interviews was very limited and not all relevant (decision taking) stakeholders could be met since in particular meetings with high-level government officials require additional planning time. Some of the key stakeholders (like for example LWU) were unfortunately unable to attend the debriefing workshop to comment on findings and strategic options, however, some follow-up interviews with LWU, MFC, MFA were held on 18-20 December after the stay of the mission to discuss policies and first findings. Moreover, the time in country could have been extended to undertake a more detailed mapping of training and consultancy service providers and of BoL's capacity building requirements. Finally, the survey could be replicated on a national scale, perhaps in conjunction with the next microfinance survey of NERI to provide even more representative data for the entire sector.

## 3. Target Groups and Training Needs/Areas of Capacity Building

### 3.1 Target groups and training needs

Based on desk research, field research and interviews held, the following target groups (on macro, meso and micro levels) for the formal microfinance sector have been identified for training and capacity building: At macro level (i) BoL staff,<sup>27</sup> on meso level: (ii) training and consultancy service providers and on micro level (iii) board, management and staff of MFIs as well as clients of MFIs.

Target groups of capacity building for the semi-formal sector include: At national level key staff in private & public promoting agencies (LWU, GIZ, LCSDPA, others), staff of national networks (*yet to be established*) and master trainers; at district level the administration committee (comprising representatives of district and sub-district networks, district administration and LWU);<sup>28</sup> staff of networks/NSOs (*to be expanded*) and trainers; at village level the management committee (comprising a chairperson, a deputy chairperson and other members);<sup>29</sup> the advisory committee (comprising the party secretary, the village head, an LWU committee member and others)<sup>30</sup> and village bank members.

While a detailed analysis of training needs of all these identified groups would not have been feasible in the given time, this Chapter focuses in particular on target groups on micro-level (i.e. MFI board, staff & management, management/advisory committee members of village banks)<sup>31</sup> and to a certain extent also on macro-level. Meso-level capacity building needs of training and consultancy service providers are summarized in chapter 4.

#### 3.1.1. Board, management & staff in MFIs

The below table summarizes key identified training topics by target group as identified by MFI respondents to the questionnaire survey:<sup>32</sup>

<sup>27</sup> This target group includes staff from FISC of BoL as well as staff working in the provincial branch offices of BoL and involved in supervision of MFIs.

<sup>28</sup> See Art. 14 of the LWU Regulation, duties pertaining to auditing, loan approval and follow-up, dividend allocation and conflict resolution of village banks as well as the finances of the village bank networks.

<sup>29</sup> See Art. 8 of the LWU Regulation: a chairperson for overall leadership, a deputy for accounts receivable/payable and general ledger and one or several members responsible for savings, loan and other accounts and for loan repayment.

<sup>30</sup> See Art.11 of the LWU Regulation. The advisory committee is appointed by the head of the district on recommendation of the village bank management committee and the village administration committee. Members must be able to audit the accounts.

<sup>31</sup> Clients of MFIs and members of village banks have not been a major focus of this study.

<sup>32</sup> For more details refer to Annex 10 (Table 1), Annex 11 (Table 1), Annex 12 (Table 1), Annex 13 (Table 1).



**Table 1: Key training topics as identified by respondents for various positions held in MFIs**

Ref	Topic	Board	Managers	Loan Officers	Accountants
1	Leadership Skills & Values		x	(x)	
2	Good Governance	x	x	x	
3	Management Skills	x	x		(x)
4	Business Planning		x	x	
5	Human Resource Management		x	x	
6	Customer Relations			(x)	
7	Customer Business Development	(x)	(x)		
8	Product Development			(x)	
9	Marketing		(x)	x	
10	Management Information System			(x)	(x)
11	Bookkeeping/Accounting			x	x
12	Auditing	x	x		x
13	Internal Control		x		
14	Financial Analysis	x	x	(x)	x
15	Savings Mobilization		(x)	(x)	
16	Loan Appraisal		x	x	
17	Credit Management		x	x	
18	Risk & Delinquency Management	x	x	x	x
19	Regulation & Compliance				
20	Fundamentals in microfinance			(x)	(x)
21	Basic financial literacy for new staff	(x)	(x)		(x)
22	Financial literacy for customers				(x)
	<b>Total</b>	<b>7</b>	<b>15</b>	<b>15</b>	<b>9</b>

x classifies topic as 'very important', (x) as 'important'

### 3.1.1.1. Board members

Board members participated in various trainings covering most of the in Table 1 listed requested topics as well as additional ones, some of which are not considered key areas for board members (MIS/MBWin, accounting, market survey & product development, FINA<sup>33</sup> reporting, and data analysis) (Annex 10, Table 2). There appears to be a gap in training provision on financial analysis (although this might partly be covered in good governance training) and management skills. The latter reflects the need of a young microfinance sector with hands-on boards who get involved in MFI management as well.

Four respondents did not receive any training. Training duration varies from one to five days. Most of the trainings were provided by MFC (and two independent local trainers) and training satisfaction was high reflected in an average rating of 1.4 on a rating scale from 1 (very useful) to 5 (not useful). Respondents would like to have access to more trainings in internal control/audit (4), strategic planning good governance, financial management, financial analysis, which is in line with the above listed essential training topics for board members. They did not comment on how to improve training methodology or logistics, other than requesting more practical training exercises.

### 3.1.1.2. Managers

Managers have received more trainings compared to board members and on a variety of topics (19) as can be seen in Annex 11, Table 2. Only one respondent did not receive any training.

<sup>33</sup> FINA is a free (open source) information management system for Financial Supervision Authorities to collect data, store them in the database and generate different reports using very flexible report designer tools.

Training duration varies from minimum two up to 12 days (management skills). As for board members, most trainings were provided by MFC (14) or MFC in conjunction with CARD or BRS/ADA, followed by TACDO, national trainers, CARD-MRI, BoL, ACLELDA and one regional training center. Training satisfaction (1.42) was comparable to the overall score provided by board members (see above).

Managers request trainings to be practically more relevant (4) to their work place (examples from real MFIs, discussion on practical experiences including a visit/internship). Some ask for the training duration either to be longer to provide more time for taking in training content (3) or to limit the training content. One respondent requests more variety in training provision since microfinance training is always provided by the same TSPs which limits trainees exposure to new approaches/content. Another manager requests the training to take place regionally (and not in the capital all the time) to minimize travel issues and involved costs.

Overall, managers have received trainings in line with identified core competencies needed for their position, except for customer business development, marketing, savings mobilization and basic financial literacy (training gap). Managers request additional training on various topics such as internal control, leadership & management skills including problem/conflict resolution (3), business planning (2), delinquency management (2), audit, financial management & analysis, MIS/MBWin, savings mobilization, product development, loan management, accounting, marketing and good governance. Again, these are in line with what managers identified as core competence areas (see above).

#### **3.1.1.3. Loan officers<sup>34</sup>**

Loan officers received training on a variety of topics (Annex 12, Table 2), all of which are in line with identified training topics in Table 1 above, however not all identified training topics have been covered (e.g. good governance, marketing, financial analysis, savings mobilization, product development and fundamentals in microfinance), indicating that there is a gap which needs to be addressed in the future.

Again, main training service providers were private TSPs like MFC, TACDO, CARD-MRI as well as a local trainer, but the training satisfaction rate was overall lower (1.8) compared to board members (1.4) and managers (1.42). Trainings did not exceed five days.

Training suggestions include more time for training in general and discussions in particular, better time management of trainers, less energizing games and more time for learning content, less theory so that more time is available for practical exercise. One respondent requested regular trainings three to four times a year. Additional trainings requested by loan officers are delinquency management (6), credit management (3), marketing (2), management skills, microfinance business management, customer care, MIS, HR management and surprisingly also good governance (see also above).<sup>35</sup>

#### **3.1.1.4. Accountants**

Accountants have participated in a variety of different trainings (12), some of the contents of which (e.g. marketing, leadership skills) are not considered essential for the position of an accountant (Annex 13, Table 2). This raises some concern about effective trainee selection or could be explained by the fact that most regulated MFIs are still small and there is no clear separation of duties (lack of job descriptions).

Three respondents suggest training to be longer while one prefers training to be limited to a maximum of 10 days. Logistical improvements would be to include among others accommodation close to the training venue. Criticism relates to trainees facing issues with understanding training content due to lack of detailed explanations and practical examples. One respondent requests trainers to be more focused on key priority topics to not dilute training content.

---

<sup>34</sup> Loan officer is equivalent to client officer as s/he deals with all financial services.

<sup>35</sup> However, good governance is not considered a key training area of loan officers; it is assumed that there might be inaccuracies due to translation into the Lao language.

Not surprisingly, most accountants request additional training to be provided on accounting (9) (incl. write-offs, depreciation, etc.), next to financial reporting, & analysis (5), MIS/MBWin (4), risk & delinquency management, but interestingly enough also on client relations/communication, marketing, credit management, business planning, HR management and management skills. Management skills should be considered for senior accountants but the other three topics would not apply for an accountant position (see above).

MFC as the sole provider of MBWin services to the industry stated that 85% of issues faced by MFI users of the MIS software are related to wrong accounting entries and that there is a serious lack of capacity in this regard which would require more attention in the future. It is vital, that solid accounting skills are paired with the qualified use of a management information system (i.e. MBWin) to ensure that this deficiency is addressed in the future.

### **3.1.2. Management/advisory committee members of village banks**

Fundamentals of village banking and bookkeeping & accounting received the highest ranking by management committee members (Annex 14, Table 1). Subjects on the low side were product development and marketing, network relations, delinquency management<sup>36</sup> and auditing. Transformation (of large village banks) into regulated MFI was rated by 12 out of 20 as important or very important. Most other topics were rated by all or nearly all as very important or important.

Advisory committee members (Annex 14, Table 2), from their vantage point, accorded highest ratings to fundamentals of village banking, services and member relations, internal control and bookkeeping & accounting, also financial literacy, leadership skills & values, good governance and risk & delinquency management, which were all rated very important or important. They were somewhat less interested in member microenterprise development, product development & marketing and network relations. Transformation into regulated MFIs was rated by 5 as very important and by 2 (out of 8) as important.

Overall there is a pronounced tendency of rating the topics listed as either very important or important. We may take this as an indication that the list has met with approval by the management and advisory committee members and may serve as a basis for curriculum development.

There is a pronounced feeling of insufficient training offers. Financial management and credit & delinquency management appear as priority areas; advisory committees seem to go largely without training: obviously the biggest gap. In detail, management committee members reported a total of 13 trainings received: 5 by LWU, 4 by EDC, 1 by an NSO manager and 1 by district staff; topics included accounting (4), budgeting (3), reporting (2), computer knowledge (1) and regulation and village bank basics (2). Only one village reported having received training for advisory committee members: By LWU on village bank regulation. Both management and advisory committee members suggested accounting, MIS and reporting (4+3) and credit and delinquency management (3+3) as priority areas. Management committee members also suggested computer knowledge (3) and village bank management (3) as areas where additional training is needed; advisory committee members also recommended basic training for the advisory committee (2). Improvements suggested include more examples, role play, training at least once a year and wider participation from villages.

### **3.1.3. Clients and members of MFIs and village banks**

Identification of training needs of clients and members of MFIs and village banks was not a priority of this study, but interviews with various stakeholders revealed that financial literacy and member/client microenterprise development are important topics for this target group. However there are more than 430,000 members of village funds/banks, probably more than 80,000 clients of MFIs. Training members of the management committee, network staff, the district administrative committee and MFIs to provide such

<sup>36</sup> However, it should be noted that village banks in Vientiane Capital highlighted high delinquency rates as biggest challenge during the project progress review of the SBFIC project on professionalization of village banks which was undertaken in January 2014.



training (ToT) would be a project on its own and would require substantial resources. However, as recommended in a GIZ study on financial literacy (2012), *'BoL should lead work in Laos to strengthen financial literacy and, in doing so, should work with a range of stakeholders. Financial education should be provided as part of the school curriculum. Financial education curricula, resources and training programmes for teachers will need to be developed. Extra-curricular school programmes should be encouraged. Consideration should be given to incorporating financial education into relevant university and college courses; and to providing financial education to university and college students and staff through other means, for example through talks and debates. Financial education should be provided, or facilitated, by a range of trusted intermediaries, including naibans<sup>37</sup> and other local leaders, the Lao Women's Union, the Lao Youth Union, employers with large workplaces and organisations which promote agriculture. Consideration should be given to the development of a financial literacy website, which could include resources for consumers and for stakeholders.'*<sup>38</sup>

Lao stakeholders, such as EMI/MFC with ALFATOUN NGO, DGRV and GIZ with LIEDC, and EDC with SBFIC have gained some expertise in the field of financial literacy and may be instrumental in furthering this approach.

Microenterprise development services are provided by EDC and LIEDC (Annex 15) and it should be explored whether these services could be further upgraded and/or whether other organizations exist which could provide these to cater for the identified demand.

### 3.1.4. BoL staff

No formal survey was conducted with BoL-FISD, but the Central Bank kindly provided some information on educational background of staff, received and planned trainings as well as perceived training needs to the mission. FISD has presently 51 staff including three General Directors and various newly recruited staff with limited working experience.<sup>39</sup> Moreover, BoL employs four to six staff in each province who are based in the four BoL branch offices (in Champasack, Luang Prabang, Savannakhet and Oudomxay) involved in microfinance supervision and who are expected to require training as well.<sup>40</sup> In the period of 2012-2013, BoL-FISD staff received trainings on the following topics: (i) accounting training for BoL staff (and teachers from BI), (ii) microfinance accounting training for teachers from BI, (iii) audit training for external auditor firms, (iv) English training at Vientiane College, (v) ToT on FINA reporting, (vi) risk management & control (Cambodia) and (vii) workshop on microfinance for regulators (Nadi, Fiji)

For 2014, BoL-FISD (with donor support) plans to organize the following trainings for FISD staff: (i) BoL reporting, (ii) management of SCUs, pawnshops and leasing companies, (iii) monitoring and management on SCUs, (iv) on-site supervision of pawnshops. Moreover, BoL-FISD study tours abroad will cover the following topics: (i) IT Development - how to monitor financial reports from MFIs, pawnshops & leasing companies, (ii) off site analysis of pawnshops and leasing companies, (iii) money transfer: establishment procedures & regulations, (iv) management of SCUs and pawnshops, (v) association of credit unions, (vi) microfinance insurance, (vii) on-site and off-site supervision of DTMFIs and NDTMFIs.

High level BoL-FISD staff and other stakeholders highlight that despite multiple trainings, capacity building needs of BoL-FISD staff are manifold and feel that staff requires more training specifically on accounting, on-site supervision, off-site supervision and English which, however, are not reflected in the training plan for 2014 submitted by the department. Staff face problems applying training content in practice and in particular lack analytical skills. Plans to place a long-term international expert within FISD to support staff

<sup>37</sup> Village chiefs

<sup>38</sup> GIZ-AFP & BoL, 2012. *Strengthening Financial Literacy and Financial Consumer Protection in Lao PDR*, Shaun Mundy, no page.

<sup>39</sup> Two staff have a PhD, (and one is still completing a PhD), six got a Master's degree, seven are still completing their Master's degree and seven graduated from the Banking Institute with a Major in banking. The rest have either a diploma or a bachelor's degree. Staff mainly graduated from business administration, finance, economics, judicial law, business law and English. (Information provided by BoL-FISD)

<sup>40</sup> A training needs analysis of these staff was not provided by BoL.

capacity building and provide TA has so far not been supported by BoL-FISD. It is felt that such an approach would yield best results since it would provide on-going tutoring and coaching to enable staff to put training content into practice. Some stakeholders feel that it would be beneficial for BoL-FISD staff (and not just MFIs) to participate in the MFMCC (see Chapter 4) to increase staff's competence in microfinance fundamentals and MFI business operations.

## 3.2. Areas of capacity building

On the basis of our discussions with stakeholders, the results of the questionnaire survey as well as existing training materials adapted to the Lao microfinance sector, we present below areas of capacity building by target group and a tentative quantified estimate of demand for education and training in microfinance covering the formal as well as semi-formal sector.

### 3.2.1. The formal sector of microfinance institutions

Table 2 below summarizes suggested key training areas for various positions held in MFIs as well as for BoL staff. Due to identified time limitations of employed staff for training and based on their suggestions, module-based courses are recommended which can be spread over a four to six months period (or even longer if required) with each module taking up to a maximum of five days. Ideally in-house training/mentoring should be provided post-training to complement acquired knowledge/expertise and ensure knowledge transfer into practice.

Training needs of managers are most urgent and need to be addressed first. Key suggested areas of CB relate to training contents as already outlined for the planned MFMCC<sup>41</sup> (see Chapter 4). Course modules for the other positions held in the organization can be adapted on the basis of MFMCC core modules, once developed and in place and refined over time. Other courses/topics will have to be newly designed with the support of below identified TSPs (Chapter 4).

Although BoL would require some regulator specific training topics (see below), it is still suggested that BoL staff receive 'holistic training' similar to the one for MFI managers to increase general understanding of microfinance business operations.

Table 2: Training topics suggested for various positions held in MFIs

Ref	Topic	Board	Managers	LOs	Accountants	BoL-Staff	Based on/ adapted
1	Leadership Skills & Values		x	(Senior LO)		x	MFMCC**
2	Good Governance	x	(x)				MFMCC LV***
3	Management Skills	x	x	(Senior LO)	(Senior A)		MFMCC
4	Business Planning		(x)			x	MFMCC LV
5	Human Resource Management		x	(Senior LO)		x	MFMCC
6	Customer Relations			x			
7	Customer Business Development			x			
8	Product Development		x	x			MFMCC
9	Marketing			x			
10	Management Information System		x	x	x	x	MFMCC
11	Bookkeeping/Accounting		x	x	x	x	MFMCC
12	Auditing	x		x	x	x	
13	Internal Control	x	x	x	x	x	MFMCC
14	Financial Analysis	x	x	x	x	x	MFMCC
15	Savings Mobilization		(x)	x			MFMCC LV

<sup>41</sup> also see Annexes 22 & 23 for more details

Ref	Topic	Board	Managers	LOs	Accountants	BoL-Staff	Based on/ adapted
16	Loan Appraisal		x	x			MF MCC
17	Credit Management		x	x	x	x	MF MCC
18	Risk & Delinquency Management	x	x	x	x	x	MF MCC
19	Regulation & Compliance		x			x	MF MCC
20	Fundamentals in microfinance		(x)	x	x	x	MF MCC LV
21	Basic financial literacy for new staff*	(x)	(x)	(x)	(x)	(x)	
22	Financial literacy for customers	(x)	(x)	(x)	(x)	(x)	
23	On-site supervision					x	
24	Off-site supervision					x	
	<b>Total topics</b>	<b>7 + (2)</b>	<b>12 + (6)</b>	<b>14 +(2)+(3 SLO)</b>	<b>8+(2)+(1SA)</b>	<b>14 (+2)</b>	
	<b>Suggested Training Duration (# of days)</b>	<b>min. 10</b>	<b>min. 20</b>	<b>min. 20</b>	<b>min. 20</b>	<b>min. 20</b>	

x = essential topics; (x) = additional topics

(Senior LO) = topics for senior loan officers only

(Senior A) = topics for senior accountants only

\* includes basic mathematics, money management skills & financial literacy (in response to identified low education level in Lao PDR)

\*\* Microfinance management certificate course short version

\*\*\* Microfinance management certificate course long version

In addition to the above, an immersion course (soft skills) is recommended for any/new staff in the organization on team building, analytical and problem-solving, conflict resolution, good communication, critical thinking, decision-making and attitude development skills (5 days).

As outlined earlier (Chapter 1) the formal microfinance sector is much smaller than the semi-formal sector, also in terms of total numbers of staff. MFI staff varies from three (small MFIs) up to 73.<sup>42</sup> Based on statistical data provided by MFA,<sup>43</sup> the approximate number of total staff working in the formal microfinance sector by business model can be estimated (see Table 3 below) to amount to approximately 945 staff (for 12 DTMFIs, 27 NDTMFIs (including 5 NSOs), 21 SCUs), plus board members (300), totaling 1,245.

**Table 3: Estimated demand for capacity building by MFI business model:**

	DTMFI	NDTMFI*	SCUs	Totals
Number of MFIs	12	27	21	60
Avg number of staff	35	14	7	
Number of BoD	60	135	105	300
<b>Total Staff incl. BoD</b>	<b>480</b>	<b>513</b>	<b>252</b>	<b>1,245</b>

\* includes 5 NSOs

Based on these we can derive approximate numbers for the different MFI positions (micro level), and add the number of BoL-FISD staff and BoL staff in provinces involved in MFI supervision (macro level), as well as for trainers and resource persons<sup>44</sup> (meso-level) who are required to cater for training demand on micro and macro-level (Table 4):

<sup>42</sup> MFA, 2013. *MFI Performance Monitoring Data* (Status December 2012)

<sup>43</sup> MFA, 2013. *MFI Performance Benchmarking* (Status December 2012)

<sup>44</sup> A pool of approximately 45 trainers (specialized in different training topics) will be needed to effectively cater for the identified training demand. It is recommended that for each (key) training topic (22, see Table 2 above) there is a minimum of two trainers.

Table 4: **Estimated demand for capacity building at micro, meso & macro level**

Target Groups		#
<b>1. MFIs</b>	a) Board Members	300
	b) Manager	120
	c) Loan Officers	660
	d) Accountants	90
	e) Others	75
<b>2. TSPs</b>	a) Trainers & Resource Persons	45
<b>3. BoL</b>	a) FIRD staff	51
	b) BoL staff in province supervising MFIs*	85
<b>Total</b>		<b>1,426</b>

\* 4-6 staff on average/province for supervision of MFIs

### 3.2.2. The semi-formal sector of village banks

Demand for capacity building, or training needs, of village banks/funds has been explored at least since around 1998. This has resulted in a number of training manuals reflecting that demand (Annex 16). LWU, a mass organization with staff at all levels down to every village, has consolidated its findings in rules & regulations for savings groups/village banks and their networks which may serve as a foundation for defining training needs and contents of the main target groups. The regulations (revised as of 2011) are attached (Annex 17) together with a concise summary including recommendations for revisions (Annex 18).<sup>45</sup> The training manuals and the regulation have guided us in designing an interview study of training needs of village banks. On the basis of our discussions with stakeholders we present below suggested areas of capacity building by target group at national, district and village level and a tentatively quantified estimate of demand.

#### 1. National level

- Stakeholder management/staff:  
Comprehensive course on: Principles of MF, regional experience in VB promotion, fundamentals/rules & regulations of VB in Laos, savings mobilization & fund management, self-reliance & sustainability, credit & delinquency management, monitoring and supervision, VB networks and NSOs, transformation of revolving funds into VBs and VBs into MFIs; field visits; exposure training of 2-3 key staff abroad (*see below*); policy dialog
- National network management:  
Advanced comprehensive course (e.g. by MFA) for staff with MF/VB experience; special training in regulation & supervision, monitoring & evaluation, accounting & auditing, IT & MIS, training management, transformation of VBs, regional experience in VB networking/ exposure training (eg, Indonesia/Bali: LPDs; Philippines: CARD; Vietnam: PCFs)
- National master trainers:  
Advanced comprehensive course; special training in savings mobilization, loan appraisal, credit & cash flow management, arrears prevention & delinquency management, transformation, field exposure/immersion training in VBs, ToT methodology

<sup>45</sup> To the summary we have added a discussion of issues and recommendations to better adjust the regulation to the prevailing situation in the respective villages, to be approved annually by the general meeting of members. The recommendations pertain to adjustments of fees, restrictions of deposit and loan amounts, interest rates and loan terms as well as the potential role of male committee members.

## 2. District level

- District administration committee:  
Abridged comprehensive course; special training in coordination of promoters, self-reliance & sustainability of VBs, arrears prevention & delinquency management, monitoring & reporting, auditing & supervision, risk & fraud management, VB network development, good governance of VBs and networks, management of VB capacity building, transformation of VFs/VBs
- Network staff and network committee members:  
Abridged comprehensive course; special training in network development and management, services & member relations, savings mobilization & fund management, loan appraisal & credit management, arrears prevention & delinquency management, monitoring & reporting, dividend management, good governance of VBs and networks, transformation of VBs; financial literacy training, microenterprise development
- Trainers:  
Comprehensive course; special training in leadership skills & values, good governance; savings and credit management, pricing, bookkeeping & accounting, MIS & reporting; field exposure/immersion in VBs; ToT methodology, training methods for committee members in financial literacy, microenterprise development

## 3. Village level

- Management committee members:  
Awareness raising, leadership & values, establishment procedures, meetings and elections, member relations, VB management, pricing & interest rates, savings mobilization and fund management, loan & cash flow appraisal, credit & collateral management, arrears prevention and delinquency management, internal control, bookkeeping & MIS, dividend management, monitoring & reporting, network relations, financial literacy, microenterprise development
- Advisory committee members:  
Basics of training course for management committee members; leadership, good governance & the role of the advisory committee; arrears & fraud prevention, delinquency management, auditing and supervision; network and district administrative committee relations
- *Optional:* Specialized staff in large VBs for credit and delinquency management  
Accounting and auditing, pricing & interest rates, loan, collateral & cash flow appraisal, credit & delinquency management, loan recovery action

Table 5: **Estimated demand for capacity building of semi-formal sector by selected promoting agencies**<sup>46</sup>

<b>Outreach *)</b>	LWU	GIZ **)	LCSDPA	Others?	<b>Total VB sector: LWU (or other)?</b>
Provinces	17	6	5		<b>17</b>
Districts	119	36	23		<b>144</b>
VBs	2,391	500	230		<b>4,434</b>
<b>National level:</b>					
National network staff	4	4			<b>8</b>
National master trainers	8	?	4		<b>20</b>
<b>District level:</b>					
District trainers	357	108	23		<b>432</b>
District admin. committees	119	36	23		<b>144</b>
Networks **)	30	10	10		<b>50</b>
<b>Village level:</b>					
Management committees	2,391	500	230		<b>4,434</b>
Advisory committees	2,391	500	230		<b>4,434</b>

\*) Outreach to provinces and districts by promoting agencies overlap.

\*\*) Assuming an expansion.

### 3.3. Conclusions and recommendations

#### 3.3.1. The formal microfinance sector

- As a pre-condition for effective capacity building, microfinance organizations have to place more importance on the staff/trainee selection process (interview/recruitment procedures) to ensure that future staff has the required attitude and potential. Instill cultural values of the organization such as honesty, commitment, transparency, respect, legal compliance and ensure that staff has a clear job description in place which both parties adhere to.<sup>47</sup>
- Any training is only effective if MFIs ensure that new expertise and knowledge is shared within the organization and passed on to others (i.e. nurturing a culture of good knowledge management and knowledge transfer).
- MFI staff (see survey results) are not always aware of their training needs and thus cannot always voice them clearly. This is particularly the case with young MFIs who still have very low capacity and limited staff who fulfill various staff functions at the same time (lack of clear job description).
- Results from the trainings need survey indicate that MFI staff is generally satisfied with the training quality of private TSPs (although they provide various suggestions for improvements at the same time),<sup>48</sup> but strongly request training to be provided more regularly (quantity). Although all requested training topics are provided by private TSP,<sup>49</sup> training does not sufficiently address capacity building needs of MFIs boards, management and staff (training gap). A main reason for the limitations in training provision (supply) is the fact that training is very costly and in particular young MFIs (who would require it most urgently) cannot afford to pay for it. As a consequence

<sup>46</sup> Please also refer to Annex 29 (Assumptions & Notes) for more information/details.

<sup>47</sup> ACLEDA Bank Laos is a role model for the sector in this regard. It can be considered the biggest CB success story in the sector and MFIs should learn from the approach. Even the best training provided will not be fruitful if the trainee lacks the willingness to be trained and progress.

<sup>48</sup> However, Laotians have a tendency to provide positive feedback in training evaluations even if the training did not reach the expectations of the trainee. Therefore these results should not make us believe that there is no room for training improvements.

<sup>49</sup> See Annex 15 for more details of training providers and training content.



private TSPs have limited interest to provide these trainings unless a donor is supporting the costs.

- The majority of trainees request more practical, hands-on training, ideally with the possibility of post-training on-the-job mentoring (or internships/exposure visits) to bring about behavioral change and have an impact on organizational performance. External funding needs to be provided for these activities since MFIs cannot afford them. In-house training<sup>50</sup> has also yielded good results, but is not available to most MFIs due to their small size. One option to reduce the high costs of this approach would be to organize mentoring in small groups (rather than *one-on-one*) with selected MFIs. This approach would also stimulate exposure and knowledge transfer/exchange among MFIs.
- MFIs demand training, which is short-term (ideally not exceeding five days or exceptionally up to 10 days) which speaks in favor of a module-based training (as also reflected in MFMCC). Training groups should not exceed 20 trainees and there is a pronounced feeling that training should also be provided regionally (not just in Vientiane).
- Addressing the generally low educational level in Laos is key when designing training content. Training materials have to be further refined to address this since trainees complain about information overload. Content needs to be focused on core statements (*'less is more'*) and complex terminology should be avoided. Use of games, role plays, quiz, case studies, practical exercises are all key elements of appropriate adult learning approaches/methods. EDC is a good example of a TSP who has successfully managed to do exactly this.
- Most capacity building issues in MFIs are related to weak management skills. Any strategy needs to address the lack of management capacity first. Therefore we recommend the implementation of planned MFMCC for managers without further delay (see Chapter 4).
- We also recommend the immediate placement of an international long-term advisor placed and based in BoL-FISD to provide much needed mentoring and TA support. In addition, BoL should consider participation of young FISD staff in MFMCC to address training needs in microfinance.
- A one-week introductory course would be advisable for any MFI staff, addressing a generally identified lack of basic financial mathematics, analytical and problem-solving skills of graduates and staff in MFIs related to the low educational level in Lao PDR.

### 3.3.2. The semi-formal microfinance sector

- LWU has produced seminal training manuals, trained trainers and built the capacity of village bank and network committees. However, with the exception of a new project with SBFIC for the professionalization of village banks in two districts of Vientiane Capital, all other support has expired, reducing its role to reporting.
- LCSDPA, a spin-off of LWU and partner of the ILO village banking project until 2008, promotes 230 village banks in 23 districts, but has no funding for expansion.
- Only GIZ, with additional support from AusAID, is expanding the outreach of its NSOs to around 500 village banks in 36 districts. As a possible exit strategy, the establishment of a national network support organization (NNSO) is under consideration.
- Numerous government agencies provide resources for revolving funds in poor districts, but with little concern for performance.
- Efforts are being made by the existing networks to oversee the village banks; but their capacity and outreach are limited.
- Overall there is a widespread lack of qualified capacity building at all levels of the semiformal financial sector, most crucially for village bank committee members.
- This has resulted in a widespread lack of professionalism among village banks, in a threat to the safety of member deposits and in wide variation in financial performance and earnings.

<sup>50</sup> See e.g. ACLEDA, EMI, WFDF.

#### 4. Supply of Microfinance Education and Training in Lao PDR

This chapter provides an overview of existing supply of training measures and related services available for the microfinance sector. They are grouped as follows: (i) Private training & consultancy service providers (MFC, TACDO, EBIT, EDC, freelance MF experts & resource persons), (ii) public & private education institutions (colleges, BI, LIEDC), (iii) association (MFA, LCSDPA), (iv) mass organizations and government agencies (LWU, NERI), (v) bi- and multilateral donor agencies/projects (GIZ, UNCDF), (vi) INGOs (SBFIC, CARD MRI, DGRV)<sup>51</sup> and (vii) training manuals/distance learning course.

For MFIs, the majority of capacity building is presently provided by a handful of private training & consultancy service providers and freelance microfinance experts/consultants in the form of short-term training courses and mentoring services. Village banks on the other hand, have many promoters,<sup>52</sup> but there are no specialized training institutions, and there is no comprehensive survey of training services for village banks. What is missing is an analysis of training and other promotional activities at district level to which responsibility has been devolved.

##### 4.1. Private training & consultancy service providers

All of the service providers listed in this section provide training as well as consultancy services with a more or less pronounced focus on microfinance. Some of them have expertise in working with clients from the formal as well as semi-formal microfinance sector (see Annex 15 for more details).

Moreover, there are a large number of other private consultancy service providers in Laos that provide management, accounting and other consulting and training services that may be relevant to the needs of the microfinance sector and which should be further explored, 19 of these firms are members of the 'Lao Consulting Companies Association'.<sup>53</sup>

##### 4.1.1. MFC

MFC received its license in 2004 from BoL allowing the center to deliver microfinance training courses and consultancy services. It has since developed into one (if not *the*) most important provider of microfinance training & consultancy services in the Lao PDR for the regulated sector. MFC is perceived as the only meso-level institution specialized in microfinance and enjoys a high reputation among microfinance stakeholders. However, existing training capacities are still limited in terms of number of qualified trainers (3) and their practical microfinance experience.

MFC, who is a partner of CARD-MRI, offers short training courses for microfinance practitioners in the following key areas: Savings mobilization, loan validation techniques and procedures, client recruitment strategies, credit & delinquency management, accounting, branch expansion procedures, product development, finance & administration, marketing strategies, regulation/compliance, internal control/audit, MFI management, good governance, leadership, business planning and HR management and MIS. MFC is also the only authorized supplier of MBWin (in Lao language); other computer programs for MFI management in Lao language do presently not exist in the country.

The training center has introduced new training products in 2013, such as a modular training course for future branch managers,<sup>54</sup> which is based on the course content of the planned MFMCC (see below), and an upscale training for managers<sup>55</sup> as well as a 10 days training immersion course for any new staff in an

<sup>51</sup> Additional information is available in GIZ, Bank of Lao PDR & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, pp. 8-14.

<sup>52</sup> Ibid., Annex 3, pp. 89-93.

<sup>53</sup> [www.laoconsultants.com](http://www.laoconsultants.com)

<sup>54</sup> The course comprises the following modules (two days/module): 1. leadership, 2. accounting, 3. credit & delinquency management, 4. HR management, 5. branch operations, 6. business planning. After each training the staff goes back to the MFI for a month to apply the training content.

<sup>55</sup> which includes a two days training each of the following topics over a period of six months: leadership, accounting for managers, general framework, HR, refresher credit & delinquency management, key financial ratios, business plan.



MFI, which was created with technical support from their partner CARD-MRI with the objective to improve staff selection and retention.<sup>56</sup>

With the support of SBFIC, UNCDF / MicroLead and CARD-MRI, MFC has been in the process of setting up SEAIM since 2012 to strengthen its training capacity. It was foreseen that all microfinance related trainings would be conducted by SEAIM while MFC would concentrate on microfinance consultancy services and MBWin. Main shareholder of SEAIM would be MFC (45%). However, due to new investment law requirements in Lao PDR, these plans are currently on hold until further notice. MFC plans to register with MOES as a training institute since the license would provide additional credibility as a TSP.

MFC has indicated plans to develop a low-cost training program for village banks and promoters, adapting its experience with MFIs; this is the only private training institution we met which has expressed such an interest. The training would tentatively comprise two packages: induction training for new, and up-scaling training for existing, staff or committee members. Main topics for village banks as indicated by MFC would comprise MIS (incl. bookkeeping, accounting, reporting, computerization), credit & delinquency management, management, governance, auditing and internal control, monitoring and supervision, resource mobilization and profit allocation. Main topics for promoters would include system development and MIS; self-reliance, self-management and self-governance; transformation of revolving funds into village banks, and village banks into SCUs; and networking/federating. MFC is also assessing the possibility of introducing a MBWin Light version (see Annex 19) for village banks in Lao PDR.

#### 4.1.2. TACDO<sup>57</sup>

TACDO was established in 2001. The primary objective is to build capacity and strengthen the organizations of its clients (i.e. banks, MFIs, NGOs, project staff and government employees). The organization employs 14 full-time staff of which three are microfinance experts. Training fees are around USD 50 per participant per day, too high for most MFIs.

TACDO has provided various trainings over the last two years on leadership skills, credit and delinquency management, product marketing, savings mobilization, customer services, internal control and audit, strategic and business planning and enjoys a good reputation for its microfinance specific training courses. The organization also has some experience of training provision to the semi-formal sector (village fund program establishment and management), which appears to be underutilized. TACDO is one of the few organizations, which provide fee-based consultancy and coaching services to those institutions sending their staff for training to facilitate better application in practice; service, which is in high demand by MFIs if they could pay for it.

#### 4.1.3. EBIT<sup>58</sup>

EBIT, an independent Lao consulting company, was established in 2008 by a group of local professionals specialized in accounting and auditing, which are also EBIT's focal areas. Other services are research on social-economic analysis, financial analysis, business planning, project management and services around information and communication technology. The Director of EBIT, Mr. Kongpasa Sengsourivong, obtained the certificate of the Microfinance ToT Blended Learning Course 2007 based on the UNCDF microfinance distance-learning program.

---

Assignments have to be submitted and presented within 2 weeks after completion of each module and participants have to sit a written final exam/quiz. Real case studies play an important role in this course as well as the use of audio and video tools.

<sup>56</sup> The course starts with a five days placement of the trainee in the MFI, i.e. EMI (camp) where they are 'immersed' to the MFI corporate culture with an emphasis on team aspects. Afterwards the trainee receives a five days theoretical training by using a resource person from EMI to ensure it is very practical and hands on. EMI staff shadows them when they go out in the field ('each one, teach one') and assesses trainees during that period. The course closes with a final test and interview based on which the MFI decides whether the candidate should be employed in the organization or not. Since the introduction of this course in EMI, staff turnover has improved considerably.

<sup>57</sup> [www.tacdocenter.com](http://www.tacdocenter.com)

<sup>58</sup> [www.ebitconsultancy.com](http://www.ebitconsultancy.com) (not updated with information since 2010)

Consultancy is the core business of EBIT and it has provided consultancies/TA to village credit funds under Nam Theun 2 Power Company, MMG LXML Sepon Gold & Copper Project and others in establishment, governance and accounting as well as transformation of village funds. In the past EBIT also delivered various trainings to BoL and MFIs/SCUs (i.e. financial analysis, on-site/off-site Inspection and accounting of MFIs and SCUs) supported by donor projects (i.e. ADB, GIZ), but has been less involved in training provision to the formal sector in the last two years.

However, EBIT's services are expensive. The director's expertise in capacity development of semi-formal as well as formal microfinance organizations in the Lao PDR could be utilized to a wider extent in the future.

