

Self Reliance Group (SRG) Case Studies

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List of abbreviations

ADB	Agriculture Development Bank
CD	Compact Discs
CDRT	Community Development in Remote Townships
DVD	Digital Video Discs
ERS	Eastern Rakhine State
FGD	Focus Group Discussion
HDI	Human Development Initiative
HIV/AIDS	Human immunodeficiency virus/ Acquired Immune Deficiency Syndrome
IAM	Independent Assessment Mission
ICDP	Integrated Community Development Project
IEC	Information, education and communication
IHLCA	Integrated Household Living Conditions Assessment
MEB	Myanmar Economics Bank
MF	Micro Finance
NGO	Non Government Organization
NRS	Northern Rakhine State
PIA	Participatory Impact Assessment
PoP	Poorest of the Poor
SRGs	Self Reliance Groups
TOT	Training of Trainer
TPDC	Township Peace and Development Council
TV	Television
UNDP	The United Nations Development Programme
VPDC	Village Peace and Development Council

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Executive summary

The Human Development Initiative, or HDI of UNDP commenced in 1994. It is now in its fourth phase (HDI-IV). The Self Reliance Group, or SRG concept was first introduced into the HDI through the Community Development in Remote Townships (CDRT) HDI project in the period 1997-98. Initially operating in the remote townships of Rakhine, Chin and Kachin States, these SRGs were based on the model developed by the Indian NGO, MYRADA in southern India.

The Integrated Community Development Project of HDI (ICDP) also introduced formation and operation of SRGs among its new activities to support community livelihoods, especially for the poor, in mid July 2003. SRGs are formed purely with women on an affinity basis in ICDP, whereas the CDRT project has some mixed sex SRGs. At the end of 2008, the two projects included 3,774 functioning SRGs in Chin, Kachin, Mon and Kayin, Rakhine States, Shan and Dry zones throughout Myanmar, of which 99% are exclusively women. As such, SRGs have become one of the cornerstones of the Human Development Initiative. Although designed with the objectives of household food security and local level poverty alleviation in mind, increasingly, UNDP has been drawing from its experience with SRGs to improve women's empowerment and gender equality at the grassroots level. As such, this study has examined not only the institutional mechanisms for evaluation of SRG function, but has also teased out the benefits of SRG participation for women to increase their access to and control over resources, ability to accumulate and manage productive assets, and improve their status at household and community level.

The two community development projects – CDRT and ICDP – have increasingly made efforts to mainstream gender empowerment through SRGs by providing increased access to credit, technology, and inputs. In this study, 15 qualitative SRG case studies were conducted for analysis together with Household Questionnaires and a Participatory Impact Assessment (PIA) as part of the overall Impact Assessment of the UNDP HDI for 2008. This change to include a more qualitative aspect is in response to the recommendations of the Independent Assessment Missions (IAM) of 2006 and 2007, and also to explore in more depth the impact of the SRGs on their communities as well as the benefits prioritized by members themselves. The analysis provides an understanding of the performance of SRGs, an assessment of the impact of the SRGs on the livelihoods of SRG members, their families and community, and provides feedback to the HDI projects and management staff, and other development agencies in Myanmar in order to leverage positive outcomes and address constraints. The study focused on 15 Self Reliance Groups through Focus Group Discussions and 30 additional case studies at household level in order to gather in depth qualitative outcome/impact data on SRG in the HDI projects.

SRG case studies were conducted in selected townships where the household questionnaires were to be administered: Nyaung Shwe and Pindaya Townships in Southern Shan State, Kyauk Pa Taung Township in central dry zone for ICDP; and in Myitkyina Township in Kachin State, Tiddim Township in Chin State, and Mrauk Oo Township in Eastern Rakhine State for CDRT. The study covered the different maturity levels of SRGs in ICDP and different functioning categories of SRGs in CDRT projects consisting of mixed groups of men and women in the selected villages where high numbers of SRG have been formed. The scope of this study was to investigate the performance of SRGs in their achievement in visions, organizational management and accountability, financial management, rules and regulations, credit plus activities or multiplier effect, capacity building and networking. The

in-depth analysis of common patterns of outcome/impact of SRGs was further detailed in terms of economic wellbeing, social security, social development, communal harmony and individual capacity development of the SRG members. 15 SRGs cannot represent the whole situation of SRGs of HDI projects, but do provide meaningful insights.

The study has shown that the major incentive of the SRG members to participate in SRGs is to access credit at relatively low interest rates under flexible rules and regulations. On the other hand, participation in SRGs may be limited by the requirement to attend frequent regular and occasional emergency meetings, inability to repay loans and interest due to failure of implemented income generating activities, and so on. SRG members demonstrate commitment to sustain their SRGs to access loans for multiple purposes even if the UNDP project were to exit from their village, but perhaps not the capacity to do so unassisted. Members realize that there will be no place to access loans at low interest rate if they stop functioning as SRGs. In addition, they understand that if loans are not available on favorable terms, it would be unavoidable to take loans from money lenders with high interest, since the need of the rural poor for credit is pervasive. Having ongoing access to affordable credit is considered by SRG members as the most important factor in the empowerment of the poor. However, one of the incentives - the flexible rules and regulations of SRGs - may indirectly promote low repayment rates, endangering SRG sustainability. Therefore, reinforcing the operational rules and regulations of SRGs through regular monitoring by HDI staff remains essential in order to continue empowering poor households through increased access to credit.

Great efforts have been made by HDI projects in strengthening the organizational management and accountability, financial management, capacity building and networking skills of SRGs. The study clearly showed that the socio-economic condition of SRG members has improved – to different degrees based on their individual and family's capacity to effectively utilize the financial resource, in combination with the human and physical resources available to them. The achievement of individual SRG members' aspirations have been met to a varying degree among member households of SRGs. Group visions regarding establishment of group businesses or village development projects are gradually being realized once the group accumulates enough common funds both for circulating loans among the members and to implement their dreams. It is recommended that groups are guided to set visions and objectives which are attainable within their target time frame, since many are overly ambitious. In addition, SRG members should be encouraged to review their management skills and financial capacity to understand whether they are ready to become involved in a group business activity. Vocational skills based on market-driven needs and exposure to the private sector should be added to the package of assistance provided by the project in order to expand skill bases and knowledge of wider markets. Another recommendation is the examination of introduced technology purchased with group funds, as sometimes it is neither affordable nor adoptable for the SRG members.

Sharing responsibilities at SRGs is marginally different between ICDP and CDRT projects. Rotation of responsibilities is usually done every six months or every year. The groups tend to have "representatives" rather than a "leader" and decisions are made by group consensus. Rotation of the responsibilities is most effectively performed when certain numbers of responsible members are literate and have high commitment to the SRG. SRGs with low overall literacy generally lead to overburdening of a small number of members with the book work.

One of the major challenges for sustainability of SRGs is the ability of members to handle the large amount of book keeping recommended by the projects. The current recommended

books should be reviewed to reduce the work load of SRG members, especially in the ICDP project. The SRG members are less burdened in the CDRT project as the meeting minutes and monthly report format were arranged by the project. A good initiative was found in Mrauk Oo Township as the format for the individual savings and loan record book was prepared for SRG members by the project office. Therefore, the format for essential SRG record books should be restructured by learning from initiatives in the CDRT project. In addition, it is worth considering further simplification of recording where possible, since the education levels of the poor in rural areas are particularly low.

The SRG related training, vocational training and basic health education training have been the main types of capacity building support provided for SRG members by the projects. Members request additional SRG book keeping training to improve their financial recording skills. The SRG members also reported that the most empowering and inspiring training they have gained, enabling exchange of knowledge and a chance to reflect on the performance of their own SRGs were the SRG cluster workshops, township review meeting and exposure trips.

The study shows that the sources of SRG common fund are members' compulsory weekly saving, interest from loan operations and project inputs (in kind and in cash). It is found that the project assistance is the largest contributor to the common fund in studied SRGs of ICDP project area while savings and interest are the largest contributors to the common fund of good, fair and weak functioning groups in the CDRT project area. In the ICDP project, village development fund is channeled through the SRGs. The common fund of the SRGs is gradually increased through accumulation of saving and interest by revolving loans. Earning from group businesses or activities is very marginal and also is not encouraged for the SRGs in CDRT project areas due to failed experiences in previous HDI phases. The common fund is generally kept in the cash boxes of the SRGs, only deposited into the bank when reaching a certain amount of fund agreed by the members, or before auditing the accounts. The study shows a lack of incentive for SRG members to deposit their funds at Myanmar Economics Bank (MEB). It is noticed that the SRGs have few linkages with government organizations and the private sector in general.

Contributions of SRG members to the village development activities are encouraged in both projects by adding this objective to their assessment criteria. SRG members have tried to offer their labour as group strength as well as small amounts of financial contributions to village affairs. Some SRGs have even included as their vision to improve their basic village infrastructure. However, achievement of such visions of SRGs will be difficult to meet in the near future as SRG members are still struggling to accumulate enough common funds for revolving loans to members. Therefore, setting visions for 'whole village development' as well as having expectations of SRG members contributing to the village affairs seem too ambitious for the SRG members. The project should not lose sight of the main reason for the poor segment of villages forming into SRGs. The poor, mostly women of SRGs are first and foremost responsible for reducing their own poverty.

The SRG concept has been used to explicitly target the poor households of the community as primary beneficiaries in HDI projects. SRGs are formed on the affinity principle to share common interest of the poor and to avoid the influence of other better off segments of the community. However, the study found that the inter-relationship among the villagers regardless of poor or rich is heavily embedded, especially in rural regions. Therefore it should be kept in mind that isolating the poor from the better off may run the risk of not maximizing benefits of this structural interdependency, as SRG members are mainly composed of the

poor households. Having said this, however, one of the benefits we can see accruing to SRG families over time from the case studies is less reliance on the better off families, or perhaps a better negotiating position, as they diversify their sources of income (from in some cases exclusively landless laborers dependent on the landed for work). They are also able to access loans from SRGs rather than from the better off or money lenders at higher social and financial cost.

Significant benefits have been realised by SRG members as they have utilized loans for diverse income generation activities available in rural regions of Myanmar. The findings showed that SRG members have improved their economic wellbeing and accumulated especially productive assets to efficiently produce enough food and also marketable products/produce. This has enabled the purchase of household and personal assets to improve quality of life. In many cases with the visible signs of improvement in standard of living has come increased self confidence and respect within the community. Increasing participation in village affairs and contribution to the social life of the village – through helping those even poorer than themselves, donating to the church or monastery, or to village development activities – has an important psycho-social impact on Myanmar women, who feel better about themselves in relation to their ability to carry out the duties of their faith. SRG members have also met unplanned or unexpected expenditures for emergency health issues as a result of increased economic well being and security.

Furthermore, they now have widened their own and their household's social networks and increased mutual help among the SRG members in labour and non-monetary assistance. Social development has also been found by reported better health conditions among the SRG members and increased ability to send their children to school, in a few cases up to university level. Co-operation and mutual help among the village community has increased due to involvement in group activities. In addition, individual capacity has also been scaled up in greater understanding of social structures and the surrounding society. More importantly, SRG members are able to manage household resources more wisely and have greater self-confidence and self-assertion to address their needs and overcome their problems. Also they have significantly gained in organization-related knowledge. Moreover, SRG members reduced a feeling of inferiority (as poor families and sometimes as women). SRG members have also expressed the better understanding of family members and appreciation of the community due to the evidence of benefits gained by poor households through participation at SRGs.

It is concluded that economic empowerment of the poor to access credit at relatively low interest rates under flexible rules and regulations set by members contributed to the betterment of the poor in different perspectives. Building capacity of members with appropriate and applicable technology, knowledge and skills development based on market-driven needs, and providing exposure to the private sector should also be considered for the members to survive in the rapidly changing environment of the country. Rules and regulations of SRGs should be reinforced by regular monitoring of the HDI staff. For sustainability, creating apex or monitoring body is an option for consideration as it is likely that a very limited number SRGs will survive should the HDI exit from the village. If an apex body is introduced, further in-depth studies are required to find a way to legalize the organizations. Another option is to increase discussions between the micro finance project and community development projects to reach a common goal as there is no link between SRG members and the micro finance HDI project currently. On the other hand, it is worthwhile to start policy dialogues with the authorities concerned for the sustainability and

institutionalization of micro finance operations. There is the possibility of providing exposure to the policy makers by observing successful micro finance institutions in the region.

All things considered, it is assured that the SRG formation helps the poor, women in particular, to gain increased economic well being, increased social development and social security, greater communal harmony and augmented individual capacity at least within the HDI project period.

Section I

Introduction

1.1. Background

UNDP has been implementing a set of projects collectively known as the Human Development Initiative (HDI) in Myanmar since 1994. The first phase of the HDI was implemented from early 1994 to late 1996, and the second phase, known as the HDI-Extension, from late 1996 to September 1999. HDI-III became operational in mid-September 1999 and ended in June 2002. In late 2002, the HDI-IV was launched and it has been extended to 2010. Immediately following the first phase of the HDI, the Self Reliance Group (SRG) concept was introduced to Kachin State in January 1996. The SRG concept, developed by the Indian NGO, Myrada in southern India, was introduced to Eastern Rakhine State and Northern Chin project areas in 1999 in the Community Development in Remote Townships (CDRT) project. In the same period, community groups were formed in Kachin and Northern Rakhine State (NRS) to introduce another modality of SRG. After that, SRGs in NRS were transformed into Myrada-style SRGs. There was a gap in HDI operation as HDI-III ended in June 2002 and HDI-IV could not begin until January 2003. Many SRGs, especially in the earlier included townships collapsed within this gap of 6 months as the community organisation and capacity building processes could not be continued due to absence of staff. On the other hand, a large number also survived this gap in support. The mixed-sex SRGs and all-men SRGs included as community groups in Kachin were transformed into regular SRGs in 2002 in CDRT. Since the commencement of HDI-IV, many new SRGs have formed in the newly included townships in CDRT.

As of December 2008, altogether there are 2,030 SRGs functioning, consisting of 2,027 all-women SRGs, 191 mixed-sex SRGs, and 12 men's groups in 26 Townships in CDRT project areas. SRGs are functioning with a range of 10 to 20 members in a group and the average size of SRG groups is about 14 members. A series of training units comprising of SRG basic concepts and SRG book writing has been provided to build the capacity of staff as well as SRG members. Cluster wise annual meetings, SRG review meetings and exchange visits have been arranged in order to improve networks and for members to exchange their experiences. Functional categories of SRGs in CDRT are classified as good, fair, weak and very weak based on the assessment on their performance with 12 criteria by staff and with 14 criteria by SRG members using a Spider Diagram.

The Integrated Community Development Project (ICDP) also introduced formation and operation of SRGs among its new activities in mid July 2003. The SRG has become one of the key approaches to support livelihoods in communities especially for the poor segment. In the project townships of Shan and Dry zones, 1, 919 SRGs have been formed based on affinity groups as of December 2009. Altogether 1, 747 female only SRGs comprising 25, 613 women are operational in Shan and Dry zones as of December 2009. Most SRGs are formed with 10-20 members in a group. At the very beginning, SRGs were formed and operated without proper training. Since 2004, SRG basic concept training, SRG book writer training, SRG auditing and SRG Training of Trainer (TOT) training has been provided to all project staff, SRG promoters and SRG book writers. In addition to this, SRG review meetings and exchange visits within townships, and SRG cluster wise annual meetings have been

conducted as a kind of capacity building initiative since 2007. Also, monitoring of SRGs was reinforced by organizing a SRG Record Keeping Training Refresher Course for project field staff and SRG book writers in 2007. SRGs are classified as being at either formation stage, stabilization stage or withdrawal stage based on their maturity levels (ie. very low, low, medium, medium high, high and very high). Field staff members monitor and assess the performance of SRGs together with SRG members and categorize them at different maturity levels. The SRGs in the ICDP are assessed by both staff and members on vision, mission and goals, organizational management systems, financial management systems, organization accountability norms, linkages, and learning and evaluation efforts.

