

The Republic of the Union of Myanmar
Myanma Agricultural Development Bank

The Republic of the Union of Myanmar
Two-Step Loan Project
for Agriculture and Rural Development
(Technical Assistance for ODA Loan)

Project Completion Report

March 2018

Japan International Cooperation Agency (JICA)

Japan Economic Research Institute Inc. (JERI)

Daiwa Institute of Research Ltd. (DIR)

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Table of Contents

1. Project Overview	1
1.1 Background of the Project	1
1.2 Objectives of the Project.....	1
2. Basic Policies for Project Implementation	2
2.1 Help foster the sense of project ownership by GOM	2
2.2 Ensure the project implementation by improving MADB’s capacity.....	2
2.3 Pay careful attention to demarcation with SME-TSL project.....	2
2.4 Enhance the collaboration with MI’s CGI.....	2
2.5 Exchange relevant information and cooperate with the World Bank	3
3. The result of the Project.....	4
3.1 Project operation schedule.....	4
3.2 The 1 st Field Work (December 18 th – 22 nd , 2016).....	7
3.3 The 2 nd Field Work (January 11 th - February 10 th , 2017)	10
3.4 The 3 rd Field Work (February 20 th – March 31 st , 2017).....	14
3.5 Work in Japan (April 2017).....	15
3.6 The 4 th Field Work (May 8 th - August 3 rd , 2017)	15
3.7 The 5 th Field Work (August 7 th - November 10 th , 2017).....	18
3.8 The 6 th Field Work (November 13 th , 2017 - January 29 th , 2018).....	23
3.9 The 7 th Field Work (February 15 th - March 15 th , 2018)	27
4. Summary and Challenges ahead.....	29
Appendix	31
Appendix 1: Operating Guidelines	31
Appendix 2: Schematic view of operational flows of ARD-TSL (as of March 2018) (another enlarged poster version to be submitted together).....	79
Appendix 3: Credit Examination data sheet for ARD-TSL (as of March 2018)	80
Appendix 4: The package of application documents (other than Credit Examination Data Sheet)	86
Appendix 5: Credit Examination Manual for ARD-TSL (as of March 2018).....	103
Appendix 6: Official leaflets of ARD-TSL (Myanmar and English).....	137
Appendix 7: On-site Appraisal Training Materials Package	141
Appendix 8: Appraisal Training Record in Pyay, Bago, Yangon, and Kayuk Tan TS branches.....	149
Appendix 9: Latest ARD-TSL disbursement statistics (as of March 15 th , 2018)	150

Abbreviations

AMD	Agricultural Mechanization Department under MOALI
ARD-TSL	Agriculture and Rural Development Two-Step Loan
CBM	Central Bank of Myanmar
CGI	Credit Guarantee Insurance
DOA	Department Of Agriculture under MOALI
FY	Fiscal Year
GOJ	Government of Japan
GOM	Government of Myanmar
JICA	Japan International Cooperation Agency
JPY	Japanese Yen (currency)
MADB	Myanma Agricultural Development Bank
MI	Myanma Insurance
MMK	Myanmar Kyat (currency)
MOALI	Ministry of Agriculture, Livestock and Irrigation
MOI	Ministry of Industry
MOPF	Ministry of Planning and Finance
OJT	On-the-job Training
PFI	Participating Financial Institution
PMU	Project Management Unit
PSR	Progress Status Report
SC	Steering Committee
SME	Small and Medium-sized Enterprise
SOE	Statement of Expenditure
TS	Township
TSL	Two-Step Loan

1. Project Overview

1.1 Background of the Project

The Consultant Team has recognized the background of the project and current challenges as summarized below:

- (1) Agriculture is one of the key industries in Myanmar.
- (2) Myanmar has faced with agriculture labor shortage and the necessity of agricultural mechanization.
- (3) The mid- to long-term finance for capital investment has not been spread in Myanmar's agriculture sector.
- (4) It is recognized that the TSL for agricultural mechanization and business startups has been necessary in agricultural communities.
- (5) Capacity development of MADB is significantly necessary for the mid- to long-term perspective of agricultural finance development in Myanmar.

1.2 Objectives of the Project

In order to smoothly start the TSL disbursement before the launch of consulting service in October 2017, this operation is to assist PMU in MADB for developing its organizational frameworks while communicating closely with MOPF initiating SC as a decision-maker and supervisory organization. In this operation, the Consultant Team will assist comprehensively for drafting the Operating Guidelines, creating document and setting procedure for financial audit, improving MADB's project management and loan appraisal capacities, creating reports, promotional activities, capacity development for utilizing financial products, budgetary request, etc.

2. Basic Policies for Project Implementation

2.1 Help foster the sense of project ownership by GOM

The Consultant Team will try to help member institutions of SC and MADB foster the awareness that the owner of the TSL project is not JICA but GOM.

SC is consisted of MOPF, MOALI, CBM, MADB, agriculture-related organizations. It sets operating policies of the TSL project based on the agriculture supporting policies by GOM, and monitors MADB on how they implement the TSL project.

2.2 Ensure the project implementation by improving MADB's capacity

In order to ensure the TSL project implementation, the Consultant Team should pay much attention to MADB's capacity development for sub-loan application processing as well as TSL management.

Given the recent situation that "term loans" have been suspended without lending manuals in MADB, the Consultant Team will prepare "Check Points for Loan Appraisal" for MADB's officers and use it for the training sessions (OJT, seminar).

2.3 Pay careful attention to demarcation with SME-TSL project

The SME-TSL project has been smoothly disbursed since FY2016. In the SME-TSL project, even farmers' equipment (e.g. rice milling machinery) can be eligible if the applied loan purpose is not eligible at MADB. However, if this TSL disbursement starts, farmers or famer groups with less than 50 acre faming land will be eligible for this TSL at MADB. As a result, there will be some loan application cases that the applicants should apply for this agriculture-TSL instead of SME-TSL.

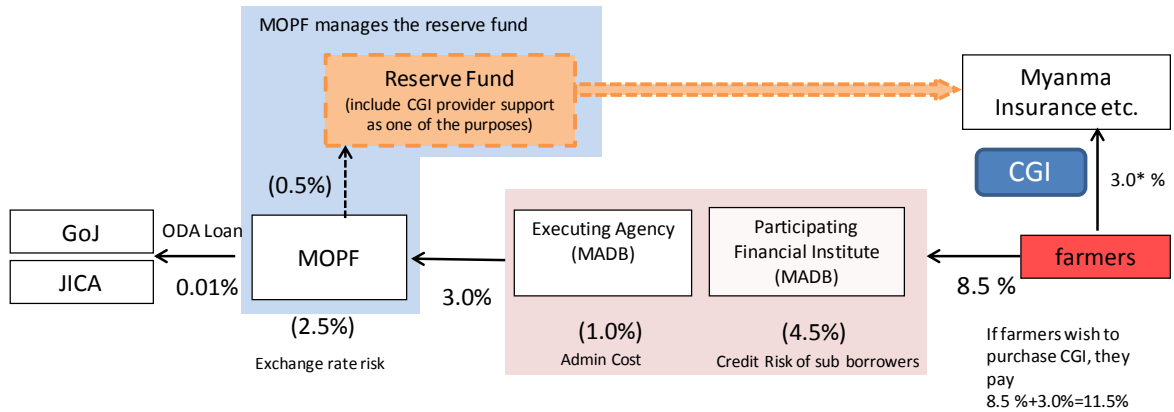
In addition, the actual situation of receiving loan applications would depend on the progress of MADB's organizational frameworks and manpower. This means that the Consultant Team will need to communicate with SME-TSL project team for dealing flexibly with some farmers' application cases.

2.4 Enhance the collaboration with MI's CGI

The Consultant Team will try to enhance the collaboration with Myanmar Insurance (MI)'s credit guarantee insurance (CGI). However, it is necessary for MI to design a new insurance product for agriculture loans. Therefore, while communicating with MI and MADB, the Consultant Team will discuss the possible collaboration scheme, internal procedures, workflow,

etc. and reflect them into the Operating Guidelines. There have been discussions on the following collaboration scheme including “Reserve Fund”.

A Possible Collaboration Scheme between TSL and MI



*3.0% insurance fee is tentative assumption and subject to change based on the detailed examination of the CGI product for agriculture sector.

2.5 Exchange relevant information and cooperate with the World Bank

The World Bank has started TA project for MADB in terms of such strategy-making as transfer into a state-owned commercial bank from current status of governmental financial institution supervised by MOALI. So, the Consultant Team will exchange relevant information and cooperate with the World Bank, in order to realize an efficient capacity development.

3. The result of the Project

3.1 Project operation schedule

In accordance with the actual progress of ARD-TSL Project and extension of project period by 5 months, the original operation schedule was modified appropriately. The Consultant team conducted this project as efficiently as possible in close collaboration and communication with JICA, within a variety of constraints including MADB's capacity/schedule.

Action	Year/Month	FY2016				FY2017													
		12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3		
Preparation in Japan	(1) Review and analysis of relevant documents																		
	(2) Drawing up work plan																		
1st Field Work	(3) Preparation / submission of "Work Plan" and "Questionnaire"																		
	(4) Discussion with JICA Myanmar Office																		
	(5) Explanation/Discussion on "Work Plan" to GOM																		
	(6) Assistance on development of organizational frameworks for TSL project																		
	i) Identification of the roles, functions and responsibilities of PMU (MADB) and SC																		
	ii) Identification of organizational frameworks and responsibilities of PMU in MADB																		
	iii) Identification of closing status for the Administration Agreement between MOPF and MADB																		
	iv) Identification and consideration on organizational frameworks for the TSL disbursement, workflow of long-to medium term sub-loans, etc.																		
	(7) Report of JICA on 1st Field Work																		
	2nd Field Work	(8) Assistance on drafting "Operating Guidelines" (English & Burmese)																	
(9) Assistance on the improvement of MADB's project management capacity (OJT)																			
3rd Field Work	(10) Report of JICA on 2nd Field Work																		
	(11) Assistance on document creation and procedure setting for financial audit																		
	(12) Assistance on the improvement of MADB's sub-loan appraisal capacity (OJT)																		
	(13) Assistance on creating reports																		
4th Field Work	(14) Report of JICA on 3rd Field Work																		
	(15) Assistance on drafting "Operating Guidelines" (English & Burmese)																		
	(16) Preparation of "Check Points for Loan Appraisal" (English & Burmese)																		
	(17) Assistance on finalizing "Operating Guidelines" (English & Burmese)																		
	(18) Assistance on the improvement of MADB's sub-loan appraisal capacity (Seminar)																		
	(19) Assistance on creating reports																		
	(20) Assistance on promotion activity																		
	(21) Capacity development for utilizing financial products																		
	(22) Report of JICA on 4th Field Work																		
	5th Field Work	(23) Assistance on the improvement of MADB's project management capacity (Seminar)																	
(24) Assistance on the improvement of MADB's sub-loan appraisal capacity (Seminar)																			
(25) Assistance on creating reports																			
(26) Assistance on promotion activity																			
(27) Capacity development for utilizing financial products																			
(28) Assistance on budgetary request																			
(29) Report of JICA on 5th Field Work																			
6th Field Work	(30) Assistance on the improvement of MADB's project management capacity (Seminar)																		
	(31) Assistance on the improvement of MADB's sub-loan appraisal capacity (Seminar)																		
	(32) Assistance on creating reports																		
	(33) Assistance on promotion activity																		
7th Field Work	(34) Report of JICA on 6th Field Work																		
	(35) Assistance on the improvement of MADB's project management capacity (Seminar)																		
	(36) Assistance on the improvement of MADB's sub-loan appraisal capacity (Seminar)																		
	(37) Assistance on creating reports																		
Work in Japan	(38) Assistance on promotion activity																		
	(39) Report to JICA on 7th Field Work, Preparation / submission of "Work Completion Report"																		

Note: — Preparatory Work Period ■ Field Work Period □ Period of Working in Japan △ Reporting

The major tasks we were engaged in this project and the corresponding activities and accomplishments are summarized as below.

➤ **Assistance on development of organizational frameworks for TSL project**

[Activities]

- Visit to major stakeholders to foster common understanding on their roles and responsibilities
- Identification and definition of ARD-TSL process flow

[Accomplishments]

- ✓ Common understanding among major stakeholders on each other's roles and responsibilities in ARD-TSL
- ✓ Definition of official workflow, compilation of ARD-TSL procedure flow-chart and their continuous update by the Consultant team in collaboration with PMU

➤ **Assistance on drafting "Operating Guidelines" (English & Burmese)**

[Activities]

- Continuous interview, discussion, and review with major stakeholders including MOPF officials, PMU, MOALI officials, dealers, manufacturers, JICA for their suggestions
- Collection of feedbacks from on-site training and credit appraisal in TS branches
- Discussion and approval in Steering Committee meetings

[Accomplishments]

- ✓ Completion of drafting and approval of Operating Guidelines as the fundamental operational principles of ARD-TSL in the 1st Steering Committee in May 2017
- ✓ Continuous updates and improvement incorporating new suggestions of the above-mentioned stakeholders

➤ **Assistance on the improvement of MADB's project management capacity (OJT)**

[Activities]

- Repeated short lectures and continuous hands-on training (OJT) given to PMU
- Compilation of ARD-TSL procedure flow-chart as a quick reference in PMU and branch offices

[Accomplishments]

- ✓ PMU’s high awareness of the official operational procedure and reporting activities
 - ✓ PMU’s deep understanding on the rationale behind the procedure design
- **Assistance on document and report creation, and procedure setting for financial audit**
- [Activities]
- Continuous OJT and sporadic hands-on support as requested by PMU
- [Accomplishments]
- ✓ No significant delay in submission of regular financial reports required in ARD-TSL
 - ✓ Improved quality and expedited process of documentation
- **Assistance on the improvement of MADB's sub-loan appraisal capacity (OJT)**
- [Activities]
- Compilation of “Credit Examination Data Sheet”, “Credit Examination Manual”, and other relevant training materials about credit appraisal
 - Repeated lectures and hands-on training on PMU, and on-site trainings in TS branches
- [Accomplishments]
- ✓ Transfer of expertise on modern international appraisal practice to PMU, TS managers, and staff
 - ✓ Establishing fundamental methodology of credit appraisal in ARD-TSL
- **Assistance on promotion activity**
- [Activities]
- Creation of official leaflet (drafting the contents, designing the layout and background pictures, review with PMU)
 - Meetings with dealers as an outreach activity
- [Accomplishments]
- ✓ Delivery of about 24,000 copies of official ARD-TSL leaflet to PMU in March 2018 (23,000 copies of Myanmar version and 1,000 copies of English version)
 - ✓ Communication of correct and authentic information to farmers via dealers’ wide service network

➤ **Capacity development for utilizing financial products**

[Activities]

- Meetings and discussion about CGI with Myanma Insurance
- Meetings and discussion about Weather Index Insurance with a Japanese insurance company (Sompo Japan Nipponkoa)

[Accomplishments]

- ✓ Forming basic concept and design of CGI in the context of ARD-TSL
- ✓ Maintaining communication window with major stakeholders (MI, Sompo Japan Nipponkoa)

➤ **Assistance on budgetary request**

[Activities]

- Inquiry to PMU about IT infrastructure and ongoing practice of internal/external communication of MADB
- Discussion with MOPF
- Discussion and suggestion in Steering Committee

[Accomplishments]

- ✓ Delivery of new computers to some MADB TS branches
- ✓ About 60 computers expected to be delivered to about 60 MADB TS branches in 2018 (in principle, one computer is delivered to one TS branch)

3.2 The 1st Field Work (December 18th – 22nd, 2016)

(1) Discussion with JICA Myanmar Office

The Consultant team visited JICA Myanmar Office to briefly explain the Work Plan and incorporated their advice into the implementation of the Work Plan.

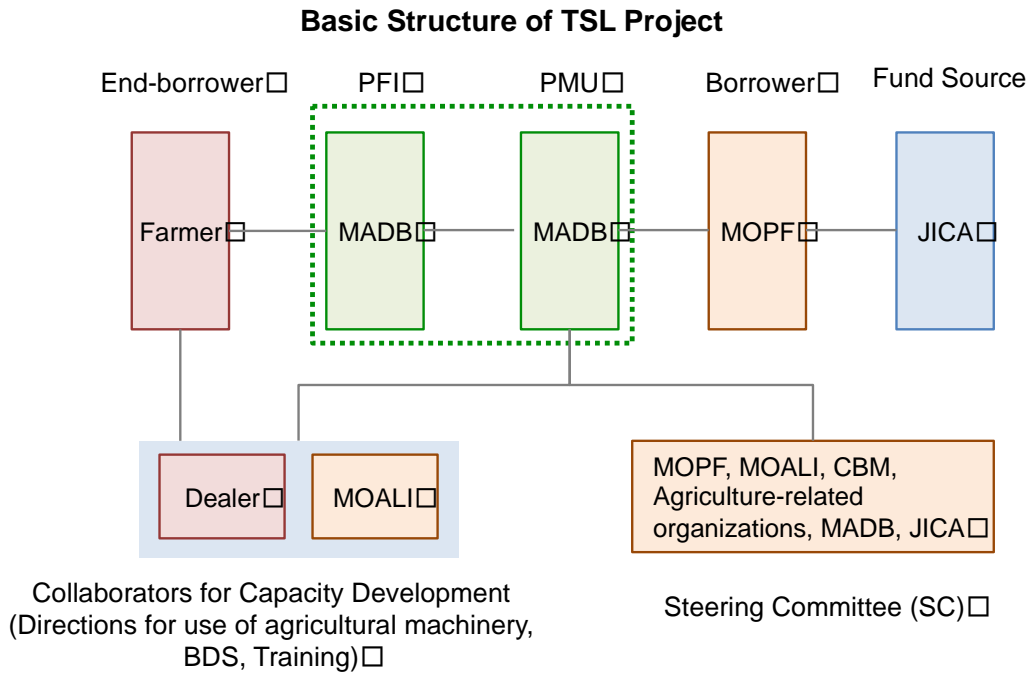
(2) Explanation/Discussion on "Work Plan" to GOM

The Consultant team visited MOPF and MOALI to briefly explain the Work Plan and had their advices on the implementation of the plan, while confirming the planned schedule toward the 1st disbursement of TSL in June 2017.

(3) Assistance on development of organizational frameworks for TSL project

i) Identification of the roles, functions and responsibilities of PMU (MADB) and SC:

The Consultant team visited MOPF, MOALI and MADB to identify the roles, functions and responsibilities of PMU (MADB) and SC, and fostered their common understanding on them.



Steering Committee: Central decision-making body, which directs, supervises, and monitors entire ARD-TSL project with highest authority, chaired by a Deputy Minister of MOPF

MOPF (Borrower) : The first recipient of the Japanese ODA funds, who transfers the funds to MADB’s account for the TSL implementation

MADB (PMU) : Control tower of ARD-TSL operation, which defines the official documentation and format of ARD-TSL, and directs on-site operation of PFI (namely, TS branches). Also, it provides resources and training to PFI (TS branches). It accepts the applications that have passed the TS level primary appraisal and conduct more rigorous secondary appraisal.

MADB (PFI) : MADB (PFI) practically means MADB’s local TS branches, and works as contact window to applicant farmers. PFI registers applications and help farmers fill in application documents, and conducts primary appraisal. Once applications are approved, PFI is obliged to regularly monitor and report about the loan recipients until full repayment.

MOALI : As the agricultural government agency, it provides ARD-TSL with

technical expertise in agriculture, monitoring infrastructures, and information about registered farmland (e.g. training on agro-machinery, machine performance record, farmland ownership record)

ii) Identification of organizational frameworks and responsibilities of PMU in MADB:

The Consultant team visited MADB to check the present staffing of PMU's personnel, and requested for additional personnel and other resources to the top management of MADB. Based on the MADB's Internal Order No. 79 (8 October, 2016), 21 PMU members had been appointed, and one more member would be appointed soon (see the next page). Also, it was confirmed that MADB had submitted a budget proposal (FY2017/18) on IT equipment (MMK615 mil) to MOFP.

iii) Identification of closing status for the Administration Agreement between MOPF and MADB:

The Consultant team confirmed that the Administration Agreement between MOPF and MADB would need to be made soon after the Loan Agreement.

Note: We confirmed that Administration Agreement was later concluded on 6th July 2017.

iv) Identification and consideration on organizational frameworks for the TSL disbursement, workflow of long-to medium term sub-loans, etc.:

The Consultant team identified and considered about situation of MADB's organizational frameworks for the TSL disbursement, workflow of medium- to long-term sub-loans, etc.

The organizational framework itself drawn on the paper seemed large and solid enough to implement ARD-TSL nationwide (with more than 200 branches even in rural areas). However, given the reality that MADB officers had little experiences of "Term Loan" in the recent years, hadn't prepared sufficient manual documents, had been underequipped in IT infrastructures, we considered that MADB would need to significantly streamline the previous "Term Loan" scheme for the TSL disbursement. Their conventional workflow of medium- to long-term sub-loans in MADB had hardly been digitized, and involved too many stakeholders in local and central government, some of which seemed to have little practical role. We expected that we would need to reduce the number of stakeholders in the appraisal process and minimize the

number of data items to be collected for credit appraisal. The suggestions and implications obtained from these findings were duly incorporated in our designing process of ARD-TSL workflow.

Member List of MADB-PMU

PMU Members		
	Title	Role in PMU
1	Deputy General Manager	Project Director
2	Assistant General Manager	Deputy Project Director
3	Manager	Treasury Manager
4	Senior Manager	Sub borrowers Screening & Monitoring Manager
5	Manager	Administration Manager
6	Assistant Manager	Treasury & Recovery
7	Assistant Manager	
8	Assistant Manager	
9	Assistant Manager	Screening & Monitoring
10	Assistant Manager	
11	Assistant Manager	
12	Assistant Manager	
13	Assistant Manager	
14	Assistant Manager	
15	Assistant Manager	
16	Assistant Manager	
17	Assistant Manager	
18	Assistant Manager	
19	Assistant Manager	Administration Promotion
20	Assistant Manager	
21	Assistant Manager	
22	Supervisor	

(Source) MADB's Internal Order No. 79 (8 October, 2016).
MADB's Internal Order No. 86 (30 December, 2016).

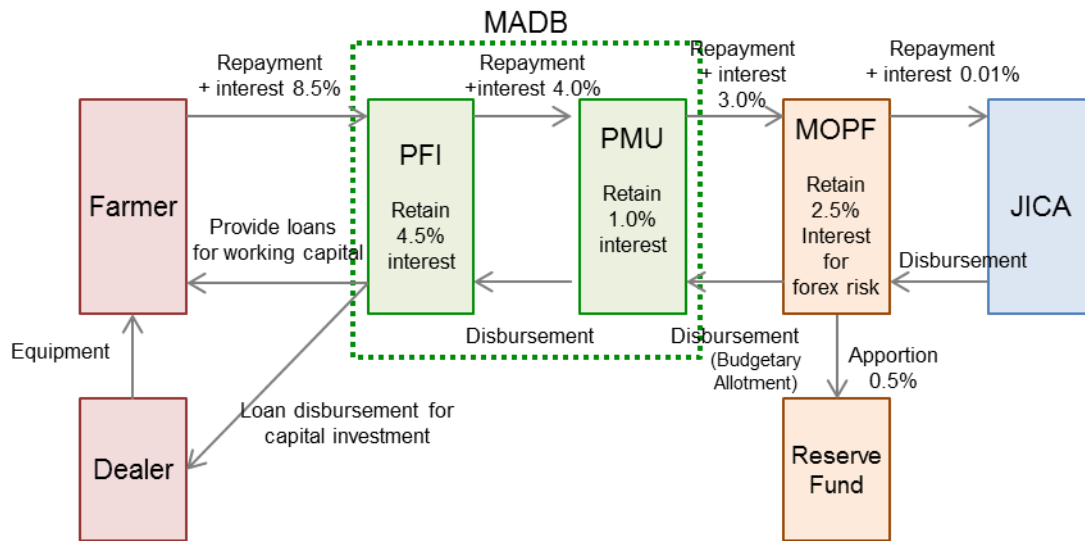
3.3 The 2nd Field Work (January 11th - February 10th, 2017)

(1) Assistance on drafting "Operating Guidelines" (English & Burmese)

The Consultant team assisted MADB for drafting "Operating Guidelines" which include the following items:

- i) Eligibility of end-users and sub-projects for the TSL
- ii) Setting of collateral requirement, maximum amount of sub-loan, etc.
- iii) Workflow of sub-loan appraisal and methodology of sub-loan disbursement
- iv) Monitoring of sub-loan and reporting methodology

Expected Fund Flow Structure in the TSL Project (as of February 2017)



In the 2nd fieldwork, 6 chapters out of 8 were drafted. The Consultant team discussed these 6 chapters with MADB and amended them on the basis of MADB's comments and requests.

Upon drafting Operating Guidelines, it especially took time to discuss about two topics, 1) definition of farmer's group and 2) conditions for agricultural machineries. The two topics had neither been discussed in MADB, MOPF, nor MOALI. M/D stipulated that the two topics should be clarified in Operating Guidelines.

(1) -1. Definition of Farmer's Group

In order to define Farmer's group, the Consultant team met relevant organization (e.g. JICA consultants who are charged in "JICA Project for Profitable Irrigated Agriculture in Western Bago Region" project, agricultural machinery manufacturers, an agro-machine dealer, and organizations which promote collective farming including IDACA: Institute for the Development of Agricultural Cooperation in Asia, TPA: Terra People Association) and collected information about actual operation and function of farmer's group. The consultant, of course, repeatedly discussed the definition of a group with MADB.

There were just a few kind of group in Myanmar: 1) a company, 2) a Cooperative, 3) a Committee, 4) a general group. In terms of credibility, MADB could not accept a Cooperative, because a Cooperative accepted audit by a non-professional auditor, who holds degrees majoring in accounting and auditing or who had passed Accountancy and Auditing Training Course from Cooperative Training Schools. Hearing from MADB, repayment history of some Cooperatives was also bad, and former ministry of Cooperative intervened debt collection by

MADB from concerned Cooperative. A Committee was not appropriate either, because of its accounting capacity.

Finally, the Consultant team and MADB concluded the definition of farmer's group as follows at this stage.

- 1) a company established in accordance with Company Act, or
- 2) a group that meets the following criteria;
 - a) A group should prepare internal rules like corporate charter.
 - b) A group should manage and keep the record of the assets of the group separate from each members' private property;
 - c) The financial account of the group should be audited by a certified public accountant annually.

A company/ a group shall satisfy the following requirements;

1. (required numbers of farmers)

A group should include more than 3 farmers which own farmland not exceeding 50 acre;

2. (large-scale farmer and non-farmer)

Up to one large-scale farmer which has farmland exceeding 50 acre, or, up to one non-farmer which does not own farmland, may be a member of a group;

3. (leader)

A leader of a group should be a farmer having farmland not exceeding 50 acre.

Although the Consultant team and MADB were afraid that the farmers' group that satisfied the above definition rarely existed, we considered that the first priority was to avoid lending to a group which has less credibility. JICA Head Quarter and JICA Myanmar Office also agreed with this policy.

(1) -2. Conditions for agricultural machinery

The Consultant team discussed with agricultural machinery manufacturers, KUBOTA and Yammer, about conditions for agricultural machineries. Based on their advices, the Consultant team and MADB drafted the conditions as follows;

Exclusion of investment in low quality machinery

1) request for warranty, 2) request for chassis number and engine number, and 3) request for prompt maintenance/repair service and prompt spare parts supply.

Promotion of high quality machinery

1) request for investment in Myanmar (investment in factory, service center, distributor, or dealer), 2) request for a training center to educate dealers, 3) a broad dealer network, 4) request for technical training and free maintenance service, 5) request for a warranty and an instruction in Myanmar language.

Monitoring

PMU/PFI will visit end-borrowers annually and collect feedbacks about purchased machineries to check the compliance with above conditions. If any incompliance is found, Steering Committee can deny such a dealer/distributor/manufacture participation in the TSL.

Because some conditions were very severe, only KUBOTA, Yammar, AMD, and Good Brothers (as an OEM manufacturer of Chinese brand) seemed to satisfy the conditions. However, not only the Consultant team and MADB, but also AMD agreed the conditions. AMD had deep understanding to the policy to encourage investment from foreign companies and to exclude illegal imports of poor quality and warranty.

(2) Assistance on the improvement of MADB's project management capacity (OJT)

The Consultant team conducted OJT training through interview and face-to-face discussion almost every day for drafting the Operating Guidelines.

MOALI frequently requested MADB to provide detailed scheme of ARD-TSL, e.g. definition of agribusiness, budget allocation for machinery types, and maximum loan amount depending on farm land size. These questions originated from discussion in the Parliament and most of them were in too much detail to be discussed at this stage. However, discussion about those requests from MOALI encouraged PMU to understand the essence of TSL scheme.

3.4 The 3rd Field Work (February 20th – March 31st, 2017)

(1) Assistance on document creation and procedure setting for financial audit

The Consultant team assisted MADB for identifying the designated auditor who would audit MADB's project account, revolving account, SOE (Statement of Expenditure), etc. and for confirming auditing procedure and document creation for financial auditing. The Consultant team also assisted MADB in incorporating those results into the Operating Guidelines.

(2) Assistance on the improvement of MADB's sub-loan appraisal capacity (OJT)

The Consultant team conducted OJT training for mid- to long-term lending through the collaboration for drafting "Credit Examination Data Sheet" together with PMU members. Firstly, the Consultant Team understood the MADB's lending procedures and loan appraisal methodology (in case of term loans) by interviewing continuously with the PMU members in charge of screening & monitoring and referring to internal documents. In particular, the Consultant Team paid careful attention to the capacity to check the appropriateness of agri-business planning, loan purpose, customer's repayment capacity, etc. Then, the Consultant Team gave advices on loan appraisal methodology and the internal loan decision-making system through insightful discussion.

As requested additionally by PMU, the Consultant Team had drafted the documents necessary for internal sub-loan decision-making such as "Internal Note Sheet", "Endorsement Letter" and "Application for Agriculture and Rural Development TSL". Also, the Consultant Team was planning to prepare "Credit Examination Manual" before the next fieldwork.