#### **4.1.4. EDC<sup>59</sup>**

EDC started in 1996 with an SME development project of GTZ and CEFE training and provides business and management training and consulting services in Lao PDR mainly in business start up/entrepreneurship, leadership, HR management, marketing and project cycle management. Recently, with funding from SBFIC Village Bank Support Project, EDC provided ToT on financial literacy (i.e. budgeting) to LWU staff and VF management committee members. The organization is not focused on micro-finance and offers no direct training for village banks, but has an excellent record in leadership and small business training as well as in the provision of appropriate/adapted training methods.<sup>60</sup> This potential may be utilized for high-level training of trainers at national level for the semi-formal sector as well as for the regulated sector in the provision of more generic training topics such as business planning, management skills, HR management and marketing. The organization has 7 full-time and 20 part-time trainers and recruits trainers from projects, government organizations and the private sector. EDC also conducts post-training assessments of trainees and works with trainee supervisors to observe and assess behavioral changes post training (follow up support) which could be useful for the sector. Consultant fees are costly (250\$/day). Also, EDC acquired some knowledge on educational needs of the microfinance sector by conducting a survey for Lux Development and BoL on 'Bank Education & the Training Market,' which also included MFIs.<sup>61</sup>

#### **4.1.5. Freelance Microfinance Experts and Resource Persons**

Apart from the above training and consultancy services, a small number of national microfinance experts exist, most of which have acquired their expertise either through years of project work or as a microfinance practitioner. They provide trainings as well as mentoring services and include among others Vahnsy Chindavong, Keolap Songsamayvong, Daovanh Sotouky and Somchit Douangmixay.<sup>62</sup> It is worth exploring whether other lead managers of MFIs with established expertise would be willing to more actively engage in capacity building for the sector since some good examples exist (e.g. EMI DTMFI, Oudomxay Development NDTMFI, Sanhai Samphanh DTMFI). If provided with ToT they could deliver the technical know-how and practical expertise, which most 'trainers' seem to lack.

### **4.2. Public & Private Education Institutions**

There are several public education institutions in Lao PDR, notably (1) BI, (2) NUoL, (3) Dongkhamsang Finance Institute, and (4) Pakpasak Technical College. They all have a long history as government leading education institutions producing human resources for the labor market in different fields: banking (BI), finance (Dongkhamsang), accounting (Pakpasak in addition to other technical trades), and in economics and business administration (NUoL- Economic and Business Administration Faculty in addition

---

<sup>59</sup> [www.edclaos.net](http://www.edclaos.net)

<sup>60</sup> The organization focuses on adult learning with limited presentations/theory and participatory methods using a lot of group work, role plays/quiz/game shows, competitions and practical exercises. Clients of EDC praise their training method and the high professionalism of the organization.

<sup>61</sup> Lux Development & BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise & Development Consultants (EDC)

<sup>62</sup> MFA keeps a list of trainers and resource persons. It is recommended to update it regularly.

to many other fields). Moreover, the Economic and Business Administration Faculty of NUoL introduced banking and finance as an additional program.<sup>63</sup>

Apart from above, another 11 private and public education institutions (see Annex 20)<sup>64</sup> were identified (although the total number of organizations will be higher), with varying records of success and educational quality. Most of the private education institutions started by offering English, IT and Business Administration; this was to respond to the demand of increased business enterprises in Laos during the last two decades. Banking and finance has been introduced in recent years.

Most of the education institutions, are offering evening-classes in addition to day-classes; and some institutions also offer week-end classes. These extra classes are to absorb students who are employees most of whom undertake „upgrading programs“. It was beyond the possibility of the mission team to compile a complete list of institutions presently working in Lao PDR, but it is believed that the total number would exceed 30 institutions. Please find below those, which were identified to deserve special mentioning in the framework of this study since it is believed that a certain percentage of MFI staff in the regulated sector are and will be graduates from this educational segment.<sup>65</sup>

#### **4.2.1. Banking Institute - Bachelor/Higher Diploma in Microfinance**

BI is a public education institution and was established in 1979 as a training center for banks.<sup>66</sup> In 2001 it became a college and, since 2005 is the Banking Institute. It offers diploma, master and bachelor programs in banking and finance. Moreover, it also offers short-term courses on specific banking topics. The institute has six faculties, employs 113 staff of which 71 are teachers and maintains more than 80 classrooms of its campus in Vientiane with a total of 4,800 students and 1,200 graduates in 2013.

With the support of UNCDF-MAFIPP BI was asked in 2011 by BoL to support the development of a ‘Bachelor’s’ degree program in microfinance with the objective to provide formal microfinance education for future bank and MFI staff. The target group would be graduates of diploma courses in banking and finance (or other faculties) who wish to specialize in microfinance. It is expected that most graduates would be employed by banks and a small percentage also by formal MFIs.<sup>67</sup>

UNCDF-MAFIPP designed the course curriculum, which consists of 10 core course modules: a) fundamentals of microfinance, b) understanding the client and market, c) methodologies, d) MIS for MFIs, e) credit management, f) financial management, g) delinquency control, h) institutional management, i) risk management, j) government policy and external relations.<sup>68</sup>

However, in 2013 the MoES reformed the educational system and due to identified low academic standards of various institutions, only NUoL is now allowed to offer and administer BAs. As a consequence, BI was required to adjust the BA course to a ‘Higher Diploma’ course, which mainly required shortening the time allocations for the various topics but not the content as such. BI states that the curriculum has already been finalized and approved by MoES and plans to launch the course in October 2014.

The mission team was not able to review the final curriculum content since it is presently only available in Lao language<sup>69</sup> and BI was not in a position to share the documents yet. UNCDF-MAFIPP project staff informed the mission that there are now 15 core modules, which still require review by two international

---

<sup>63</sup> The mission only visited BI.

<sup>64</sup> The list in Annex 20 was updated based on the findings of this report: Lux Development & BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise & Development Consultants (EDC), Annex 2

<sup>65</sup> For more details refer to: Lux Development & BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise & Development Consultants (EDC),

<sup>66</sup> Although today most students are not Bank employees.

<sup>67</sup> However, it should be noted that most graduates prefer to work for a ‘real’ bank and not for an MFI since it is considered more prestigious.

<sup>68</sup> For more details: UNCDF & BoL, 2011. *Design & Launch of a Bachelor’s Degree in Microfinance*, Robert Cater

<sup>69</sup> but an English translation is under way

short-term experts planned to take place in early 2014. BI also mentioned that MoES might upgrade the course into a Bachelor course in the medium term provided that BI fulfills the high academic requirements of such a course.

It is unclear how much funding will be available to support the successful introduction of the course since this is presently still being discussed with BoL and UNCDF-MAFIPP. The Central Bank-FISD states that it pursues a step-by-step approach in establishing this course at BI and seemed doubtful that BI can provide expected course quality at this stage although new staff for the course was employed and some training and study tours were provided in 2013 (ToT program conducted by the Institute of Bankers Sri Lanka). BI also receives ongoing support from NUOL. However, various stakeholders (public and private) voiced their concerns that BI could play a more prominent role in capacity building and training provision for the microfinance sector in the future. It seems the biggest concern is the limited microfinance capacity of teaching staff (with a lack of focus on the much demanded practical training relevance) and well as the limited service orientation and risk of bureaucracy of a government institute.

Nevertheless, it is expected that microfinance practitioners would prefer a practice oriented training (like MFMCC), but might possibly be interested in attending short-term evening and/or weekend classes offered by BI on specific topics related to the financial sector. However, a close cooperation and coordination between BI and MFA (MFMCC, see below) is recommended since both courses have similar course contents (Annex 15) and are funded by the same donor (UNCDF-MAFIPP). Lessons learned from the implementation of both courses should be openly shared to adjust the courses accordingly over time and to identify strengths and weaknesses of both courses offered.

#### 4.2.2. LIEDC<sup>70</sup>

LIEDC was established in 2004 as an entrepreneurship training institute under the Department of Higher Education of MoES and supported until 2007 by the Government of India and the Entrepreneurship Development Institute of India. It has a staff of 22: 11 in administration and 11 in entrepreneurship development, comprising three units: training, curriculum development and IT. Since 2006/07 it has established business development services with the Department of SME Promotion of the MoIC and provided entrepreneurship training for young people to start or improve their own business. The program offers 14 subjects,<sup>71</sup> including leadership management for managers, office management, marketing and financial literacy supported by DGRV and GIZ, reaching 5,917 participants in 2011-12 and 1,828 in 2012-13, plus 64 committee members of village banks as trainers. From 2006 to 2014 LIEDC has developed curricula for vocational schools and high school classes 10 and 11, with *Know About Business* (ILO) next to other options. In 2010-12 a CIM marketing expert assisted LIEDC to prepare a strategic plan for 2011-15.<sup>72</sup> With ILO Bangkok, and subsequently with Vientiane Capital Educational Services, LIEDC has also provided ToT in business development for high school teachers in the provinces. LIEDC's services could be further explored to verify whether the organization could provide capacity building to MFIs on leadership & management skills for managers, office management, marketing as well as to clients and members on MFIs and village banks on financial literacy. In particular, their activities related to financial literacy have been highlighted by involved stakeholders to have proven successful. Their experience in vocation training curriculum development could also be beneficial, if a related program was set up for the microfinance sector as well (see Chapter 5).

<sup>70</sup> [http://www.liedc.org/index\\_eng.htm](http://www.liedc.org/index_eng.htm)

<sup>71</sup> [http://www.liedc.org/webpage/program\\_eng.htm](http://www.liedc.org/webpage/program_eng.htm). Overall the website is not well maintained; the latest entry pertains to a course in March 2013.

<sup>72</sup> Covering staff training in entrepreneurship, marketing, project proposal and report writing, annual planning, ToT, survey and questionnaire design, and cooperation with international organizations (DGRV, GIZ, Deutscher Volkshochschulverband, German-Lao Association for Development, World Bank, ILO and International Handicapped Association).

### 4.3. Associations

#### 4.3.1. MFA – MFMCC

The newly licensed MFA (2013)<sup>73</sup> – the microfinance industry representative body - is not a training provider, but a broker of microfinance training. Capacity building is one of the three mandates of the association next to advocacy and knowledge management. In the last three years it organized various short-term trainings together with existing local and/or international TSPs for its members (= regulated MFIs) on: (1) Market research and product development, (2) board governance and (3) credit and delinquency management, (4) internal control (5) social performance management and (6) MICROFACT-MFI financial performance assessment. MFA prepares the tender including the budget and invites interested institutions to submit a proposal, evaluates the proposals and contracts the successful bidder, does the logistical arrangements, ensures quality control and conducts post-training evaluations.

With donor support, the network has increased its local staff to three and one international technical advisor. Despite limited funding and resources, MFA enjoys high recognition and reputation for its activities in microfinance capacity development and BoL sees MFA as a key organization when it comes to capacity building and training provision for the regulated microfinance sector. In 2012, BoL/SBFIC undertook some research to establish a MFMCC<sup>74</sup> for MFI managers to be housed within the association with the goal to provide a systematic approach to microfinance training to improve capacity of MFI staff, which stand-alone training courses failed to provide. The course aims at using a highly participant centered training method including a lot of role-plays, group work and less theory. The outline for course contents for this eight module-based course for MFI managers were developed in two versions: a short version covering 20 total training days (over a period of four months; on average 5 days/month, Annex 22) and a long version of 29 total training days (over a period of six months; on average five days/months, Annex 23).

For cost reasons it was decided to opt for the short version of the course which consists of the following key topics: 1) compliance with regulation & internal control, 2) human resource management and leadership skills, 3) credit and delinquency management, 4) financial management/accounting for managers, 5) MFI management and 6) product development.<sup>75</sup> Funding is now available from UNCDF-MAFIPP and ADA to prepare and deliver of the course;<sup>76</sup> it is recommended that the course is implemented without further delay to address the identified urgent performance weaknesses of MFIs. This will require coordination of and active participation and contribution of main private training service providers in Lao PDR. The first phase of the course implementation will focus on developing the course manuals (1), followed by a training of trainers (2) and implementation of the first pilot course (3). Funding also includes hiring of a national training officer (part-time) for course coordination. In addition, GIZ has allocated funding and started the process of recruiting an international training expert (*Entwicklungshelfer*) to be placed in MFA to support establishment of a capacity building division under the umbrella of the network as well as support MFMCC implementation and quality control; however, final approval of this position by MoHA and BoL is still pending.

MFA management plans to position the association as a quality capacity building provider (MF training broker and MFMCC coordinating organization) to *formal* MFIs in the medium term. This also includes trainings for staff from registered NSOs. Despite being a young association with limited human and financial resources, the network has the required potential to develop into a key CB provider for the microfinance sector. However, it is crucial to highlight that next to CB, MFA needs to equally pursue its two other mandates (advocacy, knowledge management) to support sector development.

---

<sup>73</sup> [www.laomfa.org](http://www.laomfa.org)

<sup>74</sup> SBFIC & MFWG, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong

<sup>75</sup> Ibid.

<sup>76</sup> However, unfortunately the committed funding does not cover costs for coaching of trainers during 1<sup>st</sup> MFMCC delivery as well as coaching of trainees post MFMCC – these activities are considered essential to ensure quality and success of the course and efforts should be undertaken to get funding in place for these important components of the MFMCC as well.



#### 4.3.2. LCSDPA

LCSDPA was established in 2004 (under PMO, now MoHA). Its founder was staff of FIAM from 1997 to 2004 where he acquired the same methodology as LWU. In 2005, after the FIAM project ended, LCSDPA introduced the methodology to ILO/Stone Foundation and the ILO Village Banking Handbook and Ledger, a joint product. LCSDPA, with a staff of 9, is now the only professional provider of the FIAM methodology of self-financed village banks and networks. Since 2009, it works with provincial Social Welfare Departments in four provinces,<sup>77</sup> 22 districts and 113 villages. Using its own income from service fees, it also supports two village banks in Tulakong District of Vientiane Capital. LCSDPA has produced its own, simplified training material: a village bank committee manual (how to set up a village bank) and a bookkeeping and accounting manual.

In 2012, LCSDPA established networks and network centers with management committees in two districts of Bolikhamxay, reporting to LSWD. Services comprise liquidity exchange, technical support, monitoring and reporting, supervision, and delinquency management. Government support for expansion of outreach and staff is pending. With funding support LCSDPA might substantially expand its capacity building and other services for village banks and networks.

#### 4.4. Mass Organizations and Government Agencies

##### 4.4.1. LWU

LWU, since 1997 together with its partners FIAM and CODI (since 2002) has taken a lead as a provider of capacity building and training services. Its training materials have been used by a number of organizations including NERI and ILO with LCSDPA. While LWU's own training materials are in Lao, the village banking handbook and the Ledger Guide published by ILO (2008) are available in both Lao and English. Since 2010, without continued support, LWU's role has been limited to monitoring and reporting, with coverage, albeit sporadic, of the 2,391 village banks in 119 districts on which LWU supposedly reports. Systematic reporting and monitoring as under the previous project until 2010 has practically come to a halt in many districts.

Many LWU staff members have been trained on how to form village banks; but few are left. Presently, LWU has five national trainers; there are also trainers at district level, but no information has been available on their number. The ToT procedure reportedly has been as follows: national level trainers train at least one master trainer per district who in turn provides training to village banks. In the future this may work well in districts directly supported by LWU. But in areas where several government agencies are involved without a clear hierarchy and division of responsibilities, according to LWU this might be more difficult, while efforts are being made by government to confer responsibility of monitoring and coordination to district administrations.

LWU might be an appropriate option for the provision of capacity building to the semi-formal sector on a large scale if so approved by the proposed high-level communication forum (see Chapter 5). This would require reconstituting LWU's capacity, reputation and confidence to build a delivery structure at all levels which LWU possessed during its cooperation with FIAM and CODI. LWU also owns a physical training infrastructure, though to date this has not been systematically used for capacity building of village banks and networks. This infrastructure includes a national training center in Vientiane Capital and resource centers in Luangprabang, Sayaburi, Xiengkhuang and Savannakhet as well as a vocational training center in Champasak (Annex 21).

Since 2008, LWU is supported by SBFIC to set-up and professionalize the WFDF. In addition, since 2012, LWU is supported by SBFIC in the professionalization of village banks and their networks in two districts of Vientiane Capital. 15 LWU staff members are being trained in auditing, internal control, loan appraisal, MIS & reporting and computerization of village banks. Training for village banks focuses on financial literacy and cash flow examination (involving committee members and borrowers). With DGRV modules on savings and credit have been prepared and exchanged. ToT for management committees has been

---

<sup>77</sup> Khammuane, Bolikhamxay, Savannakhet and Champasack

conducted. Training for district and sub-district network staff and committee members includes supervision, MIS and reporting, loan appraisal as well as ToT on financial literacy with EDC. A certification program for 1-2 management committee members as specialized staff is under consideration, presumably to be remunerated, selected by the committee or the general assembly.

#### **4.4.2. NERI**

NERI (under MPI), with support from Concern Worldwide until 2006, has been involved in national surveys as well as training of village banks and stakeholders at district level. Two training manuals were developed (Annex 16). NERI offered 5-day training sessions to groups of 20-25 provincial and district government staff, comprising three modules: (1) How to establish and manage village banks; (2) concept, principles, methodology and strategy for sustainable microfinance; and (3) participatory methods of ToT. Village bank committees were trained one or two at a time.

Of five national trainers three are still with NERI, albeit assigned to other tasks. Surveys were resumed with funding from GIZ in 2009 and 2012, but did not include training. NERI's training activities might be revived; provided both survey and training services as until 2006 might be mutually reinforcing. However, note should be taken that responsibility for village banks has been transferred in 2005 from MPI to LCRDPE/NRDPE at national and the RDO at district level.

### **4.5. Donors Agencies/Projects**

#### **4.5.1. GIZ-AFP**

GIZ-AFP, starting in 1998, has taken a dual approach to capacity building: establishing NSOs to be licensed as MFIs; and strengthening NSOs as promoters, trainers and refinancing institutions of village banks. Its present outreach (2013) covers 326 village banks with 8 NSOs in 21 districts in four provinces (Annex 21). Main target groups of capacity building are 50-70 staff members of GIZ, NSO board members, village bank management and advisory committee members and general members. Main challenges of training 1,500 committee members in six provinces, mostly in remote locations include stability/turnover of participants, quality assurance and retraining.

After a poor performance of village banks, particularly in backward districts, GIZ is now focusing on financial performance, providing training on loan appraisal, credit and delinquency management, internal control, auditing and leadership. In preparation of expansion into new provinces, GIZ is providing introductory training to 30 new staff: an inception week in Vientiane Capital, a week of exposure in the provinces and a week of visiting village banks repeated by batch. Handbooks on strategy and standard operating procedures for NSOs and village banks together with training materials are under preparation; training materials on bookkeeping, credit and delinquency management and ToT exist already. These handbooks will be made available to other promoting institutions. It has also supported LIEDC in providing financial literacy training. GIZ is planning to establish and build the capacity of a national support organization for NSOs and village banks, offering financial services, organizational support, internal control, IT support and training.

Next to these activities, GIZ-AFP also provides capacity building and training to BoL-FISD staff (macro-level) as well as to MFA (meso-level) by allocated funds to recruit an international training expert (*Entwicklungshelfer*) to be placed in MFA to support among others the MFMCC course implementation and quality control, but the approval of this position by MoHA and BoL is still pending (see above).

#### **4.5.2. UNCDF-MAFIPP**

Since June 2010, UNCDF has worked jointly with UNDP to support the BoL in broadening access to markets and economic services. MAFIPP addresses key issues of capacity and infrastructure at the macro, meso and micro level, improving the policy and regulatory environment while strengthening the financial sector infrastructure as well as the capacity of financial service providers. The program comprises 7 interventions, amongst others capacity building support in (i) establishing mobile and branchless banking in Laos with BoL, (ii) a national survey on supply and demand of all financial services

targeting microfinance (MAP diagnostics), (iii) funding support in establishing the (now) Higher Diploma Course at BI and MFMCC at MFA and (iv) establishment of a fund for inclusive finance for the provision of direct TA, TA grants, risk capital grants and loans (3 mn US\$).

Moreover, UNCDF with support from the Bill & Melinda Gates Foundation, provides capacity building through its partner CARD-MRI to four leading microfinance institutions and one service provider in Laos (MicroLead Project, see below for more details). UNCDF (since 2013 also with funding from AusAid-Livelihoods Program) is an important donor of micro-finance capacity building measures in particular for the meso-level in Lao PDR (BI, MFA).

## **4.6. INGOs**

### **4.6.1. SBFIC**

In the framework of a regional program in Cambodia, Laos, Vietnam and Myanmar, the German Savings Banks Foundation for International Cooperation has supported the development of microfinance in Laos since 2008. With funding from BMZ SBFIC's program in Laos comprises four (capacity building) components: (i) the establishment of WFDF of the Lao Women's Union, (ii) the training program of the MFC (MFC/SEAIME) – both in cooperation with CARD MRI (see below) as a technical service provider; (iii) the support to the MFA (international SBFIC advisor, national office manager and other TA) and (iv) since 2012, support to LWU to professionalize village banks in Vientiane Capital (see also 4.4.1.).

### **4.6.2. CARD-MRI<sup>78</sup>**

The Philippine based CARD-MRI has established an international office (CARD Inc.) in Laos in 2009. CARD Inc. started its activities in the country in partnership with SBFIC by providing capacity building support to three institutions (MFC, EMI and WFDF). Since 2011, CARD Inc. is implementing the UNCDF MicroLead Project (see above) with 9 long-term experts and six local staff to provide technical assistance/coaching, hand-on trainings and workshops to now five local institutions (including different types of MFIs/SCUs and MFC) until 2017.

CARD's partnership with SBFIC and MFC under the project "Microfinance Network in the former Indochina Region and Myanmar" is still on-going; however, the registration of the planned spin-off MFC training center into SEAIME is currently put on hold due to the capitalization requirements for foreign investors at the MoIC (also see 4.1.1.).

CARD successfully registered as INGO in the Laos PDR<sup>79</sup> in 2013 and sees its future role not as a training institute but as a capacity building and TA provider in the Lao PDR. With its long term experts in Laos it plans to continue to assist the stakeholders of the Laos MF industry to further improve in terms of client outreach, products and services, capacity of the local practitioners, government recognition and available resources. This will be gradually done by (i) providing TA, training, resource accessing and research engagements, (ii) developing the capability of international office staff, (iii) innovating and updating the current capacity building services being offered to the local partners and (iv) working with and maintaining relationship with the international partners and donors who are also supporting the Laos MF industry. Further plans of the CARD INGO are to provide wholesale financing and agri-microfinance.

CARD has acquired a wealth of local expertise in Lao PDR (in particular in coaching and mentoring of MFI staff) which has been adapted to the needs of the sector over time and which is well recognized by different stakeholders including BoL. The Central Bank appreciates and supports CARD's increasing role in capacity building, also with a view of ASEAN integration and the organization has certainly potential to further expand its services in Lao PDR.

---

<sup>78</sup> CARD MRI Rural Bank & NGO (Philippines), [www.cardbankph.com/](http://www.cardbankph.com/).

<sup>79</sup> One of the INGO registration requirements is to partner with BoL.



#### 4.6.3. DGRV

DGRV, in partnership with DPI, has supported the establishment and capacity of a VBSC for 50 village banks, to which the service center provides training, in Champhone District, Savannakhet Province. The VBSC is financed by shares of village banks, service fees and income from financial services, mainly liquidity exchange; there is no capital injection. DGRV together with LIEDC arranged training on financial literacy for VBSC staff which was well received; it has also developed training modules on savings mobilization and credit which have been exchanged with other donors.

#### 4.7. Training manuals/distance learning course

Various **training packages** are available for the *formal* microfinance sector, many of which are based on materials by Microsave and CGAP and adapted to the Lao microfinance industry. Relevant materials are available on the MFA website ([www.laomfa.org](http://www.laomfa.org)) and library in English and Lao language; they cover topics such as (1) business planning (2) credit and delinquency management, (3) HR management, (4) social performance management, (5) accounting, (6) MIS/MBWin, (7) board governance, (8) product development, (9) internal control & audit. They were developed by various sources (ADB-Catalyzing Microfinance for the Poor Project, CARD-MRI, MFC, TACDO, etc.) and some parts have provided guidance in developing the outline for the long and short course of MFMCC (Annexes 22 & 23).

A list of training manuals for the *semi-formal* sector, all in Lao and all of related origin, are attached including a list of contents (Annex 16): by the Committee for Planning and Investment, NERI, NERI/MCB<sup>80</sup> and LWU, which may be accessed at the MFA office. A useful source in English is the Village Banking Handbook of ILO (2008), prepared in cooperation with LCSDPA which has also prepared a simplified version in Lao (see 4.3.2).

The UNCDF microfinance **distance learning course** is freely available on the internet, but the course material for microfinance practitioners has not been updated since 2002.<sup>81</sup> In November 2013, the Asian Development Bank Institute, China Development Bank and Tokyo Development Learning Center completed the 9<sup>th</sup> Microfinance Training of Trainer Course with 400 graduates from 46 countries. This is a 15-weeks part-time distance learning course build on the UNCDF package but offering also on-line mentoring and video-conferences. Under this program course materials were translated in 2007 in Lao language, too. It was only offered once in 2008 to Lao participants as it appears that not enough Lao speaking mentors support the program preventing higher numbers of participants since it is time-consuming and not well paid for.<sup>82</sup> Interviewed mentors on the program stated that the dropout rate of Lao participants was very high. It remains doubtful whether a program based almost entirely on e-learning and distance learning elements provides the right learning methods for the Lao context unless sufficient mentoring support is provided.<sup>83</sup>

#### 4.8. Conclusions and recommendations

##### 4.8.1. The formal microfinance sector

- A small pool of training, consultancy and TA service providers (MFC, TACDO, EBIT, CARD-MRI, EDC, LIEDC) exist in country, some of which have a promising track record of successful training provision on the majority of identified training topics (see Chapter 3), but there is an acute undersupply of training/trainers/resource persons (quantity) to sufficiently address identified training needs (see Chapter 4).
- Engaging trainers from existing training institutes and business colleges to provide training in more general business aspects which are also an essential part of the microfinance business is recommended since these do not have to be provided by a trainer specialized in microfinance (i.e.

<sup>80</sup> Microfinance Capacity Building Research Project, supported by Concern Worldwide

<sup>81</sup> For more information see: [www.jointokyo.org](http://www.jointokyo.org) (The course material however has not been updated since 2002.)

<sup>82</sup> A mentor gets paid USD 1,500 per course and additional payment of USD 50 per participant with an average # of 15-29 participants per mentor.

<sup>83</sup> SBFIC & MFWG, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong

topics such as marketing, leadership, management skills, accounting). E.g. EDC and LIEDC should be more actively involved in training provision for the sector (on topics such as financial literacy, ToT, leadership training, group formation, HR management, business development services, etc.) since they are capable of providing adapted training with appropriate adult learning methods.

- Moreover, key leaders/managers from regulated microfinance organizations should be used as resource persons to further increase the pool of trainers and address the identified lack of practical relevance of trainings. Lists of public and private training and education institutions have been prepared for this study (including courses offered, see Annexes 15 & 20), which should be used as a basis for a more detailed mapping of existing service providers and resource persons.
- Training service providers/trainers require substantial additional capacity building to improve method and content of training (TOT) including the capability of increasing their repertoire of training content/topics offered with relevance to the Lao MF sector (quality of training).
- Bringing in international trainers and expertise has yielded mixed results in the past mainly due to the lack of local knowledge and communication barriers. Capacity building approaches, which engaged international experts to train local trainers (TOT of content and training method), who subsequently delivered the training, have yielded better results (e.g. ADB 'Catalyzing Microfinance for the Poor Project'), but are costly. Still it is considered to be the favorable approach in the Lao context. To reduce costs and address language issues the use of qualified and reputed training and consultancy services from Thailand (e.g. soft skills training, non technical topics) should also be increasingly considered.
- Training should not focus on acquisition of technical skills only. MFI employers increasingly demand graduates with competence in areas such as ethical behavior, good manners, discipline, honesty, pro-active approach, enthusiastic and customer-oriented as well as assertive/creative, capable of solving problems, ability to learn quickly and able to work in a team (soft skills).<sup>84</sup>
- All stakeholders highlight the importance of mentoring and on-the job training (post training) to complement training since there is a high risk that even if sufficient training was provided to identified target groups, application in the work place might be minimal. Consultants and trainers from identified TSPs (CARD, MFC, etc.) are required to render these services possibly with funding support from donors since MF organizations do not have the capacity to pay for these essential (but costly) services. It needs to be investigated whether the 'Fund for Inclusive Finance' under UNCDF-MAFIPP could provide funding for such an activity.<sup>85</sup>
- Given the high demand for practically relevant training which has to include on-the job training/mentoring, which neither MFMCC nor a Higher Diploma MF Course would fully address in their present format, it is recommended to consider the introduction of an apprenticeship program following the German 'Dual Vocation Training System' approach in the medium term. The MFMCC could serve as a base course in this context and be further refined over time (see Chapter 5, Option I for more details).
- MFA will become a key player in CB in Lao PDR and should establish a capacity building division within its organizational framework to enable it to expand its present training activities. In this context it is vital that the planned additional international advisor is placed within the organization and the MFMCC implemented (with active support of local TSPs) without further delay.
- Innovative and cost effective delivery channels like distance learning have been introduced in the past as well (see MFTOT Course by UNCDF) but have proven difficult and drop out rates have been high mainly due to the lack of Lao speaking, qualified mentors. However, new training approaches (as implemented by MFC) using MOODLE (acronym for *Modular Object-Oriented Dynamic Learning Environment*), a free software e-learning platform,<sup>86</sup> has yielded good results (e.g. for online submission and grading of assignments). MOODLE was originally developed to

<sup>84</sup> Lux Development & BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise & Development Consultants (EDC), p. 30

<sup>85</sup> According to a draft FIF Operations Manual (dating February 2013), non-financial-service providers like networks, associations and educational institutions can apply for grants of up to 50,000 USD for training or technical assistance. No up-to date operations manual was available to verify this information.

<sup>86</sup> Also known as a Learning Management System, or Virtual Learning Environment (VLE). As of June 2013 it had a user base of 83,008 registered and verified sites, serving 70,696,570 users in 7.5+ million courses with 1.2+ million teachers.

help educators create online courses with a focus on interaction and collaborative construction of content, and is in continual evolution.

#### 4.8.2. The semi-formal microfinance sector

- Most private training service providers focus on catering for the formal microfinance sector with some limited experience of training provision for the semi-formal sector: MFC, CARD, TACDO, EBIT.
- LWU, in the past together with CODI and FIAM, used to be the main provider of capacity and training services for the semi-formal sector. However, presently very little (or no) training & capacity building is provided to semi-formal village banks (since CODI and FIAM stopped working in Laos), other than by GIZ-AFP (selected districts in six provinces), SBFIC Village Bank Support Project with LWU (2 districts in Vientiane Capital) and DGRV in Champhone District, Savannakhet.
- For the semi-formal sector, we recommend a capacity building system comprising at the core the training of national master trainers, which train about three trainers per district. They in turn train, and retrain after 1-2 years, committee members of village banks and of their networks (where they exist) as well as members of district administration committees. This will be supplemented by the training of staff of a national network if this comes into being (see Chapter 5).
- Capacity building for the majority of village banks may be placed in the hands of LWU, another appropriate agency or a consortium of agencies as decided by the proposed Stakeholder Forum. Individual promoters may either continue to carry out their own capacity building (presumably like GIZ) or come under the umbrella of LWU or other designated agency.
- For the implementation LWU (or other designated agency) may establish a central capacity building department and/or a national network support organization, which provide national master trainers and coordinate capacity building by LWU trainers or others at district level.
- Some 500-600 village banks in the 11 districts with networks under LWU report regularly; in most other districts financial reporting is irregular or non-existent and needs to be put on a new basis.
- LWU would welcome the introduction of a PC- or tablet-based accounting and management information system, such as *MBWin Light*, piloted by FAO with IFAD in Cambodia (Annexes 19 & 24) or a system piloted by NABARD with IFAD in India (Annex 25)<sup>87</sup> as an infrastructure for financial monitoring and supervision. This would also provide a solid basis for capacity building of bookkeepers, accountants and committee members. In cooperation with BoL and other stakeholders LWU or other agency should examine the suitability of MicroBanker-Light or similar software as a PC- or tablet-based accounting and management information system.

### 5. Organizational Frameworks & Options for Institutionalization of Capacity Building in Microfinance

Given the fragmented infrastructure for capacity building in microfinance, the question arises, where any suggested capacity building measures should be housed. Three organizational framework options have evolved during the fact-finding mission, which in light of the identified volume of required capacity building measures would have to be combined.

**Option I: MFA CB Division as a *Training Broker*** coordinating training programs/capacity building (with possible transformation into a training institute under MFA) for the formal microfinance sector

Most stakeholders are in favor of the MFA continuing to organize and coordinate training activities and programs, as done successfully over the last three years. Capacity building is one of the three mandates of the MFA and one of the most valued services of this young and just recently formalized association.

<sup>87</sup> Cf. Ralph.Houtman@fao.org; <https://igrf.padee.org:8023/reports/>, username: reporter, password: reporter. A similar, tablet-based Accounting and Management Information System has been piloted by NABARD with IFAD in India, covering the internal financial operations and bank linkages of 50,000 SHGs, with software developed by Leaps & Bounds, Pune (cf. [www.LNBINDIA.com](http://www.LNBINDIA.com), [bhushandere@LNBINDIA.com](mailto:bhushandere@LNBINDIA.com))

There seems to be agreement among stakeholders that capacity building needs a home, and that home could be MFA as a coordinating body for the formal sector. As a first step, **MFA needs to establish a capacity building division** within the association. It is vital that this process is guided by an international long-term capacity building/training expert (full-time) based in the association as well as coordinated by a national training officer. Together, they will (in close cooperation with the MFA management) (i) assist in the establishment and implementation of the MFMCC, (ii) support the development of adapted course modules for different MFI staff functions, (iii) support development of new short-term training courses in demand and (iv) lead and actively engage in any activity related to the below mentioned MFA training coordinating committee (e.g. coordinate CB strategy for TSPs, conduct surveys and CB studies).

Next, the **establishment of the MFMCC** housed at MFA is a priority. However, the successful implementation of this course depends on the active cooperation of existing (mainly private) training and consultancy service providers and their willingness to contribute to this project, since the future of this course heavily relies on existing training expertise in the country. Therefore, a stakeholder roundtable of MFA with training and consultancy service providers is suggested (**establishment of a training coordinating committee**): discussing their various roles, a capacity building strategy for training & consultancy service providers, ToT, training gaps in quality and quantity, a framework of quality control, accountability and monitoring of the training. The committee could be based on the '*Human Resource Development Sub-Working Group*' of the former MFWG (now MFA), created in May 2011. The existing ToR for this sub-group can be modified according to its new role and requirements; clear deliverables should be defined and progress against agreed deliverables monitored on a regular basis. Stakeholders involved would be MFA (lead), private & public training & consultancy service providers, freelance trainers/resource persons and donors working in CB. The findings of this report on training supply (see Chapter 4) should be used as basis and guidance with the aim to identify and widen the pool of available trainers and resource persons for the implementation of any future training and capacity building measures.

MFA as a trusted and independent industry representative body is the only identified organization able to provide the 'neutral' ground needed for such discussions to be fruitful. The coordination process should be initiated with an emphasis on process rather than a fixed institutional structure. Should these discussions not yield the expected results (i.e. lack of good will of local TSPs to support the establishment of MFMCC), then MFA should decide to directly employ trainers<sup>88</sup> to set up the certificate course without delay. This 'last resort approach' would entail MFA to not just broker trainings but also to engage in training provision itself (step-by step transformation into a training institute).

However, even with the MFMCC implemented and running for existing managers, staff and boards of MFIs, it is expected that this course cannot fully address the so much demanded practical side of training. In order to address this limitation, it should be further explored whether an **apprenticeship program** similar to the German '**dual vocational training system**' approach, could be established in close cooperation with MFA lead member MFIs (e.g. EMI, WFDF). Lao-German cooperation in vocational training goes back to the 1960s and has yielded good results in Laos in other sectors. Germany's dual vocational education system with its strong practical focus<sup>89</sup> is recognized worldwide.<sup>90</sup> The acquired local expertise could be used as a basis when setting up such a program for the microfinance sector. The key challenge of this approach is to ensure that MFIs can provide the qualifications needed to ensure quality mentoring/in-house training. Potential fear of MFIs to train their competitors could be reduced by limiting this program to new entrants only and not to employees of MFIs. Incentives for MFIs have to be created to function as vocational training providers (e.g. financial and TA support to provide apprenticeship program). A **feasibility study** needs to be undertaken to investigate demand for such a program, suggest training duration, theoretical & practical contents of training (based on MFMCC), identify MFI qualifications needed to provide vocational training to trainees, suggest an incentive system for MFIs to enable trainees to be

---

<sup>88</sup> E.g. trainees who successfully participated in and completed the foreseen MFMCC ToT could be selected and subsequently be employed by MFA with additional donor funding.

<sup>89</sup> Typically such a program consists of 50% theoretical and 50% practical training in an organization.

<sup>90</sup> For example, SBFIC has implemented an adapted approach called "Bank assistant" (10 months instead of 3 years in Germany) in many countries, e.g. Madagascar and Uzbekistan.

trained in-house, provide a costing plan, address the issue of financial sustainability and suggest an exit strategy for the program. If the findings are positive, a project should be set up and funding support sought to establish the system. The downside of such a program is that it is cost-intensive, would require substantial additional funding support from government and donors and require registration with the MoES since any training longer than 29 days needs a license.

The association status would allow MFA also to **set-up regional sub-offices in the country** in the medium term and in view of a growing and maturing sector. This would enable the association to better cater for members based outside Vientiane. We suggest to establish these sub-offices in Luang Prabang (north) and Savannakhet (central) since MFIs have the strongest presence in these regions (see Chapter 1). Opening a sub-office in southern Laos is less of a priority (due to few registered MFIs in that region), but might be added at a later stage. In light of the identified training demand for MFIs, these sub-offices should organize regional trainings (selected modules of MFMCC, vocational training, new short courses, etc.), since this would allow MFIs to save costs and be closer to their workplace (**regionalization of trainings in the medium term**).

