



APRACA Newsletter

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Participants of 66th APRACA Executive Committee meeting held in Babolsar, IR Iran on 9 October 2016

The 66th APRACA Executive Committee meeting held in Babolsar, IR Iran

The 66th APRACA Executive Committee meeting was successfully organized and hosted by Bank Keshavarzi (Agriculture Bank of Iran) and held at Training and Recreational Center of Bank Keshavarzi in the beautiful city of Babolsar, IR Iran. The host also organized the 'Regional Forum on Formulation of Women Empowerment Framework for Sustainable Development' in conjunction with the APRACA Executive Committee (EX-COM) meeting. The EX-COM was represented by 12 countries spread over the Asia-Pacific Region and attended by 95 strong delegates from 25 APRACA member institutions.

The Chairman and Managing Director of Bank Keshavarzi (BK), Dr. Morteza Shahidzadeh inaugurated the meeting and congratulated all the executive committee members for their participation in the meeting at the beautiful city of Babolsar, IR Iran. He said that BK will support the APRACA programme even at a higher level than before and would like to participate in exploring emerging areas of interest of the member institutions and serve the Asia-Pacific Region as the center of excellence in many areas of banking and finance. Mr. S.K. Sur Chowdhury, Deputy Governor, Bangladesh Bank (Central Bank of Bangladesh) and Chairman, APRACA presided over the meeting and welcomed the EX-COM members as well as the accompanying delegates and observers attending the meeting. The Chairman also expressed his gratitude to the

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APRACA Chairman, Chairman & Managing Director of Bank Keshavarzi with APRACA Secretary General at the 66th APRACA Executive Committee meeting

host organization Bank Keshavarzi and its management for hosting the 66th EX-COM meeting in the beautiful city of Babolsar.

Mr. Chamnong Siriwongyotha, APRACA Secretary General presented agenda wise details of the APRACA activities during the period of December 2014 till September 2015. He reported that APRACA admitted 7 new members during the above mentioned period. They are: (1) Agricultural Guarantee Fund Pool (AGFP) from Philippines, (2) China Fund for Poverty Alleviation (CFPA) from China, (3) BASIX Social Enterprise Group (BASIX) from India, (4) Micro Options from Pakistan, (5) Bangladesh Krishi Bank (BKB) from Bangladesh, (6) National Cooperative Bank Ltd. (NCBL) from Nepal and (7) National Environment Fund (IRNEF) from IR Iran. The newly admitted member institution increased the total number of member institution to 77 and the delegates appreciated the efforts of the APRACA Secretariat.

The Financial Statements for the period January-December 2014 and January-June 2015 was presented along with the progress report of the two IFAD regional grant projects 'FinServAccess' and 'RuFBEP'. The EX-COM members actively participated in the discussions and the debates to improve the service delivery of APRACA to its member institutions with special reference to the improved presentation of the financial statements and for which an Audit committee has been formed which will be headed by BRAC, Bangladesh and members from Bank Keshavarzi, IR Iran and Bank of Ceylon, Sri Lanka.



Participants at the inauguration of APRACA Monument at the Training and Recreation Center of BK in Babolsar on 9 October 2016

The delegates appreciated the role of APRACA in organizing the national level policy forums and regional level training and capacity building activities during the last 10 month period under discussion. The Chairman expressed his happiness and noted that the APRACA is organizing training programmes for the member institutions through the IFAD supported grant projects and the FAO which APRACA need to continue and extended his support to the efforts of APRACA secretariat to receive more regional grant projects to support the member institutions in the developing countries of the region. The Chairman urged that while designing the training programme, the APRACA Secretariat need to emphasize on the holistic plan including identification of the participating countries, institutions and the resource speakers. He also highlighted to the circulation of the report and the feedback of the training participants among the members.



