

**Best Western Plus Wanda Grand Hotel, Bangkok, Thailand
July 2 – 13, 2018**

Workshop on Microcredit and Sufficiency Economy Development

Workshop Report



Draft Date : August 2, 2018

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Workshop on Microcredit and Sufficiency Economy Development

Executive Summary

Community Development Department hosted “Workshop on Microcredit and Sufficiency Economy Development” from July 2 – 8, 2018 in [Best Western Plus Wanda Grand Hotel, Nonthaburi provinces of Phichit, Phitsanulok and Nakhon Sawan. The purpose of this workshop was to share and exchange essential information relating to microcredit and sufficiency economy development as well as to help participants to better understand microcredit and sufficiency economy development and apply knowledge in their country.

The participants of the workshop are 9 representatives from Asian countries, 1 representative from Latin American country, and 9 representatives from African countries. During the first week, 2 – 8 July 2018, there are inputs about microcredit and sufficiency economy development from many concerned agencies at the hotel. The participants travelled to the provinces of Nakhon Sawan, Phichit, and Phitsanulok during 9 – 11 July 2018 for study visits where they learnt from villagers’ experiences on microcredit activities and exchange some thought. In addition, they learnt some fascinating background of local tradition as well as hands-on experience from local villagers. By the end of workshop, the participants synthesized their gained knowledge and initiate policies and approach relating microcredit and sufficiency economy development in their respective countries.

This report contains background information that was presented to participants, summarizes workshop discussions and catalogs potential adaptation options and next steps that were identified by workshop participants. This report can be used to help direct utility planning efforts to address the impacts from more frequent and intense events related to local development.

Section 1.0: Workshop Overview

1.1 Background and Objectives

Over the past four decades, the Community Development Department has been helping rural Thai communities to improve their quality of life and to participate more in the development process of the country.

It also has gained a lot of experience in solving development problems, such as tackling rural poverty, preventing environmental degradation. Furthermore, it has introduced innovative income generating programs such as the saving group for production credit that assist the rural people to help them. It has stimulated people and provided opportunities to consistently develop themselves. In developing countries, the poverty of the people in rural areas is the main problem facing governments. To reduce poverty, the government is searching ways, methods and strategies to uplift the people's well-being, develop communities to become strong so that people can be self-reliant. However, solving the problems of poverty is more complicated and difficult to succeed. The Sufficiency Economy Philosophy is the philosophy that is directed at all levels of people's lives: from family and community level to government level. It stresses the need to carry on their lives and duties using the middle path, especially for poor rural people. This philosophy serves as a guiding light for self-help, sustainable and a stable life-style.

The Community Development Department (CDD) is the strategic government agency under the Ministry of Interior, responsible for rural development with people's participatory approach with more than 50 years of experience. The working method is educating community and developing learning of community organizations and community organization networks in order to promote participation, empowerment of people to enable themselves to be self-reliant and capable of solving their own problems. With lot of experiences in solving development problems such as tackling rural poverty, preventing environmental degradation, and in dealing with issues related to child, youth and women's development so that the CDD is available to the pilot project for sustainable community development in the rural area to improve the quality of life.

On July 2 – 8, 2018, policymakers, government officials, financial managers and directors from different regions around the world gathered to participate in “Workshop on Microcredit and Sufficiency Economy Development”, located in Best Western Plus Wanda Grand Hotel, Nonthaburi provinces of Phichit, Phitsanulok and Nakhon Sawan to discuss the potential development of grassroot empowerment and community-driven development through microcredit and sufficiency economy approaches. Workshop participants included representatives from [Latin America, Asia and Africa]. Throughout the workshop, participants were asked to think critically about the challenges facing the community development sector in their respective countries. In particular, the discussion focused on impacts from lack of proper occupational skills, inability to access to adequate local funding, exploitation by middlemen, disproportionate opportunity, and potential steps that our utility and community can take to ensure that these issues no longer exist and replace with a more sustainable approach in the future.

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The objectives of the workshop included:

- To provide a forum for all participants to share views and exchange ideas on micro credit and sufficiency economy development, community empowerment and poverty reduction;
- To encourage the participants to understand the concepts of micro credit sufficiency economy, community and economy development, community empowerment and poverty reduction;
- To understand the philosophy and concept of micro credit and sufficiency economy development;
- To apply the knowledge and experiences gained to use in their own countries

Expected Results

- Sharing session attended by the expertise speakers and participants;
- Opportunity to discuss concerned issues with the experts and skilled resorts provided;
- The regional networks established;
- Participants understand the concept of sufficiency economy and Microcredit in Thailand and apply to their home country;
- The future cooperation and good relations could be promoted in between Thailand and the recipient countries

1.2 Workshop Materials

Several documents were developed to conduct and evaluate the workshop.

1. *Lecture PowerPoint notes*
2. *Country Papers*
3. *Training tools and equipment*
4. *Itinerary*
5. *Assignment sheets*

- **Workshop Agenda:** The workshop agenda is included in Appendix A.
- **Participant List:** A list of all workshop participants is included in Appendix B.
- **Workshop Country Papers:** The workshop presentation provided relevant information on local development and microcredit development of each country, projected changes in extreme weather patterns and subsequent impacts to utilities. Participants also explored adaptation options that could provide greater resilience to those impacts. The presentations and handouts used in the workshop are included in Appendix D.

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Section 2.0: Workshop Discussions

This section summarizes the discussions at the “Workshop on Microcredit and Sufficiency Economy Development”. The following sections were developed using participant input, discussions, recorded notes and the completed Next Steps Worksheets, which can be found in Appendix D.

Day 1 of the Workshop (July 2, 2018)

Opening Session

Mr. Somwang Puangbangpho, Deputy Director General of Community Development

Mr. Somwang, in his opening remarks, mentioned that one of the important policies of Community Development Department is the promotion of strengthened community. It intends to reduce daily expense and increase income of grassroots people in accordance with Sufficiency Economy Philosophy. Under this policy the villagers are encouraging to grow vegetables for household consumption and the surplus will be processed and sold at the local market. The department functions as facilitators in the participatory learning process, encourages rural people to form occupational groups and provide skill training to better produce. We provide training on marketing and support tools and facilities to local occupational groups as well as community enterprises through collaboration of public sector and private sector.

Community Development Department encourages rural people to form savings groups for production which are financial community-based organization and self-management. We provide technical and training support to enable them to serve as local fund for occupational groups. There are other funds implemented in the villages as well. All these local funds instill savings habit to those who practice as well as create financial power to the communities



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Session 1: Introduction to Administration of Thailand



Dr. Chamnan Wattanasiri, facilitator and lecturer of the Workshop, engaged in an icebreaking activity, allowing participants to get acquainted and learn each other's background. He then moved on to present about the history of the Kingdom of Thailand and how the administrative structure and political transitions have longed been influential to the country's local and rural development. The breakdown

of the organizational organs as well as their roles of dual administration explains how the policies are developed and approved. He stressed that the development of local should be approached as a 'philosophy' first. The SEP is created based on the Buddhist teaching of middle path which can apply in local and national management. As such, at the local level, community members follow the steps of SEP and can apply in their daily livelihood.

Session 2: Thailand's position on poverty

Dr. WanChat Suwankitti presented about the difficulty of identifying the urban poor. "How can we support the people in the urban area with poverty issues". Not only income is contributed to the poverty evaluation but also encompasses other areas. Another issue is income disparity between those earning high and those earning low. This begs the question : What methods used to reduce the income disparities? He then refers to the 20 Year National Strategy (2017 – 2036) – create a good foundation and stability and competitiveness in terms of human resources, business opportunity through new regulations, and skilled labors. Participants and the lecturer entered the discussion on gender disparity in Thailand. It can be seen that in majority of sectors, gender inequality is not prominent, and has very little effect based on government policies and political movement.



He further explained the way of reducing expenses is by evenly distribute quality public services such as educational services, providing fundamental household knowledge, compulsory trainings to selected sectors, providing support to factory workers with necessary tools and knowledge during pregnancy called 'mother's corner'. Healthcare system allow medical expenses to be exempted for target groups. This allow low-income people to have access to free healthcare. This is called primary care unit scheme.

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Reducing travelling costs for children in rural areas via donating bicycles to schools. He then talked about sufficiency economy philosophy for SDG. You shouldn't expand anything you don't have knowledge on. Local resources are equally important as the community that owns them as by realizing the value of the resources they can add value and find a sustainable approach through their resources. Through SEP, SDG can be achievable through 5 important principles: input, process, output, outcome, impact. This allow projects and activities to be sustainable and can be achievable by any person if they can self-evaluation and see the pros and cons, to be reasonable and done in good faith.

Day 2 of the Workshop (July 3, 2018)

Session 1: Community-Driven Development: CDD)Representative of Bureau of Community Empowerment(



The session emphasized the operation of CDD on local development. Since Sufficiency Economy Philosophy has been the department's main policy since inception, the department has been development several approaches that would effectively put into practical benefit based on SEP. For a decade, the department has been engaged and instigated the project called Sufficiency Economy Model Village. From this project, hundreds out of thousands of villages have been developed and implemented Sufficiency Economy Philosophy. The lecturer emphasizes on the

development stages from the moderate level to intermediate level and ultimately advanced level. Each level has its own development criteria and requires the CDD officers to evaluate that they have the potential to become a 'model village'. Part of the criteria of being a SEP model village is upholding the 5 principles of reasonableness, moderation, self-immunity, together with the foundation of knowledge and virtues. This model village project also ensures that the villages stay above the average household earnings. The project requires collaboration not just from a single household but the entire village to come together and set up development approaches based on village forum and active discussion. The lecturer stated that CDD officers merely oversee the development but take no part in the decision-making process, these are reflected and acknowledged by the villagers entirely. Recognition is also given to model villages countrywide and most importantly they are able to achieve sustainable development. During the session, the lecturer mentioned about the current situation and problem of communities in Thailand. Such issues are corelated to world crisis and rapid changes in many factors, be they economy, society, environment, politic. These issues' solutions and exits lie in the community, hence cemented how local development is imperative to a country's forward movement.

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Session 2

Sufficiency Economy Philosophy: Home-Grown Approach for Sustainable Development and Poverty Reduction)Representative of Bureau of Community Empowerment(

The session is a hands-on and interactive experience that allows the participants to give opinions on village development methods. For example, participants are asked about ‘how to approach local development?’, ‘Where should we, as an outsider, begin our development?’, and ‘How do we ensure that the local villagers received the fullest benefits from such development?’. The participants are constantly asked to think about the outcomes of several hypothesized or simulated events in order to let them reflect on different development approaches. The lecturer emphasized on community-driven approach and an effective development method is to make sure the villagers are part of the development and that the development originated and decided by them. Participants took active interest and interacted throughout the session. They exchanged ideas and opinions, drawing from their own experiences and knowledge they have gained in their home country.



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Day 3 of the Workshop (July 4, 2018)

Session 1 : Wrap-Up and Reflection

The facilitator engaged in a brief recapping session that allowed the deepening of participants' understanding of what had been listened in the previous day.

Session 2 : Country Paper (Group Presentations)

For this session, participants are grouped into 4 groups instead of presenting their respective country papers individually. Countries are grouped together based on their similarity in geographic, social, economic features and characteristics. They are given the task to draw up development approach based on their own country's resources and come up with a collective approach for their group. A representative from each group is selected to present their approach.



Group 1

Group 1 focused on the poverty reduction through improved legal framework, developing community-based microcredit, getting and innovate new ideas such as OTOP, and getting foreign experience in this field. Their roles would involved monetary policies and supervising and monitoring bank activities related to local development.



Group 2

Group 2 focuses on the use of natural resources (ex. oil, mining, gas) for economic development and agriculture as main occupation. They mentioned the lack of diversification which causes issue and engage in singular occupation. The challenge for this approach would be low value and how to increase the value. They suggested a better control in budget planning and public expenditure; the need for socio-economic research; and methods of ensuring sustainable

development

Group 3

Group 3 aimed on SME development as well as microcredit, agriculture and infrastructure development. They would improve financing condition of the economy and get international

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finance cooperation and involve debt management processing. Local villages will receive promotion of indigenous technologies that small-scale enterprise to flourish.

Group 4

Group 4 focuses on agricultural cooperatives and rural development. Their roles are to formulate policy and strategy and implementation procedures. They would engage in mobilization and sensitization and education management that would allow a comprehensive development scope. After the development, they would initiate monitoring process and evaluation of the entire approach for future remedies and follow-up activities.

Day 4 of the Workshop (July 5, 2018)

Panel Discussion: Panel Discussion on Microfinance vs. Microcredit and Microfinance program in Thailand)Representatives from MoF, GSB, BAAC, VUCFO(

Four representatives from four agencies, both public and private, were invited to provide insights



that may be valuable to the participants and provide a broader perspective on who each agency approaches the development of microcredit and sufficiency economy in its policies and strategies. The National Committee of Savings Group for Production Credit what is required for financial inclusion, specifically on a local level, is integration-based thinking and mentality and that each area or village cannot and should not act unilaterally. Every party must consider the negative and positive effects that can come about from steps they take in the development direction. This would also be in

line and confirmed with the country's 20 Year Strategy on local development. One of the agencies also suggested that the development approach should be in a form of 'holding hands'. By working alongside or 'holding hands' would allow for more effective development result. The participants were involved heavily in the discussion panel and frequently ask questions and give comments and opinions. They particularly liked they idea of 'holding hands' as it is a phrase they never heard or used before and would be interested in expanding this idea further in their home country.



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Day 5 (July 6, 2018)

Session 1: Women Empowerment Fund

)Representative of Office of Women Empowerment Fund Committee(



This session dealt with CDD's role in women empowerment fund. Although not part of CDD's main policy since inception, CDD is tasked with overseeing the operation of the Women Empowerment Fund nationwide. Similar to Village Fund and Savings Group for Production Credit, WEF give opportunity in terms of occupational skills and income earning to local women whom desire and equipped with valuable knowledge or skills that can be put to good use and can add value for earning income.

VF, WEF and SGPC are all integrated and can be operated as a crossover at the starting level. This would be very useful for villagers to set up occupational groups and engage in local enterprise based on their skills. Successful groups can be able to possess bargaining power and add further value to their products.

Session 2: Savings Group for Production Credit: Community-Based Microcredit)Representative of Bureau of Capital and Community Financial Organization Development(

This session talked about the background and operations of Savings Group for Production Credit. The basic idea of SGPC is to instil a sense of morality; assisting; sharing and contribution; collaborative learning process under democratic way; open minded; respect the established and collective rules. The capital marketing learning process is for allocating benefits and set up welfare for members. It is a source of capital for the community to engage in occupation; ad would reduce dependency on external capital (fix informal debt). Most importantly, it is to train people to be perseverance, be honest, be disciplined in spending; be reasonable in spending; moderation to you and your family under SEP. The heart of the success of SGPC is upholding 5 principles: integrity, sacrifice, responsibility, compassionate, trust. The lecturer emphasized that each group has their own set of rules but there is a standard rule that all groups must follow. SGPC has been successful in many villages and those villages have been used for learning center for groups from nearby villages or from afar. Participants were particularly keen and curious about the legal side and ask questions of the administration structure. The lecturer mentioned that all groups would require committee members and assigned respective roles for each members.

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Day 6 (July 7, 2018)

Educational trip to Chatuchak Market and Bangkok Art and Culture Center in inner Bangkok.



Days 7 (July 8, 2018)

Prior to the field visit, the participants were briefed on the objectives and goals of the trip. They are to learn and experience the development of Sufficient Economy Philosophy villages and how these villages pulled through difficulties, obstacles, issues in terms of social and economic aspects. The chosen villages are designated and approved to be appointed as SEP Model villages. That is, they are exemplified as villages that are successful in applying and implementing Sufficient Economy Philosophy and are able to fully be self-reliant for long-term. The villages chosen are Baan Noen Kwow in Nakhon Sawan, Baan Sa Yaichae in Phichit, Community Financial Institute of Nong Sano and Baan Klong Sub Rung in Phitsanulok. Apart from the main objective of the trip, the participants also visited several educational and historical locations to get to experience from a out-of-classroom environment.

