Regional Microfinance Workshop

Facilitate the access to social microfinance services in rural areas

5th – 9th of September 2018
Yangon, Myanmar
Introduction

Worldwide, there are some 2.1 billion poor people and 767 million living in absolute poverty. Almost 3/4 of them live in rural areas and depend on subsistence agriculture. **95% of the rural poor population lives in East Asia, South-East Asia and Sub-Saharan Africa** (World Bank 2016).

Because agriculture is a very risky sector due to a high proportion of agricultural production losses related to diseases, pests and the increase of natural disasters (drought, floods, etc.), microfinance providers are reluctant to finance this type of business, which makes **rural households even more excluded from the traditional microfinance industry**.

In Entrepreneurs du Monde (EdM)’s countries of action, more than 60% of the population lives in rural areas. In order to strengthen its social mission with the poorest households, EdM has included in its 2016-2021 strategic planning, the objective to increase its social microfinance programs’ outreach into rural areas.

Therefore it was rational that the 2018’s microfinance **regional workshops were dedicated to this topic with the specific objective to ”Facilitate the access to a social microfinance services in rural areas”**.

Organized by EdM in collaboration with Sont Oo Tehtwin, this regional workshop brought together **33 participants from 12 organizations and 6 different countries**, in Yangon, Myanmar. The workshop included a wide variety of stakeholders, participatory activities and field visits.

This workshop had the following objectives:
- Better know specificities of rural areas and needs from populations living in those areas
- Adapt EdM’s social microfinance services in a rural context
- Share experience, knowledge and good practices in order to solve common issues

This event was a success, with positive feedback from participants, including content, participatory animation techniques, atmosphere, field visits and opportunities to forge new links with other practitioners.

These minutes aim to summarize the content of the workshop and main outputs, for the participants but also for those who could not join us. All materials used were given to participants at the end of the workshop and are not included in this report (available documents are listed after the conclusion).

---

1 Anh Chi Em, Chamroeun, EGAЕ, Entrepreneurs du Monde, Fondation Grameen Crédit Agricole, Greenovator, GRET, Microfinance Solidaire SAS, SCPI, SEED, Sont Oo Tehtwin, STEP
Sessions

The workshop took place over 5 days from 5th to 9th of September 2018 including 2 half-days devoted to field visits and 1/2 as day off. To meet the objectives and expectations of the participants, the schedule was as follows:

**Day 1 – Tuesday 5th of September**

1) Introduction

As a starter for the first day, participants were able to introduce each other with an ice breaker.

Then, Carole SULSKI, Head of the Social Microfinance Unit, and Anne-Hélène ROIGNAN Myanmar EdM’s representative and SOO’s Program Manager opened the workshop by welcoming the participants. Then expectations from participants were collected and put in perspective with the objectives and the program of the workshop.

Posters of all EdM’s Asian microfinance programs had been displayed in the workshop room, with key figures and a specific focus on rural and agriculture items.
2) Rural area definition

The theme of the workshop was introduced through an exercise about the fundamental question “how can we define a rural area?” The participants were asked to give their own definition, then the facilitator presented official definitions of each country. In most Asian countries, from the national definition, municipalities are classified between urban and rural areas which eased the categorization for the teams.

Characteristics perceived by the participants: precariously of the housing (low access to energy, water, toilets, etc.), low access to education, and health care, main income generating activities focused on agriculture, etc.

According to the participants, the urban / rural national definitions do not reflect the reality and the organizations have more or less their own definition internally.

Most of the time a branch must necessarily settle in an municipality classified as “urban” as long as it needs a minimum of infrastructure to operate (water, electricity), while outreach to other areas from that branch may have "characteristics of rural areas ". That’s why we must therefore distinguish the notion of rural / urban between the location of the branch and its area of operation.

Conclusion: this introduction revealed the importance of clearly defining the vocabulary used internally and externally. It will be necessary to return to each field to refine the vocabulary according to the official definition of the country and the characteristics to be attributed to the zones of intervention to qualify the beneficiaries living in "rural area", and probably the implementation of an identification by individual vs branch.

3) Rural areas challenges

Global issues related to rural areas were addressed through a quiz. The challenges are as follows:

- Feeding the cities
- Coping with climate change and increasing climate episodes
- Limiting the rural exodus
- Strengthening farmer leadership
- Fighting greenhouse gas emissions
- Making agriculture more resilient to pests and diseases
- Improving the living conditions of rural populations
- Ensuring food security
- Preserving water resources
- Providing producers with the means to finance agricultural innovation

Regional Workshop
Yangon, Myanmar – September 2018

4
4) Agricultural sectors and their importance for our MFIs

In rural areas the majority of households live from agricultural activities. It is therefore important to understand the mechanisms of the agricultural sector in order to:

- Identify the potentialities for our beneficiaries
- Better understand the difficulties faced by beneficiaries
- Provide appropriate services to beneficiaries
- Identify positive changes we can produce for our beneficiaries
- Know and estimate the risks for the MFI

3 methods to analyze a sector were presented, followed by an exercise on a sector by country:

- Cambodia: paddy
- Vietnam: chicken farming
- India: potatoes
- Philippines: livestock
- Myanmar: betel leaves

How to select sectors to be surveyed?

- The products sold by our beneficiaries: try to work on the full value chain, and not only on producers
- The level of vulnerability of actors in the sector: where we can have the biggest impact
- The size of the sector: a big sector means a lot of opportunities

This exercise helped to draw until the final consumer the different stages and actors of an agricultural sector, the balance of powers between each actor, and a SWOT analysis from our beneficiary’s perspective.

In conclusion, this session allowed the participants to realize how technical agriculture analysis is, and the importance of developing such skills internally and externally. Even if the final objective is to address a specific stage of the sector, it is essential to have the most comprehensive overview on all the value chain: supply - production - processing - sales.

