

Microfinance in the Financial Sector

Linkages between the formal financial system and the semi-formal or informal systems **have yet to be established**, partly because of the weaknesses of the banking sector, but also because microfinance schemes are designed more as social funds than sustainable institutions.

The **OCISP in Oudomxay province** tried to explore possible partnership with the Bank of Lao and the Agriculture Promotion Bank. It was unsuccessful as the banks rejected the conditions set by the project. Another impediment was the fact that the two public institutions were going through a restructuring process.

Some microfinance projects in the past (such as the UNDP-UNCDF Microfinance project) used **APB branches as microfinance providers**, building their capacity at local level. APB is still involved in a series of microfinance initiatives, and aims to transform itself into a BRI of Laos.

Sources

- OCISP project internal documents.
- Asian Development Bank project documents