[participants at the Boraphet Marsh]



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[Observe works of Baan Noen Kwow : Model village applying SEP in development]

Participants learn about the manufacturing of homemade detergents using local resources which help reduce costs for the villagers. They also learn about the operations of Savings Group of Production Credit and Village Fund, as well as the adaptation of Sufficiency Economy Philosophy



The village engage in several occupations, many of which revolve around the use of their own resources. Apart from homemade detergents, they engage in horticultures, producing homegrown vegetables, mushrooms, crops



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Day 8 (July 9, 2018)

The participants arrived at Baan Sa Yaichee in Phichit. They are greeted local villagers and children who welcome them with Thai traditional dance. They arrived at a demonstration center via tram and was greeted by local government representatives. The village leader gave an introduction and brief history of the location. Members from the village's Savings Group for Production Credit was introduced as well as the group's operation. They learned that the members are allowed a loan limit of 50,000 Baht but may request for more with guarantees. The members also deposit money to the group voluntarily. Participants also engaged in Q&A session, asking the number of ways the group receive financial support from the government. The participants toured the rice mill, women's weaving group, Pracharath Suk Jai shops that the villagers also operate and earned additional income from said operation.



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Day 9 (July 10, 2018)

The participants travelled to Baan Klong Sub Rung where they were officially greeted by representatives from local government and village members. The village presented an introductory VDO on the community finance institution. They also toured the BAAC learning center, currently accommodating 90 to 100 participants. There, they learned about the operations of the village's Village Fund, Savings Group for Production Credit and various occupational groups. For Savings Group for Production Credit, the interest rate is 1%/month and a total of 12% per annum. The participants also asked what the reason for reduced income was in 2016 compared to 2015. The answer was due to local flood that affected the area and local resources. The members also deposited a similar amount monthly within 1 year at 1.5% interest per year. Members would receive twice the amount of their savings amount for loans. They would also receive welfares for funerals, birth, and many more. Within the next 5 years, they plan to accept more members. There were other issues the village encountered such as natural disasters, political issues, and financial issues throughout the stages for the group's development. The participants also provided suggestion of extending the service of the center by not limiting the deposit amount for members and allow members to deposit higher than the limit. They also toured the rice mill and observe several local occupations in the area.



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Before departing the province and returning to the hotel in Nonthaburi, the participants were taken to temples and religious and historical sites.



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Day 10 - 12 (July 11 - 13, 2018)

The last three days encompass the overall learning experience that the participants have gained both in the hotel and during their field visits to three provinces. They are also tasked with thinking of their own practical project that they expect or hope to be use in their country. They are set out to come up with project planning matrixes such as

- Objectives/activities
- Important Assumptions
- Objectively verifiable indicators
- Means of verification

Each participant needed to think about actual issues and obstacles that might occur and actual approaches to tackle these problems. When thinking about the problem, they need to identify and prioritize the problems. They needed to also think about the strength their country/village possessed as well as weaknesses, opportunities and threats (SWOT analysis). They need to come up with activities that will be used to propel the development and to reach the end-goal in mind. They also need to think about what they consider to be ‘factors’ that make those activities successful (success factors). After that each participant would present his/her own proposed projects and each of the project were reviewed and evaluated by the facilitator to find possible flaws and seek improvement.



Day 13 of the Workshop (July 14, 2018)

Participants depart back to their respective home countries

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3. Conclusion

Throughout this workshop, participants gained a better understanding of how local enterprise and microcredit development will impact our utility and community. Participants identified adaptation options and priority implementation strategies to ensure the local villagers have greater resilience to external adversaries and obstacles.

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Appendix A: Workshop Agenda

Schedule of Workshop on Microcredit and Sufficiency Economy Development

1 - 15 July 2018

At Best Western Plus Wanda Grand Hotel, Nonthaburi, Thailand

| Time | Item | Venue |
|------------------------|--|-------|
| Sunday, 1 July 2018 | | |
| 07:00 | Arrival of participants | |
| Monday, 2 July 2018 | | |
| 8:00 – 08:30 | Register | |
| 9:00 - 09:30 | Orientation | |
| 09:30 – 10:00 | Opening ceremony & group photo | |
| 10:00 - 12:00 | Thailand at a glance | |
| 12:00 – 13:00 | Lunch | |
| 13.00 – 16.30 | Thailand's poverty reduction approach: reduce expenses, increase income, expand economic opportunity (Representative of the National Economic and Social Development Board) | |
| Tuesday, 3 July 2018 | | |
| 08.30 - 09:00 | Wrap up | |
| 09:00 - 12:00 | Community-Driven Development: CDD (Representative of Bureau of Community Empowerment) | |
| 12:00 - 13:00 | Lunch | |
| 13.00 – 16.30 | Sufficiency Economy Philosophy: Home-Grown Approach for Sustainable Development and Poverty Reduction (Representative of Bureau of Community Empowerment) | |
| Wednesday, 4 July 2018 | | |
| 08.30 - 09:00 | Wrap up | |
| 09:00 - 12:00 | Sharing experience of participants in microcredit | |
| 12:00 – 13:00 | Lunch | |
| 13:00 - 16:30 | Sharing experience of participants in microcredit | |
| Thursday, 5 July 2018 | | |
| 08.30 - 09:00 | Wrap up | |
| 09:00 – 12:00 | Panel Discussion on Microfinance vs. Microcredit and Microfinance program in Thailand (Representative of MoF, GSB, BAAC, VUCFO) | |
| 12:00 - 13:00 | Lunch | |
| 13:00 – 16:30 | Saving group for production: Community-Based Microcredit (Representative of Bureau of Capital and Community Financial Organization Development) | |
| Friday, 6 July 2018 | | |

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| Time | Item | Venue |
|------------------------------|---|-------|
| 08.30 – 09:00 | Wrap up | |
| 09:00 - 12:00 | Women Empowerment Fund (Representative of Office of Women Empowerment Fund Committee) | |
| 12:00 - 13:00 | Lunch | |
| 13:00 – 16:30 | Reflection and discussion on Microcredit program in Thailand (Facilitator: TBA) | |
| 16:30 – 17:00 | Brief on Study Visit | |
| Saturday, 7 July 2018 | | |
| 08:30 – 12:00 | Study visit to Bangkok Art and Culture Centre | |
| 12:00 – 13:00 | Lunch | |
| 13:00 – 16:30 | Study visit to Chatuchak Weekend Market | |
| Sunday, 8 July 2018 | | |
| 07:00 | Depart for Nakhon Sawan | |
| 9:00 - 10:00 | Arrive at <i>Bueng Boraphet</i> , or <i>Boraphet</i> Marsh, the largest freshwater lake in Thailand, Nakhon Sawan Province. - Observe works of Bueng Boraphet Waterfowls Park and Bung Boraphet Fishery Development Station | |
| 12:00 - 13:00 | Lunch | |
| 13:00 – 16:30 | - Depart for Baan Noen Kwow, Wat Sai Subdistrict, Muang Nakhon Sawan District - Arrive at Baan Noen Kwow : Model village applying SEP in development - Exploring Model village applying SEP in development and its activities | |
| 16.30 | Depart for Phichit Province | |
| 18:00 | Arrive at Phichit Province and Stay overnight at the hotel | |
| Monday, 9 July 2018 | | |
| 08:00 | Depart for Savings Group for Production of Baan Sa Yaichee | |
| 09:00 - 10:00 | Arrive at Savings Group for Production of Baan Sa Yaichee, Sam Ngam District, Phichit Province. - Observe Savings Group for Production of Baan Sa Yaichee and its activities | |
| 12:00 - 13:00 | Lunch | |
| 13:00 | Depart for Community Financial Institute of Nong Sano Subdistrict | |
| 14:00 – 16:30 | Arrive at Community Financial Institute of Nong Sano Subdistrict, Moo 16, Nong Sano Subdistrict, Sam Ngam District, Phichit Province - Observe Community Financial Institute of Nong Sano Subdistrict and its activities | |
| 19:00 | Stay overnight at the hotel | |
| Tuesday, 10 July 2018 | | |

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| Time | Item | Venue |
|--------------------------------|---|-------|
| 08:00 | Depart for Noen Maprang District, Phitsanulok Province | |
| 09:00 - 10:00 | Arrive at Mango Processing group, a group of women who borrowed some fund from Women Empowerment Fund of Phitsanulok Province and invest in their business, Baan Klong Sub Rung, Sai Yoy Subdistrict, Noen Maprang District. - Observe Mango Processing group and its activities | |
| 12:00 - 13:00 | Lunch | |
| 13:00 | Depart for Nonthaburi | |
| 18:30 | Arrive at Nonthaburi | |
| Wednesday, 11 July 2018 | | |
| 08.30 – 09:00 | Wrap up | |
| 09:00 - 12:00 | Conclusion of study visit (Facilitator: TBA) | |
| 12:00 - 13:00 | Lunch | |
| 13:00 - 16.30 | Logical framework approach: Tool for designing, monitoring, and evaluating development projects (Facilitator: TBA) | |
| Thursday, 12 July 2018 | | |
| 08.30 – 09:00 | Wrap up | |
| 09:00 - 12:00 | Designing of strategic project on microcredit for rural poverty reduction (Facilitator: TBA) | |
| 12:00 - 13:00 | Lunch | |
| 13:00 - 16.30 | Designing of strategic project on microcredit for rural poverty reduction (cont.) (Facilitator: TBA) | |
| Friday, 13 July 2018 | | |
| 08:30 – 09:00 | Wrap up | |
| 09:00 - 12:00 | Conclusion (Facilitator: TBA) | |
| 12:00 - 13:00 | Lunch | |
| 13:00 - 16.30 | Evaluation Closing ceremony | |
| Saturday, 14 July 2018 | | |
| 04:00 | Departure of participants | |

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Appendix B: Participant List

| No. | Country | Name | Position/Institution | Contact | Remark |
|-----|------------|---|--|---|--------|
| 1. | Algeria | Mr. Mohammed Bouharaoua Age. 32)3/2/1986(| Head Clerk, Ministry of Finance. | E-mail: mohamed.bouharaoua@mf.gov.dz , moh.bouharaoua@gmail.com Tel: 00 213 21 59 55 75, 00 213 698 00 08 86 | |
| 2. | Bangladesh | Mrs. Farhana Sharmin Age. 34)28/11/1983(| Deputy Director, Bangladesh Bank. | E-mail: farhana.sharmin@bb.org.bd Tel: +88-02-55665001/20385, +88-01715-158898 | |
| 3. | Burundi | Mrs. Roselyne Peggy Mukunda Age. 44)24/2/1974(| Controller of Expenditure Commitments, Ministry of Public Service, Labour and Employment. | E-mail: roselynepeggym@gmail.com Tel: 257 575433, 257 68133237 | |
| 4. | Cambodia | Mr. Hieng Sovannara Age. 55)15/7/1963(| Advisor, CARD & National OVOP Committee. | E-mail: hiengsovannara@gmail.com Tel: 855 23 426 824, 855 12 567 568 | |
| 5. | Colombia | Mr. Javier Plata Gonzalez Age. 53)7/10/1964(| Research Officer, Ministry of Agricultural and Rural Development. | E-mail: javier.plata@aunap.gov.co Tel: 571-3770500 ext. 1022, 571-6718746 | |
| 6. | Ethiopia | Mr. Natnael Million Kobamo Age. 34)14/12/1983(| Integrated Agro & Special Parks Operation and Management Director, SNNP Regional State Industrial Parks Development Corporation. | E-mail: natnaelmkb@yahoo.com Tel: 251 46-212-8442, 251 91-173-9995 | |
| 7. | Gambia | Mr. Richard Gomez Age. 28)14/2/1990(| Development Planner, Ministry of Finance and Economic Affairs. | E-mail: grichard843@gmail.com Tel: 2204227529, 2203344310 | |
| 8. | Iran | Mr. Mohammad Azarpanah Age. 38)19/3/1980(| Deputy Director of Policy Making Office, Ministry of Cooperative Labour and Social Welfare. | E-mail: mohammadaz28@yahoo.com Tel: 9821 64492656, 9891 26354670 | |
| 9. | Kenya | Mr. Symon Chomba Josiah Buria Age. 49)10/10/1968(| Assistant Commissioner for Cooperative Development, Ministry of Trade. | E-mail: mburiasymon@gmail.com Tel: 254-020-2731510, 254-721 743 259 | |
| 10. | Lao PDR | Mr. Viphasouk Saysanavongphet Age. 32)14/10/1985(| Technical Officer, Ministry of Finance. | E-mail: viphasouk@gmail.com Tel: 856 2141 2142, 856 2028 986688 | |
| 11. | Malawi | Ms. Mphatso Magombo Age. 40)18/9/1977(| Principal Agricultural Officer, Ministry of Agriculture, Irrigation and Water Development. | E-mail: mphatso08@gmail.com Tel: 265 999 392 230, 265 882 785 370 | |
| 12. | Mauritius | Mr. Sabeer SK Heerah Age. 37)2/8/1980(| Cooperative Officer, Ministry of Business, Enterprise and | E-mail: sabeerskheerah@yahoo.com Tel: 2304050770, | |

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| | | | | | |
|-----|-------------|--|---|--|--|
| | | | Cooperatives. | 23057844210 | |
| 13. | Myanmar | Mrs. Khin Cho Mar Win Age. 41)31/8/1977(| Staff Officer, Ministry of Agriculture, Livestock and Irrigation. | E-mail: khinchomarwin.wd@gmail.com Tel: 95 83 2223125, 95 9253935915 | |
| 14. | Nigeria | Mr. Kazeem Olalekan Olaniyi Age. 37)22/5/1980(| Principal Accountant, Technology Incubation Center. | E-mail: meetolaniyi@gmail.com Tel: 234/80/55811647, 234/80/33206145 | |
| 15. | Philippines | Mr. Jimmy Arco Age. 50)28/12/1967(| Leading Unit Manager, Land Bank of the Philippines. | E-mail: jimarc_butuan@yahoo.com.ph Tel: 02919-653-2993, 02999-339-4006 | |
| 16. | Sri Lanka | Mrs. Rukma Manel Vithanalage Age. 48)23/11/1969(| Senior Manager, Department of Samurdhi Development. | E-mail: rukmamanel@gmail.com Tel: 94 -112872227, 94 -718189370, 94 -112894277 | |
| 17. | Swaziland | Ms. Hlobisile Vangile Dube Age. 35)19/1/1983(| Rural Sociologist, Ministry of Agriculture. | E-mail: dubevangile2@gmail.com Tel: 268 2404 2731, 268 7621 7135 | |
| 18. | Tajikistan | Mr. Zafar Abdulloev Age. 37)4/4/1981(| Head of Division, National Bank of Tajikistan. | E-mail: z_abdulloev@mail.ru Tel: 992 44 600 3188, 992 98 103 7171 | |
| 19. | Uganda | Mrs. Agripina Bamwine Age. 42)6/11/1975(| Director, Home Savings LTD. | E-mail: agripinabamwine@gmail.com Tel: 256/776/877779, 256/702/877779 | |
| 20. | Vietnam | Mr. Hoang Lan Le Age. 47)13/2/1971(| Principal Official, Ministry of Planning and Investment. | E-mail: lhlan@mpi.gov.vn , lanmpi@yahoo.com Tel: 084 0963027110, 084 024 36272999 | |

Appendix C: Country Paper

Iran



Islamic Republic of Iran's Country report

I. Introduction

- Name of the Training Course:

Community-based micro-credits and the development of a sufficient economy

- Name of participant:

Mohammad Azarpanah

- Name of Country:

Islamic Republic of Iran (Iran)

- Name of Organization:

Ministry of Cooperatives, Labor and Social Welfare

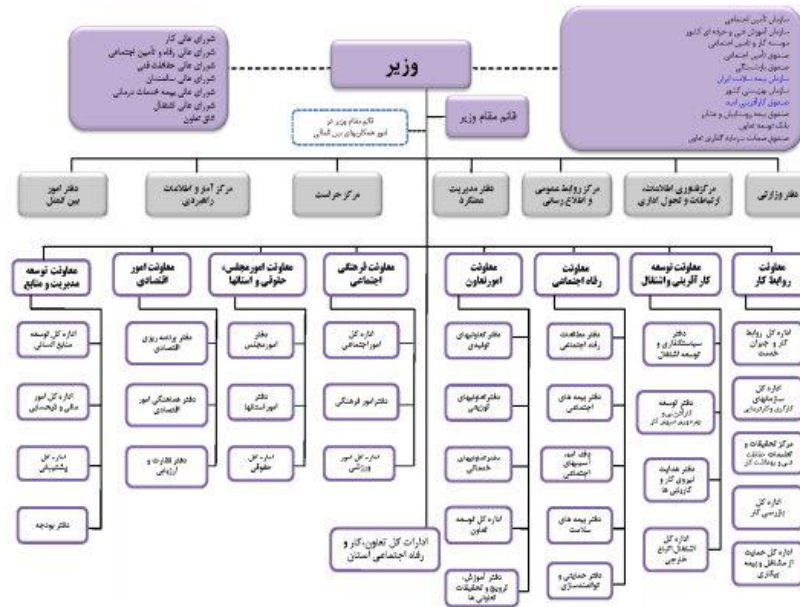
- Role and Responsibility of Organization:

The main tasks of the Ministry of Co-operation labor and Social Welfare are: policy-making, planning, guidance, monitoring and supervision in order to regulate labor relations based on the regard of the principle of tripartite, the safeguarding of the workforce, the development and empowerment of cooperatives, the creation of Balancing the labor market, and supporting job stabilization and social justice in

Workshop on Microcredit and Sufficiency Economy Development

the insurance, advocacy and empowerment areas, while respecting the principles of comprehensiveness, adequacy and education based on the insurance law.