As a young and just recently formalized institution, respondents, including the leadership of MFA felt that establishing a training center or academy under the MFA (like done by mature microfinance networks worldwide)<sup>91</sup> would exceed its capacity at this point in time. However, even if the creation of a **microfinance training academy** under the umbrella of MFA is presently not a priority, this option should not be excluded as a long-term vision for the sector and on the condition that MFA has established a record of training excellence in delivering the MFMCC course. The establishment of such an institution would be possible if this is supported by government, donors, TSPs and practitioners and provided MFA receives the technical and financial support to establish such an institution. MFA could be guided by existing models, such as the Savings Banks Academy in Germany, which is the human resource service provider of the Savings Banks Finance Group and offers the whole value chain of HR development.<sup>92</sup> A **feasibility study** should be undertaken in due time to investigate the possibility of establishing a training academy based on established structures.

Last but not least, while any training provided under the umbrella of MFA would initially focus on building capacity of regulated MFIs staff, management and boards (including registered NSOs), training for semi-formal organizations might not be excluded in the long term, with a focus on staff of village bank networks (in addition to NSOs which are registered as NDTMFIs) and promoters as trainers of village banks (see option III below). This would substantially improve the sustainability of the program since the formal sector alone is not big enough in the long term to fully support a fee-based training program. Bringing both sub-sectors under one umbrella by creating a joint training institution as a long-term vision might be an approach which would avoid duplication of capacity building efforts and increase cost-effectiveness and sustainability. LWU and GIZ as major providers for the semi-formal sub-sector, GIZ also as a promoter of NSOs as formal MFIs, need to be part of such a process (see option II and III below). However, if such an approach is supported by the various stakeholders, it is important to address the cultural differences between formal MFIs which follow private market mechanisms (i.e. DTMFIs) and village banks which are grassroots self-help organizations with a pronounced self-help and poverty alleviation orientation. A future strategy needs to develop an approach addressing this cultural difference as well as refining training materials to the specific requirements of the semi-formal sector.

**In sum**, we recommend that this option (I) would pursue a five-fold approach foreseeing a step-by step transformation into a training institute/academy: (1) establishment of a MFA capacity building division, (2) implementation of MFMCC certified by BoL under MFA's capacity building division (either with TSPs or own trainers (short term)), (3) establishment of MFA regional sub-offices providing training, (4)

---

<sup>91</sup> e.g. Cambodia Microfinance Association and Credit & Development Forum in Bangladesh

<sup>92</sup> Services include personnel selection procedures, training and study courses, specialists' conferences, seminars, behavioral training, coaching and consulting in HR issues. These offers are designed to expand the competences of employees, keep their knowledge up-to-date, and are provided in a practice-oriented way to develop sales and leadership competences as well as method competences and to increase the level of identification with the savings banks finance group.



establishment of an apprenticeship program<sup>93</sup> under MFA licensed by MoES (medium term), (5) establishment of a MF training academy<sup>94</sup> under MFA licensed by MoES (catering initially for the formal sector and possibly for the semi-formal sector as well) with the long term vision to possibly create a one-stop shop for microfinance capacity building.

**Option II: An LWU Training Institution** for village banks and their networks, comprising LWU as a promoter at national level with programs at district level, providing capacity building to district networks of village banks (which in turn train and monitor member village banks) and, in the absence of networks, directly to village banks. Depending on the will of a proposed Stakeholder Forum (see below) on national level an **alternate organizational arrangement** may take the place of LWU.

LWU, with staff at all levels from national to village, has been the promoter of by far the largest number of village banks as well as village bank networks in the Lao PDR. LWU has acquired expertise since 1998 with its former partners (particularly FIAM and CODI) and is now taking a fresh start with SBFIC in Vientiane Capital. Two crucial innovations may be largely attributed to LWU and its partners. **The first innovation** is the systematic promotion of village banks as financial intermediaries, which are self-financed, self-managed and self-governed, without provision of seed capital (in contrast to government- or donor-financed revolving funds). This has inspired many other promoters and generally led to a transition of the sub-sector from revolving funds to village banks, which now constitute 80% of the sector. Starting in 1998 in Saithany District in VC, LWU has directly promoted village banks in 26 districts<sup>95</sup> in 7 provinces: LWU also cooperates with various government partners in the remaining ten provinces in the promotion of village banks. This also includes technical assistance to establish new village banks. Its overall outreach now extends to all 17 provinces and more than half of all village banks, though the scope of this outreach requires further clarification.

**The second innovation** has been the establishment of self-managed district networks as well as sub-district networks of village banks in all nine districts of Vientiane Capital and in two districts of Khammuane. The networks provide guidance and monitoring services and assist village banks in conflict resolution. To a limited extent they also manage liquidity exchange among village banks, but are not licensed. Networking at provincial and national level has been discussed, but not implemented due to shortage of funds and technical assistance. With adequate government and donor support the role of LWU in the promotion of village banks and their networks could be greatly enhanced throughout the country, perhaps placing LWU in a leading position.

**In terms of values**, LWU has been primarily concerned with promoting self-help, self-reliance and self-management of both the village banks and their networks; less emphasis has been placed on professionalization and control over financial performance. According to LWU this has resulted in high delinquency rates, which would need to be addressed to promote a healthy village banking sector. In this respect **LWU and GIZ** are seen as pursuing different approaches to village banks and networking. GIZ, with adequate financial and human resources, has heavily invested in the establishment of village banks (with seed capital) and NSOs as regulated financial intermediaries (combining liquidity exchange and retail banking), equipped with adequately paid staff for training and supervision of village banks, and, since 2009, an overall emphasis on quality and financial performance of both village banks and NSOs.<sup>96</sup> In contrast, LWU has worked without capital injections as a matter of principle, and, in recent years, has lacked the human resources to professionalize the financial performance of village banks and the guidance capacity of the network centers and committees; a gap which is now to be filled by its pilot project with SBFIC.

<sup>93</sup> Provided that the results of a detailed feasibility study would be supportive of such an approach.

<sup>94</sup> Provided that the results of a detailed feasibility study would be supportive of such an approach.

<sup>95</sup> Four with support from FIAM and 22 supported by CODI.

<sup>96</sup> In village banks established under the previous project, GIZ-AFP is still struggling to bring delinquency rates down and credit risk under control, which continues to be a challenge in community-managed finance. (Prochaska, Hauger and Fischer, 2012: 4-5).

LWU lacks the resources to provide capacity building to village banks, their networks and its cooperating partners. With adequate resources, LWU would be keen to continue promoting the expansion and development of the village banking sub-sector throughout the country, strengthen monitoring and supervision of village banks, provide capacity building on a systematic scale,<sup>97</sup> and perhaps assume a leading coordinating role for much of the country.

**In sum**, LWU appears to be the only organization of national outreach with the potential and political will to play a lead role in capacity building and the overall development of the village banking sub-sector: (i) As a mass organization with staff at all levels from national to village, LWU with its partners has promoted large numbers of village banks throughout Laos; it has now entered into a new partnership with SBFIC in VC. (ii) Two innovations are attributed to LWU: the transition of the sector, since 1998, from revolving funds to self-financed local financial intermediaries; and the establishment, albeit on a limited scale, of district and sub-district networks self-financed and managed by the village banks. (iii) Historically, LWU has taken a lead in the development of training materials, also used by NERI, ILO and others. (iv) LWU possesses a physical training infrastructure at national level and in five provinces, though this has not been used for capacity building of village banks; it also has a number of national trainers and trainers at district level. (v) LWU has followed a ToT procedure: national master trainers train one or several trainers per district who in turn provides training to village banks. LWU would be keen to continue promoting the expansion and development of the village banks and their networks, strengthen monitoring and supervision and provide capacity building. It is recommended to provide the necessary technical assistance and financial resources to enable LWU to assume a leading coordinating and implementing role in capacity building for the village banking sector.

We recommend close cooperation between GIZ and LWU to professionalize capacity building by LWU with the objective of enhancing the financial performance of village banks and the guidance capacity of the network centers and committees. In Vientiane Capital, where LWU has built village banks and village bank networks in all districts, SBFIC supports LWU as of 2012 in the professionalization of selected village banks and networks. We recommend to LWU, SBFIC and GIZ to further cooperate in their strategies of capacity building.

**Option III: An NSO Training Institution**, comprising promoters at national level with programs at district and provincial level, providing capacity building to networks licensed as MFIs which in turn provide training and guidance to village banks.

Option III would focus on capacity building by NSOs of village funds promoted by GIZ in selected poor rural districts of Lao PDR. NSOs are, or are in the process of becoming, licensed MFIs and would thus also fall under the coverage of capacity building of the MFA as a representative body of predominantly formal MFIs. NSOs combine own retail banking with liquidity exchange and technical support (bookkeeping, auditing, financial literacy training, management training, etc.) for village banks, charging service fees. For the time being, capacity building of NSOs as providers of training to village banks may be adequately served within the framework supported by GIZ; however, with long-term sustainability of such a system in mind, a process geared at close cooperation with, and eventually integration into, a national support framework such as MFA or LWU or both may be explored.

In addition to its support to village banks at the micro level and NSOs at the meso level, AFP provides technical assistance to BoL at the macro level, with a focus on microfinance policy, regulation and capacity building of BoL-FISD. Results include the Decree on Microfinance Institutions of 3 October 2012 and the implementation of an improved MIS by FISD. The partnership of GIZ with BoL may be of relevance in the development of a wider framework for regulation, supervision and capacity building for village banks in cooperation with LWU.

<sup>97</sup> Based on a discussion of Ursula Hammerich and Vanhsy Chindavong with Mme Sirikit Boupha, Deputy Director, LWU Development Department, at the LWU office, 20 December 2013.

As presented above, cooperation between LWU and GIZ as well as SBFIC is recommended to professionalize capacity building by LWU with the objective of enhancing the guidance capacity of the existing network centers and committees and the financial performance of village banks.

Cooperation between GIZ and LWU as well as SBFIC is also recommended in the promotion of national networking strategies: (i) expanding the coverage of district networks, perhaps with the involvement of other donors; (ii) promoting the establishment of a national apex network of village banks; (iii) promoting perhaps the establishment of provincial networks as seen fit; and (iv) focusing on the sustainability and self-reliance of networks as providers of professional services, benefitting from the experience of LWU and GIZ with their different networking strategies.

Cooperation of GIZ with LWU, together perhaps with the establishment of a national apex network of village banks, may provide the framework for an exit strategy of GIZ, based on the sustainability of self-supporting network services.

## 5.1. Conclusions and recommendations related to all three options

- Developing a capacity building framework accepted by the stakeholders requires time; it cannot be produced within a few weeks or months. The emphasis should be on starting a process. BoL as responsible Government agency overseeing the microfinance sector may take the lead in initiating and coordinating next steps regarding this process.
- It is recommended that BoL establishes a stakeholder forum on national level (see graph below)<sup>98</sup> to initiate a communication process with the main actors (BoL, NRDPE, line ministries such as MoHA and MoES, LWU and other mass organizations, GIZ, SBFIC, MFA, LCSDPA, MFC, other donors) involved in capacity building of the formal and semi-formal microfinance sector to discuss vision for the sector, strategies, responsibilities, suggested communication flows, etc. to move forward.
- Two task forces, one for the formal and one for the semi-formal sector need to be created under the national level forum with BoL taking the lead for the formal-sector task force in close cooperation with MFA, as the industry representative body. It will have to be decided among government agencies (BoL, LWU, NRDPE, MoHA and other line ministries, etc.) who would be best placed to take the lead of the task force for the semi-formal sector. Based on the findings of the mission team and supported by a recent study conducted by SBFIC on professionalization of village banks,<sup>99</sup> it is suggested that LWU as a key promoter of village banks in the past might be assigned responsibility for the semi-formal sector in close cooperation with BoL and NRDPE. Each task force should agree on a set of actions/next steps and deliverables using findings from this report as a basis and as guidance for the process.
- Several promoters of village banks have noted the need for federating at higher levels to coordinate strategies and capacity building for the semi-formal sector, proposing a national network for district networks and support organizations. Among the proponents are GIZ, LWU, LCSDPA and NRDPE. We have summarized this in the graph below, placing BoL in the lead coordinating position in cooperation with MOHA and NRDPE at the same level. At the implementing level the establishment of an entity referred to as NNSO is proposed to be established as a separate coordinating body for the semi-formal sector (next to MFA for the formal sector); However, a regular dialog between MFA and NNSO is encouraged and a gradual integration of NNSO under MFA may be considered as a long term vision. As highlighted above, the graph also reflects LWU's suggested role as a leading coordinating and implementing organization in capacity building for the village banking sector.
- A central institution alone will not satisfy the demand for capacity building; regionalization down to the district level will be necessary (as assumed under Options II and III) for the semiformal sector and down to provincial level (as assumed under Option I) for the formal sector. In any event, the blessing of the government including BoL will be required.

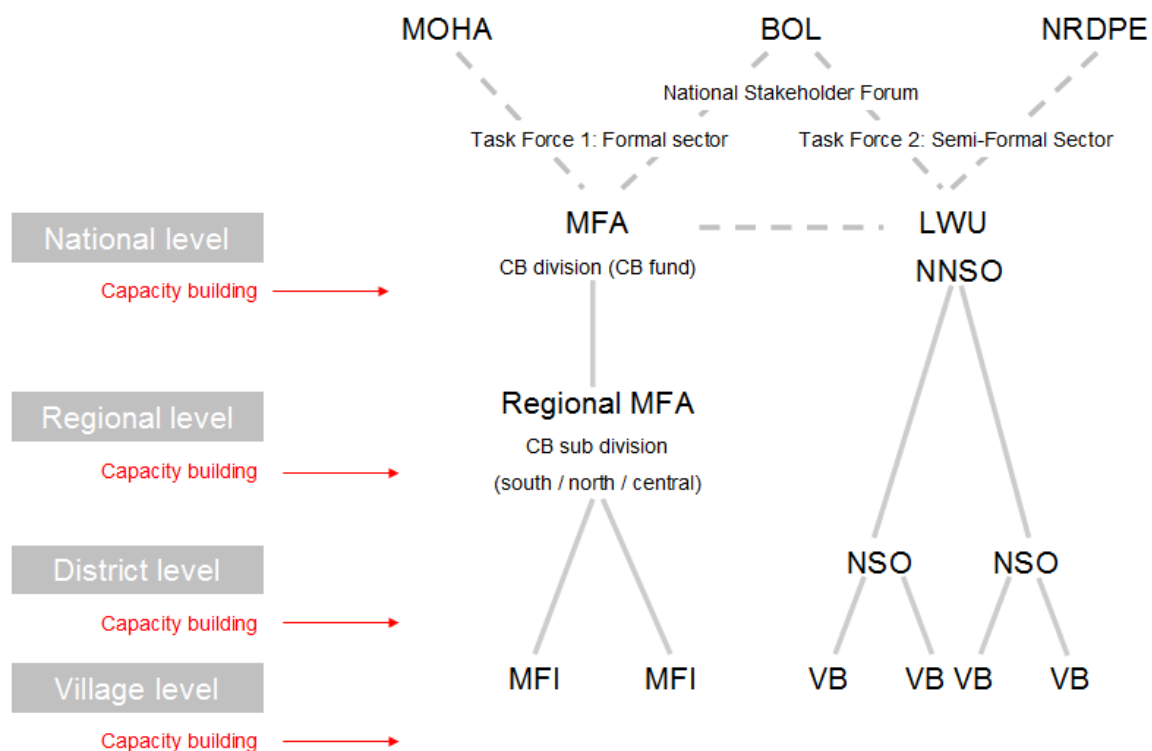
<sup>98</sup> Adapted from a graph provided by Keolabthavong Songsamayvong, Nov 2013. *MF semi-formal sector development in Lao PDR*. Informal note

<sup>99</sup> SBFIC & LWU, 2013. *Professionalizing Village Banks in Lao PDR*, Wolfram Hiemann, 2014, p.66 (draft)



- There are two possible variants with regard to implementation of capacity building in cooperation with the major providers: (a) in addition to coordination the NNSO also provides national master trainers for all promoters; (b) the major promoters (such as LWU and GIZ) establish their own national networks and train their own national master trainers (as in Options II and III), while other promoters may use the services of the national master trainers of NNSO. Private training providers (like MFC) may be involved in any of these options and variants as seen fit.
- Finally, we also recommend to establish a capacity building fund for a) training and consultancy service providers to enable them to address identified capacity gaps<sup>100</sup>; b) for MFIs (including NSOs) to be used for payment of coaching/mentoring/in-house training services provided by TSPs; and (c) for training material for the semiformal sector. TSPs should receive CB/TA support ideally from internationally reputed institutions & trainers with some experience in the Lao microfinance sector (e.g. CARD INGO). The fund could be administered by MFA with donor support to respond to the high demand for these services. Since TSPs and MFIs do in most cases not have the money available to pay for these services, it is suggested that donors subsidize this activity by contributing to this fund (e.g. FIF under UNCDF-MAFIPP).<sup>101</sup>

### **Proposal Microfinance Sector Institutional Framework for Capacity Building**



<sup>100</sup> E.g. upon submission of a successful proposal, TSPs could use funds for expanding their trainers' capacity (ToT – methods and new contents), recruit and employ new trainers, expand their business operations...

<sup>101</sup> According to a draft FIF Operations Manual (dating February 2013), non-financial-service providers like networks, associations and educational institutions can apply for grants of up to 50,000 USD for training or technical assistance. No up-to date operations manual was available to verify this information.

## 6. Implementation and Costing Plan for Recommended Options

Based on the elaborations above we have prepared two implementation and costing plans which we attach to this report; one for the formal (Annexes 26 & 27) and one for the semi-formal sector (Annexes 28 & 29).

The costing plan for the formal microfinance sector is based on Chapter 3.2.1. and Tables 3 & 4 of this report and refers to Option I outlined in Chapter 5. It covers a) the establishment of MFA CB division, b) establishment of a CB fund, c) establishment and implementation of MFMCC for managers including course design, ToT, coaching of trainers and trainees post training, trainees travel expenses, d) establishment and implementation of courses for different staff functions based on MFMCC (for board members, credit officers and accountants) including adaption of course materials, course delivery and trainee travel expenses, e) brokerage/delivery of additional short term trainings under MFA and f) feasibility study for the development of an apprenticeship (dual vocational training) program and g) placement of an international full-time expert in BoL-FISD to provide TA. Costs related to the Diploma Course in MF offered by BI, the establishment of regional sub-offices of MFA as well as to the apprenticeship program and training academy are not included in the costing plan.

The total estimated costs for the listed activities of the formal microfinance sector amount to app. US\$1.7 mn over a period of 3 years (2014-2016). At the end of the 3 year planning period, 45 qualified trainers will have been trained and provide training/coaching services to the sector and 280 MFI staff (i.e. 120 managers (and BoL staff), 60 board members, 60 credit officers and 60 accountants) will have attended the certificate course in microfinance. In addition, the 120 trained managers will have received 3 days mentoring/coaching services post-training. Moreover, 24 short-term trainings on additional topics of demand will have been designed and delivered (480 trainees) and various CB measures for TSPs and MFIs (mentoring, TA, etc.) covered by the CB fund. The emphasis is on training quality and not quantity. A substantial cost factor is the TSP mentoring/coaching services which have been included on a big scale in the proposal to reflect the high demand. Due to high daily rates of consultants in Lao PDR, they alone amount to app. US\$ 178,000 or the equivalent of 10% of total project cost. Trainee expenses for transport/hotel/DSA during training amount to app. US\$163,000 (9%) and reflect the fact that most MFIs are based outside Vientiane and incur high costs in particular for travelling. Total expected income from training fees is modest with US\$195,000, or 11% of total cost. A survey conducted by MFA in 2013 confirms that MFIs will only attend training if it is provided at affordable rates. 63% of survey respondents indicated that they are willing to pay between US\$11-US\$30/day. Consequently we have calculated fees at a daily rate of US\$25/ trainee.<sup>102</sup> App. US\$370,000 are expected to be covered by key donors (GIZ-AFP, ADA and UNCDF-MAFIPP). The remaining financing gap of US\$1.2 mn will have to be met by external funding for the three-year period.

The costing plan for the semi-formal sector is based on Chapter 3.2.2 and Table 5 of this report. The plan covers all 144 districts with a reported total number of 4,434 village banks. The foundation of the capacity building for the village banking sector is a comprehensive course on village banking including training manuals (in Lao) which will be designed and offered to stakeholder staff and some 20 new master trainers in 2014, possibly also to the staff of a national network if established.

The master trainers will train 432 district trainers, three on average per district. As shown in the implementation plan, within a two-year period, starting in Q1 of 2015, the district trainers, with some support from national master trainers, will train the management and advisory committees of all 4,434 village banks in three steps, on average one district trainer for ten village banks. They will also train the members of the district administration committees in all 144 districts, specialized staff for credit and delinquency management in 600 large village banks and the staff and committee members of an expanding number of up to 50 district networks.

The costing plan is tentative, as fundamental questions concerning coverage, coordination and the lead role among the numerous promoters have to be clarified by a proposed stakeholder forum. In this report, for simplicity's sake we have assumed that LWU might be such a lead agency (perhaps under NRDPE,

<sup>102</sup> MFWG/MFA, 2013. *Evaluation of Training Needs Survey*. MFA presently charges US\$62/training/trainee for 3-5 days training which is even lower.

BoL or MoHA) covering also smaller agencies (like LCSDPA); but there might be other models, e.g., with RDO in the lead at district or other levels and GIZ following its own strategy in six provinces. We also have not been able to ascertain how various capacity building activities may be financed from the sources of funding available to the promoters and from the service fee of the village banks. We trust that the stakeholder forum will clarify all this – all it takes is the political will.

## 7. Proposal for a Quantitative & Qualitative Monitoring & Evaluation System

This Chapter provides a basic overview of a proposed M&E system to assess provided trainings and skills acquired in the sector. The emphasis should be on measuring results (i.e. improvements in capacity and skills) of staff working in the microfinance sector. This is not an easy task to achieve since learning is an ongoing process and is not completed by the end of a training measure. The system should also enable comparisons of results by competence of training provider/resource persons, methods applied, content used and provide a solid basis for decision taking related to a possible change in service provider (due to low ratings), adaptation of training content (depth and width of content, terminology used, relevance of various training topics), training materials (presentations/handouts), training methodology (role plays, team work, quiz, etc.) and training logistics (venue, duration, etc.).

The system should include the following components to address the above:

1. A list of trainings provided including training provider, training date, training topic, date/duration, number of trainees, total overall training scores (quantitative training information). See Annex 30 for a suggested format.
2. A brief training questionnaire (evaluation form) to assess training satisfaction with regards training providers/resource persons, training content & methods, materials, logistics and to suggest training improvements. This evaluation is administered on the last training day and submitted by all trainees who attended the training. A suggested format is attached in Annex 31 of this report.<sup>103</sup>
3. A post-training evaluation by supervisors of trainees to (i) comment on any observed changes in trainee *performance* after training attendance, (ii) possible implementation of training contents (which ones could be implemented, which ones not and why), (iii) observed *behavioral changes* of trainee since training attendance. This questionnaire should be sent out to trainee supervisors six to 12 weeks after the training has taken place. For cost reasons this evaluation is recommended to be done with a selection of trainee supervisors only. This could be administered either by sending the evaluation form to the supervisor or by conducting telephone interviews. In the case of board members and managers of MFIs it is suggested that both target groups conduct a performance self-assessment using the same/similar format as provided to trainee supervisors.
4. Some technical trainings (e.g. financial analysis, accounting) might require trainees to sit a short pre-test to identify different levels of knowledge and expertise of trainees which should be taken into consideration during training delivery. A post-test at the end of training would provide some first insights of training success.
5. A training needs survey should be conducted every two to three years to identify any changes in training needs and adjust the training content/variety of training topics offered accordingly. Such a survey has already been successfully introduced and implemented by MFA for the sector and should be continued (Annex 32). The format could be further modified as training needs will change over time and with a maturing microfinance sector. An adapted format should be created for the semi-formal sector.

All efforts should be undertaken to ensure that any M&E system will not create an undue financial and administrative burden. Standardization of evaluation formats would be essential to allow for comparisons of the same training provided over time and for different trainings provided.

<sup>103</sup> The format is based on ADB-CMP and MFA training evaluation forms and has been further adapted.

# Annexes

## Annex 1: The formal and semiformal microfinance sector in figures (2011)

Table 1: **Formal and semiformal MFIs in Laos, 2011 (amounts in million US\$\*)**

	Formal MFIs	Semiformal MFIs (village funds)			Total MFI sector	VFs in % of sector
		Total VFs	% DTVFs	% NDTVFs <sup>1</sup>		
No of institutions	42	4,434	80	20	4,476	99.1
No of clients	68,140	430,623	86	14	498,763	86.3
Savers	49,142	371,572	100	0	420,714	88.3
Borrowers	18,998	221,897	83	17	240,895	92.1
Total assets	16.9	74.2	89	11	91.1	81.4
Deposits	7.9	50.3	100	0	58.2	86.4
Loans outstanding	10.1	36.9	87	13	47.0	78.5
Total equity	5.9	23.3	66	34	29.2	79.8
(Year-end) ROA (%)	1.4	9.1	9.7	3.6		

\* Exchange rate 31/12/2011: 8023.

Table 2: **Regulated MFIs by province, Dec. 2011**

Province		Districts	Villages	Regulated MFIs					
				DTMFIs	NDTMFIs	SCUs	Total	Clients	Average
Northern region:									
1	Phongsaly	7	540		1		1	356	356
2	Luangnamtha	5	364		1		1	125	125
3	Bokeo	5	266		1		1	45	45
4	Oudomxay	7	474		2		2	13,513	6,757
5	Luangprabang	12	781	1		4	5	4,395	879
6	Huaphan	8	720		1		1	665	665
7	Sayaburi	11	446		2		2	200	100
	Sub-total	55	3,591	1	8	4	13	19,299	1,485
Central region:									
8	Vientiane Capital	9	483	7	3	3	13	26,261	2,020
9	Xiengkhuang	8	517				-	-	
10	Vientiane Province	13	505		1	2	3	831	277
11	Bolikhamxay	7	323				-	-	
12	Khammuane	10	581		1	1	2	959	480
13	Savannakhet	15	1,015	1	1	3	5	14,565	2,913
	Sub-total	62	3,424	8	6	9	23	42,616	2,913

<sup>1</sup> VF=Village Funds, DTMFIs=Deposit-Taking MFI, NDTVFs=Non-Deposit-Taking Village Funds

Province		Districts	Villages	Regulated MFIs					
				DTMFIs	NDTMFIs	SCUs	Total	Clients	Average
Southern region:									
14	Saravanh	8	605			1	1	849	849
15	Sekong	4	229				-	-	
16	Champasak	10	644			4	4	849	212
17	Attapeu *)	5	147		1		1		
	Sub-total	27	1,625		1	5	6	1,698	283
	Total	144	8,640	9	15	18	2	63,613	1,515

\*) The NDTMFI in Attapeu has been newly established, without any clients as of 2011.

Source: Based on Microfinance in the Lao PDR 2012

**Table 3: Village funds and networks by province, Dec. 2011**

Province		Distr.	Vill.	House-holds	Village Funds							VFs under LWU			NSO/Distr.
					DTVFs	RVFs	Total	% vill.	Members	Av.	% HH	Distr.	Netw.	T/RC	
Northern region:															
1	Phongsaly	7	540	31,118	35	86	121	22.4	2,782	23	8.9	3?			x
2	Luangnamtha	5	364	30,058	163	28	191	52.5	10,237	54	34.1				x
3	Bokeo	5	266	28,942	151	13	164	61.7	10,481	64	36.2	3?			(x)
4	Oudomxay	7	474	47,781	139	20	159	33.5	14,727	93	30.8				
5	Luangprabang	12	781	74,905	267	7	274	35.1	54,048	197	72.2	3?		RRC	
6	Huaphan	8	720	46,138	323		323	44.9	12,823	40	27.8				
7	Sayaburi	11	446	69,805	392	80	472	105.8	38,919	82	55.8			RRC	x
Sub-total:		55	3,591	328,747	1,470	234	1,704	47.5	144,017	85	43.8				
Central region:															
8	Vientiane Cap.	9	483	201,209	522	74	596	123.4	108,320	182	53.8	9	9	NTC	
9	Xiangkhuang	8	517	42,006	93	30	123	23.8	3,680	30	8.8			RRC	
10	Vientiane Prov.	13	505	87,395	249	24	273	54.1	28,880	106	33.0	3?			
11	Bolikhamxay	7	323	43,951	112	15	127	39.3	18,204	143	41.4				
12	Khammuane	10	581	72,841	126	285	411	70.7	31,894	78	43.8	2	2		
13	Savannakhet	15	1,015	144,754	156		156	15.4	8,083	52	5.6			RRC	2
Sub-total:		62	3,424	592,156	1,258	428	1,686	49.2	199,061	118	33.6				
Southern region:															
14	Saravanh	8	605	61,211	7	114	121	20.0	4,259	35	7.0				2
15	Sekong	4	229	16,796	81		81	35.4	2,608	32	15.5				
16	Champasak	10	644	113,190	693		693	107.6	67,074	97	59.3	3?		VTC	2
17	Attapeu	5	147	24,636	51	98	149	101.4	13,604	91	55.2				x
Sub-total:		27	1,625	215,833	832	212	1,044	64.2	87,545	84	40.6				
Grand Total		144	8,640	1,136,736	3,560	874	4,434	51.3	430,623	97	37.9	26	11		

\*) Percentage of households covered calculated on the inaccurate assumption of one VF member per household.

Sources: Based on *Microfinance in the Lao PDR 2012*; LWU on VFs under LWU; GIZ on NSO (Bokeo until 2008).



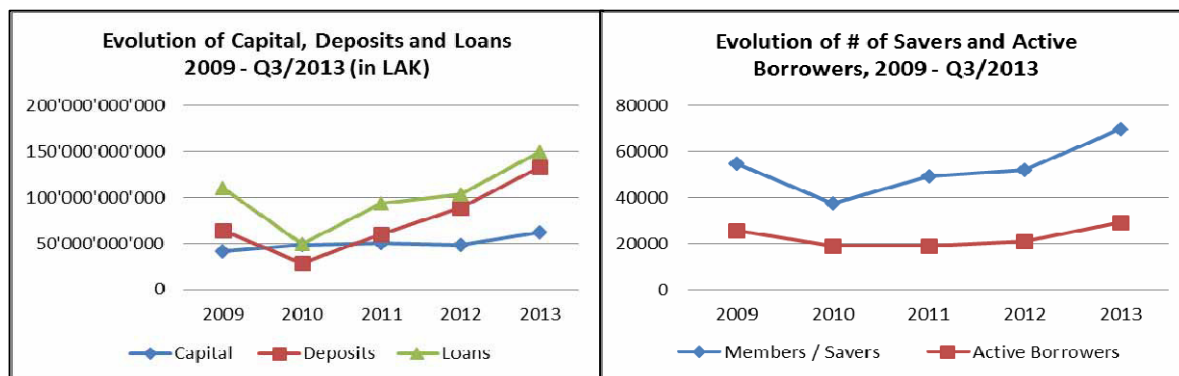
## Annex 2a:

### Microfinance Statistics, 2009 - 2013

(in LAK)

	Q4/2009	Q4/2010	Q4/2011	Q4/2012	Q3/2013	Growth Rate 2012 - Q3/2013	Growth Rate 2009 - Q3/2013
<b>Deposit Taking MFIs (DTMFI)</b>							
Assets	73'515'240'00	28'556'690'00	59'687'560'00	84'359'150'00	113'595'156'19	34.7	54.5
Liabilities	55'882'080'00	21'252'170'00	42'921'160'00	63'351'170'00	88'826'786'89	40.2	59.0
Capital	17'633'170'00	7'304'520'00	16'766'400'00	21'007'980'00	24'768'369'30	17.9	40.5
Deposits / Savings	52'394'300'00	18'562'870'00	35'136'820'00	57'106'180'00	85'033'533'73	48.9	62.3
Loans	68'959'940'00	20'218'140'00	36'555'940'00	58'406'900'00	78'408'746'06	34.2	13.7
Members / Savers	26'36	14'08	23'93	30'63	39'68	29.6	50.5
Active Borrowers	11'02	6'971	8'974	11'99	13'90	15.9	26.1
<b>Savings and Credit Unions (SCU)</b>							
Assets	26'217'490'00	53'246'840'00	40'330'160'00	32'646'320'00	45'035'652'75	38.0	71.8
Liabilities	14'727'970'00	21'226'670'00	22'877'510'00	17'501'660'00	32'217'974'82	84.1	118.8
Capital	11'489'520'00	32'020'170'00	17'452'650'00	15'144'660'00	13'264'110'59	-	15.4
Deposits / Savings	8'592'830'00	4'836'690'00	9'591'320'00	13'912'600'00	28'105'299'79	102.0	227.1
Loans	26'048'400'00	17'287'010'00	31'025'020'00	21'117'500'00	37'650'949'23	78.3	44.5
Members / Savers	10'48	5'873	9'576	13'96	15'86	13.6	51.3
Active Borrowers	9'194	2'395	3'077	3'823	7'942	107.7	-
<b>Non Deposit-Taking MFIs (NDTMFI)</b>							
Assets	15'577'680'00	22'762'120'00	36'967'690'00	36'770'470'00	57'810'153'46	57.2	271.1
Liabilities	2'960'290'00	14'015'410'00	20'506'860'00	24'590'620'00	33'435'049'62	36.0	1029.5
Capital	12'617'390'00	8'746'710'00	16'460'830'00	12'179'850'00	24'375'103'84	100.1	93.2
Deposits / Savings	2'635'780'00	5'670'750'00	15'319'270'00	17'500'480'00	19'721'774'43	12.7	648.2
Loans	15'034'710'00	11'704'310'00	25'462'510'00	23'587'540'00	33'000'034'68	39.9	119.5
Compulsory	17'87	17'57	15'63	7'516	14'03	86.7	-
Active Borrowers	5'586	9'592	7'019	5'201	7'267	39.7	30.1
<b>All MFIs</b>							
Assets	115'310'410'00	104'565'650'00	136'985'410'00	153'775'940'00	216'440'962'41	40.8	87.7
Liabilities	73'570'340'00	56'494'250'00	86'305'530'00	105'443'450'00	154'479'811'34	46.5	110.0
Capital	41'740'080'00	48'071'400'00	50'679'880'00	48'332'490'00	62'407'583'74	29.1	49.5
Deposits /	63'622'910'00	29'070'310'00	60'047'410'00	88'519'260'00	132'860'607'96	50.1	108.8
Loans	110'043'050'00	49'209'460'00	93'043'470'00	103'111'940'00	149'059'729'98	44.6	35.5
Members /	54'71	37'52	49'14	52'11	69'57	33.5	27.2
Active Borrowers	25'80	18'95	19'07	21'01	29'11	38.5	12.8

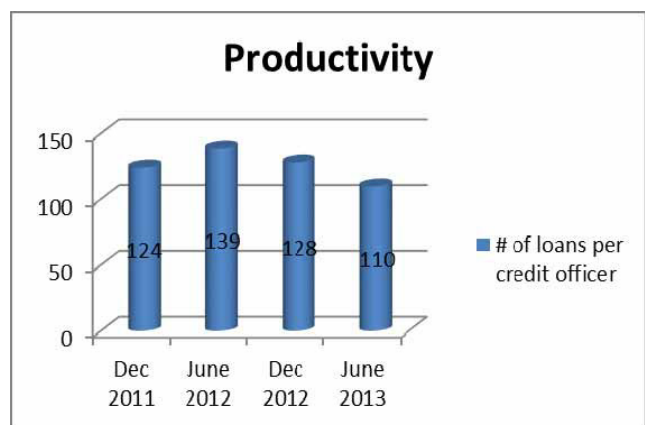
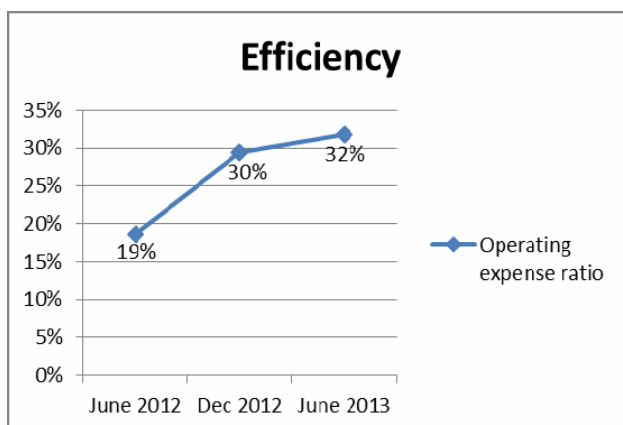
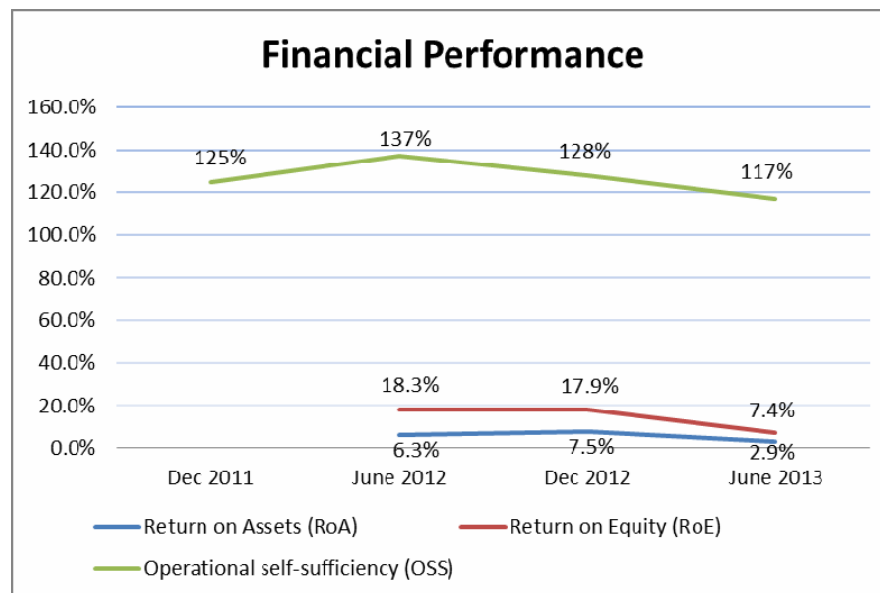
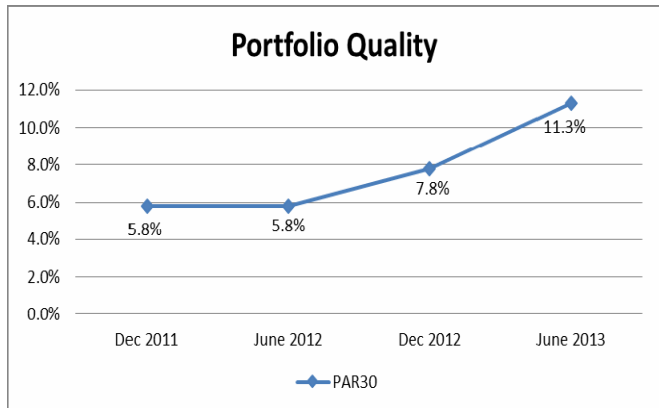
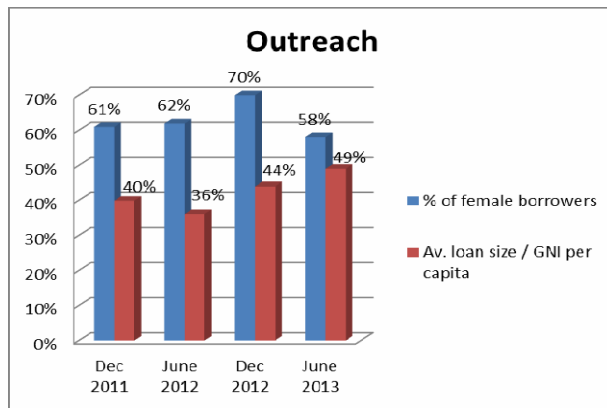
Source: Bank of the Lao PDR  
(Website) 10th December 2013 ag



## Annex 2b:

### MFA Performance Monitoring & Benchmarking System

#### Evolution of Selected Performance Ratios



#### Note:

Graphs are based on the following data sets:

December 2011: 13 MFIs (3 DTMFIs, 6 NDTMFIs, 4 SCUs)

June 2012: 12 MFIs (4 DTMFIs, 4 NDTMFIs, 4 SCUs)

December 2012: 16 MFIs (5 DTMFIs, 6 NDTMFIs, 5 SCUs)

June 2013: 14 MFIs (5 DTMFIs, 4 NDTMFIs, 5 SCUs)

MFA, 13th December 2013

## **Annex 3:**

### **Terms of Reference**

to conduct a study concerning the development of a sector-wide education and training strategy for the microfinance sector in the Lao PDR.