Inaugural ceremony of 66th APRACA Executive Committee meeting held on 9 October 2016

The delegates appreciated the time, efforts and the resources used by the management and staff members of the Bank Keshavarzi for successfully hosting the EX-COM meeting and the international forum. The delegates also appreciated the generosity of BK and the team of escorts provided to each foreign delegates since their arrival to the Tehran Airport and the general services provided by them which they did with great care and dedication. The delegates also enjoyed the excellent infrastructural facilities available at Training and Recreation Center of Bank Keshavarzi which is located next to the shore of Caspian Sea.

Bank Keshavarzi also arranged field visits for the delegates to Sturgeons farm and Livestock farm in Babolsar. The delegates enjoyed the Sturgeons farm as they experienced how sturgeons were reared and with modern technological innovations and the benefits of the farmers from the investment of lucrative fish rearing business. Sturgeons produce Caviar (Sturgeon eggs) which considered to be a highly nutritious food with very high demand in the developed countries of the world. Caviar from Caspian Sea is considered the best in the world and exported to many European and middle-east countries.

The overall experience of the 66th EX-COM meeting was memorable to all the delegates and APRACA Secretariat congratulates Dr. Morteza Shahidzadeh, Chairman and Managing Director of Bank Keshavarzi (BK) and its staff members for providing all the facilities and successfully hosting this important event.

Activities of APRACA Secretariat

1. Policy forum on Women Empowerment

"International Forum on the Formulation of Women Financial Empowerment and Development Framework towards Sustainable Development in Asia-Pacific conference" was organized by APRACA Center of Excellence (ACE) in Bank Keshavarzi (BK) in conjunction with the 66th Executive Committee meeting of APRACA. The forum was held on 8 October 2015 at Babolsar in IR Iran. The ACEBK has designed some special women empowerment programs in which joint projects, to be implemented in collaboration with APRACA member countries and some national and international organizations. In addition, there are some forums and training workshops planned by the centre aimed at designing sustainable financing models for women and regional development for the year 2015-2016. The forum was attended by 75 participants from 13 countries of Asia. There were 8 high quality papers presented by the APRACA member Institutions from India, Bangladesh, Cambodia, Nepal, Sri Lanka, Pakistan, Philippines and IR Iran. Apart from providing a unique platform for all stakeholders, this forum also became instrumental in fostering accountability and in keeping the commitments of bringing equality in the region. It was expected that the outcome of the forum will be used by the National Governments of the APRACA member countries and civil societies to address the existing inequality within the society and facilitate tracking of progress and gap identification by developing common indicators, cross regional peer learning, sharing of best practices, as well as regional cooperation and collaboration. The Chairman APRACA urged the participants for sharing experiences in formulating, implementing, monitoring and assessing national and/or institutional women empowerment (WE) programmes. He also suggested that the APRACA member institutions



Front view of the participants during the opening ceremony of International Forum on Women Empowerment held at Babolsar, IR Iran



Dr. Morteza Shahidzadeh, Chairman and Managing Director, Bank Keshavarzi, IR Iran delivering welcome address during the Forum held on 8 Oct. 2015

are to participate in this type of future events organized by APRACA-ACEBK spontaneously, share their knowledge, experiences & expertise with each other and keep pace with the strategic plan of APRACA and to utilize the platform and opportunities in building capacity of their own country.

2. APRACA Officials Visited GIZ project Office

The APRACA team consists of Mr. Chamnong Siriwongyotha, Secretary General, Dr. Marlowe Aquino and Dr. Prasun Kumar Das, Project Managers of IFAD-APRACA regional grant projects visited the office of ASEAN Sustainable Agrifood Systems (ASEAN-SAS) project on 27 October 2015. The project is jointly implemented by the Department of Agriculture and funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. After initial presentation made by APRACA delegates on the APRACA work in the



APRACA Secretary General handing over the APRACA publications to the GIZ Officials in Bangkok

Asia-Pacific Region, Mr. Suriyan Vichitlekarn, Regional Project Director of GIZ was happy to note that there are a number of areas where GIZ could collaborate further with APRACA and provide technical inputs. He also emphasized the keen interest of GIZ are on (i) collaboration in developing success cases on financing value chain (combining access to credit and viable agri-business models) and (ii) regional/sub-regional (ASEAN & Greater Mekong Sub-region) advocacy on sustainable agricultural finance (i.e. risk management through insurance, investing in green agricultural value chain, etc.). The meeting was also attended by the officials from GIZ namely Ms. Elisabeth Fischer, Ms. Pouchamarn Wongsanga and Ms. Durangruetai Surasakjinda.