5) Experience sharing on sector analysis

In order to have a concrete feedback on agricultural sector analysis conducted in the field, a round table brought together 4 speakers:

- Htet Wai Phyo Aung (Junior agronomist) and Aungsi Phonenaing (Operation Manager) on the rice sector in Myanmar (SOO)
- Oanh Nguyen Quoc (SES manager) and Duong Nguyen (Operation Manager) on the pig sector in Vietnam (ACE)
The facilitator asks each participant these questions:

1. Can you tell us a bit about the context in which you were led to look at this specific sector?
2. What method did you use to study the sector? What resources were mobilized for this investigation?
3. How did the sector analysis experience go? What are the main difficulties and successes you’ve met?
4. What were the results used for? (Briefly range of services developed will be addressed during the following days).

<table>
<thead>
<tr>
<th>MFI</th>
<th>ACE</th>
<th>SOO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey</td>
<td>Pig raising</td>
<td>Rice production</td>
</tr>
<tr>
<td>Reasons</td>
<td>One of the main IGA; pigs used for self-consumption and sales</td>
<td>One of the main IGA. SOO wanted to better know rice producers’ work conditions, practices and profitability.</td>
</tr>
</tbody>
</table>
| Methodology|• Focus groups with partners during annual survey on training needs and at the end of the training  
|           |• Individual interviews with partners during field visit by Agri-Worker in charge of loan use check and counseling  
|           |• Interview with government officers                                  |• Focus groups  
|           |                                                                      |• Individual interview  
|           |                                                                      |• Organized by CDOs and Agronomist                                    |
| Difficulties|• Literacy training needed                                             |• Farmers live in remote areas: difficult to group farmers together  
|           |• Livestock suffer from many diseases (not sufficient vaccinations) + price decrease  
|           |• Practical training sessions to organize for very small groups of farmers belonging to the same sector  
|           |• Loan product changed: bigger loan amount + longer term               |• Difficult to assess needs  
|           |• Technical fact sheets created to guide CCOs’ analysis                |• 4 training modules created for rice producers: soils, seeds, fertilizers, pest and diseases  
|           |                                                                      |• counseling session to offer  
|           |                                                                      |• Demonstration plots to facilitate (pilot)                            |

Regional Workshop  
Yangon, Myanmar – September 2018
6) Gender approach

Recently, EdM initiated a transversal project focusing on the “gender approach” and raised funds to i) conduct a diagnosis, ii) define a strategy and iii) conduct awareness/training sessions with the support of specialized consultants. Pauline Chabert from EGAE, one of the consultants, joined the workshop to meet some participants within the diagnosis process, she also took the opportunity to facilitate an awareness session about the notion of "equal rights and opportunities between men and women". This awareness session was conducted through the following questions:

- Question 1: If you were from the other sex (male/female), are there things that you could do or could not do today?
- Question 2: Do you do things today that your grandmother or grandfather would not have done?
- Question 3: Could you give an example of gender inequalities you have seen in your life or work?
- Question 4: What could you do to fight against gender inequalities, as a(n): Person; Organization; Education or Society?

7) Target population in rural areas and expected positive changes

With a better understanding of rural area challenges, participants were invited to place their organization in this context in order to (re) define their social mission.

Through a game, they were able on a scale of importance to answer the questions:

- Which beneficiaries do we want to reach?
- What changes do we wish to contribute?

Overall participants thoughts were broadly aligned when it came to the beneficiaries they wanted to reach when working in the rural context. Common characteristics were:

- Households below the national poverty line
- Households with not have enough food to eat, or the food is not nutritious enough
- Households who are affected by the rural exodus
- Households self consuming more than 50% of their production
- Those without land or insecure land tenure
- Those excluded from the financial system (no formal lenders available)
Participant’s thoughts were also broadly aligned on the changes they wanted to see:
- Households have enough food to eat all year long (no hunger gap)
- Progressive and lasting increase of income generated by the activities
- The household lives in a dwelling whose roof is no longer precarious
- The quality of the production is improved and allowing to sales at better prices or to reach new markets
- Prolongation of schooling/education

Then a second exercise led to an in-depth work on how to facilitate a particular change:
- The school enrollment gap is reduced between girls and boys
- The quality of production is improved and the beneficiary can sell at a better price or access new markets
- The household consumes sufficient and nutritious food all along the year

For this exercise, participants were invited to explain the "theory of change" by illustrating how, by what stages, pathways, the target population in rural areas will see these changes become reality / to be fulfilled as well as the conditions necessary to these positive changes.

**DESIRED CHANGE: The school enrollment gap is reduced between girls and boys**

<table>
<thead>
<tr>
<th>Target market</th>
<th>Activities</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those below the national poverty line</td>
<td>Microinsurance, Loans, Targeted educational savings, Market awareness training incentives, Referrals and linkages, Organizing and developing advocacy groups</td>
<td>Improved saving habits to be invested in education, Increased awareness and motivation of investment in schooling, Increased access to financial services</td>
</tr>
<tr>
<td>Those excluded from the financial system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Those without insecure land tenure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DESIRED CHANGE: The quality of production is improved and the beneficiary can sell at a better price or reach new markets**

<table>
<thead>
<tr>
<th>Target market</th>
<th>Activities</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee Farmers</td>
<td>Define quality procedures: capacity building, technical assistance, Creation of a producers organization: equipment and inventory support, capacity to sell and collect in large quantities, Branding: packaging, export regulation, marketing/advertising</td>
<td>Short term outcomes from defining procedures and working with producers include the certification of the products with a labeling scheme. Working on branding and capacity building leading to increased ability to export the product allowing the coffee farmers to reach new markets.</td>
</tr>
</tbody>
</table>
**DESIRED CHANGE:** The household consumes sufficient and nutritious food all year round:

<table>
<thead>
<tr>
<th>Target market</th>
<th>Activities</th>
<th>Outcomes</th>
</tr>
</thead>
</table>
| - Those below the poverty line
- Those with low levels of skills and knowledge and experience drawing mainly on traditional know-how | - Trainings: nutrition, different production techniques, savings
- Introduce farmers to innovation and new equipments and allowing them to hire/purchase them through access to capital | - Short term outcomes in higher quantity and quality production levels for both household consumption and sales
- Short term outcomes in increased income
- Increased awareness on what it is to eat a healthy diet
- Long term outcome of households having nutritious food all year round. |

The objective of the exercise was to get participants to think about breaking down the steps of a project into its component parts, thinking carefully about the linkages between each activity and the shorter and longer term outcomes. It is important also to think about the assumptions (what we think needs to happen) to go from a particular activity to an outcome. In many cases it can be useful to work backwards on a Theory of Change from the overall global goals of a project to the outcomes and then back towards the activities that can realistically achieve these outcomes.

**Day 2 – Wednesday 6th of September**

Thanks to a better understanding of the issues faced in the agricultural context, the second day was devoted to the development of financing tools adapted to the needs of small farmers.

1) **Existing practices within EdM’s network**

Some of EdM’s partners are already active in rural areas, and they have adapted their methodology and their credit offer. The day thus started with a round table bringing together 3 organizations who shared difficulties encountered, then developments and adaptations implemented to respond to the specificities of agricultural activities in their respective areas of operation:

- Bunthai Nab and Sophorn EANG, Branch Managers of Chamroeun (Cambodia)
- Noel Gabrito, Program Manager of SCPI (Philippines)
- Aungsi Phonainga, Operation Manager of SOO (Myanmar)
<table>
<thead>
<tr>
<th>MFIs</th>
<th>Difficulties</th>
<th>Adaptations, changes</th>
</tr>
</thead>
</table>
| Chamroeun | • **Transportation:** the transport cost to reach rural areas is high for MFI, and the transport cost for farmers, when they have to repay their loan, to reach our branch is also high.  
• **Difficulty of comprehension:** People in rural areas have a difficult understanding of what a loan repayment schedule is. Thus we have to start by explaining some basics in finance, especially how to reimburse a loan.  
• **Local authority:** Local authorities could be an issue and it’s sometimes challenging to establish a good relationship with local authorities. | • We decided to implement mobile banking to secure our payments. This technology is currently in the process of implementation.  
• We pay attention to have regular visits to the village chief in order to maintain good relationships. |
| SCPI   | • **Geographical and weather constraints:** Indeed, our beneficiaries are difficult to reach, not only because of the distance, but also because of the mountainous landscapes making it difficult to access our remote partners. For instance, we have a river to cross and, moreover, we have to consider the weather conditions. The heavy rain can make roads impracticable. | • We decided to implement a monthly collection time to reduce the back and forth.  
• We offer a variety of agro loans customized to their capacity of reimbursement.  
• Groups have their own saving box to ease the access to their savings in case of emergency (the branch is too far) |
| SOO    | • **Transportation:** The cost of transportation to reach our rural partners is high. Indeed, we need at least 20mn to reach the first rural group and much more for the most remote ones.  
• **Meteorology:** during rainy season, the access to our rural groups is very challenging.  
• **Security:** After collection, the loan officer can have high amounts of money with him/her. In order to avoid incidents, we pair up staffs in rural areas, but only the day of the money collection. | • We offer flexible products to respond to their business model – 3-month to 12 months.  
• We also want to create specific agro-product loan based on their seasonal business.  
• Monthly collection.  
• We deliver awareness sessions to farmers on loans to strengthen their comprehension.  
• We also need to recruit new staff to collect money but we don’t want women because of security matters and because we need someone who is comfortable driving. |

Among the difficulties encountered in rural areas, the participants reported on issues related to the methodology which cannot be replicated as for urban areas, particularly related to the frequency of meetings in low-density areas, credit products and loan application tools that are not suited to the cycles of agricultural activities, or logistical constraints to reach remote areas. To face those challenges, the teams shared adaptations they were able to implement, such as the diversification of credit products.
offering repayment methods adapted to the seasonality of the business (bullet loan to repay the capital after harvest or with a grace/deferral period for gardening activities), consistent with a common meeting frequency to all members generally on a monthly basis, the creation of a new loan application form with more appropriate questions and method of cash flows reconstitution, etc.

2) New loan products development

Following this review of existing practices, participants were invited to think about innovative new financing tools to go further in matching the needs of beneficiaries. Before that session, the facilitator reminded EdM’s fundamentals and the key steps to follow regarding the creation of new loan products.

Divided into 4 working groups, participants studied the possibility to implement 4 new types of agri loan products (technical sheets available) in specific rural contexts where existing programs operates (Bobon for SCPI, Muong Ang for ACE, Kampong Thom for Chamroeun, and Kawhmu for SOO):

- **Inventory credit**: instead of selling their crops immediately after harvest, when prices are at their lowest, farmers use their crops as collateral for a loan, and engage in income-generating activity and/or access to basic consumer goods. After a few months, farmers sell their crops, stored in a warehouse, at a higher price, and can thus gain more value. Main issue is related to storage (existing infrastructure and quality of conservation).

- **Equipment lending**: to finance big investments: equipment loans help farmers to invest in the mechanisation and/or motorisation of their farms. The partner receives a loan in cash to buy equipment. Because the partner becomes the owner of the asset at purchase, s/he bears the risk of equipment obsolescence and depreciation. Individual or group loan? Possibility to combine with another loan for the working capital?

  - **Equipment leasing**: The MFI (lessee) remains the equipment owner. The partner (leasee) acquires the right of temporary possession and use. The partner agrees to make payments to the MFI over the life of the agreement at periodic intervals. When the lease period ends, the partner has the option to purchase the equipment, renew the lease, or return the equipment to the MFI. Legal framework allowing MFIs to lease by themselves or through partnership (costs to be considered)?