The two community development projects – CDRT and ICDP – have effectively mainstreamed SRGs in their support for sustainable livelihood activities of the poor by providing increased access to credit, technology, and inputs. Therefore, SRG case studies were employed together with the use of household questionnaires and a Participatory Impact Assessment (PIA) in the overall Impact Assessment of UNDP (HDI) 2008 in Myanmar in line with the recommendations of the Independent Assessment Mission (IAM) 2006 and 2007 to show the nature of impact of the SRG groups on the communities in which they function, as well as additional case studies on 30 SRG members to really understand the impacts at family level.

1.2.Objectives

1. To investigate the performance of SRG members
2. To assess the impact of the SRGs on livelihoods of their members and community
3. To provide feedback to HDI projects and policy management staff, and to share our experiences to the development agencies at large

1.3.Methodology

1.3.1. The unit of analysis

The study focused on groups (15 SRGs) and included additional case studies on successful members of each SRG at household level.

1.3.2. Selection of SRGs

SRG case studies were performed in some selected townships where the household questionnaires were to be administered. 15 SRGs were selected in 15 HDI project villages and 2 members from each group were purposively selected.

Selection of SRGs was considered based on the following factors:

- i) geographical zones
- ii) numbers of SRG formed in a village
- iii) maturity levels of SRGs in ICDP and functioning categories SRGs in CDRT (Mixed SRGs were also included)
- iv) accessibility to villages.

Table 1.1: Selected ICDP townships for case studies

State/ Zone	Township Name	Village Tract	Village Name	HH	Population (2008)			No. of SRGs (2008)	Name of Studied SRG	Date of inception	Maturity Level	Membership		
					M	F	Total					M	F	T
Southern Shan State	Nyaung Shwe	Ywar Thar	Shwe Htar	136	279	303	582	6	Ya Min Shwe Sin	16.10.03	High	0	15	15
		Lin Kin	Zee Pin Kone	76	159	148	307	5	Seik Taing Kya	8.12.03	Medium High	0	10	10
	Pindaya	Inn Nge	Shwe Pa Htoe (N)	124	348	319	667	4	Pan Khayay	1.1.04	High	0	20	20
		Taung Paw Kyi	Htin Shue Kone	102	241	225	466	3	Phu Pwint Wai	8.2.06	Medium High	0	17	17
Dry Zone	Kyaukpadaung	Moe Nan Kyin	Moe Nan Kyin	43	110	216	326	5	Sakawar	19.12.03	High	0	18	18
		Phet Taw Ye	Phet Taw Ye	143	337	355	692	5	Myo Sat Thit	29.7.03	Medium High	0	12	12

Table 1.2: Selected CDRT townships for case studies

State	Township Name	Village Tract	Village Name	HH	Population (2008)			No. of SRGs (2008)	Name of Studied SRG	Date of inception	Functioning categories	Membership		
					M	F	Total					M	F	T
Rakhine (Eastern)	Mrauk Oo	Pauk Pin Kwin	Kyarkan (PPK)	117	274	225	499	6	Pann Tha Zin	3.6.00	Good	0	10	10
		Kalarka	Chaung Nar	120	310	300	610	4	Tha Zin	31.8.00	Fair	0	12	12
		Bu Ywet Ma Ngoe	Auk Tha Kan	172	470	440	910	5	Padauk	23.2.01	Weak	0	8	8
Kachin	Myitkyina	Pa La Na - 2	Kant Kaw Myaing	110	252	260	512	5	Aung Thit Sar	31.5.98	Good	5	10	15
		Ahlam	La Mung Zup	35	77	82	159	3	Sut Mangai Pan	24.5.98	Fair	7	8	15
		Ho Kat	Ho Kat	180	377	397	774	4	Aye Mya Naddi	24.12.00	Weak	1	11	12
Chin	Tedim	Lailui	Tualzang	95	297	313	610	4	Noemi	2.12.00	Good	2	10	12
		Phunom	Thangnuai	89	310	288	598	4	Ruth	1.6.03	Fair	0	20	20
		Paakzang	Paakzang	149	465	437	902	4	Phuitong	24.4.03	Weak	0	16	16

1.3.3. Data source and data collection methods

Primary Data Source

Primary data was collected from different sources such as SRGs, individual SRG member, their husbands and family members, village leaders and villagers in each studied village.

Group Discussion

Focus Group Discussions were organized with selected SRG in each of the selected villages to examine the in-depth outcome/impact of SRG formation in ICDP and CDRT projects. A candid and open group discussion was conducted with a semi-structured interview. A set of

questions (checklist) was prepared based on the conceptual factors considered for the SRG Case Studies shown in Figure 1.1.

Secondary Data Source

Secondary data related to SRGs was collected from ICDP and CDRT projects.

1.3.4. Data analysis and technique

Case study analysis

- 1) The below areas were investigated to understand the common patterns of SRGs' performance.
 - Achievement in vision
 - Organizational management and accountability
 - Financial management
 - Rules and regulations
 - Multiplier effect
 - Capacity building and networking
- 2) The following parameters were further detailed for in-depth analysis on common patterns of outcomes/impact of SRGs.
 - Economic wellbeing
 - Social security
 - Social development¹
 - Communal harmony
 - Individual capacity
- 3) The reported benefits to the families of the SRG were narrated and presented in the boxes.

1.4.Scope, limitations and difficulties of the study

SRGs from different maturity levels in ICDP and functional categories of SRGs including mixed-sex SRGs in the CDRT project were interviewed in depth in the selected villages. The SRGs cover a wide range of geographical zones of HDI projects. The study aimed to understand the performance of SRGs and assessed the outcome/impact of SRGs including the success stories of SRG families.

The SRG case study analysis is qualitative, and cannot be extrapolated to represent the entire picture of SRGs in all HDI projects. It was mainly intended to explore the insight of SRGs formation of its members. SRG case studies in Chin and Eastern Rakhine State took a longer time in collection of information because of language barriers.

¹ a process of promoting people's welfare (Midgley, 1995)

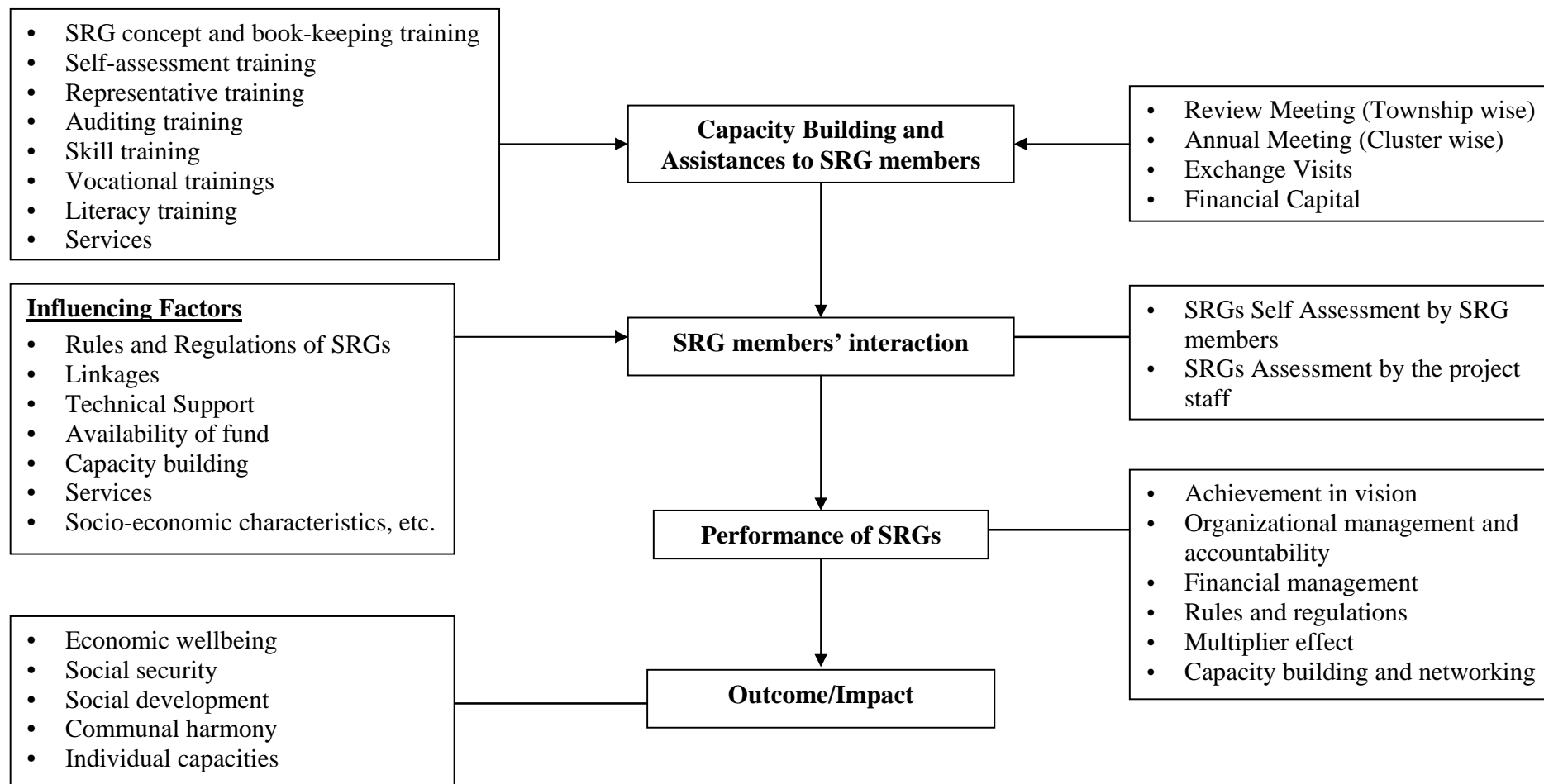


Figure 1.1: Conceptual factors considered for the SRG case studies analysis

Section II

Findings

This section presents the findings on outcome/impact of SRGs on SRG members including performance of the studied SRGs and emerging benefits to the SRG members of selected SRGs in ICDP and CDRT project areas.

2.1. Findings

2.1.1. Performance of the studied SRGs

General Information

The ages of SRGs under study were in the range of 3 to 10 years and the size of groups in the study SRGs are in the range of 5 to 20 members. The SRGs covered different majority levels of SRGs formed with women in ICDP projects and different functioning categories including SRGs of mixed men and women in the CDRT project.

Why do SRG members participate in SRGs?

In general, the majority of members took one or more loans from local moneylenders before participating in SRGs. In Northern Chin State, a person has to give presents such as some sugar and condensed milk in order to be considered for loans from the better off. According to the SRG members, it is not always easy to obtain a loan from the better off or moneylenders as they do not trust the financial capacity of the poor to repay the loans. Therefore, the major incentive of SRG members to participate at the SRGs is as follows:

The common reason for participating in a SRG is to access credit at a relatively low interest rate under the flexible rules and regulations set by members whereas loans from money lenders attract interest as high as 10-20 percent per month without collateral for health, education, food security, social welfare, and income generating activities.

In some villages, non SRG members want to be a member when they observe that SRG members receive capital inputs from the projects. Members in some SRGs are not willing to accept newcomers as the groups have been established for some years. However, members in some groups do accept new participants under certain conditions. Exceptionally, if the new participants deposit savings to the same amount as the members' savings as a lump sum, they may accept newcomers. Then, opportunities for taking loans from the group will be same as old participants. However, members prefer having a group of 15-20 members for easy gathering, record keeping, financial management, and to reach agreements effectively.

Why do members stop participation?

The common reasons of members for stopping their participation in the SRGs are: irregular attendance due to working at the *Taung Ya*¹ which are 6-7 miles away from the

¹ Hill (*Taung*) cultivation (ya) (Blanford, 1958); originally it was the local term for **shifting cultivation**.

villages, inability to repay the loan and interest, inability to save regularly, and unable to give time due to traveling for small trading. In some cases, members lose interest in participating because attendances at frequent regular and emergency meetings are demanding. Other reasons are disagreement with parents, husbands and family members regarding participating in the group, low capacity to attend the SRG training because of illiteracy, having very few family members in a household, disunity, lack of transparency and trust among SRG members.

Why do members continue with SRGs?

All SRGs reported that even if the UNDP project exited from their villages, they will continue participating in SRGs as they always need to take loans for multiple purposes. SRG members expressed that not only the poor need loans to secure enough food, but also the people who are involved in different income generation activities mostly need an affordable source of loans. According to them, if they stop functioning, they will not have a place to borrow money at low interest rate. If one cannot find a place to take a loan with favorable conditions, it will be unavoidable to take loans from money lenders with high interest. This would have a negative impact on members' ability to save money and accumulate assets. Therefore, SRG members have committed that they will keep participating in SRGs in order to have continuous access to favorable loans. Also, the common fund is accumulating by revolving fund over several years. In addition, other incentives for the members to continue with SRGs are to have self-confidence in mutual dealing, to overcome their problems and needs with group strength, and to gain knowledge and have a wider view.

2.1.1.1. Achievement of vision

Members in the SRGs have set and recorded their group visions, but only a few SRGs have objectives. Visions of the SRGs are varied from group to group. Basically, all SRG members consider their primary goal as having enough of a revolving fund for their SRG members to have continuous access to credit. In other words, most of their visions will be achieved after reaching enough common funds both for circulating loans among the members and for meeting their other development plans. The SRGs aim to increase their common funds up to between 30 and 50 lakhs. Three SRGs in the CDRT projects want to provide hydro-electricity or electricity generated by generator in their villages after reaching their targeted amount of common funds. The visions of other SRGs are to escape from poverty, to increase their productive assets, household and personal assets, to store and trade local agricultural produce, to open a fertilizer shop, to buy a trolley² or a maize threshing machine, or to build a community facility such as community health care centre. Here are a few examples of the group visions:

Vision of Seik Taing Kya SRG of ICDP in Nyaungshwe Township in Shan State

"To buy a trolley to send their agricultural produce, particularly sugarcane, maize, garlic, pigeon peas and sunflower, to the markets"

² The term Trolley comes from the brand name "Trilogy". It is a kind of Chinese-made hand tractor with a two stroke engine which, with a trailer attached can be used to shift large loads of produce/manure, and to transport people.

Vision of Sut Mangai Pan SRG of CDRT project in Myitkyina Township in Kachin State³

"Individual SRG member must own a one-storey wooden or brick house with corrugated zinc sheet roofing by 2017."

Currently, SRGs are working hard on individual planned work, increasing the revolving fund by saving, issuing loans and taking interest regularly to achieve their visions. The future plans to achieve the common vision of some SRGs are to perform group businesses when reaching their target amount for the common fund. On the other hand, visions of some SRGs are for the development of basic infrastructure like the distribution of electricity in their village. Then, villagers will appreciate the work of SRGs for village development. However, these visions cannot be achieved in the near future as the priority of SRG members is to have a sufficient common fund for revolving loans as mentioned above. On the other hand, SRGs are formed for the poor segment of village communities to enhance their socio-economic condition. Therefore, setting visions for the development of the whole village may be too ambitious. Moreover, there will be management issues to deal with regarding group businesses for SRG members such as opening a fertilizer shop. Therefore, SRG members should firstly be encouraged to review their management and financial capacity to run such group business successfully.

A few records of visions of individual members were also observed. Visions of individual members of 3 SRGs, namely, Myo Sat Thit, Pan Khayay, and Ya Min She Zin SRGs are: to have enough food at household level, to own productive assets such as land, power tiller, boat, cattle or buffaloes, to expand income generation activities such as agriculture, livestock, and trading, to open a grocery shop, to improve housing, and education. Most members have been able to achieve their individual aspirations to a certain extent by utilizing loans for their income generation activities such as raising animals, cultivation of crops, small trading and so on.

