



## Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project (P174169)

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | IBRD/IDA | Investment Project Financing (IPF) | FY 2021 | Seq No: 7 | Archived on 29-Aug-2024 | ISR01027

Implementing Agencies: Ministry of Industry and Commerce

**1. OBJECTIVE****1.1 Development Objective**

Original Development Objective (Approved as part of Decision package on 21-Oct-2020)

The project aims to enhance access to finance for MSMEs in the context of the COVID-19 emergency and recovery

Has the Development Objective been changed since Board Approval of the Project Objective?

No

**2. COMPONENTS**

Name

Component 1: Emergency and Recovery Line of Credit to MSMEs:(Cost 34,000,000.00)

Component 2: Strengthening Bank of Lao Capacity to Supervise PCG Fund:(Cost 1,000,000.00)

Component 3: Technical Assistance and Project Management:(Cost 5,000,000.00)

Component 4: Contingency Emergency Response:(Cost 0.00)

**3. OVERALL RATINGS**

Name	Previous	Current
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial

**4. KEY ISSUES & STATUS**



#### 4.1 Implementation Status and Key Decisions

### 5. SYSTEMATIC OPERATIONS RISK-RATING TOOL

Risk Category	Rating at Approval Approval Package - 22 Oct 2020	Last Approved Rating ISR Seq. 06 - 15 May 2024	Proposed Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● High	● High	● High
Sector Strategies and Policies	● Substantial	● Substantial	● Substantial
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Substantial	● Moderate	● Moderate
Environment and Social	● Substantial	● Substantial	● Moderate
Stakeholders	● Moderate	● Moderate	● Moderate
Overall	● Substantial	● Substantial	● Substantial



6. RESULTS

6.1 PDO Indicators by PDO Outcomes

Enhance access to finance for MSMEs through financial intermediaries								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Volume of sub-loans disbursed to MSMEs under the project (Amount(USD))	0.00	Aug/2020	16,185,000.00	15-May-2024	16,185,000.00	15-May-2024	34,000,000.00	Nov/2025
	Comments on achieving targets		<p>As of May 15, 2024 the total disbursement (approval) of both refinancing and regular financing is US\$ 16.185 Million for 222 MSMEs (230 sub-loans). The figure was slightly lower than the last ISR due to the depreciation. No disbursement was made under the final phase of LOC during the ISM.</p> <p>This indicator measures the total amount of sub-loans provided to MSMEs by participating financial institutions with project funds. The indicator includes sub-loans provided under both the emergency and recovery windows.</p>					
of which women-led enterprises (Amount(USD))			7,740,000.00		7,740,000.00			
	Comments on achieving targets		Women-led enterprises are those in which women are in leadership positions and in control of that business, regardless of whether they own 51 percent of the company					
Share of MSMEs benefitting from line of credit that survive COVID-19 crisis (Percentage)	0.00	Aug/2020	99	15-May-2024	99	15-May-2024	80.00	Nov/2025
	Comments on achieving targets		<p>As of May 2024, 222 MSMEs benefitting from the line of credit reported to survive COVID-19 crisis.</p> <p>This indicators measures the percentage of MSMEs who benefited from line of credit from the project confirming that they have survived the COVID-19 crisis</p>					



Support MSMEs in gaining access to credit								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Number of MSMEs benefitting from TA that obtain credit for first time (Number)	0.00	Aug/2020	0.00	12-Jul-2023			30.00	Nov/2025
	Comments on achieving targets		This indicator measures number of MSMEs benefitting from TA from the project confirming that they obtain credit for first time. The indicator will be revised as part of the upcoming restructuring.					

### 6.2 Intermediate Results Indicators by Components

Component 1: Emergency and Recovery Line of Credit to MSMEs								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
Number of MSMEs received financing under the project (Number)	0.00	Aug/2020	222.00	14-Nov-2023			400.00	Nov/2025
	Comments on achieving targets		222 MSMEs received financing under the project, of which 122 MSMEs under Refinancing & 100 MSMEs under Regular financing  This indicator measures number of SMEs who have received a line of credit from participating financing institutions under the project. It is assumed that average loan size is about \$80,000.					
Component 2: Strengthening Bank of Lao Capacity to Supervise PCG Fund								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
	No	Aug/2020	No	15-May-2024	No	15-May-2024	Yes	Nov/2025