- **In-kind loan**: instead of disbursing a sum of money to partners to purchase the inputs they need for their agricultural activity (livestock, seeds, etc.), the inputs are directly delivered to them at the time of disbursement. The risk on this credit concerns the responsibility that is taken by the MFI on the choice of input suppliers (price, quality, impact on the environment). The MFI must also review its standard disbursement process (where?)

- **Line credit**: An arrangement by a lender to make an amount of credit available to a borrower for use over a specified period of time. It is generally characterized by periodic and partial disbursements and repayments of loan funds. Main issue is related to the MIS settings

The objective of this exercise was not to precisely define the features of each product, but mainly aware participants about new possibilities. When presenting their findings, each group was questioned by others about operational, strategic, or financial challenges when implementing such loan products. Discussions will continue after the workshop to know in which extent the programs could offer new innovative agri loans to their partners.
3) Experience sharing

In order to illustrate this session, Grégoire BRUNETEAU presented the projects conducted by the GRET in agri lending in the Delta Region in Myanmar. In that region, GRET does not act as a MFI, but has organized local village committees to independently manage microfinance activities. On this basis GRET developed 3 innovative financial services to answer the main financial needs in the villages:

- Hire Purchase (form of «financial leasing» with a down-payment): financing productive and non-productive equipment (tractor, solar panels, …)
- Inventory Credit: financing the next paddy season – storage against loan (the committees manage their warehouses)
- Small Producer Credit Service: financing small scale activities in village – regular MF service

The afternoon was devoted to field visits. The participants went to meet small farmers, SOO’s beneficiaries. Using a questionnaire, the objective was to better understand the activity but also to analyze it within the sector concerned, the difficulties encountered and the needs for support and funding.

Day 3 – Thursday 7th of September

The morning of the 3rd day was dedicated to socio-economic services which could be implemented to strengthen the capacities of small farmers and find solutions to meet social needs of rural households.

1) Specialized structures in support to farmers

To introduce this day Kyaw Myo Htay agronomist from GRET and Lesley Vick from Greenovator have presented their respective project to support small farmers.

GRET works in the rice producing region, Ayerawaddy Delta. One of the main issues which have been identified in the area is the access to high quality seeds.
GRET’s project aims to increase quality and quantity of seed production in order to increase paddy production as well as the creation of a seeds producer network:

- Training of farmers about seed source, seed quality and crop management (supervised by the agronomist).
- Creation of a participatory guarantee system: quality insurance and certification process as well as cooperation and sharing between farmers. (labels, standards, systems and procedures etc.)

Results: 15% more yield with the seeds and higher sale prices.

**Greenovator** is a start-up who developed the “Greenway Agri Mobile App” in Myanmar. This app aims to answer key challenges for farmers who have limited access to information, limited technical support and outdated solutions. The idea is to empower farmers in solving problems by themselves though an app considering that 80% of the population in Myanmar uses a smartphone. The app includes:

- Farming practices, QA knowledge, weather, news, contacts, TV, market prices
- Information on livestock, pesticides, fertilizers etc.

It brings together 94,000 users; 2,800 technical advisors and nearly 400 locations are covered.

### 2) Existing practices within EdM’s network

Following progressions made on financial services, **EdM’s partners have already started to develop a technical support offers to the agricultural population.**

The EdM’s Training Technical Advisor in Asia presented existing practices in agro and livestock fields.

- **To date, only SCPI, ACE and SOO offer agro and livestock technical trainings:**
  - ACE in Vietnam has the largest training offer which is led by an agronomist. Their training offer includes the following categories: poultry, fish breeding, rice cultivation, general agriculture, pig breeding and cattle.
  - SOO agro trainings in Myanmar was initiated last year by the design of 4 agro trainings by a senior agronomist who developed the following topics: improve rice seedling techniques to positively impact yields, select the most appropriate type of cultivation by combining parameters of soil and seasonality, optimize the use of fertilizers in rice culture, select the most appropriate pest and disease control techniques in order to improve the crop yield.

- **Soo and SCPI have recruited an agronomist with the following responsibilities:**
  - Identify needs in agriculture, and contribute to develop non financial services for farmers (trainings, referrals, etc.)
  - Update existing training content if necessary
  - Deliver trainings on field and Individual monitoring
  - Build fact sheets on agricultural sectors, to help partners identify profitable agricultural activities and then help them structure these activities
  - Train other staff in the facilitation of the training modules.
  - Organize farmers-field-schools outside group meeting times
  - Identify agriculture referral services / networking.
o Improve farmers’ loan requests analysis among the team
o Update the agro yearly training plan
o Work with the Operations Team on the appropriateness of products and services supporting farmers

=> The recruitment process includes a tool kit and EdM support: Job description, candidate screening, test, interview and final selection...

• EdM has recruited a specialist in agronomy in Africa, who is working on agri trainings catalogue of 25 modules about the following 7 topics: 1. Yield development; 2. Organize my plot; 3. Manage my farming well; 4. Manage my breeding properly; 5. Value my production; 6. Agro-ecological approaches; 7. Cooperate to better carry out its activity.

=> This “Agro Kit” will be progressively adapted to Asian countries.

Agriculture is the second largest sector after the energy sector, which contributes the most to greenhouse gas emissions (Energy 35%, Agriculture 24%, Industry 21% and Transport 14%). (FAO Source 2016). Agriculture is also responsible for 70% of natural water withdrawals. For EdM, it is essential to integrate those environmental issues into its action: in addition to the objective of building capacity in the management of their IGA (improving returns, reducing the risk of loss, etc.), EdM wishes to initiate the implementation of good practices respectful of the environment with modules like association of culture, agroforestry, production of compost, water needs of the culture / available water, etc.