It was found that three SRGs recorded their objectives in ICDP. The recorded objectives of SRGs are described in order to understand members' ultimate intention to be in SRGs. A few objectives of Myo Sat Thit SRG are to solve problems through the unity of members, to utilize the money systematically and so on. Some objectives of Pan Khayay are: to access seasonal loans for agriculture for buying quality seeds, fertilizers, pesticides and for livestock income generation activities in timely manner, and to utilize the increased revolving fund for village social welfare. The overall objectives of Phu Pwint Wai SRG of ICDP project in Pindaya Township in Shan State can be described as follows:

- 1. To meet the food security needs of members' households*
- 2. To participate in village development affairs*
- 3. To expand the group agriculture income generation activities by cultivating Indian leek, golden pea, tea, and trading these products at large.*

It was observed that some visions and objectives are very wide to be achievable in the near future, and some SRGs seem to mix visions and objectives. So, it would be helpful if the HDI staff could assist their SRG members in setting visions and objectives logically and reasonably to make them achievable within their target time frame.

³ See Photo No. 1: Vision of Sut Mangai Pan SRG

2.1.1.2. Organizational management and accountability

Rotation of Leader

Election of SRG members for sharing responsibilities for group work is slightly different between the SRGs of ICDP and CDRT projects. Rotation of responsibilities is usually done every six months or every year, as written in their rules and regulations. The groups tend to have “representatives” rather than a “leader” and virtually all of them pursue decision-making mostly in a genuinely collective manner. Basically, two representatives, an auditor, an accountant, a treasurer, and a cash box key holder are assigned in ICDP SRGs. A treasurer, a cash box key holder, and a representative who works as an accountant are assigned in CDRT project SRGs.

It was found that rotation of responsibilities is effectively done when certain numbers of responsible members are literate and have high commitment to group work. As an example, all responsible persons in Pann Tha Zin SRG in Kyar Kan village in Mrauk Oo Township could maintain and update the required books correctly within the meeting as several members finished middle school. In one case, a SRG collapsed as there were no persons to hand over the duties for book keeping when the former book keeper was away. The SRG could restart only once the former member had rejoined the SRG. A key determinant of functionality is how SRG members provide their time and commitment to the group to take the various responsibilities. However, the facilitation of project staff for rotation of office bearers is good initiative to strengthen members' capacity. On the other hand, regular training on book keeping as well as refresher courses for the SRG members should be prioritized as necessary in order to encourage them taking over the responsibilities on rotation. As described above, Pann Thazin SRG in Mrauk Oo Township was awarded 1,020,400 Kyats as dividend due to their good performance, and members shared the profits based on their savings.

Regular Meeting

SRG members meet every week or every 10 days mostly at a member's house on rotation or at home central to all members for easy access. The meeting time is varied and mainly they meet in the morning or evening. SRG members in the CDRT project in Kachin and Chin States meet in the morning before or after attending church each Sunday. SRG members in the ICDP project meet mostly at night. In general, the chair person at SRGs of CDRT project and the group leader at ICDP project SRGs lead the meeting, and check repayments and loans at the meeting.

When a meeting is taking place, members sit in circle and select a chair person first (interestingly, Pann Thazin group in Mrauk Oo Township usually state 4 group resolutions at the beginning of the meeting). After that follows the reading, review and approval of the minutes of the previous meeting, then reading of the rules and regulations. Financial transactions (compulsory saving, repayment of loans, interest, and issue of new loans) and discussions of any matter of importance form the business at the meetings. In addition, members also sometimes share their personal difficulties and needs in order to overcome their problems with group strength.

All repayments are normally entered into the respective books at the meeting for the sake of full transparency. Loan decisions are made based on proposals at the meeting and most

transactions are performed there as well. If a member is absent due to sickness or traveling, etc, a representative of the member (husband or close relative) can attend or the compulsory saving can be sent in advance with a leave letter or a message stating the reasons. The balance is kept in the cash box and locked. If all records are agreed, meeting minutes are read and signed by attendees. According to the study SRGs, the percentage of attendance is 75-90 percent on average but sometimes the attendance is around 60 percent due to reasons such as sickness, traveling, etc. The meeting period is also sometimes irregular at harvesting time. Also, if there is a social occasion of joy or grief, informal meetings are held with some members to issue loans for needy members.

It is noticed that SRG members do not feel the burden of attending the meetings if they can save regularly and repay the loans and interest. However, demand caused by frequent and emergency meetings may create unplanned redistribution of household work to family members. It must be noted however, that SRG members handle the triple burden of attending the meetings, working at home on household chores and working on income generation activities.

Book Keeping

Meeting minutes and a monthly report format are prepared by the project in the CDRT project. Therefore, the members have few burdens in recording while SRG members record the financial transaction in the books arranged by themselves in ICDP. Also, balance at hand in different denominations and collection are updated in the meeting minutes. In the individual passbook structured by the CDRT project, the best characteristics which a SRG should have are written to remind the SRG members. It was considered a good initiative that the format for the individual saving and loan record book was prepared for SRG members by the project office in Mrauk Oo Township. The following 4 books are required to be maintained by SRGs in the CDRT project:

- Meeting minutes
- The general ledger
- Saving and repayment
- Individual passbook

However altogether 14 books are requested to be kept by the SRGs in ICDP as follows:

1. Meeting minutes book
2. Income (Receipt register book)
3. Expenditure (Payment register book)
4. Cash book
5. General ledger
6. Balance sheet for monthly
7. Saving
8. Loan
9. Repayment
10. Individual saving book
11. Group fund (Bank passbook)
12. Development work activities
13. Attendance record
14. Guest book

Receipt and payment register books are used instead of receipt and payment vouchers. Also, savings, loans, and repayments have ledgers for individual members for loan utilization records in ICDP. According to the key informants of ICDP, SRGs in ICDP are doing several financial activities like CBOs in CDRT so that they need to keep more records compared to CDRT. However, the number of books kept at the SRGs in ICDP is varied due to the different capacities of SRG members. The issue is having relatively few persons who can handle the work of recording financial transactions and maintaining book keeping in rural regions. Although most members in the SRGs only passed primary school, it was noticed that the commitment of members in the group work is critical to perform well in book keeping. In one SRG in ICDP, a member who only passed primary school has tried to keep the books in the suggested format trained by the project staff and spent her time not only at the meeting but also at home. Conversely, a member who studied up to 10th standard in another SRG kept only 5 books out of the 14 books recommended by the project. She does not want to spend much time on recording, so the books are incomplete. She also requested members for daily wages for recording due to the amount of work that she has to undertake not only at the meeting but also at home. Sometimes, husbands of the accountants in several studied SRGs have to help with book keeping.

In a few studied SRGs, profiles of members, audit reports, individual success stories, reviews on vision, goals, planned activities, strengths and weakness of SRGs were filed. It was discovered that the good functioning SRGs in the CDRT project or SRGs at high maturity level in the ICDP project have 3 or 4 members who passed primary or middle school level. Thus, they could handle the record-keeping tasks properly.

It was discovered in a few studied SRGs that only one member in a group could undertake the required book keeping as most members were illiterate or at primary level. Many SRG members are not skillful in keeping financial records. It is recommended that building the capacity of members in numeracy and book keeping is crucial.

2.1.1.3. Financial management

The study has shown that the main source of SRG income is from the project assistance in the ICDP SRGs, while it is from the savings and interest of the members in the CDRT SRGs. The common fund of the SRGs also gradually increases by accumulating savings and interest through a revolving fund, but the common fund is usually not increased by earning from group businesses in the SRGs. The common fund is also mostly kept in the cash boxes⁴ of the SRGs, only deposited into the bank when reaching a certain amount of funds agreed by the members, or before auditing the accounts. The study also shows a major lack of incentive for the SRG members to deposit their funds at Myanmar Economics Bank (MEB). Mishandling of financial management is also present among SRGs, however financial recording is one of the major challenges for the SRGs.

Major source of income

The SRG fund is built up through a range of mechanisms. Major sources of income are compulsory weekly deposits by the members, interest on loans issued to the members and

⁴ See Photo No. 2: A cash box of Ruth SRG in Thangnuai village in Tedim

project inputs (in kind and cash). Project inputs in kind and the Group Development Fund in CDRT, and project assistance for SRG members and the Village Development Fund in the ICDP project are the financial resources of SRGs. Less frequent sources of income are group deposits, income from group businesses, membership fees and contributions of group members by working as collective wage labourers at the farms of the better off. Membership fees vary from "no" fee to "2000 Kyats" per member in ICDP while the membership fees range from "10 Kyats" to "200 Kyats" per member in CDRT. Almost all SRG members under the study paid membership fees, however it is exempted in a few SRGs in both projects.

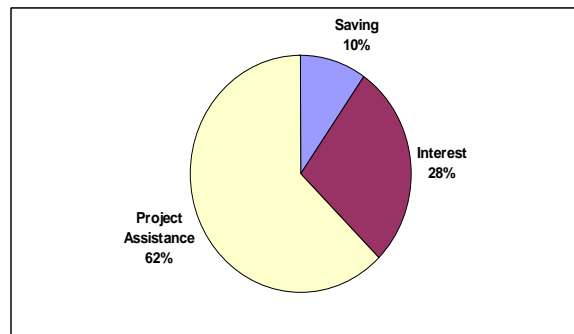


Figure 2.1: Contribution of financial sources to the common fund at High maturity level of the studied SRGs in ICDP

Source: Monthly Report on Status of SRGs in ICDP project as of August and September 2008

As shown in Figure 2.1 and 2.2, the project assistance is the largest contributor to the common fund in both studied levels in ICDP projects. It is likely that the SRGs in High maturity levels received more project assistance in cash and in kind while the percentage of savings in High maturity level SRGs is low compared to Medium High maturity level SRGs.

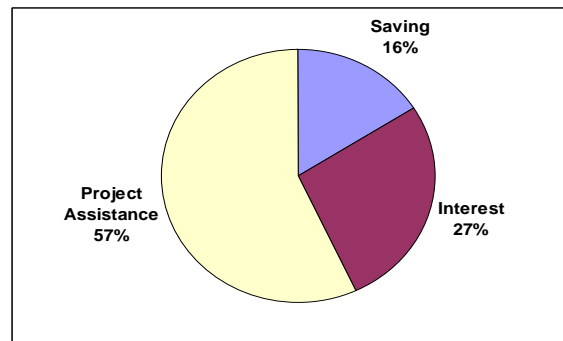


Figure 2.2: Contribution of financial sources to the common fund at Medium High maturity level of the studied SRGs in ICDP

Source: Monthly Report on Status of SRGs in ICDP project as of August and September 2008

As shown in Figure 2.3, savings and interest are the largest contributors to the common fund of good, fair and weak functioning groups in the CDRT project. The percentage contribution of interest steadily increases while the percentage contribution of project assistance and group development fund gradually decreases among the studied SRGs in good, fair and weak functioning categories respectively. It is likely that SRG members will have more sense of ownership as the major financial sources come from revolving the common fund.

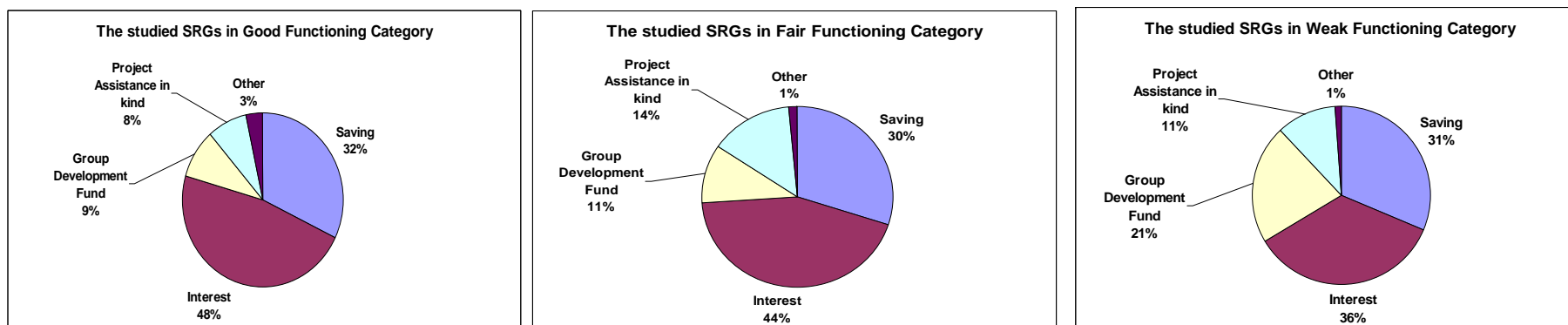


Figure 2.3: Contribution of financial sources to the common fund of the studied SRGs in CDRT

Source: Monthly Report on Self Reliance Groups Monitoring Sheet as of September 2008

Savings

In the CDRT project, members of the SRG started saving only 30 – 50 Kyats at the very beginning, but individual saving has increased since 2006, 2007 and 2008. It has been increased up to 500 Kyats and a few SRG members in Aung Thit Sar and Sut Mangai Pan have started saving up to 1,000 Kyats. Most members save the money to a fixed amount as they are afraid of having disunity among the members. Some members who could not save money more than others are afraid of asking them to increase their saving amount. Usually, most members cannot save a large amount of money, but save according to their earning abilities.

Loans

In general, loans are provided in the SRGs based on their urgency. If the common fund is not enough for all needy members, issuing of loans is prioritized as following: health, food security, education and income generating activities. Interest rates on loans to members are 2 – 3 percent in ICDP project and 3 – 5 percent in the CDRT project. In the ICDP project, SRG members also set the interest rate for health purposes at 2 percent while the interest rate for business affairs in Yamin Shwe Zin is set at 4 percent. SRG members in the CDRT project have been encouraged to set the interest at 4-5 percent in order to consider inflation. Therefore, the SRG members set the interest rate at 5 percent especially between 1998 and 2003, but later the interest was reduced to 2 to 3 percent as agreed by members to increase the repayment rate within their proposed schedule. However, Aung Thit Sar SRG in Myitkyinar and Pann Thazin SRG in Mrauk Oo continue with the interest rate at 5 percent, even though members in other studied SRGs of CDRT project set the interest rate at 3 percent per month for health and education, and 5 percent for business.

Generally, SRGs have adopted repayment periods of 4 months to one year for most loans, irrespective of loan size and purpose. The repayment period is proposed by the members and the decision is made following the approval of a majority of the members. Loans are usually provided with the agreement that belongings will be taken if the loans are not repaid. For urgent cases like health issues, sometimes only 2-3 members decide on issuing loans. Members in some SRGs also reconsider the duration of loan repayment if members face serious health problems.

The average loan amount taken by an SRG member was low in the first one or two years as the respective common funds were still small and most members were also hesitant to take large loans as they were not sure that they could repay them. At that time, their loans were utilized for pig and chicken raising, for health and children's education, buying rice for consumption and crop cultivation. Average loan amounts taken by SRG members have been gradually increased as years go by as they become confident borrowers with expanded income generation activities. Members have taken loans to increase the yield of their major crops (cereal crops, oil seed crops, potatoes, chili, tomato and vegetables) with increased access to fertilizers, hiring or buying land for cultivation, draught cattle and horses. In some cases, members took a loan up to 3-5 lakh Kyats, especially the members who engage in trading of dry and wet tea leaves, storage of paddy and rice, trading cloth in border areas and for construction or repairing of houses. Loans are repaid by earnings from diverse income sources of family members, mostly from selling pigs, agricultural produce, trading, services and so on.

Loans are not generally issued to non-SRG members. The exception is Phu Pwint Wai SRG, which issues loans at high interest in Pindaya Township to non-members. The group members in almost all SRGs are reluctant to give loans to others at higher interest rates as they are afraid of losing their money. However the main reason for not issuing loans to non-members is insufficient common funds to extend loans to others. Also, SRG members do not fully trust to non-SRG members.

