



COOPERATIVE FORMATION AS A PLATFORM FOR ECONOMIC EMPOWERMENT IN A POST-CONFLICT AREA

By Jay P. Supetran, Program Manager

Project context

Decades of internal conflict has ruined the economy of Kayin State. The signing of the peace agreement between the government and the Karen National Union (KNU) opened a new chapter in the lives of the people in the state. Also, the opening of Myanmar's economy brings with it new economic opportunities for its impoverished population. Access to financial services is a key constraint limiting the ability of farmers and rural entrepreneurs to invest in upgrading production.

PSSAG has implemented development activities in the 35 villages of northern Hpa-an township since 2014. Among the program it has implemented included efforts at strengthening capacities of civil societies with support from Action Aid Myanmar; fellowship program mobilizing youth volunteers in the area with support from the European Union (EU); livelihood projects funded by supporters from Sweden and project on child protection and primary education supported by an Italian development agency.

However, there is a need for a community-based institution that will sustain development activities even after program support are gone. It is in this context that the concept of a cooperative was considered. A cooperative owned and managed by the people themselves will be able to mobilize resources and use it for the consumption and working capital needs of the people in the community.

PSSAG's approach focuses on creating scale from the start. Multiple savings groups are formed simultaneously and supported over a period of six months to instill savings habits and discipline in the members. This six-month period also allows the identification of natural leaders among the savings

group members, who will eventually be trained to become the leaders of the cooperative. By the time the groups are consolidated into a single entity, the members already know and understand the concept of financial cooperation. At registration, the cooperative already has a large membership and general assembly, a board that understand governance, trained managers and, most importantly for a cooperative, shared core values. The approach also incorporates strategic approach to rural enterprise development as well as access to finance.

The initiative has to gain the approval of both the state government and the leadership of the KNU. Simultaneous consultations and coordination meetings were done to ensure that the program will have the support of all stakeholders in the area.

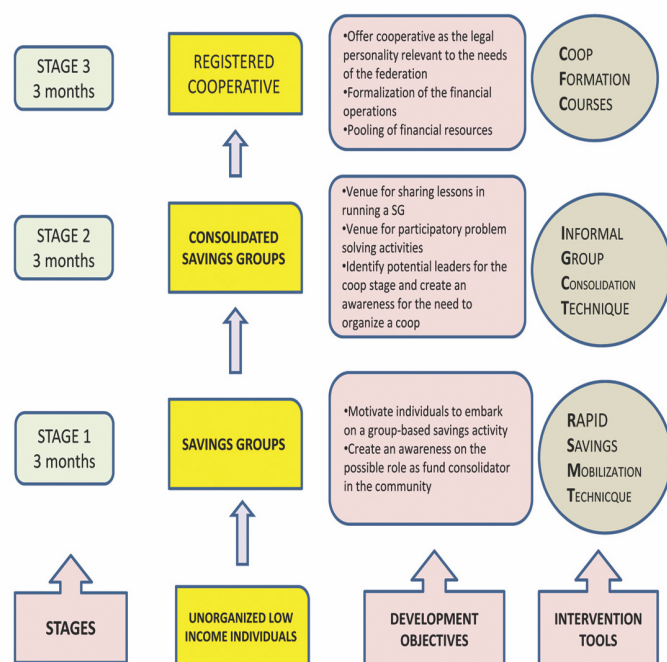
The direct target group for the project is at least 500 rural farmers and rural entrepreneurs who will become members of the cooperative and gain access to savings and credit services.

The main objectives of the project are:

- To promote financial inclusion among low-income rural households in a post-conflict zone in Kayin State;
- To contribute to the alleviation of poverty and the reduction of economic vulnerabilities in selected conflict-affected areas in Kayin State;
- To strengthen the eco-system for financial inclusion in Kayin State by creating a fourth financial service provider in the area and facilitating the sharing of knowledge among them.

The United States Agency for International Development (USAID) through its Private Sector Development Activity Grant supported PSSAG in this endeavor.