3) New socio-economic services development

After the review of existing practices, the participants were invited to think about new "agro-economic" services that could be developed to strengthen the capacities of our beneficiaries in the management of their activity - without constraints of means-; and secondly, with what human resources these services could be implemented (internal: group facilitator, agronomist, branch manager, etc. or external to the MFI).

List of ideas from the brainstorming:

• Demonstration Farm / Training farm / Pilot Farm / Demo Plots
  o Including organic and chemical techniques
  o Encourage and capitalize on traditional (organic) techniques to reduce the fertilizers ‘cost
  o Pilot demo farm for new agro product and research on new products.
  o Promote agro ecological practices
  o Develop an expertise on all types of fertilizers concerning their nature, use and effects

• Develop new financial products
  o Provide crop insurance
  o Develop a medical insurance for farmers
  o Develop loan product for seed purchase
  o Increase loan size for big agro equipment

• Product transformation
  o Develop transformation production to increase profit
  o Develop conditioning and packaging of agricultural products to increase profit

• Strengthen, support or develop networking and development of cooperatives
  o Develop a network of cooperatives to increase farmers ‘trading power and access to (new) market.
• Create a networking/linkage to suppliers such as fertilizers, agro equipment, seeds…
• Networking services linked to local authorities / NGOs / Farming / agro schools / agronomist / University of agriculture
• Access to collective storage: collective (in the community, village), or MFI which can manage facilities for farmers
• Organize exchange and visits between farmers
• Create a newsletter with articles highlighting and sharing good practices and results of our farmers-partners
• Create a soil testing unit
• Networking job announcement for farmers owner during the harvest season
• Keep farmers updated on price fluctuation
• Keep farmers updated on major weather forecast events
• Incubation centers for agricultural social enterprises
• Godfather system between farmers

• Seed access
  • Create and manage a seed bank
  • Cooperative to sell seeds at lower prices
  • Develop loan product for seed purchase
  • Foster renting and leasing services
  • Renting service dedicated to equipment’ sharing among partners
  • Leasing services for big equipment.

• Others
  • Develop audiovisual materials for farmers
  • Lobbying with public authorities for the construction of infrastructure
  • Mediation between breeders, farmers and producers to avoid conflicts and find synergies.
  • Synergy between TPE and MFI’s
  • Legal support to help beneficiaries gain access to land
  • Develop training offer in livestock and breeding
  • Organization of the sectors

Social support activities implemented in urban areas are difficult to replicate in rural areas because social or health structures are poor in rural areas to carry out social referrals; therefore in terms of resources some programs prioritize recruitment of an agricultural worker instead of social worker.

As rural households are particularly vulnerable, especially because of a limited access to basic needs, it seems essential to provide solutions in response to their social issues. 5 working groups were created around the following themes: Education, Nutrition, Health, Housing, Rights advocacy. Then the groups were invited to identify a specific social issue related to the theme, then to think about innovative solutions without any constraint of means.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Social issue</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDUCATION</td>
<td>Lack of schools and low quality</td>
<td>• The solution is to build the local leaders’ capacities in the area to be able to teach in their communities. Exchanges between local universities could be set up to help people who do not often have access to education.</td>
</tr>
</tbody>
</table>
| NUTRITION | Healthy nutrition                   | • Organize cooking workshops in communities to educate them on eating a balanced diet with locally produced food.  
<p>|           |                                     | • The workshops could be organized in schools and main... |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Social issue</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEALTH</td>
<td>Pregnant women healthcare</td>
<td>- They would involve:&lt;br&gt;  - community leaders to gather people and repeat key messages in the communities&lt;br&gt;  - parents and kids as participants&lt;br&gt;  - nutritionists able to identify lacks and provide recommendations&lt;br&gt;  - farmers to provide locally produced food&lt;br&gt;  - pharmacies as partnered organizations to provide vitamins if needed&lt;br&gt;  - The workshops could include some games on negative effects of bad nutrition and could be concluded with the distribution of a recipe booklet to replicate them at home</td>
</tr>
<tr>
<td>HOUSING</td>
<td>Access to decent toilets</td>
<td>- Pregnant women would be supported at different stages of their maternity. Doctors will move around into rural areas to help provide support to the woman and baby. This includes a mobile app that shows information on the pregnancy and gives different messages for the different stages of the pregnancy. The App will provide contact information if you need help with anything, for example a list of post birth support that is required such as birth certificates, that can helps up to six months after having the baby.</td>
</tr>
<tr>
<td>RIGHT ADVOCACY</td>
<td>Access to land property</td>
<td>- To address this issue, the MFI could to develop community-based, self-managed savings credit groups to encourage people to build toilets. The MFI would start raising awareness on hygiene and toilet, before providing cheap toilet models. These toilets could be built from local material easily accessible for population (such as bamboo, coconut leaves, recycled materials, etc).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The MFI could support its partners by raising awareness on basic legal land rights. To do so, the MFI could:&lt;br&gt;  - Collaborate with Ministry of Agriculture to develop technical support tools for farmers&lt;br&gt;  - Facilitate training on land registration&lt;br&gt;  - Form local advocacy groups&lt;br&gt;  - Develop legal referrals to ensure farmers can learn/check their rights and contact experts if needed&lt;br&gt;  - Create a campaign on media</td>
</tr>
</tbody>
</table>

Same as for the financial services exercise, many ideas have emerged and will be considered one by one depending of the context and their feasibility. Discussions will therefore continue after the workshop.
Day 4 – Friday 8th of September

1) Field visits

The morning was devoted to field visits. Participants attended a group meeting, during which the Field Officer collected the loan repayment and savings deposit from the Group Leader according to SOO methodology. Participants also interviewed a farmer in order to understand his/her financial needs.

2) Agricultural micro-insurance

As agriculture is a very risky business sector as explained above, many initiatives are conducted to experiment **agricultural micro-insurance tools which aim to cover the damage associated to losses** (diseases, pests, drought, floods, etc.).