Common fund

The size of the accumulated common fund differs vastly among the SRGs, mainly reflecting different amounts of project assistance, voluntary savings, different patterns of loan utilization and different frequencies of revolving funds. The SRGs in the ICDP project have accumulated their common funds up to 30 to 50 lakh as their maturity levels are high and medium levels. The common funds of the SRGs in Kahin and ERS have reached between 20 and 30 lakhs at "Good" functioning groups, between 15 and 20 lakh in "Fair" groups and less than 10 lakhs in "Weak" groups. However, the common funds reached at the SRGs in different functioning groups in Chin state were not varied and generally totaled about 20 lakhs. Usually, common funds are insufficient when all members need to take loans to buy fertilizers in the growing season. At the very beginning, members sometimes faced difficulties to repay their loans on time. So they had to borrow money from the brokers for short period of time. According to the SRG members, brokers lent money at no interest as they knew their regular customers very well from buying and selling agricultural produce, and members also promised to repay the loans within a few days.

Group business

The ICDP project has provided SRG members with the opportunity to earn income by recharging storage batteries with electricity generated by solar panels⁵, but they earn a very small amount of income. In one case, investments of loans in collective cultivation had been loss-undertakings as the price was not stable. The case of Phu Pwint Wai SRG in Pindaya Township in Shan State is an example of this:

Responding to the questions of staff whether the group has a business or not, the group decided to grow Indian leek to increase the income in their SRG. Seed beds of Indian leek were prepared in 2007 and grown in 2008. 10,000 Kyats from the group fund was used to rent land, buy seeds, and labour was contributed by the members. 100 viss of Indian Leek was sown and 300 viss was harvested. It was expected to get 200 Kyats per viss, but the price received was only 160 Kyats. Members' labour charges could not be covered as the price was not good. In general, prices of perishable products such as Indian leeks or, golden peas usually drop when supply is high in Pindaya. Members expressed that it was difficult to manage to find time for collective cultivation tasks such as planting, weeding and harvesting since the individual household's agricultural tasks needed doing at the same time, with limited family members to provide the labour.

In one case, a fodder cutter was introduced in Sakawar SRG in Moe Nan Kyin village in Kyauakpadaung Township for a group business based on their micro project proposal. However, it was not directly applicable as farmers could not produce fodder in a cost

⁵ See Photo No. 3: Recharging battery with electricity generated by solar panels.

effective way. All SRG members and other villagers remarked that the introduced fodder cutter was for chopping of tobacco stalks. According to all key informants, the cost of the cutter was reported at 15 lakhs, and altogether 4 cutters were provided by the project in Kyaukpadaung Township. Actually, the cutters were bought by the head office in Yangon and they were not the type widely used for cutting fodder in the central dry zone. SRG members noted that if they change some parts, it will cost 4-5 lakhs more to be able to effectively use it. Therefore, in the future any introduced machine should be scrutinized for cost-effectiveness to the beneficiaries before introducing it to an area. Also, it is highlighted that information sharing between the project area and head office is important to avoid unnecessary waste.

Some collective work such as rice banks for storage of rice or paddy until prices are high have generated profits in some SRGs according to the presentations of SRGs at the cluster workshop in Nyaung Shwe Township. According to the key informants, group business is not encouraged for the SRGs in CDRT project areas due to bad experiences in previous HDI phases.

Repayment

According to the records of studied SRGs in Tiddim Township, the repayment rates of Noemi, Ruth and Phi Thong SRGs were 81%, 83% and 76% respectively as of September 2008. Repayment records of other studied SRGs were not included in the monthly reports received.

Loan deposits at Myanmar Economics Bank

Previously, SRG members deposited funds once a year after harvesting crops, probably in January and February in the ICDP project. Currently, bank depositing is done two times a year to obtain a bank statement to submit to the project when auditing for transparency purposes and to highlight the common fund (cash). SRGs usually withdraw the funds from the bank right after auditors have checked the bank statement.

The decision to deposit common funds at the bank varies from group to group and funds are in the range of 1-3 lakhs in some studied SRGs. However, Aung Thit Sar SRG in Kachin State kept up to 10 lakhs. They explained that they keep 5 lakhs for emergency cases, and 5 lakhs for the revolving fund of the group. Sometimes, project assistance in cash is deposited in the SRG's passbook at the bank. At Padauk SRG, a weak functioning category of SRG in Mrauk Oo in ERS, they have not deposited the loans at the bank within last 7 years.

These days, MEB only allows a current account for SRGs instead of an interest-bearing savings account. There is no incentive for SRGs to deposit their savings in MEB with no interest, despite the fact that most SRG members in the SRGs do not know what the bank interest rate is. In fact, the interest rate at MEB is 12 percent per year for savings accounts, however it is apparent that such financial institutions are not interested in provision of interest-bearing services for the poor, especially the landless. As such, linking SRGs to formal financial institutions in Myanmar will remain a challenge.

Basically, villagers who have land use rights are eligible for loans from the Agriculture Development Bank (ADB). Sometimes, better off families do not take these loans but give

their passbooks to the poor to take the loans. In the mean while, poor households complained that their travel expenses are not covered for accessing loans at the ADB as they now have access to loans at SRG. In other words, poor families will find places to take loans with low interest under flexible rules and regulations as much as they can. If there is no place to take such loan, they will go to money lenders as taking a loan is unavoidable for poor households.

Procedures to minimize financial mismanagement

To avoid financial mismanagement, two members have to sign as witnesses for other SRG members in the loan ledger. The treasurer and other two or three members have to count and check the money three to four times when making financial transactions. If the amount of the common fund is about 10 lakhs or as per an amount agreed by the group, the money is kept at the MEB. Financial transactions are done only at the meeting. Every SRG has a bank passbook with the names of three office bearers to deposit their common fund or cash assistance from the project. This bank book is usually kept at the UNDP office. At least two authorized SRG members have to come and submit a micro project proposal to the project office to withdraw money from the bank.

Auditing

Members check the financial records every meeting in the ICDP SRGs. Monthly SRG balances are prepared and sent to the project office. It was discovered that external auditors were hired in SRGs in Kyaukpadaung Township and auditing reports comprising of savings amount, amount of project inputs, emergency funds, loans and repayments, amount of the incremental common fund, balance on hand and at the bank were submitted to the SRGs and the project. The audit statement was filed as a record.

Audit reports on SRGs including findings and comments for CDRT are prepared by project staff members annually and filed at the groups. Audit reports consisting of **findings** (i.e. meetings held, attendance, records of members' savings, repayments, interest, overdue loans, overlapping loans and common funds, revolving fund, collection of fines and rotation of the accountant, condition of loans taken for income generation activities, and actions taken against the rules and regulations) and **comments** (i.e. suggestions to attend the meetings regularly, increase the savings and interest, to pay interest monthly without failure, to repay the loans with weekly principal based on the proposed activities by the proposed date, to avoid becoming overdue, to revolve the common fund rather than taking loans for a long duration, to reduce reliance on only one accountant and to train the members who are literate in recording, to expand income generation activities and to learn from the good practices of other SRGs, to avoid taking new loans before the previous loan is repaid, to take loans only to the amount that a member can repay, to complete the records of the accounts on time, to issue loans for income generation activities, to increase the common fund, to plan to collect overdue loans, to follow and take action according to the rules and regulations, and to implement activities to achieve the SRG vision) were reported by project staff.

2.1.1.4. Rules and Regulations

Overall, the SRGs have great flexibility in adjusting their rules and procedures according to their needs and circumstances. In both projects, rules (membership related) basically

include: to attend the meetings regularly, to pay the membership fee and save money regularly, to maintain book keeping, to agree on rotation of the leaders or representatives every six months or every year, to give priority to regular attendees, and to have unity and a good relationship among the SRG members for better performance. Actions for members who break the rules and regulations (i.e rules for absentees without taking leave and for late comers) and the procedures for members who stop participating at the SRGs are also included in the rules (membership related) in both projects. In CDRT, residence status, age, and poverty categories are also considered for accepting a member. Also, only one person per household is allowed to participate at a SRG in CDRT. It has been demonstrated that most SRG members can follow the rules, but sometimes rules are not reinforced based on the situation. For example, members agree to change meeting times and dates when they are busy during the harvesting period and during social occasion of joy or grief in the village. In some cases, rotation of office bearers is just for the name sake and the most responsible persons like accountant remains unchanged.

In ICDP, the rules (meeting related) for members are: to listen to the reading of meeting minutes carefully, and to review, comment and fill in any gaps. In CDRT, the rules (meeting related) are to start the meeting when 75 % of members are present, to make decisions with the approval of 75% of members, to avoid chewing betel, smoking and using drugs, holding separate meetings or talking about other topics, chatting, or going home before finishing the meeting. In general, members follow the above rules during the meetings.

The common rules (loan and saving related) in both projects are: to save regularly, to make financial transactions and to record them in the books only at the meeting, to use the loans according to the proposals, and to grant and sign for loans taken using other members as witnesses. In ICDP, other rules are to settle savings by members themselves and to sign in their individual saving ledgers, to repay the loans only at the meetings, to set different interest rates for different purposes (e.g. health) and loan durations, to avoid repayment of loans and interest in lump sums or to be overdue, to share the cost of withdrawing project inputs in kind at the office, and to prioritize the most needy members and emergency cases for issuing loans. In Sakawar SRG in Kyaukpadaung Township in ICDP, repayment of loans and interest by lump sum is accepted.

Apart from the above common rules, other rules (loans and savings related) found in CDRT are to set interest rates and loan durations by consensus among the members, to repay the loan in installments at every meeting, to settle the interest on a monthly basis according to the agreed duration, to avoid issuing loans to non-members, and to avoid taking new loans before settling the first loan. In a few studied SRGs in CDRT, the loan is not allowed to equal more than three times of the savings on the last day of repayment. In Noemi SRG in Tiddim Township, saving maize or fire wood is allowed if a member does not have money. Apart from the above rules, other rules such as to disseminate training experiences to the other members and to participate in the village development work are included in Ruth SRG in Tiddim Township. To keep abreast of the development of the group and to avoid disunity of the group are also included in the rules of Pan Khayay SRG. Rules have recently been reinforced in Phui Tong SRG to dismiss members if they do not attend the meetings regularly.

Rules and regulations (Membership related, savings related, meeting related, and loans and savings related etc) are set and well recorded in SRGs. However, it was discovered

that rules are not strictly followed in some cases especially for repayment within the agreed loan duration. This mostly occurs when members fail in their expanded income generation activity using loans from SRGs. Then, the members who have an overdue loan become reluctant to attend the meetings and save regularly. In a few studied RGs, it is written in the rules that if a member does not repay the loan, their belongings will be taken. In reality, action is not taken according to this rule. In some cases, members cannot attend the meeting regularly due to working at the *Taung Ya* farms which are 6-7 miles away from their villages or traveling for small trading. However, fines are not always charged according to the rules. In these ways, some SRGs have failed or remain in the weak functioning category. The following information describes how SRGs fall into the weak functioning category.

Box - 1

Why are SRGs in the weak functioning category?

Generally, differential performance in terms of having a shared and well understood purpose, transparency of all dealings, and capacity to manage the individual and SRGs' activities well are the major reasons for falling into the different functioning groups. Main probable explanations for being in the weak functioning categories are: meeting irregularly, living or working in an upland location far away from the village, non-repayment of loans, loans becoming overdue due to failure of the income generating activities, illness of family members, inadequate management capacity due to illiteracy, and low capacity to understand book keeping because of the low education level of members and so on.

However, the SRG members in weak functioning groups are willing members. They are trying to become better functioning by encouraging each other to repay outstanding loans, reorganize with highly committed members, and are accepting a few new members under certain conditions.

It is the desire of SRG members to allow flexibility in adjusting rules and procedures according to their needs and circumstances. However, actions should also be taken according to their adjusted rules. Otherwise, it is challenging for the members to retain unity. It is also highlighted that rule enforcement and regular monitoring of staff to enforce the rules of SRGs are crucial for the sustainability of SRGs in the long run.

2.1.1.5. Capacity building and networking

Knowledge and skills

SRG members have received training from UNDP staff as well as out sourced service providers. Mostly they have received SRG concept and book-keeping training, self-assessment training, representative training, auditing training, skill training, vocational training, and literacy training. Vocational training provided for SRG members includes extension education on agriculture (i.e compost making, fertilizer application, systematic pesticide application including natural insecticides, seed production and multiplication, homestead gardening, budding and grafting for tea cultivation), livestock training on feeding, raising, regular vaccination and feeding hormones. Other training includes the

efficient use of energy and forest management training, training for Auxiliary Mid-wives, training on controlling fire and natural disasters, basic health education including HIV/AIDS, solving conflicts, and human trafficking.

Some SRG members request further training and refresher courses on book-keeping, and a few have asked for training as Auxiliary Mid-wives to help the pregnant women as the hospital is far from the villages, and also training on using a sewing machine.

It was discovered that in some cases the introduced technology was not affordable or adoptable for the SRG members. As an example, introduced compost is still not widely used in the studied villages. According to the interviewees, it is reported that they are poor and do not have animals. As consequence, they need to find waste of animals belonging to others. Furthermore, the typical procedures in making compost layer by layer and formulating EM solution was complicated for the users and time consuming, sometimes weed seeds in the compost were not fermented enough and it made more weeds in the field. However, in one case, a clever SRG member in Seik Taing Kya SRG in Nyaung Shwe Township made EM Bokashi compost and sold it in the village and earned income. It is well accepted and understood by the beneficiaries that the compost helps improve soil fertility. However, users should be encouraged to make compost in a variety of ways rather than following the procedures rigidly in order for wide adoption of the application of compost.

Linkages

SRG members explained that linkages with the better off in the villages, government organizations and the private sector are needed individually or collectively in general. For example, if there are outbreaks of livestock diseases in the village, village leaders are responsible for informing the veterinary department and Township Peace and Development Council (TPDC). SRG members explained that they need linkages with government departments to get access to technology especially for agriculture, livestock, for medical treatment and consultation at village or village tract health care centers or hospital. As an example, there was an outbreak of malaria in Shwe Pa Htoo village in Pindaya in 1997 and special health treatment was received from the government.

They also expressed that they need good relationships with the better off as most of them are working on the farms of the better off. Before participating in the SRG, poor households usually borrowed rice, money, advanced sales, and hired land from the better off. The better off families usually donate for village affairs about 3 times higher than the poor families. Also, mostly better off families lead and manage the construction of pre-schools, primary schools and so on. Better off families have better access to government departments and traders, so the poor leverage these relationships for selling their products such as dry tea leaves, rice, and vegetables. In some studied villages, better off families provide electricity by running a generator at a certain rate per bulb, or provide water from their own tube well to the needy at no cost. Some poor families visit the better-off houses to watch TV for entrainment. On several occasions, SRG members have asked the members of Village Peace and Development Council (VPDC) to host the SRG meeting at their houses as the houses of SRG members are not good enough to host guests. Hence, it is important to note that the inter-relationship among the villagers regardless of poor or rich is embedded especially in rural regions. As SRG members are mainly formed by the

poor households, isolating the poor from the better off may run the risk of not maximizing the benefits of this structural interdependency.

In some studied areas, villagers have networks with local NGOs. As an example, villagers in Pa La Na village in Kachin State receive agriculture training from Metta Development Foundation, a local NGO. They also gained knowledge from a field trip to observe paddy cultivation, animal raising, fishing and compost making provided by the NGO. SRGs also have networks with the other CBOs in a village and help each other. They also have chances to meet SRGs from other villages at cluster level workshops⁶, opening ceremonies of pre-schools or exposure trips to observe demonstration activities. So, they reported that they could share their experiences, success stories, difficulties and procedures for book keeping with each other. According to them, they previously did not believe it when the staff told them the success stories of other groups, but they believe now since they have seen the evidence and heard the stories from the source. In addition, they have now more friends, and they are able to talk and have more voice with others. Furthermore, they have gained and exchanged knowledge from others and can review the performance of their own SRG after participating at cluster workshops. It is also reported that meetings become more regular after the motivation gained by participating at cluster workshops. The exposures created at the cluster level workshops stimulate SRGs to imitate the good practices of other SRGs.

Of all the linkages studied, it was noticed that the SRGs had few linkages with government organizations and the private sector in general. This reveals that SRG members do not require much interaction with these organizations in their current condition.