#### **1. Rationale**

The microfinance sector in Lao PDR is nascent. Establishment of most Microfinance Institutions (MFIs) followed the approval of the Microfinance Decree in 2006; however, a few MFIs started their operations earlier than that. In the meantime the MF Decree has been updated (2012). Currently 60 MFIs are licensed either as deposit-taking MFI, non-deposit taking MFI or as Savings and Credit Union (SCU). The individual institutions differ significantly in terms of number of clients, their staffing and level of operations. Licensed MFIs are regulated and supervised by the Bank of Lao, Financial Institution Supervision Department. In addition to the licensed MFIs, more than 4,200 village banks exist in the country. Their operations are more basic as compared to their licensed peers.

The educational level in the country is generally low. Even though larger and urban-based MFIs are able to employ graduates of diploma and bachelor courses, the lack of specialised knowledge and skills required in microfinance is evident resulting in difficulties to manage and grow their institutions. This lack can be observed on all levels within the licensed MFIs (i.e. BoD, management, functional staff) and is even more pronounced on the level of village banks. It is reckoned that once MFIs have stronger executive capacities and improve managing their assets, they will be better positioned to grow sustainably. This will help their final clients having access to useful financial services.

The lack of capacity is a phenomenon not exclusively existent on micro level, but can also be observed on the meso and the macro level of the microfinance sector. The supply of fee-based training and consultancy services for the sector is very limited. In the entire country of Lao PDR only a handful of qualified microfinance trainers and consultants can be found. Subsidised technical assistance provided by donors/international agencies to individual microfinance institutions (MFIs) is available and fills the void to some extent, but is neither sufficient to cover the entire industry nor sustainable.

In the past singular initiatives to improve the situation arose. The Bank Training Institute with support from UNCDF established the design of a bachelors programme in microfinance. The Savings Bank Foundation for International Cooperation financed a study on designing a microfinance management certificate course. These stand-alone measures – in case they will be implemented – could likely improve the capacity on the micro level, but will not be sufficient to address capacity development needs of the entire microfinance sector. In an attempt to provide a solid foundation for further sector development it is planned to set up a sector-wide education and training strategy containing sector needs on all levels of the microfinance sector, taking the long-term perspective and strategic priorities into account as well as existing educational initiatives and supply of services, identifying appropriate instruments and measures to address needs identified as well as setting up an action plan and allocating responsibilities to stakeholders. This study serves as a significant step forward and should lay the foundation to formulate the respective strategy.

## **2. Scope of Work**

The overall objective of the assignment is to conduct a study concerning the development of a sector-wide education and training strategy for the microfinance sector in the Lao PDR.

The consultant is required to undertake the following tasks:

- Provide a short overview of the microfinance sector in Laos, including microfinance policy context and framework applicable, role of microfinance in national development strategies and vision for the sector.
- Define potential target groups for capacity development (e.g. regulated MF sector, unregulated sector, staff of BoL) and follow this categorisation throughout the below mentioned further steps of the assignment.
- Identify the training needs of the various stakeholders and target groups in terms of sector education and training through field interviews and/or focus group discussions.
- Identify and describe the existing supply of training measures and related services available to MFIs as well as the organisations and service providers involved; take emerging initiatives such as the bachelors programme in microfinance and the microfinance management certificate course into account.
- Establish the gap between the supply and the training needs for microfinance educational measures distinguishing between the different levels and target groups in the sector.
- Propose contents of microfinance education and training in the sector clustered by target groups and most common (staff) functions, e.g. BoD, MFI management, loan officer, accountant, BoL supervisor, etc. (what?).
- Prepare an approach to deliver and institutionalise capacity building in the microfinance sector, assessing potential private or governmental entities as training providers (how and who?).
- Address the issue of financing/funding capacity development measures since most MFIs are small and lack financial resources to obtain fee-based training or consultancy services, i.e. the gap between training needs and self-financed demand, the net funding gap.
- Provide an overview of the financial resource planning for measures proposed and address the issue of their financial sustainability (basic business plan and road towards exit strategy).
- Proposal for a quantitative and qualitative monitoring and evaluation system assessing trainings provided and skills acquired in the microfinance sector.
- Propose a roadmap and implementation/action plan including the related time planning, activities and allocation of responsibilities (when? By whom?)
- Conduct a debriefing workshop with relevant sector representatives to summarise the results gained so far and discuss further steps

Based on the results of the study commissioned and the relevant development strategies of Lao PDR, sector stakeholders should be in the position to devise a comprehensive education and training strategy for the microfinance sector.

### **3. Deliverables**

The consultant should produce the following deliverables:

- Interview guideline to establish the supply of and the training needs for capacity building measures (should be annexed to main report)
- Summary of the main findings and recommendations for the debriefing workshop (preferably as ppt, should be annexed to main report)
- Concise and result-oriented final report (in English) summarising the findings, action plan and recommendations, incl. the outcome of the debriefing workshop. The report should address all issues mentioned under 2.) and should not exceed 30 pages (excl. annexes). The draft report is to be submitted within two weeks after departing from field work.

Before commencing the field work the consultant is expected to conduct a thorough desk review of the most relevant documents and reports such as:

- Microfinance in Lao PDR, 2012, supported by GIZ through BoL and MPI, <http://www.mfwglaopdr.org/media/eng/GIZMFreport2012Eng.pdf>
- Sector Assessment, Strategy and Roadmap, TA 7500-Lao: Enhancing Financial Sector Supervision, The rural and microfinance sector of the Lao PDR, ADB, 2011
- Report on Bank Education and Training Market Study, 2011, by Enterprise and Development Consultants on behalf of Lux-Development and Bank of Lao PDR
- Development of an undergraduate course in Microfinance Management in Lao PDR, 2009, by Sebastian Behrle on behalf of DGRV
- Design and launch of a Bachelors degree in Microfinance, 2011, submitted to the MAFIPP Programme
- UNCDF MFTOT, Microfinance Distance Learning Course, 2002
- Microfinance Management Certificate Course in Lao PDR, 2012, by Lutz Grashof and Vanhsy Chindavong on behalf of Savings Bank Foundation for International Cooperation

### **4. Implementation and Timeline**

The study as described above is to be carried out by an international senior consultant with 15 years experience minimum, knowledge of the situation in Lao PDR and good understanding of the microfinance sector in this country. The consultant should have experience in the area of market research and capacity development, too, and should possess good report writing skills.

The MFWG will support the consultant by helping to arrange meetings with relevant sector representatives, organising the debriefing workshop and any other organisational or logistical issue.

In preparation of the mission the above mentioned papers as well as other relevant documents such as national policy documents, Microfinance Decree, regulations, etc. will be compiled and submitted to the consultant by MFWG.

Depending on financial resources available, the assignment should be carried out and finalised within the last quarter of 2013. Implementation of activities will be mainly done in Lao PDR, however, the budget includes several off-site days for preparation, desk review and report writing.

The proposed overall budget for the assignment might be structured as follows:

Activity	# of days/nights	Rate	Total in EUR
Preparation, desk review			
Assignment on-site, incl. travelling days			
Report writing			
Air fare (international consultant)			
Accommodation (international consultant)			
DSA (international consultant)			
Local travel			
Translation services, local consultant services			
Accommodation (national consultant)			
DSA (national consultant)			
Sub-total			
Miscellaneous	x% of sub-total		
VAT			
<b>Total cost of assignment</b>			



## Annex 4: Concept Paper

### Framework for the Development of a Sector-Wide *Microfinance Education and Training Strategy* in Lao PDR

#### 1. Background

Laos is a country with 6.4 million people and almost 9,000 villages (2012). The evolution of microfinance started in the early 1990s with donor-funded revolving funds, mostly in kind (particularly rice). Formal microfinance evolved during the last ten years; but the sector continues to be dominated by semiformal village funds, the vast majority (80%) now deposit-taking self-managed village banks. Government agencies including mass organizations, multilateral and bilateral organizations and INGOs have played crucial roles in the promotion of microfinance in Laos summarized in the surveys of NERI<sup>1</sup>.

Government policy in microfinance has been based on a policy statement by BoL in 2003, endorsed by the Prime Minister's Office, with an emphasis on "sustainable economic growth and reduction of poverty... (supported by) strong bank and non-bank institutions"<sup>2</sup> and, in a larger framework, on the National Growth and Poverty Eradication Strategy (NGPES) approved in 2003 by the National Assembly. The Government has pursued two approaches to the promotion of microfinance. The first has been regulatory, with its focus on the emerging formal microfinance sector under the supervision of BoL. In 2006 a Microfinance Decree was enacted, and in 2008 BoL issued a microfinance regulation: mainly for formal MFIs, but in principle aiming at all microfinance activities to be registered with BoL. This has been followed by the Prime Minister's Decree on Microfinance Institutions of 3 October 2012 on the basis of which the regulation is now being revised.

The second approach has broadly focused on the semiformal sector of village funds, with authority devolved to supervision committees (VFSCs) at central, provincial and district levels, under the Leading Committee for Rural Development and Poverty Eradication (LCRDPE) as the central supervisor. NGPES identified 47 priority districts for poverty eradication, allocating a special budget to establish village funds as a source of funds for production and services.<sup>3</sup>

Government policy is not always consistent. A main concern has been the supply of directed subsidized credit by state banks and revolving funds to fuel economic development and reduce poverty, as pronounced by the 6<sup>th</sup> National Socio-Economic Development Plan (NSED), 2006-2010. Along similar lines, the 7<sup>th</sup> NSED (2011-2015) emphasizes the expansion of microcredit, social insurance and SME lending. Institutional sustainability as presented in the BoL Policy of 2003 has been a lesser concern. The Financial Institution Development Strategy until 2020 (FIDS-2020) aims at "the development of financial institutions in the Lao PDR in a systematic and integrated way", but does not have a section on microfinance and does not seem to have been widely recognized.

Overall the Government has made major efforts over the last ten years to create a conducive environment for the development of microfinance, including the allocation of special resources to the village banking subsector, numerous programs and regulatory initiatives by BoL, reflected also in a (perhaps excessive) proliferation of reporting charts for licensed MFIs.<sup>4</sup>

Since 2003 the results of the Government's policy of promoting microfinance have been measured in eight national surveys by the National Economic Research Institute (NERI) of the Ministry of Planning and Investment (MPI). *Microfinance in the Lao PDR 2012* provides data on a national, regional and

---

<sup>1</sup> GIZ, Bank of Lao PDR & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, pp. 8-14

<sup>2</sup> BOL, Rural and Micro Finance Committee (RMFC), 2003. *Policy Statement for the Development of Sustainable Rural and Micro Finance Sector in the Lao PDR*, p. 1. Expansion of access, institutional diversity, sustainability and security of deposits (including an appropriate legal and regulatory framework and strengthened supervision of deposit-taking MFIs) are the four pillars of the policy (p. 5). [http://www.bol.gov.la/english/mf\\_policystatementEng.pdf](http://www.bol.gov.la/english/mf_policystatementEng.pdf) 2003

<sup>3</sup> Notice Letter No. 72/CPC, 28 Jan 2004.

<sup>4</sup> <http://www.bol.gov.la/english/microfinanceeng.html>

provincial basis; it also summarizes the contributions of Government and major donors.<sup>5</sup> As of mid-2012, **the total microfinance sector** (excluding banks) comprised 4,476 institutions, with almost 500,000 clients or members, respectively, including 421,000 savers and 241,000 borrowers. Total assets stood at \$91 million, deposits at \$58 million, loans outstanding at \$47 million and total equity at \$29 million (roughly the same of what ACLEDA Bank Lao, a microfinance bank, achieved in the four-year period 2009-2012, the first two years of which were loss-making).

In 2011/12 **the subsector of formal MFIs** comprised 42 institutions (~60 as of 2013) with 1,622 clients on average: 9 deposit-taking (DTMFIs), 15 non-deposit-taking (NDTMFIs) and 18 savings and credit unions (SCUs), averaging 3,648, 1,510 and 703 clients, respectively. Profitability was low, but had improved as measured (at year-end) by ROA: from 1.2% in 2009 (26 MFIs) to 1.4% in 2011 (42 MFIs). Profitability of DTMFIs had declined from 2.1% to 1.9%; surprisingly, NDTMFIs improved from -0.5% to 3.4%, while the performance of SCUs declined further from -0.4% to -0.8%. There is wide variation in performance between institutions within each group.

By all standards **the subsector of village funds/banks** is much larger than that of the licensed microfinance institutions, comprising 4,434 village funds with a total of 431,000 member clients (as shown in the table below). On average, a village fund has 97 member clients. Return on assets was a stunning 9.1% (reflecting a different operational and accounting model<sup>6</sup>): 9.7% among deposit-taking and 3.6% among revolving funds.

Formal and semiformal MFIs in Laos, 2011/12\* (amounts in million US\$)

	Formal MFIs	Semiformal MFIs (village funds)			Total MFI sector	VFs in % of sector
		Total VFs	% DTVFs	% NDTVFs <sup>7</sup>		
No of institutions	42	4,434	80	20	4,476	99.1
No of clients	68,140	430,623	86	14	498,763	86.3
Savers	49,142	371,572	100	0	420,714	88.3
Borrowers	18,998	221,897	83	17	240,895	92.1
Total assets	16.9	74.2	89	11	91.1	81.4
Deposits	7.9	50.3	100	0	58.2	86.4
Loans outstanding	10.1	36.9	87	13	47.0	78.5
Total equity	5.9	23.3	66	34	29.2	79.8
ROA (in %) *	1.4	9.1	9.7	3.6		

\* Data variously pertains to end-2011 and mid-2012. Exchange rate 31/12/2011: 8023.

Notable results of Government policy and donor support have been the growth of a regulated microfinance sector under central bank supervision and the widespread transition of the semiformal sector from unsustainable revolving funds to self-reliant village savings and credit funds.<sup>8</sup> However, while the microfinance sector has rapidly expanded, overall it is still weak and underperforming (with the exception of ACLEDA Bank Lao, a microfinance bank, which has not been included in the NERI survey). Inadequacies in capacity building at micro, meso and macro level, particularly the lack of a well-established training and consulting system, are one of the main causes for underperformance; others are the lack of a shared vision of Government at different levels and a lack of determination to pursue good practice approaches to microfinance. In addition, effective supervision and the transformation of the semiformal microfinance sector remain major challenges.

<sup>5</sup> GIZ, Bank of Lao PDR & MPI, 2012. *Microfinance in the Lao PDR 2012*, pp. 8-14

<sup>6</sup> Allocating compensations to depositors, management and supervisory committee members from earnings upon the conclusion of the year.

<sup>7</sup> VF=Village Funds, DTMFIs=Deposit-Taking MFI, NDTVFs=Non-Deposit-Taking Village Funds

<sup>8</sup> GIZ, Bank of Lao PDR & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, p. i

The Congress of the Lao PDR Revolutionary Party identified education as the core of human resource development in the country. In order to further this aim a strategic plan was developed and approved in 2009 covering the period 2009-2015. One priority issue that the 'Education Sector Development Framework' seeks to address is a closer alignment between education and employment including the development of technical and vocational education and training in response to labor market demands and nationwide skill building.<sup>9</sup>

However, the level of education in the country is still considered low and there are serious deficiencies in higher education. Basic mathematical, analytical and problem solving skills are weak and most graduates are ill equipped and lack required competencies when they join the labor market.

Moreover, there is no formal education or training in microfinance<sup>10</sup> and as a consequence, a majority of staff employed in the microfinance industry do not possess the skills and expertise needed to run a microfinance organization in an effective and sustainable manner. The lack of capacity of microfinance staff has often been cited as one (if not *the*) most prominent limitation to sustainable sector development<sup>11</sup> - despite the fact that over the last ten years many stand-alone capacity building interventions were implemented with donor support, but also by government and private entities, such as short-term training courses/workshops, on-the-job training, technical assistance, internships, and exposure visits.

However, these mainly uncoordinated and supply driven efforts have not yielded the expected results, mainly due to the fact that trainees have difficulties to relate the content to their practical work (implementation of training contents) without additional external support/follow up (technical on-site assistance). Training materials are often not adapted to the Laos context and thus not tailored to the needs of trainees with lower education standards; a lack of understanding of training contents, communication barriers and use of inadequate training methods has also been observed. As a consequence, the majority of microfinance staff is still not sufficiently equipped to do their jobs. Overall, microfinance organizations have failed to develop their capacity to be in line with international standards. Microfinance stakeholders on all levels voice their concern and feel that not enough attention has been paid to human capacity building and institutional development and conclude that a new approach has to be explored.

However, some new initiatives have recently emerged, for example the Government (Banking Institute) together with the UNCDF-MAFIPP program is engaged in setting up a Bachelor Degree Program in Microfinance for banking and MFI staff (BD in MF)<sup>12</sup>, and SBFIC together with MFWG/MFA<sup>13</sup> (the industry representative body) has done substantial research in preparation of a Microfinance Management Certificate Course (MFMCC)<sup>14</sup> specifically designed for MFI management staff. It should be noted though that these initiatives (assuming that they will be implemented in the near future) are mainly directed to strengthen staff capacity in the formal microfinance sector, and it is unclear how the management and board (as well as advisory committee) capacities of village funds, which constitute the majority of microfinance organizations in this country, can be improved in the medium term.

---

<sup>9</sup> Ministry of Education, 2009. *Education Sector Development Framework 2009-2015*

<sup>10</sup> Except by ACLEDA Bank Lao, provided partly in-house and partly by the ACLEDA Training Center (ATC) in Cambodia, which also offers training to international participants from other organizations. (<http://www.acledatrainingcenter.com.kh/tc/eng/profile.php>)

<sup>11</sup> See '4. List of Selected Literature with Relevance for this Research Project' for more details

<sup>12</sup> UNCDF & Bank of Lao PDR, 2011. *Design and Launch of a Bachelors Degree in Microfinance*, Robert Cater. The two year program consists of 10 core course modules: (a) Fundamentals of microfinance, b) understanding the client and market, c) methodologies, d) MIS for MFIs, e) credit management, f) financial management, g) delinquency control, h) institutional management, i) risk management, j) government policy and external relations.

<sup>13</sup> One of the mandates of the MFA (formerly known as MFWG) is to provide capacity building to its members, which is mainly provided in the form of short-term training courses of specific microfinance topics requested by its members (formal MFIs).

<sup>14</sup> SBFIC & MFWG, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong. The eight module-course (29 days) comprises of the following topics: a) fundamentals in microfinance, b) business and strategic planning, c) human resource management and leadership skills, d) credit and delinquency management, e) management of an MFI and governance, f) financial and social performance management/accounting & MIS, g) product development and h) compliance with regulatory requirements and internal control.

Therefore, a more strategic, systematic and holistic approach, which involves all relevant Government and Non-government stakeholders on macro, meso and micro-level, is required to address the identified gap and weaknesses in a structured manner. It is expected that this would result in the provision of adequate training and education services for the different models of microfinance organizations prevalent in Lao PDR and their specific requirements. It would help formal as well as semi-formal microfinance organizations to run and grow their businesses in a sound and profitable manner. Operational sustainability, PAR, adherence to BoL regulatory and reporting requirements and governance would improve over time and help the sector to increase outreach and provide sustainable and reliable services to poor populations thus improving their living conditions in the medium to long term.

## 2. Project Description

### a) Goals, Objectives, Study Questions:

The main goal of the project is to investigate how the capacity and skills of those working in the microfinance sector including formal and semi-formal MFIs (micro-level), training service providers (meso-level) and BoL (macro-level) can be improved so that the overall development of the sector is strengthened.

The project seeks to get a better understanding of why previous training and education measures had limited impact and will assess the actual and perceived capacity building needs of those working in the microfinance sector on all three levels. Main training contents will be established according to the identified essential requirements of various target groups, particularly deposit-taking MFIs (including SCUs) and non-deposit-taking MFIs, deposit-taking village banks and revolving village funds as well as for BoL as supervisory authority. It will be vital to adapt training contents to trainees with generally lower education standards (see 1. above). The capacity building needs of semi-formal village banks and revolving funds are believed to be more basic than those of the formal sector but content related overlapping is expected to exist between the two sub-sectors. Findings from existing research related to the establishment of a MFMCC and BD in MF will be taken into account, as well as results from other training needs surveys/institutional assessments (e.g. those undertaken by MFWG/MFA (2011/2013) and ADB-CMP Project (2011)).

In particular, the project seeks to gain a better understanding of the specific training needs of the semi-formal sector since there is a lack of studies on this aspect (compared to the formal sector), despite the fact that village funds represent the majority of the microfinance sector (needs assessment on micro-level).

It also aims to gain a better understanding of the capacity building requirements on meso-level (supply side), i.e. those of existing public and private training service providers (including MFWG/MFA and promoting agencies of village funds), their strengths and weaknesses, trainers' qualifications, training duration and intervals, as well as provision of follow up support.

Available studies regarding the supply side of training measures will be updated and progress made in establishing the BD in MF and MFMCC (see above) included. Based on the identified needs of the various target groups and available training supply, a gap analysis will be undertaken.

The project will also look into the improvement of prevalent methodologies and training quality, particularly in response to the demand of training recipients for practical exposure, group work and good facilitation skills of trainers.<sup>15</sup> Bringing in short-time international trainers and expertise has yielded mixed results in the past mainly due to the lack of local knowledge and communication barriers. Capacity building approaches engaging international experts to train local trainers (TOT of content and training method), who subsequently delivered the training, have yielded better results (e.g. ADB 'Catalyzing Microfinance for the Poor Project'), but are costly. Still, local trainers and resource persons with expertise in microfinance are rare to find in Laos and those few who exist are in high demand by training service providers and donor projects alike. It has to be investigated how the

---

<sup>15</sup> e.g. SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong and MFWG/MFA, 2013. *Evaluation of Training Needs Survey*.



number of qualified trainers can be increased in the medium term to effectively cater for the existing training demand. Engaging trainers from existing training institutes and business colleges could be an option as these could provide training in more general business aspects which are also an essential part of the microfinance business, but do not have to be provided by a trainer specialized in microfinance (i.e. topics such as marketing, leadership, management skills, accounting). Managers from leading microfinance organizations could be used as resource persons in training delivery as well since they have the practical experience that most trainers lack. It also needs to be clarified what role MFWG/MFA as the industry representative body could play in training provision and whether the organization will continue to focus on capacity building support to formal MFI members or whether it would be feasible to extend its services to the semi-formal sector in the future as well.

The project will critically evaluate who would be best placed to provide training to the different target groups and whether existing services can effectively be expanded or consolidated and whether the establishment of new initiatives is required. Different feasible approaches to deliver and institutionalize capacity building measures will be examined. The project seeks to gain clarity whether the semi-formal sector with its large number of promoters at provincial and district level would require a separate framework for capacity building or whether existing and planned interventions aiming at formal microfinance institutions could be adapted to cater for their specific training needs as well (e.g. MFMCC).

Innovative and cost effective delivery channels like distance learning have been introduced in the past as well (see MFTOT Course by UNCDF) but have proven difficult and drop out rates have been high mainly due to the lack of Lao speaking, qualified mentors. It is questionable whether e- and distance learning provides the right learning methods for the Lao context.<sup>16</sup>

The study will provide recommendations on how the issue of financing/funding capacity development measures can be addressed since training is expensive in Laos and most formal and semi-formal microfinance organizations do not have the means to pay for training. It will be essential to identify a cost effective (decentralized?) way of training delivery in particular for the semi-formal sector. In this context, it will be assessed whether Government, donor as well as private sector support are available and could complement each other to subsidize or pay for essential capacity building measures in the medium term.

It should be noted that building the capacity of the microfinance sector in Laos will take time, and moreover cannot be attained through training alone. Internships, exposure visits, contact with experienced local and international experts, mentoring and other programs are required to confirm and entrench the necessary behavioral changes and improve performance.

The project will also provide an overview of the financial resource planning (basic business plan/exit strategy) and proposal for a quantitative and qualitative M&E system for the proposed training measures. Finally, based on the findings, an action plan will be created, allocating responsibilities and timelines to enable stakeholders to start working on next steps and implementation of agreed measures for the development of a sector wide education and training strategy.

#### *b) Methodology and Timeline:*

SBFIC was commissioned by GIZ-AFP to undertake the project, and a consultant team has been assigned to complete the task. The following experts are members of the team:

- Ursula Hammerich, Microfinance Expert (lead)
- Prof. Dr. Hans Dieter Seibel, Microfinance Expert
- Lutz Grashof, Financial Systems Development Expert/ Trainer
- Vanhsy Chindavong, National Microfinance Expert / Trainer
- Nicole Brand, SBFIC Program Manager (backstopping)

Team members Ursula Hammerich, Prof. Seibel and Vanhsy Chindavong will be in Laos from 23 November until 3 December 2013. They will conduct in-depth interviews with macro-, meso- and

---

<sup>16</sup> Also see: Ibid, pp.9f

micro-level sector representatives, including key BoL and Lao government officials, donors, NGOs, public and private training service providers and resource persons, as well as formal and semi-formal microfinance institutions.

On the basis of the results of the field visits the team will also develop a questionnaire, which will be sent out to a number of relevant formal microfinance organizations and promoters of semiformal microfinance organizations to identify training needs of different business models prevalent in Lao PDR (i.e. DTMFIs, NDTMIs, SCUs, deposit taking village banks and revolving village funds). In doing so a wide range of organizations can a) voice their perceived needs according to the position held in the organization (manager, BoD, loan officer, accountant, etc.), b) provide feedback on received training so far (content, methods, duration, venue, follow up support) and c) suggest important improvements to the present situation. Together with the results of field interviews and focus group discussions held during the in-country visit of the consultant team, the results of the questionnaire will be analyzed and used as an additional tool to develop the framework for future training and education measures.

A stakeholder kick-off meeting will be held at the beginning of the stay to present the study purpose and allow an inner circle of key stakeholders to join the discussion. It is also planned to hold a final debriefing workshop with all relevant stakeholders at the end of the stay to summarize and discuss first findings and recommendations. Based on the findings from field interviews, feedback from the debriefing workshop as well as the results of the questionnaire, the team will prepare a final report, due by end of January 2014. The report will provide the framework for the development of a sector-wide education and training strategy and next steps to be taken.

### **Project Plan:**

<b>Ref.</b>	<b>Activities:</b>	<b>Timeline:</b>
1	Preparation/briefing for project/study of existing documents	11 - 17 November
2	Develop concept paper	18 - 24 November
3	Kick-off meeting with key stakeholders	25 November
4	Stakeholder meetings/interviews on-site	25 – 30 November
5	Development of questionnaire	25 Nov – 3 Dec
6	Preparation of debriefing workshop	30 Nov – 2 Dec
7	Debriefing workshop with all stakeholders	3 December
8	Send out questionnaires to microfinance organizations	4 – 6 December
9	Preparation summary first findings & recommendations	4 - 13 December
10	Consolidating data and analysis of questionnaires	16 - 29 December
11	Report writing	14 Dec – 30 Jan '14
12	Final report submission	31 January 2014

### **3. Contact Information:**

#### **Study Team:**

- Ursula Hammerich, Lead International Consultant  
Email: [uhammerich@yahoo.com](mailto:uhammerich@yahoo.com)
- Prof. Dr. Dieter Seibel, International Consultant  
Email: [Seibel@uni-koeln.de](mailto:Seibel@uni-koeln.de)
- Lutz Grashof, International Consultant  
Email: [lutz.grashof@web.de](mailto:lutz.grashof@web.de)
- Vanhsy Chindavong, National Consultant  
Email: [vanhsyc@yahoo.com](mailto:vanhsyc@yahoo.com)
- Nicole Brand, SBFIC Program Manager  
Email: [Nicole.Brand@sparkassenstiftung.de](mailto:Nicole.Brand@sparkassenstiftung.de)



#### 4. Selected Literature with Relevance for the Project

- ADB & BoL, 2011. *Briefing Paper: Institutional Assessment of MFIs in Lao PDR*, Shane Nichols
- ADB, 2011. *The Rural and Microfinance Sector of the Lao PDR, TA 7500-Lao: Enhancing Financial Sector Supervision*, Timo Hogenhout
- ADB, 2013. *Lao PDR Rural Finance Sector Development Program Completion Report*
- ADB & Bank of Lao PDR, 2009-2010. *Feasibility Study Report: APEX Microfinance Institution in the Lao PDR*, Guy Winship & Shane Nichols
- BoL – Bank of the Lao PDR, 2003. *Policy Statement for the Development of Sustainable Rural and Micro Finance Sector in the Lao PDR*. BoL Rural and Micro Finance Committee (RMFC), 2003
- DGRV, 2009. *Development of an Undergraduate Course in Microfinance Management in Lao PDR*, Sebastian Behrle
- GIZ, BoL & MPI/NERI, 2009. *Microfinance in the Lao PDR 2012*, Hans Dieter Seibel & Klaus Prochaska (editors)
- GIZ, BoL & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, Hans Dieter Seibel & Bernward Rohmann (editors)
- GIZ, 2012. *Rural Finance in Laos*, Klaus Prochaska, Philipp Hauger & Dennis Fischer
- ILO – International Labor Office, 2008. *Village Banking in Lao PDR: Handbook for Village Bank Management Committees and Support Organizations*, by Linda Deelen and Eva Majurin
- Lao PDR Prime Minister's Office, 2012. *Decree on Microfinance Institutions*
- Lux Development and BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise and Development Consultants (EDC)
- Mekong Private Sector Development Facility, 2006. *Training Needs and Delivery Strategy for the Microfinance Sector of Lao PDR*, Tilman Bruett
- Ministry of Education, 2009. *Education Sector Development Framework 2009-2015*
- MFWG/MFA, 2013. *Evaluation of Training Needs Survey*
- SBFIC & BMZ, 2010. *Village Banks (Village Savings & Credit Groups) in Vientiane Capital: Roadmap Scenarios for a Sustainable Future*, Hans Dieter Seibel
- SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong
- UNCDF MFTOT, 2002. *Microfinance Distance Learning Course*
- UNCDF & BoL, 2011. *Design and Launch of a Bachelors Degree in Microfinance*, Robert Cater

## Annex 5:

### Development of a Sector Wide Microfinance Education & Training Strategy for the Lao PDR

#### List of Stakeholders met during SBFIC Mission to Laos (25 November – 3 December 2013)

Ref.	Organization	Person met/Position	Contact Details
1.	<b>Independent Consultant</b>	Mr. Timo Hogenhout, MF Consultant	timo@zzphogenhout.nl
2. 3. 4.	<b>GIZ-Access to Finance for the Poor (AFP)</b>	Mr. Thorsten Fuchs, Program Director Mr. Bilal Yan Hagen Microfinance Advisor Mr. Bandith Sisoukda, Microfinance Senior Advisor	thorsten.fuchs@giz.de yan.hagen@giz.de bandith.sisoukda@giz.de
5. 6.	<b>DGRV</b> (German Cooperative & Raiffeisen Confederation)	Mr. Holger Grages, Country Director Ms. Jutta Rehag, Consultant	grages@dgrv.coop juttarehag@gmail.com
7. 8.	<b>MFA</b> (Microfinance Association)	Mr. Alfred Gugler, Technical Advisor Ms. Pamouane Phetthany, General Director	alfredgugler@gmail.com phetthany@gmail.com
9. 10.	<b>MPI-NERI</b> (Ministry of Planning & Investment-National Economic Research Institute)	Mr. Souphit Darachanthara, Deputy Director General Ms. Phonesavanh	souphit@yahoo.com jokphonesavanh_05@yahoo.com
11. 12.	<b>LCSDPA</b> (Lao Community Sustainable Development Promotion Association)	Mr. Khamfone Thenduoangsi, Vice-Chair Ms. Somthong Khaykhamphithoun, Manager	lcsdpa@hotmail.com
13. 14. 15.	<b>AusAID</b> -Livelihoods Program at Australian Embassy	Ms. Dulce Carandang-Simmanivong, Senior Program Manager Mr. Keolapthavong Songsamayvong, Program Manager, Rural Livelihoods Mr. Pisay Souvansay, Senior Program Officer & Gender Focal Point	Dulce.Simmanivong@ausaid.gov.au Keo.songsamayvong@ausaid.gov.au Pisay.souvansay@ausaid.gov.au
16.	<b>IFC</b>	Ms. Khaikham Omedamdu, Access to Finance Officer	KOnedamdy@ifc.org
17.	<b>WEC</b>	Ms. Collete McInnery, WEC	colette@goodreturn.org

Ref.	Organization	Person met/Position	Contact Details
18. 19.	National <b>LWU</b> , Development Department	Ms Sirikit Boupha, Director Ms Kaisamy Latvilayvong, Deputy Director	Kaysamy.latvilayvong@yahoo.com
20.	<b>SBFIC</b> – Village Bank Support Project	Mr. Jan Bayer Dr. Wolfram Hiemann, SME/Microfinance Consultant	Jan.Bayer@sparkassenstiftung.de w.hiemann@gmx.de
21.	<b>SBFIC</b>	Mr. Bernd Werthenbach, Country Director	bwerthenbach@yahoo.com
22. 23.	<b>Bank of the Lao PDR, Banking Institute</b>	Ms. Duangdy Phimvongsa, General Director Ms. Poutsady Phomphyphak, Deputy Division	dphimvongsa@bibol.edu.la p.phoutsady@yahoo.com
24. 25.	<b>MFC</b> (Microfinance Center)	Mr. Somphone Sisenglath, Director Mr. Somsack Senthavisong, Training Manager	mfc@mfcclao.com somsack.sen@mfcclao.com
26.	<b>CARD</b>	Ms. Ludy Medina	ludymedina@yahoo.com
27.	<b>UNCDF-MAFIPP</b>	Ms. Sinipha Khamphoui, Project Technical Advisor	Sinipha_kc@yahoo.com
28.	<b>EDC</b> (Enterprise and Development Consultants Co., Ltd)	Mr. Thone Boungvatthana, Managing Partner/Trainer & Consultant	thone.btn@gmail.com thonebtn@yahoo.com edclao@laotel.com
29. 30. 31.	<b>ACLEDA Bank Lao Ltd.</b>	Mr. Narin Phon, Managing Director, CEO Ms. Kaysone Linthong, Marketing Department Manager Mr. Keochai Mayyavongsink, Assistant Legal Department Manager & Company Secretary	narin@acledabank.com.la kaysone@acledabank.com.la keochai@acledabank.com.la
32.	<b>Bank of the Lao PDR, FISD</b> (Financial Institution Supervision Department)	Mr. Vilaymith Ackhavong, Deputy Director Mme Keasorn Manivong, Deputy Director	vilaymith63@yahoo.com
33.	<b>LIEDC</b> (Lao-India Entrepreneurship Development Center)	Mr. Siamphone Chanthaphone, Director	liedcvte@yahoo.com

Ref.	Organization	Person met/Position	Contact Details
34.	<b>Ministry of Education and Sports,</b> Strengthening Technical and Vocational Education & Training Project, Technical & Vocational Education Department	Mr. Thongsa Inthavong, Head of PIU Office	ithongsa@gmail.com
35. 36.	<b>GIZ</b> <b>GIZ - TVET Teacher Education Programme</b>	Mr. Eberhard Frey, Head of Vocational Education Ms. Katja Freitag, Junior Advisor	eberhard.frey@giz.de katja.freitag@giz.de
37. 38.	<b>Government's Office, Lao PDR,</b> <b>NCRDPE</b> (National Committee for Rural Development and Poverty Eradication)	Dr. Souban Sengsoulivong, Deputy Director General of Personnel & Administration Mr. Soulivong Xaygnavong, Division Chief of Poverty Eradication Division	sengsoulivong_s@yahoo.com skaygnavong72@yahoo.com
39.	<b>Phathukam DTMFI</b>	Ms. Khanmani Southammavong, Manager Ms. Sengmany Manivong, Head Credit Department	<a href="mailto:khanmany@gmail.com">khanmany@gmail.com</a> manivong@yahoo.com
40.	<b>Sasomsab NDTMFI</b>	Ms. Chanpheng Lilavong, Manager	chanpheng.lilavong@gmail.com
41. 42. 43.	<b>LWU Xaithany District, Vientiane</b>	Ms. Phan Khumisai, LWU District President & VB Central District Committee Member Maimon Senamoni, LWU District Vice President & VB Central District Committee Member Ms. Sisuphan Duangdala, VB Network Center staff/manager, Honorary Central Network Committee Member and chair of one Zonal Network Committee	N/A
44.	<b>SCU Mithapap</b>	Ms. Vanhsy Chindavong, Advisor to SCU Mithapap	scumittaphap@gmail.com
45.	<b>ECCDA</b> (Environment Conservation and Community Development Association)	Mr. Khanthone Phamuang, Director	pkhanthone@yahoo.com

## **Annex 6: Training Needs Questionnaire for formal MFIs**

An SBFIC consultant team commissioned by GIZ is currently undertaking a training needs survey for the microfinance sector. The results will be used to establish a **framework for the development of a sector wide education and training strategy in the Lao PDR**.