Pierre Casal Riberio from the Grameen Crédit Agricole Foundation, expert on this domain, made a presentation to explain:

1. Risks in agriculture
2. What's the purpose of agricultural insurance?
3. Pricing insurance
4. Are smallholder farmers insurable?
5. Index insurance
6. Linking credit and insurance

The sector is still "experimental" as the market and the product are not yet mature, which makes it very expensive to implement. Despite positive feedbacks, the cost for our beneficiaries is still very high: +10 points on the loan interest rate. In conclusion, **EdM and its partners do not wish to propose that kind of product for the moment, but remain aware to follow the evolution of this sector** (for example, in the Philippines, the government protects farmers facing a production loss due to natural disasters). However, the development of the agricultural loan portfolio may increase the credit risk for the MFI, if they are not covered by any insurance, they will have to be mitigated by other devices addressed in day 5.

3) Define an expansion strategy in rural areas

After designing financial and non-financial services adapted to the needs of rural households, the objective was to think about the **implementation of such an offer within a sustainable economic and organizational model**. This strategic reasoning allowed to think about the optimization of "distribution channels" (location and branches zoning), the use of new technologies such as mobile banking, and all other means to **access remote areas and facilitate access to savings** (a financial service that had not been discussed until then).

The participants organized in groups first worked on a practical case inspired by a real case: a donor opportunity to propose the deployment of YIKRI’s social microfinance offer in 11 communes in the
North-Central region in Burkina Faso. As the funding expires after 3 years, the proposed strategy was designed to reach sustainability at the end of the project. Depending on the location and mapping of the different municipalities and the number of inhabitants in each, working groups were asked to draft a proposal: location of branches or other distribution channels, means implemented, credit methodology, range of products and services offered, main operational indicators, etc.

Main lessons issued during the debriefing:

- Based on same instructions all groups have proposed very different strategies and outreach (from 3 400 to 30 000 active borrowers, from 3 to 8 branches, etc.) – Strategy is not something that can be “standardized”
- Importance of the market survey to optimize location and zoning of branches:
  - Evaluate the distances between municipalities, the population density, level of infrastructures (bank, electricity, internet, etc.), etc.
  - Better know main income generating activities carried out by households and needs to proposed adapted products and services
  - Potential partnerships to outsource some socio-economic services and limit costs
- Difficulties to determine the number of target beneficiaries in relation to a given population i.e. notion of “penetration rate”
- The need to create middle management and support job positions given the distance to the head office (area manager, accountant, internal controller, etc.)
- No alternative distribution channel has been proposed like “counters” or mobile payment – only traditional branches

4) Mobile banking

Mobile banking or mobile payment is often mentioned as a financial inclusion tool, a new channel for financial transactions in areas without banks. On 2017 2/3 of unbanked people have a mobile phone, mobile banking has grown strongly in the last years. Mobile banking is part of the digital economy and a « branchless banking » system. It is also a form of digital payment. The most broad term is « Mobile Money » since mobile banking is exclusively related to a bank account (it is very similar to « internet banking », but generally uses an app).

After the facilitator has defined the key principles and reminded the process of mobile banking, Sophorn EANG Branch Manager from Chamroeun – the only MFI in the workshop that offers such a service to its partners – shared his experience through a presentation. As a reminder, Chamroeun does not collect cash on field, but partners repay their loan at the branch. The mobile payment offer aims to propose a new channel for loan repayment. Why a partnership with M-payment service company?

- Save costs for partners on traveling, time, business opportunity, cash carry security, simple repayment process (no need to sign on any doc.), flexible for loan payment at any time/ place, and empower partners to use modern technology.
• Save costs for Chamroeun to increase operational efficiency (time, gasoline, fraud prevention, cash transportation security, reduce printing cost on official receipt, reduce operating expense such as cash counting, and posting in MBwin system), and provide more convenient services.

Among the 11 M-payment providers in Cambodia, Chamroeun has chosen Wing (53,000 agents) and TrueMoney (6,000 agents). Partners pay 0.4$ - 0.5$ per transaction. The percentage of M-payment repayment has strongly increased since last year to reach 40% of total loan repayments. This channel is more used in urban areas then in rural areas where the network of agents is poorer.

In conclusion, this new technology which "digitizes" only part of the cash transactions requires a large network of authorized agents to manage cash transactions. For now, and depending on the country, those intermediaries are mainly present in urban areas, few in rural areas. Another disadvantage: the additional cost for our beneficiaries, but the MFI can decide to support it.

However, it seems necessary to remain aware of mobile payment advantages, to include this opportunity during market surveys as a possible channel to reach a maximum of beneficiaries in remote areas.

Day 5 – Saturday 9th of September

The last day aimed to address social performance management, risk management and indicators monitoring with a "rural perspective" taking into account all learnings of the week.

1) Social objectives

The participants were organized by MFIs and were led to look at the social goals of their organization and identify the necessary changes with a "rural perspective".

They were invited to use the metaphor and visual representation of the "Theory of Change Tree", which had been used at the 2016 Regional Workshop on Social Performance Management to adapt their current social goals and indicators.