In addition, the Consultant team obtained and shared with MADB the information on model cases of farmers and Agriculture Mechanization Station (AMS), by visiting Pyay to exchange information with the consultant team of "JICA Project for Profitable Irrigated Agriculture in Western Bago Region".

(3) Assistance on creating reports

The Consultant team informed MADB of the necessity of creating Project Status Report (PSR) (the end of June 2017 and continue to submit quarterly) and advised on the outline of following reports:

- i) Project Status Report (PSR) (quarterly)
- ii) On-going Sub-project Summery Report (quarterly)
- iii) Record of Quarterly township meeting between Department of Agriculture extension office and MADB in pilot township (quarterly)
- iv) Statement of Designated Account, Project Operating Account, Revolving Fund Account, Income Account and Reserve Fund (Annual)
- v) Overdue Status Report (Annual)
- vi) Annual Report of the Executing Agency (Annual)

Owing to the Consultant team's continuous support and reminder, MADB has continued to submit the designated regular reports without significant delay until March 2018.

3.5 Work in Japan (April 2017)

(1) Assistance on drafting "Operating Guidelines" (English & Burmese)

The Consultant team assisted PMU to brush up the concept and description of "Operating Guidelines" by e-mail communication via the interpreter. The team received regular feedback from PMU about the draft text.

(2) Preparation of "Credit Examination Manual" (equivalent to "Check Points for Loan Appraisal") (English & Burmese)

The Consultant team completed drafting the 1st version of "Credit Examination Manual" as the textbook of standard procedure in credit appraisals on ARD-TSL loan applications. The procedure was designed to incorporate MADB's conventional operation practice as much as possible, in order for MADB to smoothly implement the project. This draft worked as the basis for coming incremental revision and improvement of this document (Appendix 5).

3.6 The 4th Field Work (May 8th - August 3rd, 2017)

(1) Assistance on finalizing "Operating Guidelines" (English & Burmese)

Before the first Steering Committee meeting was held, we, the Consultant team, visited major participants, i.e. PS of MOPF, Deputy DG of Treasury Department, DG of AMD, in order to explain the outline of Operating Guidelines in advance. However, because we could not arrange the meeting with Deputy Minister of MOPF, we had some comments from Deputy Minister at Steering Committee and we had to re-examine some parts of Operating Guidelines. After revising Operating Guidelines, we successfully gained approval from Steering Committee participants by email.

(2) Assistance on the improvement of MADB's sub-loan appraisal capacity (Seminar)

The Consultant team assisted MADB for finalizing the credit examination data sheet and its manual and getting the approval from MD of MADB. Then, we facilitated a one-day seminar at the Headquarters of MADB and Pyay Township Branch for PMU members and loan officers, in order to have their understanding on basic structure of the Operating Guidelines (draft) and procedures in the TSL project (Appendix 2) and explain “Credit Examination Data Sheet” and “Credit Examination Manual”.

(3) Assistance on first sub-loan disbursement

From June 23rd, the Consultant team visited Pyay Township branch to execute the On the Job Training (OJT) for about two weeks, targeting disbursement in July. Three reliable candidates had been selected as the first applicants by MADB Pyay TS branch and dealers.

The introductory lecture and exercise took one entire day, and interviews to 3 candidates took the following 2 days. The other two days in the following week were spent on the visit to the applicants' house and their village loan screening committees to verify the information given from the candidates. On July 10th, the Consultant team visited Bago Regional Branch to train the manager and personnel there about their expected tasks in the appraisal process.

Fortunately, all of the 3 candidates passed the appraisal in the TS level and MADB headquarter, and received the requested loan amount in July. The basic information of the 3 applicants in Pyay and their loans are shown below.

Basic information of the three loan recipients selected in July in Pyay TS

	Applicant 1	Applicant 2	Applicant 3
Delivered Machine/Item	Combine Harvester	Tractor	Tractor + Loader
Brand/Make	Kubota	Kubota	Kubota
Rough estimate of Requested/Disbursed loan amount (million MMK)	42	41	50

(4) Assistance on creating reports

The Consultant team supported PMU in filing Fund Request to JICA toward the first disbursement in July. We arranged a meeting between PMU and JICA regarding how to prepare the relevant documents, e.g.

- (i) Request of Disbursement
- (ii) Financial Forecast
- (iii) Reconciliation Statement.

PMU acquired fundamental knowledge about fund request procedure and format in this meeting, and successfully completed fund disbursement to the three loan recipients in Pyay.

(5) Assistance on promotion activity

The Consultant team designed the layout and discussed with PMU the contents to be included in the official leaflets of ARD-TSL. At this stage, the draft leaflet was still primitive and some contents were not finalized yet. This design and draft contents worked as the stepping stone to develop the final version approved in December, the 6th field work (see Appendix 6).

(6) Capacity development for utilizing financial products

CGI for ARD-TSL

While the target of CGI for SME is SME which has not enough collateral, i.e. immovable assets, MADB does not pursue such immovable assets as collateral, because most part of collateral value is farming machinery itself. Then, we Consultant team proposed that target of CGI for ARD-TSL should be farmers who are not able to find two guarantors.

We had a meeting with General Manager of Myanmar Insurance on 15 June. We explained outline of CGI concept, and tentatively agreed to:

- (i) 3% insurance fee
- (ii) covering 40% of loan outstanding, i.e. the percentage of risk taking is farmers 30% as down payment, Myanmar Insurance 40%, and MADB 30%.

General Manager requested us to prepare proposal and procedure document of CGI for ARD-TSL in order to have a meeting with Managing Director of MI.

Weather Index Insurance (WII) for ARD-TSL

On 12th May 2017, the Consultant team had a meeting with Sompo Japan Nipponkoa to discuss current status and future outlook of weather index insurance in Myanmar. According to their explanation, they were planning pilot projects in Pyay (Bago) and Shwebo(Sagaing) during 2017, and had already submitted a proposal about WII to MOPF for approval as a new insurance product. This product was reported to be available to farmers through MADB network, hence an issue of high interest of us Consultant team.

However, by 14th March 2018, no approval has yet been obtained from MOPF, and there is no clear outlook about implementation schedule. Further discussion and consideration will be done after the commencement of the Consulting Services of the next phase, if any official decision by MOPF is made on WII.

(7) Transition of MADB affiliation from MOALI to MOPF

In April 2017, just before this 4th field work, MOPF took over MADB from MOALI. As we Consultant team observed, MADB staff's reactions to this transition were positive as a whole.

One of the positive factors was that it became easier and quicker for MADB to obtain financial support directly from MOPF.

3.7 The 5th Field Work (August 7th - November 10th, 2017)

(1) Assistance on the improvement of MADB's project management capacity (Discussion on future course of ARD-TSL project in the 3rd Steering Committee

on September 5th, 2017, and revision of “Operating Guidelines” and appraisal data sheets)

The main topics of the 3rd Steering Committee were as follows:

1. Schedule of public announcements except Bago region
2. Eligibility of Agro-machinery manufacturers/brands
3. Widening the scope of ARD-TSL project
4. Involvement of State/regional Supervision Committee in the appraisal process

Topic 1:

All the participants agreed that TSL public announcement would be done nationwide by the end of fiscal year 2017 with some reservations and conditions, on account of a strong request from Myanmar side to start TSL public announcement nationwide by the end of fiscal year 2017.

As JICA expressed its concern that hasty expansion of coverage area could lead to a large number of default case, the participants agreed that pilot projects in selected areas should be conducted in advance of public announcement. The priority of different states/regions would be determined in consideration of agro-machinery demand reported from MADB.

Following the above decision, all participants agreed that the budget of TSL during fiscal year 2017 would be increased from 3 billion JPY to 5 billion JPY.

Topic 2:

Considering a strong complaint expressed from Myanmar side that the current status of manufacturer eligibility criteria excluded non-Japanese manufacturers, participants agreed that the criteria would be loosened to accommodate wider range of manufacturers with omitting the investment criteria in the Operating Guidelines (latest version in Appendix 1). The amended clause was the “A1.2. Promotion of investment in high quality machinery” in the Operating Guidelines. The above decision resulted in removal of the concerned article stating “(1) A manufacturer, including its capital-tied group company, shall own its service centers and hold an equity stake in its official distributors/dealers in Myanmar”, which had practically limited the eligible manufacturers only to two Japanese manufacturer (Kubota, Yanmar), AMD, and GBS (Myanmar national brand).

AMD expressed their concern that poor-quality product and service might flow in because of the loose screening criteria. In the end, all agreed that poor manufacturer and products could be eliminated in the course of systematic monitoring integrated in the ARD-TSL process flow.

Note: This “systematic monitoring” is the regular monitoring and reporting activity in TS branches. In Operating Guidelines, TS branch managers are required to regularly watch and monitor the applicants’ farming/business activities and report the findings to PMU at a specific frequency defined in Operating Guidelines. Once any alarming issue is found, TS manager report it to PMU, and PMU subsequently report it to Steering Committee, where any action to be taken will be discussed. Should any dealer/manufacturer is deemed inappropriate in ARD-TSL project in terms of quality of product or service, Steering Committee might consider any sanction or penalty imposed on the concerned dealer/manufacturer.

Topic 3:

There was a request from the Deputy Minister that livestock breeders should be included in the scope of ARD-TSL from this fiscal year 2017. A few test cases would be enough this year, he added. In response, JICA’s opinion was that the preparation of loan system for livestock breeding needed time since MADB had had little loan experience to livestock breeders. All agreed that Operating Guideline for Livestock Breeders would be compiled within this fiscal year and would start loans in that sector from the following fiscal year, as long as MADB’s man-power permitted.

Topic 4:

The Deputy Minister suggested that committees in township and state/region should be also involved in the appraisal process in consideration of smooth collaboration with township/state/region government. The Consultant team and JICA strongly expressed their concern that their involvement would significantly delay the entire appraisal process. After some opinion exchange, all agreed that individual loan application was reported to the township level, and group lending application was reported up to the state/regional level.

(2) Assistance on the improvement of MADB's sub-loan appraisal capacity

In October, application documents started to come in from the 5 states/regions where public announcements of ARD-TSL were already done without the Consultant team's consensus.

A total of 50 applications were registered and processed in October (Bago 22, Ayarwaddy 4, Sagaing 6, Nay Pyi Taw 5, Mandalay 13). In this phase, most of the application forms were hand-written, but some branches started to send the PMU electronic application sheet, which made the appraisal process very much easier and far more expedited.

Although no specific seminar on appraisal training nor on the Operating Guideline was held, the Consultant team sat side by side to train PMU member intensively in filling and checking appraisal data sheet, and to explain about the practical application of Operating Guideline to actual loan application process.

(3) Assistance on creating reports

In this field work, the Consultant team again assisted MADB for creating Project Status Report (PSR), On-going Sub-project Summery Report, and raised their awareness of the following regular reports:

- i) Project Status Report (PSR) (quarterly)
- ii) On-going Sub-project Summery Report (quarterly)
- iii) Statement of Designated Account, Project Operating Account, Revolving Fund Account, Income Account and Reserve Fund (Annual)
- iv) Overdue Status Report (Annual)
- v) Annual Report of the Executing Agency (Annual)

Owing to this assistance and reminder, MADB successfully submitted the designated regular reports in timely manner.

(4) Assistance on promotion activity

The Consultant team completed the draft design of the official brochure of ARD-TSL in Burmese and English. The draft was sent to PMU and JICA for comments. This brochure design and contents were finally approved by both PMU and JICA during the following 6th field work.

(5) Capacity development for utilizing financial products

The Consultant team and PMU had held discussions about how to integrate CGI in the application and evaluation process. One option proposed there was that the CGI should be regarded as an alternative of 2 guarantors required, so that an applicant with no guarantor can still apply for ARD-TSL if he purchases CGI. Further detail of CGI in the context of application and evaluation process was going to be discussed as the legal framework and MI's opinion about CGI became clearer.

Then, during this field work, the consultant team had a discussion meeting with the Managing Director (MD) Dr. Sander Oo of MI about conceivable schemes of CGI for farmers.

MD agreed with the idea proposed by the Consultant team about risk sharing among borrower, MADB, and MI. However, she pointed out serious shortage of funding needed for the agricultural CGI. MI discussed at a board meeting after the meeting with the Consultant team and concluded that CGI for farmers would start after the establishment of Credit Guarantee Corporation (CGC) law which was in drafting phase. When the CGC law is enacted, CGC is going to be established and CGI will be handled by CGC. Although MD did not disclose or mention any specific reason for the decision of the board meeting, it is conceivable that their concern on funding shortage is one of the main factors that influenced MI's approach to agricultural CGI.

Since the implementation of CGI for farmers is postponed until the establishment of CGC law, the further discussion will be likely held after the commencement of the Consulting Services of the next phase.

(6) Assistance on budgetary request

During this 5th and previous 4th field works, the consultant team profoundly realized the urgent need of modernizing outdated communication infrastructure in MADB. We repeatedly had discussion with highest authorities in MADB and MOPF during Steering Committee and occasional visit to Nay Pyi Taw to request funding support for installation of more computers and e-mail communication in T/S branches. As a result, we heard that some key district branches including Pyay branch were provided with brand-new computers. These computers enabled branch staff and PMU to electronically process a large number of loan applications quickly and efficiently, and dramatically reduced the burden of office works associated with introduction of ARD-TSL. In addition, as of March 2018, the Consultants have heard from MD

that about 60 new computers are scheduled to be delivered to about 60 TS branches in 2018.

(7) Public announcements in 5 states/regions without Consultant team's consensus

Shortly after the 3rd Steering Committee, on September 7th, the Consultant team found that MADB had already conducted public announcements in 5 states/regions (Bago, Ayarwaddy, Nay Pyi Taw, Sagaing, Mandalay) under the surface without any notice/consultation to the Consultant team or to JICA. This clearly contravened the agreements in the past Steering Committee meetings.

In a meeting with the MD of MADB on September 25th held in Yangon, the consultant team expressed strong dissatisfaction and deep regret about this MADB's disrespect to mutual agreements, and proposed updated plan of nationwide public announcement (elaborated in the 5th Field Work Result report).

3.8 The 6th Field Work (November 13th, 2017 - January 29th, 2018)

(1) Assistance on the improvement of MADB's project management capacity (the 4th Steering Committee and discussion about eligible shopping list)

The 4th Steering Committee

On account of repeated re-scheduling requests from Myanmar side, the 4th Steering Committee was held on December 26th, 2017. Unfortunately, all the members of the Consultant team had already returned to Japan by that date, but JICA officials attended the meeting. According to the meeting minute shared from JICA, the main topics of the 4th Steering Committee were as follows:

1. Eligibility of purchasing motor trucks with ARD-TSL funding
2. Eligibility of some brands/manufacturers having poor performance record in the past
3. Fire insurance on immovable properties
4. Discrepancy between Operating Guideline description and actual practice

Topic 1:

All agreed that PMU would compile priority list of machinery to be purchased with ARD-TSL in consultation with JICA. The maximum capacity 6 ton was proposed.

Topic 2:

Some brands manufacturers do not have their testing and Evaluation center in Myanmar, and have poor performance record in the past, according to MOALI AMD. All agreed that PMU would compile priority list of manufacturers/brands to be purchased with ARD-TSL in consultation with JICA.

(Note: As of March 14th 2018, the above-mentioned priority list has not yet been compiled.)

Topic 3:

All agreed that:

- no fire insurance is required on the immovable properties pledged as collateral in individual loan applications.
- fire insurance is required on the immovable properties pledged as collateral in group loan applications

Topic 4:

All agreed that the Operating Guidelines would be revised to reflect the following actual loan operation practice:

- TSL funds before disbursement is primarily stored at Project Operating Account
- MADB shares the loan applicant list with State/Region Loan Supervisory Committee and obtain its recommendation for loan approval.

Following the decisions made in the meeting, the Consultant team revised the Operating Guidelines. The latest revised Operating Guidelines are in Appendix 1.

Discussion about eligible shopping list

On Friday January 26th, the Consultant team joined a meeting among MADB, AMD, JICA, and us Consultant team concerning eligibility scope of shopping list for ARD-TSL. The main focus was on motor trucks and some Chinese/Indian/Korean brand machines.

AMD did not disclose any official data about performance record of those brands.

In the end, participants agreed that:

- loan application for Chinese low-cost brands would be mainly taken care of by the newly introduced MEB loan, which has lower cap of individual loan amount (20 million MMK,

lower than ARD-TSL's 50 million MMK) and easier appraisal process

- Purchase of motor truck is not prohibited but would be carefully monitored by PMU to keep the project focused on “mechanization in agricultural practice”

(2) Assistance on the improvement of MADB's sub-loan appraisal capacity

In November and December, application documents continued to come in from the 5 states/regions where public announcements of ARD-TSL were already done. In January, an application from Tanintharyi region arrived for the first time.

In total, 124 applications were registered and processed over the period of November, December 2017 and January 2018. The Consultant team closely checked every single application and gave instruction and advisory as requested by PMU. The appraisal data sheets were also incrementally updated and improved to accommodate better functions and more information (See Appendix 3). Most of the application forms (Appendix 4) were sent to the PMU electronically or on electronic media.

(3) Assistance on creating reports

During this 6th field work, the consultant team provided advisory as requested by PMU about timing, format, and contents of the project-related regular reports (Project Status Report, On-going Sub-Project Summary Report, Statement of project-related accounts, Overdue Status Report, Annual Report of AMDB).

(4) Assistance on promotion activity

Official Leaflets

The Consultant team finished the draft design and contents of the official leaflet of ARD-TSL in the beginning of December 2017. The draft was submitted to both PMU and JICA, and approved. As a test batch, the Consultant team issued an order of 1,000 pieces of Myanmar version and 40 pieces English version, and the leaflets were delivered in the middle of December. Some of them were handed out to branch managers and other stakeholders of ARD-TSL, and the remaining copies were kept in stock in MADB Yangon Headquarter.

Dealer Meeting

The Consultant team had a meeting with Yanmar dealers to provide them with correct

information about ARD-TSL. As some speculative rumors or incorrect stories about ARD-TSL seem to be widespread among Myanmar's farmers/dealers, this type of outreach activities are very important to avoid unfortunate misunderstanding between MADB and farmers/dealers. The Consultant team presented the outline of ARD-TSL project, and answered questions raised by the dealers.

3.9 The 7th Field Work (February 15th - March 15th, 2018)

(1) Assistance on the improvement of MADB's project management capacity

(2) Assistance on the improvement of MADB's sub-loan appraisal capacity

Support in Loan Application appraisal

During this field work, loan applications from nationwide started to arrive. In February 2018, there was strong political pressure from MOPF minister to begin public announcement of ARD-TSL nationwide as soon as possible. In response to this request, MADB started to accept loan applications nationwide in February, despite serious lack of training hours in local TS branches.

By the end of this field work as of March 13, 2018, a total of 325 applications were registered and processed at PMU with the Consultant team's support.

Appraisal training in MADB Yangon Regional branch (February 26-27)

On February 26-27th, we conducted classroom lectures and hands-on trainings in Yangon Regional branch. A total of 14 branch managers and staff from Yangon city and neighboring 6 townships in northern Yangon region were actively engaged. In the morning of 26th, the participants had lectures about the outline of ARD-TSL, and then split into 2 groups to have an exercise exam simulating real appraisal case. The main lecture/training materials used in this morning session together with all the training record during this entire project are in Appendix 7 and 8. In that afternoon, a candidate applicant and his dealer arrived and the participants had real experience of appraisal interviews under Consultant team's supervision.

The following day, 27th, the participants were dispatched to the Village Loan Screening Committee for endorsement of the applicant's application contents. The entire morning was spent on discussion and interview with the Loan Screening Committee, and we had a wrap-up lecture in the early afternoon, providing the participants with the instructions about other administrative procedures to be done in every TS branch.

Appraisal training in MADB Kyauk Tan Township branch (March 8-9)

On March 8th, we conducted deskwork trainings in Kyauk Tan TS branch. A total of 11 branch managers and staff from neighboring 6 townships in southern Yangon region gathered. As in the

preceding training session in February, the participants first had classroom lectures about the outline and framework of ARD-TSL, and then split into 2 groups to have an exercise exam simulating real appraisal case. The training materials used are the same as those of the preceding training session in February. In the afternoon, a candidate applicant arrived and the participants had real experience of an appraisal interview under the supervision of the Consultant team.

The following day, 9th of March, the participants visited the Village Loan Screening Committee TS for endorsement of the applicant's application. They were given a short lecture in the morning, and visited the Loan Screening Committee of Khayan township in the afternoon. In the late afternoon, we had a short wrap-up lecture in MADB Khayan township branch about ensuing administrative procedures to be done at every TS branch.

(3) Assistance on creating reports

During this 7th field work, the Consultant team provided advisory as requested by PMU about timing and contents of the project-related reports and requests for disbursement (Project Status Report, On-going Sub-Project Summary Report, Statement of project-related accounts, Overdue Status Report, Annual Report of MADB, financial forecast, Reconciliation Statement).

(4) Assistance on promotion activity (additional printing of official leaflet of ARD-TSL)

The Consultant team issued an additional order of 23,000 (22,000 in Burmese, 1,000 in English) copies of the official leaflet of ARD-TSL. Those were delivered to Consultant team's office in MADB on 12th March, 2018, and handed to PMU.

About 400 copies of Burmese version were delivered to the participants of the two training sessions in February and March in Yangon region. The rest will be distributed nationwide through the branch network of MADB.

4. Summary and Challenges ahead

During the 15 months since the start of this technical assistance project in December 2016, the Consultant team has endeavored to establish backbone framework of ARD-TSL in MADB. We continuously conducted OJT, classroom lectures, and meetings with a variety of stakeholders including PMU, TS branch staff, dealers, Myanmar government officials, to foster their deep understanding to the primary concept of ARD-TSL. Simultaneously, we successfully compiled a number of project policy documents, operational guidelines, and training materials (e.g. Operating Guidelines, Credit Examination Data Sheet, Exercise Role-Play exam, etc.) which would continue to be updated to support ARD-TSL in future.

Regarding the implementation of loans to farmers, a total of 325 applications have already registered, and a total of about 11 billion MMK for brand-new tractors, harvesters, etc., has already been disbursed or scheduled to be disbursed to farmers as of March 14th, 2018 (see the statistical detail in Appendix 9).

The above-mentioned accomplishments are undoubtedly significant positive transition in MADB and Myanmar's agricultural finance in terms of both financial scale and modern appraisal technique transferred to MADB. We believe that, though still in its infancy, a rather firm basis for implementation of modern long-term agricultural loan has been installed in MADB, thanks to the effort and collaboration of all the stakeholders.

Although the technical assistance project ends here, ARD-TSL itself continues on for another decades, and the new major challenges it will face in near future include the three issues shown below. Those will be addressed in the expected new phase with newly hired Loan consultants, who is supposed to be sponsored directly by MADB for another 3 years.

Nationwide coverage of on-site appraisal training

We consultants tried our best to expedite the coverage expansion of appraisal training, but a series of circumstances prevented smooth implementation. In the end, we could perform on-site appraisal trainings only in 3 branches in 2 regions (Bago x1, Yangon x2). This is much fewer than what we had envisioned, mainly because of seasonality of loan demand and lack of PMU's human resource for training preparation. In the coming phase, the completion of nationwide coverage of on-site training and associated public announcement will be given the top priority. The Loan consultant will still need to aim at completion of nationwide geographical coverage of on-site appraisal training by the end of March 2019.

Underequipped IT system in MADB is another serious issue in this geographical coverage expansion. During the training in February, we heard that only 4 branches were just recently provided with a new computer. If MOPF and MADB seriously aim to make this ARD-TSL available and sustainable nationwide by March 2019, they will need to drastically increase their investment in their IT infrastructure.

Monitoring existing loan contracts and continuous update of appraisal data sheet

About 8 months have passed since the disbursements of first loan cases in Pyay. Now, ARD-TSL is entering a new phase where monitoring activities of existing loans are essential, including collection of interest, principal repayment, and feedbacks about dealers/machinery. The Loan consultants would need to start with existing infrastructure and practice of MADB in implementing monitoring activities, but gradually streamline and improve the traditional procedure, incorporating the Loan consultants' expertise.

Enhancing the project scope

The main new arena targeted in the coming phase of ARD-TSL includes the following two:

- Loans to farmers' group
- Loans to livestock / fishery sector

Regarding practice of loans to farmers' group, the eligibility of a group for ARD-TSL largely depends on the group's rigid internal structure, which assures the responsibility and transparency.

We consultants conducted quick survey in collaboration with another JICA project in Myanmar and had interviews with Japan Finance Corporation for hints about forming a rigid and sustainable group. On this basis, the Loan consultants will need to draft a simple template of group rules defining fundamental internal group structure eligible for ARD-TSL.

Incorporation of livestock/fishery sector in the scope is another big challenge in the coming phase, since MADB have had little experience of finance in those fields. MADB and the Loan consultants would need to closely collaborate with Global Treasure Bank, which used to be a state-owned bank in the livestock sector, to acquire their experience and expertise. Credit Examination Data Sheet should also be slightly modified to accommodate specific information needs in those new sectors.

Appendix

Appendix 1: Operating Guidelines (as of March 2018)
(attached from next page)

**GOVERNMENT OF THE REPUBLIC OF THE UNION OF MYANMAR
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)**

**OPERATING GUIDELINES
FOR
AGRICULTURE AND RURAL DEVELOPMENT
TWO STEP LOAN**

5th March, 2018

**PROJECT MANAGEMENT UNIT
MYANMA AGRICULTURAL DEVELOPMENT BANK**

TABLE OF CONTENTS

Introduction	- 1 -
Background	- 1 -
Purpose of Operating Guidelines	- 2 -
Revision of Operating Guidelines	- 2 -
1. Outline of the TSL Project.....	- 3 -
1.1. Objective.....	- 3 -
1.2. Two-Step Loan (TSL) Scheme	- 3 -
1.3. Management Structure.....	- 3 -
1.3.1. Steering Committee	- 4 -
1.3.2. Ministry of Planning and Finance (MOPF)/ Borrower	- 5 -
1.3.3. Myanma Agricultural Development Bank (MADB)/ Executing Agency	- 5 -
1.3.4. Participating Financial Institution (PFI)	- 7 -
1.4. Governing Agreements	- 8 -
1.4.1. Loan Agreement (L/A) between JICA and GOM.....	- 8 -
1.4.2. Project Memorandum (P/M) between JICA and GOM.....	- 8 -
1.4.3. Administration Agreement between MOPF and MADB.....	- 8 -
1.4.4. Sub-loan agreement between PFI and End-Borrower	- 8 -
2. Eligible End-Borrowers and Sub-Projects.....	- 10 -
2.1. Eligibility criteria for End-Borrowers	- 10 -
2.2. Eligible Sub-Projects.....	- 11 -
2.2.1 Eligible business sectors.....	- 11 -
2.2.2 Excluded end-borrowers and sectors	- 11 -
2.2.3. Eligible geographical location.....	- 12 -
2.2.4. Eligible investments.....	- 12 -
2.3. Revision of eligibility criteria.....	- 12 -
3. Terms and conditions of TSL.....	- 13 -
3.1. Terms and conditions of Fund Transfer (FT).....	- 13 -
3.2. Interest income of PMU/PFI and Sub-loan Principal pooled in PMU/PFI	- 14 -
3.3. Terms and conditions of Sub-Loan	- 14 -
3.4. Revision of terms and conditions.....	- 15 -
4. Sub-Loan operation	- 15 -
4.1. Roles and authorities of PMU	- 15 -
4.2. Sub-loan application to be prepared by an Applicant	- 15 -
4.2.1. Application form.....	- 15 -
4.2.2. Consultation to potential applicants.....	- 15 -
4.2.3. Application Timing	- 15 -
4.3. Eligibility Screening on Sub-Loan applications.....	- 15 -

4.3.1. Screening by Ward / Village Tract Loan Screening Committee	- 15 -
4.3.2. Screening by DALMS	- 15 -
4.3.3. Screening by Loan Supervision Committee.....	- 16 -
4.3.4. Screening by PFI	- 16 -
4.4. Credit appraisal and approval of Sub-Loan by PFI	- 16 -
4.4.1. Credit appraisal	- 16 -
4.4.2. Collateral	- 16 -
4.4.3. Deadline of Screening/Appraisal Process	- 17 -
4.5. Credit risk management at PFI	- 17 -
4.6. Compliance with banking regulations	- 17 -
4.7. Compliance with the Operating Guidelines	- 17 -
4.8. Sub-Loan agreement	- 17 -
4.9. Disbursement of Sub-Loan	- 18 -
4.10. Training for machinery operation and maintenance	- 18 -
4.11. Prepayment of Sub-Loan.....	- 18 -
4.12. Rescheduling of Sub-Loan	- 18 -
4.12.1. Rescheduling of Sub-Loan repayment requested by End-Borrower	- 18 -
4.12.2. Rescheduling of Sub-Loan repayment due to extraordinary event	- 18 -
4.13. Penalties	- 19 -
4.13.1. Unrepaid/Overdue Sub-Loan	- 19 -
4.13.2. Unapproved sales of the fixed assets originally financed with Sub-Loan	- 19 -
4.13.3. Misuse of Sub-Loan	- 19 -
5. Fund management	- 19 -
5.1. Accounts established	- 19 -
5.2. Flow of funds	- 21 -
5.3. Receipt of funds from JICA	- 21 -
5.4. GOM responsibility to repay ODA loan in full	- 22 -
5.5. Information management	- 22 -
6. Promotion of the TSL Project	- 23 -
6.1. Public relations (PR) of the TSL Project.....	- 23 -
6.2. Advisory Services	- 23 -
7. Monitoring.....	- 24 -
7.1. Monitoring by PFI.....	- 24 -
7.2. Monitoring by PMU	- 24 -
7.3. Monitoring by Steering Committee.....	- 24 -
7.4. Inspection by JICA/PMU.....	- 24 -
7.5. Impact Assessment of the TSL Project	- 25 -
8. Reporting to JICA	- 27 -
8.1. Project Status Report.....	- 28 -

8.2. Project Completion Report.....	- 28 -
8.3. On-going Sub-Project Summary Report.....	- 28 -
8.4. Current Repayment and Overdue Status Report	- 28 -
8.5. Annual reports for this TSL.....	- 28 -
8.6. Statements of project-related accounts and their audit reports	- 28 -
8.7. SOEs and its audit report	- 28 -
8.8. Audit request to OAG.....	- 29 -
APPENDIX 1. Requirements for Agricultural Machinery.....	- 30 -
A1.1. Exclusion of investment in low quality machinery	- 30 -
A1.2. Promotion of investment in high quality machinery.....	- 30 -
A1.3. Monitoring.....	- 30 -
APPENDIX 2. Forms of Advance Procedure for Japanese ODA Loans	- 32 -
A2.1. Request for Disbursement	- 32 -
A2.2. Financial Forecast	- 33 -
A2.3. Reconciliation Statement.....	- 34 -
A2.4. Statement of Expenditures (SOE)	- 35 -
APPENDIX 3. Monitoring.....	- 36 -
A3.1. On-going Sub-project Summary	- 36 -
A3.2. Report on Current Repayment and Overdue Status	- 37 -
APPENDIX 4. Reporting to JICA	- 38 -
A4.1. Statements of Designated Account, Project Operating Account, Revolving Fund Account and Reserve Fund Account	- 38 -
A4.2. Audit Report on the Statements of the Designated Account, Project Operating Account and Revolving Fund Account.....	- 41 -
A4.3. Audit Report on Statements of Expenditures (SOEs)	- 42 -

Abbreviations

CBM	Central Bank of Myanmar
FT	Fund Transfer
GOM	Government of the Republic of the Union of Myanmar
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
L/A	Loan Agreement
M/D	Minutes of discussions on the TSL Project between JICA and GOM signed on July 29, 2016
MMK	Myanmar Kyat
MOC	Ministry of Commerce
MOPF	Ministry of Planning and Finance
MOI	Ministry of Industries
OAG	Office of the Auditor General
ODA	Official Development Assistance
PFI	Participating Financial Institution
PMU	Project Management Unit
P/R	Progress Report
SME	Small and Medium-sized Enterprise
SOE	Statement of Expenditure
TSL	Two-Step Loan

Introduction

Background

The background of this TSL project and current challenges are summarized as below:

(1) Agriculture is one of the key industries in Myanmar.