2.1.1.6. Multiplier effect

SRG members have contributed their group strength in terms of labour and with cash for the village community within their ability to do so since SRGs were founded. However, the practice of helping at village affairs is common in rural regions, even if SRGs are not formed in the villages. Therefore, common village community works are presented before elaborating on the credit plus activities of SRG members.

Village community work

Village community work or village collective action is a tradition long practiced by the Myanmar people where villagers collectively and voluntarily come to contribute their time, labour, skill, etc for the betterment of the community. The following are reported as traditional village community work.

Social welfare

- Common contributions, in the form of labour, food or gifts, to local ceremonies such as novitiation ceremonies, alms-giving, Christmas activities, and other functions
- Helping in social occasions of joy (ceremonies) or grief (funerals), volunteering work at the monastery for cooking, carrying fire wood, and crop cultivation
- Mutual help in construction of housing and the monastery

⁶ See Photo No. 4: A cluster level workshop and opening ceremonies of pre-school in Ye Oo (South) in Nyaung Shwe Township

- Collectively saving a handful of rice (*Ta Sote San*) every week by each household for donation to monastery or village ceremonies and school renovation in Chin and Rakhine States
- Collectively saving (no fixed amount - based on generosity) for holding festivals every 5 days or weekly
- The custom of cooking rice and curry together especially on Full Moon Day in November in Eastern Rakhine State.

Business

- Mutual help in cultivation, transplanting and harvesting of annual crops
- Collective saving in the villages is not common, but some sellers at the markets practice saving in a group at equal amount and take the total saving on rotation.

Village Development

- Repair of roads, bridges, renovating ponds, springs, drainage ditches and wells
- Construction or renovating pre-school or school, health care centre, teachers' houses, school fly proof latrines, rain water collection tanks in schools or for the village, and sanitation in the villages
- Renting community land for 40 paddy baskets per acre in Pann Tha Zin SRG in Kyar Kan village in Mrauk Oo to be used for community development affairs.

Credit plus activities

The most frequent credit plus activities are labour exchange between SRG members, and contributions by the SRG for local community works as group labour or in cash. Less frequent common activities of SRGs are collective purchasing, selling and collective cultivation. Credit plus activities found at the SRGs are as follows:

Social welfare

- Mutual help among the members when giving birth, taking care of children, building houses, for saving and repayment if members face difficulties
- Helping troubled HHs due to fire, helping the SRG members in harvesting of maize or moving houses in response to landslides, providing loans without interest to rebuild their houses for households who suffered in natural disasters such as heavy winds
- Providing loans without interest for emergency health issues (e.g. sending a pregnant woman, or a paralytic patient to hospital, for medical treatment (blood transfusion) and supplementary money for buying medicines for pregnant women who are non-members
- Providing advice to the SRGs of the Poorest of the Poor (PoP) on financial management, donation of books for the children of PoP families or the school or orphans, provision of rice, salt and oil to widows and providing bamboo for construction of houses
- Participation in ceremonies via group dancing, donated snacks for footballers, lunch for volunteers who worked on road repairing, donation from SRG on Sabbath day.

Business

- Provided 15,000 Kyats without taking interest to buy 3 piglets for 3 PoP HHs at Pann Tha Zin SRG in Mrauk Oo in August 2008

- Watering at nursery farms for providing seedlings to the villagers every week for 4 months.

Village Development

- Contributions of the group's labour for planting trees, weeding and fencing in the school compound or village, and connecting electric cords; and in cash for such things as provision of the salary to hire teachers, scholastic awards, provision of nutritional food at schools or pre-schools, and for local community functions
- Donation in cash for the village sign board of the project.

A kind of multiplier effect on the community in Pindaya Township was discovered. In Inn Nge village, 17 non-SRG members formed a 'copy-cat' group and save regularly as they saw that the SRG members in Shwe Pa Htoo village have improved their socio-economic and health status. It shows that Non-SRG members also realize the benefits of being members in the SRG after some time. In Chaung Nar village, 15 villagers also formed their own group in 2007 by saving 200-500 Kyats weekly.

In addition, monks provided a piece of land in the monastery compound for preparing a nursery to produce and distribute seedlings to the villagers by Pann Khayay SRG in Shwe Pa Htoo village in Pindaya Township. Later, the project provided corrugated iron sheets to build a warehouse⁷ for 4 SRGs and the community in 2007 so that members can store agriculture produce or inputs. Also it became a meeting place. In addition, a trolley was received with the assistance of the project and the contribution of 4 SRGs in Shwe Pa Htoo village in Pindaya Township. The objectives were to trade seasonal crops such as maize, sunflower, paddy, wheat, Niger⁸, potatoes, tomatoes, mangoes, and soap bark fruits by contacting brokers at broker houses; to contribute profits received by trading agricultural produce to the members; to arrange transportation for primary students at exam time; to assist the members and non-members for emergency health cases; to repair the village roads by piling sand utilising the group fund; to arrange transportation for monks and to upgrade the living standard of members.

2.1.1.7. Discussion Section

Discussions with each village community in the studied villages were also made whenever possible. Also, informal discussions with the beneficiaries of the ICDP and micro finance project (PACT) under HDI were also made at the pilot project village where SRGs of ICDP and clients of PACT were functioning. The experts' opinions on the micro finance sector in Myanmar come up from informal talks with the consultant are also included here to provide thoughts on sustainability of SRGs.

Perception of the Village Community of SRGs

SRG members shared their experience that previously people talked about the SRGs saying that "they just gather and nothing happens". In one case, the members of the VPDC criticized Tha Zin SRG in Chaung Nar village saying that SRG members had "no transparency in accounting". So, the group members invited them to a meeting and explained their financial situation for the whole day. Then, the VPDC came to understand.

⁷ See Photo No. 5: A warehouse built on the land in monastery compound as a multiplier effect

⁸ A type of oil seed

The members of the VPDC met by the consultant stated that formation of SRGs really helped the poor households to have enough food and promoted economic well being. The VPDC also expressed that it is now easier to gather villagers for the village meeting since SRGs were formed and villagers are more unified and organized. In addition, SRG members are now invited to participate at the village meeting for discussions and decision making.

It was noted that SRG members had demonstrated capacity to mediate disputes, not only among the members, but also at other SRGs. In one case, Tha Zin SRG in Chaung Nar village in Mrauk Oo Township had to negotiate among the members of Thit Sar SRG as the cash box was broken and the funds of about 20,000 Kyats taken by three members due to disunity and lack of trust among SRG members. After one month, Thit Sar SRG stopped functioning due to irregular attendance and non-repayment of loans of members. Husbands and family members also now understand the benefits of their wives' participation at SRGs and help in cooking and other household chores. All in all, SRG members in all studied SRGs reported that members are now appreciated by the community.

Observation at the pilot village: Overlap between SRGs and Micro Finance (MF) Project

The consultant studied briefly the situation of a village (Yae Htwet village in Lai Yar (South) village tract in Kyaukpataung Township) having both ICDP SRGs and the Micro Finance project under HDI (implemented by the NGO PACT). Phuit Phyo Aung and Toe Tet Aung SRGs have been fairly functioning in the village since February 2005. According to the SRG members, the micro finance project has been running for about 2 years longer than SRG formation in their village. Beneficiaries of both projects are aware that SRG members are not allowed to access the credit of the micro finance project and vice versa. SRG members reported that some MF clients want to participate in their SRGs as they have more flexible rules and regulations. However, the clients who want to resign from the PACT MF project have to wait until they receive a confirmation letter from PACT that they have no outstanding loan any more. According to them, it takes about one year to get the letter. The clients of PACT can participate at SRGs after submitting the letter of clearance to the ICDP project office. On the other hand, the clients of PACT also reported that they are doing well under the MF project and benefited with enough food at home, increased income and household assets by expanding their income generation activities. They also explained that they could repay the loans according to the rules, for example, to settle the loan and interest bi-weekly. Hence, the SRGs and micro finance project are working well in this village, but there are no linkages between SRGs and clients of the micro finance project and they are separately performing their activities in different groups.

Experts' Opinions⁹

According to discussions with the experts who have experience in the micro finance sector in Myanmar, micro credit organizations mainly deal with the Ministry of Cooperatives in Myanmar which is a counterpart government organization of PACT in Myanmar.

⁹ Discussions with several participants who have experiences in Micro Finance Sector in Myanmar at several meetings

According to the key informant of cooperative organizations under Ministry of Cooperative, the interest rate is not encouraged to be at market price for micro financing. Another expert opinion from the micro finance sector gave the opinion that interest rates should be at market price from the perspective of micro finance institutions even though the loan takers will prefer loans with no interest and unlimited amounts of money. It is important to sustain financial institutions to be able to cover the operating expenses, financial costs (cost of capital), loan losses and inflation. According to them, the interest is not the constraint from the perspective of poor, but the *access* to credit. The study has also shown as discussed in the *"Why do SRG members continue with the SRG"* section, that the rural poor basically need access to loans to have enough food at home or to expand their work to increase their income and assets. On the other hand, it is also clear that the landless who are the poor in the rural regions do not officially have access to the loans of ADB as discussed in the *"Financial Management"* section. Hence, it implies that if there is no SRG mechanism in the villages, the poor will take loans from different sources (i.e. micro finance organizations or better off families or money lenders) available to them.

In addition, it is important to note that rule enforcement and regular monitoring of staff to enforce the rules are essential for the effective functioning of SRGs in the HDI projects as discussed in the *"Rules and Regulations"* section. Hence, the sustainability of SRGs, at least to have a SRG in a village will be a huge challenge for the villagers when there is no monitoring body after the withdrawal of the HDI from the village. It is likely that only a limited numbers of SRGs with high commitment and good understanding of the benefits of continuous access to credit will be left if the HDI is discontinued in the village. Some have discussed the option of forming an apex body or credit union to monitor the SRGs, but the apex body itself needs to be financially, organizationally, technically and managerially skillful – yet another challenge. Additionally, well functioning SRGs built by the HDI project may not want to share their benefits to run an apex body.

As observed in other micro finance institution assisted by an international NGO in Myanmar, their model is the Village Bank Model (i.e. a Village committee is formed and provided seed money. The village committee basically selects the beneficiaries according to their criteria and issues different types of loans.). A legal study has also been conducted by the NGO to legalize their micro finance institution. As per the discussion with the legal consultant, there are several possibilities to officially register the organizations in Myanmar. One possibility is that the application can be submitted to legalize the organization according to the "Organization of Association Law 1988" through the Township Peace and Development Council (TPDC). The Ministry of Home Affairs finally scrutinizes the application for legalization of the organization. However, it is also a long process and takes time for legalization of an organization in Myanmar. Currently, there is no supportive government policy and regulatory framework to legalize micro finance institutions in Myanmar. MFIs in Myanmar must "wait and see" what changes emerge in the policy environment for legalization.

All things considered, it is a very complex situation to sustain micro finance organizations as well as Self Reliance Groups in Myanmar. On one hand, sustainability of SRGs is based on the commitment and strong desire of SRG members to continue with the SRG approach. It is worthwhile to start a series of policy dialogues with the authorities concerned for sustainability and institutionalization of micro finance operations on the other hand. Without the supportive government policy and regulatory framework, the micro finance operations will not be assured in the long run. It can also be considered as

providing exposure to the policy makers to observing successful micro finance institutions in the region to accelerate the process of initiating a policy framework for micro finance institutions that is favorable to the poor.

2.2. Emerging benefits

Members and their families have had their quality of life improved through membership in the SRGs. Almost all the members who had earlier taken loans from local moneylenders and the better off had almost replaced these with loans from their SRGs. The overall main benefits perceived by SRG members, may be broadly classified as: increased economic well being, increased social security and social development, greater communal harmony, and augmented individual capacities.

Loan utilization pattern

It is worth noting the loan utilization pattern of SRG members before assessing the outcome/impact of the self-reliance approach on the poor segment of the village. The loans are mainly used for the following activities in both ICDP and CDRT projects.

Health and Education

- For access to health facilities and drugs, and educational purposes

Food

- For food sufficiency

Housing

- For improvement of housing (to buy a house, to improve roofing, to build a warehouse or shed for storage)

Income generation activities

- For capital investment in selling and buying consumer products such as fish, eggs and dried products
- For raising animals such as pigs, ducks, chickens, goats, buffalos, cattle, horses and to buy bullock carts
- For agricultural income generation activities (to develop land, to buy seeds, fertilizers, farm equipment, cover labour costs and cultivation of crops, to buy Nipa palm, fruit and juice)
- For fishing and aquaculture income generation activities (to buy fish, to repair boats or buy boats, to buy fishing nets and associated gear)
- To store tamarind, chick pea, rice, paddy until prices have risen
- For traveling and trading in dry and wet tea leaves and cloth
- For extracting oil from "Agar Wood" tree and "Toon Tree" (*Thit Ka Toe*)
- For establishing a cottage industry like production of dry rice flakes with sesame
- For migration

Social welfare

- For donation at novitiation ceremonies

Other

- For repayment of old loans to money lenders.

According to the perception of SRG members in the studied SRGs, the traders who are doing small business can usually earn three times the income of daily wage laborers.

2.2.1. Economic wellbeing

SRG members explained that they have met their household food requirements and increased their income by expanding their income generation activities as a result of SRG credit. A story of a SRG member¹⁰ from Ruth SRG in Thangnuai Village in Tiddim Township in Northern Chin State in CDRT Project area in *Box - 2* is presented. It reflects the complex nature of villagers' lives in struggling to provide enough food at household level, and to accumulate their economic assets by participating in SRGs.

Box - 2

Ms. Luan Huai is 55 years old and she is living with her husband, Hun Pum. She has 4 sons and 2 daughters, the oldest is 34 years and the youngest is 13 years. Their family does not own *Taung ya*, but she usually grows maize and legumes on her mother's land. In 2003, she took a loan of 10,650 Kyats from the SRG for small trading of potatoes, ginger, peas and beans. She usually raises a pig every year and goat sometimes. Income from agriculture and pig raising is used for food and education. In 2004, she borrowed 20,000 Kyats to buy a boar, 10,800 Kyats for education and 35,000 Kyats for small trading. She received a roll of 300 foot long pipe of 0.5 inches diameter, sprinklers, a mattock, a spade, a sprayer, scissors, and a pickaxe from the project. Also, she received potato seeds, pea and bean seeds, garlic seeds, 5-10 seedlings of grape, iron chain, a male RIR chicken and fingerlings from the project. She bought 10 pieces of 20 foot long PVC pipes with one-inch diameter by herself. In this way, she was able to grow vegetables in her home yard.

She managed to harvest 50 viss of potatoes by growing the introduced potato seed and collected an additional 50 viss of potatoes in Zosang and sold it all in Kalaymyo. She also expanded her business of trading vegetables to include cauliflowers with a loan of 35,000 Kyats from the SRG in early 2005. She used the profit for her daughter's education as her daughter was in 10th standard. In 2005, she borrowed 22,500 Kyats for terracing 0.5 acres of land, so she could expand her upland agriculture by growing vegetables. She started buying timber planks for housing by taking a loan of 35,000 Kyats in late 2005. In 2006, she took a loan of 135,000 Kyats for trading potatoes, but she lost that time. Again, she took a loan of 145,000 Kyats for the travel expenses of her son so that he could work as a labourer in India. He worked crushing rock in India for 2 months and managed to save 2-3 lakhs. Then, she bought windows and doors for improving her house. The family's house had been built with only roof without walls since 2002. They were able to make internal rooms at her house in 2006. In 2007, she borrowed 363,000 Kyats for her husband to travel for the trading of cloth in Mizo in India and he was away for two months. Then, they could buy a hookah type smoking pipe, cassette player, and cabinet. In 2008, she took loans totaling 509,000 Kyats in two installments to cover the cost of her son's application and passport to go to Malaysia. So, she is grateful to the project that she could increase her household assets and improve her house.