- Organization Chart:



II. General information of my country:

- Iran is one of the countries in the Middle East, which has a long history of history and in some parts of urban civilization more than seven thousand years old.
The centralized political system in Iran was first established around 2500 years ago by the Achaemenian dynasty, and the governing framework was established in the kingdom until 1980
After the Islamic Revolution, the form of government changed to the Islamic Republic.

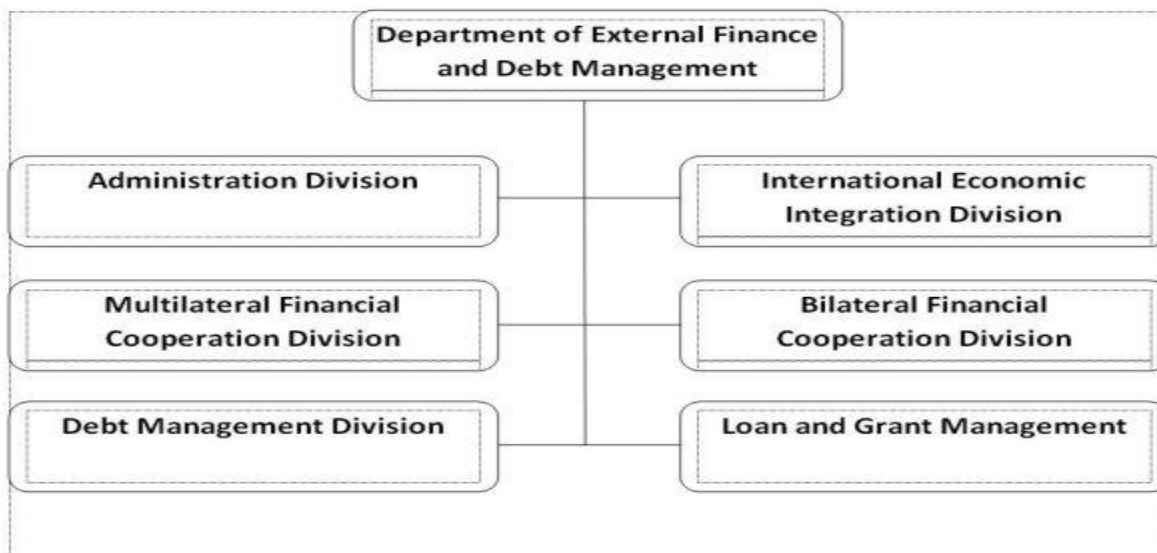
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Lao PRD

Country Report

I. Introduction

- Name of the Training Course: Community-based Microcredit and Sufficiency Economy Development.
- Name of Participant: Mr. Viphasouk Saysanavongphet
- Name of Country: Lao People's Democratic Republic
- Name of Department/ Organization: Department of External Finance and Debt Management Division, Ministry of Finance.
- Role and Responsibility of the Department/ Organization: Department of External Finance and Debt Management (DEFD) is responsible for all international finance cooperation related matters as well as public debt management and treasury bond.
- Organization Chart:



- Participant's Designation and Responsibility: Mr. Viphasouk is a technical officer in the Multilateral Financial Cooperation Division where he is a focal point for international Finance cooperation matters including coordinating with IFIs (World Bank, ADB, AIIB, IFAD and etc) as well as relevant ministries and sectors in terms of project preparations, loan and grant negotiation and signing of the agreements. He also coordinates with related agencies with regards to SDGs implementation to monitor the progress and support as required. He is also a translator for high ranking officials such as Deputy Prime Minister, Minister of Finance, Deputy Minister of Finance and Director Generals.

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One remarkable feature of village funds has been the relatively recent emergence of service networks of village funds or so called network support organizations (NSOs) which are built on principles such as self-financing, self-management and self-governance and provide technical assistance and financial services to their member village funds.

As to the regulated microfinance sector, it is younger and much smaller than the informal or semi-formal sector. Only in 2008, the Bank of the Lao PDR (BOL), the regulatory and supervisory authority of the sector, promulgated regulations for 3 categories of MFIs: Deposit Taking MFIs (DTMFIs), Non-Deposit Taking MFIs (NDTMFIs) and Savings & Credit Unions (SCUs). By the end of 2011, 42 MFIs (9 DTMFIs, 15 NDTMFIs and 18 SCUs) had been licensed or registered by BOL under these 3 categories.

As of the end of 2011, these regulated MFIs served about 68,000 clients in approximately 2,500 villages (29% of total Lao villages) and had roughly 19,000 borrowers and a total loan portfolio of about \$10 million.

IV. Existing laws and regulations of Lao PDR concerning the issue

In order to promote development of the microfinance sector, BOL set up a 'Financial Institution Supervision Department' (FISD) in late 2010 to oversee microfinance development activities in the country. Moreover, in October 2012 a new decree on microfinance was issued. It consolidates and elevates the previously separate regulations on DTMFIs and NDTMFIs. Among other things, it introduces the opportunity for participation of foreign equity investment. However, it does not specify up to what percentage foreign investors will be allowed to participate in the capital of an MFI. This and some other aspects will be defined in Implementation Guidelines BOL is presently preparing.

V. Challenges/ problems in Lao PDR concerning the issue

Despite some growth in the microfinance sector over the last years, there is still a large unmet demand for financial services in the Lao PDR as the outreach of the existing microfinance providers is still very limited and scattered. It is estimated that only 25% of Lao households have access to some kind of financial services

Moreover, the sector is still weak and faces multiple challenges: Many MFIs deal with high portfolio at risk levels and the capacity of staff as well as the governance level is low. Most MFIs are small in size with limited outreach. Several MFIs haven't reached profitability yet and still depend on donor support. Furthermore, the level of transparency is still weak. There is not enough reliable performance data available which could serve as a benchmark for institutions.

II. General information of Lao PDR

Lao PDR is a land-linked country bordering Myanmar, Cambodia, China, Thailand, and Vietnam. About 6.8 million people live in its 18 provinces, with most people – 68 percent – still living in rural areas. However, urbanization is occurring at a rate of 4.9 percent each year. The country is largely mountainous, with the most fertile land found along the Mekong plains. The river flows from north to south, forming the border with Thailand for more than 60 percent of its length.

Lao PDR's economic growth has moderated in recent years, but remains high, with income per capita reaching \$2,330 in 2017. GDP growth averaged 7.8% over the last decade, with the use of the country's natural resources – mostly hydropower potential, minerals and forests – contributing around one third of this growth. Economic growth remained vibrant in 2017, though slower compared to earlier years. An expansion in power generation, manufacturing, and agriculture was offset by a slight deceleration in investment, slower credit growth, and a drop in tourism. The growth in agriculture, where most Lao workers are engaged, and the recent expansion of labor intensive manufacturing, albeit from a low base, are expected to help in poverty reduction. Growth is expected to further ease slightly in 2018 as current trends continue, before picking up in 2019-2020 supported by increased power generation and growing opportunities in the non-resource sectors from closer regional integration and reforms to improve the business environment.

Despite still being a least developed country (LDC), Lao PDR has made significant progress in poverty alleviation over the past 2 decades with poverty rates declining from 46% in 1992 to 23% in 2015. The country achieved the Millennium Development Goal (MDG) target of halving poverty, however the challenge now is to ensure that all Lao people benefit in the country's development.

III. Overview, background and future trend of the development issue related to the training topic in Lao PDR

The development of microfinance in Laos dates back to the early 1990s when the country opened up and began evolving towards a market economy. The process started with support by multilateral and bilateral organizations for the establishment of village-based credit schemes and revolving funds. Between 1994 and 1996 NGOs followed suit. With donor support the number of credit schemes and revolving funds grew rapidly. By the end of 2011, this non-formal, unregulated sector comprised roughly 4,400 "Village Funds" with a total of about 430,000 members (6% of the total population) and an aggregated loan portfolio of approximately \$37 million.

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Even though there are a few providers of meso-level services (in areas like accounting, auditing, support, training, education, consulting and coaching), the demand for such services still outstrips supply in both quantitative and qualitative terms. And despite the existence of a solid regulatory and supervisory framework, BOL's capacity to effectively regulate and supervise the growing number of MFIs is still limited.

In addition, a lack of awareness on microfinance good practice combined with challenges in improving stakeholder cooperation and coordination are all hampering sector development.

VI. Opportunities/ Way forward in Lao PDR concerning the issue

In Lao PDR, potential demand for such services is very high. Some donors and private businesses, both local and foreign, would invest in Microfinance sector if environment were conducive. Hence, putting in place conducive policies for the private sector would increase emergence and expansion of MFIs. The development of infrastructure and education would also increase access to Microfinance services. A developed rural and microfinance sector could foster savings mobilization amongst Lao people. The Government of Lao PDR is committed to create a supportive environment for the development of a variety of microfinance institutions. Therefore, we see a good opportunity for the sector to grow in the near future.

VII. Expectations from the training course

Upon completion of the course, I expect gain more useful knowledge that will enable me to understand more deeply about the concept of Sufficiency Economy Philosophy (SEP) with regards to the microcredit and community development and find applicable ways to utilize the knowledge gained to my current tasks, which include providing appropriate advices when being consulted by line ministries, district and provincial offices on how to structure the project proposals and/or conduct financial activities so that they are truly beneficial to the communities as well as aligning with the our current National Socio-Economic Development Plan, which the main goal is to graduate from the Least Developed Country (LDC) status by 2020.

Workshop on Microcredit and Sufficiency Economy Development

Malawi



Thailand International
Cooperation Agency

Country Report

Annual International Training Course on "Community-based Microcredit and Sufficiency Economy Development"

Mphatso Mary Magombo
(Malawi/Central Africa)

Ministry of Agriculture, Irrigation and Water Development
Department of Agriculture Extension Services
Salima Agriculture Development Division
Private Bag 1
Salima
Malawi
Central Africa

Workshop on Microcredit and Sufficiency Economy Development

I. Role and Responsibility of the Organization/ Department; - Organization Chart:

Vision and Mission of the Department of Agriculture Extension Services (DAES)

The vision of the Department is that all farmers demand and access high quality agricultural extension services. The vision is in line with the Malawi's Agriculture Extension Policy of *"Toward pluralistic and demand driven extension services"*. The mission for DAES is *"provide demand driven agriculture extension services in partnership with Civic Organization, Non-Government Organizations (NGOs), Private Sector, and Farmer Organization and to promote equalization and coordination in service provision in order to achieve Food, Nutrition and Income Security at both household and national levels there by reducing poverty"*. Therefore, to fulfill its vision, DAES performs the following roles and responsibilities;

Roles of the Department of Agriculture Extension Services (DAES)

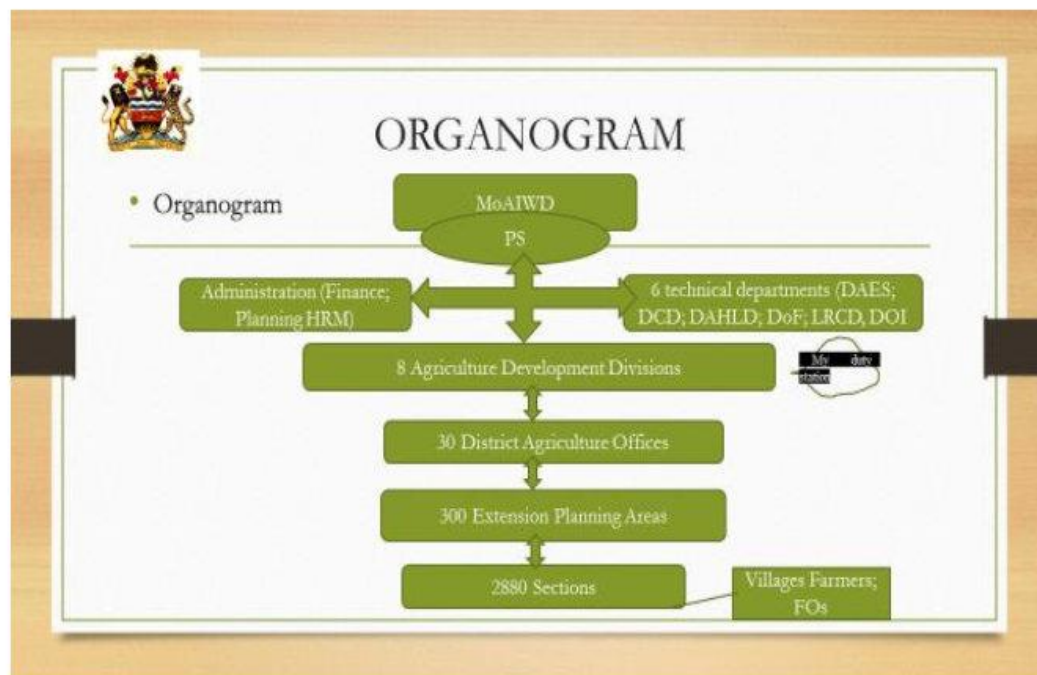
The Department of Agriculture Extension Services (DAES) is a center for technology promotion, dissemination and adoption. It coordinates the extension delivery services in Malawi as it ensures that farmers are reached with extension services. The department has five major branches that implement different activities in a coordinated manner based on annual work plans and budgets. The five technical branches are: Extension Methodology and Systems (EMS), Food and Nutrition (F&N), Agricultural Gender Roles Extension Support Services (AGRESS), Agribusiness Development and Agricultural Communications (ACB). It also has support service units of Administration and Human Resource, Planning, Accounts and Procurement.

Specifically, the priority outputs for Agricultural Extension Services are:

- i. Management of agricultural extension and rural development services improved;
- ii. Delivery of agricultural extension and advisory services improved;
- iii. Development and dissemination of agricultural extension messages improved;
- iv. Business-oriented farmer based organizations increased and strengthened;
- v. Dietary Diversification Promoted;
- vi. Gender disparities, HIV prevalence and AIDS impacts in agriculture reduced.

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ORGANOGRAM



As indicated in the chart, am based at the Agricultural Development Division which is a satellite office of the Ministry of Agriculture, Irrigation and Water Development. Basically am in the Department of Agricultural Extension Services under the Extension Methodology and System Branch which is responsible for effective implementation, monitoring and evaluation of extension approaches, methods and concepts as well as agribusiness activities.

Participant's Designation and Responsibility:

Basically I am working as Principal Agriculture Officer (Extension Methodology) and my responsibilities are:

- Planning, organizing, monitoring and reviewing the implementation of agricultural extension methodologies, systems and approaches in the ADD and formulate strategies for implementation.
- Coordinating the implementation, monitoring and evaluation of agribusiness activities such as promoting saving and lending culture in farmer groups and linkage of farmer groups to financial and marketing service providers.

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- Participating in the formulation of agricultural extension strategies and ensure their effective implementation.
- Formulating, interpreting and reviewing agriculture extension approaches and concepts and formulate strategies for implementation.
- Providing technical guidance on planning and implementation of agricultural cooperatives as well as extension approaches, methods and concepts in the ADD to ensure their relevancy and sustainability.

II General information of your country/territory . Briefly introduce your country/territory.

Malawi, a landlocked country in Central Africa is bordered by Tanzania, Zambia and Mozambique. Malawi defined topography of highlands split of the Great Rift Valley and enormous Lake Malawi. Malawi's population is estimated to be 18,570,000 according to National statistical office demographic survey 2016 report and a growth rate of 2.6% and 85% of its population live in rural areas. Malawi has 30 districts and the capital city is Lilongwe. Land area is 118, 484Km of which 24,400km is water (lake Malawi). The terrain is narrow elongated plateau with rolling plains, rounded hills and some mountains. Malawi has Sub-tropical climate such that rainy season (November to May) and dry season (May to November). The commonly official languages are Chichewa and English and Life expectancy is 52 years.