Cooperative Development Framework



3-stage process that would ensure

- Self-reliance: people save and mobilize their own resources
- Self-determination: learning to manage finances through their savings groups and cooperatives
- Self-governance: upgrading from informal to formal organization

Rapid Savings Mobilization Technique (RSMT) financial education tool aimed at motivating people to save in groups and operate a lending activities from the pooled savings.

Informal Group Consolidation Technique (IGCT) is a trust-building method aimed at developing cohesion among various Savings Groups and motivate them to form a cooperative towards a more stable structure and sustainable financial operation.

Cooperative Formation Courses (CFC) is a series of training activities aimed at improving the skills and capacities of cooperative leaders and staff in managing savings and lending activities of the cooperative.

Timeline of Im

	March	April	May	June	July	August
ACTIVITIES	-Project set-up -Coordination meetings with Kayin Chief Minister's office and KNU -Selection of villages	Village orientation sessions	Training on PRRA and conduct of rural appraisal	Training on RSMT	SG Formation	(Flooding in the area)
RESULTS	-Project start -Information sharing with stakeholders	People in the villages informed	Community profiles	-Start of Savings Group formation -Initial results: 19 SG and 217 members		36 SG and 394 members



Project Status

30 villages covered
62 Saving Groups formed
632 members
16, 227,000 kyats savings
2,645,000 kyats in share capital



Challenges

- Flooding in August and September 2018 delayed formation of SG, the floods were unexpected as the area has not been flooded for the past 20 years
- A Ponzi scheme by Tharmaddi made the people wary and adopted a wait and see if the cooperative is not same as the Tharmaddi
- Slow registration process with the state cooperative office

Implementation

September	October	November	December	January	February
Training on IGCT (Some areas still flooded)	Cooperative leaders' training (Introduction to cooperatives)	Village level info campaign on coops	Election of Board of Directors	-Submission of documents to coop office -Training on Governance and loans	-Training on savings and financial management -Transition plan drafted
First consolidation session Attendance: 30 SG, 3Million Ks savings	SG Leaders oriented on cooperatives	Coop concepts shared to SG leaders and members	Status: 61 SG 614 members 11,350,000. Ks savings	Basic loan policies drafted	Trained coop leaders



Transition phase activities

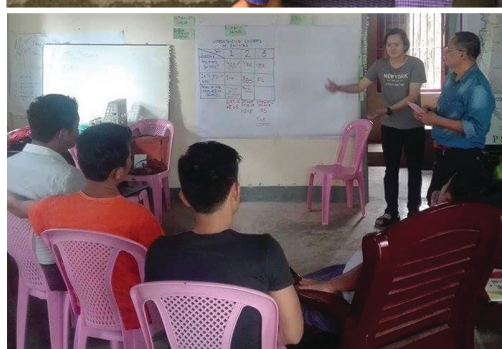
- Setting up of the cooperative office
- Formal hiring and mentoring of the first staff
- Provision of 10million kyats loan to jumpstart lending
- Enterprise development program for members
- Continuous shares collection to reach 10 million kyats

Project management team

Project Supervision and Quality Control : Ron Bevacqua
 Project Manager : Jay Supetran
 Technical expert on Enterprise : Rhoda YinMar Thein
 Technical expert on Cooperatives : Hein Htet Win
 Administrative staff: Naw Ehdah

Field mobilizers

Saw Aung Myo Oo
 Saw Aung Thu
 Saw Kyaw Thu
 Saw Wai Mu



Project office:
 181 Ward 7,
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 Hpa-an, Kayin State,
 Myanmar

Institutional background



Phyu Sin Saydanar Action Group (PSSAG) is a Myanmar-registered non-government organization based in Yangon. It was formally registered on September 2014 and has since then worked in various regions and states of the country: Kayin State, Rakhine State, Kachin State, Chin State, Shan State and Ayeyarwaddy Region. The mission of the institution is, 'to develop partnership with grassroots communities in need to assist in helping them to help themselves to develop their own communities.'

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