One of the objectives of the questionnaire is to identify training needs according to different positions in the organization (manager, board of directors, staff). We kindly request that one member of the BoD, one manager, one loan officer and one accountant fill in the questionnaire separately. The results will be used to outline specific training contents for different functions in a microfinance organization.

**Please email (vanhsyc@yahoo.com) or fax (021 26 29 79) your responses (by position held in your organization) by 23 December 2013.**

Thank you very much for your cooperation!

**A. Type of Institution:** Please tick as appropriate:

- ☐ Deposit Taking MFI  
☐ Non Deposit Taking MFI  
☐ Savings & Credit Union (SCU)  
☐ Network Support Organization (NSO)

**B. Position held in the Institution:** Please fill in **one table for each position in your organization** and **tick for each position** as appropriate

- ☐ Board of Directors  
☐ Manager  
☐ Loan Officer  
☐ Accountant

**C. Please rate importance of various training topics:**

Ref	Topic	Very important	Important	Less important
1	Leadership Skills & Values			
2	Good Governance			
3	Management Skills			
4	Business Planning			
5	Human Resource Management			
6	Customer Relations			
7	Customer Business Development			
8	Product Development			
9	Marketing			
10	Management Information System			
11	Bookkeeping/Accounting			
12	Auditing			
13	Internal Control			
14	Financial Analysis			
15	Savings Mobilization			
16	Loan Appraisal			
17	Credit Management			
18	Risk & Delinquency Management			
19	Regulation & Compliance			
20	Fundamentals in microfinance			
21	Basic financial literacy for new staff			
22	Financial literacy for customers			

**D.** Please list the **trainings received** during the **last two years**, including the **training provider**, the **number of days** and the **practical usefulness** of each training (on a scale from **1--Very useful to 5--Not useful**).

No	Training Topic	Training Provider	Number of Days	Rating Scale 1-5
1				
2				
3				
4				
5				

**E.** What **improvements** do you suggest in the **trainings you received**?

**F.** What **additional trainings** do you need?

**Thank your very much for taking your time to contribute to this survey**



## **Annex 7: Training Needs Questionnaire for Village Banks**

*An SBFIC consultant team commissioned by GIZ is currently undertaking a training needs survey for the microfinance/village banking sector. The results will be used to establish a **framework for the development of a sector wide education and training strategy in the Lao PDR**.*

*One of the objectives of the questionnaire is to identify training needs according to different positions in the village bank. We kindly request that one member of the management committee and one member of the advisory committee fill in the questionnaire separately. The results will be used to outline specific training contents for different functions in a village bank.*

**Please email ([vanhsyc@yahoo.com](mailto:vanhsyc@yahoo.com)) or fax (021 26 29 79) your responses (by position held in your organization) by 23 December 2013.**

*Thank you very much for your cooperation!*

---

### **A. Position held in the village bank:**

- ☐ Management Committee Member
- ☐ Advisory Committee Member

### **B. Please rate the importance of various training topics:**

Ref	Topic	Very important	Important	Less important
1	Fundamentals of Village Banking			
2	Financial literacy for Members			
3	Leadership Skills & Values			
4	Good Governance of Advisory Committee			
5	Management Skills			
6	Services & Member Relations			
7	Member Microenterprise Development			
8	Savings Mobilization & Fund Management			
9	Loan Appraisal & Credit Management			
10	Risk & Delinquency Management			
11	Product Development & Marketing			
12	Bookkeeping & Accounting			
13	Data Management & Reporting (MIS)			
14	Internal Control			
15	Auditing			
16	Zonal & District Network Relations			
17	Transformation into regulated MFI			

**C.** Please list the **trainings received** during the **last two years**, including the **training provider**, the **number of days** and the **practical usefulness** of each training (on a scale from **1--Very useful to 5--Not useful**).

No	Training Topic	Training Provider	Number of Days	Rating Scale 1-5
1				
2				
3				
4				
5				

**D.** What **improvements** do you suggest in the **trainings you received**?

**E.** What **additional trainings** do you need?

**Thank your very much for taking your time to contribute to this survey!**

## Annex 8: Stakeholder Debriefing Meeting

 **Finanzgruppe**  
Sparkassenstiftung für  
internationale Kooperation

  
supported by  


**Stakeholder Debriefing Meeting:** Vientiane, 3 December 2013

*'Framework for the Development of a Sector Wide Microfinance Education & Training Strategy in Lao PDR'*



# 1. Objective of the Mission:

  
supported by  


**Conduct a study  
concerning the development of a framework  
for an education and training strategy for the  
microfinance sector in the Lao PDR'**

## 2. Laos: A Brief Overview (2011)

- 16+1 = 17 provinces
- 144 districts
- 8,636 villages
- 1.14m households
- population 6.4m

## 3. The Microfinance Sector in brief (2011)

Type	Number	Clients	Average
MFIs (regulated)	42	68,140	1,622
Village Funds	4,434	430,623	97
a) DT VBs	3,560	390,431	110
b) NDT RVs	874	40,192	46

Source: GIZ, BoL, MPI/NERI Microfinance Statistics, 2012

## 4. Supervision & Coordination:



**Overall sector mandate: Bank of Lao PDR (BoL)**

**MFIs:** BoL (supervision)

**Village Funds:**

- National Rural Development & Poverty Eradication (NRDPE) (former LCRDPE, Decree 20/PM 19<sup>th</sup> Jan 2012), coordination
- Provincial and district level: Rural Development Office, coordination
- Training & monitoring of Village Development Fund-financed VFs delegated to LWU, Lao Youth, Lao Trade Union & Lao National Front
- Various village fund promoting agencies

## 5. Organizational Framework: Associations & Networks



**MFIs:** MFWG/MFA on national level

**Village Funds:**

- (District) Network Support Organizations (GIZ, DGRV...)
- District Network Centers with zonal networks (LWU in VC...)
- Higher-level networks under discussion (LCSDPA with Social Welfare Department, GIZ...)
- LWU: Various initiatives in 119 districts, 17 provinces, 2,392 village funds incl. SBFIC in 2 districts

## 6. Main Challenge in Microfinance

- **Sound financial institutions** with adequate financial services to all segments of the population, particularly micro and small enterprises and the poor
  - **Competent management and staff**
  - **Effective governance**
  - **Effective networks**
  - **Adequate training and consultancy services with practical relevance**

## 7. Target Groups for Capacity Building (CB):

- BoL-FISD staff
- Trainers and consultants
- Key staff in private and public promoting and coordinating institutions at various levels (eg, LWU, district administration, GIZ...)
- Staff/committee members in networks and network support organizations
- Board/advisory committee members
- Management and staff/committee members in MFIs and VBs
- Clients/members



## 8. Organizational Framework Options:

### I. MFA Training Center:

- MFIs only or
- MFIs and VB networks and promoters

### II. LWU Training Institution:

LWU promoters at national level  
with programs at district and provincial level  
providing capacity building to networks and VBs

### III. NSO Training Institution:

NSO promoters at national level  
with programs at district and provincial level  
providing capacity building to networks and VBs

### IV. Other?

## 9. Next Steps :

- Outlining of training contents by target group
- Cost estimate for recommended option
- Addressing issue of funding
- Proposing M&E system
- Implementation plan
- **Final report due 31 January 2014**

## 10. Discussion

**Please join the discussion**

**Thank You!**

## Annex 9: List of Debriefing Workshop Participants



**Participants' List for Debriefing Workshop: SBFIC – GIZ Framework for a Microfinance Training & Education Strategy**

Ref.	Organization	Name	Position	Email	Signature
1	Mr. Soundale From ACLEDA Bank Lao Ltd.	Mr. Soundale	DPT of MKD Money	Soundale@acledebank.com.la	[Signature]
2	CARD MRI - 16 GARDY Medina	Lady Medina	EXPERT	ladymedina@yahoo.com	[Signature]
3	CARD MRI - 16	Mayotte Marasigan	DIRECTOR	mayotte.marasigan-2003@yahoo.com	[Signature]
4	Miss Vannpheng From SCUMittaphap	Mamagor	Manager		[Signature]
5	Mr. Siampphone Chanthophone → Lao-India Develop. Center (LISTE)	Director	Director	liedevta@kha.com	[Signature]
6	Bank of Lao PDR Mrs. Phetsamone CHANDARA	Phetsamone	Deputy Chief	Somsack18@yahoo.com	[Signature]
7	Mr. Sone Xay Sithithath	Sone Xay		S.sithithath@gmail.com	[Signature]
8	BERND WERTHENZACH	SBFIC	PROJECT DIRECTOR		B. Wertenzach
9	BILAL VAN HAGEN	GIZ AFP	ADVISER	van.hagen@giz.de	[Signature]
10	SINIPHA KHAMPHOU	MAFIPP/LUNDA	Project Technical Advisor	sinipha_kc@yahoo.com	[Signature]
11	Somphone Sisengkhoun	MFC	Director	somphone.s@mfc.la	[Signature]
12	Kaikhom Onedamdy	IFC	Program Leader access to Finance	Konedamdy@ifc.org	[Signature]
13	MFC	Somsack SENHANG	Senior Training Manager	Somsack.SEN@mfc.la	[Signature]
14	DGRV	Holger Grages	Coordinator	hgrages@dgrv.coop	[Signature]
15	MFA	Pamouane Phetthany	General Director	phetthany@gmail.com	P. Phetthany

## Annex 10: BoD Training Needs Data

**Table 1: Board Members - Training topics and their rating**

(1 very important, 2 important, 3 less important):

Board Members		Rating			
#	Topic	1	2	3	Total
1	Leadership Skills & Values	5	5	0	10
2	Good Governance	8	2	0	10
3	Management Skills	8	2	0	10
4	Business Planning	4	6	0	10
5	Human Resource Management	3	5	0	8
6	Customer Relations	2	6	0	8
7	Customer Business Development	0	8	1	9
8	Product Development	1	7	2	10
9	Marketing	4	5	1	10
10	Management Information System	3	6	0	9
11	Bookkeeping/Accounting	4	6	0	10
12	Auditing	7	3	0	10
13	Internal Control	5	4	0	9
14	Financial Analysis	6	4	0	10
15	Savings Mobilization	1	6	1	8
16	Loan Appraisal	4	4	1	9
17	Credit Management	5	3	1	9
18	Risk & Delinquency Management	9	0	1	10
19	Regulation & Compliance	3	6	1	10
20	Fundamentals in microfinance	1	7	1	9
21	Basic financial literacy for new staff	0	8	0	8
22	Financial literacy for customers	0	6	3	9
<i>Total</i>		<i>83</i>	<i>109</i>	<i>13</i>	<i>205</i>

**Table 2: Board of Directors - Trainings received 2012-2013**

Board of Directors					
No.	Trainings Received 2012-2013	Provider	Days	Rating	# of Res.
		MFC, V.			
1	Good governance	Chindavong	1, 2	1,1,1	3
2	Internal control and auditing	MFC	2, 5	2, 1	2
3	FINA reporting	BOL	3	N/A	1
4	Data analysis	MFC	5	N/A	1
5	MIS/Mbwin	MFC	3	2	1
6	Credit management	V. Chindavong	2	1	1
7	Delinquency management	V. Chindavong	2	1	1
8	Credit and delinquency management	MFC	5	1	1
9	Accounting	MFC	3	1	1
10	Business planning	MFC	4	3	1
11	TOT	MFC	3	4	1
13	Market survey & product development	K. Songsamayvong	5	2	1
Total Trainings		4 Providers	1-5 d.	1.40	15

## Annex 11: Managers Training Needs Data

**Table 10: Training topics and their rating**

(1 very important, 2 important, 3 less important):

Managers		Rating			
#	Topic	1	2	3	Total
1	Leadership Skills & Values	8	5	0	13
2	Good Governance	10	2	1	13
3	Management Skills	9	3	1	13
4	Business Planning	9	5	0	14
5	Human Resource Management	12	1	0	13
6	Customer Relations	5	6	0	11
7	Customer Business Development	0	9	2	11
8	Product Development	6	5	1	12
9	Marketing	4	8	0	12
10	Management Information System	6	6	0	12
11	Bookkeeping/Accounting	6	4	0	10
12	Auditing	8	3	0	11
13	Internal Control	9	3	1	13
14	Financial Analysis	8	4	0	12
15	Savings Mobilization	2	9	0	11
16	Loan Appraisal	8	4	0	12
17	Credit Management	8	3	1	12
18	Risk & Delinquency Management	10	2	0	12
19	Regulation & Compliance	6	4	2	12
20	Fundamentals in microfinance	3	6	4	13
21	Basic financial literacy for new staff	3	8	1	12
22	Financial literacy for customers	0	7	5	12
Total		140	107	19	266

**Table 2: Managers - Trainings received 2012-2013**

<b>MFI Managers</b>					
<b>No.</b>	<b>Trainings Received 2012-2013</b>	<b>Provider</b>	<b>Days</b>	<b>Rating</b>	<b># of Res</b>
1	Internal control and audit	MFC (4), GIZ-AFP, MFC-CARD	5, 2, 10	1, 1, 1, 2, 1,	6
2	Leadership	TACDO, TACDO, MFC,	9, 6, 5, 5	2, 2, 1, 1	4
3	MICROFACT Finan. perform. ass.	MFC			
3	Market survey & product devpt	MFC & BRS/ADA	3	1, 3	3
4		Keolap Songsamyvong (2), TACDO	3, 5	3, 2, 1	3
5	MIS/Mbwin	MFC	3, 5	1,1	2
6	Credit management	AFP-GIZ, Vanhsy Chindavong	5, 2	2,2	2
7	Delinquency management	TACDO, Vanhsy Chindavong	2	1,1	2
8	Customer service	TACDO, Vanhsy Chindavong	5, 2	1,1	2
9	HR management	CARD, MFC	5	1,1	2
10	FINA Reporting	BOL	3, 2	2,2	2
11	Loan and delinquency mgt	MFC	5	1, 2	2
12	Micro and SME loans	ACLEDA	5	2	1
13	Market survey	ODX Devpt Training Center	5	3	1
14	Financial analysis	MFC	5	2	1
15	Business planning	MFC	3	1	1
16	MFI management for manager	MFC	12	1	1
17	Basic accounting	CARD	2	1	1
18	Good governance	Vanhsy Chindavong	3	1	1
19	Internal control and auditing	MFC	5	2	1
<b>Total</b>		<b>9 Providers</b>	<b>2-12 d.</b>	<b>1.42</b>	<b>38</b>



## Annex 12: Loan Officers Training Needs Data

**Table 1: Loan Officers - Training topics and their rating**

(1 very important, 2 important, 3 less important):

Loan Officers		Rating			
#	Topic	1	2	3	Total
1	Leadership Skills & Values	5	13	0	18
2	Good Governance	9	9	1	19
3	Management Skills	6	10	2	18
4	Business Planning	9	9	1	19
5	Human Resource Management	11	8	0	19
6	Customer Relations	7	12	1	20
7	Customer Business Development	3	9	6	18
8	Product Development	6	11	2	19
9	Marketing	13	6	0	19
10	Management Information System	8	11	0	19
11	Bookkeeping/Accounting	9	9	1	19
12	Auditing	8	10	0	18
13	Internal Control	6	9	4	19
14	Financial Analysis	7	12	0	19
15	Savings Mobilization	7	11	2	20
16	Loan Appraisal	13	7	0	20
17	Credit Management	14	5	1	20
18	Risk & Delinquency Management	13	7	0	20
19	Regulation & Compliance	7	10	2	19
20	Fundamentals in microfinance	6	12	1	19
21	Basic financial literacy for new staff	7	9	3	19
22	Financial literacy for customers	6	9	4	19
<i>Total</i>		<i>180</i>	<i>208</i>	<i>31</i>	<i>419</i>

**Table 2: Loan Officers – Trainings received 2012-2013**

Loan Officers					
No.	Trainings received '12-'13	Provider	Days	Rating	# of Res.
		MFC (2), Vanhsy			
		Chindavong (2), CARD,		1, 2, 1, 1	
1	Credit management	TACDO	5, 3, 2, 5	N/A (2)	6
2	Sale techniques	TACDO	2	1	1
3	Customer services	TACDO	5	1	1
4	HR management	MFC	5	N/A	1
5	MIS/Basic Mbwin	MFC	3	1	1
6	MIS/Advance Mbwin	MFC	5	2	1
7	MIS/ Group lending Mbwin	MFC	3	3	1
8	Basic Accounting	MFC	5	4	1
9	Internal control	MFC	3	5	1
10	Delinquency management	TACDO	5	1	1
11	Risk management	CARD	2	1	1
12	Business planning	MFC	2	1	1
13	FINA Reporting	BOL	5	2	1
	<b>Totals</b>	<b>5 Providers</b>	<b>2 - 5 d.</b>	<b>1.8</b>	<b>18</b>

## Annex 13: Accountants Training Needs Data

**Table 1: Accountants - Training topics and their rating**  
(1 very important, 2 important, 3 less important):

Accountants		Rating			
#	Topic	1	2	3	Total
1	Leadership Skills & Values	3	6	2	11
2	Good Governance	5	5	1	11
3	Management Skills	2	8	1	11
4	Business Planning	6	5	1	12
5	Human Resource Management	5	5	1	11
6	Customer Relations	6	4	1	11
7	Customer Business Development	1	6	4	11
8	Product Development	4	6	2	12
9	Marketing	3	7	1	11
10	Management Information System	5	6	0	11
11	Bookkeeping/Accounting	11	2	0	13
12	Auditing	9	3	0	12
13	Internal Control	6	2	2	10
14	Financial Analysis	7	5	0	12
15	Savings Mobilization	2	7	2	11
16	Loan Appraisal	6	4	1	11
17	Credit Management	4	6	1	11
18	Risk & Delinquency Management	8	1	2	11
19	Regulation & Compliance	4	5	2	11
20	Fundamentals in microfinance	4	8	0	12
21	Basic financial literacy for new staff	5	7	0	12
22	Financial literacy for customers	1	8	3	12
<i>Total</i>		<i>107</i>	<i>116</i>	<i>27</i>	<i>250</i>

**Table 2: Accountants – Trainings received 2012-2013**

<b>Accountants</b>					
<b>No</b>					
<b>.</b>	<b>Trainings received 2012-2013</b>	<b>Provider</b>	<b>Days</b>	<b>Rating</b>	<b># of Res.</b>
		MFC (2), EBIT,			
1	Basic accounting	CARD	3, 5, 4, 2	N/A (2), 1, 1	4
3	MIS/Mbwin	MFC	5, 2, 3, 2	N/A, 2, 1, 1	4
		MFC, MFC &			
8	Internal control and audit	CARD	5	1, 3, 2	3
5	FINA reporting	BOL	5, 3	N/A, 1	2
9	Leaderships skills	TACDO, MFC	5, 3	1, 1	2
4	MIS/ advanced Mbwin	MFC	3	3	1
2	MIS accounting entry (Mbwin)	MFC	5	N/A	1
6	Loan management	MFC	1	1	1
7	Loan and delinquency management	MFC	1	1	1
10	Marketing	TACDO	3	3	1
11	Up skill training of supervisor	TSP in Thailand	2	2	1
12	Factsheet - Financ. perfor. assessment	MFC & BRS/ADA	2	2	1
	<b>Totals</b>	<b>6 Providers</b>	<b>2 - 5 d.</b>	<b>1.59</b>	<b>22</b>

## Annex 14: Management & Advisory Committee Member Data

**Table 1: Management Committee - Training topics and their rating**  
(1 very important, 2 important, 3 less important)

Management Committee		Rating			
#	Topic	1	2	3	Total
1	Fundamentals of village banking	19	1	0	20
2	Financial literacy for members	14	6	0	20
3	Leadership skills & values	14	6	0	20
4	Good governance of advisory committee	11	9	0	20
5	Management skills	14	4	1	19
6	Services & member relations	12	8	0	20
7	Member microenterprise development	9	8	1	18
8	Savings mobilization & fund management	11	7	0	18
9	Loan appraisal & credit management	12	5	2	19
10	Risk & delinquency management	14	1	4	19
11	Product development & marketing	7	7	3	17
12	Bookkeeping & accounting	18	2	0	20
13	Data management & reporting (MIS)	15	5	0	20
14	Internal control	15	4	1	20
15	Auditing	12	4	1	17
16	Zonal & district network relations	8	9	0	17
17	Transformation into regulated MFI	5	7	2	14
Total		210	93	15	318

**Table 2: Advisory Committee - Training topics and their rating**  
(1 very important, 2 important, 3 less important)

Advisory Committee		Rating			
#	Topic	1	2	3	Total
1	Fundamentals of village banking	7	1	0	8
2	Financial literacy for members	6	2	0	8
3	Leadership skills & values	6	2	0	8
4	Good governance of advisory committee	5	3	0	8
5	Management skills	5	1	2	8
6	Services & member relations	7	1	0	8
7	Member microenterprise development	2	6	0	8
8	Savings mobilization & fund management	5	2	1	8
9	Loan appraisal & credit management	5	2	1	8
10	Risk & delinquency management	6	2	0	8
11	Product development & marketing	3	3	2	8
12	Bookkeeping & accounting	7	0	1	8
13	Data management & reporting (MIS)	6	1	1	8
14	Internal control	7	1	0	8
15	Auditing	5	3	0	8
16	Zonal & district network relations	3	4	1	8
17	Transformation into regulated MFI	5	2	1	8
Total		90	36	10	136

## Annex 15: Training Topics

Identified Training Topics and their Providers													
#	Topic	MFC	TACDO	EBIT	CARD	GIZ	Resource Persons	ACLEDA	BoL	EDC	LIEDC	MFA (MFMCC)*	BI (DMF)**
1	Leadership Skills & Values	x	x							(x)	(x)	SV	(x)
2	Good Governance	x	(x)	(x) VBs			V. Chindavong					LV	
3	Management Skills	(x)	(x)							(x)	(x)	SV	(x)
4	Business Planning	x	(x)							(x)		LV	
5	Human Resource Management	x	(x)		x					(x)		SV	
6	Customer Relations/Services		x				V. Chindavong						
7	Customer Business Development									(x)	(x)		
8	Product Development	(x)	x				K. Songsamayvong					SV	(x)
9	Marketing/Sales Techniques	(x)	x							(x)	(x)		
10	Management Information System	x		(x) VBs								LV	(x)
11	Bookkeeping/Accounting	x		(x) MFIs & VBs	x							SV	
12	Auditing	x	(x)	(x)MFIs & VBs		x							
13	Internal Control	x	(x)	(x)	x	x						SV	
14	Financial Analysis	x		(x)								SV	(x)
15	Savings Mobilization	x											
16	Loan Appraisal	x	(x)				V. Chindavong						
17	Credit Management	x	x		x	x	V. Chindavong					SV	(x)
18	Risk & Delinquency Management	x	x		x		V. Chindavong					SV	(x)
19	Regulation & Compliance	(x)										SV	(x)
20	Fundamentals in microfinance		(x)									LV	(x)
21	Basic financial literacy for new staff										(x)		
22	Financial literacy for customers									(x) ToT	(x) ToT		
23	Micro and SME Loans							x					
25	Market survey						K. Songsamayvong						
26	FINA Reporting								x				
27	On-site supervision for BoL staff			(x)									
28	Off-site supervision for BoL staff			(x)									
29	Office management		(x)								(x)		

x training topic information as provided by MFI survey

(x) training topic information taken from interviews/other research

SV refers to short version of MFMCC

LV refers to long version of MFMCC

\* MFMCC expected to be launched in 2014

\*\* DMF (Higher Diploma in Microfinance) expected to be launched in 2014



## Annex 16: Training manuals on village banks/village development funds<sup>1</sup>

	Title	Main content	Issued by	Year of issue
1	Manual for setting up village development fund (VDF)	<ol style="list-style-type: none"> <li>1. Announcement of Committee for Planning and Investment (CPI) ref. 72/CPI, dated 28/1/2004, regarding supervision and management of government budget of 25 billion kip for VDF in poor districts and villages in 2003-2004</li> <li>2. Decree of chairman of CPI ref.408/CPI, dated 29/4/2004, regarding VDF</li> <li>3. Announcement of Committee for Planning and Investment ref. 740/CPI, dated 2/8/2004, regarding setting up VDF in 47 poorest districts</li> <li>4. Additional Announcement of Committee for Planning and Investment ref. 779/CPI, dated 11/8/2004, regarding collaboration with Lao National Construction Front (LNCf) to mobilize and set up VDF in 47 poorest districts</li> <li>5. Lao National Construction Front Guidelines ref. 002/ LNCf; dated 8/7/2004 regarding organize training for technical staff on VDF and set up VDF</li> <li>6. Minute of consultation meeting on establishment of committee for poverty eradication under LNCf and 3 mass organizations, dated 17/5/2004</li> <li>7. Guidelines for establishment VDFs in 47 poorest districts issued by Chairman of CPI; ref. 876/ CPI; dated 3/9/2004 regarding</li> <li>8. VDFs regulation</li> <li>9. Forms/tools: <ol style="list-style-type: none"> <li>1). Application form for establishment VDFs</li> <li>2). District governor decree on approval of establishment VDFs in 47 poorest districts</li> <li>3). Agreement on assignment of management and advisory committees of VDFs</li> <li>4). Membership application</li> <li>5). Application for loan</li> <li>6). Loan contract</li> <li>7). Member passbook</li> <li>8). Monthly record keeping VDF income-expenditure</li> <li>9). Monthly record keeping VDFs saving deposit and withdrawal</li> <li>10). Monthly record keeping VDFs loans and interest on loans</li> <li>11). Monthly record keeping VDFs cash and general ledger</li> <li>12). Checklist of VDFs activities</li> <li>13). Monthly balance sheet</li> </ol> </li> </ol>	Committee for Planning and Investment	3/9/2004

<sup>1</sup> All manuals are in Lao and can be found at the MFA office.

	<b>Title</b>	<b>Main content</b>	<b>Issued by</b>	<b>Year of issue</b>
2	Training manual: basic microfinance - trainer guide and - reading pact / hand out	<ol style="list-style-type: none"> <li>1. Training objectives</li> <li>2. Background and concept and objectives of microfinance</li> <li>3. Microfinance and poverty reduction</li> <li>4. Microfinance methodologies</li> <li>5. Products and services</li> <li>6. Microfinance practitioners association and higher level institution</li> <li>7. Design and planning for microfinance program</li> </ol>	NERI	Jan 2005
3	Training manual: establishment of VDFs	<ol style="list-style-type: none"> <li><b>1. Establishment of VDFs</b> <ol style="list-style-type: none"> <li>1). Background, objective of VDFs</li> <li>2). Basic principles</li> <li>3). VDFs management</li> <li>4). Source of fund</li> <li>5). Preparedness for establishment VDFs</li> <li>6). Assessing preparedness</li> <li>7). Establishment VDFs</li> <li>8). Monitoring evaluation and advisory</li> <li>9). Establish revolving fund at the village level</li> </ol> </li> <li><b>2. Loan approval process of the committee</b> <ol style="list-style-type: none"> <li>1). Loan policy</li> <li>2). Loan consideration procedures</li> <li>3). Loan contract/legal process</li> <li>4). Loan monitoring</li> <li>5). Delinquency management measurement</li> <li>6). Delinquency protection</li> <li>7). Repayment schedule</li> <li>8). Loan application</li> <li>9). Financial principles</li> <li>10). Client business assessment</li> </ol> </li> <li><b>3. Accounting and bookkeeping</b> <ol style="list-style-type: none"> <li>1) Income-expenditure</li> <li>2) Accounting entry and reporting</li> <li>3) Registration book</li> <li>4) Financial report</li> </ol> </li> </ol>	NERI/MCBR <sup>2</sup>	2006

<sup>2</sup> Microfinance Capacity Building Research Project, supported by Concern Worldwide.

	<b>Title</b>	<b>Main content</b>	<b>Issued by</b>	<b>Year of issue</b>
4	Handbook on the Establishment and Management of the Savings Groups' Activities of the Lao Women's Union	<ol style="list-style-type: none"> <li>1. General background</li> <li>2. Roles, duties and rights of the savings groups</li> <li>3. Conditions and procedures for the establishment of the savings groups</li> <li>4. Organization, standards and duties of the savings groups committee and advisory board</li> <li>5. Funding sources of the savings group</li> <li>6. Monitoring, inspection and management</li> <li>7. Savings, definition of interest, loan duration, loan terms, borrower conditions, loan repayment and interests</li> <li>8. Savings withdrawal, funds conservation, financial limits of the savings groups and assets</li> <li>9. Restrictions for the committee members and the savings group members</li> <li>10. Dividend payment</li> <li>11. The savings groups' accounting system</li> <li>12. Discipline and compliments</li> <li>13. Implementation measures</li> </ol> <p>Annexes: members passbook and forms</p>	LWU	

Peace, Independence, Democracy, Unity, Prosperity  
\*\*\*\*\*

## Annex 17:

Lao Women's Union Centre

No. \_\_\_\_\_ / \_\_\_\_\_  
Vientiane Prefecture \_\_\_\_\_

### **Regulations Regarding the Administration of Lao Women's Union Savings Groups**

- In reference to the Development Plan for Women 2011 – 2015 6 Working Plan 32 issued by the Lao Women's Union.
- In reference to the Policy for Developing the Rural Finance and Microfinance Sector, the Lao PDR Bank Stipulations Regarding the Administration of Microfinance Institutions Not Receiving Deposits Document No. 10/ຜີ issued 22 June 2005, Stipulations Regarding the Administration of Microfinance Institutions Receiving Deposits Document No. 10/ຜີ issued 22 June 2005, Stipulations Regarding the Administration of Credit and Savings Institutions Receiving Deposits No. 256/ກຄທສ issued 12 May 2004.
- In reference to Notice of the Foreign Ministry No. 05072 07 September 2009 agreeing that the Lao Women's Union Centre receive assistance from the Foundation for Education in Asia and the Institute for Developing Community Organizations to continue the Project for Strengthening Women and the Countryside Phase III in Bokeo, Phongsaly, Luang Prabang, Champasak and Vientiane Prefecture.
- In reference to the agreement of the Meeting of the Central, Prefecture, Provincial and Village Savings Group Steering Committees 22-23/-1/2010 at the Vientiane Prefecture to draft regulations regarding the administration of Lao Women's Union Savings Groups.

In order to guarantee that savings groups have regulations and systematic administration, the Lao Women's Union Centre has issued these regulations regarding the administration of savings groups:

### **Part I Meaning and Objectives of Savings Groups**

#### **Article 1: Meaning of Savings Groups**

1. Establishment of a savings groups is in line with the policies of the party and government.
2. It unites harmony, knowledge, innovation, resources and labor in order to provide mutual self-help both materially and intellectually
3. In order to implement the policy of self-help, sufficiency and strengthening through development beginning with sincere participation of the individual, family and community
4. Elevate the role and harmony of women a step at a time
5. Having a village fund, assisting solving various problems within families and promoting the development of villages, motivating production and business
6. Creating employment and reducing informal lending with high interest and contributing to the prevention of conflicts in society.

#### **Article 2: Objectives of the Savings Groups**

1. To create a concept for the people to realize the benefits of saving money to their families, mutual assistance and the ability to improve their livelihoods on their own, to be self-sufficient and strengthen themselves.

2. In order to create funds for social welfare, education, conserving the environment, and developing villages for the people by concentrating on the creation of vocations and Women's Union organizations at each level.
3. Participate in the creation of villages and village development organizations.

## **Part II**

### **Roles and Responsibilities, Duties and Scope of Rights of the Savings Groups Committees**

#### **Article 3: Roles and Responsibilities**

Savings groups are revolving funds at the village level that manage savings, give loans to members, follow-up and motivate the implementation of activities of members and administer village level savings groups effectively.

#### **Article 4: Duties**

1. Disseminating regulations, meaning and importance of the savings group to members and people to understand and participate in their establishment and implementation
2. Mobilizing and creating harmony among members of savings groups and people in the villages.
3. Creating, improving and replicating regulations for savings groups and for using funds for social welfare, development, educational, administration etc.
4. Accepting new members, collecting fees, fees for the cost of loan application documents, savings books and administration for receiving money, giving out loans, receiving money for paying capital and interest from members.
5. Summarizing income and expenses and annual dividends strictly according to regulations and transparently.
6. Summarizing and reporting on the status of the group, collecting statistics, information on progress and exchange of lessons each month, quarterly and annually, as well as sending reports the Lao Women's Union at the central level regularly and on time.

#### **Article 5: Scope of Rights**

1. Village savings groups have the right to manage money on the basis of the agreement and consent of district authorities and the guarantee of the Lao Women's Union at various levels.
2. To contribute opinions and observations to work plans and create various regulations.
3. To consult with members as well as solve problems that arise within the groups.
4. To coordinate with the committees for the savings groups at the sub-district and district levels and authorities and Lao Women Union at every level in order to ask for guidance to ensure effective implementation.

## **Part III**

### **System for Establishing Village Savings Groups**

#### **Article 6: Establishment of Village Savings Groups**

- 6.1 Establishment of village savings groups consists of the following:
  1. A Village Savings Fund Committee consisting of 5-7 women.
  2. An Advisory Committee of 3-7 persons, women and men.

#### **Article 7: Standards for the Village Savings Group Committee**

1. Persons with good qualities, who are harmonious, willing to sacrifice themselves, can be trusted, have the knowledge and ability to manage money, are not in debt, are permanent residence and are confident and fair.
2. Need to be committee members of the Lao Women's Union and members of the Lao Women's Union.

3. If one member of the family is already a member of the committee, another member of the family is not allowed to be a member of the advisory committee for the savings group.

### **Article 8: Make-Up the Village Savings Group Committee**

- |   |          |
|---|----------|
| 1. Chairperson responsible for overall leadership                                       | 1 person |
| 2. Deputy Chairperson responsible for accounts received – payable and general ledger    | 1 person |
| 3. Committee member responsible for savings accounts                                    | 1 person |
| 4. Committee member responsible for loan accounts, interest and money paid back to fund | 1 person |
| 5. Committee member responsible for petty cash and assisting with separate accounts     | 1 person |

(In case the committee has more than 5 members, duties should be divided as appropriate for each group)

### **Article 9: Elections to the Committee**

Savings committee members serve for no longer than a 3 year term and must be re-elected at a general meeting attended by at least 2/3 of all members of the savings group 18 years and older. The election of the new committee is led by the old committee and advisors, with participation of the District Savings Committee and District Lao Women's Union. The newly elected committee is proposed to the District Lao Women's Union, who guarantee their right to carry out their rights and responsibilities.

### **Article 10: Duties of the Village Savings Committee**

1. Disseminating regulations, administering the implementation of credit of the savings group, following-up on the correct use of loans for activities and calling for loans to be used according to the loan contracts.
2. Being responsible for paper work, accounts – finances and common assets of the savings group so they are correct according to the principles, in order to ensure transparency that members and concerned parties can check.
3. Calling meetings for members of the savings group quarterly and annually.
4. Writing financial reports monthly, quarterly and annually. Acknowledging and sending reports to the Advisory Committee to check, guarantee and send on to the upper authorities.
5. Creating regulations for the use of money for social welfare, education and other purposes according to recommendations.

### **Article 11: Make-up of the Savings Group Advisory Committee**

The Savings Group Advisory Committee consists of 3-7 persons.

- |   |          |
|---|----------|
| 1. Secretary of the Party for the village or Deputy Secretary   | 1 person |
| 2. Headperson or Deputy Headperson  | 1 person |
| 3. Lao Women's Union Committee Member<br>(In case the Lao Women's Union Member is not already a member)                                 | 1 person |
| 4. Member of the village elderly advisors   | 1 person |
| 5. Village security   | 1 person |
| 6. Another member of the village administration<br>(The size of the Savings Group Advisory Committee depends upon what is appropriate.) | 1 person |

The members of the Savings Group Advisory Committee must be members of the savings group, must have knowledge and understanding about savings groups, grasp well the policies and regulations of the savings group and be able to audit the accounts of the savings group.

### **Article 12: Duties of the Savings Group Advisory Committee**

1. Participating in all meetings of the members of the savings group.
2. In cases where a member of the savings group transgresses the rules of the group, participating in mediation, correction and education that is fair and timely.



3. Maintaining harmony within the village and the membership in order to improve and strengthen and stabilize the work of the savings group.
4. The length of a term for an advisor is 3 years in accordance with the regulations of the village administration.
5. Auditing the accounts, signing to acknowledge monthly and annual reports, undertaking training on auditing accounts, acknowledging the rules and regulations of the savings group, assisting the committee regarding accounting for the saving group and participating in all meetings of the savings group.

### **Article 13: Appointment of the Village Savings Group Advisory Committee**

The Village Savings Group Advisory Committee is appointed by the Head of the District on recommendation of the Savings Group Committee and Village Administration Committee.

## **Part IV Auditing, Follow-Up and Administration**

### **Article 14: The Auditing, Follow-up and Administration Committee of the Village Savings Group consists of:**

- The Village Savings Group Committee
- The Sub-District Savings Group Committee
- The District Savings Group Committee
- The District Lao Women's Union
- The Lao Women's Union, Vientiane Prefecture
- The Lao Women's Union Centre

### **Article 15: Duties of the Members of the Savings Group Auditing Committees at Each Level**

1. Village Savings Group Committee
  - Auditing the funds each month, along with being responsible for signing and announcing the results to the members.
  - Following-up and approving loans, return of money and interest.
  - Solving various disputes within the group.
  - Once the audit is complete, reporting promptly to the upper authorities.
2. Sub-District Savings Group Committee
  - Auditing the savings groups within the sub-district every 3 months.
  - Auditing the summaries of the accounts for annual dividends, signing to acknowledge the summaries.
  - Solving problems that arise in the savings groups within the sub-district.
3. District Savings Group Committee
  - Checking the regulations for using funds of each budget line of every group.
  - Checking the finances of the various savings groups that report to the sub-districts.
  - Checking the sub-district banks and signing acknowledgements.
  - Solving problems that arise in the saving groups within the district following up on the use of money for each budget line.
4. District Women's Union
  - Checking the finances of the various savings groups the report to the district savings groups.
  - Checking the financial status of the network of savings groups at the district level and signing acknowledgements.
  - Solving problems of the various savings groups within the district.

