



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ
Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ
United Nations Development Programme



ອົງການສະຫະປະຊາຊາດກອງທຶນເພື່ອການພັດທະນາ
United Nations Capital Development Fund

Government of Lao People's Democratic Republic
Bank of the Lao PDR

United Nations Capital Development Fund
United Nations Development Programme

**Joint UNCDF-UNDP Programme on Making Access to
Finance More Inclusive for Poor People
(00076452)**

**ANNUAL PROJECT REPORT
(APR)**

Reporting period: 01 January - 31 December 2011

I. PROJECT INFORMATION AND RESOURCES

| | | | |
|---|--|--------------------------------|--------------------------------------|
| Project Number: | 00076452 | | |
| Project Title: | Making Access to Finance More Inclusive for Poor People | | |
| Implementing Partner: | Department of Financial Institution Supervision; Bank of Lao PDR (BOL) | | |
| Responsible Parties (if applicable): | UNCDF and UNDP and Various Stakeholders | | |
| Donors: | UNCDF/UNDP | | |
| Project Starting date | | Project completion date | |
| Originally planned | Actual | Originally planned | Current estimate |
| 15 June 2010 | 05 July 2010 | 31 Dec 2014 | 31 Dec 2014 |
| Period covered by this report: | 01 January - 31 December 2011 | | |
| Date of annual review: <i>[Indicate if planned or actual]</i> | 11 January 2012 (Actual) | | |
| Total Budget | Original Budget (US\$) | | Latest Signed Revision (US\$) |
| | 7,012,189 | | 7,012,189 |

| Resources | Donor | Amount |
|-----------|-------------|-----------|
| | MICROLEAD | 1,837,610 |
| | UNCDF | 1,443,982 |
| | UNDP | 100,000 |
| | Funding gap | 3,630,597 |

| 2011 Budget and Delivery | Budget/Sources | Expenditures |
|--------------------------|----------------|--------------|
| | UNCDF: 541,000 | 313,032 |
| | UNDP: 20,000 | 00 |
| | TOTAL: 561,000 | 313,032 |

II. PURPOSE OF THE PROJECT

[To be completed in cooperation with UNDP Programme Officer; Summarizes Main objectives of the project and link to MDGs, NSEDP and UNDAF as per the approved UNDP Country Programme and Country Programme Action Plan and/or Project Document/AWP]

Achievement of MDGs generally and improving opportunities for current and future generations is critically dependant on significantly increasing people's access to finance. Increasing access and thereby improving opportunities for the majority and not the few will require a sector based approach to transform the ability of financial markets to respond to demands for financial services for those denied access.

Access to finance is a key instrument to eradicate poverty in the Lao PDR. The programme plays a crucial role in the recognition of the Millennium Development Goals (MDGs) and is reflected in the United Nations Development Assistance Framework (UNDAF) in Lao PDR to which The Bank of Lao PDR, UNCDF and UNDP are signatories, which seeks to enhance "...the livelihoods of poor, vulnerable and food insecure populations" through "improved and diversified income of rural households, with a focus on increased market accessibility" Access to finance will be a major vehicle for delivering UNDAF's stated intent.

The programme will contribute to achieving key UNDAF outcomes for the Lao PDR, including:

- Improved and equitable access to land, markets and social and economic services, and
- Enable environment for growth with equity.

III. PROJECT PERFORMANCE AND RESULTS

1. Contribution to the Strategic Goals *[To be completed in cooperation with UNDP Programme Officer]*

UNDAF Outcome *[from Project Document]*

The priorities of the project are reflected in the United Nations Development Assistance Framework (UNDAF) in Lao PDR to which GOL, UNCDF and UNDP are signatories, which seeks to enhance "...the livelihoods of poor, vulnerable and food insecure populations" through "...improved and diversified incomes of rural households, with a focus on increased market accessibility". Access to finance will be a major vehicle for delivering UNDAF's stated intent. This UNCDF and UNDP joint-programme (MAFIPP) has been developed to support the execution of GOL's policy commitments and the priorities of UNDAF. It is a programme between the Government of Lao PDR, UNDP and UNCDF, and will include other participating donor agencies who wish to contribute toward the development of an inclusive financial sector in Lao PDR.

