



proximity  
finance

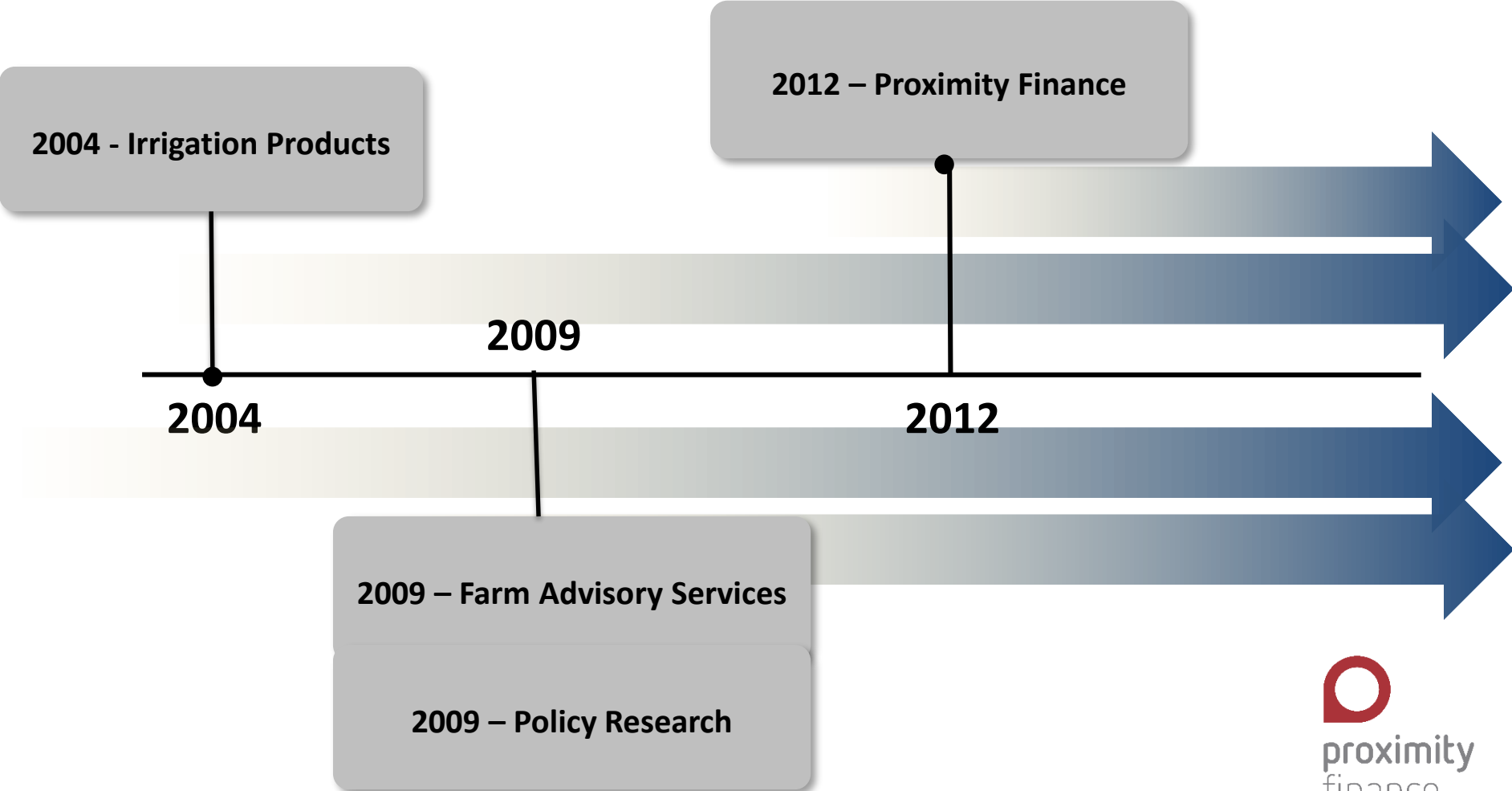


Proximity Finance  
LIFT – Yangon Workshop

20 January 2016

# Proximity Designs

- Proximity Finance is one of four business units of Proximity Designs



# Proximity Designs

- Not-for-profit social enterprise
- Parent organization
- Four Business Units:
  - Irrigation Products
  - Farm Advisory Service
  - Policy Research
  - Proximity Finance