In Myanmar, almost 60 percent of its population is engaged in agriculture (FAO), and agriculture sector comprises 29.8% of national GDP (FY2014, Ministry of Planning and Finance). Utilizing agricultural products, food processing business is dominant in industrial sector. It accounts for 61.8% share of registered manufacturing companies as of September 2014 (Central Department of SME Development, Ministry of Industry).

(2) Myanmar has faced agricultural labor shortage and urgent need for agricultural mechanization.

Myanmar is now on the way to mechanization of agricultural practice. Even small- and mid-farmers, which have around 10 acres of farmland, hire agricultural labor force for harvesting, fertilization, sowing, and weeding. The labor shortage trend, where agricultural labor force move to other employment opportunities in urban areas, causes serious problems in agricultural sector, i.e. rise of labor cost, delay of harvest, and decrease in yield etc. Transition to capital-intensive agricultural practice by mechanization is an urgent issue.

(3) The mid- to long-term finance for capital investment is not easily accessible in Myanmar's agriculture sector.

For capital investments, including mechanization, mid- to long-term finance is crucially needed. Although Myanmar Agricultural Development Bank (hereafter, MADB), which administers majority of agriculture-related loans in Myanmar, used to offer so-called "term-loan" as a loan product of mid- to long-term finance until 2012, MADB has suspended the operation of term-loan since 2013 because of its limited budget. Private banks such as Myanmar Citizens Bank, Yoma Bank, AYA Bank have started to introduce hire-purchase system in agro-machinery retail business. However, factors such as short repayment period (usually not longer than one-year), limited sales network, and burden of high effective interest rate, prevents the system from spreading throughout the nation. Thus, one of the most critical issues in promoting mechanization in agricultural sector is to establish a sustainable system that offers mid- to long-term agricultural sector loans.

(4) TSL for agricultural mechanization and agri-business startups is essential for development of agricultural communities.

On the above-mentioned backgrounds, it is duly deemed necessary to provide long-term funds for MADB by means of concessional TSL to financially support mechanization in agricultural sector and agri-business startups in rural areas. In particular, Yen-loan's very long repayment period is ideally suited for the purpose of promoting mid- to long-term finance provided by MADB.

(5) Capacity development and operational modernization of MADB is vital for the mid- to long-term development of agricultural finance in Myanmar.

MADB is the sole state financial institution in charge of agricultural finance in Myanmar, having 208 branches (as of May 2016) nationwide. World Bank group pointed out some concerns about MADB in its recent report ("Myanmar Agricultural Development Bank: Initial Assessment and Restructuring Options", 2014) , including shortage of loan appraisal capacity and lack of financial resource for operational modernization caused by the customary practice that obliges MADB to transfer 75% of its profit to GOM.

Thus, Capacity building and operational modernization of MADB is essential for further mid- to long-term development of agricultural finance in Myanmar.

Purpose of Operating Guidelines

This Operating Guidelines is intended to prompt PMU and PFIs to thoroughly understand policies and mechanism of this TSL Project, to expeditiously undergo the ODA loan procedure under the L/A, and to successfully implement this TSL Project.

Revision of Operating Guidelines

The contents and description in this document may be revised for operational improvement and/or in response to changes in legal and economic situations. Any revision in this document which may materially change the structure and/or nature of the TSL Project, shall be proposed by PMU, reviewed and approved by Steering Committee, and then reviewed and concurred by JICA.

1. Outline of the TSL Project

1.1. Objective

The objective of this TSL Project is to improve the financial intermediation for farmers/agribusinesses and to increase productivity and investments of those farmers/agribusinesses. These objectives are to be fulfilled by mid-/long-term funds provided through PFI and enhancing PFI's capacity, thereby propelling modernization of agriculture and rural financial sector in Myanmar, which would eventually result in balanced development between urban and rural areas.

1.2. Two-Step Loan (TSL) Scheme

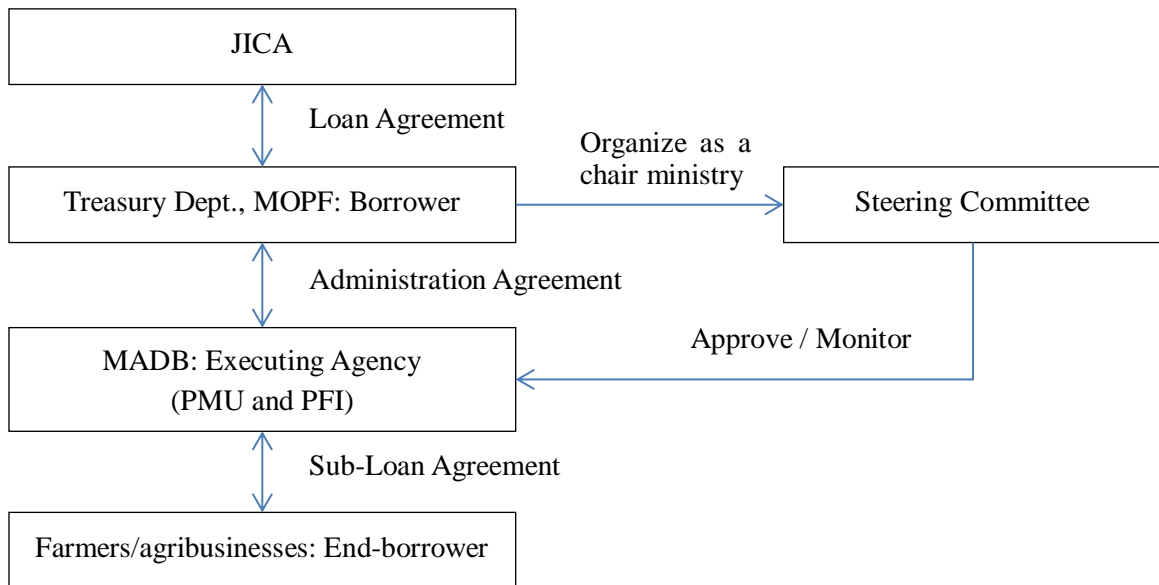
This TSL Project is an on-lending loan scheme to provide mid-/long-term loans for farmers/agribusinesses through PFI. JICA provides the ODA Loan in JPY for GOM, which authorizes MADB to implement this TSL Project. MEB exchanges the JPY funds to MMK on behalf of MOPF and provides it for PFI through PMU. PFI then lend the funds to farmers/agribusinesses in the form of mid-/long-term loans (hereafter "sub-loans") to be consumed exclusively for capital investments such as purchase of machinery and equipment, and working capital related to those investments.

The amount of the ODA Loan is JPY 15,135,000,000 in total.

1.3. Management Structure

Implementation of this TSL Project is governed by the Steering Committee, which is chaired by the representative official of MOPF, a borrower of ODA Loan, and consists of ministries in charge of agricultural development, harvest trading, and financial regulation, as well as representatives from PFI and agriculture-related associations.

The organizational structures and governing agreements are shown in the figure below.



1.3.1. Steering Committee

In order to make sure that the TSL Project is implemented in line with the framework of agricultural and rural development policies of GOM and in a smooth and transparent manner, the Steering Committee is composed of the following members.

[Tasks to be performed by Steering Committee]

- (1) Discuss and decide on policy issues relevant to implementation and management of the project, including but not limited to compilation and the revisions of Operating Guidelines
- (2) Monitor PMU and PFI for proper implementation of this TSL Project
- (3) Report to higher authorities on progress and achievement of this TSL Project so that the lessons learned from the project implementation is fed back to agricultural and rural development policies.

[Members]

1. Chairman:
 - (1) Deputy Minister, MOPF (Borrower)
2. Vice-Chairman
 - (2) Permanent Secretary, MOPF
3. Members:
 - (3) A suitable representative from Treasury Department in MOPF (Borrower);
 - (4) A suitable representative from Budget Department in MOPF as an authority in charge of appropriate budget allocation;
 - (5) A suitable representative from MEB as the Agent Bank;
 - (6) General Manager from MADB (Executing Agency);

- (7) A suitable representative from Department of Agriculture (“DOA”) in Ministry of Agriculture, Livestock and Irrigation (“MOALI”), as the authority in charge of implementation of Agricultural development;
 - (8) A suitable representative from Agricultural Mechanization Department (“AMD”) in MOALI, as the authority in charge of promoting agricultural mechanization;
 - (9) A suitable representative from Department of Agricultural Land Management and Statistics (“DALMS”) in MOALI, as the authority in charge of farmland management and its statistics;
 - (10) A suitable representative from Ministry of Commerce (“MOC”), as a ministry in charge of harvest trading;
 - (11) A suitable representative from Central Bank of Myanmar (CBM) as a banking regulator and supervisor;
 - (12) Any other organization as may be considered appropriate and nominated by Steering Committee.
4. Secretariat:
 - (13) Managing Director of MADB (Executing Agency)
 5. Observer:
 - (14) JICA

[Regular meetings]

Steering Committee will be convened at least every quarter, but can be held on an ad-hoc basis if any issue arises to be discussed immediately.

1.3.2. Ministry of Planning and Finance (MOPF)/ Borrower

MOPF serves as the representative of GOM in terms of borrowing from JICA and is responsible for implementation of this TSL Project. It chairs the Steering Committee and is responsible for:

- (1) signing on the L/A with JICA;
- (2) signing on the Administration Agreement with MADB;
- (3) holding regular and ad-hoc Steering Committee meetings; and
- (4) repayment of ODA Loans on behalf of GOM.

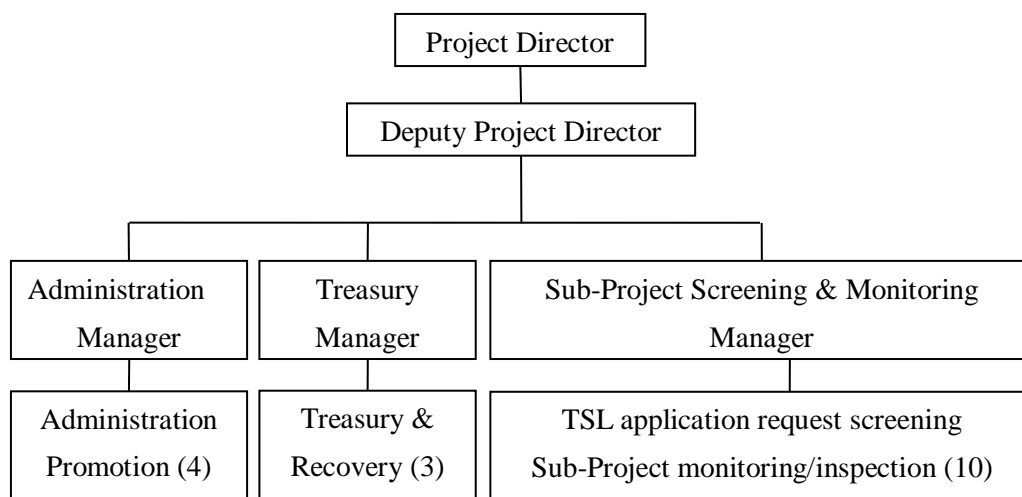
1.3.3. Myanma Agricultural Development Bank (MADB)/ Executing Agency

MADB is designated by MOPF as the executing agency of this TSL Project as a consequence of entering into Administration Agreement. MADB is responsible for:

- (1) administration of the TSL Project, including submitting disbursement request and reporting to JICA, maintaining the funds as stipulated in the L/A and the Operating Guidelines, and monitoring PFI and end-borrowers for proper implementation of this TSL project;
- (2) establishment and maintenance of appropriate Project Management Unit (“PMU”);

- (3) hiring consultants; and
- (4) signing on Administration Agreement with MOPF.

For the purpose of smooth implementation of this Project, MADB establishes PMU inside itself. The organizational structure of PMU is sketched as follows:



In PMU, Project Director is primarily responsible for the project implementation. MADB ensures that while the Project Director and the Deputy Project Director may be responsible for and managing conventional operations as well, the Project Managers and staff members in charge of TSL administration and appraisal shall be engaged exclusively in this TSL Project on full-time basis, and that Project Director shall have the authority to mobilize any directorate of MADB necessary for the smooth implementation of this TSL Project.

The roles of the above three sections are as follows;

Administration Section

1. General administration of this TSL Project, including support for other sections in the PMU and the Consultants
2. Assisting General Manager of MADB serving as the secretariat of Steering Committee
3. Coordination with MOALI and agriculture-related business associations for PR activities.
4. General administration concerning external audit and full cooperation concerning the Statement of Expenditures.
5. Coordination with other departments in MADB on general affairs.
6. Data collection and reporting for project effect evaluation to JICA through Steering Committee.
7. Considering introduction of advanced financial products including but not limited to “Credit Guarantee Insurance” and “Weather Index Insurance”.

Treasury Section

1. Due maintenance of the Project Operating Account, Revolving Fund Account, and MADB income account established for this TSL project in MEB with the name of MADB Head Office (c.f. Chapter 5), including disbursement of funds from such accounts to dealer's accounts and end-borrowers accounts.
2. Management of fund flow for disbursement and repayment. There is no money transfer between MADB Head Office and MADB branch because of the security problem. MADB doesn't hold large amount of cash. Therefore, MADB Head Office and MADB township branch usually use "bank draft" via MEB for the disbursement of funds remittance.
3. Management and operation of the Revolving Fund Account, MADB's income account.
4. Maintenance of the TSL-Project -related deposit accounts of the end-borrowers.
5. Preparation of statements of the Project Accounts (i.e. Project Operating Account, Revolving Fund Account, MADB Income Account)
6. Coordination with MOPF Treasury department on interest payment and principal repayment to JICA, including the fund transfer from MOPF Income Account and Revolving Fund Account to the account to be opened by MOPF at MEB (Agent Bank)
7. Full cooperation to external audit of the Project Operating Account and the Revolving Fund Account, and any other account which needs to be audited.

End-borrowers screening and monitoring section

1. Eligibility screening of end-borrowers which is recommended by MADB township branch in the TSL project implementation area.
2. Monitoring of end-borrowers concerning disbursement, interest payment, principal repayment, and the compliance with environmental and social protection, based on the report from MADB township branch and the interview and/or field survey on any end-borrower and /or sub-project which PMU considers necessary.
3. Preparation of Current Repayment and Overdue Status Report.
4. Production of quarterly Progress Reports (P/R), including On-going End-Borrowers Summary Report, Project Completion Report (PCR), Environmental and Social Consideration Report to JICA.
5. Coordinating with other governments and /or donors' agriculture-related projects in the TSL project implementation area.

1.3.4. Participating Financial Institution (PFI)

PFI makes direct contacts to farmers under this TSL project. PFI is responsible for:

- (1) finding appropriate end-borrowers and sub-projects;
- (2) performing environmental and social screening of sub-projects;
- (3) monitoring the end-borrowers, status of sub-loans, and reporting to PMU

MADB is the only PFI as well as executing agency in this Project, because MADB was established

with strong commitment to promote agriculture and rural development and has considerable experience in agricultural policy loans in Myanmar.

No addition of PFI is anticipated in this TSL project as of May 2017.

1.4. Governing Agreements

1.4.1. Loan Agreement (L/A) between JICA and GOM

The L/A stipulates obligations of the Borrower, inter alia:

- (1) Loan Amount and Allocation of Proceeds of Loan;
- (2) Disbursement Procedure;
- (3) Administration Structure; and
- (4) Reporting Requirements to JICA.

1.4.2. Project Memorandum (P/M) between JICA and GOM

The P/M stipulates various issues on the implementation of the TSL Project, inter alia:

- (1) Confirmation on the contents of the Minutes of Discussion (M/D) including the Project Status Report (PSR), and the Main Points Discussed (MPD);
- (2) Submission of reports and information required as per L/A and M/D;
- (3) Monitoring Indicators in the PSR; and
- (4) Public Relations (PR) activities.

The major contents of P/M, M/D, PSR and MPD have been incorporated in this document. However, it is recommended to refer to those individual documents from time to time to foster deeper understanding of this TSL Project scheme, including the background and objectives.

1.4.3. Administration Agreement between MOPF and MADB

The Administration Agreement officially authorizes MADB as the Executing Agency.

1.4.4. Sub-loan agreement between PFI and End-Borrower

A Sub-loan agreement shall be signed between the PFI and an end-borrower, and it shall stipulate the following obligations of the end-borrower:

- (1) To use proceeds of the sub-loan exclusively for the purpose of the sub-project as specified in the sub-loan agreement;
- (2) To submit evidence of use of the sub-loan proceeds (e.g. receipt or bill, invoice from suppliers);
- (3) To submit a farming plan for every year, until the full repayment of the sub-loan;
- (4) To entitle PFI, PMU, and/or JICA to inspect the sub-project, if PFI, PMU, and/or JICA so requests; and
- (5) To follow all the environmental regulations issued by GOM and JICA Environmental Guidelines (2012).

A sub-loan agreement shall allow PMU and PFI to suspend, terminate or withdraw the sub-loan when any violation against a sub-loan agreement is confirmed.

2. Eligible End-Borrowers and Sub-Projects

2.1. Eligibility criteria for End-Borrowers

The eligible borrowers must satisfy one of the requirements below.

- (1) An individual farmer who has farmland of not exceeding 50 acre; or
- (2) A group of farmers;
 - a) a group of farmers needs to meet the following criteria;
 1. A group shall include 3 or more than 3 farmers each of whom owns farmland not exceeding 50 acre and authenticated Form-7.
 2. In addition to the members mentioned in the above item, up to one large-scale farmer which has farmland exceeding 50 acre, and/or, up to one non-farmer which does not own farmland, may be a member of a group;
 3. A group should prepare documents which describe its essential characteristics, including but not limited to, the following items and internal rules;
 - ✓ group name
 - ✓ group charter
 - ✓ name of the group representative
 - ✓ location of the group and address of the group office/contact
 - ✓ requirements and application procedure for membership
 - ✓ selection procedure of the representative
 - ✓ business activity of the group
 - ✓ amount of investment units/shares to be subscribed by the members
 - ✓ membership duties and obligations
 - ✓ management/organizational structure
 - ✓ roles and responsibilities of each position in the group
 - ✓ capital investment plan
 - ✓ how to share net profits from the group business
 - ✓ how to transfer investment units/shares and voting rights
 - ✓ duties of maintaining the group's financial accounts and bookkeeping;
 4. The representative of a group shall be a farmer having farmland not exceeding 50 acre;
 5. A group shall appoint an individual from its members in order to manage and keep the record of the assets, liabilities, and cash flows of the group which should not be commingled with each member's private property;
 6. The financial account of the group shall be audited by a certified public accountant annually, or at a higher frequency if necessary.

2.2. Eligible Sub-Projects

2.2.1 Eligible business sectors

Capital investments (e.g. agro-machinery, processing facilities) in the following sectors alone shall be eligible.

- (1) Farming which includes rice, beans, vegetables, fruits, etc.
 (Livestock and fisheries/aquaculture are excluded until PMU and PFI become experienced enough in smooth operation of this TSL projects because PMU and PFI are unfamiliar with finance in those sectors. Livestock and fisheries/aquaculture may be included in this TSL project scope in future upon approval of the Steering Committee); and
- (2) Agribusiness which includes the following agriculture-related business; food processing, storage of harvest, trading of harvest, transport of harvest, agro-machinery maintenance, and harvesting service which entails use of agro-machinery.

Agribusiness shall satisfy the definition of SME (c.f. SME Development Law 2015).
 If a farmer/farmer’s group operates multiple businesses, their entire integrated size and asset shall satisfy the definition of SME.

Definition of SME

Category	No. of employees (regular basis)	Total fixed asset excluding land (mil MMK)	Turnover of previous year (mil MMK)
Manufacturing	up to 300	up to 1,000	-
Labor intensive business	up to 600	up to 1,000	-
Wholesale	up to 60	-	up to 300
Retail	up to 60	-	up to 100
Service	up to 100	-	up to 200
Others	up to 60	-	up to 100

(Note) The above condition is “or” condition.
 (Source) SME Development Law (2015) and hearing from SME Development Dept.

2.2.2 Excluded end-borrowers and sectors

The following end-borrowers or purposes shall be ineligible for financing under this TSL project:

- (1) An individual/entity in any sectors harmful to the society and/or environment;
- (2) Large-scale individual farmer owning farmland exceeding 50 acre;
- (3) An individual/business who has borrowed or has experiences in receiving loan from Small and Medium Enterprise Two Step Loan project;

- (4) Large agribusiness activities exceeding the threshold of the above-noted SME definition;
- (5) Narcotics cultivation, drug trading or gambling, or any illegal activities in the Republic of the Union of Myanmar ;
- (6) Real estate investment, except investment in farmland utilization right;
- (7) Sub-lending to another person as informal finance or microfinance;
- (8) Distribution/wholesale/retail/production of alcoholic beverages; or
- (9) Any investment which falls in Category A and B under JICA environmental guidelines.

2.2.3. Eligible geographical location

All the regions in Myanmar are eligible. There is no requirement on the geographical location of farming activity or a business unless investment is made outside the territory of the Republic of the Union of Myanmar.

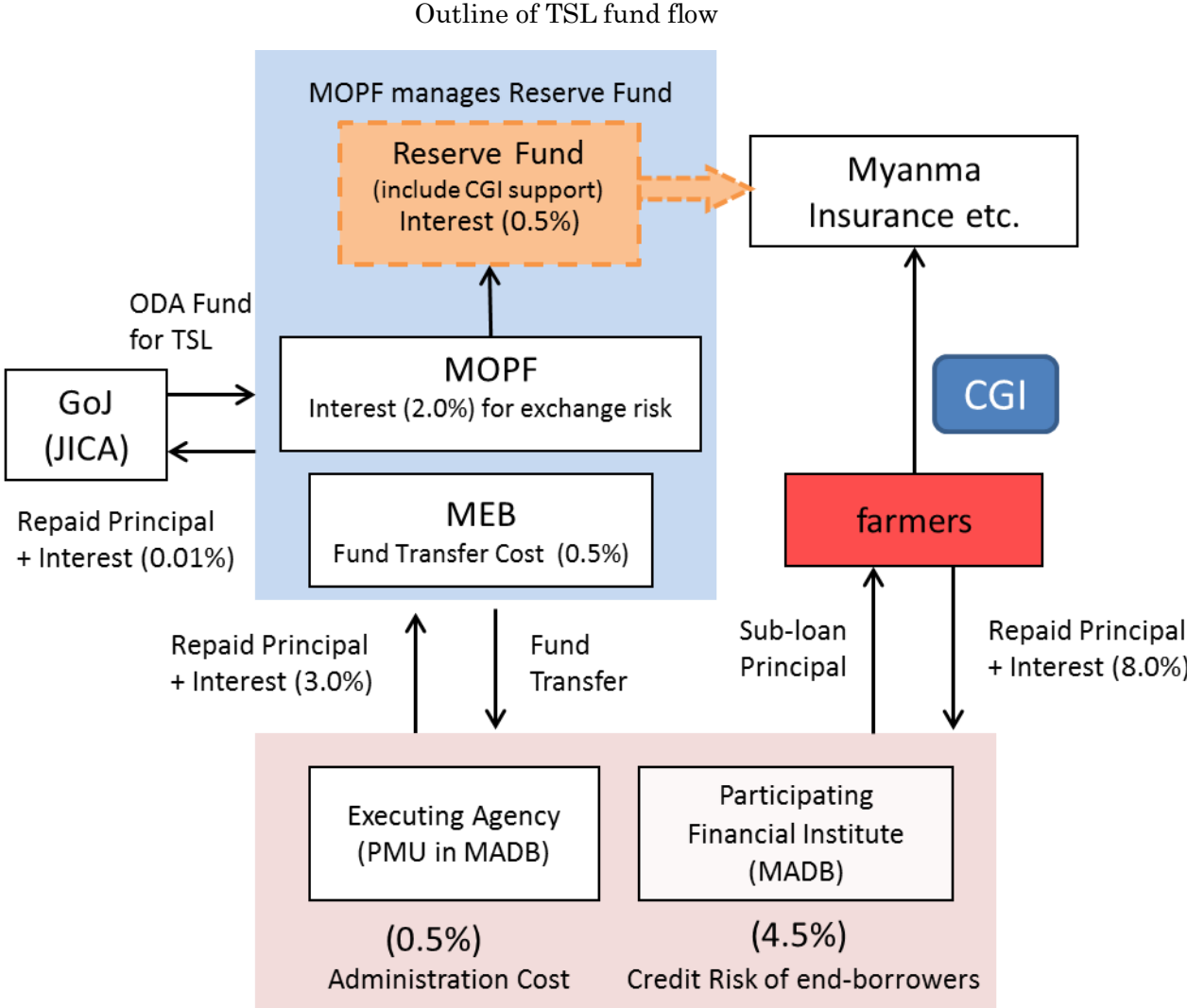
2.2.4. Eligible investments

- (1) Agricultural capital investment, including but not limited to, 2-wheel power tiller, 4-wheel tractor, combine harvester, their implements and attachments, land utilization right (to be approved by the Steering Committee, after legal procedure of trading/transferring land utilization right is officially announced by MOALI), warehouse, post-harvest machines, processing machines, transportation machines, and other forms of investment deemed necessary by PMU for improving/modernizing agricultural practice.
- (2) Working capital associated with fixed asset investments, of which reasonable need must be acknowledged by PMU, and of which portion cannot exceed 20% of the total amount of the concerned sub-loan.
- (3) In order to avoid inefficient investment in uncertified machines, irregular fertilizer, illegal pesticide etc. and to promote certified seed, etc., PMU may prescribe criteria of eligible items (c.f. APPENDIX 1) upon approval of the Steering Committee.
- (4) Refinance of existing loan with the sub-loan funds of this project is strictly prohibited.

2.3. Revision of eligibility criteria

Any change in the eligibility criteria concerning this TSL project shall be proposed by PMU, reviewed and approved by the Steering Committee and then reviewed and concurred by JICA.

3. Terms and conditions of TSL



3.1. Terms and conditions of Fund Transfer (FT)

Currency	Myanmar Kyat (MMK)
Size	FT size depends on the fund request from PMU to JICA
Interest Rate	The fund for TSL sub-loan is lent from MoPF/MEB to PMU. The interest rate on this fund transfer is set at 3.0%, to be paid from PMU to MoPF/MEB. This 3.0% interest is subsequently allotted to the MoPF (2.0%) to cover the foreign exchange risk, reserve fund (0.5%) that support agricultural development including Credit Guarantee Insurance (CGI) scheme, the Fund Transfer cost (0.5%) to MEB account, and repayment to JICA (0.01%).

Maturity	These items are subject to sub-loan agreements between PFI and end-borrowers. When PFI/PMU accepts repayment from end-borrowers, PMU shall pool the repaid amount for future disbursement. Interest payment to MoPF/MEB by PMU is made annually on a date agreed on between the both parties.
Repayment Schedule	

Penalty: If PFI/PMU is to be blamed for unauthorized/fraudulent fund transfer based on false or incorrect information and/or fails to repay on the pre-defined repayment date, SC shall be entitled to impose a penalty on PFI/PMU, including application of doubled interest rate, as well as capturing the concerned fund back to a MoPF account in MEB. The MoPF account is to be confirmed by MoPF through discussion between MADB and MoPF.

3.2. Interest income of PMU/PFI and Sub-loan Principal pooled in PMU/PFI

Currency	Myanmar Kyat (MMK)
Interest Rate	After the interest on FT is paid to MoPF/MEB, the remainder of the sub-loan interest is pooled in PMU/PFI's Income Account. It consists of the following two elements: <ul style="list-style-type: none"> ➤ Fund to cover cost of PFI's activities and credit risks, which is calculated as $0.9 \times \{[\text{maximum lending rate}] - [\text{minimum deposit rate}]\}$ ➤ Fund to cover PMU's administration cost
Revolving Fund for Sub-Loan Principal	PMU shall monthly transfer the aggregates of partial sub-loan principal repaid by end-borrowers to the Revolving Fund Account. The amount to be transferred to the Revolving Fund Account should be equal to the aggregated amount of sub-loan principal repaid from end-borrowers to PFI. More detail on the Revolving Fund is given in Chapter 6.

