



ທະນາຄານແຫ່ງ ສປປ ລາວ
Bank of the Lao PDR

NEWS

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BOL

Germany and Australia provide USD 4.5 million to Improve Access to Finance for the Poor



On 9 May 2019 the Governments of Laos, Germany and Australia met to launch Phase V of the USD 4.5 million Access to Finance for the Poor (AFP) Project. The AFP-project is implemented by the Bank of the Lao PDR together with the Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH.

The meeting was chaired by Mme. Vathana Dalaloy, Deputy Governor of the Bank of the Lao PDR and co-chaired by the Ambassadors of Germany and Australia, H.E Mr. Jens Lütkenherm and H.E Mr. Jean-Bernard Carrasco. Participants reflected upon the challenges and lessons learnt from previous project phases and discussed priorities for the road ahead, including the development of a National Village Bank Strategy.

Since 2009 through seven Network Support Organisations the AFP Project has established more than 680 village banks, providing affordable financial services to more than 150,000 members. Speaking at the Kick-Off Meeting, Mme. Vathana Dalaloy said:

“More than 3,000 villages in the Lao PDR provide access to finance through village funds. These funds are supported by different agencies with different approaches. A national strategy is therefore urgently needed to provide a standardized approach. The lessons learnt from the implementation of the AFP-project can serve as a blueprint for this”.

Network Support Organizations – licensed microfinance institutions with the purpose to service and supervise village banks – are an important success factor of the AFP model. NSO employees visit village banks once a month to provide on the job training to village bank committee members on bookkeeping, accounting, credit management and other essential skills. This supports committee members to manage their local village banks on behalf of their communities.

In his remarks, Mr. Jens Lütkenherm, Ambassador of Germany to the Lao PDR congratulated the Bank of the Lao PDR for the achievements made so far. He stressed that the improved access to financial services need to go hand in hand with enhancements in financial literacy & consumer protection and urged the Bank of Laos to ensure conducive efforts in these areas.

Speaking at the Kick-Off meeting, Australian Ambassador Mr. Carrasco said AFP had done important work promoting women’s economic empowerment and urged the project team and Bank of Laos to focus on long term sustainability of village bank services and finalisation and implementation of the National Village Bank Strategy:

“Village Banks have shown that they can contribute to the Government of Lao PDR’s targets of an Inclusive and Sustainable Economic Development. Women, especially in rural areas can contribute significantly to this target if provided the opportunities and skills to fully participate in business activities – it is good that the project aims to achieve this”.

Participants in the Kick-Off Ceremony also witnessed the signing of the project’s implementation agreement between GIZ and BOL.

Phase V of AFP commenced in February 2019 and has a total budget of 35 billion LAK (4.5 million USD), provided jointly by Australia and Germany. It will be operational until September 2021.