The programme will contribute to achieving key UNDAF outcomes for The Lao PDR, including:

- Improved and equitable access to land, markets and social and economic services, and
- Enabled environment for growth with equity.

UNDP Country Programme Outcome *[from Project Document]*

The role of UNDP will be to facilitate strategic partnerships with ongoing programs in Lao PDR. It will maximize and harvest its role as a trusted coordinator with GOL to inform and integrate good practices and lessons learnt from this joint-programme into the Round Table Process and the National Socio-Economic Development Plan, both of which are supported by other UNDP programs.

Progress towards achieving the Outcome *[A brief analysis of the status of the situation and any observed change(s) made possible by the project contribution, at a higher development result level. Make reference to the applicable MDGs and NSEDP goals/targets]*

In the short time the project has been active, there are few significant achievements to report. However, it is noteworthy that since the start of MicroLead in Laos through 30 Sept 2011, among MicroLead partner MFIs the number of voluntary savers has risen by 27%, total savings mobilized has risen by 39% and the average savings balance per saver has risen by 9.3% (to \$105). Since women comprise 72% of voluntary savers as of 30 Sept 2011, this indicates that the project is impacting women in a positive manner. At a policy level, the Bank of Lao as supervisor of the sector has introduced a new microfinance decree, which although *pending formal approval*, permits limited levels of foreign investment in the microfinance sector, allowing MFIs to tap growth capital from foreign sources, where it may be more readily available. The project objectives and expected results are aligned with and contributed to the progress of the MDGs goals, particularly the MDG Goal 1. It is also reflected and integrated into the UNDAF outcome 1: Promoting more equitable and sustainable growth for poor people in Lao PDR. Access to financial resources by the poor is a cornerstone for achieving equitable and sustainable economic growth.

Table 1. Results and Contributions at Output level

| Annual outputs and indicators [According to project document and annual work plan] | Key activities completed during reporting period | Expenditures [Actual expenditures in US dollars against activities completed] | Progress towards achieving outputs; Targets achieved against indicators | Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target] |
|--|---|---|---|--|
| <p>Output 1. Policy makers more able to improve the policy and regulatory environment in line with operational realities of financial service providers nationally and accepted good practice internationally.</p> <p>Indicator 1: - 1: Perceived openness and responsiveness of the policy environment to demands from the microfinance sector.</p> <p>- 2.1 Targeted Microfinance Practitioners trained on best practice of microfinance management.</p> | <p>Action 1: Procurement of necessary equipment for Financial Institutions Supervision Department and International Relation Department</p> <p>Action 2.1: Assist BOL to access trainings, technical assistances (TAs) & exposures needs (In the country and international) in the areas of microfinance best practices, regulation and supervision</p> | <p>\$7,200</p> <p>\$00</p> | <p>Achieved Project office has fully equipped which comprised of computers, printers, fax, telephones and internet</p> <p>Not Achieve The recruitment process will begin in January 2012.</p> | <p>This recruitment will open for international institution to conduct training for microfinance practitioners in Lao PDR. It is delayed due to the TOR have to relate to FIRD assessment.</p> |

