



Livelihoods and Food Security Trust Fund



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Value Chain Development for Inclusive Economic Growth at Central Bogale/Mawlamyinegyun Townships

Village Revolving Fund

Presented by
Welthungerhilfe (WHH), Bogale

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ABBRE;

VDC



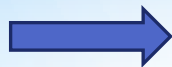
Board of Village Development Committee

RF



Revolving Fund

Member



Village Development Members

Background of Revolving Fund



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- Most of the villagers are taking loan from money lenders for various business with **high interest**.
- Poor Villagers **can not access loans** because they **don't have pledges** to give to lenders/mortgage.

Background of Revolving Fund



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- Villagers want to access loan with **low interest** in their villages.
- So, WHH facilitated the **Village Revolving Fund System.**
- Revolving Fund is the **most important instrument** for sustainable development in the region.

Practice of Revolving Fund



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- **System of RF:** Membership based system
- **Membership fee:** 500/1000 MMK per year
(fee is decided by VDC)
- **Entitle:** All interested individual, one representative from one household
- **Registered:** Register by VDC, membership passbook is maintain

Practice of Revolving Fund



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- **WHH provides** agri-inputs, livestock inputs, income generation inputs, etc. to **Board of VDC**.
 - **VDC** distributes to respective **beneficiaries** by making a **contract** with them:
 - All business inputs are based on a 50% or 100% **pay-back system**.
 - **Board of VDC** takes **responsibility** for repayment in time and monitors the business.
- VDC **Revolving Fund** is growing