3.3. Terms and conditions of Sub-Loan

Currency	Myanmar Kyats (MMK)
Size	Up to MMK 50 million for each sub-loan to an individual farmer Up to MMK 500 million for each sub-loan to a farmers' group
Interest Rate	Minimum deposit rate, including other relevant charges (e.g. service charge, commitment charge)
Maturity	More than 1 year and up to 5 years from the date of disbursement to end-borrower
Repayment Schedule	The repayment schedule of the sub-loan principal is annual (once a year). The schedule of the interest payment is semi-annual (every 6 months)

3.4. Revision of terms and conditions

Any change in the terms and conditions of FT, PMU/PFI's interest income, sub-loan specified above, which could have material impact on the structure and/or nature of this TSL scheme, shall be proposed by PMU, approved by the Steering Committee and then reviewed and concurred by JICA. Such revision shall take effect only on concerned loans and transactions committed after the revision.

4. Sub-Loan operation

4.1. Roles and authorities of PMU

Since this TSL Project is realized by the JICA funds and administrative role played by PMU, it is imperative to have end-borrowers understand that PMU may intervene in the credit appraisal, implementation, administration, monitoring as well as review of sub-loans.

4.2. Sub-loan application to be prepared by an Applicant

4.2.1. Application form

PFI shall adopt the sub-loan application format specifically compiled for this TSL project, and have to collect additional information from end-borrowers, such as their eligibility factors and environmental considerations.

4.2.2. Consultation to potential applicants

PFI shall utilize Credit Appraisal Checkpoints and notify potential applicants their credibility levels in advance, in order to avoid rush of applications from poorly-credible farmers. PFI shall provide advice for potential applicants to improve their credibility.

4.2.3. Application Timing

Applications for sub-loan can be filed whenever applicants need.

4.3. Eligibility Screening on Sub-Loan applications

4.3.1. Screening by Ward / Village Tract Loan Screening Committee

Ward / Village Tract Loan Screening Committee endorses the facts written in application forms.

4.3.2. Screening by DALMS

Township staff officer and village tract clerk of Department of Agricultural Land Management and Statistics (DALMS) of MOALI (the village tract clerk of DALMS is also a member of the Ward/Village Loan Screening Committee) verify that an applicant farmer meets the

farmland-ownership requirements stipulated in this guideline.

4.3.3. Screening by Loan Supervision Committee

Both the Township Loan Supervision Committee and State/Region Loan Supervision Committee endorse the contents written in application forms and issue recommendation as requested. District Loan Supervision Committee does not involve itself in this endorsement process.

	Endorsement of application
Ward/Village Tract Loan Screening Committee	necessary
T/S Loan Supervision Committee	necessary
District Loan Supervision Committee	-
Region/State Loan Supervision Committee	necessary

4.3.4. Screening by PFI

PFI shall verify the information in sub-loan applications by conducting field surveys as needed from the following viewpoints;

- (1) Legal Status of the end-borrower;
- (2) Eligibility of the end-borrower;
- (3) Description of the capital investment to be funded with the sub-loan; and
- (4) Terms and conditions of the sub-loan with specifics of partial disbursements if applicable.

PMU shall accept sub-loan applications accompanied by PFI’s comments and approval. Based on the information provided in those applications, PMU shall verify at least the above items (1)-(4) against the terms and conditions of this TSL Project.

4.4. Credit appraisal and approval of Sub-Loan by PFI

4.4.1. Credit appraisal

Upon receipt of sub-loan applications, PFI (and PMU, as a part of PFI) conducts credit appraisal in accordance with its own guidelines for commercial lending and Credit Appraisal Checkpoints and in compliance with the rules and regulations prevailing in Myanmar. PFI/PMU shall analyze a variety of factors, including viability of farming plan/agribusiness, growth potential, and expected contribution of the concerned sub-project to Myanmar economy.

4.4.2. Collateral

PFI may require collateral for each sub-loan as follows;

- (1) Deposits as collateral: equivalent to 30% of the total sub-loan amount

- (2) Form 7 (Land Use Right Document)
- (3) Properties financed with the concerned sub-loan (i.e. mortgage of movable property)
- (4) Two guarantors

If PFI finds an applicant not credible enough or the requested sub-loan amount excessively large, PFI may require the following collateral;

- (5) Immovable property, except farmland

The immovable property pledged as collateral is required to be insured by fire insurance only when the concerned loan applicant is a group of farmers or an entity deemed equivalent to a group of farmers.

PFI may relax collateral requirements on farmers who attain an effective insurance, i.e. Credit Guarantee Insurance and/or weather index insurance, etc.

4.4.3. Deadline of Screening/Appraisal Process

Upon confirming the compliance with the eligibility requirement and the terms and conditions of sub-loan, PMU/PFI shall notify the applicant the screening/appraisal result. The time period before issuing such notice shall not exceed 45 business days from the date when the concerned sub-loan application from the applicant is accepted by PFI.

4.5. Credit risk management at PFI

PFI bears the credit risk of end-borrowers. In addition to establishing a system to monitor compliance with concerned laws and regulations, PFI needs to establish a solid system for credit risk management.

4.6. Compliance with banking regulations

In appraisal, PFI ensures that sub-loan is operated in compliance with prevailing banking rules and regulations.

4.7. Compliance with the Operating Guidelines

PFI examines whether a sub-loan application and other related documents meet the terms and conditions of sub-loan and this TSL Project.

4.8. Sub-Loan agreement

PFI, after completing its credit appraisal process on a sub-loan application, enters into a sub-loan agreement with the concerned applicant. The sub-loan agreement shall contain the requirements specified in the section 1.4.4.

A side letter duly signed by the applicant must be attached to the sub-loan agreement to certify the eligibility and to pledge observance of obligations under this TSL Project. Those obligations include submission of data required for project monitoring, and cooperation with JICA/PMU/PFI on possible inspections.

4.9. Disbursement of Sub-Loan

PFI shall disburse the sub-loan fund after PFI/PMU receives the Fund Transfer (FT) to the Project Operating Account from the Designated Account. PFI shall inform PMU of disbursement of sub-loan.

4.10. Training for machinery operation and maintenance

If an end-borrower purchases a 4-wheel tractor or a combine harvester, he/she shall take part in a 12-day training course provided in AMD Agricultural Mechanization Station. If the end-borrower hires an operator to operate the purchased machinery, he/she has to have the operator take part in the above-mentioned training course. AMD shall provide such training courses free of charge for end-borrowers as long as its budget allows.

4.11. Prepayment of Sub-Loan

PFI may accept prepayment of the sub-loan, provided that the request for prepayment is genuine wish of the end-borrower and not coerced by PFI.

4.12. Rescheduling of Sub-Loan

4.12.1. Rescheduling of Sub-Loan repayment requested by End-Borrower

Upon request by an end-borrower, PFI may examine and, if deemed appropriate, accept the rescheduling of his/her sub-loan repayment at its discretion as long as the final repayment date is within 5 years from the final disbursement date of the concerned sub-loan.

4.12.2. Rescheduling of Sub-Loan repayment due to extraordinary event

Rescheduling may be granted by PMU to end-borrowers facing difficulty due to occurrence of extraordinary events such as: natural calamities, economic disasters, unforeseen events caused by external forces such as sanctions on Myanmar trade, force majeure cases, etc. Upon occurrence of such events, PMU makes policies on rescheduling.

4.13. Penalties

4.13.1. Unrepaid/Overdue Sub-Loan

Should PFI find any of its sub-loans failing to be repaid on its due date, PFI notifies PMU of such. PFI may apply additional 0.5% penal interest per month on the overdue portion of the sub-loan principal.

4.13.2. Unapproved sales of the fixed assets originally financed with Sub-Loan

If an end-borrower sells the fixed assets financed with his/her sub-loan without obtaining any approval from PFI, PFI can request the concerned end-borrower to prepay all the outstanding amount of the concerned sub-loan regardless of the amount of the sales proceeds. In such cases, PFI could also bring an indictment against the end-borrower.

4.13.3. Misuse of Sub-Loan

If an end-borrower misuses the sub-loan by making investments for objectives not described in his/her sub-loan application, the end-borrower is obliged to prepay the misused amount.

5. Fund management

5.1. Accounts established

GOM, PMU and PFI require opening and maintaining the following bank accounts. Each account shall be opened under the TSL Project's name.

No.	Account Name	Currency	Account Location	Fund Owner
(1)	Loan Account	JPY	Japan (BTMU)	MOPF
(2)	Designated Account	JPY	MEB	MOPF
(3)	Project Operating Account	MMK	MEB	MADB
(4)	Revolving Fund Account	MMK	MEB	MADB
(5)	MADB Income Account	MMK	MEB	MADB
(6)	Repayment Collecting Account	MMK	MEB	MOPF
(7)	MOPF Reserve Fund Account	MMK	MEB	MOPF

(1) Loan Account (JPY)

Immediately after the signing of L/A, MOPF shall open the Loan Account at BTMU (Bank of Tokyo-Mitsubishi UFJ) in Tokyo under the TSL Project's name to receive disbursement from JICA.

(2) Designated Account (JPY)

Immediately after the signing of L/A, MOPF shall open the Designated Account at MEB under the

TSL Project's name to receive disbursement from JICA under the Advance Procedure. Based on the financial forecast by the PMU under the Advance Procedure, the Designated Account would receive proceeds of the loan from the Loan Account by means of direct transfer. The received fund is then swiftly transferred (Fund Transfer) to the Project Operating Account.

(3) Project Operating Account (MMK)

MADB shall open the Project Operating Account at MEB under the TSL Project's name. The JPY fund transferred to the Project Operating Account shall then be converted to MMK by MEB at the exchange rate on the day of withdrawal and be transferred to the Project Operating Account. The fund ownership is transferred from MOPF to MADB upon the Fund Transfer to Project Operating Account. PMU shall inform JICA of the conduct of fund transfer from Designated Account (MMK) to the Project Operating Account.

(4) Revolving Fund Account (MMK)

MADB shall open the Revolving Fund Account at MEB under the TSL Project's name. Principal repayment from end-borrowers shall be pooled in the Revolving Fund Account. It is a fund source for the second and succeeding generations of sub-loan to end-borrowers.

(5) MADB Income Account (MMK)

MADB shall open the MADB Income Account at the MEB Yangon branch under the TSL Project's name. The interest paid from end-borrowers shall first be pooled in the MADB Income Account.

(6) Repayment Collecting Account (MMK)

MOPF shall open the Repayment Collecting Account at MEB under the TSL Project's name. Out of the funds received in the MADB Income Account, 2.5% of interest rate (2.0% for exchange rate risk and 0.5% for Reserve Fund) shall be credited to the Repayment Collecting Account in accordance with the Administration Agreement.

After grace period, 10 years, MADB will start repayment from Revolving Fund Account to Repayment Collecting Account. The Repayment Collecting Account is the account to accept both of interest payment and repayment from MADB.

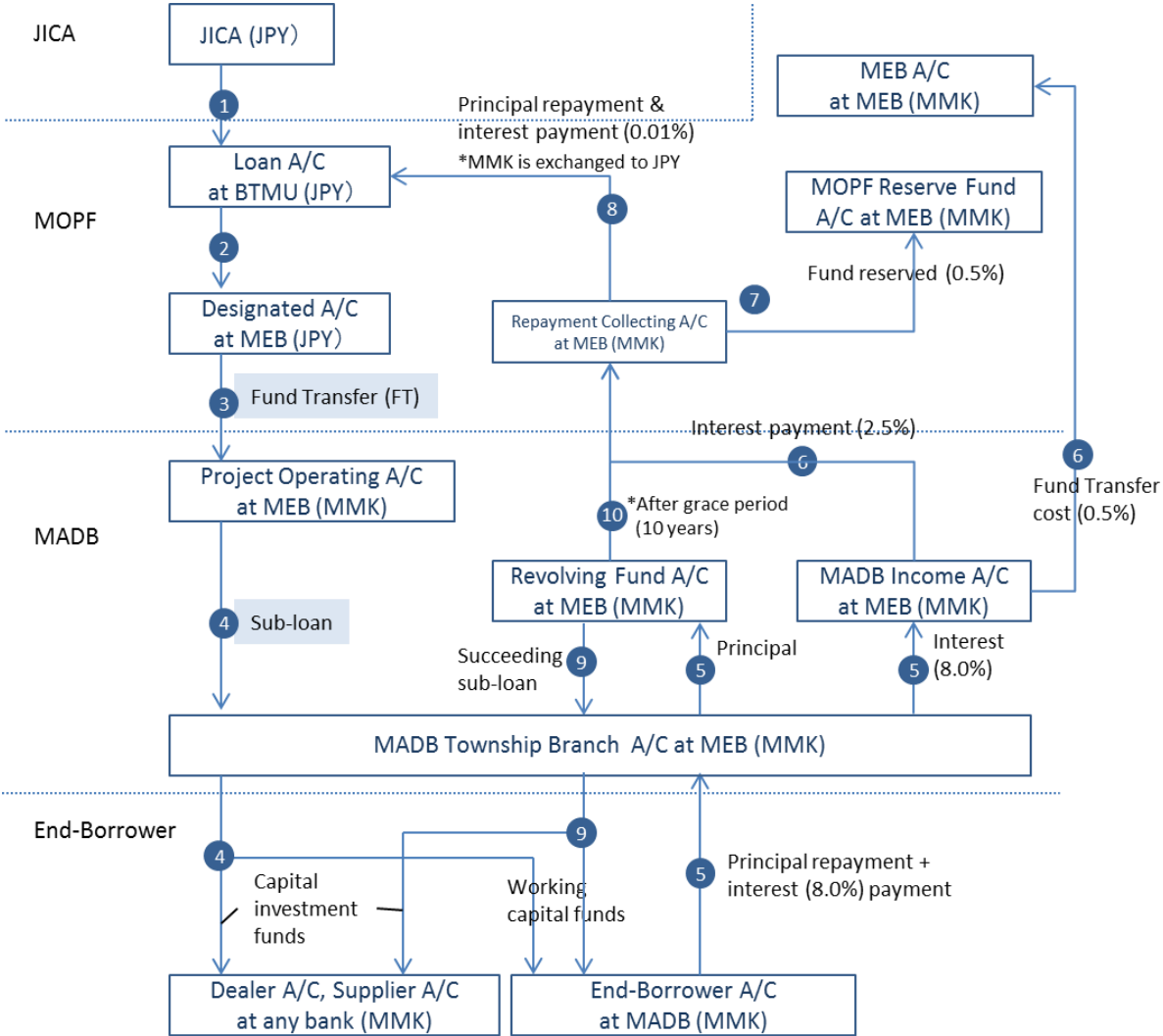
(7) MOPF Reserve Fund Account (MMK)

MOPF shall open the MOPF Reserve Fund Account at MEB under the TSL Project's name. Out of the funds received in the Repayment Collecting Account, 0.5% of interest rate shall be credited to the MOPF Reserve Fund Account in accordance with the Administration Agreement.

MOPF shall establish rules to stipulate usage of the fund and conditions for withdrawal.

5.2. Flow of funds

The fund flow is illustrated in the following chart.



;(Note) Interest rate shall change in compliance with the policy rate. The above rate is an example as of May 2017.

5.3. Receipt of funds from JICA

The disbursement procedures for ODA loan are prescribed in the “Brochure on Advance Procedure for Japanese ODA Loans” issued by JICA, which includes the followings.

- (1) PMU may submit 1 request per quarter, or 3 months, based on forecast of funding needs for the next two quarters, or 6 months. However, if there is unexpected funding needs, PMU may make additional request during the same quarter.
- (2) For the first disbursement, PMU shall prepare following documents: (a) Request for Disbursement (APPENDIX 2.1), (b) Financial Forecast for the next 6 months (APPENDIX 2.2), and (c) document evidencing the opening of the Designated Account.
- (3) For subsequent request for disbursement, PMU shall submit above (a) and (b), as well as (c) document evidencing the balance of Designated Account, (d) Reconciliation Statement

(APPENDIX 2.3) and (e) Statement of Expenditures (SOE, APPENDIX 2.4) supported by evidences such as request from PFI or payment receipt from consultants. Reconciliation Statement shall show Recovery Percentage calculated by dividing cumulative total SOE amount with evidence by the cumulative total amount disbursed from Designated Account. If Recovery Percentage is less than 70%, PMU shall not be allowed to submit request for disbursement, unless JICA determines otherwise.

- (4) In case PMU fails to execute obligations of using Advance Procedure and SOE procedures, disbursement will be suspended.

5.4. GOM responsibility to repay ODA loan in full

There is a possibility that funds stored at Revolving Fund Account becomes short of repaying ODA loans, due to devaluation of MMK against JPY or loss of FTD from default of PFI. In any case, GOM is responsible for making up the shortfall and repaying the ODA loan to JICA in full, in accordance with the L/A.

5.5. Information management

PMU is recommended to develop its own information management system.

6. Promotion of the TSL Project

6.1. Public relations (PR) of the TSL Project

The success of this TSL Project hinges upon raising awareness and fostering understanding among small-/medium-scale farmers of the availability of mid-/long-term low-cost loans.

PMU, with assistance of the consultants, shall take a leading role in developing a promotion strategy and adopting effective promotion measures, including but not limited to; flyers, booklets, brochures, videos, newspaper advertisements, bulletin boards, messages on TV and radio, open seminars/workshops, websites, vocal public announcement by village officials, etc.

PMU may seek cooperation with public and private organizations including but not limited to; Ministry of Agriculture, Livestock, and Irrigation (MOALI), Ministry of Commerce (MOC), Myanmar Rice Federation (MRF), Myanmar Agribusiness Public Corporation (MAPCO), Myanmar Pulses, Beans & Sesame Seeds Merchants Association (MPBSA), Myanmar Food Processors & Exporters Association (MFPEA), JICA, Myanmar-Japan Center for Human Resources Development, etc.

6.2. Advisory Services

MADB shall contribute to the TSL Project by fully exploiting their nationwide branch networks. MADB is advised to establish or designate a particular unit/person at its branch offices to provide advisory service for potential end-borrowers on the application process/benefit of this TSL Project.

Expected assistance to be provided for potential end-borrowers by MADB includes the followings;

- (1) Guidance on basic terms and conditions of Sub-loan under this TSL Project;
- (2) Guidance on eligibility of end-borrowers and sub-projects;
- (3) Guidance on filling Sub-Loan application forms.

7. Monitoring

7.1. Monitoring by PFI

PFI is responsible for monitoring end-borrowers, sub-projects, and sub-loans individually and collectively, whose information shall be updated at least annually through direct/indirect inspections. On the basis of those monitoring activities, PFI shall submit following reports and information to PMU.

- (1) On-going Sub-Project Summary, in a form shown in APPENDIX 3.1, within 15 business days after the end of each quarter
- (2) Report on Current Repayment and Overdue Status, in a form shown in APPENDIX 3.2, within 15 business days after the end of each fiscal year
- (3) Operation and effect indicators for the impact assessment as specified in section 7.5.

PFI is also responsible for providing any other information when requested by JICA and/or PMU.

7.2. Monitoring by PMU

PMU is responsible for monitoring PFI and its management of sub-loans individually and collectively. PMU shall collect information of sub-loans/projects by asking PFI to deliver such.

7.3. Monitoring by Steering Committee

Steering Committee conducts their review periodically in accordance with their assembly meeting schedule, on the basis of the reports compiled by PMU/PFI.

7.4. Inspection by JICA/PMU

For the purpose of monitoring, JICA and/or PMU may initiate inspection of PFI, end-borrowers and/or sub-projects. The following sites and parties may be visited for such inspection, and relevant records and documents may be examined:

- (1) PFI, including their branch offices;
- (2) End-borrowers; and
- (3) Sub-projects' sites, e.g. farmland, a food processing factory.

JICA may entrust PMU to conduct inspections on its behalf. PMU and PFI shall make necessary arrangements to enable orderly and effective inspection.

Also, JICA may inspect PMU, visiting PMU offices and interviewing PMU members.

7.5. Impact Assessment of the TSL Project

JICA shall conduct impact assessments twice under the TSL Project. The first assessment, “ex-ante project evaluation report” will be published soon after the signing of L/A. Prepared based on the information collected through JICA’s appraisal, the report stipulates the followings: 1) project name, 2) necessity and justification of JICA loan, 3) objectives of the TSL Project, 4) project description including schedule at present and result of environmental review, 5) performance indicators (operation and effect indicators), 6) risks due to external factors, 7) evaluation results of past similar projects and lessons learned, and 8) evaluation plan.

Operation and effect indicators for the TSL Project

Indicators	Baseline (2017)	Target (2022) [2 years after the project completion]
Annual gross income of the farmers who used sub-loan (Kyat/year, average of selected sample farmers/ groups of farmers)	To be set at the time of the commencement of actual disbursement to end-borrowers	Increase by 30% from the baseline figure
Number of agricultural machines owned (Aggregate number by items of selected sample farmers/ groups of farmers)	To be set at the time of the commencement of actual disbursement to end-borrowers	Number of machines per 100 households increases : by 5 (4-wheel tractors) by 3 (combine harvesters)
Total amount of term-loans for agriculture capital formulation of MADB (million Kyat)	0	160,000
Number of end-borrowers of term-loans for agriculture capital formulation (yearly average number)	0	5,000
Non-performing loan ratio of the sub-loan of the Project (%)	-	less than 5%, which is the NPL ratio of seasonal loan as of March 2016

The second assessment, “ex-post evaluation” shall be carried out 2 years after the Project Completion Date. In order to assess the TSL Project’s effectiveness, impact, and sustainability, necessary baseline data shall be collected from PMU and the PFI: e.g. farmers’ annual income, harvested amount and financial statements at the beginning and the end of the term of L/A. Such baseline data of

end-borrowers shall be collected at the time of signing sub-loan agreements as mentioned in section 4.8. PFI is obliged to keep the records of data/information of sub-projects and end-borrowers, including the financial statement, until ex-post evaluation is completed. PMU shall prepare and submit to JICA necessary evaluation results including the Operation and Effect Indicators.

8. Reporting to JICA

	Name / Type	Timing	Format / Contents
Concerning all aspects of project implementation			
1	Project Status Report (accompanied by record of quarterly meetings between DOA and MADB office)	Quarterly until the Project Completion Date	Annex I of P/M signed on 5 th September, 2017.
2	Project Completion report	Within 6 months after the Project Completion Date	
Concerning Sub-Loan and Sub-Project			
3	On-going Sub-Project Summary Report	Quarterly until the Project Completion Date	In a form as shown in APPENDIX 3.1.
4	Current Repayment and Overdue Status Report	Annually until 3 years after the Project Completion Date	In a form as shown in APPENDIX 3.2.
Concerning project implementation bodies			
5	Annual Report of Executing Agency and PFI (including balance sheet, profit and loss statement, and auditor's report)	Annually until 3 years after the Project Completion Date	N/A
Concerning fund management			
6	Statements of Designated Account, Project Operating Account, Revolving Fund Account, and <u>Reserve Fund Account</u>	Annually until 3 years after the Project Completion Date	In a form as shown in APPENDIX 4.1. <u>(Statements of Reserve Fund Account are prepared by MOPF)</u>
7	Audit Report on the Statements of Designated Account, Project Operating Account, and Revolving Fund Account	Annually until 3 years after the Project Completion Date (within 9 months after the end of each fiscal year).	In a form as shown in APPENDIX 4.2.
8	Statements of Expenditures (SOEs) and their Audit Reports	Annually until the Project Completion Date (within 9 months after the end of each fiscal year).	In a form as shown in APPENDIX 4.3.

JICA will disclose the information above, upon request from the third party, subject to approval of

MADB.

8.1. Project Status Report

PMU prepares and submits this report to JICA quarterly (within 1 month from the end of March, June, September, December), until the Completion of the TSL Project.

8.2. Project Completion Report

PMU prepares and submits this report to JICA within 6 months after the Project Completion Date.

8.3. On-going Sub-Project Summary Report

PMU prepares and submits this report to JICA quarterly (within 1 month from the end of March, June, September, December), until 3 years after the Project Completion Date.

8.4. Current Repayment and Overdue Status Report

PMU prepares and submits this report to JICA annually, until 3 years after the Project Completion Date.

8.5. Annual reports for this TSL

PMU is required to submit the Annual Reports of the Executing Agency (including the balance sheet, profit and loss statement, and auditor's report) to JICA annually, until 3 years after the Project Completion Date.

8.6. Statements of project-related accounts and their audit reports

PMU shall submit the statements and audit reports of Designated Account, Project Operating Account, and Revolving Fund Account to JICA annually. Under SOE method, all records and accounts related to disbursement from JICA Loan shall be audited by Office of the Auditor General (OAG). The above-mentioned statements and audit reports for each fiscal year shall be submitted within 9 months after the end of each fiscal year, until 3 years after the Project Completion Date.

8.7. SOEs and its audit report

PMU shall submit the SOEs and its audit report for each fiscal year to JICA annually until the Project Completion Date. The SOEs shall be audited by Office of the Auditor General (OAG). The above-mentioned SOEs and its audit report shall be submitted within 9 months after the end of each fiscal year.

8.8. Audit request to OAG

As for the Audit report mentioned in section 8.6 and 8.7, PMU sends Audit Request Letter to OAG through Minister's Office at the beginning of each FY, starting from FY 2018.

APPENDIX 1. Requirements for Agricultural Machinery

If an end-borrower invests in the following agricultural machinery, the machinery, its dealer, distributor, and manufacturer shall satisfy the requirements in this APPENDIX 1:

- 4-wheel tractor,
- combine harvester,
- other machinery which MADB designates

A1.1. Exclusion of investment in low quality machinery

- (1) An end-borrower shall submit the warranty certificates to PMU via PFI after purchasing the machinery with his/her sub-loan.
- (2) An end-borrower shall notify chassis number and engine number to PMU via PFI. If the purchased machinery is a combine harvester, PMU shall inquire the concerned official distributor whether the harvester is a genuine official product.
- (3) Dealers and/or manufacturers shall supply spare parts and maintenance/repair service in prompt and timely fashion, if problems occur to purchased machinery.

A1.2. Promotion of investment in high quality machinery

- (1) A manufacturer shall establish training centers in Myanmar, for the purpose of providing trainings for distributors/dealers and end-users including governmental agency officials.
- (2) A dealer may sell agricultural machinery in a region/state only if the dealer has at least one “shop” in the region/state. The “shop” is defined as a dealer Head Quarter/branch or a sub-dealer’s one.

*End-borrowers can choose any dealer that satisfies the above conditions. End-borrowers do not need to buy machines within the region/state where they live in.

- (3) A dealer/distributor/manufacturer shall provide free-of-charge technical operation/maintenance training and after-sales maintenance service on the following machinery for end-borrowers;

	Minimum free-of-charge technical operation/maintenance training time	Free-of-charge maintenance
4-wheel Tractor	1 hour	3 times
Combine Harvester	2 hour	3 times

If a standard duration of training is insufficient for an end-borrower, or, if MADB requests, the concerned dealer/distributor/manufacturer extends the training duration as reasonably needed.

- (4) A dealer/distributor/manufacturer shall provide instruction manuals and warranty certificates written in Myanmar language. Original warranty certificates may be provided in English.

A1.3. Monitoring

When PMU/PFI executes the annual monitoring on end-borrowers, PMU/PFI shall collect feedbacks about purchased machinery and quality of after-sales service in order to check the compliance with the

above-stated requirements. If a dealer/distributor/manufacturee fails to meet those requirements or if feedbacks on a dealer/distributor/manufacturee present/imply their serious incompetence (including misdeed, negligence, fraud, and any other activity undermining end-borrowers' benefit), PMU shall report those issues to Steering Committee. Steering Committee decides whether to impose any penalty, including how long to deny such a dealer/distributor/manufacturee access to this TSL project.

APPENDIX 2. Forms of Advance Procedure for Japanese ODA Loans

A2.1. Request for Disbursement

Form RFD (A)

Request for Disbursement
to D/A Name : [Account no. or name]

Request for Disbursement
Request for Disbursement (in installments)
Request for reporting justified expenditures only

Date:
Application Serial No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY
Attn: [Name of the Department or JICA Office in charge]

Ladies and Gentlemen:

Pursuant to the Loan Agreement No. _____ dated _____, between the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as "JICA") and (the Borrower) (hereinafter referred to as the "Loan Agreement"), the undersigned hereby requests for Advance Disbursement, under the said Loan Agreement, of ¥ _____ in number (Say Japanese Yen _____ in wording) by being paid to the Loan Account of (Agent Bank of the Borrower) with (Paying Bank), Tokyo, Japan, from which (Agent Bank of the Borrower) transfers the amount to the Designated Account.

1. The undersigned has prepared the accompanying documents (including the Financial Forecast, if applicable) in good faith. The undersigned has not obtained nor will obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to the undersigned except short-term loans or credits, if any, established in anticipation of the disbursement requested for herein and to be repaid pro-tanto with the funds disbursed hereunder and any charges, commission or interest paid or payable under such anticipatory short-term credits are not included in the amount herein requested to be disbursed.
2. Required documents as per the Loan Agreement attached to this request shall form an integral part hereof.

Very truly yours,

(Name of the Borrower)

(Authorized Person's Signature, Name & Title)

A2.2. Financial Forecast

FINANCIAL FORECAST STATEMENT

PROJECT NAME: xxxxxxxx
 LOAN NO.: IA-XXX
 DATE: 2012/7/1

Convert total amount at market rate to JPY
 ex. JPY1=LC10, FC(JPY)

Serial No.	Particulars	Term 1						Term 2						Fund Requirements for Next 2 Terms		Fund Requirements for Advance Procedure in JPY
		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		Local Currency	Foreign Currency	JPY
		LC	FC	LC	FC	LC	FC	LC	FC	LC	FC	LC	FC			
1																
1.1	Civil Works & Equipments	450		450		500		550		550		600		3,100	-	310
	Fund forecast per Lot															
	<i>Subtotal</i>	450	-	450	-	500	-	550	-	550	-	600	-	3,100	-	310
2																
2.1	Consulting Services		30		30		30		35		35		35	-	195	195
2.2	Training	300		-		-		300		-		-		600	-	-
	<i>Subtotal</i>	300	30	-	30	-	30	300	35	-	35	-	35	600	195	195
3	Total (1+2)	750	30	450	30	500	30	850	35	550	35	600	35	3,700	195	505

NOTES: Forecast will be used for determining the amount of advances to be made.