5. Province, Prefecture
  - Checking the various finances reported to the district Lao Women's Unions.
  - Checking the financial status of the district savings groups that report to the district Lao Women's Unions.
  - Solving various problems of the savings groups within the prefecture and provinces in accordance with proposals of the district Lao Women's Unions.
6. The Lao Women's Union Centre
  - Checking the various finances that are reported by the prefecture and provincial Lao Women's Unions or projects.
  - Checking or participating in solving the problems of various savings groups according to proposals of the prefecture and provincial Lao Women's Unions or projects.

## **Part V**

### **Savings, Loans, Granting of Loans, Determination of Interest Rates and Duration of Loans, Collateral, Withdrawal of Money and Maintaining the Groups' Money**

#### **Article 16: Savings**

1. Members of the savings groups pay a fee of 2.000 kip per person and 3.000 kip per membership book.
2. Members must deposit money every month, at least 5.000 kip and at most 500.000 kip.
3. One member can hold no more than 10% of the total savings of the savings group.

#### **Article 17: Determination of Interest Rates and Duration of Loans**

An interest rate of 1% - 3% as appropriate to the group for agriculture, handicrafts, commerce, education etc. Loan contracts of 3 months, 6 months or 1 year. Interest rates for loans to pay for expenses due to injury or sickness depend upon the actual situation in each village.

#### **Article 18: Granting of Loans and Collateral**

1. A fee of 3.000 kip for paperwork is collected each time. Members are allowed to borrow money up to 3 times their savings and 2 times per year. Loans can be up to 25.000.000 kip per time per person. Outstanding loans must be repaid before a new loan is granted.
2. Collateral: Members who borrow more than 500.000 kip must have collateral close to the value of the loan and a certificate for the collateral in order to guarantee the safety of the loan. The certificate for the collateral must be clearly written, example: type of land, land certificate issued in someone's name.
3. A meeting of the committee and advisors must be held each time a loan is granted in order to obtain consensus for approval for the loan. Members taking loans must have a plan for expenditures and the committee must check the plan in detail before granting the loan.
4. All persons taking loans must be members for at least 3 months and be at least 18 years of age.

#### **Article 19: Withdrawal of Savings by Members**

Members can withdraw no more than 60% of their savings and no more than 10.000.000 kip per time. The committee must be notified 2 months in advance before the withdrawal. In cases of necessity notification may be 1 month.

#### **Article 20: Maintaining Savings**

1. The savings group must open a government bank account in their district.
2. Money left over from loans must not be kept with the committee. It must be deposited with the bank where the group deposits its money.

## **Part VI** **Apportion of Benefits**

### **Article 21: Apportion of Income from Interest Received from Loans after 12 months is as follows:**

1. 65% given out the members (not more)
2. 10% to the Committee (but not more than 6.000.000 kip per person per year). In cases where there is money left over 100% is to be distributed as follows:
  - 50% into the savings account
  - 25% into the education support fund
  - 25% into the social welfare fund
3. 7% to savings
4. 5% to the social welfare fund
5. 3% to the development fund
6. 3% to the Advisory Committee (but not more than 3.000.000 kip per person per year). In cases where there is money left over act as for number 2) above.
7. 1% handed over to the 4 levels of the Lao Women's Union, i.e. village, district, prefecture and Lao Women's Union Centre (implemented according to the membership fees for the Lao Women's Union).
8. 2% for administration at the sub-district and district levels (not more than 4.000.000 kip) in order to fund follow-up and motivate activities of the village savings groups. 100% of the 2% to be distributed as follows:
  - 30% to the District Savings Fund Committee.
  - 70% to the Sub-District Savings Fund.
9. 2% to the education fund
10. 2% for administration of Village Savings Fund (to be spent according to monthly plans).

### **Article 22: Paying Capital and Interest**

Members must pay capital and interest according to the time stipulated in the contract. If a member is unable to pay the capital and interest to the savings fund out of necessity or due to a good reason and this doesn't cause hardship to the other members waiting for loans, the committee can extend the contract but only for one time.

## **Part VII** **Accounting System of the Savings Groups**

### **Article 23: Accounting System of the Savings Groups consists of**

1. Member's savings account books
2. Accounts for loans, paying capital and interest of members
3. Accounts for income-expenditures of petty cash, daily and monthly
4. Petty cash accounts and separate accounts
5. Monthly reports of savings groups
6. Summaries of the financial status (budget balance) and 3 month, 6 month and annual dividends

## **Part VII** **Sources of Supporting Income**

### **Article 24: Sources of Supporting Income**

- Members' savings
- Support from the government and private sector
- Support from each level of the Lao Women's Union
- Support from various projects

## **Part X** **Discipline and Praise**

### **Article 25: Discipline**

Savings groups that are unable to implement the regulations for conducting the work of savings groups of the Lao Women's Union will be warned and ordered to halt operation temporarily until they are improved and can conduct their work correctly according to these regulations.

- Members who do not act in accordance with these regulations will be warned and must hand over their collateral.
- Committees that do not act in accordance with these regulations will be warned and relieved of their duties.

### **Article 26: Praise**

Savings groups that implement their work correctly and have exemplary results will receive praise according to the policies, as appropriate.

## **Part X** **Appendices**

### **Article 27: Implementation**

1. The Provincial Lao Women's Union, Prefecture Lao Women's Union and District Lao Women's Union are assigned to recommend the first steps on their own in order to ask for guidance for carrying out actual implementation.
2. The Lao Women's Union at each level, organizations and assistance programs are to take these regulations and distribute them to savings group committees at every level and all members to be acknowledged, understood and strictly implemented.
3. These rules and regulations can be improved and altered as appropriate according to the actual situation at each stage; each locality recommends points that are inconsistent to propose to a meeting of the upper authorities to examine and correct.
4. The Regulations Regarding the Administration of Lao Women's Savings Groups take effect the day they are signed.

The Head of the Development Department, Lao Women's Union Centre

## Annex 18

### **Lao Women's Union Centre: Regulations Regarding the Administration of Lao Women's Union Savings Groups / Village banks<sup>1</sup>, 19.01.2011**

**Legal basis:** Based on the Development Plan for Women 2011-2015 of the LWU, stipulations of BoL regarding the administration of MFIs issued 22 June 2005 and the agreement of the Meeting of the Central, Prefecture, Provincial and Village Savings Group Steering Committees 22-23/1/2010 at the Vientiane Prefecture to draft regulations regarding the administration of Lao Women's Union Savings Groups/village banks.

**Art. 3 Functions:** Village banks manage savings, give loans to members, motivate and follow up member activities and administer village banks effectively.

**Art. 4 Duties of village banks:**

- Motivating members to participate harmoniously in the village bank
- Disseminating and improving regulations
- Admitting members, collecting fees and savings, giving out loans and collecting repayments and interest charges
- Preparing income statements and administering dividends annually acc. to regulation
- Monthly, quarterly and annual financial reporting, forwarded to LWU at the central level.

**Art. 5 Rights:** (1) Village banks have the right to manage money by the consent of district authorities and the guarantee of the LWU, (2) create regulations, (3) solve problems and (4) coordinate with village bank sub-district and district committees, district authorities and LWU for guidance to ensure effectiveness.

**Art 6/8 Structure:** A village bank consists of a management committee consisting of 5-7 women and an advisory committee of 3-7 persons, women and men. The management committee comprises a chairperson responsible for overall leadership, a deputy chairperson responsible for accounts receivable/payable and general ledger, and one or several members each responsible for savings accounts, loan accounts and repayments, and petty cash and separate accounts.

**Art. 9 Elections:** Management committee members serve for no longer than a 3 year term and must be re-elected at a general meeting attended by at least 2/3 of all members. The election of the new committee is led by the old management and advisory committees, with participation of the district savings banks committee and district LWU. The newly elected committee is proposed to the district LWU for approval.

**Art. 10 Duties of the management committee:** Regulations and credit management, accounting and financial management, member meetings, and reporting to the advisory committee and upper authorities

**Art. 11: The Advisory Committee** comprises the party secretary or deputy, the village head or deputy, an LWU committee member and possibly others. Members must be able to audit the accounts. It is appointed by the head of the district on recommendation of the village bank management committee and village administration committee.

**Art 14/15: The auditing, follow-up and administration committee** consists of the management committee, the district and sub-district network committee, the district and province/ prefecture LWU and the LWU Centre, with duties pertaining to auditing, loan approval and follow-up, dividend allocation and conflict resolution of village banks as well as the finances of the village bank networks.

**Art. 16/19 Savings:** Membership fee of 2,000 kip, membership book of 3,000 kip, monthly deposits of at least 5,000 kip and at most 500,000 kip, individual savings not exceeding 10% of the group's savings; withdrawals up to 60% of one's savings and no more than 10.000.000 kip each time, with 2 months' notification (1 month in emergencies).

---

<sup>1</sup> The draft English translation uses the term *Regulations*, while *Rules and Regulations* would be a more appropriate term. The translation also refers to *Savings Groups* or *Village Savings Groups*. Internationally this term usually refers to smaller informal groups. As in the ILO Village Banking Handbook which is based on LWU's regulations, we use the term **village banks** in this summary; we have also substituted **management committee** for *village savings fund committee*.

**Art. 17/18/22 Credit:** Interest rates of 1%-3% p.m. (except for emergency loans); administration fee 3,000 kip; maturities of 3, 6 or 12 months; loans up to 3 times savings and 2 times per year up to a maximum of 25m kip, to be fully repaid before a new loan is granted; with physical collateral for loans over 500,000 kip. Loan appraisal is in the hands of the management and advisory committees, based on an expenditure plan of the borrower. Maturity may be extended for good reasons, but not more than once.

**Art. 20: Cash** must be held in the village bank's account with a government bank in the district.

**Art. 21 Surplus distribution:**

- 65% to members/savers
- 10% to management committee (not exceeding 6m kip each p.a.)
- 7% to savings fund (retained earnings)
- 5% to social welfare funds
- 3% to development funds
- 3% to advisory committee (not exceeding 3m each p.a.)
- 1% to LWU (distributed at village, district, prefecture and centre LWU)
- 2% to zonal and district network committees (not exceeding 4m kip each p.a.)
- 2% to education fund
- 2% for the administration of the savings fund.

**Art. 23 Accounting system:**

1. Member's savings account books
2. Accounts for loans, repayment and interest payments
3. Accounts for income and expenditures of petty cash
4. Petty cash and other accounts
5. Monthly financial reports
6. Financial summaries (budget balance) and 3 month, 6 month and annual dividends

**Art. 25 Discipline:** LWU may suspend village banks which do not function according to the regulation; members may have to hand over their collateral; committees may be relieved of their duties.

**Article 27 Implementation and revision of the regulation:** The LWU at provincial/ prefecture and district level, organizations and assistance programs are to distribute these regulations to savings group committees and members to be acknowledged, understood and implemented. These rules and regulations can be improved and altered as appropriate according to the actual situation, based on recommendations (*of village banks and networks*) to a meeting of the higher authorities for examination and correction.

**Issues and recommendations:**

*The regulation prepared by LWU permits village banks to make adjustments to the prevailing situation in the respective villages, to be approved by the annual general meeting of members. Below we submit some recommendations pertaining to adjustments of fees, restrictions of deposit and loan amounts, interest rates and loan terms as well as the potential role of male committee members.*

**Art. 6: A management committee of women only** would be discriminatory and exclude qualified and motivated men, to the detriment of the village bank. We recommend some flexibility, eg.: *with a majority of women if feasible.*

**Art. 9: Requiring a presence of 2/3 of all members** at general meetings will be difficult to achieve in large village banks. We recommend some flexibility, eg.: *a presence of 2/3 of the membership in smaller and 50% in larger village banks as decided by the members.*

**Art. 16/19: Fees and deposit and withdrawal restrictions** should be handled flexibly and adjusted to the prevailing financial situation, eg.: *These recommendations may be adjusted at the annual general meeting for the following year.*

**Art. 17/18/22: Interest rates of 1%-3% p.m.** are not sufficient to cover the cost of inflation, loan losses and adequate dividends. We recommend *loans at interest rates between 3% and 5% p.m. (except for emergency loans) according to the prevailing situation, to be revised at the annual general meeting for the following year.*



**Interest rates should be differentiated** by loan product (eg, agricultural loans, business loans) charging higher interest rates for riskier loan products as determined by the general meeting.

**Loans with monthly repayment schedules** may be less risky and should be encouraged, offering a lower interest rate if found appropriate. Members may have multiple sources of income and may find it easier to make monthly repayments.

**Fees, maturities and other modalities** should be indicated as recommendations, to be adjusted to the prevailing situation, eg: *These recommendations may be adjusted at the annual general meeting for the following year.*

**Loan appraisal** is in the hands of the management and advisory committees, based on an expenditure plan of the borrower. *The repayment capacity of the borrower and the expected cash flow should also be taken into account. Initial loans should be small and short-term; if repayment is satisfactory, repeat loans may be gradually increased in size and loan period.*

HDS  
15 Jan. 2014

## **Annex 19: PC- based accounting and management information system:**

### **MBWin Light Laos<sup>1</sup>**

*In charge:* [Ralph.Houtman@fao.org](mailto:Ralph.Houtman@fao.org), FAO Bangkok

*Signis:* [Aliks@fao.org](mailto:Aliks@fao.org), Project Manager, FAO-GIZ MicroBanker Office, Bangkok

#### **Background: village banks in Laos**

There are some 4,500 village banks/funds in Laos, covering about half the villages. 80% are self-financed savings and credit funds, 20% are revolving funds. The number of members ranges from around 40 in remote areas to 1600 in Vientiane Capital; the average is just below 100. Under the regulation of 2008, the larger ones are to be transformed into regulated MFIs; but so far this has not been enforced. There are a large number of promoters. Since 1998 LWU and GIZ have played prominent roles in the development of village banks and VB networks as support organizations.

LWU has stated that some 600 village banks in 11 districts with networks under LWU report regularly. Similarly, NSOs of village banks promoted by GIZ report regularly about the member village banks. In most other cases financial reporting is irregular or non-existent. LWU has indicated it would welcome the introduction of a PC- or tablet-based accounting and management information system (such as *MicroBanker Light*, piloted by FAO with IFAD in Cambodia)<sup>2</sup> as an infrastructure for financial monitoring and supervision. This would also provide a solid basis for capacity building of bookkeepers, accountants and committee members.

Overall most village banks lack a sound accounting and management information system. This would be of crucial relevance for the long term sustainability of village banks and other community-based savings and credit groups, particularly for recordkeeping, accounting, (internal and external) reporting and arrears prevention. In a good number of village banks the lack of an effective MIS has resulted in high arrears. Designing an effective capacity building system suitable for both small and large village banks would require an effective MIS as part of a hardware/software infrastructure.

#### **MicroBanker/Light in PADEE<sup>3</sup>, Cambodia**

Might MBWin Light be the solution in the search for an Accounting and Management Information System as developed by the FAO-GIZ MicroBanker Office in Bangkok for the PADEE project supported by IFAD in cooperation with FAO in Cambodia?

As of December 2013 MB/Light covers 225 savings and credit groups of 50 members each, which are similar to small village banks, in PADEE and will be expanded to 984 groups on one centralized server located in Phnom Penh. Transactions are posted through the mobile internet from low cost laptops. Instead of training two accountants per village (which would mean training almost 2,000 people), the project trains 30 qualified staff of an external service provider (a Cambodian legal and accounting firm) who visit the villages on a monthly schedule, and two DBAs who manage the server. Data are all centrally stored and updated and can be accessed for the purpose of support (from Bangkok) and viewing reports (from anywhere where there is an internet connection). Reports can be downloaded from <https://igrf.padee.org:8023/reports/> (Username: reporter; Password: reporter). The report menu is on the left of the screen; most of the reports are so-called drill-down: click on the + sign and it drills down from Province to District, then from District to Commune and finally from Commune to Group. A trial balance is attached (Appendix).

<sup>1</sup> This proposal is based on an e-mail exchange with [Ralph.Houtman@fao.org](mailto:Ralph.Houtman@fao.org) (H.D. Seibel, Dec. 11-19, 2013).

<sup>2</sup> Cf. [Ralph.Houtman@fao.org](mailto:Ralph.Houtman@fao.org); <http://padee.org/>; <https://igrf.padee.org:8023/reports/>, username: reporter, password: reporter. A similar, tablet-based Accounting and Management Information System has been piloted by NABARD with IFAD in India, covering the internal financial operations and bank linkages of 50,000 SHGs, with software developed by Leaps & Bounds, Pune (cf. [www.LNBINDIA.com](http://www.LNBINDIA.com), [bhushandere@LNBINDIA.com](mailto:bhushandere@LNBINDIA.com)).

<sup>3</sup> Project for Agricultural Development and Economic Empowerment (PADEE), cf. <http://padee.org/>; Annex \_\_\_\_.

There are basically three models under which the MBWin Light is deployed:

*Model 1:* When there is a large enough cluster of groups and the groups are geographically close to one another, a **full time external service provider (ESP)** can service 30 – 35 groups per month by visiting 2 groups per day and posting their transactions through the internet on a central server, on a monthly cycle. If there is no internet on-site then the ESP takes a copy of the vouchers offsite for processing afterwards. In that case the ESP needs to send the reports from the IT system, which are crucial for the operation of the groups such as for loan collection and arrears monitoring, to the groups as soon as possible after the transaction posting has been completed. This is the model used in the PADEE project in Cambodia.

This model has been designed into the PADEE project from the beginning. The groups have been made twice larger than the size of groups in previous IFAD projects (50 members/group in PADEE as compared to 25 in two previous projects). Like revolving funds in Laos, the groups are capitalized with a grant of in total USD12,000 over three years (USD4,000 per year per group). This ensures that the income per group is more than sufficient to (i) cover the cost of the ESP (USD300 per year for 12 visits as of 2014), (ii) pay a small honorarium to the committee members, (iii) pay for other expenses and still have enough left (iv) to pay dividend to the members and (v) to build up the group's capital through retained earnings. The ESP is equipped with a laptop (with good battery life) and a battery-powered printer; the ESP travels on own motorcycle (for which compensation is paid, included in the cost of USD300 p.a. ).

*Model 2:* When there are small, geographically isolated, groups, a fulltime ESP is probably unaffordable because of high transport costs and low interest income. In another case, in Kampong Cham in Cambodia, a few students from the local university (with a financial/accounting study) have been trained who carry out the function of ESP on a part time basis (1 day per month). They work almost on a voluntary basis, earning some interesting working experience and getting paid a minimal amount to cover their cost of transport. If this ESP doesn't have a computer the transactions can be posted in an internet café or similar facility. The project in Kampong Cham closed in Sep 2012, and the scheme continues to run fine. The former project manager received a monthly Trial Balance, list of loans, list of shares and list of savings, of the 50-member group. The loan portfolio is USD3,200.

*Model 3:* The third scenario is a much larger group which can probably not afford their own dedicated system (hardware, software, support) but which can afford one fulltime MFA for itself. There is one such a case in Battambang, also Cambodia, in a former FAO project that used this as an emergency exit strategy, in June 2009. The group has just over 500 members. The project closed more than four years ago and the group has been running independently ever since; the fund has grown from \$58,000 as of June 2009 to \$85,000 as of now. Their ESP costs are relatively high: they pay USD600 per month to two persons who act as ESPs. But the members realize that they don't have a real option to do it themselves.

In all the above scenarios the IT system is hosted on a central server. In the case of PADEE this is a dedicated PADEE server in Phnom Penh which will eventually host 984 groups (plus probably some groups from previous IFAD projects). In the case of Kampong Cham and Battambang the hosting is done in Bangkok, in the FAO-GTZ MicroBanker project office.

The ideal situation is clearly the PADEE scenario where one can have a **fulltime ESP**. This alone saves a fortune in training cost because instead of training 2 unqualified persons per group (with 984 groups that's almost 2,000 persons) the project now needs to train only 30 ESPs. The group members do receive training too, under a financial literacy component, but this includes just the bare minimum: how to fill out cash-in and cash-out vouchers, how to fill out the cashbook and how to interpret and use the reports. This is still rather challenging for most groups, at least now, in the beginning.

### **PC- or tablet-based?**

Because the work is quite data-entry intensive FAO recommends the use of an inexpensive PC. If a tablet is used, which FAO does not recommend, it should have an external (blue tooth or USB) keyboard to facilitate data entry and an additional USB port for the printer (and/or a Bluetooth connectivity for the printer which may be difficult to set-up).

### **Data center**

FAO would recommend the establishment of a data center in Vientiane, operated by a local company. Using the hosting services of the MBWin project in Bangkok, if at all, should only be for the purpose of testing the concept before acquiring hardware and software.

### **Training material**

Training material for the introduction of MBWin Light is available in English.

### **Cost:**

Hosting fee of the FAO-GTZ MicroBanker Office including support: USD300 p.a. (as of 2014). This includes the MicroBanker license fees as well as all the license fees of the other required software (MS Server, MS SQL server, MS Remote desktop server, etc.). This hosting and support scheme was designed so that the groups do not have to make any upfront investment in IT hardware and software and also to minimize cost of training.

This amount of USD300 does not include the cost of training ESPs and the group members, the cost of migrating data from manual records into the IT system, and the operating cost of the ESP (salary, transport, internet and other communication cost, which in PADEE come to another \$600 per month, or \$7,200 p.a.). For existing groups the cost of data migration may be considerable because the record of the groups would have to be cleaned, a trial balance would need to be prepared and member information and financial records would need to be entered into the system. Data migration cost would depend on the volume of data (=size of the group and number of accounts) and on the quality of the records.

Cost of inexpensive HP laptops: \$400.

### **Conditionalities**

Effectiveness and cost will depend on:

1. Availability and speed of internet in the rural areas, which determines how well the internet can be used for posting transactions in the central database and reports
2. The geographical spread clustering and travel distances of the ESP agents, which influences the cost of transport and the productivity of the agents (which increase or decrease the cost, depending on local circumstances).
3. On the positive side, comparing Laos and Cambodia, there exists a Lao language version of MBWin, and we can also print out the reports in Laotian language.

*HDS, 2 Jan 2014*

Appendix: Kampong Cham Organic Farm Coop., Trial Balance 2012

**Kampong Cham Organic Farmer Coop.**  
**Main Office**  
**01-12-2013**

06-12-2013  
3:00:14 PM  
Page: 1 of 1  
Currency: KHR

<b>FULL TRIAL BALANCE - 2012</b>			
<b>Sort Code</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>1</b>	<b>Assets</b>	<b>12,819,403</b>	
1-01	Cash on hand	25,900	
1-03	Cash in bank	47,500	
1-05	Loans outstanding to members	10,800,000	
1-06	Nine special LT low interest loans	1,946,003	
<b>2</b>	<b>Liabilities</b>		<b>3,270,222</b>
2-08	Members' savings accounts		3,193,872
2-09	Savings interest payable		76,350
<b>3</b>	<b>Capital</b>		<b>7,300,000</b>
3-01	Shares of members		2,800,000
3-03	Share capital donated		4,500,000
<b>4</b>	<b>Income</b>		<b>2,933,677</b>
4-01	Interest income on loans to members		2,263,677
4-05	Income from registration fees		670,000
<b>5</b>	<b>Expense</b>	<b>684,496</b>	
5-02	Interest expense on members' savings	96,796	
5-07	Bank charges	12,300	
5-09	Other expenses incl stationery	575,400	
<b>9</b>	<b>System &amp; Suspense Accounts</b>		<b>0</b>
9-05	Transitoria		0
<b>Total :</b>		<b>13,503,899</b>	<b>13,503,899</b>

## Annex 20: List of Public and Private Education Institutions (based on Lux Development & BoL, 2011, Report on Bank Education and Training Market Study, EDC, Annex 2 and updated January 2013 for National Training & Education Study of Microfinance Sector)

#	Name	a) Contact person, Position, Tel and Address	b) Year of establishment institution (year)	c) If the institution provides banking, finance and accounting subject: Background of founder (former Gov officers, former teachers of Bank Institute)	d) Year of offering Banking, Finance, Accounting	e) Subjects and degree provided (other than Banking, Finance, Accounting)	f) Subjects provided (Banking, Finance, Accounting)	g) Degree and # year of subjects in Banking, Finance, Accounting	h) Number of teachers available in total and degree of teachers (Excluded of teachers of Bank, Finance, Acct)	i) Learning time	j) Number of teachers in total available for (Bank, Finance, Acct)		k) Source of part-time teachers (Bank, Finance, Acct)	l) Full-time teacher: Degree of teachers available for (Bank, Finance, Acct)						m) Part-time teacher: Degree of teachers available for (Bank, Finance, Acct)					
											Full-time	Part-time		PhD	Masters	Bachelor	Higher Diploma	Diploma	Certificate	PhD	Masters	Bachelor	Higher Diploma	Diploma	Certificate
1	Setha Business Administration College	Mr Ladsavong LuangKhot, Deputy Director, Kaysone Phomvihane Rd, Ban Chomman, Tel: 415551, 55510807	2000	Graduates in Banking and English; Continue parents' business whose background as....	Accounting (2000), Banking-Finance, Accounting (2004)	Not others, only B-F-A	1) Accounting, 2) Banking-Finance	1) Acct (Higher Di), 2) B-F (Higher Di and Bachelor)	Not applicable	Morning, Afternoon, Evening, Weekend	26	40	BI, NAPA, Eco faculty	1	2	15	8	0	0	5	15	20	0	0	0
2	Sayphattana Economy College	Ms Viayphone, Director, Mr. Nikom, Deputy Director, Dongdok Rd, 771190, 22302323	2001	Background in B&F	B&F (Middle Dip in 2001, Higher Dip in 2003, Bachelor in 2007). Accounting only higher Dip	Na	B&F (Middle Dip in 2001, Higher Dip in 2003, Bachelor in 2007). Accounting only higher Dip	B&F (Middle Dip in 2001, Higher Dip in 2003, Bachelor in 2007). Accounting only higher Dip	78 teachers, 40 persons are full time	Morning, Evening, Weekend, No Afternoon	40	38	BI, Eco faculty... (similar to other school)	Na											
3	Lao International College	Mr. Pasithipol, Director, and mr. Bounlap, Head of Admin, 412558	2003	Director is former GoV org. Advisor of the college are Director of Central Bank	Accounting (2003), Finance (2003)	English (2 years), Hotel and Tourism Management (Bachelor 4 years)	Accounting and Finance both offered Bachelor		total 100 teachers, full-time 30 of whom 5 are Masters, 25 are Bachelor. Guest teachers of 70 teachers, 5 are PhD and 15 are Masters, remaining 50 are Bachelors.	Morning (8.30-11.30), Evening (5.20-8.30). In the future there will be weekend	30	30	BI, GoV officers... similar to other colleges		5	25				5	15	50			
4	Domkhamasang Finance Institute	Mr. Thum Khampanith, Director, 99801733, 480268	2006 becomes College (prior was School of Central provinces), 2011 March becomes Institute		Finance, Accounting		Finance (Masters in collaboration with VN institute), F, A Bachelor and Higher Dip.		88 full-time, PhD 3, Masters 16, Bachelor 52, remaining Diplo and Lower of office admin. For Master: VN Teachers come once a month for 1 week, 24 weeks completion course																
5	Bank Institute	Ms. Doungdi Phimvongsa, General Director, Banking Institute, Tannaway, 770916, 770917, 2406878	1979 named Bank School (training) 2001-02, 2001 named Bank College (Diploma), 2004 Higher Dip of A-F and B, 2005 established as Institution	GoV with the purpose to serve Gov banks	2001 started Diploma, 2004-2005 Higher Dip, 2008-09 Bachelor, 2010 Masters through VN collaboration (the institute does not involved in contents)	None	2001-05 Dipl of 2 year course (morning and Afternoon) and stop in 2004-07 to provide Higher Dip 3 year course A-F, and Bank in Morning and Afternoon session, 1.5 year for upgrade from Diplo. 2007-2008 offers Bachelor in Finance, Acct, and Bank			Morning, Afternoon, Evening	Total 62	Total 15	NUoL, other relevant similar to the field	3	25	34				6	9				
6	Ratana College	Dr. Bounthenang Moeulasy, Director, Phonthan Rd, Saphanthong, 413871, 58870749, 22452571	1994 (as college)	Na	1994	Business Admin, Mkt (only Bachelor), IT, Acct (no students yet)	Finance+Banking	Masters in F+B only week end (no demand on week days)		Morning, Afternoon, Evening, Weekend	46	76	Thai University, and NUOL	5	25	32	25			2 Prof. 7 Asso Prof. 7 Asas Prof. 10 PhD	14				
7	Lao-American College	Mr. Mikeo Thongpathum, Head of English Office, Kaysone Phomvihane Rd, Phonthong, Xaysetha, 900455, 900454, 2020 77460714	1993	Na	F&B is one of the subjects of Biz Ad degree	English, Biz Admin (Bachelor)	F&B is one of the subjects of Biz Ad degree	Na	Na	Morning, Afternoon, Evening	Na	Na	Na	Na					Na						
8	Sengsavanh College	Ms. Khampheng, Ms. Doungmany, Asian Rd, Sisavath, 223822, 22221528, 22221628	1997 (as English center)	Na	2005 BizAd	English	F&A is one of the subjects of Biz Ad degree	Na	Total 26 full-time, 15 are part-time	Morning, Evening (for biz admin)	3	5	NUoL, MoF, LDs, Primister office		3					1	4				
9	CAT College	Ms. Sivilay, Deputy Director, Khampheng Meang Ave, Phonthan Tai, Saysetha, 262503, 22444625	2007 (as IT school)	Established by the person who was former Dean of NUoL	2008	IT Higher Dipl	F-A	F-A Higher Diploma	Full-time 15 (Bachelor), Part-time 20 (Masters)	Evening	7	20	MoF, DKSang, Tax Depat, National Land Deapt	of 7 majority are Master						of 20 majority are Master					
10	Soutsaka College of Management and Technology	Mr. Sousaka, Director, Kaysone Phomvihane Rd, PhonsaAt, 900337,	2002	Independent/ freelance consultant	2011	IT, BizAdmin (Bachelor)	B-F	Bachelor	6 full-time and 65 Part-time (most are Masters)	Morning & Afternoon	1	20	Similar sources to other colleges		1					2		most of 18 are Masters			
11	Boutviseth	Mr. VitakonePhimmanivong, Tatmai St, Phomesinuan, Sisatanak, 451777, 55520620	2002	Na	2011 (Sept)	Biz Admin	B-F	Bachelor	26 full-time, 20 Part-time (many are Masters)	Afternoon, Evening	3	0	na		2	1									
12	Comcenter	Mr. Khamphong Panichit, Deputy Director, Khouvieng Rd, Nongchan, 55909656, 213548	1993	Na	Start with computer center, then Biz Admin	Computer, Biz Admin	Biz Admin	Bachelor in Biz Admin	10 full-time, 62 part-time (3/4 are Master, 1/4 PhD)	Morning & Afternoon, evening, Weekend	2	6	Pakpasak, other org.		2					6					
13	Pakpasak	Mr. Phaiapadith Xayoudom, teacher, Mr. Anusack, teacher and head of marketing 54018585, 55622779	197...	Na	2000	Technical trades....	B-F-A, A	B-F-A Bachelor, Account Higher Diploma	129 full-time, 2 part-time	Morning & Afternoon, evening	41	2	Deputy Director of Account Dept.		3	38					2				
14	NUoL, Economics and Business Administration	Ass. Prof. Thongphet Chanthavong, Head of Accounting, Ass. Prof. Buriheng Sylakun, Head of Finance-Banking	197..	Na	2009	Na	F-B	F-B Bachelor and Masters, Accounting Bachelor and Masters	Na	Morning & Afternoon, evening	Na	Na	Na												
15	VTE Institute of Technology VTE	Mr. Savath Chandara, Head of Admin	2007	Na	2009	Bachelor of Engineering; Higher Dip in IT, Bachelor of Admin - General	Biz Admin majoring in Account, and in B-F	Bachelor Acct; Bachelor B-F	10 full-time, and 30 part-time	Morning & Afternoon, evening	4	7	NUoL		3	1				5	2				



## Annex 21: Village Funds by Province, Dec. 2011

Province		Distr.	Villages	House-holds	Village Funds							VFs under LWU			NSO	
					DTVFs	NDTVFs	Total	% vill.	Members	Av.	% HH *)	Distr.	Netw.	T/RC	Distr.	VBs
Northern region:																
1	Phongsaly	7	540	31.118	35	86	121	22,4	2.782	23	8,9	3?			x	
2	Luangnamtha	5	364	30.058	163	28	191	52,5	10.237	54	34,1				3	99
3	Bokeo	5	266	28.942	151	13	164	61,7	10.481	64	36,2	3?			(x)	
4	Oudomxay	7	474	47.781	139	20	159	33,5	14.727	93	30,8					
5	Luangprabang	12	781	74.905	267	7	274	35,1	54.048	197	72,2	3?		RRC		
6	Huaphan	8	720	46.138	323		323	44,9	12.823	40	27,8					
7	Sayaburi	11	446	69.805	392	80	472	105,8	38.919	82	55,8			RRC	6	87
Total northern region:		55	3.591	328.747	1.470	234	1.704	47,5	144.017	85	43,8					
Central region:																
8	Vientiane Capital	9	483	201.209	522	74	596	123,4	108.320	182	53,8	9	9	NTC		
9	Xiengkhuang	8	517	42.006	93	30	123	23,8	3.680	30	8,8			RRC		
10	Vientiane Province	13	505	87.395	249	24	273	54,1	28.880	106	33,0	3?				
11	Bolikhambxay	7	323	43.951	112	15	127	39,3	18.204	143	41,4					
12	Khammuane	10	581	72.841	126	285	411	70,7	31.894	78	43,8	2	2			
13	Savannakhet	15	1.015	144.754	156		156	15,4	8.083	52	5,6			RRC	7	84
Total central region:		62	3.424	592.156	1.258	428	1.686	49,2	199.061	118	33,6					
Southern region:																
14	Saravanh	8	605	61.211	7	114	121	20,0	4.259	35	7,0				x	
15	Sekong	4	229	16.796	81		81	35,4	2.608	32	15,5					
16	Champasak	10	644	113.190	693		693	107,6	67.074	97	59,3	3?		VTC	x	
17	Attapeu	5	147	24.636	51	98	149	101,4	13.604	91	55,2				6	56
Total southern region:		27	1.625	215.833	832	212	1.044	64,2	87.545	84	40,6					
Grand Total		144	8.640	1.136.736	3.560	874	4.434	51,3	430.623	97	37,9	26	11			326

\*) The percentage of households covered is calculated on the inaccurate assumption of one VF member per household.