# What do we want to achieve?

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## **Proximity Finance mission**

- Help improve livelihoods in rural Myanmar through the provision of appropriate, affordable financial services.

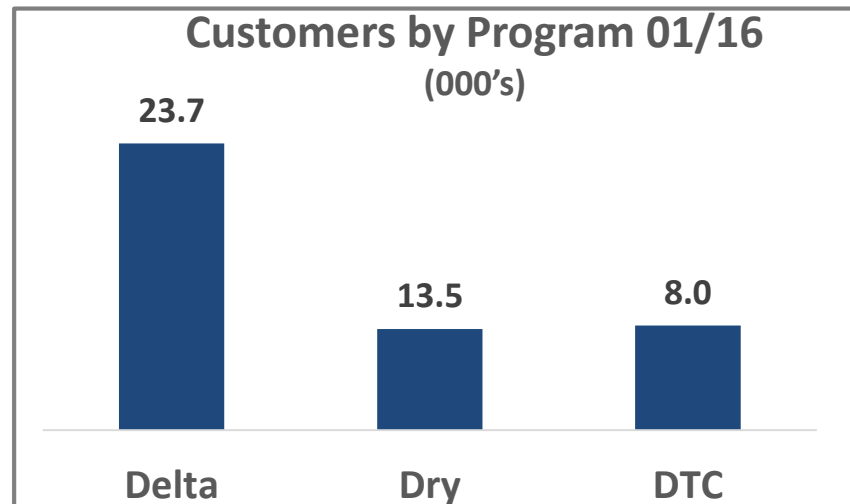
## **Target customers**

- Core target market of smallholder farmers
- Broadening market of target customers to include micro-entrepreneurs living in rural towns.

# Distribution territories



- 10 States/Divisions, 75 townships, 1,301 villages
- MFI License in 125 townships
- Three programs:
  - Delta (through 7 branches by Feb 2016)
  - Dry Zone (through 5 branches by Feb 2016)
  - Direct to Customer (Cross selling program)



# Products Profile

Product	Crop, Livestock loan	Credit Life Protection
Size	MMK 200,000/250,000	Benefits: Loan paid off and 100,000 grant
Duration	Duration in line with crop cycle	Same as loan duration
Interest Rate	2.5% per month	Fee at disbursement
Other fees	1% admin fee	0.5% - Short Term 1% - Long Term
Interest Payments	Every 2 / 3 months	
Principal Repayment	Bullet	



# PF Lending Methodology

- Collective responsibility/guarantee in small lending groups of 4 to 8 borrowers
- Strong repayment rate to date
- Proximity Finance utilized the community management framework built for former LIFT-funded Cash-For-Work and Infrastructure projects in Delta and Dry Zone.
- Initially used these village based community organizations to assist in the administration of loans.
- Proximity Finance business now extends beyond these villages to provide loans to farmers in completely new territories