(JPY)

D/A: Civil Works & Equip.	310
D/A: Consulting Services	195

A2.3. Reconciliation Statement

RECONCILIATION STATEMENT

LOAN NO.: _____ APPLICATION NO.: _____
 NAME: _____ (Borrower or E/A)
 REPORTING PERIOD: From _____ To _____
 CATEGORY: _____
 DESIGNATED ACCOUNT: Bank Name _____ Account NO. _____
 DATE: _____

		(in Japanese Yen)	
Detail	Current Period	Cumulative	
Beginning cash balance			
1. D/A balance as of _____			-
ADD: Advances from JICA			
2. Advances credited to D/A			
3. Amount claimed but not yet credited as of the date of the bank statement	-		-
4. Total cash available (1+2+3)	-		- a
LESS: Advances withdrawn from D/A			
5. Total amount justified by supporting documents			- b
6. Total amount withdrawn but not yet justified by supporting documents	-		#VALUE! c (d-b)
7. Total withdrawn (5+6)			#VALUE! d (a-e)
8. Cash available less withdrawn (4-7)	-		-
Closing cash balance			
9. D/A balance as of _____	RS e		-
<i>Difference (8-9) should be zero</i>			
	#VALUE!	#####	
<i>Recovery Percentage (Total justified amount / Total amount withdrawn from D/A)</i>	<small>The percentage stipulated on the L/A</small>	70%	#VALUE! b/d #VALUE!

		(in Japanese Yen)	
Detail	Next Period		
Forecast of amount needed for next 2 periods			
10. Total Fund requirement			
11. Amount requested to be advanced (10-9)	#VALUE!		f
<i>(Reference)</i>			
<i>Unjustified Amount when request for advance above is approved</i>	#VALUE!		a+f-b

 Authorized Signature(s), name, and title of representative
 of the agency who administers the Designated Account

- NOTES:
 1 Copy of bank statement for the period should be attached
 2 _____ is automatically calculated.

REMARKS:

A2.4. Statement of Expenditures (SOE)

Form SOE (A)

STATEMENT OF EXPENDITURE

Advance Procedure

PROJECT _____ D/A NO. _____ DATE _____
 LOAN NO. _____ CATEGORY _____ APP. NO. _____

No.	JICA CONC. NO./CONTRACT No.	NAME OF SUPPLIER	NATIONALITY	Month/Date of Payment	Description	Amount Paid (without Tax)	Disbursement %	Amount for JICA Financing in Contract Currency	Exchange Date *	Exchange Rate	Amount for JICA Financing in Request Currency (JPY)
JICA CONCURRENCE NO.											
1											
2											
3											
SUBTOTAL (JICA CONC. NO.)						-		-		JPY	-
JICA CONCURRENCE NO.											
1											
2											
3											
SUBTOTAL (JICA CONC. NO.)						-		-		JPY	-
CONTRACTS NOT REQUIRING CONCURRENCE											
1											
2											
3											
SUBTOTAL (CONTRACTS NOT REQUIRING CONCURRENCE)						-		-		JPY	-

The undersigned certifies that the Supplier(s) and payments stated above are procured according to the applicable guidelines and eligible under the Loan Agreement.

TOTAL AMOUNT in JPY _____

For (Name of the Borrower)

* Exchange Date: the date of withdrawal from D/A

 Authorized Person's Signature,
 Name & Title

A3.2. Report on Current Repayment and Overdue Status

Form of Current Repayment and Overdue Status Report
(As of DD/MM/YYYY)

1. Sub-loans from the Project Operating Account (1st generation)

(million Kyat)

Duration of arrears	Number of the Sub-Loans with arrears	Total Amount of Arrears	Total loan amount of Sub-Loans with arrears	Total repaid amount from Sub-Loans identified in each category
3 to 6 months				
6 months to 1 year				
1 to 2 years				
Over 2 years				

2. Sub-loans from the Revolving Fund Account (2nd - and succeeding-generation)

(million Kyat)

Duration of arrears	Number of the Sub-Loans with arrears	Total Amount of Arrears	Total loan amount of Sub-Loans with arrears	Total repaid amount from Sub-Loans identified in each category
3 to 6 months				
6 months to 1 year				
1 to 2 years				
Over 2 years				

Note: This report only covers the sub-loans of which principals are in arrear.

Date:
Name and Title:

(Authorized Signature)

APPENDIX 4. Reporting to JICA

A4.1. Statements of Designated Account, Project Operating Account, Revolving Fund Account and Reserve Fund Account

Statements of Designated Account, Project Operating Account and Revolving Fund Account for MY/P18

(Covering Period: From DD/MM/YYYY To DD/MM/YYYY)

No.	Category	Amount
Designated Account		
1	Opening Balance (million JPY)	
	Total Revenue	
2	Disbursement from JICA (million JPY)	
	(Ref) Equivalent amount in million MMK	
	Total Expenditure	
3	Transfer to the Project Operating Account (million JPY)	
	(Ref) Equivalent amount in million MMK	
	Closing Balance (1+2-3) (million JPY)	
Project Operating Account		
4	Opening Balance (million MMK)	
	Total Revenue	
5	Fund Transfer from the Designated Account (million MMK)	
	Total Expenditure	
6	Sub-loan disbursement to end-borrowers (million MMK)	
	Closing Balance (4+5-6) (million MMK)	
Revolving Fund Account		
7	Opening Balance (million MMK)	
	Total Revenue (8+9)	
8	Principal Repayment from the end-borrowers on the 1st-generation Sub-Loans (million MMK)	
9	Principal Repayment from the end-borrowers on the Sub-Loans from the Revolving Fund (2nd- and succeeding generation) (million MMK)	
	Total Expenditure	
10	Disbursement of the 2nd and succeeding generation of Sub-Loans to the end-borrowers from the Revolving Fund (million MMK)	
	Closing Balance (7+8+9-10) (million MMK)	

Note: This statement should be prepared by PMU.

Date:

Name and Title:

(Authorized Signature)

Statements of Reserve Fund Account for MY/P18

(Covering Period: From DD/MM/YYYY To DD/MM/YYYY)

No.	Category	Amount
Reserve Fund Account		
1	Opening Balance (million MMK)	
	Total Revenue	
2	Fund Transfer from Repayment Collecting A/C (million MMK)	
	Total Expenditure (3+4)	
3	Costs relevant to Credit Guarantee Insurance (million MMK)	
4	Other costs supporting agriculture industry <i>Note: Please describe actual usage below:</i> ✓ _____ ✓ _____ (million MMK)	
	Closing Balance (1+2-3-4) (million MMK)	

Note: This statement should be prepared by Treasury Department of MOPF.

Date:

Name and Title:

(Authorized Signature)

A4.2. Audit Report on the Statements of the Designated Account, Project Operating Account and Revolving Fund Account

[Form] Audit Report on the Statements of the Designated Account, Project Operating Account and the Revolving Fund Account

To: Myanmar Agriculture Development Bank

Date: []

We have audited the accompanying Statements of the Designated Account, Project Operating Account and the Revolving Fund Account relating to the Project for the Agriculture and Rural Development Two Step Loan under Loan Agreement No. MY/P18 for the year(s) []. The said Statements are the responsibility of Myanmar Agriculture Development Bank's management. Our responsibility is to express an opinion on the said Statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards [or relevant national standards or practices], and accordingly, included such tests of the accounting records, and other auditing procedures necessary to confirm that:

- (a) the proceed of the Loan are used for the purpose of the Project;
- (b) the claims to the Designated Account, Project Operating Account and the Revolving Fund Account are made only for expenditures on eligible items under the Loan; and
- (c) the Statements of the Designated Account, Project Operating Account and the Revolving Fund Account are correct.

During the course of the audit referred to above, the said Statements and the concerned documents, together with the procedures and internal controls involved in their preparation, were examined, and they can be relied upon to support the related disbursement under the aforesaid Loan Agreement.

On the basis of the information and explanations that have been obtained as required and according to the best of our information as a result of the test audit, it is certified that the Statements of the Designated Account, Project Operating Account and the Revolving Fund Account read with the observations set out below represent a true and fair view of the implementation of the Project for the year.

[Name of the Auditor]
[Title of the Auditor]
[Name and Address of Audit Firm]
[Completion Date of Audit]

A4.3. Audit Report on Statements of Expenditures (SOEs)

[Standard Form] Audit Report on Statements of Expenditures

To: Myanmar Agriculture Development Bank

Date: []

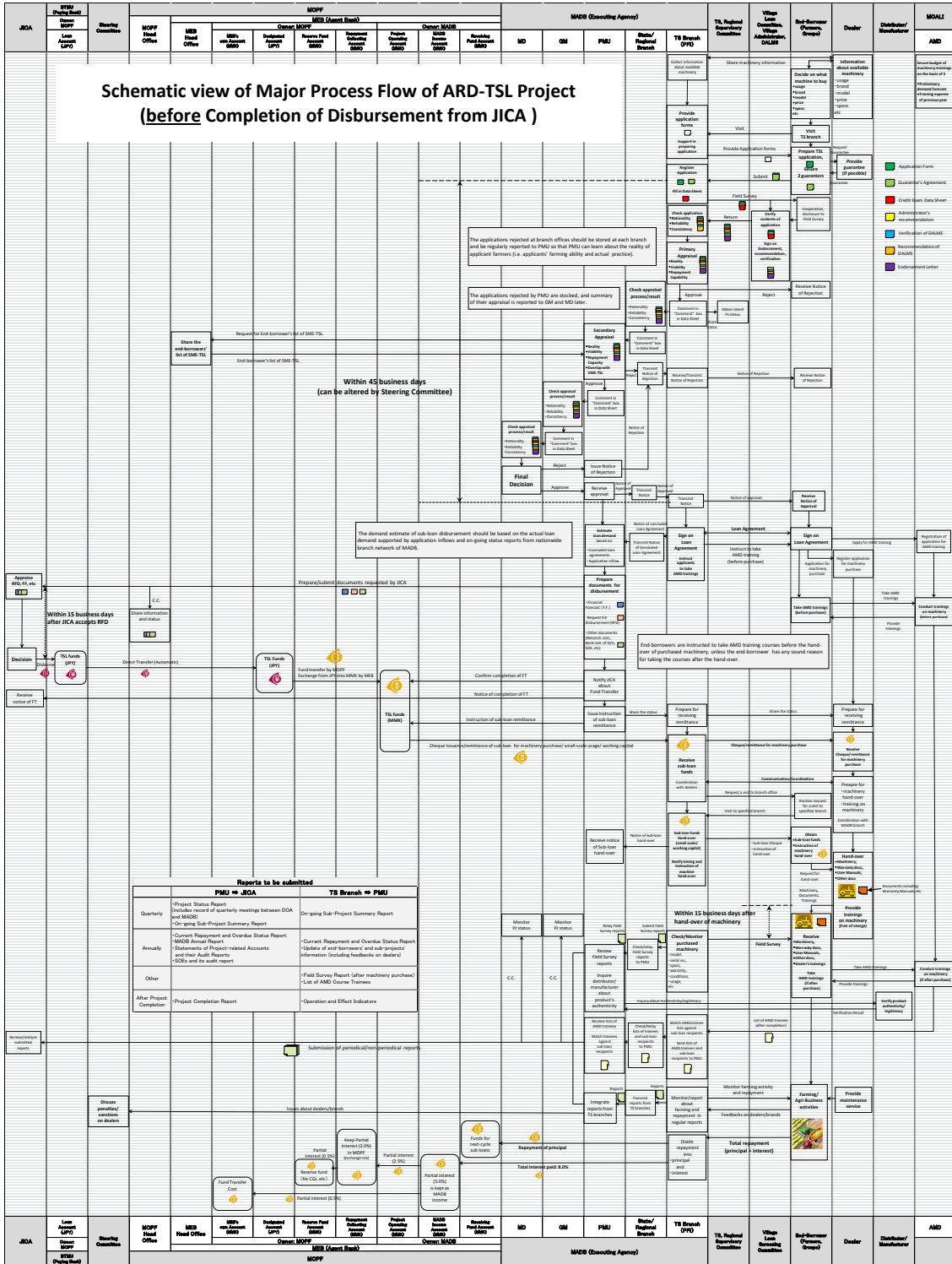
We have audited the accompanying Statements of Expenditures (SOEs) of the Project for the Agriculture and Rural Development Two Step Loan financed under Loan Agreement No. MY/P18 for the year(s) []. The SOEs are the responsibility of Myanmar Economic Bank's management. Our responsibility is to express an opinion on the SOEs based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards [or relevant national standards or practices]. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the SOEs are free of material misstatement. An audit includes verifying the SOEs with accounting records and supporting documentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, with regard to the SOEs, adequate supporting documentation has been maintained to support claims to the JICA for reimbursements of expenditures incurred; and which expenditures are eligible for financing under the Loan Agreement.

[Name of the Auditor]
[Title of the Auditor]
[Name and Address of Audit Firm]
[Completion Date of Audit]

Appendix 2: Schematic view of operational flows of ARD-TSL (as of March 2018) (another enlarged poster version to be submitted together)



Appendix 3: Credit Examination data sheet for ARD-TSL (as of March 2018)

Credit Examination Data Sheet (2): Customer's Business Information

Farm Production Programme (Previously Form #2)															
Father's Name					Mother's Name										
No. of Household Members															
~12yrs old			Male			Female									
12yrs old-			Male			Female									
Working Days (Total No. of days)															
Permanent (Family)					Latest yr			Next 1 yr							
Temporary (Hired)					Latest yr			Next 1 yr							
Statement of Farm Production															
Unit of Production Quantity															
Unit of Value															
Cultivated Area				Actual Production				Estimated Production							
Field		Land		Areas		Crop		Total		Seed		Own Use		Selling (A)	
Name		No.		Title #		(Acre)		Name		Quantity		Quantity		Value	
(1)	(2)	(3)	(4)	(5)	(6)	(9)	(10)	(6)	(7)	(8)	(9)	(10)			
Note: Total of Column (6) must be equal to the Total of Column (7), (8) & (9).															
Estimated Non-Farming Net Income (B)															
Detailed in the sheet 'Details of Non-Farming Incomes/Expenses (for the Next 1 Year)', if necessary.															
Estimated Production Cost															
(a) To be described in accordance with period for hiring services, labours, cows & buffalos															
(b) To be described in accordance with input quantity of crops															
Kind of business			Kind of Crop			Period/Quantity			Expenses (C)			Remarks			
(1)			(2)			(3)			(4)			(5)			
(a) External Labor Charges															
hiring labor cost															
tilling cost															
transplanting cost															
weeding cost															
natural fertilizer cost															
labour cost for pesticide															
harvesting cost															
weighting & transport cost															
others															
(b) Inputs															
fertilizer															
pesticide															
others															
Total															
Estimated Household Consumption Expenses (D)															
(a) Expenses for household consumption, dressing & living during the year (MMK)															
(b) Expenses for household's health, education & social activities (MMK)															
Total Possessed Value of House and Farm Machineries															
Particular		Quantity		Period to be continued and used		Estimated value			Remarks						
(1)		(2)		(3)		(4)			(5)						
House															
Barn															
Buffalo, Cow															
Cattle															
Ploughshare															
Pump set															
Power Tiller															
Others															
Total															
Summary of Farming/Business Operations to be Financed with the Applied Loan															
Estimated Net Profit =(A)+(B)-(C)-(D) (thousand MMK)															
Revenue/Profit Contribution (for the Next 1yr)						Revenue:			Profit:						

Details of Non-Farming Incomes/Expenses (for the Next 1 Year)

Non-Farming Incomes						
Rental Fees (New)						
Machine/ Equipment	Rentee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Other Incomes (Including Existing Rental Revenues)						
Product/ Service	Payer	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Total Non-Farming Income						

Non-Farming Expenses						
Rental-Related Expenses (New)						
Product/ Service	Payee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Other Expenses (Including Existing Rental Costs)						
Product/ Service	Payee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Total Non-Farming Expense						
Non-Farming Net Income						

Credit Examination Data Sheet (3): Loan Information

Customer No.	
Customer Name	

Loan Details

Loan Status & Conditions			
Loan Status		0 (Not approved), 1 (Approved but not disbursed), 2 (Disbursed but not fully repaid), 3	
Loan Type		11 (Term loan: Up to 4yr), 12 (Term loan: 4yr+), 20 (Seasonal loan), 99 (Others)	
Loan Amount (Latest) (A)		As of (date)	
Loan Amount (Original)			
Lending Period	From:	To:	yr mo
Interest Rate Details			
Type		Base Rate	
Spread		Applied Rate	

Loan Purpose

Type of Financing Need		1 (Working capital), 2 (Capital expenditure), 9 (Others)	
Details of Financing Need	Working Capital	110 (Purchasing inputs): 111 (Seeds), 112 (Fertilizer), 119 (Other inputs) 120 (Settlement fund), 130 (Bonus fund), 199 (Others)	
	Capital Expenditure	210 (Equipment): 211 (Farming machine), 212 (Food processing machine), 219 (Other equipment) 220 (Construction): 221 (Warehouse), 222 (Factory), 229 (Other construction) 230 (Renovation/extension): 231 (Warehouse), 232 (Factory), 239 (Other renovation) 299 (Others)	
Details of Loan Usage			
#	Payee Name	Amount to be Paid	Purchased Item/Material

Repayment Capability

Fund Uses (for the next 1yr)		Fund Sources (for the next 1yr)	
Business Operations (B)			
Total Production Cost		Farming income	
Purchase of equipments + Working Capital		Non-farming income (net)	
Financing			
Loan repayment to MADB (C)		New loan from MADB	
Int. payment to MADB (D)			
Loan repayment to others (E)		New loan from others	
Int. payment to others (F)			
Savings		Interest earned	
Other Activities (G)			
Living expenses		Other incomes	
Total		Total (H)	
Fund available for loan payment (principal & int.) = (H) - {(B)+(G)} = (I)			
Loan repayment (principal only) = (C)+(E) = (J)			
Loan repayment capability = (I) / (J) (%) : Should exceed 167%.			
Score (0-100)			

Security					
Collaterals					
1	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
2	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
3	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
4	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
5	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
6	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
Total (Risk Adjusted) (K)			Coverage (K)/(A)		Score (0-100)

Guarantees						
1	Category	10 (Private guarantee), 20 (Institutional guarantee); 21 (Myanmar Insurance (Credit Guarantee Insurance or GCI)), 22 (Dealer for farming machine), 99 (Others)				
	Valuation as of (date)			Guarantor's Name		
	Guarantor's NRC No.			Father's Name		
	Guarantor's Address					
	Guarantor's Assets	(Total)		(Total)		
	(1)		Value		Value (Risk Adjusted)	
	(2)		Value		Value (Risk Adjusted)	
	(3)		Value		Value (Risk Adjusted)	
Cumulative Guarantees	(To be deducted from assets)	Value		Value (Risk Adjusted)		
2	Category	10 (Private guarantee), 20 (Institutional guarantee); 21 (Myanmar Insurance (Credit Guarantee Insurance or GCI)), 22 (Dealer for farming machine), 99 (Others)				
	Valuation as of (date)			Guarantor's Name		
	Guarantor's NRC No.			Father's Name		
	Guarantor's Address					
	Guarantor's Assets	(Total)		(Total)		
	(1)		Value		Value (Risk Adjusted)	
	(2)		Value		Value (Risk Adjusted)	
	(3)		Value		Value (Risk Adjusted)	
Cumulative Guarantees	(To be deducted from assets)	Value		Value (Risk Adjusted)		
Total (Risk Adjusted) (L)				Coverage (L)/(A)		Score (0-100)

Credit Examination Data Sheet (4): Overall Evaluation

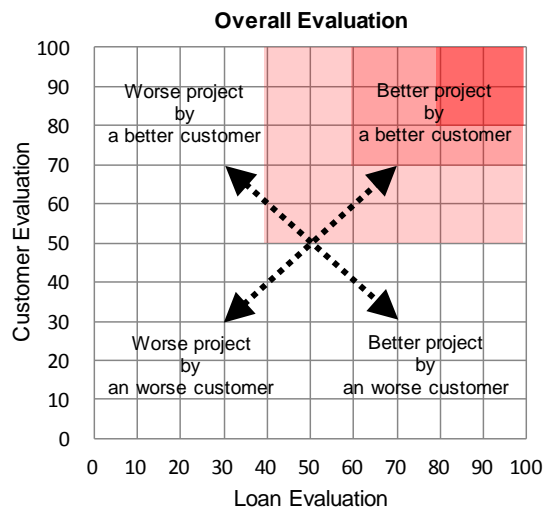
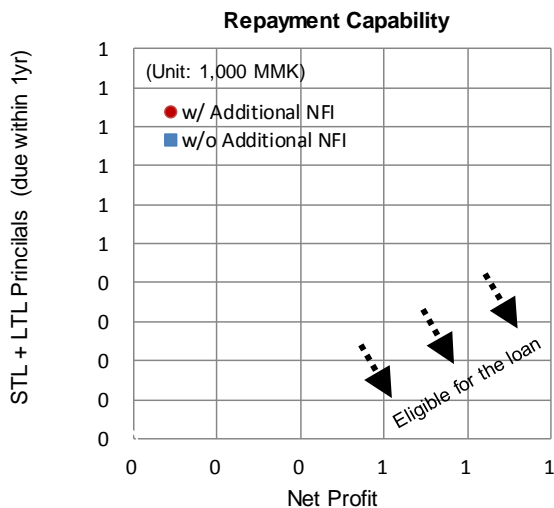
Customer No.	
Customer Name	

Customer Attributes	CustomerType		
	Type of Business		
	Relevant Product		
	Size of Farm Land		acre

Loan Purpose	
---------------------	--

Customer Evaluation					
Category	Item	Result	Score	Weight	Adjusted
Financial Analysis	Revenue/Profit Trend (Past 3yrs)			20	
Track Record	Overall Evaluation			30	
Productivity/	Revenue/Profit Trend (for next 1yr)			30	
Efficiency	% Change in Land Productivity			10	
Analysis	% Change in Labor Productivity			10	
Total				100	

Loan Evaluation				
Category	Item	Score	Weight	Adjusted
Repayment	Score for the capability to repay the loan from MADB		80	
Collateral	Score for the coverage by collateral		10	
Guarantee	Score for the coverage by guarantee		10	
Total			100	



Comments

Appendix 4: The package of application documents (other than Credit Examination Data Sheet)

(Application Forms: Myanmar and English)

ပူးတွဲ(က)

(ချေးငွေအဆိုပြုလွှာ နှင့်အတူ ပူးတွဲတင်ပြရန်)

သို့

မန်နေဂျာ
 မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်
 မြို့

ရက်စွဲ ။ ခု၊

လ၊ ရက်

၁။ မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ် မြို့နယ်ဘဏ်ခွဲမှ ()
 အတွက် ချေးငွေကျပ်

() ထုတ်ချေးရန်အတွက် တောင်သူလယ်သမားအစုအဖွဲ့ကို အောက်ပါအတိုင်း
 ဖွဲ့စည်း ထားပါသည်။ အစုအဖွဲ့ဝင်များက အစုအဖွဲ့ခေါင်းဆောင်အဖြစ် ဦး/ဒေါ် ----- ကို
 ရွေးချယ်တင်မြှောက် ပါသည်။

စဉ် အမည် အဘအမည် နိုင်ငံသားစိစစ်ရေး ပိုင်ဆိုင်သည့်ဧက
 နေရပ်လိပ်စာ

ကတ်ပြားအမှတ်

(ကျေးရွာခွဲ)

(၁)

.

(၁၀)

၂။ ဘဏ်ချေးငွေကို အသုံးပြုမည့် ရည်ရွယ်ချက်
 (ဥပမာ - ချေးငွေကျပ် ကို ဝယ်ယူရန် /
 တည်ဆောက်ရန် / ပြင်ဆင်တိုးချဲ့ရန်အတွက် ချေးငွေရယူလိုခြင်း ဖြစ်ပါသည်။)

၃။ မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်သို့ ချေးငွေ၏ ၃၀% ကိုလည်းကောင်း ၊
ဘဏ် သို့ အစုရှယ်ယာအတွက်ကိုလည်းကောင်း အောက်ပါအတိုင်း
 ငွေပေးသွင်းမည် ဖြစ်ပါသည်။

စဉ် အမည် စုဆောင်းငွေပမာဏ (ကျပ်) အစုရှယ်ယာ (ကျပ်)

(၁)

(၂)

(၃)

(၁၀)

ပူးတွဲ(က)

စုစုပေါင်း

၄။ အစုအဖွဲ့ဝင်များက အာမခံတင်သွင်းမည့် အမျိုးအမည်နှင့် တန်ဖိုးများမှာ အောက်ပါ အတိုင်း ဖြစ်ပြီး ချေးငွေမကျေမချင်း ဘဏ်သို့ အာမခံပစ္စည်းအဖြစ် တင်သွင်းပါသည် -

အဖွဲ့ဝင်အမည်	ပုံစံ		မရွှေ့မပြောင်း နိုင်သောပစ္စည်း				ရွှေ့ပြောင်း နိုင်သော ပစ္စည်း	
	၈	၉	၁၀	၁၁	၁၂	၁၃	၁၄	၁၅
၂	၃	၄	၅	၆	၇	၈	၉	၁၀

၅။ အစုအဖွဲ့ဝင်များအနေဖြင့် ချေးငွေကို အောက်တွင်သတ်မှတ်ထားသည့် အရစ်ကျအရင်းနှင့် အတိုးကို ပေးဆပ်ပါမည်။ ပေးဆပ်ရန် ပျက်ကွက်ပါက အရင်း နှင့်တကွ ကျသင့်အတိုးအပြင် စတင် ပျက်ကွက်သည့် နေ့မှစ၍ ဒဏ်တိုးကို ပေးဆောင်မည် ဖြစ်ပါသည်။

အမည်	ပြန်လည်ပေးဆပ်မည့် ချေးငွေရင်း ပေးဆပ်မှု (ကျပ်)				
	ပထမ အရစ်	ဒုတိယ အရစ်	တတိယ အရစ်	စတုတ္ထ အရစ်	ပဉ္စမ အရစ်
ပေါင်း					

အဖွဲ့အနေဖြင့်သာ ထုတ်ချေးသည့်ချေးငွေဖြစ်၍ အထက်ဖော်ပြပါ ဇယားအရ တစ်ဦးချင်း အနေဖြင့်သော်လည်းကောင်း ၊ အဖွဲ့ဝင်အားလုံး အနေဖြင့်သော်လည်းကောင်း ချေးငွေ ပြေကျေ ရေးအတွက် တာဝန်ရှိပါသည်။

၆။ ဘဏ်ချေးငွေဖြင့် ဝယ်ယူထားသော / တည်ဆောက်ခြင်း / မွမ်းမံခြင်း / တိုးချဲ့ခြင်း ပြုလုပ်သော ကိ မသိသို့ သုံးစွဲမည်ကို ညှိနှိုင်းပြီး အကယ်၍ အငြင်းပွားမှုများ -၃- ။ ဖြစ်ပွားပါက မိမိ ပူးတွဲ(က) ညှိနှိုင်းဆောင်ရွက် ရမည်ဖြစ်ကြောင်းနှင့် မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်မှ ဖြေရှင်းပေးမည် မဟုတ်ကြောင်းကို သိရှိပါသည်။

၇။ အဖွဲ့ဝင်များသည် ဘဏ်ချေးငွေဖြင့် ဝယ်ယူထားသော လယ်ယာသုံးစက် / လယ်ယာ သုံးယာဉ် / ဆန်စက် / ဆီစက် / စားသောက်ကုန်ထုတ်လုပ်သည့်စက်/----- စသည်များကို ချေးငွေ မကျေမချင်း ဘဏ်သို့အာမခံ တင်သွင်းမည်ဖြစ်ပါသည်။ အဆိုပါ များအား ရောင်းချခြင်း ၊ ပေါင်နှံခြင်း ၊ ပေးကမ်းခြင်း အခြားနည်းလမ်းဖြင့် လွှဲပြောင်းခြင်း မပြုရန်နှင့် မပျက်စီးအောင် ထိန်းသိမ်းထားရန် ကတိပြုပါသည်။

၈။ အမြတ်ခွဲဝေမှု

၉။ TSL ချေးငွေအတွက် ပူးတွဲ-၁ (က) အချက်နှင့်အညီ ဆောင်ရွက်ပြီးမှုအခြေအနေ၊

၁၀။ အခြားတင်ပြလိုသည့် အချက်

၁၁။ မြို့နယ်ဘဏ်ခွဲက အစုအဖွဲ့ဝင်များ၏ ကိုယ်စား အစုအဖွဲ့ခေါင်းဆောင်၏ မြန်မာ့စီးပွား ရေးဘဏ်ခွဲရှိ Current A/C သို့ Crossed Cheque ဖြင့် ငွေပေးချေခြင်းကို သဘော တူညီကြောင်း ၎င်းအပြင် ပေးချေသောငွေ နှင့် ထုတ်လုပ်သူ / ရောင်းချသူ / ဖြန့်ဖြူးသူ တို့၏ Current A/C သို့ Crossed Cheque ဖြင့် ပေးချေသော ချေးငွေအားလုံးမှာ မိမိတို့ အားလုံးနှင့် သက်ဆိုင်ကြောင်း နားလည်သဘောပေါက်၍ စည်းကမ်းချက်များကို လိုက်နာမည်ဖြစ်ပါကြောင်း မြို့နယ်မန်နေဂျာ ရှေ့မှောက်တွင် အောက်ပါအတိုင်း လက်မှတ်ရေးထိုးပါသည်။

()	()
	()	
အဖွဲ့ဝင်		အဖွဲ့ဝင်	
အဖွဲ့ဝင်			
()	()
()		