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| <p>- 2.2; 3.1 BOL staffs gained experience from international study tour/training on Microfinance Policy and Regulation.</p> <p>- 2.3. 20 BOL Staffs acquired a good understanding on Microfinance Accounting and Financial Management and be able to apply on their daily work.</p> <p>- 2.4. 10 BOL staff strengthened their English skills and apply their knowledge into their respective work.</p> <p>- 2.5. 800 project brochures to promote understanding on MF sector are published and shared with stakeholders.</p> | <p>Action 2.2: Arrange international trainings, study tours/visits (best practices in regulation and supervision, microfinance policy) for the BOL staff</p> | <p>\$28,000</p> | <p>Achieved: Conducted study tour in Bangladesh. 8 participants incl BOL (5), UNCDF-UNDP (1) and MAFIPP (2, incl CTA). Participants exposed to models of savings and branchless banking and now have better understanding to establish the best policies and regulation to expand client outreach and develop the microfinance sector in Laos.</p> <p>Attended the Asian Credit Union Forum in Malaysia. Enabled BOL staff to exchange and share information on best practices as well as lessons learned to establish policies and regulations to manage cooperatives and share ideas among other member countries participating in the meeting.</p> <p>In summary, the BOL staff</p> | |
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| <p>- 4. Policies of best practice brief from CGAP document are disseminated to BOL, Banking Institutions, National University of Laos and upload on the website of BOL in order to enhance good understanding on microfinance related topics.</p> <p>- 5.1 PMC meeting conducted every quarter.</p> <p>Baseline:</p> <p>- 2.1. Availability of report from FISS to identify key targeted MF practitioner to the training.</p> <p>- 2.2. One BOL Staff participated in the Microfinance Training in Jakarta, Indonesia on the topic "Microfinance Management and Development Project and Human Resource</p> | <p>Action 2.3: In country trainings to BOL, BI, support service providers, FSPs on governance and management, accounting, internal control, risk management, financial management, credit procedures and policies.</p> <p>Action 2.4: English Training for BoL in Laos</p> | <p>\$20,400</p> <p>\$8,050</p> | <p>perceived openness and responsiveness of the policy environment to develop microfinance sector in the country.</p> <p>Achieved: Recruited and contracted national consultant for the training.</p> <p>Due to limited time availability of the consultant, training was conducted in Q4 2011.</p> <p>Achieved 10 BOL staff improved their English skills to be able to apply the knowledge in their work.</p> | |
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| <p>Management".</p> <ul style="list-style-type: none"> - 3.1 Nil - 2.3. Recruitment of national consultant conducted to provide training to BOL staff. - 2.4. 10 BOL staffs attended to the English training course at Vientiane College. - 2.5. Brochures in both Lao/English languages are produced and shared. - 4. CGAP documents to be translated and shared with stakeholders. - 5.1. Four PMC meetings completed. | <p>Action 2.5: Develop and publish of brochures of microfinance industry monitoring data and other related information in English and Laotian language.</p> <p>Action 3.1: undertake policy study on understanding sustainable microfinance model for Lao-PDR and prepare comprehensive report of the study</p> <p>Action 3.2: Organize stakeholders' (BoL, MFWG, FSPs, service providers) workshop and disseminate findings of policy study report on understanding of sustainable models of microfinance in the Lao PDR and Collection of comments/feedbacks from workshop participants and finalization of the study report</p> | <p>\$125</p> <p>\$100</p> <p>\$00</p> | <p><u>Achieved</u> 500 leaflets of MAFIPP printed and distributed at the Microfinance Forum 2011.</p> <p><u>Not Achieved</u></p> <p><u>Not Achieved</u></p> | <p>Unable to implement activity due to flood situation in Thailand; rescheduled for Q2 2012.</p> <p>This activity was also shifted to Q2 2012 to reflect Action 3.1</p> |
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| | <p>Action 4: Translate and publish the best-practice briefs on regulation and supervision and policies from CGAP, the U.N and disseminate of the best-practice briefs</p> <p>Action 5.1: Organize Semi-annual Performance Appraisal meeting with PMC members</p> <p>Action 5.2: Organize annual Stakeholder Consultation workshop to discuss project performance, experience and lesson learned</p> | <p>\$3,674</p> <p>\$2,950 (Combine 5.1 & 5.2)</p> | <p><u>Achieved</u> 11 CGAP documents translated and will be made available on BOL website, library, Banking Institute and MFWG.</p> <p><u>Achieved</u> 3 PMC meetings held from during 2011 with the Q4 meeting to be held on 11 Jan 2012.</p> <p><u>Not Achieved</u> This activity incorporated the activity 12.2 project Annual Review Meeting on 11 Jan 2012.</p> | |
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| <p>Output 2. The financial sector development infrastructure more capable to meet the needs of financial Service providers.</p> | <p>Action 6.1: prepare operational and procedures manual for FIF and FIF Action Plan 2011-2014.</p> | | <p>By refer to feasibility study report of APEX microfinance institution, The ongoing TOR and consultant recruitment will be took place by Q1 2012</p> |
| <p>Indicator 2: - 8.1: Microfinance Working Group to support microfinance sector and recognized as the representative voice for FSPs.</p> | <p>Action6.2: Develop/update pre-test and finalize rating tool and guide lines to assess the current status of licensed FSPs and support service providers</p> | | <p>This activity has been shifted to implement by Q1 2012</p> |
| <p>Target 2: - 8.1: MFWG received financial support from MAFIPP on a quarterly basis to enhance their capacity to support microfinance sector.</p> <p>Base line 2: - 8.1: MFWG received financial support from MAFIPP for Q1, Q2, Q3 and Q4.</p> | <p>Action 6.3: Consultative meeting with FSPs, support service providers (meso level) and stakeholders to disseminate the FIF operational manual and procedures for FIF and rating tool. Discussion on objectives of FIF, effective use of funds, monitoring and progress reporting.</p> | | <p>This activity has been shifted to Q1 2012 in relation to action 6.1</p> |

