



**Minutes of the 24th Project Management Committee Meeting
Making Access to Finance more Inclusive for Poor People
Project No.00086116**

		Speaker	Title	Estimated Time
1.	Welcome & Opening Remarks	Phanthaboun Sayaphet	NPM	10:00-10:05 (5mn)
2.	Adoption of the Agenda	Phanthaboun Sayaphet	NPM	10:05-10:10 (5mn)
3.	Approval of the final report <ul style="list-style-type: none"> • Analysis actual expenses vs. initial plan • Recap results framework • Lessons learned 	Cedric Javary	ITS	10:10-10:40 (30mn)
4.	Matters for Endorsement by PMC			
	a. Transfer of MAFIPP assets	Somsanith Mounphoxay	NPO	10:40-11:25 (45mn)
	b. Update on management response to Mid-Term Review	Cedric Javary	ITS	
5.	Wrap-up and Closing Remarks <ul style="list-style-type: none"> • Review actions to be taken • Closing remarks 	Phanthaboun Sayaphet	NPM	11:25-11:30 (5mn)

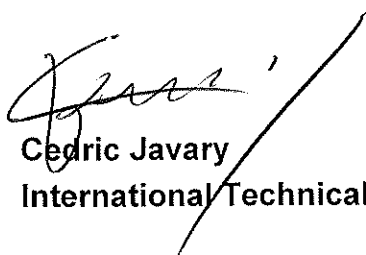
Discussion during the 24th PMC

<u>Contents</u>	<u>Status/Remark</u>
1. Welcome & Opening Remarks and Remarks by PMC Member	Mr. Phanthaboun Sayaphet
2. Adoption of the Agenda	Mr. Phanthaboun Sayaphet
3. Approval of the final report	Cedric Javary
<p>Additional points in final report over the closing workshop of MAFIPP organized on 28 November 2018:</p> <ol style="list-style-type: none"> 1. Project operated with funding commitments duly fulfilled. Valuation of Australian AUD 5.95mn contribution at the peak of AUD vs. USD produced at USD ~760,000 shortfall. Extended outreach targets embedded under a funding gap of USD 2 million but only UK Embassy additional funding of USD 13,790 could be raised. 2. Actual expenses significantly less under output 3 than envisioned due to a significantly smaller investment ticket size from private sector grantees, thereby reducing the matching contribution from MAFIPP Fund for Inclusive 	

Contents	Status/Remark
<p>Finance (FIF); actual expenses higher than envisioned for output 2 reflecting a larger engagement with Banking Institute and the Lao Microfinance Association, also higher operational costs of the FIF to develop a pipeline of solid investable projects; actual expenses higher for output 1 reflecting the much higher costs of Finscope on-the-ground surveying and larger support to policy conclaves and DFS policy work.</p> <p>3. Review of the results framework and benchmarking of FIF grantees vs. the Laos Microfinance sector:</p> <ul style="list-style-type: none"> - analysis carried-out late given the long lead time to get the comprehensive data required for the benchmarking; - the impressive volume growth (in terms of loan and savings outstanding) of the microfinance sector has been fueled by the lifting of the ceiling of microfinance loans from 10 to 50 million kips and funded by savings easily mobilized with the advantageous remuneration offered over banks, but the outreach in terms of number of borrowers has only very modestly increased; - the FIF grantees have underperformed the sector in volume growth but have kept to their traditional customer base of poor households as indicated by the proxy of individual loan size; the quality of loan portfolio is better with the FIF grantees despite a larger proportion of uncollateralized loans (most loans <5 millions kips); - the FIF grantees have scored productivity gains (nb borrowers by credit officers) and operational self-sufficiency while stagnating for the rest of the sector. <p>4. Lessons learned: presentation of the 4-page appendix</p>	<p>Lisa wondered whether a simplification and amendment of the results framework to take into account the changing context would have helped. Vincent explained that UNCDF uses in the results framework indicators recommended by CGAP, reflecting microfinance industry KPIs. These KPIs would need updating in a DFS context.</p> <p>The PMC members have no comment about the final report, same with the appendix on lessons learned.</p>
<p>4. Matters for Endorsement by PMC</p>	<p>Cedric Javary</p>
<ul style="list-style-type: none"> • Presentation of the list of programme assets to be transferred, the vehicle being the largest one. All assets are proposed for transfer to BoL, to the exception of two laptops with screens and docking station purchased for use by UNCDF national staff at UN House, the network drive and one screen: these are proposed for transfer to UNCDF. • Management response to Mid-Term Evaluation 	<p>PMC members unanimously agree to the transfer proposed in the list (column 'Transfer property to'). DFAT requests to be informed when the project car will be assigned by BoL Governor Cabinet to a specific department, and for what use.</p> <p>PMC members agree with the amendments made during the meeting, see '190502 MAFIPP MTE Mgt response -</p>