နဆခ(၁) အဖွဲ့ဝင်
အစုအဖွဲ့ခေါင်းဆောင်

အဖွဲ့ဝင်

မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်
နှစ်တို/နှစ်ရှည် ချေးငွေအဆိုပြုလွှာ

ဂျပန်နိုင်ငံအစိုးရ၏ အကူအညီ JICA (Two Step Loan) ချေးငွေဖြင့် ပြည်ထောင်စု သမ္မတ မြန်မာနိုင်ငံတော်အစိုးရ (ကိုယ်စား) မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်မှ ထုတ်ချေးပေး သော ချေးငွေ ကျပ် ကို ရယူရန်အတွက် လျှောက်ထားအပ်ပါသည်။

၁။ အဆိုပြုသူအမည်	
၂။ (က) အဖွဲ့ဝင်၏ ငွေစုစာရင်းအမှတ်/အစုအဖွဲ့အမှတ် (ခ) နိုင်ငံသားစိစစ်ရေးကတ်အမှတ်	
၃။ အဘအမည် အမိအမည်	
၄။ ပါဝင်သည့်ရပ်ကွက် /ကျေးရွာအုပ်စု/အသင်းအဖွဲ့ မြို့နယ်	
၅။ (က) လုပ်ကိုင်သည့် ကွင်းအမည် နှင့် အမှတ် (ခ) ဦးပိုင်အမှတ်	
၆။ စိုက်ပျိုးမည့် သီးနှံများ နှင့် ဧရိယာ	
၇။ ချေးယူလိုငွေပမာဏ	
၈။ မည်သည့်ကိစ္စအတွက် ချေးယူလိုသည်	
၉။ (က) ဝယ်ယူလိုသည့်စက် / ယာဉ် / အဆောက်အအုံ အမျိုးအစား အရေအတွက် (ခ) ကာလတန်ဖိုး	
၁၀။ လက်ရှိစက်ပစ္စည်းအရေအတွက်	
၁၁။ နှစ်ပေါင်းမည်မျှအတွင်း အရစ်ပေါင်းမည်မျှဖြင့် ပြန်လည်ပေးဆပ်ပါမည်။	

၁။ ကျွန်တော်/ ကျွန်မသည် ဂျပန်အစိုးရ၏ အသေးစားနှင့်အလတ်စား နှစ်ဆင့်ချေးငွေ (TSL“SME) မှ ချေးငွေရယူထားခြင်း မရှိပါ။

၂။ ကျွန်တော်/ ကျွန်မသည် အောက်ပါ စီးပွားရေးလုပ်ငန်းများကို လုပ်ကိုင်ခြင်း မရှိပါ -

- (က) လူမှုပတ်ဝန်းကျင်နှင့် သဘာဝပတ်ဝန်းကျင်အား ထိခိုက်စေမည့် စီးပွားရေးလုပ်ငန်းများ လုပ်ကိုင်ခြင်း၊
- (ခ) မူးယစ်ဆေးဝါး စိုက်ပျိုးခြင်း၊ ထုတ်လုပ်ခြင်း၊ ရောင်းဝယ်ဖောက်ကားခြင်း၊ လောင်းကစားခြင်း အပါအဝင် ဥပဒေပြင်ပလုပ်ကိုင်သည့် စီးပွားရေး လုပ်ငန်းများ ဆောင်ရွက်ခြင်း၊
- (ဂ) လိုင်စင်မဲ့အရက်ထုတ်လုပ်ခြင်း(သို့မဟုတ်)ပျော်ပွဲစားရုံတည်ထောင်ခြင်း၊
- (ဃ) ချေးငွေအား လယ်ယာမြေအသုံးချခြင်းမှအပ အိမ်ခြံမြေ ရောင်း/ ဝယ်ခြင်း၌ ရင်းနှီးမြှုပ်နှံခြင်း။

၃။ ချေးငွေများကို အသုံးပြုတိုင်း Dealer/ Supplier ထံမှ ရရှိသည့် ငွေတောင်းခံလွှာ၊ ဘီလ်(သို့မဟုတ်) ငွေလက်ခံပြေစာများကို အထောက်အထားအဖြစ်တင်ပြပါမည်။ ထို့အပြင် ချေးငွေမကျေမချင်း စိုက်ပျိုးမည့် လုပ်ငန်းစီမံချက်ကို နှစ်စဉ်တင်ပြပါမည်။

၄။ ချေးငွေမပြေကျေမီ ဘဏ်ချေးငွေဖြင့် ဝယ်ယူထားသော/ တည်ဆောက်/ မွမ်းမံ/ တိုးချဲ့ထားသော ရောင်းချပါက ငွေချေးယူသူက ချေးငွေအရင်းနှင့် ကျသင့်အတိုးများကို ဘဏ်သို့ ချက်ချင်းပြန်လည်ပေးဆပ်ပါမည်။

၅။ လယ်ထွန်စက် (သို့မဟုတ်) ရိတ်သိမ်းခြွေလှေ့စက် ဝယ်ယူပါက၊ ကျွန်တော် (သို့မဟုတ်) စက်မောင်းသူသည် အရောင်းကိုယ်စားလှယ်/ စက်မှုလယ်ယာဦးစီးဌာနမှ ဖွင့်လှစ်မည့်သင်တန်းကိုမပျက်မကွက် တက်ရောက်ပါမည်။

၆။ မြို့နယ်/ ပြည်နယ်/ တိုင်းဒေသကြီးဘဏ်ခွဲ/ ရုံးချုပ်/ လုပ်ငန်းစီမံခန့်ခွဲမှုအဖွဲ့ (Project Management Unit) / ဦးဆောင်ကော်မတီအဖွဲ့ / JICA တို့က စစ်ဆေးရာတွင် အချိန်မရွေး စစ်ဆေးခံရန် သဘောတူညီပါသည်။

၇။ ငွေချေးယူသူ၏မရွေးမပြောင်းနိုင်သောပစ္စည်းများကို မြန်မာ့အာမခံလုပ်ငန်းတွင် မြို့နယ်ဘဏ်ခွဲ၏အမည်ဖြင့် မီးအာမခံထားရှိရန်၊ ထိုသို့ထားရှိခြင်းကို ငွေထုတ်ချေးသည်နေ့မှ (၁) လအတွင်းပြီးစီး အောင်ဆောင်ရွက်ရန်၊ မီးအာမခံသက်တမ်းကို ချေးငွေမကျေမချင်း မပြတ်ထားရှိရန် သဘောတူပါသည်။

ရက်စွဲ ။ ၂၀..... ခုနှစ် ၊ လ ၊ ရက်
ကျေးရွာ/မြို့နယ်။-----

လက်မှတ်

အဆိုပြုသူအမည်

Myanmar Agriculture Development Bank Term Loan Application

I would like to apply loan amount-----kyat from JICA Two Step Loan via Myanmar Agriculture Development Bank which is an executing agency on behalf of the Republic of the Union of Myanmar.

1. Applicant Name	
2. A) Saving A/C No./ member No. of the group B) National Registration Card No.	
3. A) Father Name B) Mother Name	
4. Ward / Village tract/ Group	
5. A) Farm land Name & No. B) Plot No	
6. Cultivated crops and area	
7. Apply Loan Amount	
8. Loan Purpose	
9. A) Type of Machine/Equipment/ Building and it's quantity B) Current value	
10. Existing equipment quantity	
11. Repayment schedule	

1. I have not received any loan from TSL SME scheme supported by the Japanese government.
2. I have not engaged the below business-
 - a) The business which may hazard to the social environment
 - b) Unlawful business like narcotic crops farming, producing and trading including gambling.
 - c) Bar and Pub business
 - d) Investment at real estate apart from land consolidation.
3. Agree to pay back immediately both principle and interest in the case of selling building / repair / extension by using this loan before fully repaid.
4. Agree to attend the training at AMD for the purchase of tractor or combine harvester.

5. Willing to cooperate if JICA or MADB (EA of TSL) ask for on-site inspection.
6. The Machine/ Equipment / Building which are acquired by this loan will be kept as collateral at MADB and will buy insurance from Myanma Insurance till fully repayment.

Date. YY/ MM/ DD

Sign-----
Name of applicant-----

.....ဝယ်ယူရန်ချေးငွေအတွက်
အာမခံပစ္စည်းတင်သွင်းသည့် ကတိဝန်ခံချက်

(မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ် ဥပဒေပုဒ်မ ၃၁ အရ မှတ်ပုံတင်ခြင်းနှင့် တံဆိပ်ခေါင်းခွန် ပေးဆောင်ခြင်းမှ ကင်းလွတ်သည်။)

၁။ ဦး/ဒေါ်၊ မြို့နယ်၊ကျေးရွာမှ
.....ရန် မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်မှ ချေးငွေကျပ်.....
(ကျပ်.....) အတွက် ကျွန်တော်/ကျွန်မတို့က အောက်တွင်ဖော်ပြထားသော
ပစ္စည်းများအား ဘဏ်သို့အာမခံ အဖြစ်တင်သွင်းပါသည်။

အ မ ခ ပ ဥ ပ ဒ မ ၃ ၁	ပစ္စည်းအမျိုး အမည် အမှတ်အသား နှင့် အရေအတွက်	ကာလတ န်ဖိုး	အာမခံတင်သွင်းသူ၏	
			အမည်၊ နိုင်ငံသားစိစစ် ရေးကတ်အမှတ်နှင့် နေထိုင်သည့် ကျေးရွာ	လက်မှတ်

ယင်းပစ္စည်းများသည် ကျွန်တော်/ကျွန်မတို့ပိုင်ဆိုင်၍ ပေါင်နှံရောင်းချခွင့်ရှိသော ပစ္စည်းများ ဖြစ်ပြီး အဆိုပါ ပစ္စည်းများအပေါ်တွင် မည်သည့်ကြွေးမြီ တစ်စုံတစ်ရာမှ မတင်ရှိ၊ ကင်းလွတ် ကြောင်းကို ဝန်ခံပါသည်။ ဘဏ်မှ ချေးယူငွေကို ပြန်လည်ပေးဆပ်ရန် ပျက်ကွက်ပါက ဘဏ် သည်ကြွေးမြီကို တည်ဆဲဥပဒေနှင့် မြေခွန်မပြေကျန်ငွေဖြစ်ဘိသကဲ့သို့ တောင်းခံယူမည်ကို သဘောတူပါသည်။ ထို့ပြင် ဘဏ်ချေးငွေ မပြေကျေမခြင်း ရောင်းချခြင်း၊ ပေါင်နှံခြင်း၊ လွှဲပြောင်းပေးကမ်းခြင်း၊ ပြုလုပ်မည် မဟုတ်ကြောင်းခုနှစ်၊ လ၊ ရက်နေ့၌ အောက်ပါ အသိသက်သေများ ရှေ့တွင် ကတိပြုဝန်ခံ လက်မှတ်ရေးထိုးပါသည်။

အာမခံတင်သွင်းသူ

လက်မှတ်.....
အမည်.....
နိုင်ငံသားစိစစ်ရေးကတ်ပြားအမှတ်.....

အသိသက်သေများ

(၁) လက်မှတ်.....
အမည်.....
နိုင်ငံသားစိစစ်ရေးကတ်
အမှတ်.....
ရပ်ကွက်/ကျေးရွာ.....

(၂) လက်မှတ်.....
အမည်.....
နိုင်ငံသားစိစစ်ရေးကတ်
အမှတ်.....
ရပ်ကွက်/ကျေးရွာ.....

၂။ အထက်အပိုဒ်(၁)တွင် ဖော်ပြသော ငွေချေးယူသူ အာမခံတင်သွင်းသော ပစ္စည်းများနှင့် အထက်အပိုဒ်(၂)တွင် ဖော်ပြသော အာမခံပေးသူ ပုဂ္ဂိုလ်(၂)ဦး၏ ပစ္စည်းများမှာ မှန်ကန်ပါ၍ ဖော်ပြထားသော တန်ဖိုးမှာလည်း ကာလ တန်ဖိုးအရ ထိုက်တန်ကြောင်း ထောက်ခံပါသည်။

(၁) လက်မှတ်.....
အမည်.....

(၂) လက်မှတ်.....
အမည်.....

(အတွင်းရေးမှူး)

.....
.....

(ဥက္ကဋ္ဌ)

ရပ်ကွက်/ကျေးရွာအုပ်စုစိစစ်ရေးအဖွဲ့
မြို့နယ်

Guarantor's Agreement for collateral to purchase----- by Loan.

Registration fees and stamp taxes are exempted according to article 31 of Myanmar Agricultural Development Bank law.

1. We would like to reserve the below belongings for

Mr./Ms.-----, living at

----- village, -----township

who will buy -----with Myanmar Agricultural Development Bank loan amount-----Kyat.

Sr. No	Item name / Trade mark / Quantity	Current Value	Guarantor's Information	
			Name and residence village	NRC No. and Signature

We wish to undertake that above stated belongings are our exclusive properties and it can be mortgaged or sold. We agree in case of default payment, bank has the rights to collect the loan until fully repayment. In addition, we admit and sign on -----DD/ MM/ YY that we will not sell or transfer or mortgage or giving those properties to the others before fully repaid to the bank.

Guarantors

Joint Guarantors

1. Sign-----

Name-----

NRC No. -----

2. Sign -----

Name-----

NRC No. -----

3. Sign-----

Name -----

NRC No. -----

Witness

1. Sign-----

2. Sign -----

Name-----

Name -----

NRC No. -----

NRC No. -----

2. We strongly recommended upon these collaterals which are exclusive properties of borrowers / guarantors and its value reflected current value.

1. Sign -----

2. Sign -----

Name -----

Name -----

Secretary -----

Chair Person -----

-----Ward/ Village Loan Screening Committee

-----Township.

(Endorsement Letter: Myanmar and English)

ထောက်ခံချက်

လျှောက်ထားသူအမှတ် -----

လျှောက်ထားသူအမည် -----

နှစ်ဆင့်ချေးငွေ လျှောက်လွှာတွင် ဖော်ပြချက်များနှင့်ပူးတွဲပါ Data Sheet ပါအကြောင်းအရာများမှာ မှန်ကန်ကြောင်းဝန်ခံအပ်ပါသည်။

ချေးငှားသူ
ရက်စွဲ
အမည်
လက်မှတ်

လျှောက်ထားသူလယ်သမား၏ ဖော်ပြချက်များမှာ မှန်ကန်ကြောင်း ထောက်ခံအပ် ပါသည်။

ရပ်ကွက်/ ကျေးရွာ ချေးငွေစီစစ်ရေးကော်မတီ

-----မြို့နယ်။

ဥက္ကဋ္ဌ	[မြန်မာ့စိုက်ပျိုးရေးလုပ်ငန်းကျေးရွာမန်နေဂျာ
ရက်စွဲ	ရက်စွဲ
အမည်	အမည်
လက်မှတ်	လက်မှတ်

ကျေးရွာမြေတိုင်းစာရေး	လယ်သမားအုပ်စု၏ကိုယ်စားလှယ်
ရက်စွဲ	ရက်စွဲ
အမည်	အမည်
လက်မှတ်	လက်မှတ်

Endorsement Letter

Customer No.:

Customer Name:

I admit that the facts in attached TSL application and the Data Sheet are correct.

Borrower
Date:
Name:
Signature:

We endorse that all the data given by the applicant farmer(s) is correct.

Ward / Village Tracts Loan Screening Committee

Name of Township: _____

Chairman	Village Tract Manager, Myanmar Agriculture Service
Date:	Date:
Name:	Name:
Signature:	Signature:

Village Tract Clerk of Land Record Department	Representative of the village farmers
Date:	Date:
Name:	Name:
Signature:	Signature:

(Verification document of DALMS: Myanmar and English)

လယ်ယာမြေစီမံခန့်ခွဲရေး နှင့် စာရင်းအင်းဦးစီးဌာန၏ ထောက်ခံချက်

..... မြို့နယ်၊ ရပ်ကွက်/ ကျေးရွာ

အုပ်စုနေ

ဦး/ဒေါ်၊ နိုင်ငံသားစိစစ်ရေးကတ်ပြားအမှတ်.....၊

အာအမည်..... ၏ လယ်ယာမြေ လုပ်ပိုင်ခွင့်ပြုလက်မှတ်ပုံစံ (၇) တွင် ပါရှိသော

အောက်ပါတို့ကို စိစစ်ပြီးဖြစ်၍ ပုံစံ '၇' လက်မှတ်များမှာ မှန်ကန်ကြောင်း ထောက်ခံပါသည်။

စဉ် ကွင်းအမည် ကွင်းအမှတ် ဦးပိုင် မြေအမျိုးအစား

ဧရိယာဧက

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၇။

()

မြို့နယ်ဦးစီးမှူး

မြို့နယ်လယ်မြေစီမံခန့်ခွဲရေးနှင့်

စာရင်းအင်းဦးစီးဌာန

.....မြို့နယ်

Recommendation of Department of Agricultural land Management Statistics

This is to be recommended to Mr./Ms.-----

NRC No.----- father's name-----,
-----ward/villagetract,

-----township, who has farm land
utilization right (form-7) and checked the contents of below at the form-7.

Sr.	Name of farmland	farm No.	Type of land	Area
1.				
2.				
3.				
4.				
5.				
6.				
7.				

()

Township Head

Department of Agricultural land Management Statistics
-----township.

(Recommendation of Village Administrator: Myanmar and English)

ရပ်ကွက်/ကျေးရွာအုပ်စု အုပ်ချုပ်ရေးမှူး၏ ထောက်ခံချက်

ဦး/ဒေါ်.....၊ နိုင်ငံသားစိစစ်ရေးကတ်ပြားအမှတ်.....
အဘအမည်.....သည်၊.....

ရပ်ကွက်/ကျေးရွာအုပ်စုအတွင်း အမြဲတမ်းနေထိုင်၍ အသက် (၁၈)နှစ် ပြည့်ပြီးသော အိုးခွဲစား အိမ်ထောင်ဦးစီး (သို့မဟုတ်) ဦး/ ဒေါ်..... အိမ်ထောင်ဦးစီး၏ အိမ်ထောင်စုဝင် တစ်ဦး ဖြစ်ပါသည်။ ဦး/ ဒေါ်..... သည် အကျင့်စာရိတ္တ ကောင်းမွန်သူ ဖြစ်သည့် အပြင် ချေးငွေအဆိုပြုလွှာပါ လုပ်ငန်းကို အမှန်တကယ် လုပ်ကိုင်မည့်သူဖြစ်ကြောင်း ထောက်ခံ အပ်ပါသည်။

ရုံးတံဆိပ်

ရက်စွဲ.....

လက်မှတ်.....

အမည်.....

(ရပ်ကွက်/ကျေးရွာအုပ်စု အုပ်ချုပ်ရေးမှူး)

.....ရပ်ကွက်/ကျေးရွာအုပ်စု
.....မြို့။

Recommendation of village tract administrator

This is to certify that Mr./Ms. ----- NRC
No,----- father name----- is a permanent
residence of -----ward/ village.

Mr./ Ms.----- is adult already (already 18 years old) and head of the separate
family or is a family member of Mr./ Ms. ----- household.

It is recommended to Mr./Ms.-----who has good characteristic and I am sure
that he/she will implement the business as stated at the loan application.

Office stamp

Date-----

Sign-----

Name-----

Village tract Administrator

-----ward/ Village tract

Appendix 5: Credit Examination Manual for ARD-TSL (as of March 2018)
(attached from next page)

CREDIT EXAMINATION MANUAL

**Draft as of
January 25, 2018**

**JICA Consulting Team
on behalf of
Myanmar Agricultural Development Bank**

Table of Contents

Overview of the Examination Procedure.....	i
Step 1: Customer's Basic Information.....	iii
Step 2: Customer Business Information	viii
Step 3: Loan Details	xi
Step 4: Repayment Capability	xiii
Step 5: Security	xv
Step 6: Overall Evaluation	xviii
Appendix 1: Credit Examination Data Sheets.....	xxiii
Appendix 2: Details of Non-Farming Incomes/Expenses.....	xxviii
Appendix 3: Code Tables.....	xxix
Appendix 4: Credit Appraisal Final Check Sheet	xxxi

Overview of the Examination Procedure

This manual has been prepared for the credit examination of the applicant for the two-step loan provided by JICA, while the examination framework, methodology and the relevant templates can be further applied to other types of loans (i.e. seasonal loans and term loans) provided by MADB.

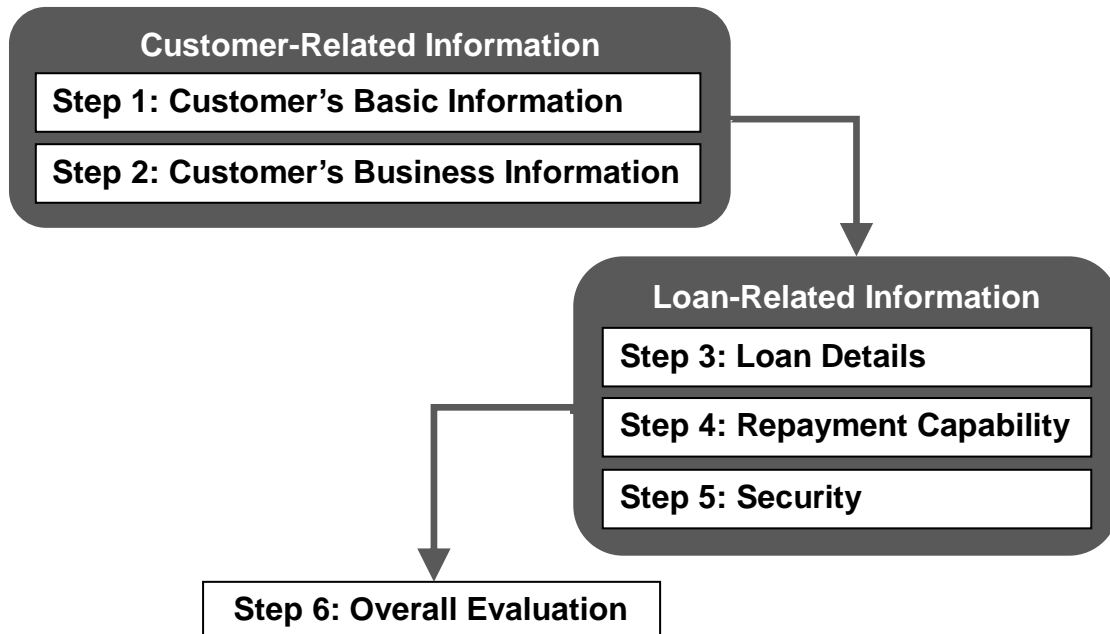
Credit examination process generally follows the procedure shown below, in which the quality of both applicants and applied loans are examined in detail for integrated evaluation at the end of the process.

Among 'Customer-Related Information', 'Step 1: Customer's Basic Information' includes the basic items for identifying the applicant, as well as for evaluating his/her financial status, transaction track records both with MADB and other financial institutions. 'Step 2: Customer's Business Information' further specifies the business plan of the applicant for the next 1 year, utilizing the previous form used by MADB.

'Loan-Related Information' includes 3 additional steps: 'Step 3: Loan Details' for the condition of the applied loan, 'Step 4: Repayment Capability' for the calculation of the applicant's repayment capacity through the existing plus applied loans and the profitability information of the applicant, and 'Step 5: Security' for the details of collaterals and guarantees.

After these steps, final evaluation shall be done in 'Step 6: Overall Evaluation' through visualized presentation of the repayment capacity as well as the integrated evaluation of the applicant and the applied loan.

The rest of this manual is structured in the order of these steps, particularly focusing on how to fill the relevant Data Sheets and how to interpret the results.



(Note)

- In the Excel version of the Data Sheet (1)~(4), automatically calculated cells are colored in yellow and protected from manual input.
- For the paper-based preparation of the Data Sheet, please follow the instructions in this manual.

Step 1: Customer's Basic Information

First of all, the type, financial status and the existing relationship with MADB need to be identified, for the purpose of examining whether the loan applicant is eligible for the loan.

1-1. Basic Information

'Customer Name', 'Customer No.' (uniquely assigned and common across all the transactions), 'N.R.C. No.' and 'Township/Village' are specified here. In the case of an application by a group, the representative person's information shall be provided here.

1-2. Attributes

a) Customer Type

Type of the entity applying for the loan shall be selected from the followings. (To be selected from the drop-down list in the Excel version.)

Type	Code
Individual	10
Group	20
Type 1 (for the loan of MMK 50mn or less)	21
Type 2 (for the loan of MMN 500mn or less)	22
Corporate	30
Limited liability company (LLC)	31
Partnership	32
Joint venture (JV)	33
State owned enterprise (SOE)	34
Other corporate	39
Others	99

For 'Groups', there are two sub-categories: 'Type 1' (code: '21') for applying for the loans of MMK 50 million or less, and Type 2' (code: '22') for the loans greater than that but not exceeding MMK 500 million, both for the applicants for the sub loan under JICA's two step loan scheme. Code '20' is for the loans with undecided borrowing size (used tentatively in the process of preparing the application), as well as for the groups outside the scope of JICA's scheme. In the former case, the code has to be replaced either by '21' or '22' by the time of final submission of the application, whereas in the latter, '20' shall be used for the whole loan period.

b) Type of Business

Type of business of the entity applying for the loan shall be selected from the followings. (To be selected from the drop-down list in the Excel version.)

Type of business	Code
Farming	10
Wholesale	20
Retail	30
Food & beverage processing	40
Others	99

c) Relevant Product

Only one product most relevant to the applied borrowing shall be selected from the followings. (To be selected from the drop-down list in the Excel version.)

Relevant products (*)	Code
Crops	100
Rice	101
Nuts	102
Sesame	103
Beans	104
Vegetables	105
Fruits	106
Other crops	109
Livestock	200
Fishery	300
Others	900

d) Farm Land Size

Size of the farm land held by the applicant (i.e. the one stated on Form 7), including those not activated, shall be provided here. In the case of groups, total land size used by the group shall be provided.

e) Group Members

If '20'~'22' is selected for the 'Customer Type', this part needs to be filled for all the group members. 'Name', 'N.R.C. No.' and 'Township/Village/Address' of each member shall be provided here.

1-3. Summary P/L (Profit & Loss Statement) for the Past 3 Years

Revenue (with a breakdown into 'Farming (Rice)', 'Farming (Others)' and 'Non-Farming'), cost (with a breakdown into 'Farming', 'Non-Farming' and 'HH (Household) Consumption') and resulting net profit for the past 3 years shall be shown here. Also proportion of each item to the overall revenue is automatically calculated and shown beside the raw number.

For the purpose of evaluating the growth potential of the applicant, at least headline 'Revenue' and 'Net Profit' need to be entered for 2 years (desirably for 3 years).

In the case of groups, P/L for the group, managed independently from those for the individual members, shall be provided here.

(Unit: MMK)

Item	2014-15	2015-16	2016-17
Revenue			
Farming (Rice)			
Farming (Others)			
Non-Farming			
Cost			
Farming			
Non-Farming			
HH (Household) Consumption			
Net Profit			

1-4. Latest B/S (Balance Sheet, including the applied loan)

Latest year's (including the applied loan) status of asset, liability and net asset (= total asset - total liability) shall be shown here.

This section is not necessarily mandatory for small individual farmers, but can be completed if the information on 'Other Current Assets' and 'Other Liabilities' are available, as other items (i.e. 'Cash & Deposits', 'Fixed Assets' and 'Borrowings') are linked from other parts of the Data Sheets.

In the case of groups, B/S for the group, managed independently from those for the individual members, shall be provided here.

(Unit: MMK)

Asset		Liability	
Cash & Deposits		Borrowings (up to 1yr)	
Other Current Assets		Borrowings (1yr+)	
Fixed Assets		Other Liabilities	
		Net Assets	
Total		Total	

1-5. Financial Analysis

Also the P/L data shall be evaluated through the combination of the revenue trend and profit trend for the past 3 years.

Combination of the changes in revenue and profit (in terms of '+', '-' and '=') shall be selected from the list. (Drop-down list is available for the Excel version.) Trend in the revenue and profit can be classified as '=' if the change is less than 3%.

The 'Score' part is automatically calculated in the Excel version.

(Evaluation)

Trend		Evaluation	Score 0(risky)~100(safe)
Revenue	Profit		
+	+	Growing revenue & profit	100
- =	+	No revenue growth but profit is growing	60
=	=	No significant variation in revenue & profit	50
+	- =	Growing revenue but no profit growth	30
- =	- =	Shrinking revenue and/or profit	0
=	-		

1-6. Transaction Track Record (including the applied loan)

Current status of the transaction and the past track record with MADB shall be summarized to grade the depth of the applicant's business relationship with MADB. (In the case of groups information for the group, not for the individual members, shall be provided here.)

For the loan and deposit transactions, outstanding balances, annual principal and interest payments for other sources (not only banks, but also cooperatives, microfinance institutions and other nonbank financial institutions) are also shown here, for the purpose of evaluating the repayment capability of the customer.

(Note)

- The applied loan with this application should also be included in the 'Loan' section.
- For the 'as of date' for the balance data, most recent date has to be used. (Desirably the date of application, but the year-end date for the previous fiscal year is also fine, if there is no ways to verify the very latest balances.)
- Loan information is divided into two parts through the original loan period (i.e. whether it is less than 1 year or more than 1 year). This classification is NOT by the remaining period of the loans, but by the original period of them.
- If the applicant has more than one borrowings with different conditions from one financial institution (including MADB), the column for that institution can be divided into as many as the number of loans.
- For the 'Past Transactions with MADB' part, transaction period, amount, default experience(s) have to be provided for the following transactions.
 1. Latest default case.
 2. Latest transaction regardless whether it has defaulted or not.

If the latest borrowing is in default, only one transaction shall be recorded here. Default record is especially important for scoring the applicant's overall relationship with MADB.