¹⁰ See Photo No. 6: Ms. Luan Huai

Most SRG members initially started raising pigs with the loans from SRG to have enough food at household level then moved on to other activities, investing the profit into improving their houses. In one case, a SRG member received increased crop yields by using the introduced seeds from the project. The multiplier effect of income from increased crop production can be illustrated in the success story of a SRG member¹¹ in Noemi SRG CDRT Project in Tualzang Village in Lailui Village Tract in Tiddim Township in Northern Chin State in *Box – 3*.

Box – 3

Ms. Cing Ngaih Mon is 45 years old and passed 1st standard. She has 5 children. She originally had 5 acres of land for growing groundnut, maize, sorghum, legumes, sunflower, and Niger. The sunflower and Niger oil are used for household consumption and the vegetables are sold at the market. She took two loans of 10,000 Kyats and 13,000 Kyats from Noemi SRG for raising sows and boars in 2004 and a small loan of 2000 Kyats to raise muscovy duck in 2005. She was able to buy corrugated zinc sheets, doors, nails and glass for her house within two years. She also managed to buy a female horse at 80,000 Kyats by growing winter crops such as groundnuts and legumes. She now has 2 small horses and they are two years old.

Apart from animal raising, she took a loan of 50,000 Kyats to buy legumes to store and sell when the price increased in 2005. She also took loans to buy rice for household use. In 2005, she received an improved groundnut variety (Pyi Taw Thar) in Kalaymyo supported by the project. The introduced groundnut variety is a high yielding variety and the output and price of this groundnut oil are higher than the local variety. Also it is easier to harvest than the local variety which requires hard work with a mattock. She expanded her groundnut cultivation and was able to buy a sewing machine at 80,000 Kyats with this income. She studied sewing at free training provided by Ministry of Border Areas and National Races Development. She was awarded a second prize at the training and also she was permitted to buy a second sewing machine at 50,000 Kyats in installments. So, she took a loan from SRG to buy the sewing machine and was able to repay it in six months. In 2007, she took a loan of 40,000 Kyats for education to enable her second and third eldest daughters to attend high school. She is happy to be utilizing the SRG loans for the betterment of her family.

It was discovered in a success story that the villagers who live close to the borders have an advantage in building economic well being. The following story of a SRG member¹² of Phui Tong SRG in Paakzang Village in Tiddim Township revealed the advantages for border trade of increased access to credit. It was also found in the stories that the family members buy jewellery whenever they have extra money. This serves the dual purpose of increasing social standing as well as a personal 'reserve', i.e., they can sell it again when they need money. This practice is common in rural regions. Family members usually justify buying jewellery for their wives or their daughters to reflect their success. Interestingly, since the jewellery is for the women, to a large extent they control this resource. This is particularly important if a husband migrates and does not send money back, or abandons his family. Women naturally consider selling their assets if they face a shortage of money at household level.

¹¹ See Photo No. 7: Ms. Cing Ngaih Mon

¹² See Photo No. 8: Ms. En Theih Vung

Box - 4

Ms. En Theih Vung is 29 years old and passed 6th standard. Her husband, Kam Cin Kham is 32 years old and passed 5th standard. Her husband is a small trader for trading cloth, watches, CDs, and DVD players from Myanmar to the borders of India. In 2001, she took a loan of 10,000 Kyats to raise a sow. The pig delivered 7-10 piglets per year. They got altogether 47 pigs in 6 litters. In 2002, she took 10,000 Kyats for opening a grocery shop for selling rice. They also have 2 acres of low land. They bought a sow again in 2002. Starting from 2002, they built a new house portion by portion. In 2003, she took 38,000 Kyats to stock her grocery shop. In 2005, she was able to buy a gold necklace with a weight of 0.50 ticals and a ring. In 2006, she bought 3 pairs of gold earrings at 40,000 Kyats per pair. In 2006, she took loans of 172,000 Kyats, 250,000 Kyats and 310,000 Kyats for her husband for trading. They could later buy 2 solar panels, a TV and furniture. In 2008, she again took 215,000 Kyats for her husband for trading umbrellas, DVDs and CD players, wristwatches and so on in Kalaymyo. In 2008, they bought a cow at 85,000 Kyats. Her family is thankful for the assistance of UNDP as they could easily access SRG credit to increase their personal and household assets.

Some SRG members also improved their livelihoods by distilling liquor from rice, trading sugar cane, toddy thatch, milk, Nipa fruits and juice based on their resources. In Kachin State, a SRG member was able to set up a sawmill and went from being poor to becoming the owner of a brick house, motor cycle and car by producing oil from “Agar Wood” tree and the pieces of “Toon Tree” (*Thit Ka Toe*) in the forests. Some members were able to make donations for novitiation ceremonies, an important cultural practice which has an important psycho-social benefit for families.

Economic security is a shorthand expression for the ability to access money whenever needed, from one’s own organizations, for a wide range of purposes. The security aspect is most obvious for so-called emergency loans, to meet urgent unplanned or unexpected expenditures of any kind. The following statement by a member illustrates this point well:

Before, I got desperate when my children or family members suddenly fell ill. Now I know I can get immediate help, even to pay for a tractor that can take my family members to the hospital in town.

To varying extents, many loans that are obtained according to the regular schedule and procedures have such a security function as well. In addition, any augmented income from investment of the borrowed money will, normally, also have a security effect.

Income from own production

Increased income from investment in a member’s own production seems to have been the main expected benefit of members. So far, increased income from a member’s own production has primarily accrued to households with access to land with assured irrigation by pumping or application of fertilizers. The following story of a SRG member¹³ of Seik Taing Kya SRG in Zee Pin Kone Village in Nyaung Shwe Township is illustrative of this.

¹³ See Photo No. 9: Ms. Hla Myint Yee (Box -5) and Ma Khin Htwe (Box - 11)

It is a success story of an identity shift from wage labourer to the owner of a pair of cattle and a cart.

Box – 5

Zee Pin Kone is a beautiful village, situated in Lin Kin village tract in Nyaung Shwe township on the west bank of Inle Lake with 82 households. Ma Hla Myint Yee is from Seik Taing Kya SRG. She has 3 family members and is from a poor family. All family members have to struggle hard to meet their basic needs (i.e. food, shelter and clothes) every year. The main earnings of the family are from working as wage labourers. She started participating as a member of an SRG initiated by UNDP on 28th November 2003. She has tried to participate in regular savings, meetings, loan taking, and repayment by understanding the SRG concept, and helping with the book keeping system.

Ma Hla Myint Yee and members of Seik Taing Kya SRG tried hard for two years without project capital assistance from UNDP. As the ICDP project became satisfied with the performance of the Seik Taing Kya SRG, their SRG started receiving a micro-credit (12,000 Kyats) loan per person from UNDP in August 2005. She bought 15 viss of garlic as she has 1 acre of land provided by her father-in-law. She also received 1 bag of fertilizer and applied it in the garlic farm in September 2005. She managed to harvest 105 viss of garlic and used the profits as her investment for the next year, keeping 50 viss of garlic seed for the next year. She grew garlic again with fertilizers supported by the project in 2006. She was able to harvest 400 viss of garlic and got a net profit of 235,000 Kyats, enabling her to repay the new outstanding loan amount of 165,000 Kyats. A villager mortgaged an upland farm suitable for growing garlic and sugarcane at 300,000 Kyats to Ma Hla Myint Yee. She took it with the profit from her garlic cultivation and a loan from SRG of about 150,000 Kyats.

During this time Ma Hla Myint Yee also participated in demonstrating pigeon pea cultivation among 11 crops demonstrated by the project in 2006. She got consultation and technical services from the agriculture specialist and was able to harvest 10 baskets of pigeon peas per acre. She also got her seed, fertilizers and labour charges free of cost. She was able to sell a basket of pigeon peas for 15,000 Kyats and received 150,000 Kyats total. In 2007, she was able to buy a pair of ear rings and a calf with the money received from garlic cultivation the previous year and the profit from selling pigeon peas. Now, her calf is grown and can be used as draught cattle. In March 2008, she borrowed 200,000 Kyats to buy another draught cattle to make a pair of cattle. Since then, she has been able to earn an income by hiring their bullock cart out to carry agricultural products and to do plowing. In 2008, she has converted the cultivable waste land into an acre of farm land and grown hybrid maize (888 brand) imported from Thailand. Over five years then, Ma Hla Myint Yee's family has made the transition from landless labourers to owners of a pair of cattle and a bullock cart, with access to cultivatable land through the assistance of UNDP. Now her child is in 3rd standard. Her husband has also moved from being a wage labourer to a farmer and can work with the bullocks at other farms.

Housing and additional assets

Changes in the possession of household assets are a proxy indicator of changes in the material wellbeing of households. Some SRG members have been able to buy bicycles, television sets and DVD players. Clearly, these are also seen as major status symbols. In the following example, improvements in personal and household assets are derived from diversified income from pig raising, agriculture, and trading (and not without challenges). These are described in this success story of a SRG member¹⁴ in Sut Mangai Pan SRG in Lamung Zup village, Ahlam Village Tract in Myitkyina Township in *Box-6*.

Box - 6

Daw Baw Lwe is 50 years old and is educated to primary school 2nd standard. After participating in her SRG, she took a loan of 50,000 Kyats to sell *Kachin longyi* in Shan state and she generated about 250,000 Kyats as a net profit in 2003. The next year, she took a loan of 70,000 Kyats for the same purpose and generated a profit of about 3 lakhs. She got around 6 lakhs total by trading twice, with some goods still left over in Myitkyinar. However, she was attacked by robbers and lost the 6 lakhs at the border between China and Myanmar. She was able to sell the goods left in Myitkyina for 2 lakhs. After that, she bought the same type of goods again with 2 lakhs and sold them in Shan State. In this way, she generated 5 lakhs total and repaid her loan.

In late 2005, she took another loan of 40,000 Kyats for trading. In 2005, she bought one acre of land with 80,000 Kyats and one acre of upland with 90,000 Kyats to grow maize, vegetables and Niger, both in the winter and rainy seasons. In 2005, she also bought a second hand motor cycle at the price of 1.4 lakhs, but her motor broke and sold it back. In 2006, she bought another motor cycle.

At 10-miles-market, she also sold vegetables by using her bicycle for carrying her produce. At her farm, she also has 5 soap bark trees and she was able to sell the fruit. She had a cow and a buffalo which she inherited. Through livestock breeding, she now has a bull, and four cows. She usually raises 20 chickens and pigs through the assistance of the project every year. Her female pig delivers 7-8 piglets per year. She has sold 30 piglets in total up to now. This way, she was able to buy a gold chain with a weight of 0.75 ticals at the price of 375,000 Kyats by saving her profits from selling vegetables and pig raising. She has also bought household assets, blankets, and spent money for education. Her eldest daughter is 18 years old and attended school up to 10th standard, her eldest son is 16 years and is in 9th standard and the youngest child is now in 4th standard.

¹⁴ See Photo No. 10: Daw Baw Lwe

Box - 6 (Continued)

Daw Baw Lwe also has a piece of land for building a house close to the road which she inherited. In 2005, she bought a small paddy mill and kept it at the compound close to the road, but it was stolen in 2007. In 2006, she bought 5 goats and she was able to earn some income by selling 6 goat kids. In late 2007, she borrowed 35,000 Kyats for medical treatment for her husband. However, her husband eventually passed away in 2008 because of deteriorated health condition, ironically as a consequence of an accident on the motorcycle she had bought. She also had to borrow 35,000 Kyats for her husband's funeral. Daw Baw Lwe has 2 acres of Taung-Ya on which she has been able to produce 15-20 baskets of Niger every year for the last 6 years. With the profits of her various enterprises, so far, she has been able to buy 30 corrugated zinc sheets and one ton of timber planks by selling the Niger to improve her house. She expressed her gratitude to the project that she was able to access several loans from the SRG to increase her personal assets and to improve her house.

Even though some members have seen relatively small tangible benefits due to general poverty (in a material sense), still they have a highly positive attitude towards the SRGs, due to the increased food and social security and the more harmonious living environment that it is widely perceived to be attributable to SRG membership. The overall main explanatory factor is, clearly, the different abilities of members to make good use of the available financial resources from the SRGs. This is reflected in the success story of a SRG member of Myo Sat Thit SRG in Phet Taw Yae Village in Kyaukpadaung Township regarding the effective use of financial resources in animal raising¹⁵ and agriculture income generation activities.

Box – 7

Daw San Nwe, 29 years old, is living with U Shwe Bo, 33 years old and her child, Maung Kyaw Zayar Lin. In 2005, 4 members of Myo Sat Thit SRG proposed to raise pigs through the project. She raised a sow pig which cost 35,000 Kyats provided by the project. She bred 8 piglets and sold them at 12,000 Kyats per piglet.

The income from selling piglets was used for buying the next year's pig feed and also utilized for household needs. She works sometimes as a casual labourer. She also has 3 acres of low land and grows rice, sunflower and chickpea. Sunflower seeds are ground to make oil and used at home for cooking. Therefore, their family has sufficient for oil for 5 months. She took loans of 105,000 Kyats, 71,000 Kyats and 105,000 Kyats for agriculture, raising a male pig (boar) and trading respectively from the SRG over a 3 year period. Her female pig delivered 59 piglets and she got 1,137,000 Kyats in total. She started building her house in 2007 with bamboo matting, wood poles and corrugated iron sheets and finished in 2008. She also grows lime, mango, guava, papaya and orange trees provided by the project. Apart from that, she also received assistance for soil conservation and farm tools such as a mattock, a spade and so on, and iron fences for pig raising and a pair of chickens. She expressed gratitude that through the SRG she now has increased food security and a new house.

¹⁵ See Photo No. 11: Daw San Nwe's sow

2.2.3. Social Security

Social security referred to in this section is a wider notion of security, manifested in mutual help of various kinds. The members frequently said that the SRG had widened and strengthened their own and their household's social networks, and that the members of those networks readily help each other in numerous ways. Much such help takes the form of fairly regulated exchange of labour among the group members, particularly in planting, harvesting and other agricultural activities. In addition, immediate help to any member, by one more other members, is widely seen as a non-questionable obligation. Some deprived or vulnerable villagers (i.e. old aged people living alone or ill persons) also benefit from non-monetary assistance such as house improvement or construction, help in delivering a child, taking care of children, providing fire wood, rice and so on. A case of a SRG member¹⁶ of Pann Kayay SRG in Shwe Pa Htoe Village in Inn Nge Village Tract in Pindaya Township reflects this type of immediate help to a member by the two SRGs in the village.

Box - 8

Ma Soe Soe Moe is 25 years old and her husband is U Myint Oo. She has one son and three daughters, the eldest is 6 years and the youngest is 2 and half months. When her daughter Poe Theingi was 3 and half months old in March in 2005, her hand started aching severely while she was cooking. A retired community health worker came and gave medical treatment to her. However she was soon out of her senses and having fits. At that time, she only had 100 Kyats in her hand. However, as she is a member of Phu Pwint Wai SRG members, the SRG members hired a trolley with 50,000 Kyats to send her to the hospital in Pindaya. Since Phu Pwint Wai SRG has only 20,000 Kyats, Pann Tha Zin SRG also contributed 30,000 Kyats for the case without taking interest. Later when she was better, Ma Soe Soe Moe was able to use her 2 acres of land for the cultivation of sunflower, Niger and upland rice in order to pay back this emergency loan in two installments within 7-8 months and after selling pigs. If she had arrived even one hour later at the hospital, she would have died. Due to the strength of the village community, particularly SRG members however, her life was saved.