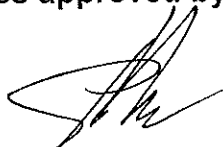
<u>Contents</u>	<u>Status/Remark</u>
	implementations status 30Apr19 -post MAFIPP PMC 02May19.docx' attached

Minutes Prepared by



Cedric Javary
International Technical Specialist

Minutes approved by



Mr. Phanthaboun Sayaphet
Deputy Director General, FISD
National Project Manager, MAFIPP
Bank of Lao PDR

Attendance List

PMC & FIF IC members

1. Mr. Phanthaboun Sayaphet, Deputy Director General, Financial Institution Supervision Department, MAFIPP National Project Manager, Bank of the Lao PDR *Alternating MAFIPP National Programme Director, Mr. Aloun Bounyong, Director General, Financial Institution Supervision Department, Bank of the Lao PDR*
2. Mr. Vincent Wierda, Senior Regional Technical Advisor, Inclusive Finance, UNCDF;
3. Ms. Lisa Mortimer, Second Secretary (Economic and Trade), Department of Foreign Affairs and Trade, Australian Embassy, Vientiane.

Participants

Financial Institute Supervision Department, Bank of the Lao PDR

4. Ms. Chandaly Chitkhanty, Deputy Director of Project Management Division, FISD, BoL;

Department of Foreign Affairs and Trade, Australian Embassy, Vientiane

5. Mr. Soulivanh Souksavath, Program Manager, Australian Embassy, Vientiane;

UNCDF Laos

6. Ms. Somsanith Mounphoxay, National Programme Officer, UNCDF;
7. Mr. Cedric Javary, International Technical Specialist, UNCDF, MAFIPP;

Attachments:

Approved Management response to Mid-Term Evaluation
'190502 MAFIPP MTE Mgt response -implementations status 30Apr19 -post MAFIPP
PMC 02May19.docx'

MAFIPP Mid-Term Evaluation

Draft Management response implementation update status as of 30 April 2019 – amended by MAFIPP PMC members at PMC meeting #24 on 02May 2019

Key Action(s) proposed by the management in response	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
1. Evaluation Recommendation 1: Clearer definition and strategic orientation on part of the program itself towards further refining what MAFIPP intends with financial inclusion with more emphasis on outreach in priority poor districts and/or rural areas.				
1.1 Management to propose refined methodology for outreach calculation to be validated by MAFIPP PMC.	Q2 2017	MAFIPP management	Completed	Validated by PMC remotely see Annex 1 of Mgt response dated 22Jun17
1.2 Management to reevaluate DFS outreach target for validation by MAFIPP PMC.	Q1 2017	MM4P MAFIPP management	Completed	
1.3 Recalculation of results under the new methodology	Q3 2017	MAFIPP management	Completed	
2. Evaluation Recommendation 2: Stronger focus on the provision of financial education				
			Status	Comments
2.1 Support to MFA on capacitation of 8 MFIs on business planning training and consumers' general financial education	Q4 – 2016 to Q4 – 2017	MAFIPP Management	Completed	3 rd and last tranche PBA disbursed September 2018
2.2 MAFIPP to evaluate the budget cost of financial education for 2-3 target groups: #1 – factory workers in an urban setting #2 – Urban consumers, focus on household budget management and goal planning #3 – Youth in secondary education	Q4 - 2017	MAFIPP Management	Completed	Target #2 – Data points obtained from MFA Financial Education intervention supported by MAFIPP Target #3 – Data points obtained through former grantee EMI, 'Smart Kids' initiative Target #1 is dropped following the cancellation of the DFAT ADA funded project 'Laos Female Garment workers payroll eco-system'