The Malawi Government places highest priority on the agriculture sector due to its critical contributions towards socio-economic development and livelihoods of the population.

Government recently (2016) developed the National Agriculture Policy (NAP) to provide clear and comprehensive policy guidance in agriculture development. The policy provides clear direction and guides all players towards addressing challenges in the agriculture sector and increasing production, productivity and farm incomes. The NAP has been aligned to Sustainable Development Goals, Malawi's Vision 2020 and the Malawi Growth and Development Strategy III, which are the overarching long-term and medium-term development strategies, respectively. This policy sets out the agricultural transformation agenda by providing guidance through a process by which individual farm households shift their agricultural related activities from subsistence-oriented towards more specialized and market-oriented production hence emphasis on



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community based microfinance programmes. The Government has consequently prepared the National Agriculture Investment Plan (NAIP) to operationalize the NAP by guiding investment focus in the sector to accelerate agriculture transformation, economic growth and poverty reduction. However, successful implementation of the NAIP will entail close coordination and collaboration between stakeholders and proper harmonization of investments and alignment of programming.

III. Overview, background and future trend of the development issue related to the training topic (i.e. CSR in practice) in your country/territory. Describe overview, background and future trend of the issue in your country/territory.

Sustainable economic growth is key to poverty reduction and improvement in the living standards of Malawians. However, in many developing economies like Malawi, lack of savings and capital make it difficult for many poor to engage in self-employment, farming and undertake productive employment-generating activities. Therefore, as a strategy, of poverty alleviation, one of the development objectives in MGDSIII is to create a vibrant, efficient, stable and inclusive financial sector to ensure that financial needs in the country are met. As such Microfinance has become an important instrument for poverty alleviation and offering financial services to the poor on various scales. The main goal of microcredit programs in Malawi is to compensate for the inadequacies of regular financial institutions by providing small loans in nontraditional economic sectors and alleviate poverty. In addition, Community Based Micro Finance programmes are important in Malawi because they provide small loans to help farmers or agricultural cooperatives obtain new technology, thereby expanding production.

In Malawi, micro finance programmes are multi sectoral, community centred due to financial reforms and the decentralized system of government. In particular, the financial reforms have allowed for integrated community based and people centred programmes using the multisector micro finance approach to ensure that these financial services are sustained. Among them are the Non-Governmental Organization (NGOs) micro-credit programs that strengthens the structure of financial institutions by helping them to achieve financial soundness and increase their outreach. In addition, Cooperative programs with nongovernmental institutions that extend microcredit also help to expand service and increase the depth of support to the underprivileged.

It should be noted that approximately 85% of Malawi population live in rural areas and depend on farming such that community based microfinance schemes are important if to boost agriculture production through provision of grant, loans and other services. As stipulated in MGDS III increased access to credit targeting farmers and small and medium business enterprises and increased saving opportunities; and enhanced consumer effective financial education is key in community based microcredit. In order to achieve meaningful

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development Malawi government is implementing developmental programmes in line with Sustainable Development Goals(SDGs) and the MGDS III under the theme “*Building a Productive, Competitive and Resilient Nation*”. This strategy therefore focuses on quick win interventions that have immediate and strong multiplier, synergistic and leverage linkages to other areas.

To ensure that the assistance resources would indeed reach the hands of the poor, the organization created special microcredit programs and agricultural and industrial microcredit projects such as provision of farm input credit, provision of credit for income generating activities, food for work programmes and public works employment programmes. Flexible repayment procedures and reasonable interest rates are features of the program. Therefore, with improvements in the policy environment, the Malawi Microfinance Network (MAMN) has been established as a formal association of microfinance institutions with the objective of developing, promoting, coordinating and regulating micro finance activities among member institutions. Other clients use financial services to manage emergencies, acquire household assets, improve their homes, smooth consumption, and fund social obligations. The services go beyond micro credit to include savings and transfer services. Although most microfinance institutions are far from achieving financial self-sufficiency, there is evidence that poor households participating in micro-credit programmes are benefiting in terms of positive effects on incomes and poverty

However, although the increase in micro credit programmes has been remarkable since the microfinance industry in Malawi is in its infancy stage, relatively underdeveloped, and operating with limited outreach. Especially, most of these microfinance institutions are operating within geographic areas, thereby making financial services not accessible to the poor universally. Consequently, the financial sector reforms of the 1990s aimed at deepening financial markets and improving financial intermediation have had little impact on the rural population, which is mostly engaged in agricultural activities. This also means that the demand for microfinance services has not been met by the existing major government owned players.

IV. Existing laws and regulations of your country/territory concerning the issue (if any)

After noting that microfinance is the way forward to increase access to credit and savings by the poor, The Government of Malawi Cabinet Approved Microfinance Policy and Action Plan in 2002. Following the policy, the Malawi Microfinance Network was formed which is tasked with disseminating best practices and, when sufficient capacity levels are reached, to regulate the industry. The plan aims at creating an environment that would facilitate and encourage the adoption of universally acknowledged best practices by the sector. Such a regulatory framework is to ensure that Micro Finance Institutions (MFIs) are operationally and financially sustainable for

Workshop on Microcredit and Sufficiency Economy Development

the long term benefit of clients. The microfinance sector is currently regulated by an array of legislative instruments. The parastatals usually have a specific Act to guide their activities, while the NGOs are registered under the Trustees Incorporation Act. The companies are registered under the Companies Act, MUSCCO under the Cooperative Societies Act, and the commercial banks under both the Companies Act and the Banking Act.

Most of these instruments are difficult to administer since they are outside the jurisdiction of the Reserve Bank Malawi (RBM), which is the formal regulatory authority for the financial services sector in Malawi. However, there are no serious legislative issues to impede entry of more players into the microfinance sector or for the existing microfinance players to transform into main stream banks. However, certain laws should be revised immediately to help the business of microfinance; for example, the Bill of Sales Act should be amended to allow shares, interest in real estate, and livestock to be used as security. In addition, to ensure that community based intervention are implemented in Malawi, the Government uses decentralized laws which are emphasizing people centered approach to rural development.

V. Challenges/problems in your country/territory concerning community based microfinance programmes

Most of these institutions operate localized and targeted programmes, and very few are operating at a national scale. Microfinance institutions in Malawi are largely unregulated and their programmes are not coordinated and accessibility to their services is not universal to the poor. In addition, the experience of Community Based Financial Institutions reveals the need to update or remove certain provisions in specific laws which impede the activities of microfinance. In particular, loans for SMEs are secured using chattels though interests in real estate, shares, movable assets and livestock cannot be used as security under the Bills of Sale Act. This Act has a provision which gives a defaulting debtor five additional days before collateralized chattels are removed to be sold to settle a bad loan. The debtors can use this period to delay the enforcement of the security by obtaining a court injunction.

Despite being agro-based country, there is no law that allows Bank to lend to some rural based MSEs who offered their land as security because land in such areas is untitled and thus cannot be used as security for a loan. The bank has experienced significant delays in perfecting mortgages as security for certain loans since such loans require the consent of the Minister of Lands under the Land Registration Act. Further, though not seriously pursued by the authorities, the Business Licensing Act prohibits the activities of hawkers and peddlers, the main clients of MFIs. Nonetheless, to a large extent, secured transactions can be supported by the existing legal framework.

Intervention in microfinance that provides micro credit at heavily subsidized rates and emphasis on the distribution of credit to the poor using institutions that had no experience

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in channeling financial resources negatively impact on community based micro finance programmes. These initiatives destroy the microfinance market, which should be driven by market forces. Typically loan proceeds from these government initiatives are used for consumption of other products and services as opposed to the growing or starting of a business. This destroys the loan repayment culture in Malawi as loan recovery procedures are not seriously enforced.

VI. Opportunities/ Way forward in your country/territory concerning the issue Identify biggest opportunity/way forward and how they can be facilitated and supported.

However, according to AMAP (2004), the most urgent need will be to professionalize the MFIs so that they have appropriate governance structures and sound risk management procedures, including effective management information systems and quality external audits. Since the industry is underdeveloped, self-regulation is not an option. Therefore, it is necessary to build the RBM's capacity to be able to regulate and supervise the industry because of the unique nature of microfinance before developing the new regulatory framework.

These challenges mean that self-regulation, which is generally less expensive than government regulation, is not an option for the time being. Self-regulation requires the existence of good governance and risk management systems in the industry which do not yet exist. Nonetheless, the Network can be used to spread awareness of key features of microfinance, help integrate MFIs into mainstream banking, and help disseminate microfinance best practices.

Another challenge in the development of the regulatory framework is the apparent conflict of interest by government as noted above. Its loans are heavily politicized and subsidized. These are the very things that destroy competition which is necessary for the growth of any industry. Besides this, the macroeconomic and political environments are not stable enough at the moment to ensure the development of a supportive infrastructure to deepen rural outreach, as communication infrastructure and personal identification systems remain underdeveloped.

VII. Your exposures related to the selected training course (if any)

- Inform us if you attend similar training courses relevant to the issue.

Your understanding about the issue (what you perceive, experiences and idea).

I have never been exposed to this type of course before. But the community based microfinance initiatives are importance as far as development and poverty alleviations programmes is concerned. However, there is need to properly formulate procedures so that the loans credit are used for intended purposes. In particular, most of the beneficiaries community based microfinance programmes should be demand driven and people centered. Added to that beneficiaries should have business plans to guide them in the day to day

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operation of business or enterprise they are embarking to ensure that the loan/ credit meet the intended purposes. My experience has shown that if beneficiaries have business plans they ably utilize the loan. Further to that, there is need to harmonize procedures on provision of credit, and who to be the beneficiaries. Because experience has shown that if targeting moderate poor and vulnerable, there is a positive impacts on income, production, and employment, particularly in the rural non-farm sector. However, it should be noted that in other circles, loans have little impact on borrowers when self-selection and endogenous program placement biases are corrected and conclude that ignoring these biases significantly overestimate the impact of micro-credit on the livelihoods of borrowers.

It has been observed that most micro-credit programmes reach clients just above or just below the poverty line and expanding the client base to poorer households remains a challenge such that appropriateness of micro-credit as a strategy for poverty reduction in the case of the poorest people is questionable.

VIII. Expectations from the training course

My core responsibilities revolves on community development for sustainable food, income and nutrition security. Basically, as a ministry of agriculture, irrigation and water development in Malawi we facilitate formation of income generation groups and also promotion of farming as a business so that communities have a source of income. Such that the knowledge gained will assist in promoting intervention as per Thailand experience and sustainable development goals on zero to hunger, no poverty, gender equality, reduced inequality.

In addition, basically all the participatory rural development approaches that I use as a rural development and extension expert, promote human development as most of the interventions being promoted are demand driven and community centered. Therefore, with the experience of Sufficiency Economy Philosophy (SEP) that I will gain in Thailand and the people centered development will incorporate the knowledge to Malawi situation as my participation to that training course will add value to my knowledge. Therefore, this in turn will assist in promoting sustainable development in Malawi

Mauritius

Country Report-Mauritius

Mauritian National Flag



Training Programme on Community-based Microcredit and Sufficiency Economy Development

by

Sabeer Sk Heerah

Cooperative Officer

Ministry of Business, Enterprise and Co-operatives

Republic of Mauritius

Workshop on Microcredit and Sufficiency Economy Development

Introduction

MINISTRY OF BUSSINESS, ENTERPRISE AND CO-OPERATIVES (CO-OPERATIVES DIVISION)

OUR VISION

A conducive legal and institutional framework for a rejuvenated, engendered and inclusive cooperative movement for the sustainability of a sound economic and social environment facilitating business development.

OUR MISSION

To facilitate the promotion of diversified, emerging and innovative cooperatives and involve more young persons and women in the development, consolidation and advancement of the cooperative movement.

VALUE STATEMENT

‘We are committed to provide quality services to both our internal and external customers by continuously improving our systems and procedures and creating the necessary climate for sustainable development. We are guided by the Nine Cooperative Values and Seven Cooperative Principles.’

ROLE AND RESPONSIBILITY OF A COOPERATIVE OFFICER







-  assisting in the formulation, monitoring and evaluation of Co-operative projects;
-  performing current audit, supervising and controlling accounts for statutory annual audit of Co-operative Societies;
-  attending and conducting both committee and general meetings;
-  review of internal control system and compilation of statistical returns;
-  assisting and participating in the organization of workshops, conferences and events;
-  examining of estimates of income and expenditure and loan requirements.

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1. General information on Republic of Mauritius

The Republic of Mauritius is a group of islands in the South West of the Indian Ocean, consisting of the main island of Mauritius, Rodrigues and several outer islands located at distances greater than 350 km from the main island.

Mauritius on the World Map



Mauritius has been successively a Dutch, French and British colony. It became independent of Britain on 12th March 1968 and acceded to the status of Republic within the Commonwealth on 12th March 1992. The country has a Westminster type of Parliamentary government. The official language is English, but French is widely spoken.

The population, estimated at 1.3 million, comprises Indo-Mauritians, General population, i.e, people of mixed European and African origin and Sino-Mauritians. The islands of Mauritius and Rodrigues, with a total area of 1,969 sq km, have an overall population density of 649 persons per sq km. About 43% of the area is allocated to agriculture, 25% is occupied by built-up areas and 2% by public roads; the remaining consists of abandoned cane fields, forests, scrub land, grasslands and grazing lands, reservoirs and ponds, swamps and rocks.

The climate is sub-tropical. The average mid-day temperature on the central plateau varies from 22°C in August to 28°C in January. Near the coastal regions, temperatures are about 4-5°C higher.

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Map of Mauritius



During the past thirty years, the Mauritian economy has diversified from a sugar-cane mono crop economy in the 1970's to one based on manufacturing (mainly textiles and garments) and tourism in the 1980's. Global business (offshore) and Freeport activities have also been growing continuously since the mid-1990s.

Mauritius is pursuing a multi-pronged development strategy based on a liberal and open investment policy in order to achieve sustainable growth in a fast globalizing world economy.

The country offers excellent business opportunities in the following industry sectors:

- Agro-industries, Creative Industries
- Industries, Financial Services,
- Healthcare and Medical Travel,
- Hospitality and Property Development,

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- Information Technology and Business Process Outsourcing
- Logistics and Distribution Services, Manufacturing and Light Engineering
Renewable Energies and Environment
- Seafood and Aquaculture

2. Key Economic Figures on Republic of Mauritius

| Key Figures | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| GDP Growth Rate | 3.2 % | 3.5% | 3.0% | 3.8% | 3.9% |
| Budget Deficit (% of GDP) | 3.7% | 3.2% | 3.5% | 3.5% | 3.5% |
| Public Sector Debt | 54.8% | 54.2% | 54.2% | 65.0% | 64.8% |
| Unemployment Rate | 8.0% | 7.8% | 7.9% | 7.3% | 7.1% |

3. Micro credit practices in Mauritius

Access to finance has always been one of the most challenging aspects for SMES. The high cost of credit is dangerously stifling the drive of entrepreneurs, threatening the growth, profitability and competitiveness of SMES.

The main sources of financing are:

- SME Financing Scheme
- Equity Participation in enterprises
- Micro Credit Loan Schemes
- Quasi Equity Financing Scheme
- Cooperative Credit Unions
- Business Development Scheme
- Scheme for the Agricultural Sector

4. The Co-operatives Model as an enabler of Micro Credit.

History of Co-operative Movement in Mauritius

Mauritius adopted the Co-operative formula at the dawn of the 20th century to uplift the plight of the poverty-stricken section of the population.

The first Co-operative Credit Societies were set up in 1913 to reduce the dependence of the small planters engaged in the sugar sector on private money lenders and brokers. These Co-operative Societies were established to provide credit and marketing facilities to the small planters.

People recognized the potential of Co-operatives in enabling them to improve their standard of living and moving up the social ladder. With time, Co-operatives diversified and after 97 years of existence, the movement has expanded considerably and today, it encompasses numerous fields of economic activities. There are more than 30 different socio-economic activities which are serviced by single and multi-purpose Co-operatives.

Co-operatives in Mauritius and Rodrigues consist of about 89,000 members, grouped in some 1,143 Co-operative Societies, having a turnover over Rs 5.5 billion and engaged in 40 different socio-economic activities.

Co-operatives are most commonly found in the agricultural sector, where Co-operatives are playing an important role in the production of sugar, vegetable, fruits, milk, meat and fish. Other sectors where Co-operative Societies can be found are the financial sector (savings and credit co-operatives), transport sector (bus-owners co-operatives), retail sector (consumer stores), and handicraft.