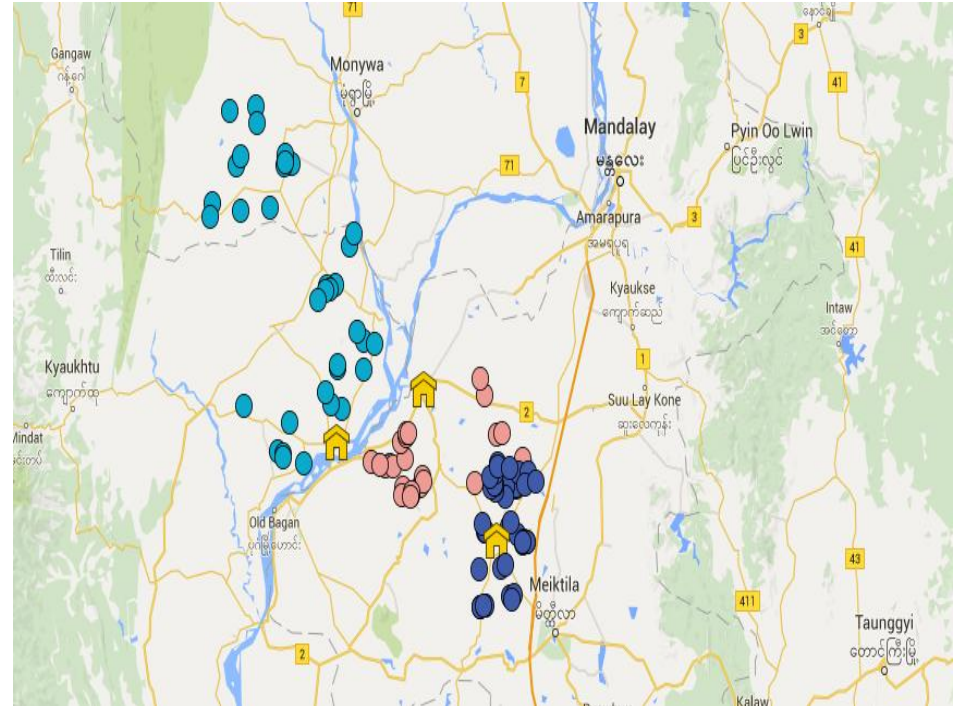
# LIFT Financial Inclusion Program

Type	Location	Current activity	Planned timing
Crop loans 1	Dry Zone	Disbursement completed	Oct-Nov disburse
Crop Loans 2	Uplands	Planning	May/June disburse
Crop Loans 3	Flood areas	Planning – Feb disburse	Jan-Feb disburse
Enterprise Loan	Myingyan	Product design Market research	May Pilot
Migration Loan	Pilot test	Market research Product design	June Pilot



# Crop Loans – Dry Zone and Uplands

LIFT (Dry Zone Townships)	Year 1 customers (Actual) (Oct-Feb 2016)	Year 1 customers (Planned) (March to Oct 2016)
Pakokku	956	956
Yaysagy	1,097	1,097
Myingyan	0	706
Taungtha	931	931
Nahtoegy	689	689
Mahlaing	2,321	2,321
Total	5,994	6,700



LIFT (Uplands)	Location Assessment	Branch Set Up	Targeted Disbursement
Taunggyi	March 2016	April 2016	May-June 2016
Kalaw	March 2016	April 2016	May-June 2016

# LIFT Loan Support (Flood-Affected Farming Areas)

- Disburse affordable loans to 5,400 farmers by end of Feb 2016, 4,000 of which will be through two new branches in:
  - Waw
  - Monywa
- Extend loans to the remaining 1,400 new customers in flood-affected villages in Pakokku, Magway and Myingyan
- Short time period to establish two new branches in Waw and Monywa and plan and prepare for a major disbursement.

# Impact of crop loan on farmer income

## **Estimated average net income impact of Proximity Finance loan from yield increase per rice farmer per year – MMK 160,000**

### Main assumptions:

- 86% of the loan used for buying inputs to their farming – e.g. fertilizer, seed, hire labor, machine rental and fuel
- Loan buys sufficient inputs for 1.15 acres
- Monsoon and Summer paddy average per acre yield increase from the use of sufficient inputs – 12 and 27 baskets respectively
- Gross income uplift per year for double cropping paddy farmer - MMK 200,00 to 250,000

Sources: Proximity Annual Impact Survey, Proximity Agronomists, Market prices

# Contact Person

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