Sources: Based on Microfinance in the Lao PDR 2012; LWU on VFs under LWU; GIZ on NSO

## Annex 22: Microfinance Management Certificate Course (MFMCC) – Content of short version

(based on Annex 3 of SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong)

	MFMCC – short version	# days	Objectives	Existing sources	Resources required for module design
1.	HR Management / Leadership skills <ul style="list-style-type: none"> <li>• <b>HR Management</b> <ul style="list-style-type: none"> <li>- Recruitment, selection, orientation</li> <li>- Defining tasks of staff, target setting</li> <li>- Performance assessment (incl. giving feedback)</li> <li>- Staff development, training needs assessment, promotion</li> <li>- Succession Planning, staff retention</li> <li>- Incentive scheme</li> </ul> </li> <li>• <b>Leadership skills</b> <ul style="list-style-type: none"> <li>- Team Management</li> <li>- Decision making</li> <li>- Problem solving</li> <li>- Effective communication</li> <li>- Good leadership style</li> <li>- Motivation/de-motivation</li> <li>- Delegation of duties and follow up</li> <li>- Conflict management</li> <li>- Becoming a leader</li> </ul> </li> </ul>	5	<ul style="list-style-type: none"> <li>• To understand the importance and different aspect of HRM</li> <li>• To learn more about and exercise effective leadership skills</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.microsave.org/content/microsave-training/toolkits">www.microsave.org/content/microsave-training/toolkits</a></li> <li>• TACDO</li> <li>• <a href="http://www.mindtools.com">www.mindtools.com</a></li> <li>• MFC/CARD (HR Mgt)</li> <li>• MFC (Leadership)</li> </ul>	<ul style="list-style-type: none"> <li>• 3 days research (national)</li> <li>• 2 days research (international)</li> <li>• 10 days design (national)</li> <li>• 10 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>
2.	Credit and Delinquency Management <ul style="list-style-type: none"> <li>• <b>Credit Management</b> <ul style="list-style-type: none"> <li>- Loan cycle management, tasks and duty of credit officer</li> <li>- 5Cs of lending</li> <li>- Loan application form</li> <li>- Loan analysis/Loan appraisal</li> <li>- Establishing cash flow</li> <li>- Loan structuring and repayment schedule</li> <li>- Key financial ratios</li> <li>- Loan report, credit committee, approval, disbursement</li> <li>- Monitoring and collection</li> </ul> </li> </ul>	4	<ul style="list-style-type: none"> <li>• To understand the loan cycle and the tasks of the credit officer</li> <li>• To understand what delinquency means and to develop counter measures</li> </ul>	<ul style="list-style-type: none"> <li>• CMP training modules (on BoL and MFWG website)</li> <li>• <a href="http://www.microsave.org/content/microsave-training/toolkits">www.microsave.org/content/microsave-training/toolkits</a></li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• Frankfurt school</li> <li>• Boulder program</li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 1 day research (international)</li> <li>• 7 days design (national)</li> <li>• 5 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>

	<b>MF MCC – short version</b>	<b># days</b>	<b>Objectives</b>	<b>Existing sources</b>	<b>Resources required for module design</b>
	<ul style="list-style-type: none"> <li>• <b>Delinquency Management</b> <ul style="list-style-type: none"> <li>- Definition of delinquency</li> <li>- Understanding causes and costs of delinquency</li> <li>- Measuring delinquency</li> <li>- Controlling delinquency</li> <li>- Resolving delinquency, managing a delinquency crises</li> </ul> </li> </ul>				
3.	Financial management, Accounting, <ul style="list-style-type: none"> <li>• <b>Financial management</b> <ul style="list-style-type: none"> <li>- Introduction to financial statement</li> <li>- Overview of financial analysis, financial ratios and interpretation</li> <li>- Loan portfolio quality</li> <li>- Efficiency and productivity</li> <li>- Sustainability and profitability</li> </ul> </li> <li>• <b>Accounting</b> <ul style="list-style-type: none"> <li>- Basic principles</li> <li>- Cash and accrual-based accounting</li> <li>- Chart of account</li> <li>- Accounting cycle</li> </ul> </li> </ul>	3	<ul style="list-style-type: none"> <li>• To enable participants to analyze the financial performance of the MFI</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• MFC, EBIT, CMP (accounting)</li> <li>• BoL/ADB Project – Chart of Accounts (on BoL website)</li> <li>• M-plan (KPIs)-CMP ( on BoL and MFWG website)</li> <li>• CAMEL system</li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 1 day research (international)</li> <li>• 7 days design (national)</li> <li>• 3 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>
4.	MFI management <ul style="list-style-type: none"> <li>- Target setting for staff</li> <li>- Supervision and monitoring</li> <li>- Efficiency</li> <li>- Managing growth</li> <li>- Operational risk management</li> </ul>	2	<ul style="list-style-type: none"> <li>• To understand the roles of different organs of the MFI</li> <li>• To understand how to manage an MFI on day- to-day basis</li> </ul>	<ul style="list-style-type: none"> <li>• CMP training module on Business Planning (on BoL and MFWG website)</li> <li>• Material from TACDO (general management)</li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• <a href="http://www.microsave.org/content/">www.microsave.org/content/</a></li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 1 day research (international)</li> <li>• 5 days design (national)</li> <li>• 2 days design (international)</li> <li>• 1 day examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 50 pages*USD 15 = USD 750 translation</li> </ul>

	<b>MF MCC – short version</b>	<b># days</b>	<b>Objectives</b>	<b>Existing sources</b>	<b>Resources required for module design</b>
5.	Product Development <ul style="list-style-type: none"> <li>Market research, clients needs</li> <li>SWOT of own MFI</li> <li>Product development cycle</li> <li>Field work</li> </ul>	3	<ul style="list-style-type: none"> <li>To identify sources of information</li> <li>To understand the importance of clients needs</li> <li>To be able to design new products and services</li> </ul>	<ul style="list-style-type: none"> <li>MFWG training material</li> <li>TACDO</li> <li>MFC</li> <li><a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li><a href="http://www.microsave.org/content/">www.microsave.org/content/</a></li> </ul>	<ul style="list-style-type: none"> <li>1 day research (national)</li> <li>4 days design (national)</li> <li>2 days design (international)</li> <li>2 days examination tools (national)</li> <li>1 day examination tools (international)</li> <li>50 pages*USD1 5 = USD 750 translation</li> </ul>
6.	Compliance with regulation and internal control <b>MF Regulation</b> <ul style="list-style-type: none"> <li>MF decree</li> <li>MF regulations</li> <li>On-site and off-site inspection</li> <li>Reporting requirements, frequency</li> </ul> <b>Internal control</b> <ul style="list-style-type: none"> <li>Fraud control measures</li> <li>Setting up internal control function</li> <li>Evaluation of internal checks</li> <li>Operational policies and procedures</li> </ul>	3	<ul style="list-style-type: none"> <li>To provide overview on MF related policies and regulation</li> <li>To understand the regulatory requirements</li> <li>To understand the function of internal control</li> </ul>	<ul style="list-style-type: none"> <li>MF decree</li> <li>MF regulations</li> <li>Financial institution development strategy 2009-2020 (BOL)</li> <li>BoL reporting forms/ratiosMFC/CARD training material (IC)</li> <li><a href="http://www.microsave.org/content/microsave-training-toolkits">www.microsave.org/content/microsave-training-toolkits</a></li> <li><a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> </ul>	<ul style="list-style-type: none"> <li>1 day research (national)</li> <li>1 day research (international)</li> <li>6 days design (national)</li> <li>4 days design (international)</li> <li>2 days examination tools (national)</li> <li>1 day examination tools (international)</li> <li>100 pages*USD 15 = USD 1,500 translation</li> </ul>
	Total number of training days	20			

## Annex 23: Microfinance Management Certificate Course (MF MCC) – Content of long version

(based on Annex 4 of SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong)

	MF MCC – long version	# days	Objectives	Existing sources	Resources required for module design
1.	<b>Basics of MF</b> <ul style="list-style-type: none"> <li>History and Development of MF</li> <li>Best practice principles of MF</li> <li>Definition of MF in Lao context</li> <li>MF methodologies (Lao context) <ul style="list-style-type: none"> <li>institutional set up</li> <li>type of ownership of MFI</li> <li>lending methodology, collateral</li> </ul> </li> <li>Specific MF in Laos <ul style="list-style-type: none"> <li>current stage</li> <li>challenges</li> </ul> </li> <li>MF products and services <ul style="list-style-type: none"> <li>Financial</li> <li>Non-financial</li> </ul> </li> <li>Trends in MF</li> </ul>	2	<ul style="list-style-type: none"> <li>To understand basic principles</li> <li>To understand different models and characteristics</li> <li>To understand the scope and potential</li> </ul>	<ul style="list-style-type: none"> <li>UNCDF MF distance learning course</li> <li>CGAP principles of MF</li> <li>MF Regulation</li> <li>MF decree</li> <li>Financial institution development strategy 2009-2020 (BoL)</li> </ul>	<ul style="list-style-type: none"> <li>2 days research (national)</li> <li>1 day research (international)</li> <li>5 days design (national)</li> <li>2 days design (international)</li> <li>1 day examination tools (national)</li> <li>1 day examination tools (international)</li> <li>100 pages*USD 15 = USD 1,500 translation</li> </ul>
2.	<b>Business and strategic planning</b> <ul style="list-style-type: none"> <li>Purpose, Benefits and components of business plan</li> <li>Vision, Mission and Objectives</li> <li>Environmental analysis, risks, assumptions and scenario</li> <li>Clients and market (to identify them to determine clients needs)</li> <li>Products and services</li> <li>Forecasting</li> <li>Human resource planning</li> <li>Marketing planning</li> <li>Financial planning</li> </ul>	3	<ul style="list-style-type: none"> <li>To understand the key elements of business plan</li> <li>To be able to establish a business plan for the MFI</li> </ul>	<ul style="list-style-type: none"> <li>CMP training modules (on BoL and MFWG website)</li> <li><a href="http://www.microsave.org/content/microsave-training/toolkits">www.microsave.org/content/microsave-training/toolkits</a></li> <li><a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> </ul>	<ul style="list-style-type: none"> <li>7 days design (national)</li> <li>2 days design (international)</li> <li>2 days examination tools (national)</li> <li>1 day examination tools (international)</li> <li>150 pages*USD 15 = USD 2,250 translation</li> </ul>

	<b>MF MCC – long version</b>	<b># days</b>	<b>Objectives</b>	<b>Existing sources</b>	<b>Resources required for module design</b>
3.	<b>HR Management / Leadership skills</b> <ul style="list-style-type: none"> <li>• <b>HR Management</b> <ul style="list-style-type: none"> <li>- Recruitment, selection and orientation</li> <li>- Defining tasks of staff, target setting</li> <li>- Performance assessment (incl. giving feedback)</li> <li>- Staff development, training needs assessment, promotion</li> <li>- Succession Planning, staff retention</li> <li>- Incentive scheme</li> </ul> </li> <li>• <b>Leadership skills</b> <ul style="list-style-type: none"> <li>- Team Management</li> <li>- Decision making</li> <li>- Problem solving</li> <li>- Effective communication</li> <li>- Good leadership style</li> <li>- Motivation/de-motivation</li> <li>- Delegation of duties and follow up</li> <li>- Conflict management</li> <li>- Becoming a leader</li> </ul> </li> </ul>	5	<ul style="list-style-type: none"> <li>• To understand the importance and different aspects of HRM</li> <li>• To learn more about and exercise effective leadership skills</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.microsave.org/content/microsave-training/toolkits">www.microsave.org/content/microsave-training/toolkits</a></li> <li>• MFC/CARD (HR Mgt)</li> <li>• MFC (Leadership)</li> <li>• TACDO</li> <li>• <a href="http://www.mindtools.com">www.mindtools.com</a></li> </ul>	<ul style="list-style-type: none"> <li>• 3 days research (national)</li> <li>• 2 days research (international)</li> <li>• 10 days design (national)</li> <li>• 10 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>
4.	<b>Credit and Delinquency Management</b> <ul style="list-style-type: none"> <li>• <b>Credit Management</b> <ul style="list-style-type: none"> <li>- Loan cycle management, tasks and duty of credit officer</li> <li>- 5Cs of lending</li> <li>- Loan application form</li> <li>- Effective site visit</li> <li>- Loan analysis/Loan appraisal</li> <li>- Establishing cash flow</li> <li>- Assessment of the character of the loan applicant</li> <li>- Loan structuring and repayment schedule</li> <li>- Key financial ratios</li> <li>- Loan report, credit committee, approval, disbursement</li> <li>- Monitoring and collection</li> </ul> </li> </ul>	5	<ul style="list-style-type: none"> <li>• To understand the loan cycle and the tasks of the credit officer</li> <li>• To understand what delinquency means and to develop counter measures</li> </ul>	<ul style="list-style-type: none"> <li>• CMP training modules (Business Planning) (on BoL and MFWG website)</li> <li>• <a href="http://www.microsave.org/content/microsave-training/toolkits">www.microsave.org/content/microsave-training/toolkits</a></li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• Frankfurt school</li> <li>• Boulder program</li> </ul>	<ul style="list-style-type: none"> <li>• 1 days research (national)</li> <li>• 1 day research (international)</li> <li>• 8 days design (national)</li> <li>• 5 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 2 days examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>



	<b>MF MCC – long version</b>	<b># days</b>	<b>Objectives</b>	<b>Existing sources</b>	<b>Resources required for module design</b>
	<ul style="list-style-type: none"> <li>• <b>Delinquency Management</b> <ul style="list-style-type: none"> <li>- Definition of delinquency</li> <li>- Understanding causes and costs of delinquency</li> <li>- Measuring delinquency</li> <li>- Controlling delinquency</li> <li>- Resolving delinquency, managing a delinquency crises</li> </ul> </li> </ul>				
5.	Financial management, SPM, Accounting, MIS <ul style="list-style-type: none"> <li>• <b>Financial management</b> <ul style="list-style-type: none"> <li>- Introduction to financial statement</li> <li>- Overview of financial analysis, financial ratios and interpretation</li> <li>- Loan portfolio quality</li> <li>- Efficiency and productivity</li> <li>- Sustainability and profitability</li> </ul> </li> <li>• <b>SPM</b> <ul style="list-style-type: none"> <li>- Target clients and their needs</li> <li>- Social performance strategy</li> <li>- Monitoring and assessing social performance</li> <li>- Client protection principles (SMART campaign)</li> <li>- Poverty and MF</li> </ul> </li> <li>• <b>Accounting</b> <ul style="list-style-type: none"> <li>- Basic principles</li> <li>- Cash and accrual-based accounting</li> <li>- Chart of account</li> <li>- Accounting cycle</li> </ul> </li> <li>• <b>MIS</b> <ul style="list-style-type: none"> <li>- Introduction of MBWin</li> <li>- Identification of information needs</li> <li>- Interpretation of reports</li> </ul> </li> </ul>	5	<ul style="list-style-type: none"> <li>• To enable participants to analyze the financial and social performance of the MFI</li> <li>• To learn more about the social mission of the MFI</li> <li>• To understand the important of timely and accurate information</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• MIS for MFIs: A Handbook, 1998, Waterfield/Ramsing</li> <li>• MFWG training material on SPM</li> <li>• <a href="http://www.smartcampaign.org">www.smartcampaign.org</a></li> <li>• MBWin – MFC</li> <li>• MFC, EBIT, CMP (accounting)</li> <li>• M-plan (KPIs)-CMP ( on BOL and MFWG website)</li> <li>• CAMEL system</li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 1 day research (international)</li> <li>• 8 days design (national)</li> <li>• 5 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 2 days examination tools (international)</li> <li>• 150 pages*USD 15 = USD 2,250 translation</li> </ul>

	<b>MF MCC – long version</b>	<b># days</b>	<b>Objectives</b>	<b>Existing sources</b>	<b>Resources required for module design</b>
6.	<p>MFI management , Governance</p> <ul style="list-style-type: none"> <li>• <b>MFI management</b> <ul style="list-style-type: none"> <li>- Target setting for staff</li> <li>- Supervision and monitoring</li> <li>- Efficiency</li> <li>- Managing growth</li> <li>- Operational risk management</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- Organizational structure</li> <li>- Responsibility and Roles</li> <li>- Code of conduct</li> <li>- Effective BoD meeting</li> </ul> </li> </ul>	3	<ul style="list-style-type: none"> <li>• To understand the roles of different organs of the MFI</li> <li>• To understand how to manage an MFI on day-to-day basis</li> </ul>	<ul style="list-style-type: none"> <li>• CMP training modules (Board Governance) on BoL and MFWG website)</li> <li>• GIZ training on Board GOV for NSOs</li> <li>• Material from TACDO (general management)</li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• <a href="http://www.microsave.org/content">www.microsave.org/content</a></li> </ul>	<ul style="list-style-type: none"> <li>• 2 days research (national)</li> <li>• 1 day research (international)</li> <li>• 7 days design (national)</li> <li>• 4 days design (international)</li> <li>• 2 day examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>
7.	<p>Product Development</p> <ul style="list-style-type: none"> <li>• Market research, clients needs</li> <li>• SWOT of own MFI</li> <li>• Product development cycle</li> <li>• Field work</li> </ul>	3	<ul style="list-style-type: none"> <li>• To identify sources of information</li> <li>• To understand the importance of clients needs</li> <li>• To be able to design new products and services</li> </ul>	<ul style="list-style-type: none"> <li>• MFWG training material</li> <li>• TACDO</li> <li>• MFC</li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> <li>• <a href="http://www.microsave.org/content">www.microsave.org/content</a></li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 4 days design (national)</li> <li>• 2 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 50 pages*USD 15 = USD 750 translation</li> </ul>
8.	<p>Compliance with regulation and internal control</p> <p><b>MF Regulation</b></p> <ul style="list-style-type: none"> <li>• MF decree</li> <li>• MF regulations</li> <li>• On-site and off-site inspection</li> <li>• Reporting requirements, frequency</li> </ul> <p><b>Internal control</b></p> <ul style="list-style-type: none"> <li>• Fraud control measures</li> <li>• Setting up internal control function</li> <li>• Evaluation of internal checks</li> <li>• Operational policies and procedures</li> </ul>	3	<ul style="list-style-type: none"> <li>• To provide overview on MF related policies and regulation</li> <li>• To understand the regulatory requirements</li> <li>• To understand the function of internal control</li> </ul>	<ul style="list-style-type: none"> <li>• MF decree</li> <li>• MF regulations</li> <li>• Financial institution development strategy 2009-2020 (BoL)</li> <li>• BoL forms/ Documents</li> <li>• MFC/CARD training material</li> <li>• <a href="http://www.microsave.org/content/microsave-training-toolkits">www.microsave.org/content/microsave-training-toolkits</a></li> <li>• <a href="http://www.cgap.org">www.cgap.org</a> ( about microfinance-skills for managers courses)</li> </ul>	<ul style="list-style-type: none"> <li>• 1 day research (national)</li> <li>• 1 day research (international)</li> <li>• 6 days design (national)</li> <li>• 4 days design (international)</li> <li>• 2 days examination tools (national)</li> <li>• 1 day examination tools (international)</li> <li>• 100 pages*USD 15 = USD 1,500 translation</li> </ul>
	Total number of training days	29			

## Annex 24: PADEE Information Letter




### Project for Agricultural Development and Economic Empowerment (PADEE)

#### Background

In Cambodia, poor rural households tend to depend solely on small-scale rice production. Despite positive improvements in agricultural productivity and diversification, single crop dependency can significantly increase the vulnerability of Cambodia's rural poor to external shocks that can seriously jeopardize their food security. Improving the production techniques of poor rural households in both rice and other crops is one measure that can minimize this vulnerability. Another measure is to improve the commercial linkages between smallholder farmers and buyers. Both of these require enhanced agricultural and business support services, an initial capital base, and better and more sustainable access to financial services for the creation of working capital.

In order to support the implement of such measures, the Royal Government of Cambodia and the International Fund for Agricultural Development (IFAD) signed a Financing Agreement on 29 February 2012 for the implementation of the IFAD funded project entitled "Project for Agricultural Development and Economic Empowerment" (PADEE). The total budget is USD 43 million over six years.

The overall objective of PADEE is to improve agricultural productivity and to diversify the sources of income of rural people living in poverty in five provinces that have a high ratio of poor rural households. The five provinces include Kampot, Kandal, Prey Veng, Svay Rieng and Takeo.

PADEE has two substantive components:

1. Improved access to financial services, and
2. Improved access to technology and markets which are closely inter-related.

PADEE will thus combine improvements in access to financial services with applied training in land-based and non land-based farming activities and the promotion of market linkages.

PADEE is implemented by the Ministry of Agriculture, Forestry and Fisheries (MAFF) with FAO, the Netherlands Development Organization (SNV) and International Development Enterprises (IDE) as partners.

#### FAO's contribution to PADEE

The Cambodian microfinance industry is growing in a sound way by following a demand-driven approach whereby it expects customers to take the initiative to become clients. However, lack of collateral and a minimum asset base, illiteracy and poor financial literacy, lack of interpersonal communication skills and high transaction costs coupled with a frequently risk-averse attitude leads to the exclusion of the poorest from access to microfinance services and deepens their marginalization.

It is the excluded group of households that will form the target group of beneficiaries for PADEE. PADEE will create 984 Improved Group Revolving Funds (IGRF) which will each be capitalized through a conditional capital grant of USD 12 000 (total USD 11.8 million).









The beneficiaries will be the 50 poorest households per village who will be selected through the IFAD wealth ranking methodology, which in previous similar projects has proven to have been an effective mechanism to reaching the intended target group.

### • Financial Literacy

Financial literacy among PADEE's beneficiaries has been identified as a factor in, and a condition for the successful use of the project's funds. The financial literacy of the PADEE component supported by FAO will capacitate 49 200 IGRF beneficiaries plus an estimated 12 500 beneficiary households of a previous IFAD funded project to make better financial decisions for their financial investments in agriculture or other income generating activities. FAO will also teach the beneficiary households the benefits of savings and proper household cash flow planning and management. It will be a condition for the obtaining a grant that the IGRF members pass a test on financial and agricultural topics.

The outputs related to financial literacy will be:

- A curriculum and training materials (for trainers and for beneficiaries) for PADEE's financial literacy training subcomponent;
- 62 500 sets of the training and testing materials;
- 77 trainers trained to provide literacy training;
- Terms of Reference and the selection of an external training service provider whose staff will receive the above training and which will conduct the actual training of the beneficiaries.



### • Support to Improved Group Revolving Funds

In addition to financial literacy, the inability of IGRFs to keep correct records and accounting constitutes an obstacle to sustainable introduction of IGRFs for the poorest. FAO will therefore also facilitate support to the IGRF for bookkeeping through an External Service Provider. This Service Provider will initially be funded through PADEE but will, over time, be funded directly by the IGRFs.

The outputs related to the IGRFs are:

- An External Services Provider organization established and equipped with IT hardware, software and trained personnel, which will provide recordkeeping, accounting and reporting services to the 984 IGRFs on a sustainable basis, also after the project ends in 2018.
- Three surveys and studies to provide further guidance at policy level and to monitor the project and its impact on existing rural financial programs and activities.



## **Annex 25: NABARD's Tablet-based MIS for SHGs (or Village Banks)**

The National Bank for Agriculture and Rural Development (NABARD) in India, with some 8 million SHGs linked to banks, has introduced a tablet PC-based SHG Accounting and Management Information System, in one district of Maharashtra State. With support from IFAD, the MIS covers the internal financial operations and bank linkages of 50,000 SHGs comprising about 13 members on average, with software developed by Leaps & Bounds<sup>1</sup>.

**During the first 20 years of the SHG-Bank Linkage Programme (SBL),** SHG accounting and reporting have been left to each of nearly 5,000 Self-help Promoting Institutions (SHPIs) involved in the promotion of SHGs. NABARD had limited its role as a supervisor to the standardization of linkage reports by participating banks, with a focus on bank deposits and credit. Data was consolidated and published annually as per 31 March by type of bank and state. In recent years information on non-performing assets (NPA) has been added, but its reliability has been questioned. The expansion of SBL was driven by quantitative targets; monitoring data collected by NABARD was not used as a management instrument.

**Focusing on bank linkages, ignoring internal financial intermediation.** While the SHGs are savings-driven from inception, which is one of its constitutive features, internal financial intermediation has not been monitored at state or national level. As a result, reported bank deposits of SHGs have been confused with total SHG savings, which are a multiple of their bank deposits. Attention of stakeholders has focused on bank credit, rather than internal resources (savings and interest income) and internal lending operations of SHGs. With the unprecedented growth of the sector, SHGs increasingly became an object of state politics, and in a number of states the initial regard for internal strength of SHGs has given way to further debt financing and interest rate subsidies. In many SHGs this has undermined the spirit of self-help and self-reliance.

**Towards SHG-2 and web-based SHG accounting and MIS.** NABARD, through its Micro Credit Innovations Department (MCID), is now taking steps to revamp SBL and enter into a new phase, SHG-2. In this context NABARD, with assistance from IFAD; has supported the introduction of a tablet PC-based computerized SHG accounting system and MIS, with the monitoring of internal financial intermediation in SHGs at its center. For example, it shows internal savings, internal loans disbursed, repaid and outstanding, bank deposits and bank loans disbursed, repaid and outstanding, and produces ratios. It generates monthly balance sheets and income statements of each SHGs, consolidates them at any level requested and produces the respective reports in English and local languages. It also permits age-wise classification of SHGs, which is of crucial importance for output and impact assessments. It produces member information, SHG statistics, SHG classification at a glance and detailed information about loans outstanding. It includes loan purposes and permits entering information on livelihoods and enterprises at group and individual levels as requested.

**The system encompasses** all monitoring and reporting requirements of SHGs, supporting organizations such as NGOs and banks and implementing institutions at block, district, state and national level. It also generates criteria-based bank loan applications. A language directory button permits entries and read-outs in English and local languages. Data is stored centrally and in tablets,

---

<sup>1</sup> LEAPS & BOUNDS, Pune, India, [www.LNBINDIA.com](http://www.LNBINDIA.com), [info@LNBINDIA.COM](mailto:info@LNBINDIA.COM). +91 20 6401 8055, +91 94220 16718. CEO: Bhushan Dere [bhushandere@lbnindia.com](mailto:bhushandere@lbnindia.com), +91 9422 016718; Director: Jitendra Kulkarni [jitendra@lbnindia.com](mailto:jitendra@lbnindia.com), +91 9822115932

which function on-line and off-line. A GPS mapping facility is included, which shows the location of SHGs, Community Service Centers (CSCs) and bank branches, the location and number of SHGs linked with a CSC or bank branch, and various financial positions at a glance.

**Upscaling.** After a pilot with Dhule District Central Cooperative Bank covering 105 SHGs in Dhule & Nandurbar district in Maharashtra, the system is now being upscaled to 50,000 SHGs over a three-year period and is expected to be eventually mainstreamed nationwide on a voluntary basis. The system, which has been developed by Leaps & Bounds Softwares, can be adapted to different requirements. The offer in India comprises a one-time cost of data migration (ie, inputting past data) of Rs 50 per SHG and operating costs per SHG of Rs 480 per year; the operating costs include tablets, the training of master trainers and the production of a variety of customized reports.

**A ground-breaking innovation.** The tablet-based SHG Accounting and Management Information System is an impressive innovation, with fundamental importance as an instant monitoring instrument and management tool. In due course IFAD might introduce the system in other projects in different countries and contribute to South-South cooperation.

**Cost** for 50,000 SHGs for three years: Rs 6 million = US\$ 97,000<sup>2</sup>.

HDS

1 Jan 2014

---

<sup>2</sup> NABARD MCID sanction letter 13 May 2013





**NABARD's**  
**Tablet based Accounting**  
**&**  
**Web Based Database & MIS System**  
**for Self Help Group (SHGs)**

*A Proposal*



**Presented By**

**LEAPS & BOUNDS, Pune.**

Contact : +91 20 6401 8055 / +91 94220 16718

Email : [info@LNBINDIA.COM](mailto:info@LNBINDIA.COM)

[www.LNBINDIA.com](http://www.LNBINDIA.com)

- Brought to you by -

**National Bank for Agriculture & Rural Development**

[mcid@nabard.org](mailto:mcid@nabard.org)

[www.nabard.org](http://www.nabard.org)





## *Table of Contents*

<b>1</b>	<b>Executive Summary .....</b>	<b>3</b>
1.1	Document Purpose .....	3
1.2	Business Context .....	3
<b>2</b>	<b>SHG Accounting &amp; Database Management System .....</b>	<b>4</b>
2.1	SHG Software Application Brief .....	4
2.2	Data Entry/Update .....	4
2.3	SHG Software Modules .....	5
2.4	SHG Software Available Reports .....	5
2.5	Solution Advantages .....	6
2.6	Work Process .....	7
<b>3</b>	<b>Assumptions .....</b>	<b>8</b>
<b>4</b>	<b>Exclusions .....</b>	<b>8</b>
<b>5</b>	<b>Project Roles &amp; Responsibilities .....</b>	<b>8</b>
5.1	L&B's Responsibilities .....	8
5.2	SHPI/NGO's obligations .....	8
5.3	SHG Work Responsibility Matrix .....	9
<b>6</b>	<b>Project Commercials .....</b>	<b>10</b>
6.1	The software .....	10
6.2	The hardware (Minimum Requirements should be as per Annexure A) .....	10
6.3	Payment Schedule .....	10
6.4	Terms & Conditions .....	11
<b>7</b>	<b>Contact Information .....</b>	<b>11</b>
	<b>HARDWARE: Tablet Specifications- Minimum Requirements .....</b>	<b>12</b>



## 1 Executive Summary

### 1.1 Document Purpose

The proposed solution for the SHGs will be a tablet based accounting and web based database solution, designed to monitor the day to day activities along with MIS on a real time basis. Data entered using tablet PCs as and when either at completion of financial transaction or monthly activity. Various graphical as well as analytical reports will be generated that helps to monitor the particular SHG at micro level. This document would be the reference document for any details related to the project scope. Any changes to the scope shall be appended to this document and version tracked.

### 1.2 Business Context

#### About Leaps & Bounds

Reputed & Award winning software solutions provider firm based at Pune & having support centres all over India & one in USA. We are primarily working in the area of Microfinance. Since last twelve years we have achieved competence in the field of micro-credit activity & software solutions to that area. Our clientele includes various Banks, NGOs & Govt. Agencies. Our Software is recognized by RDD, Govt. of Maharashtra & **NABARD** for the SHG programme monitoring & reporting.

Working with Govt. of Maharashtra (Rural Development Department), we have successfully tested & installed the software solution for SHG database monitoring in entire State (DRDA). For that we are awarded by Govt. of Maharashtra under 'Maharashtra IT Awards 2012'.

In recent times working with **NABARD** we have successfully completed National Level Pilot of 'Tablet PC based software' at Nandurbar District. Seeing the success **NABARD** has given us National Level sanction for implementation of the software system. The system is advanced, completely web based version of the software system. The best part of it is that it is in Indian languages & even SHGs & its Members can feed their information online from any cyber café or internet access point, or Tablet PC & get benefits of the software. Their data will be available to agency for monitoring & planning.

#### Our Strengths: Core Competence in the Domain of Microcredit since 2001

- **Domain Expertise:** Expert Personnel on Microfinance from Banking, Govt. & NGO sector, worked since inception of SHG/Microfinance in India... MRCP/DWACRA/SGSY/NRLM.
- **Focus area:** Our Prime focus area of IT development in Micro-Finance since 2001
- **Wide Grass Root Level Support:** Over 200 People in all Districts & up to village level via Financial Inclusion programme.
- **Technical Expertise:** Team of People with total more than 100+ man years of experience with international working exposure in all cutting edge technologies.

## Our Services

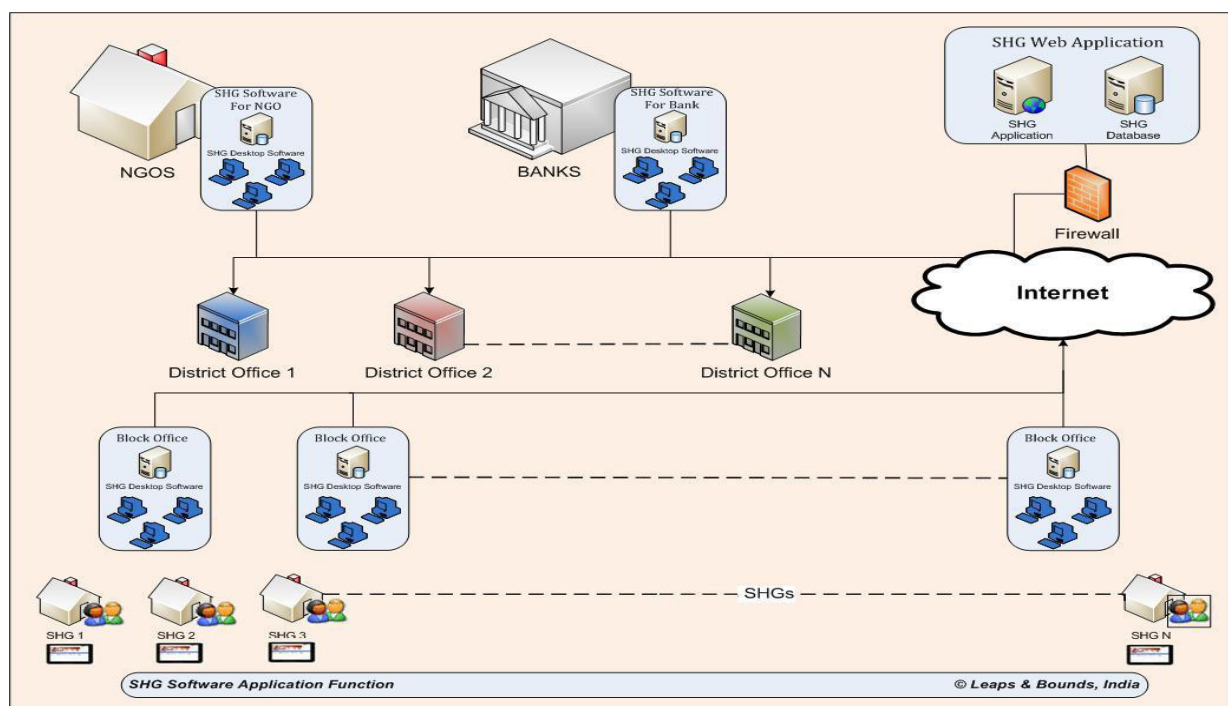
- Software Solution /Development
- Website / Web based Solutions
- Multimedia Development
- IT Consultancy

## 2 SHG Accounting & Database Management System

### 2.1 SHG Software Application Brief

The SHG related information is entered at SHG level every month on tablet. From there through internet the information is made available to all stake holders. The detailed information based reports are generated through software of individual SHG, their financial position, personal information of members, assets information etc.

**The software implemented is as follows (High Level Architecture)**



access to the software website is provided at different levels as per modules e.g. SHG Level, NGO Level, Bank Level, NABARD/Govt. level etc. Information of SHGs, Individual members & their transactions, meetings, loans etc. is entered at respective levels only.



## 2.2 Data Entry/Update

### Master Data – One time format – Collection & Entry by NGO or L&B

This will be single time data entry into the system as master data which will mainly consist of SHG details and members' details.

### Day to Day Data: There are 3 Types of Data Entry at the level of User

Sr. No.	Transaction Type	Transaction Details	Data Entry By
1	SHG Monthly Meeting	SHG Level – Accounts	SHG/NGO Correspondent
		Member Level – Accounts	
		Loan Details	
	Proceedings	Attendance	

### Day to Day Reports: Following could be the day to day reports at the level of User wise

Sr. No.	Report Type	Report Details	Viewed By	Available On
1	Periodic Reports / Data Confirmation	- Balance Sheet - Profit Loss A/C	- SHG - NGO Correspondent	Tablet / Web
1	Periodic Reports / Data Confirmation	- Balance Sheet - Profit Loss A/C	- Bank Correspondent - NABARD /Government	Web

## 2.3 SHG Software Modules

SHG Software comprises of various functionalities required for the day to day operations of the SHG. Some of the application modules as follows:

- SHG Master Data
- Individual Master Data
- SHG Accounting
- Meeting Proceedings
- Loan Management
- SHG Training
- Asset Verification, Marketing, Exhibition Module
- Block Level Module
- Information Upload & Data Backup Module...



## **2.4 SHG Software Available Reports**

Analytical Informative Reports

- SHGs formation during period
- Caste wise reports
- Gender wise reports
- BPL/Non-BPL wise reports
- SHG financing duration wise
- Branch wise report – finance & formation
- At a glance overall report
- District & Block reports
- Consolidated progress reports etc.
- All MPRs (Monthly Progress Reports) as per Govt. Guidelines/ Requirements...**and many more**

## **2.5 Solution Advantages:**

- SHGs don't need to purchase own PC, One Tablet is shared in entire village with some very little monthly charges of less than Rs. 40.
- The SHG related information is to be fed at village level every month. From there through internet the information will be made available at District, Division, State and National level.
- All type of availability of reports - SHG-wise, Bank-wise, NGO-wise
- Reports like Loan disbursed, Repayment, training, SHG gradation, quantitative and qualitative growth, individual member, SHG as unit, cluster & federation-wise, block & District-wise up to the entire SHG programme available on single click.
- Availability of detailed reports of individual SHG, their position, individual member information, financial information etc.
- Cost & time of information gathering, analysis & reporting is highly reduced.
- Solution works in offline/online mode therefore no need of continuous internet connection

## **Govt. & Bankers Advantages:**

- 70% reduction in overhead costs.
- 100% immediate decrease in time to generate weekly and monthly financial and socio economic reports. Immediate & compiled Bank loan application generation.
- 80% immediate decrease in the amount of time it takes to resolve the issues.
- Monitoring & alerts of individual SHGs financial health on daily basis.
- Identification and Support for the weak SHG.
- Decision making at each level becomes real-time.

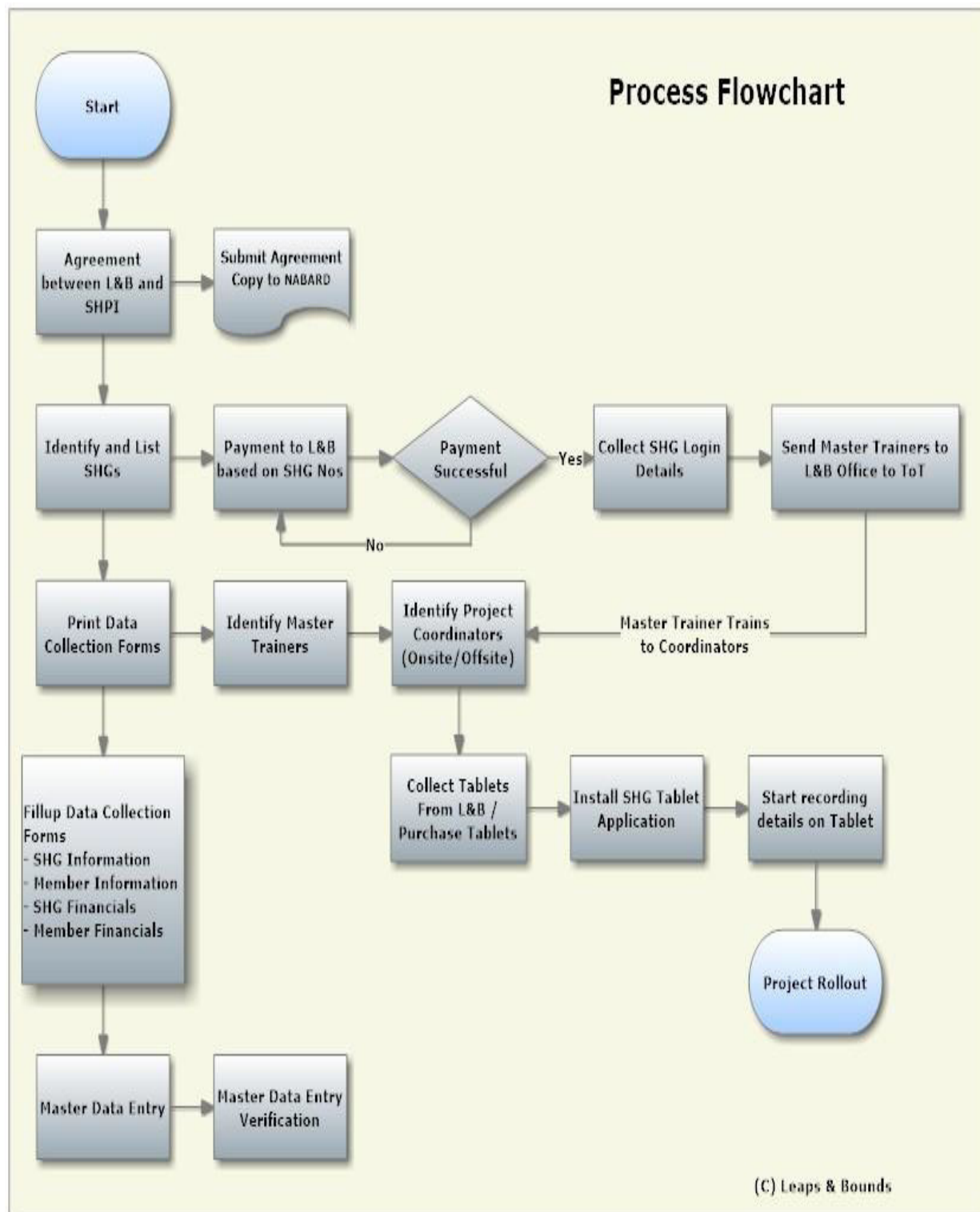




### **SHPI/ NGOs Advantages:**

- Field coordinators or even SHG Members are able to enter and edit their monthly savings and meetings. The data is entered in their own local language at any time from any location.
- The SHG, NGOs Banks and local level Government agencies are getting all the reports, statistics in local regional language at the same time GOI and NABARD will get reports in English language
- Banker's are getting the financial position of the individual SHG / Member in real-time with their individual logins
- Financial and social economic data is immediately accessible for quality control and reporting purposes which will reduce the need for staff in non-billable positions to gather, analyze and compile data
- Implementing agencies get details at their level with their login
- With built in GIS system geographical location can be viewed any time

## 2.6 Work Process





### 3 Assumptions

The following are the assumptions that have been considered while drafting this proposal

1. SHPI/NGO will provide a single point of contact for approval and project activities and resolve L&B's queries regarding execution of the project.
2. All Resources stated required shall be committed to the project by all the said parties.
3. The project plan does not include time taken for project approvals, delay in supply of hardware and the time involved in the changed process.
4. Any change in scope shall be incorporated after conducting a feasibility study and the effect on project timelines, commercials and success criteria shall be defined accordingly.
5. No customization to the existing system flow.
6. Customizations to the input and reports will be charged at extra.
7. Hardware/Tablet: Usage, Maintenance etc... will be the responsibility of SHPI/NGO

### 4 Exclusions

The following are exclusions from the scope of work

1. Data collection of the SHG and SHG Members.
2. Onsite / field support

### 5 Project Roles & Responsibilities

#### 5.1 L&B's Responsibilities

1. Enable the web based SHG Management software solution along with Tablet / Dongle (if provided by L&B) for data feeding onsite developed by it on lease for management of the project as per the Scope of Work.
2. The L&B shall provide help desk (call center) to resolve software queries. Their responsibility will be to support SHPI correspondents for data feeding and query resolution. The said arrangement will continue till closure of this contract or completion of work.
3. The L&B shall make sure that data (on the Web) in report form will be updated by the next day.
4. L&B will provide on line access to the web site of the solution to the personnel of the respective project assigned NGO.
5. Uptime of server will be 98% on an average monthly basis.
6. Performance of system: User should be able to browse the software @ 1 MBPS.
7. L&B's project coordinator would attend Project Monitoring Committee (PMC) meetings.
8. L&B shall ensure confidentiality and privacy of the data and take proper care such as firewall, security for intruder logins. Attempt of such login will be reported to NABARD/NGO.