The Co-operative Credit Unions(CCUs) is one of the most performing and promising sectors in our Co-operative Movement. Co-operative Credit Unions are playing a very important role in fostering the saving culture in the country and making credit more accessible to their members in helping them to build their houses, providing education and other social and economic necessities to their families. Thus, CCUs have assisted in the socio-economic upliftment of their members.

In Mauritius, there are some 160 Cooperative Credit Unions registered at the level of private companies, parastatals, Ministries, hotels, educational

Workshop on Microcredit and Sufficiency Economy Development

institutions, religious bodies and at community level. The total number of members is around 76,000, with loans issued nearing Rs. 2 billion.

Objectives and Advantages of CCUs

The main objectives of a Co-operative Credit Unions are:

- to encourage savings by making saving facilities available to members;
- to create a source of credit for members for provident and productive purposes at reasonable rates of interest; and
- to provide opportunity for members to use and control their money for their mutual benefit.

Advantages of Securing a Cooperative Credit Union Membership

- Loans (the ceiling is fixed by the Managing Committee subject to the approval of the general assembly).
- Shares can be deposited and withdrawn at any time.
- Competitive interest rate on loans (1% per month on outstanding balance).
- Interests deductible from Income Tax through Life Insurance Policy.
- Dividends payable on shares.
- Free total and permanent disability benefit.
- Safe place to save any small amount of money.
- Members are covered by free life insurance.
- Members are covered for accidents and disability.
- Members receive interest on their savings.

Credit Unions operate through a set of principles founded in the philosophy of cooperation and values of equality and mutual self-help. These principles focus on both the social and economic well-being of their members and the communities they serve.

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5. Existing Laws and Regulation concerning Micro credit finance

The Co-operative Act 2016

Co-operatives in Mauritius falls under the aegis of the Ministry of Business, Enterprise and Co-operatives (Co-operatives Division) and are governed by the Co-operatives Act 2016.

Co-operative Societies in Mauritius are autonomous organizations. Any Co-operative Society may be formed with at least five members and a minimum share capital of Rs 5,000.

The Co-operative Societies are owned and managed by their members. The Board of the Co-operative is elected by the members at the Annual General Meeting of the society.

No separate money lender licence needed as Co-operatives are exempt under Moneylenders Act

Major Incentives provided to Co-operatives under the Act

Fiscal Incentives

- No stamp duty levied:
 - (i) on an instrument executed by the co-operative society
 - (ii) on an instrument executed by a member in relation to business transacted with the society, in accordance with its rules.
- No fee payable by any Co-operative Society under any enactment relating to registration dues, transcription or inscription fees, except on deed of transfer witnessing the transfer of a motor vehicle.
- Dividend from a cooperative society is exempted from income tax.

Free Audit services

Audit and supervision free of charge for co-operative societies whose revenue does not exceed Rs 1 million in the case of a co-operative credit union.

Education and training

- Provision of education and training, especially in the field of co-operative management to members of co-operative societies.
- Guidance and technical consultancy services

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- Guidance and technical consultancy services to co-operative organizations for the implementation of their plans and projects

6. Challenges facing Micro Credit and Co-operatives

In this modern world, the only thing that remains constant is change. Co-operatives are no exception to this rule. Co-operatives have to work hard in order to survive and to continue in its endeavour to facilitate micro credit financing in Mauritius.

The dismantling of preferential trade agreements coupled with the ever-increasing world competitive demands for a strategic re-engineering of the way co-operative business is traditionally done.

Recent analysis has revealed that most co-operatives in Mauritius have a lack of capital, are archaically managed, have little or no strategic planning, suffer from poor leadership, have low productivity, lack of rigorous control mechanism, have a meagre participation of co-operators, amongst others.

The keys to opening the doors of success of co-operatives in the future reside in internal structural adjustments, the recruitment and training of fresh blood into the co-operatives, financial autonomy, learning the new techniques of modern management, business efficiency, the formation of co-operatives in new sectors, the creation of co-operatives by women and youth and appropriate human resource policies and programmes to be adopted by Co-operatives.

Formulation and implementation of innovative projects to achieve the Sustainable Development Goals focusing on poverty alleviation.

7. Opportunities to relating to Micro Credit

A lot of progress has been made by Co-operatives in the provision of Micro Credit. However, the Co-operative Sector has to put in more effort to keep pace with the overall economic development of the country.

The strategies of the Ministry are geared towards consolidating and developing the Co-operative Movement, and the empowerment of Co-operatives and Co-operators.

The future strategies are as follows:

- Empowerment of cooperatives through capacity building.
- Human Resource Development Programmes for cooperatives.
- Guidance to cooperatives for the implementation of their projects.

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- Promotion of the concept of ‘cooperatives’ and the use of cooperative form of business as a viable organizational option.
- Ensuring a legal framework conducive to the development of the cooperative sector and adherence to the cooperative legislation.
- Providing co-operators and co-operatives with a wider access to markets.

8. Expectation from Training Course

As a part of my duty as Cooperative Officer, I have to assist in formulating, monitoring and evaluating projects and support management to work on action plan / strategies/sectorial analysis for the upliftment of the Co-operative Movement.

The course will benefit me as follows:

- Broaden my knowledge of the Micro Credit Financing which is a key challenge for the SMEs/ cooperatives sector growth.
- Enable me to learn on the practices of Micro Credit in other countries and build networks with other participants.
- Help me to be more efficient /effective to work out strategic plan for the Co-operative Credit Union Sector as an enabler of Micro Finance in Mauritius.

Workshop on Microcredit and Sufficiency Economy Development

Myanmar

Country Report Template

1. Introduction

Annual International Training Course on "Community-Based Microcredit and Sufficiency Economy Development".

I'm Ms Khin Cho Mar Win, Staff Officer , Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation from Union of Myanmar.

Union of Myanmar, Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation, Kayah State. Currently my work at Kayah State Department of Rural Development.

Role and Responsibility of the Organization / Department

Accordance with the Sustainable Development Goals, DRD aims to improve the socioeconomic development of rural populace.

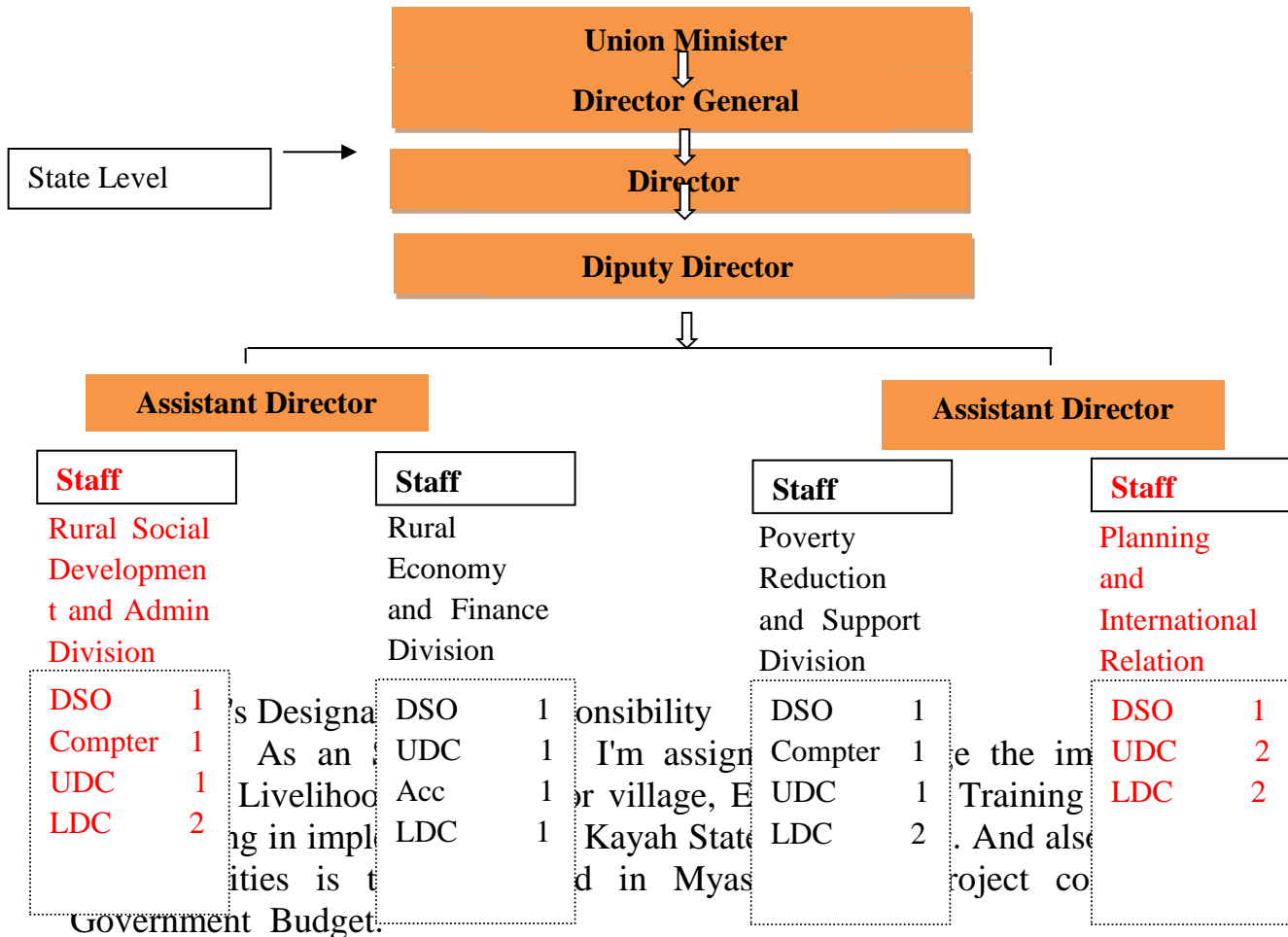
DRD is taking responsible to;

1. In 2030, at least one major road used for all seasons will be constructed in each village. Moreover rural productive roads and bridges development strategy will be development and implemented.
2. To implement the availability of rural drinking water plans which will bring about benefits to locality.
3. DRD will transfer technology and give to access to knowledge in regard with the availability of purified drinking water.
4. According to National Electrification Plan, rural electrification regard with the availability of rural electrification out of principle grip line Area.
5. Private sector will be involved and cooperated in rural electrification activities.
6. The necessary procedures, rules and regulations for rural electrification sector will be established for the improvement of mini grid.
7. Rural housing and latrines damaged by emergency situation and natural disaster will be reconstructed for rural community.
8. Social infrastructure will be facilitated to improve in rural area by practice in people centered approach community driven approach.
9. To enhance livelihoods and incomes generation activities of rural people by establishing the revolving fund.
10. DRD will conduct vocational training to support enhancing livelihood and income generation.

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11. Plans will be implemented for the development of human resource, technology and research..

Organization Chart



II General information of My country / territory

My country is the Union of Myanmar. It is also called the land of golden pagodas. The neighbouring countries are Laos and Thailand in the east, china in the north and India and Bangladesh in the west. Its area is about 262000 square miles and it is the second largest country in Southeast Asia after Indonesia. It has a population of about 52 million.

Myanmar is divided into seven states and seven division. There are altogether 135 ethnic groups, living in unity. It has a hot wet climate. It is colder in the north than in the south, and the central region is dry. Myanmar is an agricultural country. We grow rice and crops the whole year round and export rice, beans, prawn and fishes. The four important rivers are the Ayeyarwady, the

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Chindwin, the Thanlwin and the Sittaung. They are a great help in transportation and make it possible to grow different kinds of crops. Many areas of the land are covered with forests. Therefore it is also a major exporter of timber and wood products. It is rich in natural resources such as gas, gold, jade, ruby and other precious stones. The capital of Myanmar is Paypyitaw there are heads of Department there. The great Shwedagon is in Yangon, Mandalay is the second largest city and the last capital of Myanmar kings. Bagan is the most famous place with thousands of pagodas. Most of the people are Buddhists and there is no town or village that does not have a pagoda.

The Myanmar are kind, hospitable and generous. There are many scenic places and pleasant beaches which are very attractive for tourists. For the above reasons, I love my country and I am proud of being a Myanmar citizen.

III Overview, background and future trend of the development issue related to the training topic

Myanmar is composed of 14 State/Regions, 73 districts, 330 townships and 63899 villages. Seventy percent of people are still living in rural area. Also the 29 percent of the rural population in the other words 10.5 million of the total population are living below the poverty line. The Department of Rural Development under the Ministry of Agriculture, Livestock and Irrigation has been implementing the Evergreen project (Myaseinyaung) to create the job opportunities, increase the income and to fulfill the nutrition through since 2014-2015 fiscal year. 915128 households of 8057 village units in 15 State/Region received the credit amount 266087 million MMK until April, 2018. Those households received the interest 72677.742 MMK on the lending amount of 266,087MMK at April, 2018. Currently, the certain amount 10184.971MMK out of the total receiving interests has been spending for fulfilling the basic needs of the villages through the community driven development approach.

Union of Myanmar

Myaseinyaung Project contributed by Government Revolving Fund

| No | State/ Division | Villages (Units) | HH | PPL | Revolving Fund (Million MMK) | | Interest (MMK) |
|----|--------------------|---------------------|-------|--------|----------------------------------|-----------|-------------------|
| 1 | Naypyitaw | 84 | 14952 | 104664 | 2857.142 | 4494.386 | 744.006 |
| 2 | Kachin | 317 | 32224 | 225568 | 11835.938 | 21203.415 | 3441.675 |
| 3 | Kayah | 83 | 6158 | 43106 | 2698.095 | 5666.806 | 693.049 |
| 4 | Kayin | 260 | 19443 | 136101 | 8385.283 | 11726.397 | 1733.408 |
| 5 | Chin | 196 | 14182 | 99274 | 6377.130 | 9946.391 | 1182.231 |

Workshop on Microcredit and Sufficiency Economy Development

| | | | | | | | |
|----|--------------|-------------|---------------|----------------|-------------------|-------------------|------------------|
| 6 | Saging | 786 | 110776 | 775432 | 28770.716 | 43232.831 | 8447.499 |
| 7 | Thanintaryi | 148 | 13166 | 92162 | 5126.210 | 10664.701 | 1304.642 |
| 8 | Bago | 862 | 121170 | 848190 | 26335.945 | 64098.898 | 7738.503 |
| 9 | Magway | 658 | 81669 | 571683 | 22482.546 | 38621.052 | 6209.060 |
| 10 | Mandalay | 692 | 98196 | 687372 | 25242.065 | 38785.718 | 6087.039 |
| 11 | Mon | 128 | 14024 | 98168 | 4581.769 | 9929.011 | 1125.758 |
| 12 | Rakhine | 494 | 57273 | 400911 | 16478.144 | 28244.792 | 3952.691 |
| 13 | Yangon | 265 | 42122 | 294854 | 8707.419 | 22383.036 | 3141.132 |
| 14 | Shan | 1577 | 11834 | 829038 | 54557.390 | 82547.267 | 12976.169 |
| 15 | Ayeyarwady | 1507 | 171339 | 1199373 | 41651.739 | 97957.162 | 13900.609 |
| | Total | 8057 | 915128 | 6405896 | 266087.531 | 489501.863 | 72677.471 |

source : Head Office

Union of Myanmar

Myaseinyaung Project contributed by Government Budget (Kayah State)

| No | Financial Year | Township | Units | Wards / Villages | Revolving Fund (Million) | Remark |
|----|----------------|----------|-----------|------------------|--------------------------|------------|
| 1 | 2014-2015 | 7 | 16 | -/21 | 480.000 | MMK |
| 2 | 2015-2016 | 6 | 32 | 3/47 | 960.000 | MMK |
| 3 | 2017-2018 | 1 | 20 | -/29 | 600.000 | MMK |
| 4 | 2018-2019 | 4 | 15 | 1/24 | 450.000 | MMK |
| | Total | | 83 | 4/121 | 2490.000 | MMK |

source : Collected Township Data

The major objectives of MyaSeinYaung Project are as follow:

- (a) To alleviate poverty rate of rural areas through creation and increment of job opportunities and family's income.
- (b) To ensure food security and nourishment through doing the tasks of regular family livestock breeding.
- (c) To be able to implement requirements and tasks of the village development by the respective village itself with the increasing money that is distributed by the organization agreed interests in the Revolving Fund System.
- (d) To promote the capabilities of rural people and emerge social organizations that can effectively respond, in case the unexpected natural disasters appear.