3. Federal Cooperative Agency, Ethiopia Visited Thailand

The Federal Cooperative Agency (FCA), Ethiopia requested APRACA to organize an exposure learning visit programme for their officials in Thailand. They were interested to provide the officials of FCA with new



Delegates from the Federal Cooperative Agency, Ethiopia at the APRACA Office, Bangkok



Dr. Marlowe Aquino presenting APRACA vision and mission to the Ethiopian delegation, Bangkok

knowledge, skills and understanding of the best practices of the agricultural cooperatives and the credit unions in Thailand. In response APRACA hosted and coordinated the visit of 12 member delegation from the FCA, Government of Ethiopia during 14-21 November 2015. The delegation was led by H.E. M.R. Usman Surur, Director General, FCA and represented by 6 provincial head of the Cooperative agencies of the country. The study visit was conducted in Bangkok with theoretical inputs from the leaders of the cooperative movement in Thailand and the field visit was conducted in Phetchaburi province of Thailand with the active collaboration of Bank for Agriculture and Agricultural Cooperatives (BAAC). The delegates also visited the Head Office of BAAC in Bangkok and some historical monuments in Thailand to understand the cultural richness of the country. The visit was successful and it was agreed that FCA will be deputing more delegates for the exposure learning visit and strengthen the relationship with APRACA.

4. AFI Officer visits APRACA for Possible Collaborative Partnership

In time line with APRACA's networking function, it welcomed Mr. David Ambadar, regional coordinator for Asia of the Alliance for Financial Inclusion (AFI's) located in Kuala Lumpur Malaysia on 4 December 2015. Mr. Ambadar visit resulted to a fruitful discussion of line-up support activities for both organizations since these are addressing the same concerns on financial policy advocacy, regulations and capacity building.

As a start, Mr. Ambadar shared AFI's contacts working on agricultural finance in Germany. The identified German institutions have strong programs and knowledge base on rural and agriculture finance and development. He further pointed out that APRACA members could plan an exposure study visit program in Germany with the assistance of AFI. On the other hand, Mr. Chamnong Siriwongyotha, secretary general of APRACA invited Mr. Ambadar and the members of AFI Asia to join the Asia-Pacific Rural Finance and Community Development Conference to be held on 23-25 March 2016 in Bangkok, Thailand.

Before the meeting ended, both agreed to share technical expertise in upcoming programs in the area of finance management and development in the region considering the different challenges, opportunities and needs in serving a balanced financial environment and provision of services to stakeholders especially the central banks and rural/agricultural development banks across the Asia-Pacific region.

Activities of IFAD Grant Projects

FinServeAccess Project

1. Green Finance takes centerstage in APRACA's Program

In response to the global climate change effects/impacts and unclear regional financial conditions, APRACA took a stand in bringing social, economic and environmental concerns by integrating in its program green finance in the rural sector. On November 29 to December 1, 2015, the Asia-Pacific Rural and Agricultural Credit Association (APRACA) through the IFAD-FinServeAccess Project organized/conducted in partnership with host Bangladesh Bank the Green Finance Forum for Sustainable Development. It was attended by 110 participants coming from Bangladesh financial institutions and APRACA members from Bhutan, Cambodia, India, Myanmar, Nepal, Pakistan, Philippines, and Thailand.

The forum was graced by Dr. Atiur Rahman, governor of Bangladesh Bank (Central Bank) and Mr. Shitangshu Kumar Sur Chowdhury, APRACA Chairman as chief guests. Dr. Rahman pointed out during his keynote speech said, *"As we face the challenges and impacts of climate change in the region, we (Bangladesh Bank) and the rest of our partners are geared towards making our products and services sustainable while addressing our environment."* In addition, he mentioned that Bangladesh Bank as the only Green Development Central Bank in Asia-Pacific supports the principles of green banking and development of the countryside advocating environment-friendly policies and ensuring laws and regulations towards client-orientation and appropriate service provision.