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| | <p>Action 6.4 Rating of FSPs and support service providers by rating agency for capacity assessment as part of due-diligence for funding and to establish base-line.</p> <p>Action 7.1: assess and identify training, capacity building and other needs to upgrade the capacity of staff of BoL- FISSD, BI, FSPs.</p> | <p>\$00</p> <p>\$14,915</p> | <p><u>Not Achieved</u></p> <p><u>Achieved</u> Design and launch of a Bachelors Degree in Microfinance.</p> <p>BOL and Banking Institute (BI) have been instructed to draft a strategic plan for a Bachelors Degree in Microfinance to launch by September 2012. PMC has allocated only seed funding for this initiative and has not agreed to fund the full cost; additional external funding is to be raised for remaining costs.</p> | <p>This activity has been shifted to implement in Q1 2012 in relation to action 6.1.</p> |
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| | <p>Action 7.2: Recruit consultants (national/international) to develop/update training materials in the field of microfinance as per need assessment report.</p> <p>Action 7.3: Provide trainings/TOTs on the curricula developed together with BoL and FSP staff</p> <p>Action 7.4: Increased capacity of BI with best practices. Also support existing distance learning courses offered outside BI to develop pool of trained microfinance professionals.</p> | <p>\$9,102</p> | <p><u>Not Achieved</u></p> <p><u>Achieved (7.3 & 7.4)</u> MAFIPP, BI and FISD has conducted scoping mission in Sri Lanka and Philippines as preparation for capacity building of BI teachers in microfinance area</p> | <p>Shift to implement in 2012 subject to the output from scoping mission in Action 7.4</p> |
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| | <p>Action 8.1: Provide support to MFWG – including office rental, furnishing and staffing (lump sum)</p> <p>Action 8.2. Assist in drafting policy, strategy and bylaws of MFWG</p> | <p>\$7,507</p> | <p>Achieved (8.1 & 8.2) MAFIPP has released 4 tranches from project IPOA to support MFWG capacity building, advocacy, knowledge management and representation. Management and administration to implement in meso-level support for microfinance sector.</p> | |
| | <p>Action 9.1: Auditors trained and certified in CGAP standards</p> <p>9.1.1 Training for Microfinance practitioners in drafting financial reports</p> | <p>\$5,297</p> | <p>Not achieved</p> <p>Achieved 20 MFI and SCU staff from across Lao PDR attended FINA training conducted by FIRD. Participants have better understanding of FINA reporting system which will lead to improved reporting to FIRD. Some participants constrained by their lack of experience with the software.</p> | <p>TOR has been approved and the recruitment process will open to international advertisement in Q1 2012</p> |