<p>TA to strengthen BOL capacity to supervise and monitor PCG delivered (Yes/No)</p>	<p>Comments on achieving targets</p>	<p>To date, there were 2 study visits and 1 online exchange meeting on CGF establishment and management. Supervision procedural documents were also developed. TA to strengthen the capacity of the BOL to supervise and monitor PCG according to the documents developed by the International Consultant will be delivered once the establishment of the PCG (Business Plan) is approved by the Government.</p> <p>This indicator measures the delivery of technical assistance to BOL to strengthen its capacity to supervise and monitor the PCG Fund. The delivery of this TA is ongoing and progressing well. Several workshops have been delivered. In addition, two study visits were conducted and supervision procedural documents developed. The international consultant has submitted drafts of legislation and guidelines. Legal framework for the establishment of LCGF need to be in place.</p>
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**Component 3: Technical Assistance and Project Management**

Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Value	Month/Year	Value	Date	Value	Date	Value	Month/Year
<p>Number of businesses supported with technical assistance (Number)</p>	0.00	Aug/2020	51.00	14-Nov-2023			600.00	Nov/2025
	<p>Comments on achieving targets</p>		<p>TA to SMEs was launch in September 2023 as targeted training to a selected number of MSMEs. Second phase of the training is expected to be launched in August 2024</p> <p>This indicator measures the number of MSMEs that receive a technical assistance from the project.</p>					
<p>of which women-led enterprises (Number)</p>			32		32			
	<p>Comments on achieving targets</p>		<p>Women-led enterprises are those in which women are in leadership positions and in control of that business, regardless of whether they own 51 percent of the company.</p>					
	0.00	Aug/2020	0.00	15-May-2024	0.00	15-May-2024	3.00	Nov/2025