In support, Mr. Chowdhury complemented Dr. Rahman's inspiration to APRACA by emphasizing its programs and services on environment-sensitive and development focused in meeting the challenges and needs of its members through policy directions, capability building initiatives and knowledge exchange.

In view of this, the invited resource speakers during the forum provided different strategic approaches and perspectives including relevant experiences from the ground. These include two contrasting green finance perspectives from South Asia, which was presented by Dr. Prasun Das and Southeast Asia, which was presented by Dr. Marlowe Aquino. Both perspectives presented the strengths and weaknesses, challenges and opportunities for further research, development and human resource development. Also, these complemented each other in terms of the different products and services in enhancing financial accessibility and applicability.

Furthermore, the forum provided an avenue of knowledge exchange/sharing from Bhutan, Cambodia, and Nepal on latest work on renewable energy, environment-oriented

financial partnerships, client-focused green financial management and environment management. These areas served also as the new areas to be researched to support the formulation of the next five-year APRACA Strategic and Development Plan for (2017-2022) with its network and partners.

The forum ended with a challenge to all participants to work together for the improvement of the rural sector and welfare of the people and communities by incorporating more environment-friendly technologies, financial products and services and institutional support leading all key players and stakeholders productive, profitable, secured and sustainable.

2. FI key officer and trainers capacitated on AVCF for Sustainability

Agriculture as the main driver in most Asian countries with financial innovations is given another boost through in-depth capability building activity by the IFAD-FinServeAccess Project to APRACA member countries. The holding of the final training program on Agricultural Value Chain Finance for APRACA member financial institutions (FI) from 6 to 11 December 2015 at the Royal Princess Hotel, Larn Luang, Bangkok, Thailand concluded a success. The training of 26 trainers from seven countries gave added pool of experts to sustain the continuous capacitation program of APRACA and its member countries for local institutions, farmers/fishers, entrepreneurs, specialized groups like women, youth and indigenous peoples, and communities.

The training of trainers (TOT) invited international speaker, Mr. Calvin Miller, retired FAO officer and APRACA resident technical expert on AVCF, Dr. Prasun Kumar Das. Both trainers provided new dimension/innovations and cases of AVCF from 12 countries resulting to more intellectual discussions and exchanges from different perspectives and experiences. Lecture-discussions, group dynamics and case analyses supported the training.

Through the training, the trainers brought back new ideas and strategic activities in making more exciting and client-driven tools ensuring agricultural value chain finance in their respective organizations the new opportunities. These tools included mechanisms on product promotions, clientele evaluation and improved service delivery. Furthermore, the training provided analytical tools in monitoring and evaluating operational systems, clientele

evaluation, and provision/delivery of better products and services.

Moreover, the participants were given the opportunity to develop their own institutional AVCF training program which encourages other officers to be trained to serve the growing number of prospective clients/customers. Through these trained participants, APRACA particularly the FinServAccess Project target countries and stakeholders, accessibility towards financial support will be enhanced leading the rural people be empowered because of the different levels in value chain as an expanding areas of financial support and development.

In 2016, APRACA further supports exposure study visits, documentation of AVCF cases across the Asia-Pacific region and forums/conference that institute the operations of value chain finance and making agriculture dynamic and sustainable in the finance and rural sectors.

3. FSAP undergoes performance evaluation and supervision

A mission team was led by Mr. Henning Pedersen, IFAD-APRACA FinServAccess Project (FSAP) grant supervisor and Country Director of the IFAD Asia Pacific Division – Vietnam office conducted the FSAP performance evaluation and supervision mission in Cambodia and Thailand on 15 to 22 November 2015. The mission consisted of Sauli Hurri, Value Chain Finance Specialist and Nguyen Thanh Tung, IFAD Vietnam CPO and Microfinance Specialist for the full mission. Henning Pedersen, IFAD Vietnam Country Director and Nguyen Thu Hoai, IFAD Vietnam Financial Specialist joined the mission for APRACA-meetings in Bangkok.