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| | <p>Action 9.2: Provide support to FSPs to conduct annual financial audit</p> <p>Action 9.3: Facilitate reporting on MIX-market</p> | | <p><u>Not achieved</u></p> <p><u>Not achieved</u></p> | <p>Shift to Q2 2012</p> <p>Shift to Q2 2012</p> |
| <p>Output 3: Micro Level National Capacity for grant aid procurement, contracting, asset management and HR Management increased to international standards by end 2011</p> <p>Target 10: Ensure regular technical back stopping from UNCDF Bangkok</p> <p>Baseline 3: - Act 10: Availability of equipment and procurement plan - Act 11.1. CTA recruitment completed.</p> | <p>Action 10: Procurement of equipment, furniture and supplies</p> <p>Action 11.1: CTA recruitment</p> | <p>\$43,987</p> <p>\$111,250</p> | <p><u>Achieved:</u> Supported Project running cost for 4 quarters.</p> <p><u>Achieved</u> CTA on board at the project from August 2011.</p> <p>CTA's participation in the UNCDF FIPA retreat in Cape town, South Africa 9-15 October will benefit to the project in forms of sharing ideas among the FIPA team, potential for mobilizing TA resources and information on E/M banking services in S. Africa which may be</p> | |

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| <p>- 11.5 Four technical backstopping visits from UNCDF Bangkok conducted.</p> | <p>Action 11.2: Project supporting staff (coordinator, accountant and driver)</p> | <p>\$18,500</p> | <p>applied in Laos. Achieved Project staff works to implement the project</p> | <p>Project driver has been advertised on local newspapers (VTE Times and VTE Mai). The recruitment process will occur in January 2012.</p> |
| | <p>Action 11.2.1 NIM trainings</p> | <p>\$4,500</p> | <p>Achieved BOL staff and project management team attended the project management training in Luang Prabang to obtain a deeper understanding to manage the project in terms of financial and human resources and daily management work. Refresher training course from UNCDF BKK in NIM guidelines.</p> | |

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| <p>Action 11.3: CTA helps build the capacity of FSPs. Make Technical assistance available for product development, business planning, operations, and pilot roll-outs. Offer training to us tools such as Microfin (for planning)</p> | <p><u>Not achieved</u></p> | <p>Shift to 2012</p> | <p>Planned UNDP contribution of \$20,000 was not delivered in 2011 thus GMS was not charged in 2011.</p> |
| <p>Action 11.4: General management Support (GMS)</p> | <p><u>Not Achieved</u></p> | <p>\$00</p> | <p>Payment of \$10,000 to UNDP for their programme assurance support in 2010 was done</p> |
| <p>Action 11.4.1: UNDP performs programme Assurance Function and support services</p> | <p><u>Achieved</u></p> | <p>\$10,751</p> | |
| <p>Action 11.5: Backstopping technical support from UNCDF Senior Regional Technical Advisor</p> | <p><u>Achieved</u> Senior Regional Technical Advisor has regularly attended PMC meeting to follow up the progress of the project implementation.</p> | <p>\$4,724</p> | |

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| | <p>Action 12.1: Annual Micro Finance Forum</p> | <p>\$12,000</p> | <p><u>Achieved</u> 135 persons from microfinance stakeholders attended the Microfinance Forum 2011 for microfinance institutions and SCUs</p> | <p>Postponed until 11 January 2012</p> |
| | <p>Grand Total Approx:</p> | <p>\$313,032</p> | <p>\$00</p> | |

2. Contribution to aid effectiveness, i.e. update on implementation of the Vientiane Declaration and its Action Plan, HACT, etc

[Brief update on any achievement and/or problem related to the implementation of the Vientiane Declaration, HACT. It should also include action plans for the following year(s)]

The joint-programme will give practical expression to the Vientiane and Paris Declarations by establishing a pooled funding mechanism to facilitate donor coordination, provide a framework for more coherent programming, which will provide strategic capital and technical assistance to:

- a. BOL to strengthen its capacity to act as a channel for consolidating sector recommendations and facilitating dialogue among regulators and multiple stakeholders;
- b. Financial institutions and business support service providers in order to help scale-up delivery of sustainable credit and non-credit products to poor households and micro-entrepreneurs;
- c. Microfinance Working Group to transform it into a formal association for microfinance providers, enabling retailers to make a positive contribution to the overall development of the sector.

Due to delays in implanting the project the FIF is not operational and has not attracted any funding. This is a key area of focus for 2012. The FIF is essential to close the funding gap in this project and to coordinate donor efforts in accordance with the above mentioned Declarations.