IV. Existing Laws and regulations of my country/territory concerning the issue

Workshop on Microcredit and Sufficiency Economy Development

- (a) Not-loss revolving fund of KMK. 30 million is capitalized from the State's budget for the project-tasks village.
- (b) In choosing villages, to merge 2, 3 and 4 villages that have 80 households or less than them, poor villages, villages that possess rule of law, and villages not having 80 households, but convenient for the project, will be in one unit.
- (c) To directly remit the Revolving Fund to Village Committee.
- (d) Depending on the numbers of villages' households, to form a Supervising Committee for the Fund, in which the total of 7 or 8 or 9 or 11 members: one Chairman, one Secretary, and 5 or 7 or 9 members shall be elected by the village folks.
- (e) In disbursing the loans from the Revolving Fund to the villagers, the interest rate agreed by the committee which is within from 0.5% to 1.5%, shall be Fixed. Any necessary regulations can be amended and fulfilled by the agreement of the committee.
- (f) Not allow to disburse the loans for the tasks that can affect the natural environment.
- (g) The Committee must be reformed after the completion of 3-year project. To carry out development measures with the amount from 50% of the interests in the fourth year, only when total Ks. 10 million is collected for interests within last 3 years.
- (h) The project village and Supervising Committee for the Fund are to impound or suspend part of the fund or all; or take action with existing law if convicted that performance of individual or an organization can affect the unity, misappropriation of the fund and financial malpractice, not repaying of disbursed loans and interest-gained money.

V Challenges / problems in my country/territory concerning the issue

- (a) Villagers are poor in basic educational qualification.
- (b) Depending on the population of each ethnic group in the village, they desire to manipulate to others.
- (c) When the departmental officials go to the villages and instruct how to use statistics, how to organize people and go for field visit; the messages they want to share do not reach to the target due to local language barriers.
- (d) Although villagers show their interest in the Project Revolving Fund, they are less interested in documentation through the formation of committee and committee members are weak in unity.
- (e) No differentiation for "Equality and Equity" in lending the project fund.

Workshop on Microcredit and Sufficiency Economy Development

VI Opportunities/Problems in my country/territory concerning the issue

- (a) Villagers are able to manage the projects and management of finance.
- (b) Villagers are able to manage the community task through knowing their needs by themselves because of allowing to use the receiving interest for local development tasks.
- (c) Villagers are able to branch/diverge from villagers' traditional business (example- farm, livestock) and increase the value of production through more investment.
- (d) Villagers borrowed a loan from private creditor with high amount of interest for doing a business before the Myaseinyaung project. However villagers can reduce their burden because of low amount of interest on the other side they could increase their value of production.

VII My exposures related to the selected training course

I would like to say that your training programme will be great benefit to not only my capacity development but also the well-being of our Myanmar people. That "Community-Based Microcredit and Sufficiency Economy Development" is one of the essential courses. To implement a project, the need of hardware can be seen and supported easily but not for the software. Therefore, Trainers should provide an effective training for fulfilling hardware needs which are easy to complete and software needs which are difficult to see but those are concerning with the weakness of trainees. Especially, the trainees also have to learn enthusiastically for their countries and local development.

VIII Expectation from the training course

I firmly believe that your offered program will be of great help to increase my capacity and knowledge in my field. After acquiring the courses imparted by your program, what I would like to do first and foremost is that I am going to share my experiences and knowledge among my colleagues and rural people through conducting capacity building programs. Secondly, I am going to intergrate the acquired concepts and theories into our project operation manual, adjusting to our country's situation. Thirdly, I am going to apply those concepts at field level, in line with the intergrated implementation strategies for better implementation of the projects and mixinizing the projects benefits to rural people.

Workshop on Microcredit and Sufficiency Economy Development

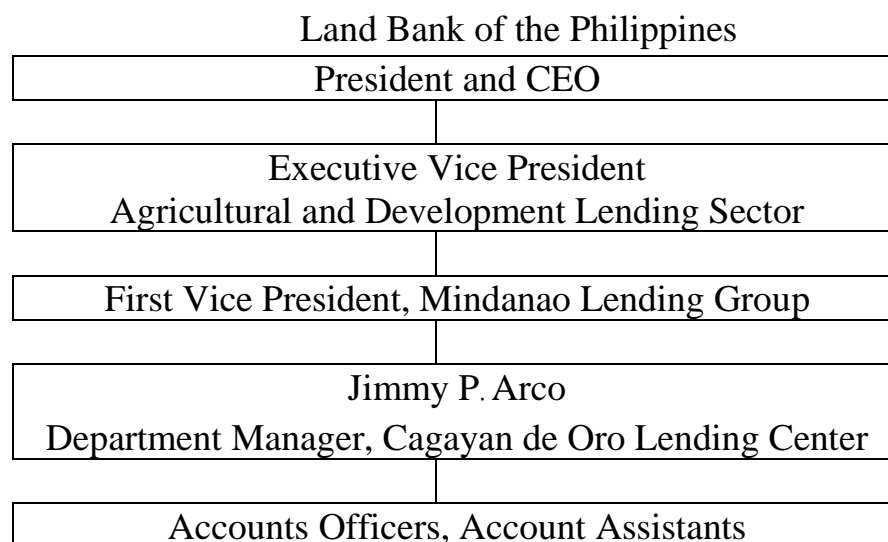
Philippines

COUNTRY REPORT

I. Introduction

| | |
|--|---|
| Name of the Training Course | Workshop on Microcredit and Sufficiency Economy Development |
| Name of Participant | Jimmy Polito Arco |
| Name of Country/Territory | Philippines |
| Name of Organization/Department | Cagayan de Oro Lending Center, Land Bank of the Philippines |
| Roles and Responsibility of the Organization/Department: | Middle Management, handles direct lending operation to SMEs and Micro Enterprise |
| Organization Chart | Please see chart below |
| Participant's Designation and Responsibility | Department Manager/ Lending Center Head of Cagayan de Oro Lending Center consisting of 13 teams of Account Officer/Account Assistant covering 4 provinces including Marawi City |

Organization Chart:



II. General information of your country/territory

Philippines is composed of 3 big islands: Luzon, Visayas and Mindanao. It has a population of more than 100 million Filipinos with 15% poverty.

Workshop on Microcredit and Sufficiency Economy Development

III. Overview, background and future trend of the development issue related to the training topic

Land Bank of the Philippines has been ordered by President Duterte to implement a direct-lending scheme to small farmers and fishers within the year. Microcredit is the most appropriate model to implement this program.

IV. Existing laws and regulations of your country/territory concerning the issue

Republic Act 8791 or the General Banking Act allows Banks to engage in microfinance. Another law, Republic Act No. 6977, requires Banks to set aside 6% of its total loan portfolio to small and micro enterprises. And Republic Act No. 10693 which authorized non-government organizations to engaged in microfinance operations.

V. Challenges/problems in your country/territory concerning the issue

1. Despite the existing laws and regulations on microfinance, the micro-enterprise development strategy per microfinance institutions differ although based mostly on the Grameen experience in Bangladesh. This resulted to multiple loans to micro borrowers.
2. Less developed microfinance programs, products and services. This maybe the result of absence of credit bureaus and low control of the government on microfinance institutions.
3. Lack of technical and marketing support to microfinance borrowers resulting to successful microfinance institutions' operation but poverty incidence in the country remains at 15%.

VI. Opportunities/Way forward in your country/territory concerning the issue

The new direct lending scheme of the Land Bank of the Philippines to small farmers and fishers will be a great opportunity to alleviate the poverty incidence of the country.

VII. Your exposures related to the selected training course

Workshop on Microcredit and Sufficiency Economy Development

Land Bank of the Philippines is a 100% Philippine government owned and controlled corporation mandated to assist the small farmers and fishers. As Head of a lending unit of the Bank, undersigned has been extending loans to these small farmers and fishers for more than 20 years.

VIII. Expectations from the training course

1. To learn new techniques on appropriate and viable community-based micro credit or microfinance projects to alleviate poverty.
2. To know of readily doable microfinance model applicable to small farmers to undersigned coverage area under the direct-lending scheme.

Workshop on Microcredit and Sufficiency Economy Development

Uganda

I. INTRODUCTION

- **TRAINING COURSE:** Community-based Microcredit and sufficiency Economy Development
- **NAME OF PARTICIPANT:** Agripina Bamwine
- **NAME OF COUNTRY:** Uganda

- **NAME OF ORGANISATION:**

| | | |
|-----------------------------|--|---|
| Business Name | Home Savings Ltd | |
| Date of Registration | 26 th February 2007 | |
| Directors | a) Mrs Elizabeth Birungi Mwebesa b) Mrs Matilda Komubigo Kashamba c) Mrs. Theodora Twongyirwe Mondo d) Ms. Hellen Musiimenta e) Agripina Bamwine | |
| Business Location | Postal Address P.O. Box 956 Mbarara Uganda | Physical Address Plots5/7/9/11 Kakoba, Mbarara |
| TIN | 1008684116 | |

- **ROLE AND RESPONSIBILITIES OF THE ORGANISATION.**

Home Savings Ltd was has grown from being a Family Savings and Investment Club that was eventually incorporated as Family Business and Trading Arm of the Club on 26th February 2007.

Our Products and Services

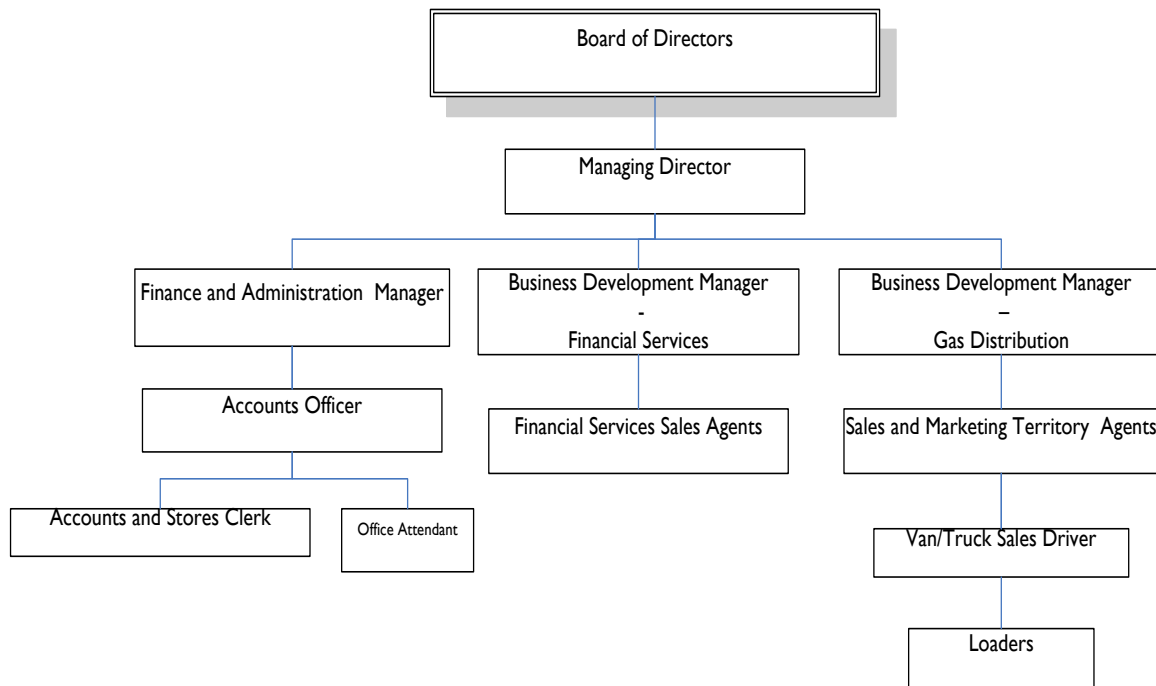
We are currently engaged in;

- 1) Distributorship of Vivo Energy (Shell) gas in Western Uganda segment in Uganda
- 2) Distributorship and Retail of Industrial and Medical Oxygen Gas
- 3) Agency of Mobile Money Services for Payway, Airtel and MTN
- 4) Financial Services
 - a. Saving and Investment Club
 - b. Agency Banking Services

We have set ourselves on a journey and are committed to growing and expand Home savings to a company that will support communities by providing micro credit services.

Workshop on Microcredit and Sufficiency Economy Development

➤ ORGANISATION CHART



- Participant's Designation and Responsibility: Director/Business Development Manager.

Workshop on Microcredit and Sufficiency Economy Development

II. GENERAL INFORMATION ON UGANDA

Location in Africa



Workshop on Microcredit and Sufficiency Economy Development

➤ Our City: Kampala, Uganda



Workshop on Microcredit and Sufficiency Economy Development

➤ RICH CULTURAL DIVERSITY

- 35 Million People approximately 242,000Sq. Km
- 56 Tribes
- 40 Languages
- English is the Official Language
- Swahili is the Second Recognized Language



III) Overview, Background and future trends of microcredit.

➤ OVERVIEW OF MICROFINANCES:

The Ugandan Micro Finance Industry has been in existence for over 22 years. It is now well integrated in to the financial sector and has gone through stages of maturity and is now robust and resilient. Microcredit has boosted households' incomes by giving the general population access to cheaper financial services. It is hoped that by 2025, everyone will be able to improve their incomes by having access to affordable financial services that will boost health care, education and other community developments.

➤ Background

As Uganda's population grew, over the years, it did not with match the basic needs that are needed by a growing population that relied heavily on informal sources of income. Education, Health and other important services needed by a growing population were not easy to access. As the country experienced economic growth, agriculture which provides employment and livelihood to 57% of Uganda's population did not match the growing manufacturing and services sector. The above background brought stakeholders together in 1996 to improve on access to affordable financial services since existing banks failed to contribute significantly to the expanding and deepening of the financial market. Currently, self-employment is more prevalent in Uganda. Self-employment depends mostly on Agriculture. The Ugandan private sector is dominated by micro and small enterprises (MSEs). The same enterprises employ the greatest number of people.

➤ Future Trends

- The private sector is still constrained by various factors, including inadequate provision of vital utilities and insufficient access to appropriate financial services.
- However, there is an increase in micro finances and Sacco's that are giving people in rural communities' access to cheap credit.
- Hopefully, as the regulations ease, people in rural communities are able to access cheap credit.

Workshop on Microcredit and Sufficiency Economy Development

IV) Existing Laws and regulations in Uganda.

Kindly find a table that explains the laws in Uganda.

| Tier | Type of institution | Applicable law | Regulator | Number |
|---------------|--|---|--|---|
| Tier 1 | Commercial Banks | Financial Institutions Act 2004 | Bank of Uganda | 25 but only 2 microfinance banks are this category: Centenary Bank and Finance Trust bank |
| Tier 2 | Credit Institutions | Financial Institutions Act 2004 | Bank of Uganda | 4 but only 2 involved in microfinance, Opportunity Bank and Post Bank |
| Tier 3 | Microfinance- deposit taking institutions (MDIs) | MDI Act 2003 | Bank of Uganda | 4 (FINCA, Pride MF, EFC and UGAFODE) |
| Tier 4 | Other MFIs and SACCOs | Tier 4 Microfinance institutions and Money lenders Act 2016 | Uganda Microfinance Regulatory Authority | Over 1,500 |

Workshop on Microcredit and Sufficiency Economy Development

V. Challenges/Problems

- In adequate capital for the microfinance institutions to provide long-term loans. The capital structure of most MFIs includes short-term loans which makes it difficult for them to provide long term loans to their clients
- Poor infrastructure, especially in rural areas making it difficult for the MFIs to provide financial services in these areas
- Client over-indebtedness in urban areas
- Limited loan insurance products and low up-date of insurance among clients that limits product innovation, especially agriculture financing
- Negative attitude towards use of technology for savings and loans that could increase access to financial by use of digital financial services
- Low literacy levels of clients
- Unsustainable financial institutions, especially SACCOs whose collapse affects the image of the sector

VI. Opportunities/way forward

- Develop an internal savings culture to build a more long-term capital base
- Expand the Credit reference system to cover the entire sector and reduce client over-indebtedness
- Emphasize financial literacy for clients
- Work on consumer attitudes towards digital financial services
- Strengthen the Supervision to ensure professional and sustainable institutions

VII. Understanding about Micro-finance.

- My information is limited to the brochures, information and updates from the Micro-credit institutions.
- As Home savings we would like to use the savings and profits made from the different businesses we have. However, I would like to be trained on procedures, get experiences and understand how micro credits work.

VII. Expectations from the training course.

- A clear understanding of Micro-Credit
- Learn from experiences
- Be able to train fellow staff on Micro-finance projects.
- An overview on the processes of Micro-finances.

Workshop on Microcredit and Sufficiency Economy Development

Vietnam

Country Report Template

I. Introduction:

- Name of the Training Course: **Community-based Microcredit and Sufficiency Economy Development.**

- Name of participant: LE HOANG LAN.