(Unit: MMK, unless stated otherwise)

Customer since (date)		MM/DD/YYYY				
Balance as of (date)		MM/DD/YYYY				
Current Transaction Status		MADB	Xxx	Xxx	Others	
Loan	Original Lending Period: Up to 1yr	Outstanding Balance				
		Interest Rate (%)				
		Maturity Date				
		Annual Repayment (A)				
		Annual Interest Payment (B)				
	Original Lending Period: 1yr+	Outstanding Balance				
		(of which due in 1 year)				
		Interest Rate				
		Maturity Date				
		Annual Repayment (C)				
Annual Interest Payment (D)						
Deposit	Current Account					
	Time/Saving Deposit					
All Loans (due within 1yr): Principal Only = (A)+(C) (thousand MMK)						
Past Transaction with MADB						
	Type ^(*)	From	To	Amount	Default (Y/N)	Details
		DD/MM/YYYY	DD/MM/YYYY			
		DD/MM/YYYY	DD/MM/YYYY			

(*) Use the following codes for the transaction type. (To be selected from the drop-down list in the Excel version.)

- Loan (up to 4 year): 1
- Loan (4 year+): 2
- Others: 9

For the 'Overall Evaluation' part at the end of this section, one of the followings shall be selected, for which the corresponding score will be automatically assigned if an Excel version is used. Otherwise, you can refer to the separate Score Table and manually assign the score.

If '6 (Unpaid default amount remaining)' is selected, the sign 'REJ' is shown to indicate that the application should be rejected regardless of other scores.

Overall Evaluation	Code	Score
No defaults for the past 5yrs+ ^(*)	1	100
No defaults for the past 3-5yrs	2	70
No defaults for the past 1-3yrs	3	50
No defaults for the past 0-1yr	4	30
Brand new customer	5	10
Unpaid default amount remaining	6	REJ

Step 2: Customer's Business Information

Secondly, the applicant's business information shall be provided. This part is basically the same as previously used Form #2 ('Farm Production Programme') except for the points listed below.

In the case of groups, information for the group, managed separately from those for the members, shall be provided unless stated otherwise.

2-1. Father's/Mother's Name

Names of the father and mother of the applicant shall be provided here. (Can be left blank in the case of the group application.) In the case of groups, this part can be left blank.

2-2. Number of Household Members

Number of the members shall be shown here, by age group (under or over 12 years old) and gender (male or female). In the case of groups, number of the group members shall be provided, instead.

2-3. Working Days (Total Number of Days)

Cumulative number of working days for the family members (group members in the case of groups), as well as for the hired workers, shall be shown here, both for the past and the next 1 year.

2-4. Statement of Farm Production

This section basically follows the structure of Form #2, except for the distinction between 'Actual' and 'Estimated' production.

For the 'Actual' part, quantity for total and sold part, as well as the value for the sold part, shall be newly added to the Data Sheet (as (6)', (9)' and (10)' in the template).

These numbers, especially the value numbers, are mandatory, as they are used for calculating the productivity growth by comparing the outputs for the last year and the next 1 year.

Basically aggregate numbers for 1 crop should be used for 1 line. i.e. More than 2 fields and land title numbers shall be entered in 1 line.

The land sizes ((4) of the table below) should be limited to those actually used for farming, therefore it may not necessarily be the same as the numbers on Form 7. As for the total, overlaps have to be eliminated (i.e. the land sizes cannot be double counted). This is critically important to calculate the land productivity accurately.

Cultivated Area					Actual Production			Estimated Production				
Field		Land Title #	Areas (Acre)	Crop Name	Total	Selling		Total	Seed	Own Use	Selling (A)	
Name	No.				Quantity	Quantity	Value	Quantity	Quantity	Quantity	Quantity	Value
(1)	(2)	(3)	(4)	(5)	(6)'	(9)'	(10)'	(6)	(7)	(8)	(9)	(10)
											0	
											0	
			0.00				0					0

2-5. Estimated Non-Farming Net Income

Details are shown in the separate sheet 'Details of Non-Farming Incomes/Expenses (for the Next 1 Year)', and only the total amount is copied from the there.

(Note)

- Do NOT include the interest earned on bank deposits here.

2-6. Estimated Production Cost

(Basically no change from Form #2.)

2-7. Estimated Household Consumption Expenses

(Basically no change from Form #2.) No need to include the value of the production for the household's own use. In the case of groups, this part can be left blank.

2-8. Total Possessed Value of House and Farm Machineries

(Basically no change from Form #2.) Additional information on the detail of the building materials (for roof, wall, floor etc. for houses & barns) shall be provided in the 'Remarks' column.

2-9. Summary Program to be Conducted by the Applied Loan

This section is exactly the same as Form #2, but in the new template, it is required to state more specifically how the loan proceed shall be used.

2-10. Estimated Net Profit

This part is calculated automatically if an Excel version is used. Otherwise, the number needs to be calculated manually using the following formula.

Net Profit (in thousand MMK)

$$= (A) + (B) - (C) - (D)$$

$$= (\text{Total selling value of the production}) + (\text{Total other incomes}) \\ - (\text{Total production costs}) - (\text{Total household consumption expenses})$$

2-11. Revenue/Profit Contribution (for the Next 1 year)

For this section, '+' and '-' signs shall be shown automatically if an Excel version is used. Otherwise, the following numbers need to be used.

- a) Total selling value of the farm products: (10) in the 'Statement of Farming Production' section on 'Data Sheet (2): Customer's Business Information'.
- b) Total other income: (4) in 'Other Income' section on 'Data Sheet (2): Customer's Business Information'.
- c) Total expenses for production: (C) in the 'Production Cost' section on 'Data Sheet (2): Customer's Business Information'.

- d) Total household consumption expenses: (D) in 'Household Consumption Expenses' section on 'Data Sheet (2): Customer's Business Information'.
- e) Total revenue for the latest year: 'Revenue' for the latest year in the 'P/L' section on 'Data Sheet (1): Customer's Basic Information'.
- f) Total net profit for the latest year: 'Net Profit' for the latest year in the 'P/L' section on 'Data Sheet (1): Customer's Basic Information'.

Revenue	$(a) + (b) \geq (e)$	+
	$(a) + (b) < (e)$	-
Profit	$\{(a)+(b)\} - \{(c)+(d)\} \geq (f)$	+
	$\{(a)+(b)\} - \{(c)+(d)\} < (f)$	-

2-12. Details of Non-Farming Incomes/Expenses (for the Next 1 Year)

This sheet has to be attached for providing supplementary details, as long as the applicant has non-farming revenues/expenses.

This sheet is especially important if the applied loan is relevant to the non-farming business (e.g. rental of the equipment/machinery to be purchased through the loan).

'**Non-Farming Incomes**' part is broken down into '**Rental Fees (New)**' and '**Other Incomes (Including Existing Rental Revenues)**', with relevant details such as Machine/Equipment (for rental), item (for other businesses), rentee/payer, timing of identifying revenue, unit for the services/products, unit price, quantity of services/products and received amount.

'**Non-Farming Expenses**' part is broken down into '**Rental-Related Expenses (New)**' and '**Other Expenses (Including Existing Rental Costs)**', with relevant details such as product/service, payee, timing of identifying expense, unit for the service/product, unit price, quantity of service/product and paid amount.

By the word 'New' it is meant to be only those fee revenues/expenses related to the new investment financed by the applied loan. Therefore, existing rental fee revenues/expenses should be included in 'Other Incomes' and 'Other Expenses' sections. This is important for the accurate calculation of the Breakeven Point for the repayment capability mentioned in 6-8 of this manual.

As a result of these inputs, 'Non-Farming Net Income' can be calculated (automatically in the case of Excel version), which needs to match the number provided in 2-5.

Step 3: Loan Details

Thirdly, following details of the loan should be identified, of which those with (*) sign need to be updated on a regular basis for the purpose of managing the loan portfolio.

3-1. Loan Status & Conditions

a) Loan Status^(*)

(To be selected from the drop-down list in the Excel version.)

Status	Code
Not yet approved	0
Approved but not disbursed	1
Disbursed but not fully repaid	2
Fully repaid	3
Account closed	9

b) Loan Type

(To be selected from the drop-down list in the Excel version.)

Loan Type	Code
Term loan up to 4 year	11
Term loan for 4 year+	12
Seasonal loan	20
Others	99

c) Loan Amount (Latest^(*) / Original)

Latest outstanding balance (along with the 'as of' date), as well as originally applied/ approved loan amount, are entered and updated here.

d) Lending / Grace Period

Lending period and grace period (if any) are entered here.

e) Interest Rate Details

Specific information on interest rate type (shown below), base rate, spread and applied rate are entered here. (To be selected from the drop-down list in the Excel version.)

Interest Rate Type	Code
Fixed	1
Floating	2
Others	9

f) Type of Financing Need

(To be selected from the drop-down list in the Excel version.) If both capital expenditure and working capital are included in one loan, '2' (Capital expenditure) shall be selected.

Type	Code
Working capital	1
Capital expenditure	2
Others	9

This type refers to the main purpose of borrowing, and is basically limited to '2' (capital expenditure) as the Operational Guideline limits the use for '1' (working capital) up to 20% of the applied loan amount, although the codes '1' and '9' (others) are provided for future changes.

g) Details of Financing Need

(To be selected from the drop-down list in the Excel version.)

For Working Capital

Detailed purpose	Code
Purchasing inputs	110
Seeds	111
Fertilizer	112
Others	119
Settlement fund	120
Bonus fund	130
Others	199

For Capital Expenditure

Detailed purpose	Code
Equipment	210
Farming machine	211
Food processing machine	212
Other equipment	219
Construction	220
Warehouse	221
Factory	222
Other construction	229
Renovation/extension	230
Warehouse	231
Factory	232
Other renovation	239
Others	299

For the same reason as the previous item, codes for the working capital (110~199) are provided but not used under the initial version of the Operational Guideline.

h) Details of Usage

Information on the scheduled payment through the loan proceeds are provided here. Details such as the brand name and model of the purchased item should be mentioned. e.g. Kubota 4-wheel tractor (HP 90), and Yanmar combine harvester (HP 80).

Step 4: Repayment Capability

In this section, uses and sources of fund for the next 1 year shall be summarized. All the numbers are taken from other parts of the Data Sheets if an Excel version is used. Otherwise, the numbers need to be obtained from the followings or calculated manually using the following formulas.

4-1. Fund Uses

Fund Uses (for the next 1yr)		
Business Operations	(B)	
Purchase of inputs		= (C) in the 'Production Cost' section on 'Data Sheet (2): Customer's Business Information'
Purchase of equipments + working capital		= 'Paid Amount' in the 'Loan purpose' section on this sheet
Financing		
Loan repayment to MADB	(C)	= (A)+(C) for MADB in the 'Transaction Track Record' section on 'Data Sheet (1): Customer's Basic Information'
Int repayment to MADB	(D)	= (B)+(D) for MADB in the 'Transaction Track Record' section on 'Data Sheet (1): Customer's Basic Information'
Loan repayment to others	(E)	= (A)+(C) total for other banks in the 'Transaction Track Record' section on 'Data Sheet (1): Customer's Basic Information'
Int repayment to others	(F)	= (B)+(D) total for other banks in the 'Transaction Track Record' section on 'Data Sheet (1): Customer's Basic Information'
Savings		= (Total below) – {(B)+(C)+(D)+(E)+(F)+(G)} on this sheet
Other Activities		
Living expenses		= (D) in 'Household Consumption Expenses' section on 'Data Sheet (2): Customer's Business Information'
Total		= Total of 'Fund Sources' shown below

4-2. Fund Sources

Fund Sources (for the next 1yr)		
Business Operations		
Sales of products		= (10) in the 'Statement of Farming Production' section on 'Data Sheet (2): Customer's Business Information'
Other business income		= (4) in 'Other Income' section on 'Data Sheet (2): Customer's Business Information'
Financing		
New loan from MADB		= 'Paid Amount' in the 'Loan purpose' section on this sheet
New loan from others		(To be entered manually, based on the interview with the applicant.)
Int. rate earned		(Same as above.)
Other Activities		
Other incomes		(Same as above, if any.)
Total		(H) = Sum of all the above items

4-3. Fund available for loan payment (principal & int.) = (H) - {(B)+(G)} = (I)

To be calculated with the above numbers. This represents the size of the fund available both for principal and interest for ALL the borrowings (not limited to those for MADB).

4-4. Loan repayment (principal only) = (C)+(E) = (J)

To be calculated with the above numbers. This includes all the principal repayments due within 1 year, both for MADB and other lenders.

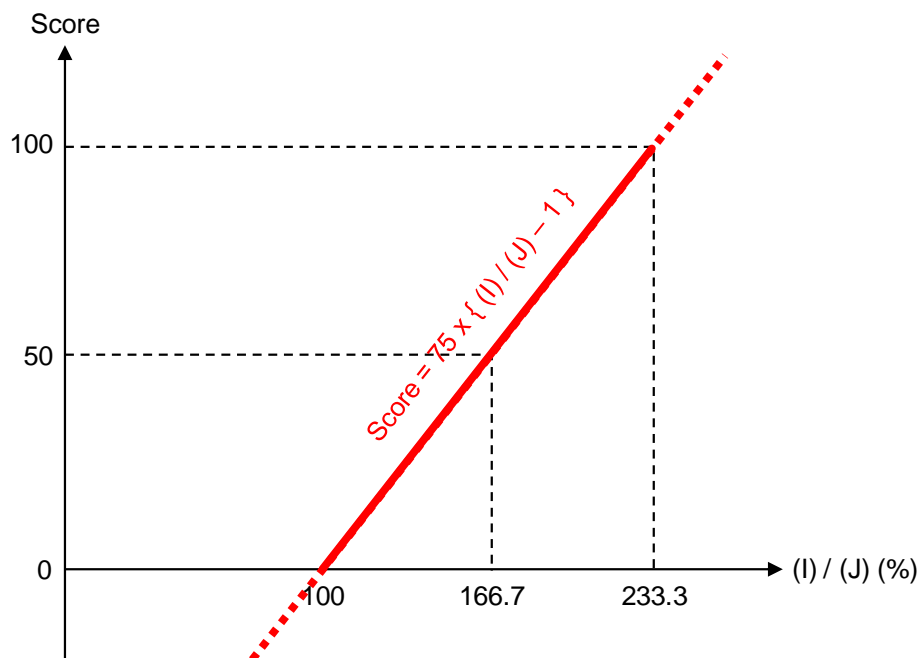
4-5. Loan Repayment Capability = (I) / (J) (%)

To be calculated with the above numbers. According to MADB's practice, (J) calculated above should not exceed 60% of (I), in other words, (I) / (J) should exceed 166.7%. This practice takes into account the 66.7% allowance for interest payments.

4-6. Score (0~100)

Calculated assuming the linear relationship with the 'Loan Repayment Capability (LRC)' (calculated in '4-5'), with LRC at 167% is worth the score of '50'. The score is capped at 100 (with LRC at about 233.3%) and floored at 0 (with LRC at 100%).

$\text{Score} = 75 \times (\text{Loan Repayment Capability} (\%) - 1)$
--



Step 5: Security

In this section, all the collaterals and guarantees provided for the applied loan shall be provided, for managing the collaterals/guarantees as well as for calculating the coverage for the applied loan.

5-1. Collateral

Each one of the collaterals shall be listed, with the following details. Values need to be updated on a regular basis, especially for the long-term loans and revolving credit, during which the market price may change.

Category ^(*)	10 (Real estate property), 11 (Real estate property (existing)), 12 (Real estate property (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)		
Valuation as of (date)		Owner's Name	
Owner's NRC No.		Father's Name	
Owner's Address			
Location (Address)			
Value		Value (Risk Adjusted)	

(*) Use the following codes for the category (which can be selected from the drop-down list in the Excel version). Movable asset refers to vehicle, machinery, etc.

- Real estate property (existing): 11
- Real estate property (to be acquired using this loan): 12
- Movable asset (existing): 21
- Movable asset (to be acquired using this loan): 22
- Bank deposit: 30
- Receivables: 40
- Others: 99

Risk adjustment is made using the ratio ranging from 35% to 100% (of the original value) as shown in the Appendix 3, which, however, can be altered depending on the quality of the asset, or reflecting the changes in MADB's appraisal policy in due procedure.

Generally, the adjustment ratio of 50% should be applied, with two exceptions as follows.

1. 100%, in the case of bank deposit, as the value never changes.
2. 35%, in the case of assets to be acquired through the applied loan, as 50% ratio is applied after discounting 30% for the deposits kept at MADB (i.e. $50\% \times 70\% = 35\%$).

Also risk adjusted value of all the collaterals are added up in (K) as follows, which shall be used for calculating the loan coverage by these collaterals, using 'Loan Amount (Latest) (A)' on the same sheet. This number is copied to the 'Score' which is capped at 100. (Therefore, even if the coverage exceeds 100%, the score cannot be higher than 100.)

Total (Risk Adjusted) (K)		Coverage (K)/(A)	Score (0~100)
---------------------------	--	------------------	---------------

5-2. Guarantee

Each one of the guarantees provided by individual(s) and/or institution (s) shall be listed, with the following details.

In the case of individual applicant, two guarantors are necessary, whereas for the groups,

1. Joint guarantee by all the group members, and
2. One guarantee from a third party,

shall be necessary. For #1, only the total number for the whole group shall be provided on Data Sheet (3), but the details of the members' assets have to be provided on a separate sheet to verify the accuracy of the total numbers.

Category ^(*)	10 (Private guarantee), 20 (Institutional guarantee): 21 (Myanmar Insurance (Credit Guarantee Insurance or GCI)), 22 (Dealer for farming machine), 99 (Others)				
Valuation as of (date)		Guarantor's Name			
Guarantor's NRC No.		Father's Name			
Guarantor's Address					
Guarantor's Assets		(Total)		(Total)	
(1)		Value		Value (Risk Adjusted)	
(2)		Value		Value (Risk Adjusted)	
(3)		Value		Value (Risk Adjusted)	

(*) Use the following codes for the category (which can be selected from the drop-down list in the Excel version).

- Private guarantee: 10
- Institutional guarantee: 20
 - Myanmar Insurance (Credit Guarantee Insurance): 21
 - Dealer for farming machine: 22
- Others: 99

'Value' has to be the latest market price of the asset held by the guarantor, requiring regular updates as in the revaluation of collaterals.

Risk adjustment for the assets shall be made using the uniform discount rate of 50%, with exceptions of the guarantees by the farming machine dealers and the Credit Guarantee Insurance (CGI).

Guarantees by the Dealers

- For the guarantees by the farming machine dealers, same 50% shall be used for discounting the value of their assets, but one more item is required. --- 'Cumulative Guarantee' already provided by the dealer to other purchasers. This amount shall be obtained through the interview with the dealer, and deducted from the total asset value of the dealer after 90% discount.
- This deduction is important to evaluate the dealer's capacity as a guarantor, taking into account its potential liabilities.
- Rate for the adjustment (10%) is based on the assumption that 10% of the underlining loans will default. Once enough default data are accumulated under this loan scheme, MADB may want to alter this adjustment rate based on the actual NPL ratio.

Guarantees by CGI

- In the case of guarantees by CGI, initial purchasing cost of the machinery/equipment/ investment shall be provided in the 'Value' cell, instead of CGI's own assets.
- Then the adjustment shall be made using 40%, which is the portion to be guaranteed by CGI.

In either case, adjustments are done automatically in the Excel version. For the hard copy version, the 'Guarantee' section in the Code Table (Appendix 3) shall be referred for the adjustment rate.

Also risk adjusted value of all the guarantees are added up in (L) as follows, which shall be used for calculating the loan coverage by these guarantees, using 'Loan Amount (Latest) (A)' on the same sheet. This number is copied to the 'Score' which is capped at 100. (Therefore, even if the coverage exceeds 100%, the score cannot be higher than 100.)

Total (Risk Adjusted) (L)		Coverage (L)/(A)		Score (0~100)	
---------------------------	--	---------------------	--	------------------	--

Step 6: Overall Evaluation

Evaluation results shall be summarized here for the final decision on approving the applied loan, based on the information provided on Data Sheet (1)~(3).

6-1. Customer No. Name and Attributes

They are all copied from 'Data Sheet (1): Customer's Basic Information' (automatically in the case of Excel version, and manually otherwise).

6-2. Loan Purpose

Copied from 'Data Sheet (3): Loan Information' (automatically in the case of Excel version, and manually otherwise).

6-3. Customer Evaluation

Loan applicant's quality and eligibility for the applied loan shall be evaluated here, using the data provided in the Data Sheet (1)~(3) and through the formula shown below. The raw scores shall be adjusted using the weight designated for combining the indicators from different categories. (In the latest version, 'Financial Analysis (Revenue/Profit Trend for the Past 3 Years)', 'Track Record', 'Revenue/Profit Trend for the Next 1 Year', '% Change in Land Productivity' and '% Change in Labor Productivity' are assigned the weights of 20%, 30%, 30%, 10% and 10%, respectively.)

The overall score is shown in the 'Total' line with the scale of 0~100.

Category	Item	Result	Score	Weight	Adjusted Score
Financial Analysis	Revenue/Profit Trend (Past 3yrs)			20	
Track Record	Overall Evaluation			30	
Productivity/ Efficiency Analysis	Revenue/Profit Trend (for next 1yr)			30	
	% Change in Land Productivity			10	
	% Change in Labor Productivity			10	
Total				100	

a) Financial Analysis: Revenue/Profit Trend (Past 3yrs)

Analysis result and the score obtained in '1-5' in this manual are copied to this line.

b) Track Record: Overall Evaluation

Score obtained in '1-6' in this manual is copied to this line.

c) Productivity/Efficiency Analysis: Revenue/Profit Trend (for next 1yr)

Results of the 'Revenue/Profit Contribution' at the bottom of 'Data Sheet (2): Customer's Business Information' are copied to this line. Score shall be assigned using the same criteria as in '1-5' in this manual.

d) - do - : % Change in Land Productivity

Calculated using the following information on 'Data Sheet (2): Customer's Business Information'. In Excel format, it is calculated automatically.

$$\% \text{ Change in Land Productivity} = [\{(6)/(4)\} / \{(6)'/(4)\} - 1] \times 100$$

e) - do - : % Change in Labor Productivity

Calculated using the following information on 'Data Sheet (2): Customer's Business Information'. In Excel format, it is calculated automatically.

% Change in Labor Productivity

$$= [\{(6) / (\text{Total Labor Input for the Next 1 Year}^{(*1)})\} / \{(6)' / (\text{Total Labor Input for the Latest Year}^{(*2)})\} - 1] \times 100$$

(*1) = $\sum \{ (\text{Number of Workers for the Next 1 Year}) \times (\text{Working Days for the Next 1 Year}) \}$
 (*2) = $\sum \{ (\text{Number of Workers for Latest Year}) \times (\text{Working Days for Latest Year}) \}$

6-4. Loan Evaluation

Quality of the applied loan shall be evaluated here, using the data provide in the Data Sheet (1)~(3) and through the formula shown below. The raw scores shall be adjusted using the weight designated for combining the indicators from different categories. (In the latest version, 'Repayment Capability', 'Collateral' and 'Guarantee' are assigned the weights of 80%, 10% and 10%, respectively.)

The overall score is shown in the 'Total' line with the scale of 0~100.

Category	Item	Score	Weight	Adjusted Score
Repayment Capability	Score for the capability to repay the loan from MADB		80	
Collateral	Score for the coverage by collateral		10	
Guarantee	Score for the coverage by guarantee		10	
Total			100	

a) Repayment Capability

Final score for the repayment capability on 'Data Sheet (3): Loan Information' is copied to this line.

b) Collateral

Final score for collaterals in the 'Security' section on 'Data Sheet (3): Loan Information' is copied to this line.

c) Guarantee

Final score for the repayment capability on 'Data Sheet (3): Loan Information' is copied to this line.

6-5. Visual Presentation of the Evaluation Results

Two matrices are shown in this section, which provide visualized summary of the analysis to make it easier for the decision makers to have a quick look at the concise but informative summary.

a) Repayment Capability

This is a matrix for checking if the profit level of the applicant is enough to cover the repayment of all the loans (including the applied one) falling due in the next 1 year.

The number for 'Net Profit' on horizontal axis is taken from the 'Net Profit = (A) + (B) - (C) - (D)' on 'Data Sheet (2): Customer's Business Information', whereas the one for 'Short-Term and Long-Term Loans (due within 1yr)' on vertical axis is from 'Short + Long-Term Loans (due within 1yr): Principal + Int.' on 'Data Sheet (1): Customer's Basic Information'.

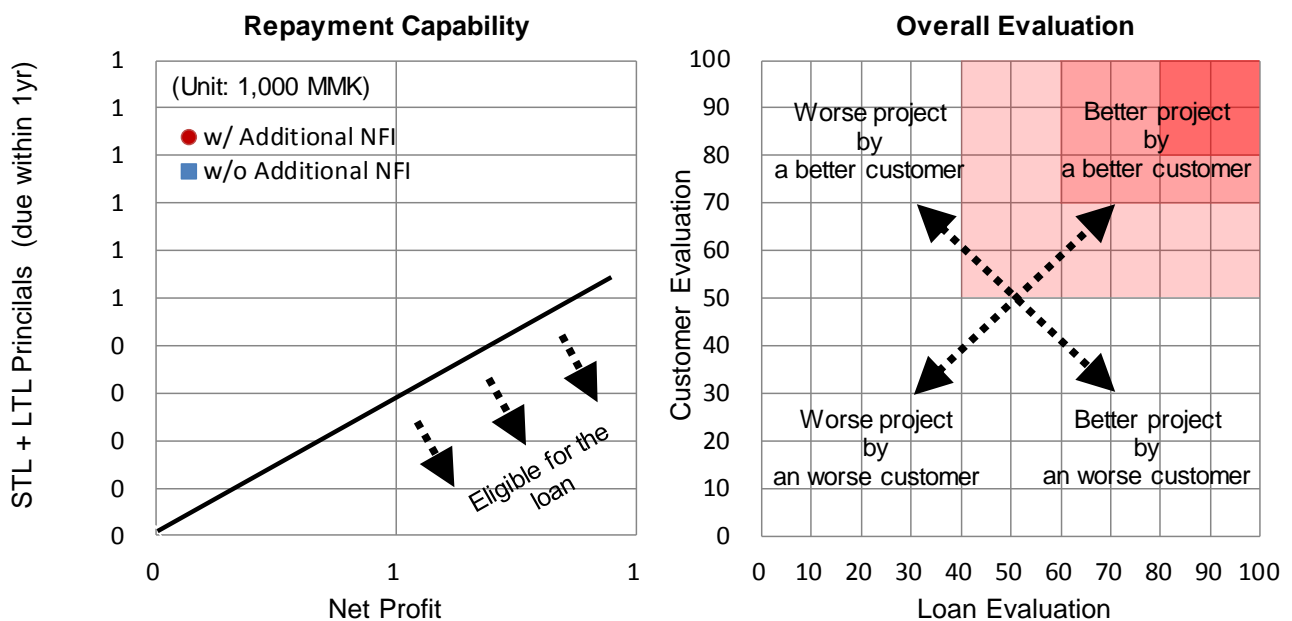
The applied loan is approval as long as the center of the dot is below the border line. Otherwise, the applicant's cash inflow may not be enough to repay the loans including the applied one.

b) Overall Evaluation

This matrix summarizes the result of above calculation (6-3 & 6-4) with 'Customer Evaluation' on vertical and 'Loan Evaluation' on horizontal axes.

The combined quality of the applicant and applied loan is deemed better as the dot goes up and to the right. And if the plotted dot is located in the shaded area, the applied loan can be approved as 'good quality' one, with darker area representing better project.

The slope of the border line as well as the shape/size of the shaded area can be altered to reflect the changes in the lending policy of MADB, but even in that case, rationales have to be clearly identified and recorded for the later reference.



Matrix a) and the 'Loan Evaluation' part of b) overlaps in terms of the cash-base repayment capacity, while in horizontal axis of b) also incorporates the evaluation of collaterals and

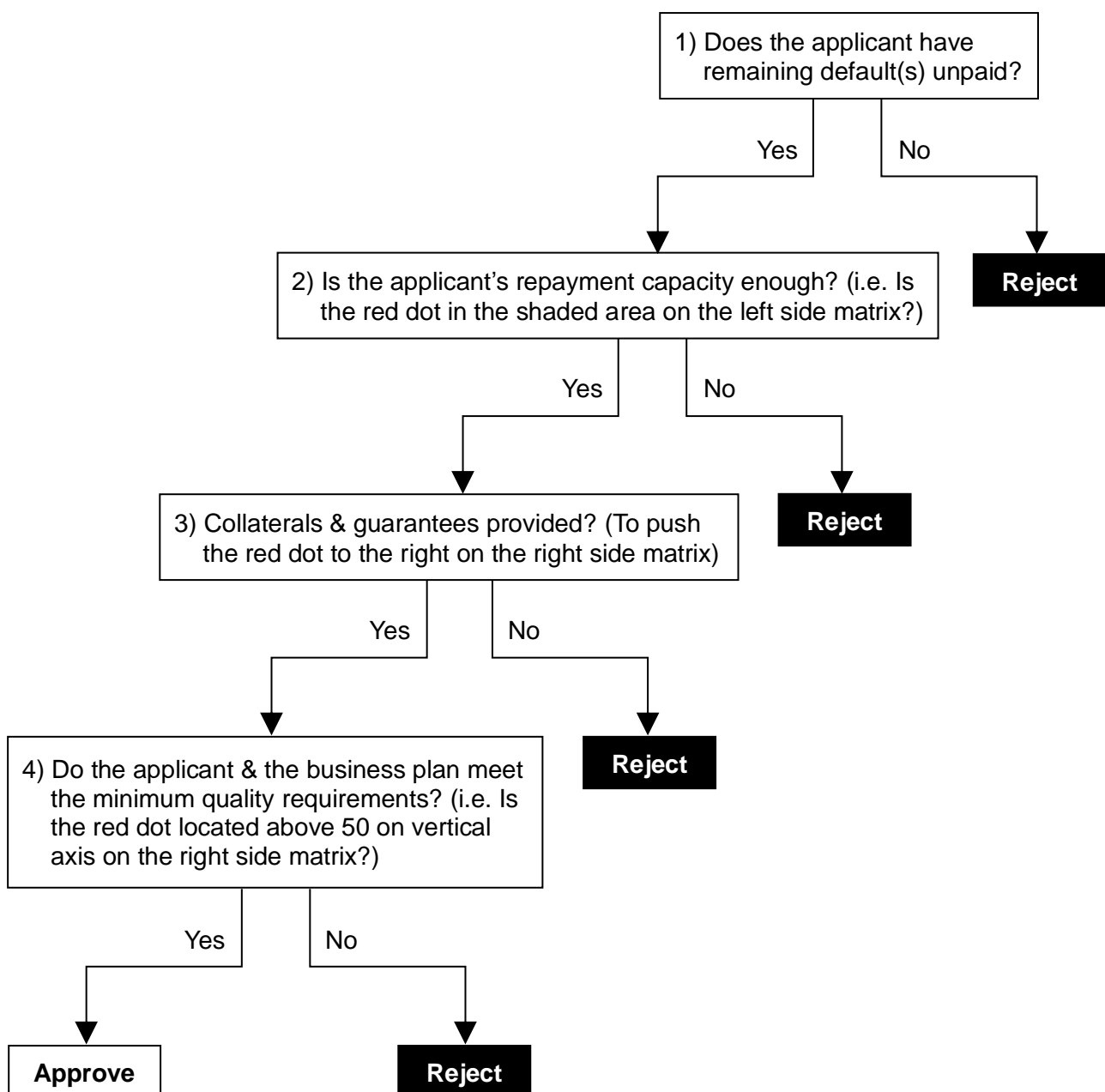
guarantees. a) is exactly in line with the criterion that has been used by MADB, and the 'Loan Evaluation' in b) is based on more holistic approach.