<table>
<thead>
<tr>
<th>MFIs</th>
<th>Social objectives to be adapted to the rural perspective</th>
</tr>
</thead>
</table>
| SCPI | • Kept the same indicators as now, they were set relatively recently in 2017  
• Reduced the target currently in place (making it more ambitious) for the percentage of first time borrowers with access to modern farming equipment  
• Added agricultural training as a new activity in the Theory of Change Tree. |
| ACE | • Added indicators to assess the resilience of partners (savings, diversified income)  
• Added an indicator to assess if farmers have a new position in their family/community/society  
• Added an indicator on how partners apply what they learn during training |
| SEED | • Indicator on the % of GDP for rural areas  
        • Access to basic services: # children attending school + access to hospital  
        • Indicator on increase in level of savings  
        • Indicator on increased in yield and farming productivity |
|-----|------------------------------------------------|
| STEP | • Added farmers into the target population  
        • Agricultural training added as an activity  
        • Need to change some indicators in the Poverty Assessment Tool (food consumption, assets, ownership) to align better with the rural experience |
| Chamroeun | • It was suggested that the Cambodian Poverty Probability Index (PPI) questionnaire has a rural bias (with some questions are not suitable for urban areas)  
        • Indicators already defined to be more adapted to rural areas, include…  
                o Higher % under the poverty line  
                o Lower quality roofing material  
                o Increase agri financing  
                o Less insurance for rural areas  
                o Less “WASH” loans  
                o Less collateralized portfolio:  
                    o Slightly increased target for staff turnover (assuming greater challenges in staff retention in rural areas. |
| SOO | • Want to better define what are the basic services mentioned in the vision  
        • Want to add a indicator and target relating to children attending primary school  
        • After cycle 3-4, in the context of agriloans SOO wants to try to target one very profitable activity being undertaken in the household |

In conclusion, it is clear that as an organization expands into rural zones it is important to see if the current social goals and indicators tracked are fit for purpose. Certain targets previously set may need to be adapted to take into account differences in the rural context. Indeed some goals may need to be set specifically with rural activities and rural goals in mind.

2) Risk management

The financial inclusion rate in rural areas is particularly low. This large gap between credit demand and supply is often explained by the difficulty of securing credit, but also by the difficulties and cost of accessing landlocked areas. In other words, MFIs are reluctant to expand their portfolio in rural areas because agricultural activity would be too risky and operations too costly.

In order to fulfill its mission, EdM wants to expand its activities in rural areas but how to secure this extension?

After a presentation reminding risk management’s definitions and principles, participants were invited to work on a risk matrix specific to rural areas: after classifying the main predefined risks and identifying new ones (financial, operational, credit risk, etc.), the objective was to evaluate the probability of occurrence and the impact of the risk if it occurred, to finally think about the different devices that could mitigate the probability and / or the impact of the identified risk.
Main conclusions:

- Adapt cash transportation policy to ensure staff and fund security (as for SOO, at least 2 staffs are required for loan collection beyond a certain amount)
- Adapt loan products to farmers’ needs, but also to diversify the portfolio in order to cover credit risk by avoiding concentration on one product (such as bullet loan)
- Anticipate on loan repayment and adapt delinquency management policy, especially for borrowers with a bullet loans
- Train farmers to mitigate climate hazards

3) Indicators monitoring

The objective of this session was to remind the fundamentals of reporting, data entry and data management, in order to be able to conduct analyzes of the loan and socio-economic portfolio from a rural perspective. Through an Excel exercise, participants were asked to process data from SOO’s Monitoring Information Systems database (Loan Performer and SMS), in order to extract key indicators such as differences in socio-economic characteristics of beneficiaries between urban and rural areas, volume of agricultural portfolio and its concentration by sector, etc.

Main learnings from this session:

- A large amount of data is available for in-depth analysis by geographical area, sector of activity, etc.
- Data entry:
  - Importance of key terms and training of teams on these definitions: urban/rural, agricultural activity
  - Regularity and quality of data entry to obtain reliable and usable data
- Choice of setting methods to facilitate traceability and data extraction (agro credit vs sector of activity?). This also applies to defining key terms before setting it in the system.
- Integration of the key indicators of regular piloting in the reporting or automatic reports of the MIS vs punctual extractions and analyses
4) Action plan per organization

In conclusion and in order to consolidate main learnings and ideas raised from the workshop in a concrete way, the participants organized by MFI defined at minimum 3 actions that they will include in their 2019’s operational planning.

<table>
<thead>
<tr>
<th>MFIs</th>
<th>2019’s action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE</td>
<td>• Set-up a new MIS: cloud based</td>
</tr>
<tr>
<td></td>
<td>• Enforce the risk management unit</td>
</tr>
<tr>
<td></td>
<td>• Increase the synergies btw financial and social services</td>
</tr>
<tr>
<td></td>
<td>• Develop a Line credit</td>
</tr>
<tr>
<td></td>
<td>• Develop networking through Internet</td>
</tr>
<tr>
<td>SOO</td>
<td>• Set-up a new MIS: cloud based</td>
</tr>
<tr>
<td></td>
<td>• Create more agricultural modules for seasonal crops</td>
</tr>
<tr>
<td></td>
<td>• Offer new loan products for agricultural areas: emergency loans (top-up), credit line</td>
</tr>
<tr>
<td></td>
<td>• Conduct a satisfaction survey for all areas</td>
</tr>
<tr>
<td></td>
<td>• Open a new branch in a new rural area</td>
</tr>
<tr>
<td>SEED</td>
<td>• Assess the capacity to operate in rural areas</td>
</tr>
<tr>
<td></td>
<td>• Identify areas</td>
</tr>
<tr>
<td></td>
<td>• Conduct a market study</td>
</tr>
<tr>
<td></td>
<td>• Based on findings, design a risk mapping and develop an action plan</td>
</tr>
<tr>
<td></td>
<td>• Launch digital services (payments, remittances, …)</td>
</tr>
<tr>
<td>SCPI</td>
<td>• Offer a micro-insurance product: agricultural (government) + life (micro-insurance company)</td>
</tr>
<tr>
<td></td>
<td>• Create more agricultural training modules</td>
</tr>
<tr>
<td></td>
<td>• Offer new loan products: credit line, inventory credit</td>
</tr>
<tr>
<td></td>
<td>• Expand in new rural areas</td>
</tr>
<tr>
<td></td>
<td>• Recruit a FAM and internal auditor</td>
</tr>
<tr>
<td></td>
<td>• Conduct a satisfaction survey</td>
</tr>
<tr>
<td>Chamreun</td>
<td>• Use tablets to encode LAF for all loan officers (less time-consuming and fewer documents required)</td>
</tr>
<tr>
<td></td>
<td>• Increase loan officers to cover rural areas</td>
</tr>
<tr>
<td></td>
<td>• Offer home improvement loans</td>
</tr>
<tr>
<td></td>
<td>• Facilitate agricultural risks training</td>
</tr>
<tr>
<td></td>
<td>• Cooperate with more M.payment companies (add disbursement service)</td>
</tr>
<tr>
<td>STEP</td>
<td>• Adapt the methodology: group size to increase</td>
</tr>
<tr>
<td></td>
<td>• Adapt the loan product to specific agricultural activities</td>
</tr>
<tr>
<td></td>
<td>• Change some parameters in the MIS for agricultural activities</td>
</tr>
<tr>
<td></td>
<td>• Adapt the PAT to rural partners</td>
</tr>
<tr>
<td></td>
<td>• Offer 1 new social service for rural partners</td>
</tr>
</tbody>
</table>
Conclusion