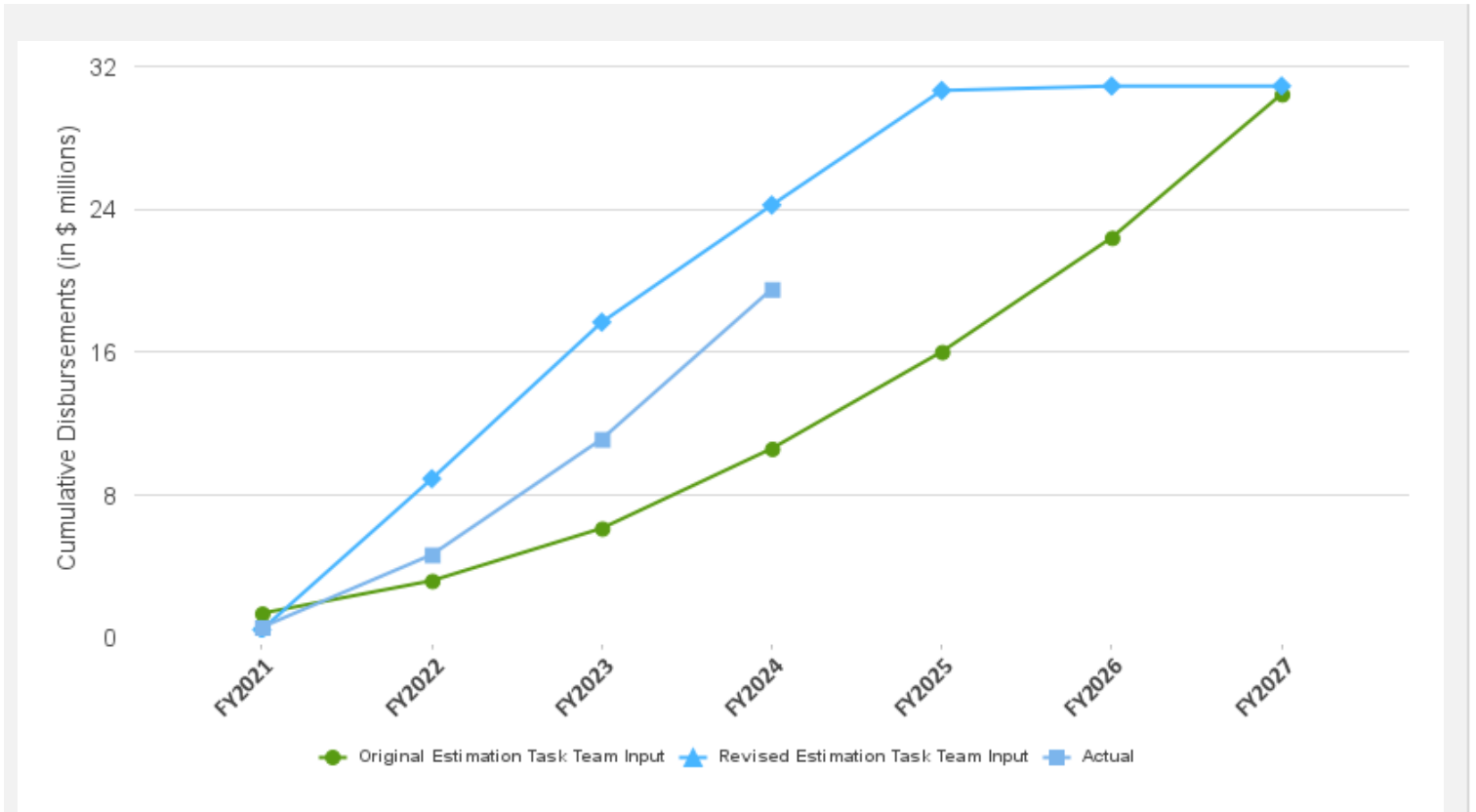


<p>Number of SME Banking Strategies and new SME banking products developed and adopted by PFIs (Number)</p>	<p>Comments on achieving targets</p>		<p>This indicator will measure impact of TA to PFIs, which will focus on assisting participating PFIs to develop and adopt a SME business strategy.</p> <p>The project is considering revising this indicator as the TA needs/demands from PFIs has evolved since project appraisal.</p>					
<p>Percentage of beneficiaries that feel project activities reflected their needs (Citizen Engagement indicator) (Percentage)</p>	<p>0.00</p>	<p>Aug/2020</p>	<p>90.00</p>	<p>15-May-2024</p>	<p>90.00</p>	<p>15-May-2024</p>	<p>75.00</p>	<p>Nov/2025</p>
<p>Percentage of complaints handled from Grievance Redress mechanism in place (disaggregated by number/percent of women) (Percentage)</p>	<p>Comments on achieving targets</p>		<p>90% is from the PFIs evaluations as well as the independent training survey conducted by the M&amp;E team of the Project. Survey which will be conducted by the firm is expected in Q4 2024.</p> <p>This indicator measures the satisfaction of beneficiary MSMEs and PFIs. This indicator will measure the results of surveys conducted as part of the monitoring and evaluation strategy implemented during Project implementation to beneficiary MSMEs and PFIs about their satisfaction with the financial products offered under the Project. The survey results and the report will be shared by the PMU and will contain proposed recommendations for project adjustments. The PMU will, in turn, make the necessary adjustment to activities, as informed by citizen feedback.</p>					
<p>Percentage of complaints handled from Grievance Redress mechanism in place (disaggregated by number/percent of women) (Percentage)</p>	<p>0.00</p>	<p>Sept/2020</p>	<p>100.00</p>	<p>15-May-2024</p>	<p>100.00</p>	<p>15-May-2024</p>	<p>75.00</p>	<p>Nov/2025</p>
<p>Percentage of complaints handled from Grievance Redress mechanism in place (disaggregated by number/percent of women) (Percentage)</p>	<p>Comments on achieving targets</p>		<p>The GRM is in place and 5 complaints have been received to date. In addition, a Booklet of guidelines that combine the Environmental Management, Work safety Measures, Grievance Redress Mechanism (GRM) for MSMEs in Lao Language was completed and submitted to National Management Committee on Unexploded Ordinance, and the Department of Natural Resources and Environment Inspection (DoNREI) for their review and comments on September 12, 2022. The DoNREI provided comments on September 19, 2022, which were addressed by DOSMEP on September 30, 2022. The revised booklet has been published and circulated to MSMEs.</p>					



## 7. DATA ON FINANCIAL PERFORMANCE

### 7.1 Cumulative Disbursements



### 7.2 Disbursements (by loan)

Loan/Credit/TF	Status	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
IDA-67900	Effective	40.00	40.00	0.00	19.55	17.89	48.87%

### 7.3 Key Dates (by loan)

Loan/Credit/TF	Status	Approval	Signing	Effectiveness	Orig. Closing	Rev. Closing
IDA-67900	Effective	22-Oct-2020	11-Nov-2020	21-Jan-2021	28-Nov-2025	28-Nov-2025

## 8. KEY DATES



Key Events	Planned	Actual
Approval	22-Oct-2020	22-Oct-2020
Effectiveness	21-Jan-2021	21-Jan-2021
Mid-Term Review No. 01	26-May-2023	26-May-2023
Operation Closing/Cancellation	28-Nov-2025	

**9. RESTRUCTURING HISTORY**

**10. ASSOCIATED OPERATION(S)**

There are no associated operations