2.2.4. Social development

SRG members explained that their health is better now as they have received health knowledge from the Community Health Workers and Auxiliary Mid-wives trained under the HDI project. Health education is provided via Information, Education and Communication (IEC) materials and video shows on diarrhea, diphtheria and maternal health, so it improves the villagers' understanding of the infectious diseases. Also, they are able to consult doctors by taking a loan for health when they are sick. SRG members expressed better understanding than previously the importance of keeping their houses and villages clean by filling puddles with soil to reduce the breeding places for mosquitoes. They have also changed their perception on the root cause of the Malaria disease. Previously, some thought that Malaria infection was caused by eating bananas. Some SRG members also received bed nets and utilized them to control mosquitoes. So, they now have greatly reduced incidence of Malaria. SRG members expressed that their children

¹⁶ See the Photo no. 12: Ma Soe Soe Moe

also suffer less from diarrhea as they now have access to safe-drinking water and boiled water. A success story reported of a member of Pan Thazin SRG¹⁷ in Kyar Kan (Pauk Pin Kwin) village in Mrauk Oo Township highlighted the outcome of improved hygiene in the village compound by utilization of knowledge gained at health education training.

Box - 9

Ma Aye May, a sister of Ma Khin Saw Win joined Pann Tha Zin SRG in 2000. She started saving 100 Kyats weekly. Her family consists of her mother, the two sisters and one younger brother. The two sisters and their mother work as wage labourers, cutting fire wood, picking bamboo shoots and sending their youngest brother to school. They have 2 acres of paddy land which they inherited and rent it out. In 2002, Ma Aye May took a loan of 72,000 Kyats for her sister, Ma Khin Saw Win to buy a sewing machine at 45,000 Kyats and to buy rice. This enabled the sister to earn money by sewing clothes. In 2002, she borrowed 154,000 Kyats to buy 5 piglets at 5000 Kyat per piglet and a few bags of rice bran. She also bought 200 baskets of paddy and loaned it on interest. They saved money and were able to repay the money by working as labourers, cutting wood and selling pigs. Ma Aye May got married and moved to another village in 2003. Then, Ma Khin Saw Win became a member to substitute for her elder sister. In 2004, she took a loan of 223,000 Kyats to raise 10 piglets. By raising pigs, storage of paddy and earning from sewing, she produced 49 pigs, 1500 baskets of paddy, 400,000 Kyats in cash, and savings of 35,800 Kyats in 2005. In late 2005, she took a loan of 3 lakh to buy 6 bags of rice bran. Also she was able to buy 28 piglets again by earning from the sale of 14 pigs.

Her younger brother is now helping with the pig raising enterprise as he did not pass 10th standard. They have also received services, advice, and vaccinations from the Village Veterinary Worker. Other families in the village also began raise 20-25 pigs after seeing Ma Saw Win's business. These days, pig raising has become one of the main income sources in the village. With the growth in popularity of the pig raising business, all villagers agreed to keep their pig sheds outside the village in order to keep the village compound clean and try to improve the village sanitation situation in Kyar Kan village. To encourage responsible ownership, they also introduced a rule that if pigs destroy the paddy field, village leaders and the villagers are allowed to kill them.

Apart from pig raising, Ma Khin Saw Win shared her money with her cousin who owns a rice mill by selling 160 baskets of rice at 6.5 lakhs and pigs at 80,000 Kyats in 2002. She also took a loan of 3 lakh twice in 2006 and 2007. She bought 1,000 baskets of paddy in 2006 and loaned it others on interest, generating 2,000 baskets of rice in 2007. She was able to buy 3 ticals of gold at the price of 18 lakhs by selling 800 baskets of rice and 20 pigs. She also took a loan of 2 lakhs from the SRG when buying gold. In 2008, she again lent 2,000 baskets of paddy and bought a 21 inch color TV. She usually takes loans from the SRG to buy paddy and to sell rice. Also she stores paddy every year to get a higher price by good use of loan resources from the SRG.

It is also reported that SRGs have been able to access to knowledge related to HIV/AIDS such as transmission of the disease via blood, syringes and so on. Some SRG members

¹⁷ See the Photo no. 13: Ma Khin Saw Win

even asked their husbands/relatives who come back from Malaysia to have a blood test and educated them in turn. In addition, most members were able to send their children to primary, middle and high schools. Some members have been able send their children or siblings to college and University. The following story¹⁸ in *Box - 10* told by a member of Phu Pwint Wai SRG in Htin Shu Kone village in Pindaya Township illustrates improvements in household food security and support for education.

Box - 10

Ma Su Su Htwe has been living with her mother, five brothers and sisters after her father passed away. Two of her siblings have now married and live separately. Their family has one acre of land for growing tea, Indian leeks and wheat. Their family income is mainly from selling Indian leeks in Taung Paw Gyi village close to their village and working as casual labourers by plucking tea leaves and doing land preparation. They also earn income from selling tea leaves and wheat, but their earning was only just enough for their survival. They used to take rice from brokers before plucking tea leaves. Therefore, her three brothers and sisters had to drop out of school, though they wanted to continue their education. Ma Su Su Htwe has a twin sister named Nge Nge Htwe. When they were asked to drop out of school, she was crying. So the decision was made to instead withdraw two younger siblings from school and send Nge Nge Htwe to school. She tried hard at school and passed the high school exam on her first try. However she could not continue with university education due to the difficult economic situation of her family. She had worked as a casual laborer and a primary school teacher in Htan Kone village on Menel Mountain.

In 2006, Su Su Htwe borrowed 90,000 Kyats from the SRG for her twin sister Nge Nge Htwe to supplement her savings (125,000 Kyats) from working as a primary school teacher. In this way, Nge Nge Htwe was able to study first year economics at university. The family was able to pay back the first loan by working as wage laborers, with income from their farm and with Nge Nge Htwe's salary. In 2008, Su Su Htwe took another loan of 1.5 lakh for her twin sister and the family was able to repay the loan within 4 months. Altogether, Su Su Htwe took three loans for the education of her twin sister. Eventually, her sister got a bachelor's degree. Su Su Htwe also took loans for raising pigs, cultivation of Indian leek, construction of house, and to buy rice. The family was able to repay the loans by trading dry tea leaves, Indian leek and pigs. She thanks the SRG as their family has improved their food security and her sister has now completed her education, perhaps improving their prospects for the future.

In the case of a SRG member of Aung Thitsar SRG¹⁹ in Kankaw Myaing village in Pa La Na – 2 Village Tract in Myitkyina Township, the access to credit combined with the natural resources available in the region provided the opportunity to improve not only food security but also allow the accumulation of productive and household assets. The following story of U Atan is presented.

¹⁸ See Photo No. 14: A tea Plantation in Htin Shu Kone village in Pindaya

¹⁹ See Photo No. 15: U Atan

Box - 11

U Atan's family was very poor previously and worked panning for gold and undertaking shifting cultivation. At the very beginning of his participation at the SRG in 1998, he took a loan to buy food. After that, he started taking loans for small trading. In early 2004, he took a loan of 8,500 Kyats for growing vegetables, and he bought a bull by taking loan of a lakh from the SRG in late 2004. Also, he took 5,000 Kyats for buying food to extract oil from "Toon Tree" (Thit *Ka Toe*) in the forest for two weeks in 2004. He got a profit of 10,000 Kyats and used it for education. In 2005, he took a loan of 35,000 Kyats for raising pigs. He has since been involved in many different income generation activities to meet the basic needs of the family and to pay for education. He has already grown 5 acres of rubber farm by earning income from working as a casual labourer, selling chickens and pigs. The UNDP project also provided him with assistance to convert waste land into an acre of farm land.

In 2006, he bought a motor cycle with the money received from making oil from forest trees including Agar wood and "Toon Tree" (Thit *Ka Toe*), and a loan from the SRG. He also collected wood logs to make timber planks for building a house. In addition, he got 1-2 tons of yellow champak wood logs valued at 3-4 lakhs by carting wood logs with his bullock cart. He has altogether got 5 cattle (a pair of draught cattle, a non-draught cattle, and two female cattle). In 2008, he also bought some paddy land for 12 lakh. U Atan is now 57 years old and his wife Yin Htan Sii is 50 years old. He has three sons. He has been able to send all his sons to school. The eldest son attended up to 10th standard and the youngest one is now in 8th standard. Among them, his Son Sin Zee is 21 years old and he is now in his final year of distance university education while working for the government in the electricity department.

It is also reported that some women faced hostile family environments, hindering women to participate, to do so fully, or to get the intended benefits from her participation at the beginning of forming SRGs. In some cases, husbands were against the involvement of their wives altogether, for one or more reasons such as taking care of children or having to do household chores when their wives were not at home. In the current situation, however, husbands have come to understand the benefits to the family by allowing their wives to participate in SRGs. SRG members insist that men also help the group members when withdrawing money from the banks, taking heavy stuff from the project and attending the meeting if their wives are sick. Also, husband and wife usually discuss together and make joint decisions regarding the utilization of loans as they are undertaking business activities as a family. However, members suggested that it would be helpful "if the project could explain to the family members that the participating of women at the SRG is a great help for the respective families" ahead of forming SRGs. Then, understanding of husbands will be high and they will easily allow their wives to participate at the group. SRG members also feel that other villagers now pay greater attention to them, envy and respect the groups. Some village leaders reported that it is now very easy to gather the villagers as they only need to inform a message to only one representative from a group.

2.2.5. Communal harmony

Probably strangely for many, communal harmony was one of the most frequently mentioned effects of the SRGs. Usually, it was also connected to the previously mentioned point; that is, it was said to be a condition for increased co-operation among and help from fellow members. The following statements are illustrative of these related benefits, as perceived by the members:

Before we did not know much about one another; now we are all friends.

Earlier we used to struggle a lot and could not think much to help others; now we have food security and we want to help ourselves and others.

Clearly, these are values and priorities that have been generated through some combination of social mobilization and experience from working together.

2.2.6. Individual capacities

Individual capacities incorporate a range of intangible qualities of people's lives. Typically when asked about the benefits of SRGs, the members mentioned augmentation of one or more personal capacities as one kind of benefit. Broadly summarized, they include: greater understanding of social structures and the surrounding society, ability to manage household resources more wisely, organization-related knowledge, greater self-confidence and self-assertion, and reduction of the feeling of inferiority (as poor families and sometimes as women). Here are a few examples of brief statements to this effect:

We have learnt many things being members of SRGs that help us manage our lives better;

Now we are confident to stand up and speak;

We have now got enough knowledge to argue with our husbands.

It is also shown that building individual capacity helps the poor improve their diversified income generation activities. A success story of a SRG member of Seik Taing Kya SRG in Zee Pin Kone Village in Lin Kin Village Tract in Nyaung Shwe Township illustrates this point:

Box - 12

Ma Khin Htwe has three family members, her husband Ko Naing Win, her daughter Lai Lai Khaing, and herself. She joined Seik Taing Kya SRG on 28th November 2003 and has been saving 50-100 Kyats at every meeting. On 30th January 2005, she attended the sewing training arranged and organized by the project. She was selected to attend the sewing training as she could sew the clothes in a simple way previously as her sister left a sewing machine at her home. Previously, she had attended basic sewing training for 4-5 days with 5,000-7,000 Kyats. So, all villagers assumed that she could easily understand the sewing taught at the training. A professional teacher, U Tin Myint from New World Tailoring shop in Nyaung Shwe came to Kan village in the south of Kaung Taing village. The UNDP project provided scissors, materials, bags of glue, books, balls of thread, etc to the trainees. After attending sewing training, Ma Khin Htwe disseminated what she learnt from the training to 3 ladies from Kan village, 2 ladies from Phayar Ni village, and 2 ladies from Baung Daw. She hired a lockstitch machine from outside and a chainstitch sewing machine from UNDP for teaching sewing to a further 12 ladies. She earned 60,000 Kyats by teaching sewing in this way.

Box – 12 (Continued)

Ma Khin Htwe hired 1 acre of land with 1.5 lakhs for 5 years to grow garlic with the earning from her sewing and a loan from the SRG. Previously she did not have the necessary capital investment to grow garlic. She took a loan about 150,000 Kyats to grow 150 viss of garlic. She harvested 300 viss of garlic and kept 100 viss as seed for next year. She sold 200 viss at the prices of 1,600 Kyats and 2,000 Kyats and got a return of 400,000 Kyats. In 2007, she bought one acre of land with 70,000 Kyats and a gold chain with a weight of 0.75 at the price of 210,000 Kyats. As the price of garlic was good, she was able to hire additional land to grow sugarcane. She grew one acre of sugarcane which cost 120,000 Kyats in total. She got a gross return of 790,000 Kyats and grained a net profit about 670,000 Kyats. Then, she was able to buy a pair of cattle at 750,000 Kyats and a bullock cart at 690,000 Kyats. At harvest time for sugarcane, she can earn 15,000 Kyats by hiring her bullock cart out for 5 days in 2 months, and she can earn a further 270,000 Kyats a month at the harvest time of maize. She usually hires the bullock cart at 5,000 Kyats per time, twice a week. She uses earnings from renting out the bullock cart for her household expenditure. In 2008, she is expanding her land using cultivable waste land and it has cost 50,000 Kyats for taking out rocks so far. Also, she has been able to buy a gold chain with a weight of 0.75 ticals at 180,000 Kyats.

Among her sewing trainees, 3 ladies are now earning in income from sewing. She is still earning from sewing especially in April and October making special garments for “Thingyan festival” and “Thidingyut festival”.

She now has visions to own a good house, and to send her child to become a graduate. She said to me that *“She has already achieved some of her objectives and she also hope that the rest of her visions and objectives will also be achieved in future”*. She added that she is really thankful to UNDP project and also invited to see their progress in future.

2.3.Conclusion and recommendations

An attempt has been made to gain an insight from collecting the stories of SRG members as to what makes an SRG a useful catalyst for socio-economic change. The HDI put considerable resources into strengthening the capacity of the poor in order that they can utilize their own talents and available resources to increase their livelihoods over the medium to long term. The poor segment of SRG villages, especially women have been provided with knowledge and skill development to work together in a group. They have been trained in organization and with financial management skills to maintain the group and ensure it functions well. The group then manages its financial resources and creates a network of support, utilizing complementary assistance from the project such as awareness raising, demonstration crops and appropriate technology. However, individual SRG members have benefited to different degrees based on how well they could utilize the financial resources effectively with their family members.

The case studies above demonstrate the benefits *prioritized by SRG members themselves*. These benefits can broadly be classified as follows:

Table 2.1: Summary of Self-Perceived Benefits of SRG Membership

Food Sufficiency	Accumulation of productive assets	Proxy indicators of improved living conditions	Social welfare
<ul style="list-style-type: none"> • Diversified crops and improved production • Improved livestock raising • Ability to undertake several different livelihood activities and productively employ more family members 	<ul style="list-style-type: none"> • Bullocks and carts • Land/ more productive land/ waste land brought into production • Crop storage facilities • Breeding stock 	<ul style="list-style-type: none"> • Bicycles and motor-bikes • Building a house/ house improvement • TVs/ DVD players/ Cassette players • Jewellery/ gold • Donations to monks/ the poor/ village ceremonies or endeavors 	<ul style="list-style-type: none"> • Group affinity and problem solving • Health • Coping in a crisis • Education

SRGs are also able to contribute to village development affairs. SRG case studies have shown that SRG members have gained their economic wellbeing, social security and social development at household level. Apart from the benefits gained at household level, co-operation and mutual help among the community have been increased through some combination of social mobilization and experiences from working together. Moreover, individual villagers are able to better manage household resources more wisely and they have also increased in self-confidence to overcome the issues in their surrounding society. Many members have converted financial gains not only into productive assets but also small comforts to improve their standard of living, such as cassette players and TV sets. Others have noticeably improved their living standards by building houses and gaining access to solar power. Many women have benefited socially through being able to donate to those even poorer than themselves, contribute to novitiation and other public ceremonies, or outwardly display their success through wearing jewellery purchased through their hard work and savings, improving their status in the eyes of others.

SRG members enjoy access to credit under the flexible rules and regulations. It is possible that low repayment rates of SRGs may occur under the flexible rules and regulations. SRG members are able to set their own rules and procedures based on their circumstances. However, rules need to be enforced by SRG members for long term sustainability with regular monitoring by the HDI staff. For the sake of the effective operation and sustainability of SRGs, the organizations should be relatively small, have a simple structure, and have simple work routines. One of the challenges for the sustainability of SRGs is the ability of members to maintain the book keeping. SRG members are burdened by recording in the different ledgers and books recommended by the project especially in the ICDP project. Therefore, book keeping at SRGs should be reviewed to only keep the most essential books. Also the financial recording system is complicated for the rural poor who are illiterate and have on the whole only primary level education. Hence, a more user friendly financial recording system should be developed. The book keeping capacity of

SRG members should be further built upon by providing training for reserves and to help the current accountant.