A big thank you to everyone who made this workshop possible:

- Sont Oo Tehtwin’s team and Anne-Hélène ROIGNAN for their welcoming and logistics;
- EdM’s partners: Anh Chi Em, Chamroeun, SCPI, SEED, SOO, STEP;
- External participants: Grameen Crédit Agricole Foundation, Greenovator, GRET, EGAE;
- Facilitators:
  - Ian BEST: Social Performance Technical Advisor
  - André DUCHENE: Risk Technical Adviser for Asia
  - Amélie GERMETTE: Social Microfinance Methodology Technical Advisor for Asia
  - Gino GICQUEAU: Training and Knowledge Management Technical Advisor for Asia
  - Carole SULSKI: Head of Social Microfinance

The workshop ended with the participants giving a global assessment of the event’s content and logistics. Participants were asked to rate the following aspects giving a score ranging from 1 to 5 (5=maximum score).

Average scores are displayed below:

- Global consistency and balance of the program: 4.2
- Presentations: 4.2
- Exercises and case studies: 4.2
- Field visits: 3.3
- Ice breakers, games, and assessment: 4.2
- Learn about specificities of rural areas and beneficiaries’ needs: 4
- Adapting the social microfinance services of Entrepreneurs du Monde in rural areas: 4.1
- Share experiences, knowledge and best practices in order to solve common issues: 4.1
- Reached personal objectives and expectations: 4.2
- Information shared before the workshop: 3.5
- Choice of the city, the country: 4.7
- Duration of the seminar: 4.5
- Daily timetable and rhythm: 4.3
- Meeting room configuration and decoration: 4.2
- Field visits: 3.3
- Accommodation: 3.2
- Meals: 3.1
- Group atmosphere: 4.5
<table>
<thead>
<tr>
<th>Tuesday 5th 4.3</th>
<th>Wednesday 5th 4</th>
<th>Thursday 7th 4</th>
<th>Friday 8th 3.4</th>
<th>Saturday 9th 4.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>General introduction</td>
<td>EdM’s programs experience sharing</td>
<td>Field visit debriefing</td>
<td>Field visit: SOO group meeting and loan appraisal with farmers</td>
<td>Adapt our social objectives to rural areas</td>
</tr>
<tr>
<td>Introduction and definitions</td>
<td>Process to create a new loan product</td>
<td>Experience sharing on socio-economic services</td>
<td>Field visit debriefing</td>
<td>Risk management in rural area</td>
</tr>
<tr>
<td>Agri sectors/chain: definitions, tools for surveys, case study on a specific sector</td>
<td>Propose new products adapted to agri businesses</td>
<td>Brainstorming on agri and business services adapted to rural areas</td>
<td>Agri micro-insurance</td>
<td>Production and analysis of monitoring indicators</td>
</tr>
<tr>
<td>Agri sectors/chain: experience sharing</td>
<td>Experience sharing other MFI (GRET)</td>
<td>Brainstorming on social services adapted to rural areas</td>
<td>Strategy in rural area (case study)</td>
<td>Conclusion and action plan after the workshop</td>
</tr>
<tr>
<td>Awareness on gender approach</td>
<td>Field visit: interview with farmers</td>
<td>Mobile banking: presentation and PMS’s experience sharing</td>
<td></td>
<td>EdM’s presentation</td>
</tr>
<tr>
<td>Our social mission in rural area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New topics mentioned for future workshops:
- Rural microfinance: to go deeper on new product design and methodology
- Human resources, organizational and personnel management
- Digital Financial Inclusion, Innovations /New technology in microfinance
- Financial analysis for social microfinance sustainability

List of documents used and delivered during the workshop:

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
<th>Day 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2.1a_World tour in rural definitions</td>
<td>2.1d New loan product creation</td>
<td>3.1a_Seed Producers Network in the Ayeyarwaddy Delta</td>
<td>Introduction agricultural insurance EDM EN</td>
<td>5.2a_Risk management</td>
</tr>
<tr>
<td>1.2.2a_Challenges in rural areas</td>
<td>2.1i_Equipement-lending-leasing sheet</td>
<td>3.1b_Greenovator_P presentation for EDM</td>
<td>4.3b Mobile Banking</td>
<td>5.3a_Indicators and monitoring</td>
</tr>
<tr>
<td>1.3.1_Agriculture sector theory</td>
<td>2.1i_In-kind-loan sheet</td>
<td>3.2_Socioeconomic services in rural areas</td>
<td>4.3c_Chamroenn MFI_M Payment</td>
<td>5.4b_Conclusion</td>
</tr>
<tr>
<td>1.4.1_Training gender equality</td>
<td>2.1i_Inventory-credit</td>
<td></td>
<td></td>
<td>EdM’s presentation</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2.1i_Line-credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5c_Social mission reminder and exercise</td>
<td>2.2_Gret EDM - presentation workshop September 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>