- Name of Country: Viet Nam

- Name of Organization/Department: Financial and Monetary Policy Department of Ministry of Planning and Investment.

- Role and Responsibility of Organization/Department:

(i) The Department of Finance and Monetary Service under the Ministry of Planning and Investment assists the Minister in monitoring and managing the State plan in the finance, monetary and price fields.

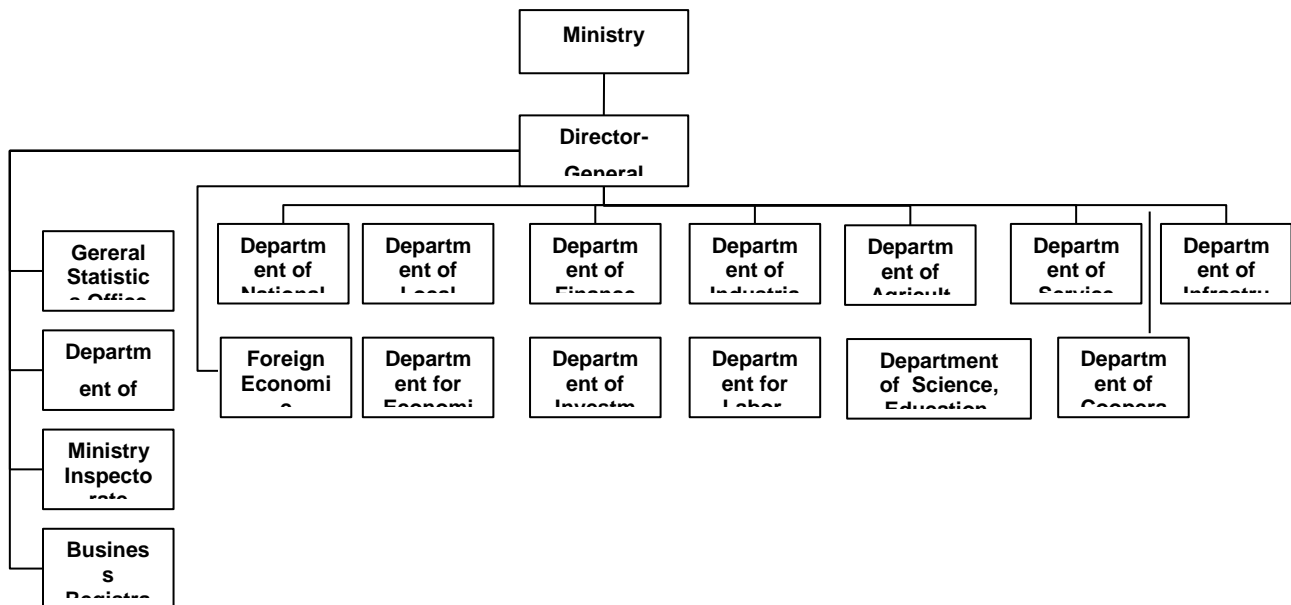
(ii) To determine the duty and plan orientation of the finance, monetary and price fields associated with the duty orientation of socio-economic development in each plan period.

(iii) To preside over, coordinate with related units in building general balances on finance – monetary service in the plan period: financial, monetary and State budget balances, credit balance, international payment balance, sovereign foreign loan and debt payment. To submit the Government the project on long-term debt strategy in the general strategy on investment capital mobilization for national economy.

(iv) To act as a focal point for coordinating with the Ministry of Finance in allocating the plan on budget receipt and payment, propose the additional sources to the unexpected demand for ministries, sectors and localities arising out of the plan from the State budget...

- Organization Chart:

Organization Chart of Ministry of Planning and Investment



- Participant's Designation and Responsibility:

- (i) Working in the Ministry of Planning and Investment, I am deeply involved in the inter-ministerial coordination in developing microcredit in particular and in financial inclusion in general.
- (ii) Participating in consultation with the Government on mechanisms, policies and issues related to finance and budget.
- (iii) Being a member of the Drafting Team of the Decree on Securities investment and trading, and Insurance.
- (iv) Making comments on amending the Decree on Non-cash payments, Being a member of the Draft Team of the Decrees on Corporate bond issuance, Price transferring management.
- (v) Involving in other areas such as capital markets, forecasting international balance of payments, public investment, etc ...

II. General information of your country

The current population of Vietnam is over 96 million people, the population density of Vietnam is 311 persons / km², a total area of 310,060 km² and 34.70% of the population living in urban areas.

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Vietnam's development record over the past 30 years is remarkable. Economic and political reforms under Đổi Mới, launched in 1986, have spurred rapid economic growth and development and transformed Vietnam from one of the world's poorest nations to a lower middle-income country.

Vietnam's economy has grown strongly. Since 1990, Vietnam has been one of the fastest growing countries in the world with a GDP per capita of 6.4% per year in the 2000s. Vietnam's economy remains strong. The medium-term outlook remains favorable, with a GDP growth rate of 6% in 2016, and growth platforms - including domestic demand and export-oriented manufacturing - remain strong and stable.

Growth has been evenly distributed, in which poverty has fallen sharply, and social welfare has also been significantly improved. By 1993, more than half of the population lived on less than \$ 1.90 a day. Today extreme poverty has fallen to 3%. The share of the population living below the national poverty line fell to 13.5% in 2014, compared with 60% in 1993. Over the past two decades, more than 40 million Vietnamese have escaped poverty.

However, there are still many challenges and limitations. Poverty reduction achievements are still fragile. A large part of the population, especially in rural areas, and ethnic minority groups are more likely to return to poverty. Increasing labor productivity - the main driver of GDP growth in the 1990s - has been declining over the last 10 years. Due to the slowdown in labor force growth, productivity growth will not be enough to help Vietnam achieve the desired growth rate. At the same time, although macro-economics is generally stable, some weaknesses, such as fiscal imbalances, unsolved bad debts in the banking sector, require addressing. Strong private sector development and accelerated SOE reform will have an impact on growth. Urbanization also promotes growth, but wants to reach a higher level of urban concentration that requires updating the current urbanization pattern. Large investments in the past have created a good start but still need to expand infrastructure for production, especially in the areas of energy, transport, water, sanitation and telecommunications. Agricultural modernization should continue as it will remain an important driver of growth and poverty reduction in Vietnam for many years to come.

III. Overview, background and future trend of the development issue related to the training topic in your country

1. Overview and background

Since the end of 1990s, demand for financial services has increased rapidly especially in rural areas where are the homes of around 80% of Vietnamese population including lower income households as well as the poorest ethnic minority. The microcredit was introduced to Vietnam through international organizations, international non-government organizations, and official bilateral and multilateral international development assistance programs.

The traditional market of Vietnam's microcredit is about 13 million poor and low-income people, or 2.1 million poorest and 1.5 million low income households in the bottom of the economic pyramid (BOP) whose are mostly rural. Therefore, the microcredit sector developed with a strong support of Vietnamese Government because of the fact that the Government has used financial services for the poor as a strategic tool in poverty alleviation particularly in rural areas. Through State-owned banks, the Government channels subsidized loans to poor households to achieve poverty reduction objectives. Both the Government and non-governmental programs focused on providing credits and its coverage targets to response to perceived unmet demand for credit of the rural poor but paid less attention to the quality of the financial debts, the repayment capacity of borrowers as well as the sustainability of microcredit providers.

By 2003, the formal financial sector (Vietnam Bank for Agriculture and Rural Development (VBARD), Vietnam Bank for Social Policies (VBSP), People's Credit Funds (PCFs)) reached approximately 7 million households, among them 3 million rural households, representing over 90% of the outreach of rural financial services in Vietnam.

Until 2005, there are about 40 semi-formal organizations which were formed mainly through the Credit and Saving Program or by Mass Organizations; the other 10 organizations were set up later. These semi-formal organizations allowed to continue their operation in their current unregulated form under the transition provision of the new credit institution Laws. However, all of them when having enough of necessary conditions need to apply documents to transform into regulated form or integrated with the top performer especially when they are in the same mass organizations.

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In 2010, the first Vietnam's licensed Microcredit Institution TYM was operational. December 2012, M7-MFI was the second microcredit institution which was officially licensed by the State Bank of Vietnam. On 22/08/2014 Fund Thanh Hoa Poor Women (FPW) is officially granted a license. Many of them such activities Vietnam has significantly improved. Credit Assistance Fund of the Women Union, Vietnam is also allowed to pilot social lending fund to provide capital support to poor women by the end of 2014 according to Dispatch No. 1700/VPCP-KTTH dated 14/03/2014 Government Office (CSF)...

Besides, Vietnam's microcredit has proven its focus on supporting female clients. The percentage of female adults approaching to a financial institution in terms of owning its account increased by 13 percent after three years (picking up from 18.9 percent in 2010 to 31.9 percent in 2014).

Apart from aforementioned achievements, MFIs' outreach and operation still remains at limited levels, impeding and slowing down the process of financial inclusion in Viet Nam, compared to other countries in the region such as Thailand, Indonesia, Malaysia, and Singapore. In particular, in 2014, over 30 percent of the poor population has no access to any type of financial products. Besides, even though a relatively big improvement has been made in comparison with the year of 2010, in 2014, the poorest 40 percent of adults with bank accounts only accounted for roughly 18.7%, which drops Vietnam far behind the peers such as Indonesia, Thailand, Malaysia, and Singapore. Similar patterns have been observed in microloans and micro-savings with approximately 20 percent and 9 percent of the poorest 40 percent approached to microcredit institutions

In the traditional BOP market, besides clients who are the poor and low-income earners, demand for financial services is also created by the majority of microenterprises which is run by the entrepreneur him or herself with help of the household members. These business households find difficult to access to credit and other financial products from formal or semi-formal microcredit providers due to not being qualified as the "poor" and unable to provide collateral as lenders' requirements. Informal money lenders are willing to offer finance to them but always at the interest rate that may jeopardize their business.

Although the operations of NGO MFIs' operations help reach microcredit untouched market segment but can't cover the gap of microcredit formal market. This might imply the exclusion of the poorest who only want the seasonal and

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small scale to survive over unexpected shocks. In term of microcredit delivery, VBSP still played significant role with a sharp increase of micro-credit to poor households and social policy lending target groups thanks to rapid growth of VBSP's portfolio with Statemobilized funds through budget allocations, compulsory deposits from state-owned commercial banks and fully Government guaranteed borrowings. As of December 2013, VBSP had lent out to 7 million clients, about more than half of whom are reportedly from poor households.

2. The future trend of the development Community-based Microcredit

On December 6th, 2011, the Prime Minister signed Decision No. 2195/QD-TTg approving the Project: "Building up and developing the microfinance system in Vietnam to 2020". This is an important basis for the development of microcredit in Vietnam in the near future.

Vietnam for Microfinance Committee was re-established under the Decision No. 381/QD-TTg dated 18/3/2014 of the Prime Minister. The Department forms a Permanent assisting group including a number of officers and experts participating in providing policy advice and coordination to the work plan of the Vietnam Microcredit Development Strategy 2011-2020. The policy targeted on the development of an inclusive, responsive and sustainable microcredit market.

- Develop a comprehensive legal framework for diverse financial institutions and stakeholders.

- Improve the management capacity of the the State Bank of Vietnam (SBV), VBSP gradually market-oriented. Policy framework for promotion, management and monitoring of financial inclusion in reaching for established socio-economic goals.

- Strengthening the financial and institutional capacity of People Credit Funds (PCFs) and MFIs

- Application of digital financial services and technological innovation to advance financial inclusion.

- Establishment of infrastructure supporting the sustainable development of the microcredit industry (training centers, credit information centers, advocacy and dissemination of financial knowledge...)

IV. Existing laws and regulations of your country concerning the issue

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Many laws and legal documents have been developed and promulgated to encourage the growth and sustainable development of the microcredit industry to provide financial services to meet the needs of the poor and low-income clients, especially Law on Credit Institutions dated 2010.

This new law, for the first time recognizes MFIs as official institutions subject to supervision by the State Bank of Vietnam. The law includes improved provisions for creating and regulating MFIs, PCFs, cooperative banks, and for supervising policy banks.

Specially, the Circular No. 33/2015/TT-NHNN dated 31/12/2015 of the SBV on safe operating ratio of MFIs coming in force since 01/03/2016. This circular is very significant in order to replace the Circular No. 07/2009/TT-NHNN dated 17 April 2009 of the SBV on safety ratios in operation of small-sized financial institutions. The Circular specifies how to determine the minimum capital adequacy ratios, solvency ratios as well as modifications and additions to some of these points: (i) addition of "Debts of Microfinance Institutions" into the Tier 2 capital portfolio when determining the minimum capital adequacy ratio; (ii) The denominator for determining the solvency ratio is the "Total Voluntary Deposit Balance".

Decision No.20/2017/QĐ-TTg dated June 12, 2017 of the Prime Minister on regulation on activities of microcredit programs and projects. It is the detail guidelines from Government about conditions for registration of microcredit programs and projects, the authority and process of granting and revoking registration certificate for microcredit programs and projects, information changed in the certificate of registration, implementation and organization of microcredit programs and projects, financial regime, cost accounting, accounting and reporting and State management of the operation of microcredit programs and projects. In Vietnam, microcredit plays a very important role in the National Poverty Reduction Program with the target of establishing and developing a system to provide financial services for economically disadvantaged people.

V. Challenges/problems in Vietnam concerning the involvement of Community-based Microcredit and Sufficiency Economy Development.

Poor performance of microcredit in Vietnam as discussed above is primarily derived from several obstacles that are believed to be challenges for future policies.

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The first challenge lies in a less-favorable and inappropriate regulatory framework regarding MFIs' operation. Particularly, the regulation of :(i) 10 percent interest rate ceiling, (ii) a credit limit of VND 30 million (~\$1360, which decided in 2008 when Vietnam's per capita income was \$1024, are currently much lower than customers' needs following per capital income at \$2215 (2016, General Statistics Organization), doubling the 2008 level), (iii) minimum capital requirement of 20 percent, and (iv) restrictions on MFIs' operation to some specific geographic areas, have eroded licensed MFIs' lending capacity, market access and profit, inducing them to design less transparent products with hidden fees (mainly from (i)) and deteriorating their incentives in offering microcredit, which thereupon eliminates the access of the poor to financial products and services. Moreover, restrictive and improperly designed regulation also discourages the involvement of private sector as well as the transformation of semi-formal MFIs and MFOs into formal ones, hindering competition and innovations.

Equally important, MFIs' fund mobilization has remained limited and less sustainable. Licensed MFIs, except for small-sized voluntary savings from the customers, cannot access interbank lending market, whereas other 75 semi-formal MFIs and MFOs cannot access savings due to its operational nature. Meanwhile, commercial banks (CBs) with competitive advantages or CBs with merging pressure do not want to enter microcredit market with high risk and low return, especially under the environment of sizable non-performing loans unsolved. Furthermore, most of the microcredit funds are government's subsidies via VBSP's and PCF's programs, which is limited, vulnerable, and inducing increasingly heavy fiscal burden.

In addition, microcredit market in Vietnam lacks competitive business environment for encouraging further development and innovations, aimed at providing targeted customer segment with services at affordable prices, efficient delivery system, and good quality. The limited number of MFIs deteriorate microcredit institutions' competition motives. In conjunction with that, the VBSP's dominant market position for years erodes entry opportunity of potential institutions (as of 2013, VBSP occupied 67 percent of total borrowers and 65 percent of outstanding loans in microcredit market and has taken (ADB, 2014c)).

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Lack of regional credit information exchange center at household level and lack of support from local governments are two other challenges for future policies. The former has partly caused more cost for MFIs in assessing customers, providing microcredit services, and employed coercive tactics in collecting loans sometimes.

Meanwhile, the latter have blocked the progress of the governmental development strategy for microcredit sector in Vietnam to 2020, approved in 2010. VMWG (2014) reported that 52.2 percent of the survey respondents claimed that their corresponding local government did not provide any support (infrastructure, credit information, accounting, household information...) related to their microcredit programs.

VI. Opportunities/Way forward in Vietnam concerning the Community-based Microcredit and Sufficiency Economy Development.

Vietnam is a developing country, the economy still challenges when the economy is stable and unsustainable, so micro-credit based on the community plays a very important role, distribution of financial translation at reasonable cost. of society, as opposed to financial exclusion, where such services are not available or affordable.