During the supervision mission, the team visited the APRACA Cambodia Network implementing partners like the National Bank of Cambodia (NBC), PRASAC Microfinance Institution, Sathapana Limited, Hattha Kaksekar Limited (HKL) and Rural Development Bank of Cambodia (RDBC) and the APRACA Secretariat in Thailand to discuss the attainment of project outputs and deliverables, financial resource utilization vis-à-vis project activities including the issues and concerns encountered during project implementation. Accordingly, the outputs and deliverable were evaluated vis-à-vis the project's logical framework for all the target countries focusing on Cambodia's capability and capacity in resource sharing.

The FSAP progress includes: 1.) publication of Country Rural Finance Sector Assessments for Cambodia, Nepal, and Bangladesh; 2.) finalized COSOP-RF opportunity assessment report for Cambodia with specific recommendations for partnerships, and 3.) conduct of a regional inception workshop, Nepal policy forum on Value Chain Finance, Cambodia policy forum on Financial Risk Management and Agricultural Insurance, Bangladesh Green Finance Policy and Dissemination Forum, Women Empowerment Forum, and a regional policy forum on Risk Management in Agro-finance.

The FSAP describes that the different policies developed within the two-year project implementation, the project will ensure that rural and agricultural finance policies are properly implemented at the regional, national and local levels. These policies support the thematic areas in the financial sector like agricultural value chain finance, microfinance in agriculture, risk management for smallholder farmers in relation to agricultural finance including climate change adaptation and mitigation, renewable energy financing, women empowerment, and rural and agricultural finance knowledge management system.

Also, the FSAP results were anchored on lessons learned, experiences and cases of rural finance thematic areas; the project will ensure that these best practices are implemented to support agricultural productivity, profitability and sustainability through finance. These will ensure that agricultural commodities like crops, livestock and poultry, fisheries, farm mechanization, post production and processing and marketing activities will be fully beneficial to all rural and agricultural finance stakeholders.

Against its development objective, the project implementation performance is assessed moderately satisfactory. The observed key achievements are in 1.) maintained and improved APRACA network in the target countries to benefit the MFI knowledge exchange and service quality, 2.) identified regional RF best practices and subsequently completed thematic studies on emerging key issues including Risk Management and Agricultural Insurance, Value Chain Finance, Green Financing and Peoples' Empowerment, 3.) training sessions and exposure visits for the APRACA member organizations in the target countries to disseminate the study results and improve RF quality, 4.) support of Nepal IFAD investment programme in implementation of rural finance scheme for small livestock value chain, and 5.) introduction of ICT solutions for decreased RF transaction costs by the MFIs especially in Cambodia. The direct outreach of the various trainings and exposure visits sums up to nearly 1 000 participants, and the trainees report moderately high or high satisfaction on the workshop quality.



IFAD Supervision Mission evaluating implementation progress of FinServAccess Project

RuFBEP Project

Phase-2 of RuFBEP Project: Pilot testing of Rural Finance products and services

The following activities were undertaken in the Phase 2 of the IFAD-APRACA project on “Documenting ‘Documenting Global Best Practices on Sustainable Models of Pro-Poor Rural Financial Services in Developing Countries-RuFBEP Project’ during the period of August 2015 till December 2015:

Philippines

Agricultural Credit Policy Council (ACPC) of the Philippines took the initiative to lead the implementation of the pilot

testing in the country after rounds of discussion with the country working group. The partner institutions in this endeavour are Philippine Crop Insurance Corporation (PCIC) and Agricultural Guarantee Fund Pool (AGFP). Initially they had a setback due to the dissolution of National Livelihoods Development Commission (NLDC) who was supposed to be the implementation partner. ACPC then negotiated with 2 institutions in the provinces of Benguet and Bukidnon to start the pilot testing with 200 farmers as follows:

Local Lead Institution	Province	Municipality	No. of Farmers	Crop
Fruits & Seeds MPC	Benguet	Buguias	100	Vegetables
Bukidnon Cooperative Bank	Bukidnon	Malaybalay	100	Corn

Out of the four cases of best practices documented in the Philippines during the Phase-I of the RuFBEP Project, it has been decided by the country working group that ACPC will lead the pilot testing of Agricultural Value Chain Finance due to budget and time constraints. The Value Chain Finance for Agriculture with Crop Insurance and Credit Guarantee scheme has four components: i) capacity building; ii) financing; iii) crop insurance and credit guarantee; and iv) marketing. In addition to the pilot-testing, policy forums for each of the selected best practices shall also be conducted. Baseline survey was conducted during December 2015 which covered a total of 68 farmer respondents (30 farmer respondents in Benguet, 38 in Bukidnon). Respondents interviewed are engaged in corn and upland vegetables (e.g. cabbage, potato, carrots, lettuce, etc.) production.

According to the survey it was found that the average farm holdings of farmer respondents from the provinces of Benguet and Bukidnon are 1.5 hectares and 2.0 hectares, respectively. It was observed that 91% of the respondents have experienced availing loans for any purpose and from any source, while 9% have not yet availed of any loans. Majority of the respondents (82%) have availed of loans or still have outstanding/unpaid loan balances, for the past 12 months, which they used for agricultural production. Crops produced by most of the sample farmers are sold to traders or they themselves sell their products in trading posts. ACPC will conduct capacity building activities for the farmers in the identified sites in collaboration with the partner institutions which are currently lined up and expected to be completed in the first quarter of 2016. The process document has been prepared by ACPC and circulated to the partner institutions.

Indonesia

Based on the results of Phase I, Indonesian team decided to pilot test three best practices of financial service provisions best fitted to the criteria set by IFAD are: (a) *LKMA Pincuran Bonjo* – This is a collateral free lending product for the rural areas, (b) *BMT UGT Sidogiri* – This loan will serve the customers from micro and small enterprises who are considered not feasible in getting loans from commercial banks, and

(c) *Cooperative Mina Samudera*: This is a group lending unit focuses on serving financial needs of small businesses by women.

The baseline survey has been conducted in Central Celebes and West Nusa Tenggara. Each village is selected as the pilot location for the project based on the recommendation from the Indonesia's Country Working Group. Those two villages are: (1) Sausu Gandasari Village, Sausu District, Parigi Moutong Regency, Central Celebes Province. The village is one of the implementation areas for Project Rural Empowerment and Agricultural Development Programme (READ) and (2) Sekotong Barat Village, Sekotong District, West Lombok Regency, West Nusa Tenggara Province. The village is one of the implementation areas for Project Coastal Community Development Project (CCDP)

Generally the potential MFIs in Sausu Gandasari village are registered as cooperative with legal entity and are active in reporting their progress to the Local Cooperative Department. Characters of cooperatives at project site are not much different between one another. The location of financial Institutions particularly microfinance institutions (MFI) in Sekotong village is relatively far from the location of fishing communities. Some people in some villages have to travel a distance of 7 to 15 km to apply for loans to cooperatives. Based on the key success factors identified by the Country Working Group, the baseline point indicators that would best capture the goals of the program. The baseline point indicators would be able to identify the current situation in the selected study areas and, later, measure the impact of the program.

Publication

APRACA already completed the process of review and editing of the 5 country reports and is in the process of publication. India country report has already been published and it is expected that the other 4 reports will be published by February 2016. The synthesis report on the global good practices in rural finance is expected to be completed by end of March 2016.

In this regard, we would like to invite you to present your latest work on rural finance, agricultural development and environmental resource management towards sustainable community development related to any of the plenary/thematic sessions. We strongly believe that your experiences will provide an avenue of exploration and adaptation of knowledge in building stronger and dynamic financial and development-oriented institutions with smart, progressive and bankable clientele, people and communities in the region.



"Come share your latest work in helping our region cope with the fast pace of development and changing landscapes. Join researchers, finance/bank officers, academicians and development practitioners in shaping new financial and agricultural environment."



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