## 5.2 SHPI/NGO's obligations

1. To assign a single point of contact with L&B for the execution of this project.
2. Provide all standards & Approved procedures for financial transactions and monthly proceedings as required by L&B.
3. SHPI/NGO's project coordinator would attend project Monitoring Committee (PMC) meetings.

## 5.3 SHG Work Responsibility Matrix

SHG Database Management System Work Responsibility Matrix						
Duration	12 Months					
Cost Head	Particulars	Location	No.s	Responsibility		
				L&B	NGO	NABARD
Manpower	HelpDesk Support Person	L&B Office	---	✓		
	Correspondents (Execution)	Onsite			✓	
Infrastructure	Tablet PCs (1 Tablet for 70 SHGs)	Onsite	1		✓	
	Web SHG Application during Execution	Tablet/Web		✓		
Travel	Local Conveyance facility for Support Staff	Onsite			✓	
Communication	Internet Connectivity (at least 2G must)	Onsite			✓	
Project Coordination	Coordination between all the teams working on Project	NABARD H.O.	-	✓	✓	✓

## 6 Project Commercials

### 6.1 The software

The software is given in `SAAS – Software as a Service` Format with Usage rights to implementing agency (SHPI/NGO) & not the ownership rights/copy rights. The user rights are given on annual basis with renewal every year in the form of fees to be paid in advance.

### 6.2 The hardware (Minimum Requirements should be as per Annexure A)

1. Responsibility of Hardware – Tablets & Dongle will be of SHPI/NGO
2. If SHPI provides tablets and Dongle then ownership belongs to SHPI and L&B will reduce Per SHG cost by Rs. 48 per Year from below costing.

### 6.3 Payment Schedule

Sr.	Item	Price/ SHG/ Year	Payment Remark
1	Software Cost	Rs. 480/-  (Rs. 420/- SHPI + Rs.60/- NABARD Grant)	<ul style="list-style-type: none"> <li>Yearly in advance along with work order</li> <li>SHPI to pay Rs.420 per SHG to L&amp;B</li> <li>NABARD will release quarterly grant on PIMC recommendation.</li> </ul>
2	Web server	Cost included in above	<ul style="list-style-type: none"> <li>After SHG Data Entry/ hosted on server</li> </ul>
3	Training to Trainers	Cost included in above	Training of SHG Database and Tablet apps usage
4	Tablet /Dongle  Ownership of Tablet will be of L&B and Responsibility of proper handling, maintenance, repairs etc. belongs to SHPI. One Tablets will be provided for working of 70 SHGs	Cost included in above	<ul style="list-style-type: none"> <li>SHPI may buy additional tablets (if required) at their cost.</li> <li>Or if SHPI buys all required tablets then L&amp;B will reduce Per SHG cost by Rs. 48 Per Year from above costing. The period will be for 2 years for exclusion of this cost.</li> </ul>
5	Data Entry Master One time/ Optional	Rs. 50	<ul style="list-style-type: none"> <li>SHPI may opt to do it on own</li> </ul>
6	Customization if any  e.g. branch login cost	At actuals	<ul style="list-style-type: none"> <li>Any changes apart from NABARD cleared software will be considered as customization</li> </ul>

**Software cost calculation e.g. If no. of SHGs 1000 then**

**1000X 372 (per SHG cost without Tablet & with NABARD Grant) = 3,72,000/- yearly cost SHPI/NGO**



#### **6.4 Terms & Conditions**

1. The Payment of Software has to be made to M/S **`Leaps & Bounds`** by **`Implementing agency`** for all the SHG`s at Single source in advance.
2. The mode of system operation will be as mentioned in point 2.5.
3. The data to be collected will be in the format which will be provided by L&B. implementing Agency may print the requisite forms as per the required no. of SHG`s & Members.
4. Data Policy: While the Software is being used by agency & SHG`s under that agency the hosting will be provided by L&B, if & when the agency decides to discontinue the usage of Software the database related to SHG will be handed over by L&B in SQL server Backup file Format.
5. SHPI will be responsible for the Tablet and Dongle condition in case of breakage/loss of the hardware SHPI will reimburse the original cost to L&B.
6. Customization : if implementing agency wants any customization in the present software they may convey the same to L&B then after examining the **`Scope of Customization`** the charges towards the same will be conveyed & after mutual agreement those will be finalized.
7. User right: L&B will provide 2 Levels of user right to (Implementing agency) the agency will decide further to allot the rights to their appropriate persons. If any user of implementing agency destroys (deletes) data then L&B will not be responsible for that.
8. Roles and Responsibilities of each party as per point no. 5.3.
9. Training: It will be provided as per mentioned in Annexure A.
10. Any other clauses as per mutual understanding.

## **7 Contact Information**

### **Commercial**

**Bhushan Dere**

Tel : +91 20 6401 8055

Cell : +91 94220 16718

E-Mail : [bhushandere@LNBINDIA.com](mailto:bhushandere@LNBINDIA.com)

### **Technical**

**Jitendra Kulkarni**

Tel : +91 20 6401 8055

Cell : +91 98221 15932

E-Mail : [jitendra@LNBINDIA.com](mailto:jitendra@LNBINDIA.com)

**www.LNBINDIA.com**





## **ANNEXURE – A**

### **Training to Trainers (ToT)**

Two level of training will be provided to SHPI Master Trainers on ToT basis as follows. Master trainers further train to the Field Coordinators / Bank Correspondents / Available Resources / Office Staff of SHPI.

#### **Level I – Orientation Training**

1. One day training on software overview, data collection, data feeding on website and on the tablet will be provided in L&B's state level office facility.
2. Lunch and Tea will be provided during the training period.
3. SHPI has to make the arrangement for the travel for their Master Trainers.
4. SHPI has to make the arrangement for Lodging and Boarding (if required)

#### **Level II – Field Training**

After successful completion of the Level I Orientation Training and Master SHG data entry is completed. Thus data is available for download on tablet PC. The second level of training will be arranged for the Master Trainers on actual field. Master trainers will be trained on actual real time scenario how to use tablet PC based system during SHG meeting & online web based software.

1. One day training on Tablet based app usage, data feeding and uploading to website.
2. SHPI has to make the arrangement for the food and travel for their Master Trainers who will attend this training.
3. SHPI has to make the arrangement for Lodging and Boarding (if training extends more than one day; this depends on no of participants who will attend training).
4. SHPI has to arrange for the SHG meeting and convey in advance the same to L&B for making appropriate arrangement of the L&B Trainer person on mutual availability.



### **HARDWARE: Tablet Specifications- Minimum Requirements (Any Make)**

<b>Screen</b>	<b>Memory</b>	<b>Connectivity</b>	<b>Operating System</b>	<b>Processor</b>
7 "	Storage: 4 GB or above RAM: 512 & above	USB Drive Dongle /or built in SIM card	Android 4.0 or above.	1 Ghz

This may be taken by SHPI/NGO directly as per projected users & area coverage, L&B can guide in choosing right make.

## Annex 26: Capacity Building Implementation Plan for the Formal Microfinance Sector (2014-2016)

Ref	Activity (what)	Responsible (who)	2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Establishment of a <b>stakeholder communication forum</b> initiated by BoL to develop CB strategy for entire sector (government strategies, information flow, responsibilities, etc.), <b>set up of 2 task forces</b> : 1 for formal (lead: BoL) and 1 for semi-formal sector (lead: TBD, possibly LWU) - regular meetings (every 6 months for communication forum, every 3 months for task forces)	BoL (lead), line ministries, mass organizations, NRDPE, MoHA, LWU, GIZ, SBFIC, MFA, LCSDPA, MFC, other donors working in CB, MoES												
2	Stakeholder roundtable of MFA with training providers (discussing their various roles, a CB strategy for TSPs, ToT, training gaps in quality/quantity, a framework of quality control, accountability, M&E of the training. Establishment of a <b>training coordinating committee (TCC)</b> based on the <i>Human Resource Development Sub-Working Group</i> of former MFWG (now MFA) - regular meetings (every 3 months)	MFA (lead), private & public training & consultancy service providers, freelance trainers/ resource persons, donors working in CB												
3	Establishment of a <b>MFA Capacity Building Division</b> (in charge of MFMCC and related training activities of MFA)	MFA (one int. & one local expert)												
4	Conduct comprehensive <b>survey of existing public and private training &amp; consultancy and education service providers</b> with the aim to widen the pool of available trainers and resource persons, use results to engage qualified trainers/resource persons to participate in MFMCC TOT (see below)	Consultancy with experience in training surveys (eg. EDC) with ToR developed by MFA-CB Division together with TCC												
5	Proposal for <b>establishment of a fund</b> for a) coaching/mentoring/in-house training/internships/exposure visits for MFIs and for b) CB of TSPs; seek funding support (FIF, others)	MFA-CB Division with TCC												
6	Development of <b>MFMCC course materials</b>	International & local experts												
7	<b>ToT</b> for selected resource persons/trainers for MFMCC (based on above) incl. MFA & CB Division staff	International trainers			1st			2nd			3rd			
8	<b>Certification of trainers</b>	International trainers												
9	<b>Implementation of MFMCC</b> for managers (and selected BoL staff)	MFA-CB Division (with local TSPs)			1st		2nd	3rd	4th	5th	6th			
10	<b>Coaching of trainers</b> during first MFMCC delivery for managers	MFA-CB Division (International training experts)												
11	Hiring of <b>2 national trainers</b> who successfully completed ToT as MFA trainers <i>if local TSPs not supportive</i> to implement MFMCC on scale as planned	MFA-CB Division												
12	<b>Coaching/on-the job training of trainees</b> post participation in MFMCC (using funds from CB fund)	Identified qualified TSPs												
13	<b>Certification of trainees</b> upon completion of MFMCC	BoL-FISD				1st	2nd	3rd	4th	5th	6th			

Ref	Activity (what)	Responsible (who)	2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
14	<b>Adjustments of MFMCC post delivery</b> (1st course)	MFA-CB Division with local TSPs												
15	<b>Development of adapted modular courses for other staff functions</b> (board, accountants, COs) based on MFMCC	MFA-CB Division (International training expert)												
16	Implementation of MFMCC adapted courses for <b>credit officers</b>	MFA-CB Division with local TSPs							1st		2nd		3rd	
17	Adjustment of credit officer course post delivery (1st course)	MFA-CB Division with local TSPs												
18	Implementation of MFMCC adapted courses for <b>board members</b>	MFA-CB Division with local TSPs							1st		2nd		3rd	
19	Adjustment of board member course post delivery (1st course)	MFA-CB Division with local TSPs												
20	Implementation of MFMCC adapted courses for <b>accountants</b>	MFA-CB Division with local TSPs							1st		2nd		3rd	
21	Adjustment of accountant course post delivery (1st course)	MFA-CB Division with local TSPs												
22	<b>Brokering development and delivery of other short term training courses</b> (new topics, FL, BDS, soft skills, insurance, remittances, etc.) according to identified and emerging needs of sector	MFA-CB Division with identified/qualified TSPs												
23	Establishment and delivery of <b>Higher Diploma Course in MF</b>	BI												
24	<b>Evening classes for MFI staff</b> on selected topics of relevance to sector	BI												
25	<b>Establishment of regional sub-offices</b> (regionalization of MFA) to deliver training, first in Savannaketh, second in Luang Prabang	MFA-CB Division with local staff												
26	<b>Mentoring/on the job training of BoL-FISD staff</b> - hire one international expert	BoL-FISD with GIZ-AFP												
27	<b>Participation of BoL-FISD staff in selected trainings</b>	BoL-FISD with selected donors												
28	<b>Feasibility study on establishment of an apprenticeship program</b> (dual training system) based on MFMCC	MFA-CB Division with international consultant												

#### Assumptions & Notes:

MFMCC will focus on training existing staff in MFIs including some BoL staff

Plan based on implementation of 4 months MFMCC (not 6 months) course since this is the preferred length for the course by stakeholders

Establishment of MFMCC will focus on managers (and BoL) first, then credit officers, followed by board members and then accountants

ToT will be conducted over a period of 4 weeks to address low level in TSP capacity (not 2 as foreseen under MFMCC), TOT will be repeated on an annual basis (15 TN/pa) - 45 trainers in total

In the first year, 1 MFMCC for managers will be implemented, 2 in year 2 and 3 in year 3 (total courses in 3 years: 6 with 120 trainees)

In the second year, 1 course will be implemented for COs, 2 in year 3 (total courses: 3 with 60 trainees)

In the second year, 1 course will be implemented for board members, 2 in year 3 (total courses: 3 with 60 trainees)

In the second year, 1 course will be implemented for accountants, 2 in year 3 (total courses: 3 with 60 trainees)

Emphasis is on quality, not quantity: After 3 years a total of 45 trainers and 280 trainees will have been trained (=20% of total present demand)

MFMCC will be complemented by other short-term courses offered by MFA on various topics, plus any potential courses offered by BI with relevance to MF sector

Feasibility study for apprenticeship program (AP) will be undertaken once MFMCC is well established and running - AP, if established should cater for NEW MFI staff

Finally, a feasibility study for transformation of MFA-CB Division into a training academy will be undertaken in 2018 only - program, if established should cater for NEW MFI staff

## Annex 27: Tentative Costing Plan of Capacity Building for the Formal Microfinance Sector in Lao PDR (2014-2016)

Ref	Area of Capacity Building	Description	Identified Support/Donor	Amounts (in US\$)			
				2014	2015	2016	TOTAL
A. MFA							
1a Establishment of CB Division							
	Training content/quality control/surveys/research	Full-time int training expert (24 months)	GIZ-AFP	18.000	36.000	36.000	90.000
	Coordination of training courses (MFMCC, etc.)	Full-time nat training officer (36 months) - coordination	UNCDF-MAFIPP (only 50%) & ?	10.000	10.000	10.000	30.000
	Administration of training courses (when expanding)	Additional admin staff for course expansion			5.000	5.000	10.000
	Operational cost CB division (admin, office, tel/fax, etc.) including costs for meetings/workshops of training coordinating committee, etc.		UNCDF-MAFIPP ? & ?	4.000	6.000	10.000	20.000
	Detailed survey of local public & private training & consultancy service providers	Consultancy with experience in training surveys (eg. EDC)		3.000			3.000
1b Establishment of a CB fund for MFIs and TSPs							
	Proposal, fund administration		UNCDF-FIF?	50.000	50.000	50.000	150.000
1c Establishment & Implementation of MFMCC (SV)							
	Development & design of course materials (various modules for managers) including examination tools	1 int expert (38 days at 600\$)	UNCDF-MAFIPP	22.800			22.800
		1 nat expert (58 days at 300\$)	UNCDF-MAFIPP	17.400			17.400
	Translation of course modules/examination tools	500 pages at 15\$/page	UNCDF-MAFIPP	7.500			7.500
	ToT (method and content) for 15 trainees (incl. MFA & CB Division staff) for 4 weeks incl. handouts, venue, food, logistics	2 int master trainers	ADA (\$42,390 only) & ?	84.780	84.780	84.780	254.340
	Coaching of trainers during first course delivery	2 int master trainers (2 weeks each, DSA, hotel, transport)		46.760			46.760
	Delivery of MFMCC (2o TN) - 20 days	1-2 nat trainers (total 50 days incl preparation), venue, materials, drinks/food, exam; total of 6 courses in 3 years (120 trainees)	UNCDF-MAFIPP (24,590 only) & ?	24.590	49.180	73.770	147.540
	Design/production of advertising material MFMCC	leaflet, webpage, etc.	UNCDF-MAFIPP ?	3.000	4.000	5.000	12.000
	TN expenses (DSA, travel, accomodation, etc.)	5 batches of 20 trainees (120 in total)		12.040	24.080	36.120	72.240
	Post MFMCC training coaching of MFIs (20 MFIs, 3 days/MFI)	60 consultant days per batch of 20 trainees (incl. travel, preparation, DAS); 3 batches/year over 2 years			89.334	89.334	178.668
	Adjustments to MFMCC course design (managers)				10.000		10.000
	Income from course fees (25\$/day/TN)	6 batches with 20 TN/each	MFIs	-10.000	-20.000	-30.000	-60.000
Establishment & Implementation of courses for different staff							
1d functions							
	Adaptation of modules for board members, accountants, COs				30.000		30.000
	Delivery of course for credit officers (20 days)				24.590	49.180	73.770
	TN expenses (DSA, travel, accomodation, etc.)	3 batches of 20 trainees (60 in total)			12.040	24.080	36.120
	Delivery of course for board members (10 days)				12.295	12.295	24.590
	TN expenses (DSA, travel, accomodation, etc.)	3 batches of 20 trainees (60 in total)			6.020	12.040	18.060
	Delivery of course for accountants (20 days)				24.590	49.180	73.770
	TN expenses (DSA, travel, accomodation, etc.)	3 batches of 20 trainees (60 in total)			12.040	24.080	36.120
	Income from course fees (25\$/day/TN)	9 batches with 20 TN/each	MFIs		-25.000	-50.000	-75.000

Ref	Area of Capacity Building	Description	Identified Support/Donor	Amounts (in US\$)			
				2014	2015	2016	TOTAL
Brokerage/delivery of other short term training courses (FL, BDS, 1e soft skills, insurance, remittances, etc.)							
	Regular trainings on topics in high demand, such as FL, BDS, soft skills, insurance, remittances, etc.	local TSPs (gradual increase in number of trainings (4, 8, 12)		12.000	24.000	36.000	72.000
	Income from course fees (25\$/day/TN)		MFIs	-10.000	-20.000	-30.000	-60.000
1f Establishment of regional sub-offices of MFA		MFA Vientiane					
	Delivery of selected training courses in central (Savannaketh) and northern (Luang Prabang) region					?	?
1g Establishment of an apprenticeship program							
	Feasibility study on demand for program, partner MFIs, budget, etc.	international training expert with expertise in vocational training (dual system)				20.000	20.000
B. BoL-FISD							
	Mentoring/coaching/in-house training	international expert	GIZ-AFP	30.000	60.000	60.000	150.000
	Participation in specific training courses for supervisors, study tours, etc.	various providers (incl. BI)	GIZ-AFP, UNCDF-MAFIPP ?	30.000	40.000	50.000	120.000
	Participation of selected staff in MFMCC (cost included in above calculation for MFMCC)			s. above	s. above	s. above	s. above
C. Banking Institute							
	Diploma Course in MF: Capacity building, training, study tours, admin, etc.		UNCDF-MAFIPP	?	?	?	?
	Total expenses			377.884	615.964	738.875	1.732.723
	Total income from training course fees			-20.000	-65.000	-110.000	-195.000
	TOTAL			357.884	550.964	628.875	1.531.678

#### Assumptions and Notes

- Figures based on calculations as provided in SBFIC/MFA report on 'Microfinance Management Certificate Course', Lutz Grashof & Vanhsy Chindavong, 2012 and empirical data from MFA training activities in the past
- Training fees of MFIs expected to not exceed 25\$/training day/trainee. No fees charged to trainees for mentoring, this activity would have to be subsidized
- Costing plan does not include: Additional costs for a) distance learning elements, b) for BI Diploma Course, c) apprenticeship program
- If private TSPs are not supportive or not sufficient to set up MFMCC, then MFA should hire 1-2 trainers to be employed within MFA as trainers (ie select qualified trainers who completed the TOT successfully)- additional cost/trainer/pa=approx. 24,000US\$
- Costs for the establishment of a potential training academy is not included here since that activity would not be foreseen to take place before 2018



## Annex 28: Capacity Building Implementation Plan for the Semiformal Microfinance Sector (2014-2016)

Ref	Activity (what)	Responsible (who)	2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Establishment of a <b>stakeholder communication forum</b> initiated by BoL to develop CB strategy for entire sector (government strategies, information flow, responsibilities, etc.), <b>set up of 2 task forces</b> : 1 for formal (lead: BoL) and 1 for semi-formal sector (lead: TBD, possibly LWU) - regular meetings	BoL (lead), line ministries, LWU/other mass organizations, NRDPE, MoHA, GIZ, SBFIC, MFA, LCSDPA, MFC, other agencies & donors working in CB, MoES												
2	Workshop of <b>task force for village banks</b> (determining lead roles in strategy, promotion of VBs and national/district networks, capacity building, MIS & reporting; cooperation between line agencies and mass organizations; lead role of LWU in capacity building and network development?, RDO, other agencies); CB programs of various promoters Semi-annual follow-up meetings on coordination and cooperation	NRDPE (lead?), LWU (lead?), BoL, RDO, MOHA, LCSDPA, MFC, GIZ, SBFIC, others												
3	Establishment of <b>Village Bank Training Fund</b> for training material and special expenses	Task force and lead implementing agency												
4	<b>Designing a comprehensive course on village banking</b> including a training manual (in Lao), based on the existing training manuals and relevant elements of MFMCC; Review & revision of draft comprehensive course in a workshop with national trainers (LWU, NERI, GIZ-NSO, LCSDPA); Evaluation and revision after one year	LWU?/National training expert												
5	Comprehensive course for <b>national village banking stakeholder staff</b>	LWU?/National training expert												
6	<b>Optional:</b> Establishment of <b>national network</b> of district networks/NSOs	LWU, GIZ												
6	Advanced comprehensive course for <b>national network management</b>	LWU?/National training expert												
7	Advanced comprehensive course for <b>national master trainers</b> ; ToT methodology for national master trainers	LWU?/National training expert with experienced LWU national master trainers												
8	Comprehensive course for <b>432 district trainers</b> in 30 batches; ToT methodology for district trainers; Follow-up training after one year	LWU?/National master trainers												
9	Abridged comprehensive course for <b>144 district administration committees</b>	LWU?/144 district trainers with selected national master trainers												

Ref	Activity (what)	Responsible (who)	2014				2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
10	Abridged comprehensive course for <b>staff and committee members of networks</b> : 1st year 50 existing networks; 2nd year 20 new networks; 3rd year 20 new networks	LWU?/ District trainers with selected national master trainers												
11	<b>Management committee training</b> for 4434 village banks, split into two parts of 3 days each per committee, comprising one or two villages at a time: 2x3000 batches	LWU?/District trainers, supervised by national master trainers												
12	<b>Advisory committee training</b> for 4434 village banks, 2 days each per committee, comprising one or two villages at a time: 3000 batches	LWU?/District trainers, supervised by national master trainers												
13	<u>Optional</u> : Training of <b>specialized staff for credit and delinquency management</b> in 600 large village banks: 100 batches comprising around 6 villages each	LWU?/District trainers with national master trainers												

## Annex 29: Tentative Costing Plan of Capacity Building for the Semiformal Microfinance Sector in Lao PDR (in US\$)

Ref	Area of Capacity Building	Description	Support	Amounts (in US\$)			
				2014	2015	2016	TOTAL
A. National level training:							
1a	Designing a comprehensive course on village banking, incl. training manuals	1 national expert 20 days at \$300		6.000			6.000
1b	Revision of course with national trainers of LWU, NERI, GIZ-NSO, LCSDPA	1 national expert 5 days at \$300 6 trainers 3 days at \$30		2.040			2.040
1c	Evaluation and revision after one year	1 national expert 5 days at \$300 6 trainers 3 days at \$30			2.040		2.040
2a	Comprehensive course for VB stakeholder staff	1 national expert 5 days at \$300 8 participants 5 days at \$30		2.700			2.700
2b	Exposure training abroad	1 international expert 6 d at \$600 8 participants 6 days at \$30 DSA 9 participants 6 days at \$100		10.440			10.440
3	Advanced comprehensive course for national network management, with field visit	1 national expert 5 days at \$300 8 participants 5 days at \$30 Transportation \$200 for 1 day			2.900		2.900
4a	Advanced comprehensive course for new national master trainers, with experienced LWU national master trainers	1 national expert 5 days at \$300 3 experienced master trainers 5 days at \$30 20 participants 5 days at \$25		4.450			4.450
4b	ToT methodology for new national master trainers, with experienced national LWU national master trainers	1 national expert 3 days at \$300, 3 experienced master trainers 3 days at \$30 20 participants 3 days at \$25			2.670		2.670
5	Base salary for 20 new national master trainers	20 x \$150 per month		9.000	36.000	36.000	81.000
B. District level training:							
6a	Comprehensive course for 432 district trainers in 30 batches, 2 master trainers per batch	60 master trainers 6 days at \$25 432 district trainers 6 days at \$20			66.990		66.990
6b	Tot methodology for district trainers	60 master trainers 4 days at \$25 432 district trainers 4 days at \$20			40.560		40.560
6c	Follow-up training for district trainers after one year	60 master trainers 4 days at \$25 432 district trainers 4 days at \$20				40.560	40.560

Ref	Area of Capacity Building	Description	Support	Amounts (in US\$)			
				2014	2015	2016	TOTAL
7	Base salary, transportation and other allowances for 432 district trainers	432x\$250 per month (hiring continues throughout 2015)	Covered by VB service fee?	108.000	864.000	1.296.000	2.268.000
8a	Abridged comprehensive course for 144 district administration committees, 3-5 members incl. LWU	144 district trainers 2 days at \$20 15 master trainers 2 days at \$25	District admin.		6.510		6.510
8b	Follow-up training for district administration after one year	144 district trainers 2 days at \$20 15 master trainers 2 days at \$25	District admin.			6.510	6.510
9a	Abridged comprehensive course for staff and committee members of 50 existing networks	50 district trainers 3 days at \$20 10 master trainers 2 days at \$25	VBs or district admin.		3.500		3.500
9b	2nd year: training for 20 new networks	20 district trainers 3 days at \$20 5 master trainers 2 days at \$25	VBs or district admin.			1.450	1.450
9c	3rd year: training for 20 new networks (tentative estimates, depending on actual expansion of networks)	15 district trainers 3 days at \$20 5 master trainers 2 days at \$25	VBs or district admin.	1.150			1.150
<b>C. Village level training:</b>							
10	Management committee training for 4434 VBs split in two parts of 3 days, comprising 1 or 2 villages at a time, 2x3000 batches	6000 batches by district trainers 3 days. Trainer incentive payment of \$30 per batch?	VBs	7.500	82.500	90.000	180.000
11	Advisory committee training for 4434 VBs, days, comprising 1 or 2 villages at a time, 3000 batches	6000 batches by district trainers 3 days. Trainer incentive payment of \$25 per batch?	VBs	6.250	68.750	75.000	150.000
12	Training of specialized staff for credit and delinquency management in 600 large village banks, 100 batches comprising around 6 villages each	100 selected district trainers 5 days. Trainer incentive payment of \$50?	VB	500	1.500	3.000	5.000
<b>D. All levels:</b>							
13	Village bank training fund	Training material and special expenses		20.000	20.000	20.000	60.000
	<b>TOTAL</b>			<b>180.044</b>	<b>1.199.935</b>	<b>1.570.536</b>	<b>2.950.515</b>

#### Assumptions & Notes

This costing plan is based on chapter 3.2.2 and table 3 of this report. The plan covers all 144 districts with a reported total number of 4,434 village banks. The foundation of the capacity building for the village banking sector is a comprehensive course on village banking including training manuals (in Lao) which will be designed and offered to stakeholder staff and some 20 new master trainers in 2014, possibly also to the staff of a national network if established.

The master trainers will train 432 district trainers, three on average per district. As shown in the implementation plan, within a two-year period, starting in Q1 of 2015, the district trainers, with some support from national master trainers, will train the management and advisory committees of all 4434 village banks in three steps, on average one district trainer for ten village banks. They will also train the members of the district administration committees in all 144 districts, specialized staff for credit and delinquency management in 600 large village banks and the staff and committee members of an expanding number of up to 50 district networks.

The costing plan is tentative, as fundamental questions concerning coverage, coordination and the lead role among the numerous promoters have to be clarified by a proposed stakeholder forum. In this report, for simplicity's sake we have assumed that LWU might be such a lead agency (perhaps under NRDPE, BoL or MoHA) covering also smaller agencies (like LCSDPA); but there may be other models, eg, with RDO in the lead at district or other levels and GIZ following its own strategy in six provinces. We also have not been able to ascertain how various capacity building activities may be financed from the sources of funding available to the promoters and from the service fee of the village banks. We trust that the stakeholder forum will clarify all this – all it takes is the political will.



## Annex 31: Training Evaluation Form

**Training Topic:**

**Date:**

**Training Date:**

**Trainee's Position held in Organization:**

**Trainee from:** ( ) Regulated MFI ( ) Village bank

Thank you for taking the time to answer these questions about the training/workshop. This is an anonymous survey; you do not need to write your name. We appreciate your honest feedback. For each statement below, circle or mark the number to the right that best describes your feelings about the training/workshop. We encourage you to add any comments/suggested improvements below each question.

Please provide your score on a scale of 1 (disagree) to 5 (agree):

Ref	Training Evaluation	1	2	3	4	5
1	The <b>objectives / expectations of the training</b> were fully met  <i>Comments/suggested improvements:</i>					
2	The <b>trainer/resource person</b> was knowledgeable and professional  <i>Comments/suggested improvements:</i>					
3	The <b>training materials</b> (handouts/training package/ presentations) were suitable  <i>Comments/suggested improvements:</i>					
4	The <b>time allocation</b> for the training was adequate for me  <i>Comments/suggested improvements:</i>					
5	The <b>training venue/environment</b> was suitable  <i>Comments/suggested improvements:</i>					
6	I gained <b>knowledge / skills</b> that are useful for my job  <i>Comments/suggested improvements:</i>					
7	Any <b>other comments</b> (future trainings, etc.):					



## Annex 32: MFWG – MFI Training Needs Survey (English) for Practitioners (January 2013)



The MFWG is currently undertaking a training needs survey. The purpose of this survey is to identify what are the **most urgent training needs** of the staff in your microfinance organization.

We would therefore be grateful if you could take a few minutes to respond to the questions below. Please email (vlovaxay@yahoo.com) or fax (021 26 29 79) your response by 31 January 2013.

The results will be consolidated, analyzed and used to establish a training plan for 2013 in close cooperation between the MFWG and training service providers.

Thank you very much for your cooperation!

Name of Organization:	
Name / Position of Person:	
Telephone Number:	
Email:	

- ☐ Deposit Taking MFI
- ☐ Non Deposit Taking MFI
- ☐ Savings & Credit Union (SCU)
- ☐ Network Support Organization (Associations, 2<sup>nd</sup> Tier Organizations)
- ☐ Other, please specify:

1. Please identify **three main training topics** that your staff/Board members require most urgently (please rank in order of importance by placing 1, 2 and 3 in the circle in front of the training topic). Please also indicate how long the chosen training should take (i.e training days).

- | <b>TRAINING TOPIC:</b>                                      | <b>TRAINING PERIOD:</b> |
|---|-------------------------|
| <input type="radio"/> Microfinance Accounting               | _____ days              |
| <input type="radio"/> Internal Control / Auditing           | _____ days              |
| <input type="radio"/> Management Information System (MIS)   | _____ days              |
| <input type="radio"/> Microbanker                           |                         |
| <input type="radio"/> Other, please specify:                |                         |
| <br><input type="radio"/> Credit & Delinquency Management   | <br>_____ days          |
| <input type="radio"/> Board Governance                      | _____ days              |
| <input type="radio"/> Loan Quality Management               | _____ days              |
| <input type="radio"/> Financial Management                  | _____ days              |
| <input type="radio"/> Business Planning                     | _____ days              |
| <input type="radio"/> Office Management                     | _____ days              |
| <input type="radio"/> Human Resource Management             | _____ days              |
| <input type="radio"/> Marketing                             | _____ days              |
| <input type="radio"/> Microfinance Best Practice Principles | _____ days              |

- ☐ Social Performance Management / Social Audit \_\_\_\_\_ days
- ☐ Computer Training, please specify: \_\_\_\_\_ days
- ☐ Beginners
- ☐ Advanced Users
- ☐ English \_\_\_\_\_ days
- ☐ Beginner Level
- ☐ Advanced Level
- ☐ Other 1, please specify: \_\_\_\_\_ days
- ☐ Other 2, please specify: \_\_\_\_\_ days
- ☐ Other 3, please specify: \_\_\_\_\_ days

Additional comments regarding training content and/or training duration:

2. Kindly provide your comments with regards **training & teaching methods, specific training requirements/training materials (e.g. participatory method, distribution of reading materials/handouts/exercises, trainers' background/expertise, preferred training language):**

3. **Where** should the training take place?

- ☐ Vientiane Capital
- ☐ Luang Prabang
- ☐ Oudomxay
- ☐ Savannaketh
- ☐ Pakse
- ☐ Other, please specify:

Comments:

4. How much are you prepared to **pay for the training per participant** (assuming a 5 days training)?

5. Do you have any **other comments or suggestions** regarding this survey?

Date: \_\_\_\_\_

Name/Position: \_\_\_\_\_

***Thank you for taking the time to provide us with valuable feedback.  
The MFWG Management Team***

## **Annex 33: Selected Literature with Relevance to the Project**

- ACLEDA Bank Lao Ltd, 2013. *Annual Report 2012*
- ADB & BoL, 2011. *Institutional Assessment of MFIs in Lao PDR*, Shane Nichols
- ADB, 2011. *The Rural and Microfinance Sector of the Lao PDR, TA 7500-Lao: Enhancing Financial Sector Supervision*, Timo Hogenhout
- ADB, 2013. *Lao PDR Rural Finance Sector Development Program Completion Report*
- ADB & Bank of Lao PDR, 2009-2010. *Feasibility Study Report: APEX Microfinance Institution in the Lao PDR*, Guy Winship & Shane Nichols
- BoL – Bank of the Lao PDR, 2003. *Policy Statement for the Development of Sustainable Rural and Micro Finance Sector in the Lao PDR*. BoL Rural and Micro Finance Committee (RMFC), [http://www.bol.gov.la/english/mf\\_policystatementEng.pdf](http://www.bol.gov.la/english/mf_policystatementEng.pdf) 2003
- DGRV, 2009. *Development of an Undergraduate Course in Microfinance Management in Lao PDR*, Sebastian Behrle
- GIZ, BoL & MPI/NERI, 2009. *Microfinance in the Lao PDR 2012*, Hans Dieter Seibel & Klaus Prochaska (editors)
- GIZ, BoL & MPI/NERI, 2012. *Microfinance in the Lao PDR 2012*, Hans Dieter Seibel & Bernward Rohmann (editors)
- GIZ, 2012. *Rural Finance in Laos*, Klaus Prochaska, Philipp Hauger & Dennis Fischer
- ILO – International Labour Office, 2008. *Village Banking in Lao PDR: Handbook for Village Bank Management Committees and Support Organizations*, by Linda Deelen and Eva Majurin
- Lao PDR, 2010. *Draft 7<sup>th</sup> National Socio-Economic Development Plan (2011 - 2015)*, MPI
- Lao PDR Prime Minister's Office, 2012. *Decree on Microfinance Institutions*
- LWU, 2011. *Regulations Regarding the Administration of LWU Savings Groups*
- Lux Development and BoL, 2011. *Report on Bank Education and Training Market Study*, Enterprise and Development Consultants (EDC)
- Mekong Private Sector Development Facility, 2006. *Training Needs and Delivery Strategy for the Microfinance Sector of Lao PDR*, Tilman Bruett
- Ministry of Education, 2009. *Education Sector Development Framework 2009-2015*
- MFWG/MFA, 2013. *Evaluation of Training Needs Survey*
- MFA, 2013. *MFI Performance Monitoring Data* (Status December 2012)
- MFA, 2013. *MFI Performance Benchmarking* (Status December 2012)
- SBFIC & BMZ, 2010. *Village Banks (Village Savings & Credit Groups) in Vientiane Capital: Roadmap Scenarios for a Sustainable Future*, Hans Dieter Seibel
- SBFIC & LWU. 2013. *Professionalization of Village Banks in Lao PDR*, Wolfram Hiemann (draft)
- SBFIC & MFWG/MFA, 2012. *Microfinance Management Certificate Course in Lao PDR*, Lutz Grashof & Vanhsy Chindavong
- SEEP, 2013: *Lao Microfinance Association: Network Capacity Assessment*, Diana Dezso
- UNCDF MFTOT, 2002. *Microfinance Distance Learning Course*
- UNCDF & BoL, 2011. *Design and Launch of a Bachelors Degree in Microfinance*, Robert Cater