Key Action(s) proposed by the management in response	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
3. Evaluation Recommendation 3: leverage MFA as a channel for knowledge management and dissemination of best practices and for promotion of voluntary industry standards				
<i>2.1 Support to MFA on capacitation 8 MFIs on business planning training and consumers' general financial education</i>	Q4 – 2016 to Q4 – 2017	MAFIPP Management	Completed	PBA fully disbursed, last tranche paid September 2018. Trainers on financial literacy in the 8 MFIs and master trainers at MFA capacitated
3.1 Encourage MFA to take offer of services beyond the MF sector	Q1 – 2017 to Q4 – 2017	MAFIPP Management, BoL	Completed	Organizations interested in MFA training include Nam Thuan Power Company (NTPC II: to build the capacities of supported village revolving funds), Project on Capacity Development for Agricultural Innovation Systems (CDAIS), Poverty Reduction Fund (PRF), Women Entrepreneurship (WEC) and Faculty of Environmental Sciences of the National University of Laos Advocated to MFA to extend business planning to banks under an income-generating franchise throughout activity 2.1 but MFA didn't want to consider (probably because beyond its constituency of MFIs and credit unions).
4. Evaluation Recommendation 4: Concerted attempt towards bringing microfinance funding efforts under the same umbrella and continue to crowd in and facilitate investments in FSPs				

Key Action(s) proposed by the management in response	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
4.1. Create synergies between the different refinancing facilities under the purview of BoL: MAFIPP FIF, KfW LAFF, IFAD upcoming ARF ¹	Q2 – 2017 to Q4 – 2017	MAFIPP Management, BoL	Completed	Bilateral discussions initiated with IFAD and KfW. Principle confirmed that KfW's LAFF will also target Deposit-Taking MFIs – operational criteria to be worked-out. FIF Manager has shared job experience with staff of BoL/Banking Operations Dpt groomed to manage in-house the KfW LAFF. The institutions setup of the IFAD NSLCP-RFSP ² envisioning the ARF is still in discussion: implementation likely to be postponed to 2021.
4.2 Operational synergies of donors to BoL on refinancing facilities	Q1 – 2018 to Q2 – 2018	BoL	Dropped	At this stage only LAFF is set to operate, with transfer of institutional experience already happening: this issue becomes irrelevant if IFAD project is delayed to 2021.
5. Evaluation Recommendation 5: soliciting higher level political support for the financial inclusion agenda				
5.1. BoL to reach out to MAF for operational collaboration in agricultural & rural finance	Q2 – 2017 to Q4 – 2017	BoL, UNCDF	Completed	Deputy Director General of Financial Institutions Supervision Dpt (BoL/FISD) focal person for dialogue with MAF. Areas of cooperation identified: village banks and refinancing facility for rural FSPs. Political decision taken to start cooperation on the village

¹ MAFIPP Fund for Inclusive Finance, KfW Laos Access to Finance Fund, Int'l Fund for Agriculture Development upcoming Agriculture Refinancing Facility

² Northern Smallholder Livestock Commercialization Project - Rural Financial Services Programme

Key Action(s) proposed by the management in response	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
				banks theme, yet to be operationalized at a technical level. BoL associated to the MAF Sub-Sector Working group on Rural Development: BoL will be co-chair.
5.2 Raising awareness at ministerial level on the Roadmap for Financial Inclusion following sign-off by Governor of BoL	Q2 – 2017 to Q4 – 2017	BoL, UNCDF	Stand-by, awaiting schedule of presentation to Monthly Ordinary Cabinet Meeting	Draft NFIS sent to Mdm Vathana Dalalay, Deputy Governor, on 05Apr. BoL will present NFIS to its Board of Directors (with representation of ~6 ministries) for approval later in May 2019. High-level intergovernmental workshop on Financial Inclusion planned around the presentation of NFIS by BoL to the Cabinet Meeting, expectedly in June 2019