3. Update on partnerships

[Brief update on any achievement and/or problem in developing partnerships, expanding donor bases and inter-agency collaboration. It should also include strategies for south-south cooperation]

To date the only partnership to be concluded with the MAFIPP project has been with MicroLead (ML), a donor funded programme managed by UNCDF to promote and grow savings through use of a “south-south” technical assistance approach. ML has brought approx \$1.8mln into the project with that support targeted toward the micro (retail) component of the project. Formal fundraising efforts toward non-UN affiliated donors have only started in late 2011 and will accelerate in 2012. Although the preferred vehicle for attracting partners/donors is through the FIF, parallel funding opportunities will also be made available for potential donors.

4. Update on gender mainstreaming

[Brief update on any achievement and/or problem in terms of mainstreaming gender and ensuring gender equality within the project activities. Strategy for the following period]

The gender dimensions of microfinance are particularly important as most microfinance programs work primarily with women. Numerous impact studies document that the ability to borrow, save, and earn income enhances poor women’s confidence, enabling them to better confront systemic gender inequities. Additionally, the use of financial services by poor women provide a direct and positive impact on their families, as a majority of the additional income earned is invested in family health, education and nutrition.

The MAFIPP project has a significant gender component, including ML outreach targets for women savers and the role of women in FSP management and governance. Performance

based agreements with all FSP partners also contain a benchmark for gender outreach. Finally, it is noteworthy that the National Programme Manager for the Implementing Partner is female along with her middle management team.

5. Update on the implementation of audit & spot check recommendations

[Brief update on progress achieved and problems encountered. Actions planned for the following period]

The project has not undergone a complete audit yet, however, a spot check was performed by UNDP on 6 Sept 2011. Major observations of the spot check were as follows:

- The project has no risk logs available;
- It was recommended that the Annual Work Plan (AWP) should be revised to incorporate changes in Quarterly Work Plan and to improve Indicators, Baselines and Targets (2011 and 2012);
- Personnel files are not completed and kept separately in a locked space.

In addition, the spot check made the following recommendations:

- TOR for Programme Board (PMC) to be finalized;
- Field visit reports and information sharing sessions to be organized;
- Procurement Plan not cleared/signed by UNDP
- Data back up not done due to lack of back up device.

These findings have been noted and recommended actions are being taken. A data back up device has been acquired and data is now backed up.

An evaluation of ML and MAFIPP by an independent evaluation team will be performed in January 2012.

6. List main challenges and issues (if any) faced during reporting period

[as well as response strategies planned/adopted]

The main issue faced during the period was the slow start of the project due to delays in staffing. The CTA was hired only in August 2011 (one year after signing the Programme Document) and most activities started only in QIV. All members of the project team have gained experience during the year and are now well positioned to move the project forward in 2012. Another challenge relates to the grantee Microfinance Working Group, which is constrained in its ability to execute project activities which benefit the sector, e.g. due in large part to its limited staff of 1½ FTE*. A small staff limits their ability to gather information and conduct research as well as assist MFIs with entering their data on the MIX Market site. A new PBA has requested additional funding to support a senior staff member. Finally, a delay in vehicle procurement has also affected project staff's ability to visit FSPs, TSPs and other stakeholders. The vehicle is anticipated in early January 2012.

*Full Time Equivalent

7. Rating on progress towards results

| | | |
|--|---|---|
| Outcome: Increased access to financial services by low-income household and micro-entrepreneurs | X <input type="checkbox"/> <input type="checkbox"/> | Positive change Negative change Unchanged |
| Output 1: Policy makers more able to improve the policy and regulatory environment in line with operational realities of financial service providers nationally and accepted good practice internationally. | X <input type="checkbox"/> <input type="checkbox"/> | Positive change Negative change Unchanged |
| Output 2: The financial sector development infrastructure more capable to meet the needs of financial service providers. | X <input type="checkbox"/> <input type="checkbox"/> | Positive change Negative change Unchanged |
| Output 3: National capacity for grant aid procurement, contracting, asset management and HR management increased to international standards. | X <input type="checkbox"/> <input type="checkbox"/> | Positive change Negative change Unchanged |

IV. ADDITIONAL ACTIVITIES / RESULTS WHICH CONTRIBUTE TO THE OUTCOME AND/OR OUTPUTS

Provide information about any activities undertaken and results achieved by the project that were NOT envisaged originally in the work plan but contributed to the outcome and/or outputs, e.g. advocacy and policy dialogue.