Referring to Thailand's experience with Community-based Microcredit and Sufficiency Economy Development is very useful for Vietnam. Especially, the experiences on topics such as credit savings groups in Thailand, poverty reduction projects, effective economic development through community-based businesses, and grassroots economic development, poverty alleviation, human development approach - focus on rural economic development and poverty reduction, empowerment of the community.

VII. Your exposure related to the selected training course (if any)

None

VIII. Expectations from the training course

By definition of Community-based Microcredit is new in Vietnam because it has grown in Thailand, I hope that the information I will learn from the training course is really useful to me, in the Advising the Government on the development of the legal framework relating to microcredit development. It is a certain that I will apply what I have learnt from the course to my daily work

I hope I will have more opportunities to attend such this course to have the opportunity to exchange views, update relevant information, learn from our colleagues, consultants, experts in Thailand.

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Swaziland

I. INTRODUCTION

Name of course: Community-based Microcredit and Sufficiency Economy development.

Name of participant: Hlobisile Vangile Olivia Dube

Name of country: Kingdom of Eswatini (Swaziland)

Name of Organization/Department: Ministry of Agriculture, Department of Agriculture Planning and Analysis.

Role and responsibility of Organization/Department:

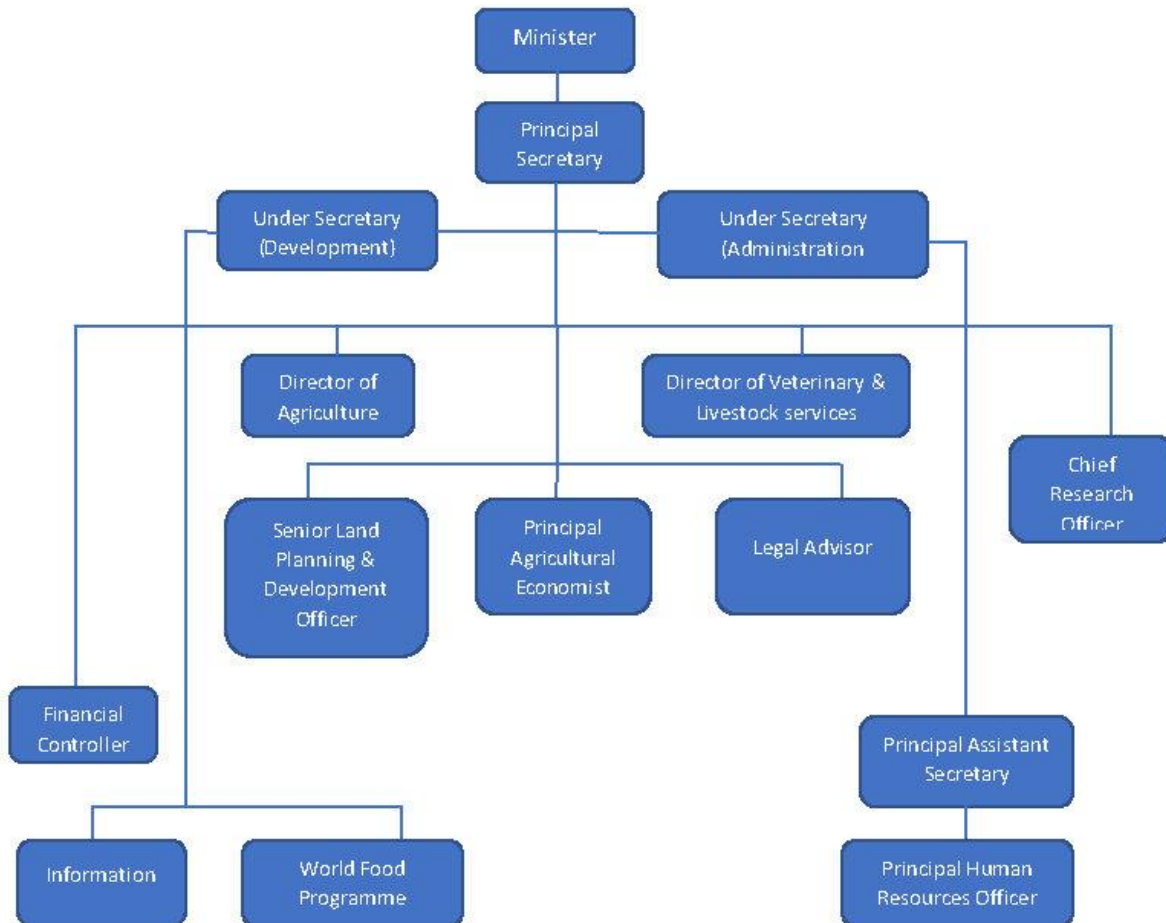
The mandate of the Ministry of Agriculture is to transform Swaziland's agricultural production system from its prevailing subsistence mode to more commercially oriented production systems.

The department of Agriculture Planning and Analysis is responsible for providing socio-economic analysis, monitoring and evaluation and planning support for the Ministry to fulfill its mandate and to provide early warning information on food security as well as marketing advisory information. It is responsible for the following:

- i. Conduct assessments of expected production, food supplies and food requirements.
- ii. Provide information on food security prospects in the country at both national and household level
- iii. Monitor and evaluate the implementation of ministerial projects and programmes.
- iv. Provide market information for agricultural producers, traders and consumers

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Organization Chart



The Ministry of Agriculture comprises of the following departments:

1. Administration (Support Services)
2. Department of Agriculture Promotion And Extension Services
3. Department Agricultural Research and Specialist Services
4. Department of Veterinary and livestock Services
5. Department of Agriculture Land Use Planning and Development
6. Department of Agriculture Planning and Analysis

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Designation: Rural Sociologist

Responsibility: I am responsible for providing sociological input into the planning and budgeting of agricultural development projects; monitoring and evaluation of projects; community mobilization; and conducting socio-economic research to ascertain the impact of development projects in improving rural livelihoods.

II. COUNTRY BACKGROUND

Geography

The kingdom of Eswatini is located in Southern Africa and is land locked (almost completely surrounded by South Africa) with the Republic of South Africa and Mozambique forming the borders. These countries occupy strategic positions in communication, commerce and links Swaziland to other parts of the world. She has a land area of 17,364 square kilometers, of which 11% is arable. The population is about 1.1 billion.

The country is characterized and traversed by six agro-ecological zones; Highveld, Upper Middleveld; Lower Middleveld; Western Lowveld; Eastern Lowveld and Lubombo Plateau. These are based on elevation, landforms, geology, soils and vegetation.

Politically, the country is divided into four administrative districts or regions, which are further divided into 55 Tinkhundla Centers (local Administration) – these form the basic units of political administration. Each region is administered by a Regional Administrator. The regions are Hhohho, Manzini, Shiselweni and Lubombo.

Economy

The Kingdom of Eswatini is classified as a lower middle-income country with Gross National Income (GNI) per capita of US\$2,430. Agriculture is the backbone of Eswatini's economic life and a critical economic driver. More than 75% of the population lives in rural areas. A majority of this population depends on agricultural output for food and nutrition security and income generated through direct sales of farm produce and small-scale income generating projects. The agriculture sector also provides direct employment in the large forest, sugar, citrus, and pineapple estates and in the downstream processing or manufacturing industries.

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Wage earners supplement rural household incomes through remittances. The agriculture sector employs 70% of the population. Although the performance of large farms and plantations on Individual Tenure Farms remains crucial to the export growth and overall economic development, increasing rural employment and income depends predominantly on the performance of agriculture on Swazi Nation Land. Swaziland is heavily dependent on South Africa from which it receives about nine-tenths of its imports and to which it sends nearly three-quarters of its exports.

However, income distribution is highly skewed with an estimated 20% of the population accounting for more than 50% of national income. It is also estimated that about 43% of the population live in extreme poverty and 76% of the poor live in rural areas.

Land Use

There are two major divisions in the land use type and ownership: Swazi Nation Land (SNL) and Title Deed Land (TDL). The Swazi Nation Land (SNL), which is communal, is held in trust by the King, and parts of it are allocated by Chiefs to individual Swazi families for their use. Land under SNL cannot be individually owned or sold. The SNL covers about 56% of the country's total land area whilst the remaining 44% covers the TDL. SNL is by and large communal land held by the King in trust for Swazi nation and administered by Chiefs. Under the customary system, a chief is a head of a community (chiefdom), responsible to the king for land distribution and for ensuring loyalty to the king. Chiefs allocate land to individual households through the *kukhonta* system. On the other hand, TDL is privately owned by government, companies and individuals and large commercial agriculture is practiced.

Production on the SNL is primarily for subsistence and less than 10 per cent of total production is offered for sale. Maize, the staple food of Swaziland, is the principal crop grown on the SNL and occupies about 80 per cent of the total crop areas.

III. OVERVIEW, BACKGROUND AND FUTURE TREND OF COMMUNITY-BASED MICROCREDIT AND SUFFICIENCY ECONOMY DEVELOPMENT IN SWAZILAND

Over the years the Government of Eswatini introduced several policies and strategies which are implemented by different Government Ministries. Rural

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development is by and large a cross-cutting policy issue that involves a number of sectors including Ministries of: Agriculture; Tinkhundla Administration and Development; Natural Resources and Energy; Tourism and Environmental Affairs. These strategies focus on the attainment of sustainable human and socio-economic development as well as poverty alleviation, job creation and provision of social services. Although community development initiatives are implemented by different Ministries, the Ministry of Tinkhundla and Development is the custodian of community development. Besides government, other development agents such as Non-Governmental Organizations (NGOs) also play a significant role in community development.

Community-based Microcredit

The Government of Eswatini has established funds, such as Regional Development Fund (RDF), and Youth fund, to finance rural development activities. Small medium enterprises (SMEs) can access loans through the Small Scale Enterprise Loan Guarantee Scheme. The scheme was set up by Government to assist Swazis to access finance from financial institutions either to start up or improve their already existing small business at a very minimal collateral base. SMEs can access loans at Swaziland Development Finance Corporation (FINCORP), Swaziland Building Society and Inhlanyelo Fund.

Rural Development Fund- The main objective of the fund is to alleviate or eradicate poverty in each of the four Regions of the Kingdom of Eswatini by initiating:

- (a) Infrastructure development, improvements and service delivery; or
- (b) Viable commercial projects or schemes which will create jobs and generate income to sustain and further develop numerous Swazi families within each region at grassroots level.
- (c) Commercial projects or income generating projects which shall be medium to large scale projects which may be defined by the ministry responsible for business enterprises.

Inhlanyelo Fund- The objective of this fund is to awaken, promote and support entrepreneurial talent grassroots level by providing loan capital for Swazi owned micro and small business projects. Beneficiaries of this fund are expected to repay it.

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The Government also supports the development of farmer groups in the form of cooperatives as well as associations. Cooperatives play a significant role in the livelihoods of farmers in the country. The composition of cooperatives covers many different sectors of the economy and includes both worker cooperatives and service cooperatives. The various forms include; agricultural cooperatives, credit and savings cooperatives, handicraft cooperatives, housing cooperatives, consumer cooperatives and multi-purpose cooperatives. The largest cooperatives are the savings and credit, which provide funds to their members to finance economic development projects. Some farmers acquire loans from their cooperatives or associations to start up farming business. Some cooperatives provide farmers with farm input in the form of credit.

Microcredit organizations such as Imbita Women's Finance Trust was formed as a self-help organization for women, and seeks to continue microfinance funding for very poor Swazis in their quest to alleviate poverty for themselves and their families. It provides women with credit to start businesses and increases their ability to support their families. Commercial banks also provide financing to small holder farmers on SNL.

Chieftom Development Planning (CDP) approach

As Julius Nyerere, described development "as development of the people by the people and for the people", the Government of Eswatini adopted a Chieftom Development Planning approach (CDP) to ensure that the aspirations of the people at chieftom level are met by development initiatives. This approach allows the people to be the drivers of their own development which guarantees that it meets their pressing needs. As such a CDP framework guideline has been developed for use by all development practitioners having interest in rural development.

The major driver of economic development in rural areas is largely agricultural production and this is dependent on sustainable management of natural resources like land and water. Communities are actively engaged together with their traditional authorities (chief, headman, inner council, etc.) in developing strategies which are anchored on a common vision shared by all in the communities. The product of this engagement is a chieftom development plan which ensures authentic development.

Chieftom development planning approach (CDP) is a development process by which people are empowered people in chieftoms, both socially and technically, to holistically plan their own development. It further allows the chieftom people to

define their boundary (geographically) and through a social mapping and resource assessment exercise determine the resources available for optimization of their investments. A land use plan for the chiefdom is developed through a consultative and training process, and presented to traditional authorities for approval. Strategic development focus areas are identified by the people after an envisioning process informed by a vigorous training for transformation targeting all community members. Action plans for each of the identified focus areas are developed, costed and compiled into a document (CDP) that outlines and provides a development structure for the aspirations of the chiefdom people. One of the considerations of focusing on the establishment of farming companies, an important cornerstone of the CDP, is that women are more likely to hold shares in a company than be assigned robust control over land. After its launch by the Chief or Indvuna (Headman) of the area it then becomes an official document to guide all chiefdom development activities and support from different

IV. LAWS AND REGULATIONS ON DEVELOPMENT AND MICROCREDIT

National Development Strategy

The National Development Strategy (NDS) is a long term development strategy crafted in 1999 to guide, inspire and direct the socio-economic development through a roadmap over a 25 year period of up to 2022. Implementation of the strategy is structured into 3-year rolling development plans, incorporating projects envisioned in the NDS.

Poverty Reduction Strategy and Action Plan

Poverty reduction is tackled through the Poverty Reduction Strategy and Action Plan (PRSAP), which is the country's overarching planning framework adopted in 2006 for addressing poverty and promoting economic growth. Implementation of this policy is highly dependent on the performance of the agriculture sector, to reduce poverty.

The PRSAP is founded on six pillars:

1. Macro-economic stability and accelerated economic growth based on broad participation.
2. Fair distribution of the benefits of growth through fiscal policy.
3. Empowering the poor to generate income and reduce inequalities.

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- 10.the repeal of the Money Lending and Credit Financing Act, No.3 of 1991, Hire Purchase Act, No. 11 of 1969 and Pawn Broking Act No.13 of 1894; and

Comprehensive Agriculture Sector Policy (May 2005)

This policy aims to ensure that the agriculture sector contributes fully to the socioeconomic development of the country. The broad objective is to provide clear guidance on policy options and measures necessary to enhance sustainable agriculture sector development and its contribution to overall economic growth, poverty alleviation, food security and sustainable natural resources management.

Cooperative Societies Act of 1964

This Act governs cooperative development in the country. It establishes cooperatives as corporate bodies legally empowered to manage public funds.

V. CHALLENGES/ PROBLEMS

Although there are success stories that could be told regarding development, there are overriding challenges and problems that can be lessons for future plans of action. Challenges in community-based microcredit are many and varied. More challenges are experienced especially with income generating projects:

Failure to repay loans- Some people fail to repay loan due to poor business management skills.

Poor capacity building- People venture into business, acquire credit without being capacitated on that particular business enterprise are not capacitated

Inadequate resources- inadequate resources such as transport inhibit the ability of staff to monitor activities of all people who acquired credit.

Lack of national CDP implementation framework- The absence of an implementation framework down plays the efforts to improve rural economic development.

Delayed enactment of the National Land Policy and National Land Act- Land is an important resource in development as there are sometimes land disputes and conflicts in community projects which need to be resolved. The absence of a law to

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govern land use is a cause for concern. Land is an important productive asset in agriculture and is a major factor in determining inequity in the distribution of rural income.

Limited access to funding for agricultural projects is a challenge in development. Financiers, particularly commercial banks view agriculture a risky business and that a majority of farmers cannot afford insurance.

VI. OPPORTUNITIES

The Chiefdom Development Planning process avails an opportunity to train communities on resource mobilization, business management. In addition, communities have the potential improve their livelihoods given the right resources.

VII. EXPOSURE RELATED TO COMMUNITY-BASED MICROCREDIT AND DEVELOPMENT

I have not been directly involved in community-based microcredit. However, I am involved in the planning, monitoring and evaluation of community development projects some of which are income generating. Most of the projects are agricultural.

VIII. EXPECTATIONS FROM THE TRAINING COURSE

- I expect to gain more knowledge on the aspect of Sufficiency Economy Development since this concept is new to me. I anticipate that I will be fully equipped to learn lessons from Thailand community development successes and be in a better position to adopt them in my country.
- I expect to be educated on the concept of microcredit.
- I expect to gain capacity to train farmers on microcredit during project implementation.

I am planning to share the knowledge gained with my colleagues when I come back. I will also share the knowledge during staff training.