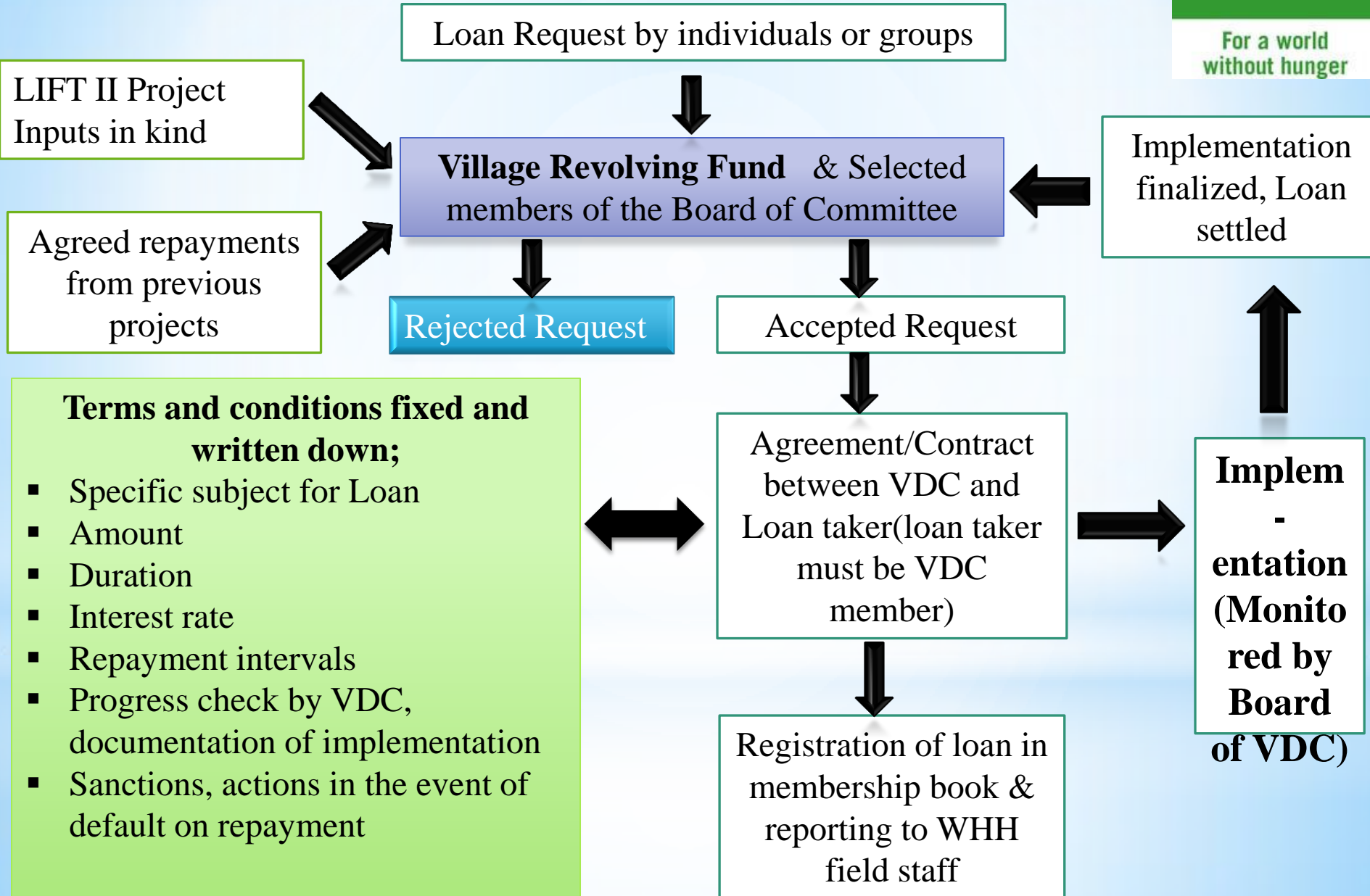
Practice of Revolving Fund



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- With the growing capital of the Revolving Fund, VDCs can provide and manage **loans** for **farmers and non-farmers**.
- **Only members** can access loan from RF
- VDC identified the **percentage** of total RF for **farmers** and for **non-farmers**.
- VDC takes responsibility of payback of loans.

Village Revolving Fund Flow



- Holding **Monthly Meetings** led by VDC Board
- **Register** loans and repayments in **individual books**, cash book and meeting minutes book.
- **Cash in and out** are doing in Monthly Meeting.
- Some villages are using **banking system** as a transparent way and to prevent misuse.
- In case of delayed repayment, VDC Board will:
 - 1st Step: Announce in **village announcement** board
 - 2nd Step: Invite, home visit and make **negotiation**
 - 3rd Step: Take **legal action** (village or township level)

- Established **small businesses** in villages by getting loan from Revolving Fund.
- **Reduced interest rate**, from previously 3% - 5% to currently 1% - 4%.
- Gradually high interest rate system will disappear in their village.

- RF contributes to village development and **social infrastructure**.
- Villagers got practice in **group/team work**.
- Villages' leaders **improved** their **management** and **decision making skills**.

Challenges

- **High labor migration rate** to other townships
→ Migrated people delay repayments.
- **Low income** of households because of low prices and limited markets for local products.
- **Need** for loans **bigger than** RF **capacity**.

- At the beginning, WHH provided the **inputs directly to beneficiaries**.
 - Difficult for VDCs to manage pay backs
 - Delays and losses
- Now, WHH provides the **inputs to the VDCs** who distribute to the beneficiaries
 - Higher repayment rate
 - More ownership

- At the beginning, VDC gave out **loans without specific proposals.**
 - Difficult for VDCs to monitor businesses and paybacks
- Now, WHH set up a **village level proposal** form.
 - Easier for VDCs to monitor businesses and paybacks.

- Board of VDCs **annually elected** by **voting system**.
- **Roles** and **responsibilities** of each position identified.
- **Regular monthly meetings** for information/technology sharing, cash in and out, cash balance-sheet, mutual discussion and trust building.
- Financial & organizational **management training** (book keeping, revolving fund, conflict management, ...)

Governance of RF

- Village authorized persons are participating in Board of VDCs as **patrons**.
- Elected the Board of VDC by voting of members.



Governance of RF

The owners of revolving fund are the village development members:

“Ownership sense of the revolving fund”



**Thanks for your attention in Revolving
Fund!**