The study has shown that the visions of SRGs were set to develop village infrastructure as well as to establish group business. However, there will be constraints to achieve the visions of SRGs due to the needs of the common fund to provide loans to members and to meet their individual visions. In addition, management and financial recording skills will be needed to move towards profitable micro entrepreneurialism. Therefore, it would be beneficial if the SRG members could be exposed to private sector entrepreneurs to increase their own networks and access to information. Also, all introduced technology and information should be affordable and applicable to SRG members to avoid unnecessary situations. Contributions of SRG members to village development activities are recognized and appreciated in both projects, however, so perhaps it is this recognition that motivates SRGs to set village development visions. SRG members have also contributed to their respective villages in the form of labour as well as in cash within their capacity. However, the contributions of SRG members should be at their financial discretion, rather than taking the lead, remembering that the primary reason for the SRG is to reduce the poverty of these, poorer village members. It is crucial to note that setting visions and objectives should be logical and financial attainable so that members can achieve their visions within their target period.

The major source of SRG fund income are from compulsory weekly deposits by the members, interest on loans issued to the members and project inputs (in kind and cash) in both projects. However, the project assistance is the largest contributor to the common fund in both studied levels in ICDP projects while savings and interest are the largest contributors to the common fund of good, fair and weak functioning groups in the CDRT project. Project inputs in kind and the Group Development Fund in CDRT, and project assistance for SRG members and the Village Development Fund in the ICDP project are channeled by the project to the SRGs. It is likely that SRG members will increase their sense of ownership if the major financial source is from the revolving of their common fund. The common fund of the SRGs is also gradually increased by accumulating saving and interest by revolving loans. However, earning from group businesses or activities is very marginal and also not encouraged for the SRGs in CDRT project areas due to negative experiences in previous HDI phases. The common fund is also mostly kept in the cash boxes of the SRGs, only deposited into the bank when reaching a certain amount of funds agreed by the members, or before auditing the accounts. The study shows a major lack of incentive for SRG members to deposit their funds at Myanmar Economics Bank (MEB). All the linkages of SRGs were studied, and it was noticed that the SRGs had few linkages with government organizations and the private sector in general. This reveals that SRG members do not require much interaction with these organizations in their current condition.

The SRG concept has been used to explicitly target the poor families of the community as primary beneficiaries in HDI projects. SRGs are formed on the affinity principle to equally reflect the opinions and priorities of the poor and to avoid the influence of other segments of the community. However, the study highlighted that the inter-relationship among the villagers regardless of poor or rich is heavily embedded, especially in rural regions. Therefore it should be kept in mind that isolating the poor from the better off may run the risk of not maximizing benefits of this structural interdependency, as SRG members are mainly composed by the poor households. Having said this however, one of the benefits

we can see accruing to SRG families over time from the case studies is less reliance on the better off families, or perhaps a better negotiating position, as they diversify their sources of income (from in some cases exclusively landless laborers dependent on the landed for work). They are also able to access loans from SRGs rather than the better off or money lenders at higher social and financial cost.

It will be a huge challenge for SRGs to continue independently of the HDI once the HDI exits from a village. It seems only a few SRGs with good understanding of the benefits gained by continuous access to credit will be left in such a case if there is no rule enforcement in the SRGs and regular monitoring by staff. Therefore, initiating a monitoring body for the SRG after HDI exits the projects is also another issue to consider sustaining the SRGs. On the other hand, initiating an apex body or credit union would also be a challenge as the apex body itself needs to be financially, organizationally, technically and managerially skillful. In addition, there will be issues regarding legalizing the apex body before exiting the HDI in the village. There are some possibilities to legalize such organizations in Myanmar. Further in-depth studies to find a way to legalize such a micro finance institution or an apex body remain a challenge at present.

On one hand, micro finance organizations need to cover their operating expenses, financial costs, loan losses and inflation to provide credit to the poor, even though the interest rate is not encouraged to be at market price for micro financing by the Ministry of Cooperatives, which is the counterpart government organization to PACT in Myanmar. As mentioned above, the rural poor mostly need a place to borrow a loan at a low interest rate for their survival. It is likely that the poor will take loans at a high interest rate from different sources available in their area if they do not have access to credit at low interest rates, with a negative impact on poverty reduction. Therefore, a financial institution which is favorable to the poor, especially the landless, is badly needed in Myanmar. It is also an option to consider linking SRG members to the micro finance project under the HDI. As observed in the village where the pilot joint projects are being implemented, SRG members could not access the credit of the micro finance project and vice versa. Hence, several discussions will be needed between the micro finance project and community development projects to reach a common vision for the future, since at present the natures of the micro finance project and the SRGs are quite different.

All things considered, it is a very complicated situation to sustain Self Reliance Groups in Myanmar. On one hand, sustainability of SRGs is based on the commitment and strong desire of SRG members to continue with the SRG approach. It is time to start a series of policy dialogues with the authorities concerned for sustainability and institutionalization of micro finance operations on the other hand. Without a supportive government policy and regulatory framework, micro finance operations will not be maintained in the long run. It can also be considered to provide exposure to policy makers to observe the successful micro finance institutions in the region. Such an advocacy approach may serve to accelerate the process of formulating a policy framework on micro finance institutions that is favorable to the poor. All in all, the Self-Reliance Group approach is appropriate to reduce the poverty of the poor to a certain level. However, there are many issues to deal with for the sustainability of SRGs in the long run.

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Case Studies on Self Reliance Groups of CDRT and ICDP Projects

General Information

- Population and number of households in the village
- Name of Group? When did the group form? (Month and year of group formation/age of the groups)
- Group Size? How many man and woman?

Participation

- What motivates to become member and continue their participation in SRGs for participation?
- Do the members of the SRGs change?
- If yes, why did some members stop participating at this SRG?
- If not, why?
- Could other villagers participate and access to the loans at the SRGs?
- If yes, under what condition? (e.g. different criteria for taking loan for other person)
- If not, why?
- How do you think whether other villagers would like to participate at the SRGs or not?
- If yes, why do you think they would like to participate at the SRGs.
- If not, why? (To ask the differential effects of reasons (e.g. migration))
- Without the project support, would SRGs continue to exist?
- If yes, what would be the motivation to continue without support?
- How would be the performance of SRGs after stopping assistances from the project?

Achievement in vision

- Main objectives of the SRG
- Main activities of SRG at present
- How do you ensure that all your members are aware of the activities of your SRG?
- In 10 years' time what do you want to see achieved through your SRG?
- What are the present activities of your SRG to achieve this vision?
- What are the future plans to achieve the vision?
- What steps have your leaders taken to ensure that the SRG achieves its vision?
- Have members been able to achieve their individual aspirations by being members of the SRG?
- If yes, how have you been able to achieve?
- What steps have your leaders taken to ensure that your SRG members achieve its vision?
- Does your SRG periodically evaluate its performance and progress in relation to its plans / objectives?

Organizational Management and Accountability

Rotation of Leader

- No. of office Bearers and their official Names (Representative, President, and Treasurer, etc.)
- Main tasks that have to be routinely performed by members of the SRG/office Bearers
- How do you participate at the SRGs for sharing responsibility? (Or in the key tasks to be performed, how do you ensure that responsibilities are shared/ periodically rotated among the different members of your SRG?)
- How do you participate at the SRGs for decision making? (Or how do you ensure that the decisions taken in your SRG have majority approval and are known to all your members?)

Book Keeping

- What are the books and documents maintained by your SRG? (Attendance register, minutes book, savings ledger, members pass book, receipt and payment vouchers, cash book, and loan ledger)

Financial Management

- Do you need to give membership fees? If yes, how much do you need to pay?
- What are the SRG's sources of income?
- Can your SRG cover its operating costs?
- Is your SRG presently having income in excess of expenditure or breaking even or making losses?
- How often are the accounts of your SRG audited?
- Does your SRG have group based business?
- If yes, how do you work?
- Is it successful or failure?
- If it is successful, why?
- If not, why?
- How does your SRG organize to access to market for both supply of livelihood inputs (e.g. seeds, fertilizer) and marketing of village products (or products produced by members themselves and their families and fellow villagers?)
- What steps do you take to ensure that financial decisions have majority approval and are known to all members?
- How do you ensure that all your members know your annual financial performance?
- Who keeps the cash?
- What is the system to remit cash to the bank and rate of interest in saving or taking loans from the bank?
- What steps do you take to ensure that cash is safely handled without scope for mishandling?
- What other steps do you take to ensure that funds are not misutilised?
- If funds are misutilised, what action do you take?
- Are there any sanctions in your rules and regulations related to this?

Rules and Regulations

- How do the SRG members set up rules and regulations?
- Written rules and regulations
- What steps do you take to ensure that all your members follow rules and regulations?
- How often is your SRG supposed to meet as per rules and regulations? How often does it actually meet?
- What is the average attendance of members at each meeting?
- How do you ensure that there is regular rotation of leadership in your SRG?

Capacity Building and Networking

Knowledge and Skills

- How does your SRG regularly update its members with (new) knowledge, skills and information necessary for their growth?
- How does your SRG build the capacity to access government and other service providers for knowledge, technical assistance, funding, etc.
- How do they receive technical training?
- If the assistance were stopped, to what extent intensity on technical support would have been reduced?
- Then, where do they get services?

Linkages

- Do the SRGs need linkages with others?
- If yes, for what purpose?
- How have been able to set up relationship with better-off?
- If yes, what kind of benefits do you gain from better off groups (both in terms of having strategic knowledge, resources and market)?
- Does your SRG have network with private sector?
- If yes, what kind of benefits do you gain by dealing with private sector?
- What are the institutions with whom you are presently in good contact?
- If yes, what kind of benefits do you gain by access to local government, administration?
- Does your SRG have networking of SRGs in a cluster of villages in a township or a larger number of townships?
- If yes, what do your SRG members do? (e.g. exchange of knowledge and experience)
- Do you have the bargaining strength of groups vis-à-vis with others (local government, administration) who have service facilities and funding (eg. Agric Bank)?
- If yes, what is your bargaining strength of groups vis-à-vis with others?
- If yes, what kind of benefits do you gain by this?
- How does your SRG members access to health services, facilities and essential drugs?
- If yes, what kind of benefits do you gain by this?
- How does your SRG organize access to government services (technical, administrative and credit/finance)
- If yes, what kind of benefits do you gain by this?
- How do your SRG organize access to market - for both supply of livelihood inputs (e.g. seeds, fertilizer) and marketing of village products (or products produced by members themselves & their families and fellow villagers)?
- If yes, what kind of benefits do you gain by this?
- What would be the best way to build networking with others/SRGs?

Multiplier Effect

Village Community Work

- Before introducing the SRG approach, do they have any Village Community Work in the village? Please give the examples of the activities.
- Do they have the traditional collective saving habit?
- If yes, how is it working? Is it working well?
- Do SRGs disturb the traditional practices?
- Does a SRG reinforce traditional community group approaches to community/village development?
- How do your SRG members practice for collective saving at this SRG?
- What is the saving capability of SRG member in collective saving?
- How can your SRG mobilize resources and can bargain using group strength vis-à-vis others?
- How SRG members help each other?
- How does the community view the SRGs?

Credit plus activities

- What is your SRG decision-making role and substantive contribution to village development activities?
- How does your SRG build of social cohesiveness and capability to support vulnerable households in villages?
- If yes, what kind of benefits do they gain by this?
- How does SRG members response to disputes among the community? (Dispute settlement process)
- Do they ask to get judgments from outsiders collectively? (Do they voice collectively for injustice?)
- How does your SRG deal with the natural disasters?

Emerging Benefits

Loan Utilization Pattern

- Do the SRG receive the capital from the project?
- If yes, how do you get it?
- How do you build up sustainable finance capital with initial injection of capital grants from service providers (e.g. HDI support)?
- How do you access to the loan? Individually or collectively?
- If individually, how do you get it? (size of loan)
- What do they do with the loan? Is there any influence on the SRG member by SRG members or project staff or their family members when utilizing the taken loan?
- What benefits do they get by utilizing the loan?
- What type of difficulties do they meet when implementing income generation activities? (e.g. loan size and duration of taken loan)
- If collectively, how do you get it?
- What do they do with the loan? Is there any influence on the SRG by project staff or their family members when utilizing the taken loan?
- What benefits do they get by utilizing the loan?
- How do you ensure that all your members have equitable access to loans and other benefits from your SRG?
- What is the interest rate on taken loans?

Economic Wellbeing at the Household Level of SRG members

- What type of income opportunities for SRG members and their families have been created? (On farm and off-farm)
- Do they get benefits from created income opportunities?
- If yes, how do they gain benefits from the created income opportunities? (e.g. improved their food security status, productive assets, household and personal assets)
- What are the trade skills of SRG members and their families?
- How do they gain benefits from the trade skills?
- Are there any outstanding SRG members in implementing income generation activities? (Women entrepreneurship?)
- Is there any market opportunities?

Social security and development

- What is the overall health status of SRG members and their families after having benefits from the group?
- How do the SRG members improve in reproductive and child health?
- Are there any malaria, diarrhea and HIV/AIDS cases among the SRG members?
- Are all SRG members able to send their children to the (primary and secondary) school?
- Are all SRG members able to send their children to higher education outside of their village/village tracts or township
- What are your relations with your husbands being members of SRG group?
- Is it possible the involvement of wives who have resistant husbands in the SRG?
- If yes, what should we do? What is your suggestion for the cases? (Do we need to provide awareness training for the husbands to provide a message that the benefits are targeting to the family?)
- What are your relations with community being members of SRG group?
- What do you make decision in family affairs? Especially, who make decision on utilization of the loan?
- Have you heard of there being an incidence/s in the last two years in this village of :
 - A woman being physically hurt by her husband or male relatives?
 - A woman being held captive in her house by her husband or male relatives?
 - Any form of sexual assault on women or girls from this village?
 - A girl being forced into marriage when she was still young, against her wishes?
 - A woman being lured to work elsewhere and either 'disappearing' or coming back having suffered abuse
- How do the above situations change after forming SRGs in the village? (e.g. better or worse)

2.1.9 Photo documentations



1. Vision of Sut Mangai Pan SRG in La Mung Zup village in Myitkyina



2. A cash box of Ruth SRG in Thangnuai village in Tedim



3. Recharging battery with electricity generated by solar panels, Sakawar SRG in Moe Nan Kyin village in Kyaukpadaung



4. A cluster level workshop and opening ceremonies of pre-school in Ye Oo (South) village in Nyaung Shwe



5. A warehouse of Pan Khayay SRG in Shwe Pa Htoe (N) village in Pindaya



6. Ms. Luan Huai, Ruth SRG in Thangnuai village in Tedim



7. Ms. Cing Ngaih Mon, Noemi SRG in Tualzang village in Tiddim



8. Ms. En Theih Vung, Phui Tong SRG in Paakzang village in Tiddim



9. Ms. Hla Myint Yee and Ma Khin Htwe, Seik Taing Kya SRG in Zee Pin Kone village in Nyaung Shwe



10. Daw Baw Lwe, Sut Mangai Pan SRG in La Mung Zup village in Myitkyina



11. Daw San New's sow, Myo Sat Thit SRG in Phet Taw Ye village in Kyaukpataung



12. Ma Soe Soe Moe, Pann Kayay SRG in Shwe Pa Htoe village in Pindaya



13. Ma Khin Saw Win, Pann Tha Zin SRG in Kyarkan (PPK) village in Mrauk Oo



14. A tea plantation in Htin Shu Kone village in Pindaya



15. U A Tan, Aung Thit Sar SRG in Kant Kaw Myaing village in Myitkyina