In the brief period of time that the project has been operational, it has largely adhered to the Project Document. The project did not participate in a decree which, if approved, may permit limited foreign investment in MFIs in Laos and has not engaged in activities around advocacy and policy dialogue.

V. FUTURE WORK PLAN

1. What are the priority actions planned for the following year to overcome constraints, build on achievements and partnership, and use of the lessons learned during 2010?

Priority actions planned for 2012 include:

- Launch of FIF and intensified fundraising efforts.
- Market assessment and development of e/m-banking product.
- MicroLead support for branch expansion at ACLEDA Bank Laos.
- Support for development and launch of bachelors degree (Microfinance) through the Banking Institute.
- Continued support for MFWG.
- FSPs to begin MIX market reporting.

2. List major adjustments in the strategies, targets or key outcomes and outputs planned.

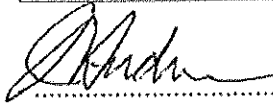
Although support for the Banking Institute was part of the original programme, the bachelor's degree component was not envisaged. The project will provide seed funding for this initiative in the form of a scoping mission to assess potential partnerships, however, additional donor support will be required to mobilize and implement this initiative. The assessment and development of a e/m-banking product has also been added due to the benefits such a product would bring to the sector.

3. Estimated total budget required for the following year: US\$1,052,846

VI. ANNEXES

1. Annex 1: Combined Delivery Report
2. Annex 2: Draft Annual Work Plan for 2012
3. Annex 3: Monitoring Schedule (including scheduled mandatory evaluations)
4. Annex 4: Project Risk Log
5. Annex 5: Project Issues Log
6. Annex 6: Lessons learned log
7. Annex 7: Updated Audit follow up action plan


REVIEWED BY



Jim Anderson
Chief Technical Advisor, UNCDF
Date: 20/1/12

PREPARED BY

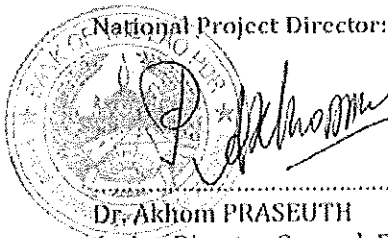
Project Manager:



Ms. Keasorn MANIVONG
Deputy Director, Financial Institution Supervision Department
Project Manager
Date: 20/1/12

CLEARED/APPROVED BY

National Project Director:



Dr. Akhom PRASEUTH
Acting Director General, Financial Institution Supervision Department
National Project Director
Date: 20/1/12



OFFLINE ISSUES LOG

| Project Title: Making Access to Finance more Inclusive for Poor People | | Award ID: 00076452 | | Date: 30/Dec/11 | | | | | |
|--|--|-------------------------------------|--|---|--|--|-------------------------|---|---|
| # | Description | Date Identified | Type | Impact & Priority | Countermeasures / Mngt response | Owner | Submitted, updated by | Last Update | Status |
| | Enter a brief description of the issue | When was the issue first identified | Request for Change Problem Other | Describe the potential effect on the project Enter priority on a scale from 1 (low) to 5 (high) Priority = | What actions have been taken/will be taken to address this issue | Who has been appointed to address this issue | Who submitted the issue | When was the status of the issue last checked | e.g. pending, solved |
| 1 | The latest information related to reduction in ASL to \$400k from \$600k proposed. | 30/Dec/11 | MAFIPP will must prioritize commitments, liabilities and unimplemented activities from 2011 and 2012 activities to meet the ASL. | Although the latest information re 2012 ASL affects AWP, MAFIPP will manage planned AWP 2012 Activities within the timeframe. Remaining unfunded Activities will be mobilized by Lao country office subject to fundraising. | Fundraising strategy to be developed with RTA in BKK. | MAFIPP & UNCDF-UNDP | UNCDF | 11/Jan/12 | Agreed to continue with \$400K ASL and \$1.05mln AWP. |



LESSONS LEARNED LOG

Project Title: Making Access to Finance more Inclusive for Poor People Award ID: 00076452 Date: 07/Nov/11

| # | Type | Date Identified | Successes <i>Describe what has worked well. What factors supported this success?</i> | Shortcomings <i>Describe the challenges or areas for improvement and what was unanticipated</i> | Recommended Solutions <i>How were challenges overcome and how should things have been done differently/better?</i> | Submitted, updated by |
|---|--|-----------------|--|---|---|-----------------------|
| 1 | Project Management Project Results Human Factor Other | 07/Oct/11 | The clarification of objectives, more frequent discussion and establishment of a timeframe were key developments, especially for Q4 2011 implementation and going fwd in 2012. | Monthly meetings will be scheduled for last week of each month to maintain communication flow and improve the understanding of NIM. | NIM Training should be shared among all programme participants and included in training topics. | MAFIPP |
| 2 | Project Result | 19/Dec/11 | AI though the project did not achieve 100% of planned AWP, we prioritised activities that were suitable for the limited timeframe | MAFIPP project team may need additional one time NIM management training. | Time management training in later Q1 2012 may be beneficial to MAFIPP given anticipated staffing turnover. | MAFIPP |
| 3 | Human Factor | 28/Dec/11 | Self-starters; proactive individuals | Minimal staff could not handle numerous planned activities. | More staff needed to fulfil the project requirements, incl project assistant. | MAFIPP |
| | | | | | | |

ANNEX : INITIAL MONITORING AND COMMUNICATION PLAN

| Project Title: Making Access to Finance more Inclusive for Poor People | | Award ID: 00076452 | | Date: 04/Oct/11 | |
|---|-----------------------|--|--|--------------------------|--|
| Types of Monitoring and Communication Action | Types of Stakeholders | Method of Monitoring and Communication | Due/Timeline for Each Type of Monitoring and Communication | Date of Completed Action | Status of Action |
| Annual Work Plans | Project→UNDP | Report | Annually | January 12, 2012 | ARM Conducted |
| Annual Procurement and HR Plan | Project→UNDP | Report/document | Annually | January 07, 2012 | PM Consideration |
| Quarterly work plans and progress reports | Project→UNDP | Draft Report/Document | July 08, 2011 | September 30, 2011 | Some Activities were shifted to Q4 work plan and have been finalized |
| Monthly Project Work plan, Financial and Progress Report | Project | Report/document | Monthly | September 30, 2011 | Finalized |
| Monthly project meeting | Project—UNDP | Face-to-Face | Monthly | August 30, 2011 | Finalized |
| Project Board Meeting Report | Project Board→UNDP | Report | Quarterly | October 02, 2011 | Finished |
| Updated risk, issue, lessons learned logs and communication and monitoring plan | Project→UNDP | Report | Quarterly | September 06, 2011 | Finalized |
| Audit | UNDP→Project | Visit, Report | Annually | Not conduct | non |
| Audit Implementation Action Plan | Project→UNDP | Visit, Report | Annually | Not conduct | non |
| Spot Check | UNDP→Project | Spot check team | Admin, Proj meeting & procedure | August 09, 2011 | Done |
| Annual review meeting and progress reports | Project→UNDP | Meeting | Annually | Not conducted in 2011 | Done 11/Jan/12 |
| Quarterly Project Combine Delivery Report | UNDP→Project | Report | Quarterly | October 10, 2011 | Draft |
| FACE (Fund Authorization and Certificate of Expenditures) Form and other POA documentations, including monthly Bank Reconciliation record, advance record | Project→UNDP | Report/documents | Quarterly | October 10, 2011 | For Comment |
| UNDP Monthly Exchange Rate | UNDP→Project | Document | Monthly | October 5, 2011 | Received |
| Quarterly Project Direct Payment List | Project→UNDP | Report/document | Quarterly | October 10, 2011 | Draft |