6-6. Comments

This is a free format area for the branch manager in charge of the credit examination, to provide additional background information which are not visible in the Data Sheet (1)~(3). Description has to be concise enough to be accommodated in this box (i.e. No need for additional sheets, which only increases the burden of decision makers).

6-7. How to Interpret the Analysis Results

In order to connect the results on Data Sheet (4) to the final decision on approving the applied loan, the analysis results need to be examined in the following sequence.



6-8. Sensitivity Analysis on Non-Farming Net Income (NFNI): For Excel Version Only

In the Excel version, there is an additional function for conducting a sensitivity analysis to examine to what extent the applicant's repayment capability is vulnerable to the fluctuation of NFNI.

The basic idea is to alter the NFNI number (from the original one stated in 2-12) and identify the breakeven point of NFNI, where the repayment capacity (shown in 4-5) totally diminishes. Here is the order of examination process.

1. In the cell AO45 on the Data Sheet (4), the number '100%' is set initially. In this cell, type in the number less than 100% and see how the red dot in the left side figure shifts.
2. Keep altering the number in the cell AO45 toward smaller ones, until the red dot shifts out of the pink-shaded area.
3. Once you identify the number that shifts the red dot to the border of the shaded area (let us call it 'Breakeven Point' or 'BEP'), copy that number to the cell AO47, and change the number in the cell AO45 back to '100%'.
4. Check the BEP found above against the following criteria and identify the rank for this applicant.

Ranking Criteria

- $0\% \leq \text{BEP} \leq 50\% \rightarrow \text{Rank A}$
Most robust, with enough revenue source & assets even without NFNI.
- $50\% < \text{BEP} \leq 80\% \rightarrow \text{Rank B}$
Can be financeable, although close attention is required for future possibility of default(s).
- $80\% < \text{BEP} \rightarrow \text{Rank C}$
Least recommended to provide a loan, as the repayment capability is highly vulnerable to the fluctuation of NFNI.

After applying the criteria shown in 6-7, the final decision of acceptance/rejection shall be made, taking this result into account (especially in the case of large investments compared to the existing businesses).

(Note)

This function is designed mainly for the use at PMU, and there is no need for the branches to conduct this analysis.

6-9. Final Check

After the sensitivity analysis mentioned above, the application needs to go through the final check by PMU, using the Credit Appraisal Final Check Sheet in the Appendix 4.

This Check Sheet helps to identify missing information, inconsistency among data items, deviation from the reasonable level in light of the industry average, etc.

Once the necessary corrections are made, the application needs to go through the steps in 6-5 through 6-8 over again before being finalized.

Appendix 1: Credit Examination Data Sheets

Credit Examination Data Sheet (1): Customer's Basic Information

Customer Information						
Basic Information						
Customer No.		Customer Name				
N.R.C. No.		Township/Village				
Attributes						
Customer Type		10 (Individual), 20 (Group), 21 ('Group Type 1' for MMK 50mn or less), 22 ('Group Type 2' for MMK 500mn or less), 30 (Corporate), 31 (LLC), 32 (Partnership), 33 (JV), 34 (SOE), 39 (Other corporate), 99 (Others)				
Type of Business		10 (Farming), 20 (Wholesale), 30 (Retail), 40 (Food & beverage processing), 99 (Others)				
Relevant Product		100 (Crops), 101 (Rice), 102 (Nuts), 103 (Sesame), 104 (Beans), 105 (Vegetables), 106 (Fruits), 109 (Other crop(s)), 200 (Livestocks), 300 (Fishery), 999 (Others)				
Size of Farm Land (Mandatory if 'Customer Type' is 10 or 20-22.)					acre	
Group Members (if '20-22' is selected for Customer Type)						
Name	N.R.C.No.	Township/Village/Address				
P/L						
	2014-15	2015-16	2016-17			
Revenue	100.0	100.0	100.0			
Farming (Rice)						
Farming (Others)						
Non-Farming						
Cost						
Farming						
Non-Farming						
HH Consumption						
Net Profit						
B/S (including the applied loan)						
	Asset		Liability			
Cash & Deposits			Borrowings (up to 1yr)			
Other Current Assets			Borrowings (1yr+)			
Fixed Assets			Other Liabilities			
			Net Assets			
Total			Total			
Financial Analysis						
Item/Formula	Value			Score (0-100)		
Revenue/Profit Trend (for the past 3 yrs)	1 (+/+ : Growing revenue & profit) 2 (-/+ or +/- : No revenue growth but profit is growing) 3 (+/- or +/- : Growing revenue but no profit growth) 4 (-/-, -/= or +/- : Shrinking revenue and/or profit) 5 (=/= : No significant variation in revenue & profit)					
Transaction Track Record (including the applied loan)						
Customer Since (date)						
Balance as of (date)						
Current Transaction Status			MADB		Others	
Loan	Original Lending Period: Up to 1yr	Outstanding Balance				
		Interest Rate (%)				
		Maturity Date				
		Annual Repayment (A)				
	Original Lending Period: 1yr+	Annual Int. Payment (B)				
		Outstanding Balance (of which due in 1yr)				
		Interest Rate (%)				
		Maturity Date				
Deposit	Current Account					
	Time/Saving Deposit					
All Loans (due within 1yr): Principal Only = (A)+(C) (thousand MMK)						
Past Transaction with MADB						
Type ^(*)	From	To	Amount	Default (Y/N)	Details	
(*) 1 (Loan up to 4yr), 2 (Loan 4yr+), 9 (Others)						
Overall Evaluation		1: No defaults for the past 5yrs+(*) 2: No defaults for the past 3-5yrs 3: No defaults for the past 1-3yrs 4: No defaults for the past 0-1yr 5: Brand new customer 6: Unpaid default amount remaining			Score (0-100)	

Credit Examination Data Sheet (2): Customer's Business Information

Farm Production Programme (Previously Form #2)												
Father's Name				Mother's Name								
No. of Household Members												
~12yrs old			Male			Female						
12yrs old~			Male			Female						
Working Days (Total No. of days)												
Permanent (Family)				Latest yr				Next 1 yr				
Temporary (Hired)				Latest yr				Next 1 yr				
Statement of Farm Production												
Unit of Production Quantity												
Unit of Value												
Cultivated Area						Actual Production			Estimated Production			
Field		Land	Areas	Crop	Total	Selling		Total	Seed	Own Use	Selling (A)	
Name	No.	Title #	(Acre)	Name	Quantity	Quantity	Value	Quantity	Quantity	Quantity	Quantity	Value
(1)	(2)	(3)	(4)	(5)	(6)'	(9)'	(10)'	(6)	(7)	(8)	(9)	(10)
Note: Total of Column (6) must be equal to the Total of Column (7), (8) & (9).												
Estimated Non-Farming Net Income (B)												
Detailed in the sheet 'Details of Non-Farming Incomes/Expenses (for the Next 1 Year)', if necessary.												
Estimated Production Cost (a) To be described in accordance with period for hiring services, labours, cows & buffalos (b) To be described in accordance with input quantity of crops												
Kind of business		Kind of Crop		Period/Quantity		Expenses (C)		Remarks				
(1)		(2)		(3)		(4)		(5)				
(a) External Labor Charges												
hiring labor cost												
tilling cost												
transplanting cost												
weeding cost												
natural fertilizer cost												
labour cost for pesticide												
harvesting cost												
weighting & transport cost												
others												
(b) Inputs												
fertilizer												
pesticide												
others												
Total												
Estimated Household Consumption Expenses (D)												
(a) Expenses for household consumption, dressing & living during the year (MMK)												
(b) Expenses for household's health, education & social activities (MMK)												
Total Possessed Value of House and Farm Machineries												
Particular		Quantity		Period to be continued and used		Estimated value		Remarks				
(1)		(2)		(3)		(4)		(5)				
House												
Barn												
Buffalo, Cow												
Cattle												
Ploughshare												
Pump set												
Power Tiller												
Others												
Total												
Summary of Farming/Business Operations to be Financed with the Applied Loan												
Estimated Net Profit = (A)+(B)-(C)-(D) (thousand MMK)												
Revenue/Profit Contribution (for the Next 1yr)						Revenue:		Profit:				

Credit Examination Data Sheet (3): Loan Information

Customer No.			
Customer Name			
Loan Details			
Loan Status & Conditions			
Loan Status	0 (Not approved), 1 (Approved but not disbursed), 2 (Disbursed but not fully repaid), 3 (Disbursed and		
Loan Type	11 (Term loan: Up to 4yr), 12 (Term loan: 4yr+), 20 (Seasonal loan), 99 (Others)		
Loan Amount (Latest) (A)		As of (date)	
Loan Amount (Original)			
Lending Period	From:	To:	yr mo
Interest Rate Details			
Type	1 (Fixed), 2 (Floating)		Base Rate
Spread			Applied Rate
Loan Purpose			
Type of Financing Need	1 (Working capital), 2 (Capital expenditure), 9 (Others)		
Details of Financing Need	Working Capital 110 (Purchasing inputs): 111 (Seeds), 112 (Fertilizer), 119 (Other inputs) 120 (Settlement fund), 130 (Bonus fund), 199 (Others)		
	Capital Expenditure 210 (Equipment): 211 (Farming machine), 212 (Food processing machine), 219 (Other equipment) 220 (Construction): 221 (Warehouse), 222 (Factory), 229 (Other construction) 230 (Renovation/extension): 231 (Warehouse), 232 (Factory), 239 (Other renovation) 299 (Others)		
Details of Loan Usage			
#	Payee Name	Amount to be Paid	Purchased Item/Material
Repayment Capability			
Fund Uses (for the next 1yr)		Fund Sources (for the next 1yr)	
Business Operations (B)			
Total Production Cost		Farming income	
Purchase of equipments + Working Capital		Non-farming income (net)	
Financing			
Loan repayment to MADB (C)		New loan from MADB	
Int. payment to MADB (D)			
Loan repayment to others (E)		New loan from others	
Int. payment to others (F)			
Savings		Interest earned	
Other Activities (G)			
Living expenses		Other incomes	
Total		Total (H)	
Fund available for loan payment (principal & int.) = (H) - ((B)+(G)) = (I)			
Loan repayment (principal only) = (C)+(E) = (J)			
Loan repayment capability = (I) / (J) (%) : Should exceed 167%.			
Score (0-100)			

Customer No.	
Customer Name	

Security

Collaterals					
1	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
2	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
3	Category	10 (Real estate property), 11 (Real estate property for farming (existing)) 12 (Real estate property for non-farming (existing)) 13 (Real estate property for farming (to be acquired using this loan)), 14 (Real estate property for non-farming (to be acquired using this loan)), 20 (Movable asset), 21 (Movable asset (existing)), 22 (Movable asset (to be acquired using this loan)), 30 (Bank deposit), 40 (Receivables), 99 (Others)			
	Valuation as of (date)		Owner's Name		
	Owner's NRC No.		Father's Name		
	Owner's Address				
	Location (Address)				
	Value		Value (Risk Adjusted)		
Total (Risk Adjusted) (K)			Coverage (K)/(A)		Score (0-100)

Guarantees

1	Category	10 (Private guarantee), 20 (Institutional guarantee): 21 (Myanmar Insurance (Credit Guarantee Insurance or GCI)), 22 (Dealer for farming machine), 99 (Others)			
	Valuation as of (date)		Guarantor's Name		
	Guarantor's NRC No.		Father's Name		
	Guarantor's Address				
	Guarantor's Assets	(Total)	(Total)		
	(1)	Value	Value (Risk Adjusted)		
	(2)	Value	Value (Risk Adjusted)		
	(3)	Value	Value (Risk Adjusted)		
Cumulative Guarantees	(To be deducted from assets)	Value	Value (Risk Adjusted)		
2	Category	10 (Private guarantee), 20 (Institutional guarantee): 21 (Myanmar Insurance (Credit Guarantee Insurance or GCI)), 22 (Dealer for farming machine), 99 (Others)			
	Valuation as of (date)		Guarantor's Name		
	Guarantor's NRC No.		Father's Name		
	Guarantor's Address				
	Guarantor's Assets	(Total)	(Total)		
	(1)	Value	Value (Risk Adjusted)		
	(2)	Value	Value (Risk Adjusted)		
	(3)	Value	Value (Risk Adjusted)		
Cumulative Guarantees	(To be deducted from assets)	Value	Value (Risk Adjusted)		
Total (Risk Adjusted) (L)			Coverage (L)/(A)		Score (0-100)

Credit Examination Data Sheet (4): Overall Evaluation

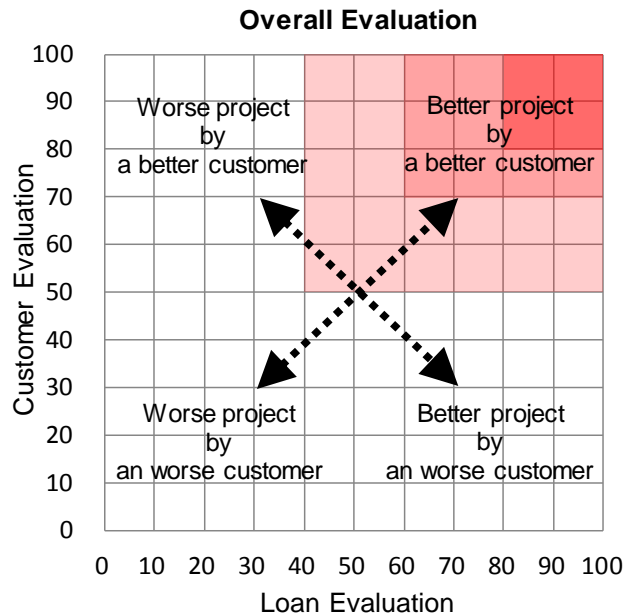
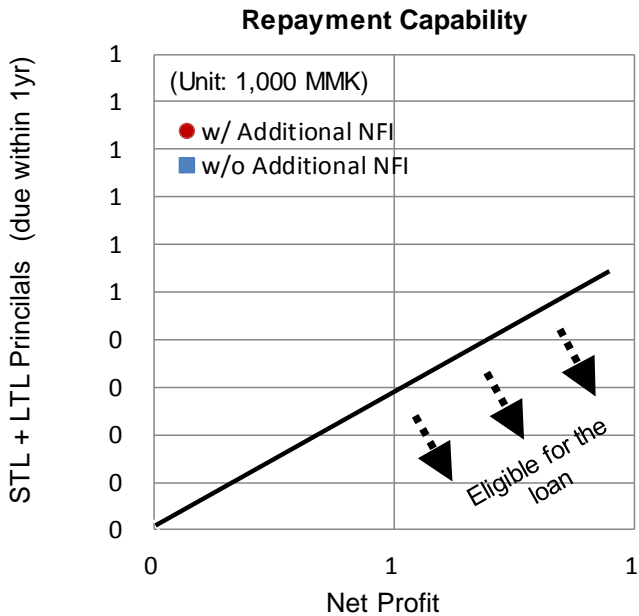
Customer No.	
Customer Name	

Customer Attributes	CustomerType		
	Type of Business		
	Relevant Product		
	Size of Farm Land		acre

Loan Purpose	
---------------------	--

Customer Evaluation					
Category	Item	Result	Score	Weight	Adjusted
Financial Analysis	Revenue/Profit Trend (Past 3yrs)			20	
Track Record	Overall Evaluation			30	
Productivity/ Efficiency Analysis	Revenue/Profit Trend (for next 1yr)			30	
	% Change in Land Productivity			10	
	% Change in Labor Productivity			10	
Total				100	

Loan Evaluation				
Category	Item	Score	Weight	Adjusted
Repayment	Score for the capability to repay the loan from		80	
Collateral	Score for the coverage by collateral		10	
Guarantee	Score for the coverage by guarantee		10	
Total			100	



Comments

Appendix 2: Details of Non-Farming Incomes/Expenses

Details of Non-Farming Incomes/Expenses (for the Next 1 Year)

Non-Farming Incomes						
Rental Fees (New)						
Machine/ Equipment	Rentee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Other Incomes (Including Existing Rental Revenues)						
Product/ Service	Payer	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Total Non-Farming Income						
Non-Farming Expenses						
Rental-Related Expenses (New)						
Product/ Service	Payee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Other Expenses (Including Existing Rental Costs)						
Product/ Service	Payee	Schedule	Usage/ Consumption Unit	Price/Unit (kyat)	Used/Consumed Quantity (in units)	Amount (kyat)
Total Non-Farming Expense						
Non-Farming Net Income						

Appendix 3: Code Tables

Code	Meaning	Score	Adjustment
<u>Customer Type</u>			
10	Individual		
20	Group		
21	'Group Type 1' for MMK 50mn or less		
22	'Group Type 2' for MMK 500mn or less		
30	Corporate		
31	LLC		
32	Partnership		
33	JV		
34	SOE		
39	Other corporate		
99	Others		
<u>Type of Business</u>			
10	Farming		
20	Wholesale		
30	Retail		
40	Food & Beverage Processing		
99	Others		
<u>Relevant Product</u>			
100	Crops		
101	Rice		
102	Nuts		
103	Sesame		
104	Beans		
105	Vegetables		
106	Fruits		
109	Other crop(s)		
200	Livestocks		
300	Fishery		
999	Others		
<u>Size of Business</u>			
10	Farming : Size unknown		
11	~5 acre		
12	5+ ~30 acre		
13	30+ ~50 acre		
14	50+ ~100 acre		
15	100+ acre~		
20	Agribusiness : Size unknown		
21	Agribusiness: SME		
22	Agribusiness: Non-SME		
<u>Revenue/Profit Trend</u>			
1	+/+	Growing revenue & profit	100
2	-/+	No revenue growth but profit is growing	60
2	=/+	No revenue growth but profit is growing	60
3	+/=	Growing revenue but no profit growth	30
3	+/-	Growing revenue but no profit growth	30
4	-/-	Shrinking revenue and/or profit	0
4	-/=	Shrinking revenue and/or profit	0
4	=-/	Shrinking revenue and/or profit	0
5	==/	No significant variation in revenue & profit	50
<u>Land Productivity Improvement (%): Scoring</u>			
40+%	~		100
30+%	~	40%	80
20+%	~	30%	60
10+%	~	20%	40
0+%	~	10%	20
	~	0%	0

Code	Meaning	Score	Adjustment
<u>Labor Productivity Improvement (%): Scoring</u>			
40+%	~		100
30+%	~ 40%		80
20+%	~ 30%		60
10+%	~ 20%		40
0+%	~ 10%		20
	~ 0%		0
<u>Transaction Track Record</u>			
Default' is defined as being overdue more than 30 days past the original due date.			
1	No defaults for the past 5yrs+(*)		100
2	No defaults for the past 3-5yrs		70
3	No defaults for the past 1-3yrs		50
4	No defaults for the past 0-1yr		30
5	Brand new customer		10
6	Unpaid default amount remaining		REJ
<u>Loan Status</u>			
0	Not Approved		
1	Approved Nut Not Disbursed		
2	Disbursed But Not Fully Repaid		
3	Disbursed and Overdue		
9	Account Closed		
<u>Loan Purpose</u>			
110	Working Capital: Purchasing Inputs		
111	Working Capital: Purchasing Inputs - Seeds		
112	Working Capital: Purchasing Inputs - Fertilizers		
113	Working Capital: Purchasing Inputs - Pesticides		
119	Working Capital: Purchasing Inputs - Others		
120	Working Capital: Settlement Fund		
130	Working Capital: Bonus Fund		
199	Working Capital: Others		
210	Capital Expenditure: New Investment - Equipment		
211	Capital Expenditure: New Investment - Farming Machine		
212	Capital Expenditure: New Investment - Food Processing Machine		
219	Capital Expenditure: New Investment - Other Equipment		
220	Capital Expenditure: New Construction		
221	Capital Expenditure: New Construction - Warehouse		
222	Capital Expenditure: New Construction -Factory		
229	Capital Expenditure: New Construction - Others		
230	Capital Expenditure: Rennovation/Extension		
231	Capital Expenditure: Rennovation/Extension - Warehouse		
232	Capital Expenditure: Rennovation/Extension - Factory		
239	Capital Expenditure: Rennovation/Extension - Others		
299	Others		
<u>Collateral</u>			
10	Real Estate Property		50%
11	Real Estate Property for Farming (Existing)		50%
12	Real Estate Property for Non-Farming (Existing)		50%
13	Real Estate Property for Farming (To Be Acquired Using This Loan)		35%
14	Real Estate Property for Non-Farming (To Be Acquired Using This Loan)		35%
20	Movable Asset		50%
21	Movable Asset (Existing)		50%
22	Movable Asset (To Be Acquired Using This Loan)		35%
30	Bank Deposit		100%
40	Receivables		50%
99	Others		50%
<u>Guarantee</u>			
10	Private Guarantee		50%
20	Institutional Guarantee		50%
21	Myanmar Insurance (Credit Guarantee Insurance or GCI)		40%
22	Dealer for Farming Machine		50%
99	Others		50%
	Cumulative Guarantee		10%

Appendix 4: Credit Appraisal Final Check Sheet

Common ✓

1. Are the appropriate codes selected, only one for each category?

Credit Examination Data Sheet (1): Customer's Basic Information

2. For the 'Attributes' section, is an appropriate code selected for 'Relevant Product', for which the obtained loan is mainly used?
3. For the 'P/L' section, are reason(s) for large irregular fluctuations in revenue and profit well identified and explained by the applicant and/or the branch manager?
4. Is an appropriate code selected for the 'Revenue/Profit Trend', reflecting the P/L above?
5. For the 'Loan' section in the 'Transaction Track Record', are the 'Annual Int. Payment' amounts consistent with the relevant outstanding balances?
6. For the 'Overall Evaluation', is an appropriate code selected based on the past default data? (i.e. based on the default-free period starting from the full repayment date of the loan in default.)

Credit Examination Data Sheet (2): Customer's Business Information

7. For the 'Statement of Farm Production', are the 'actual' and 'estimated' quantity and value reasonable?

Reference values (obtained from West Bago Region)

Crop Name	Quantity (bskt/acre)	Unit Value (MMK/bskt)	Note
Monsoon paddy	80 – 100	4,000 - 7,500	One basket contains 50lbs
Summer paddy	70 – 85	5,000 - 8,500	One basket contains 50lbs
Black gram	15 – 20	35,000 - 50,000	One basket contains 72lbs
Green gram	15 – 20	25,000 - 35,000	One basket contains 54lbs

8. For the 'Statement of Farm Production', same unit price is applied to 'actual' and 'estimated' outputs?
9. Is the 'Estimated Production Cost' in line with the 'Total Quantity (6)' of the 'Estimated Production'?

Reference values (obtained from West Bago Region)

Crop Name	Total Production Cost (MMK/acre)
Monsoon paddy	120,000 - 280,000
Summer paddy	210,000 - 320,000
Black gram	120,000 - 270,000
Green gram	90,000 - 250,000

10. Is the 'Estimated Household Consumption Expenses' in line with the number of the family members?
11. Is the numbers in 'Total Possessed Value of House and Farm Machineries' consistent with the collateral information on Data Sheet (3)?
12. Is the information in 'Summary of Farming/Business Operations to be Financed with the Applied Loan' detailed enough to support the business plan shown in the 'Details of Non-Farming Incomes/Expenses'?

Details of Non-Farming Incomes/Expenses (for the Next 1 Year)

13. Are the rentees well identified with supplementary information (e.g. Individual names, villages, arranging broker(s), etc.) and reasonable/feasible rental period(s)?
14. Are the unit prices reasonable, preferably with supporting evidences?

Reference values (obtained from West Bago Region)

Machinery type	Rental fee (MMK/acre)	Working hours(acre/hour)	Maintenance cost (MMK/year)
Power Tiller	9,000 – 20,000	about 0.2 – 0.5	75,000 – 150,000
4w Tractor	10,000 – 30,000	about 2	100,000 – 300,000
Combine Harvester	more than 40,000	about 1	more than 200,000

Credit Examination Data Sheet (3): Loan Information

15. In the 'Collaterals' section, are the machinery/equipment/facilities to be purchased through the applied loan and the relevant deposit (30% of the purchased value) included?

Credit Examination Data Sheet (4): Overall Evaluation

16. In the 'Comments' section, is the information limited to the followings?
- a) Qualitative information that does not appear in Data Sheet (1)~(3).
- b) Evaluator's assessment of the analysis results on Data Sheet (4).

Appendix 6: Official leaflets of ARD-TSL (Myanmar and English)

(English Version)




**Implemented by Myanmar
Agricultural Development Bank**



**Outlines for Agriculture/Rural
Development Two Step Loan
Project in Myanmar**

December 2017

Application Checklist

Our Contact Address

Please check the following items required for the loan application process

Please contact your nearest MADB office to obtain more information regarding this loan

Application

1. Copy of NRC.
2. Copy of Household register
3. Copy of saving book (to check transaction record: loan and deposit)
4. Copy of Form (7) and Form (105)
5. Two guarantors
6. Income and expenditure (last 3 year)
7. Business Plan for next 1 year

Applicant submits above application documents to the relevant township branch of Myanmar Agricultural Development Bank.

Post-Application (Screening)

MADB branch manager and the applicant cooperate together to obtain necessary recommendations/endorsements from village tract administrator and village loan screening committee.

After being completed the related forms by bank staff, on site inspection will be done by branch manager.

Only potential end borrowers were necessary for 30% saving deposit. Form (7) will be kept at the bank as collateral.

MADB township level, State/ regional level and Headquarters officials will screen the applications and related documents. Simultaneously, the information will be shared to the loan supervision committee.

After approval

Procurement

- ◊ Procurement from dealers through the instruction of MADB branch

Training (Procurement of tractor or combine harvester only)

- ◊ Participation in training courses for operation and maintenance of agricultural machinery

Loan Repayment

- ◊ Principal repayment is annual, but interest payment is semi-annual.

MADB office	TEL
Kachin State	074 22526
Kayah State	083 21483
Kayin State	058 21398
Chin State	070 21093
Sagaing /sagaing Region	072 21162
Sagaing /monywa Region	071 23725
Taninthari Region	059 21257
Nay Pyi Taw Region	067 550346
Bago Region	052 2230077
Magway Region	063 28325
Mandalay Region	02 33493
Mon State	057 24803
Rakhine State	043 23578
Yangon Region	01 650398
Shan State (Southern)	081 2122239
Shan State (Northern)	082 2203914
Ayarwaddy Region	042 29130

Description of Agriculture and Rural Development Two Step Loan

“Low Interest” “Long Term” “Up to 50 mil Kyat”

1. Eligible borrower	<ul style="list-style-type: none"> Individual farmer who has farmland not exceeding 50 acres A farmer group (Eligibility criteria defined by MADB) 	5. Repayment Schedule	Principal repayment is annual, but interest payment is twice a year, once on agreed due date and next on end of fiscal year.
2. Sub-loan term	<ul style="list-style-type: none"> 1-5 years Up to 3 yrs for Small machinery (e.g. power tiller) Up to 5 yrs for Large machinery and factory/storage facilities (e.g. harvester, tractor, processing machinery, factory buildings) 	6. Fund Usage	Agricultural machinery and Capital investment for Agri-related business
3. Interest	8.0% per year	7. Collateral	<ul style="list-style-type: none"> (1) Saving deposit, amounting to 30% of Sub-Loan amount (2) Purchased asset, i.e. machinery (3) Two guarantors (4) Land usage right (form 7) (5) Fixed asset (if credibility of end-borrowers is not enough).
4. Amount	<ul style="list-style-type: none"> Max. 50 mil Kyat for a farmer Max. 500 mil Kyat for a group 	8. Appraisal Period	MADB may ease collateral requirement, if a loan is covered by CGI (Credit Guarantee Insurance). *Typically 3 - 8 weeks from the date of application submission (it depends on application quality)
		9. Regions	Nationwide

Business Plan

Please make your own business plan for your farming and/or Ag-related business utilizing this loan

Case 1: Individual farmers purchase combine harvester



Rice production (10acre)
5 mill Kyat/year of income

Rice production (10acre)
+ Rental service (15 mill Kyat/year of additional income)
20 mill Kyat/year of income

Repayment plan (example of 5-year plan)

Price of combine harvester: 40 million Kyat*

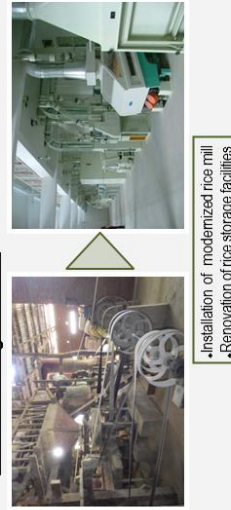
*Price of machinery depends on the specification (e.g. horse power)

Initial payment as a deposit (30% of total): 12 million Kyat

Year	Interest (8.0% p.a.)	Principal repayment	Total
1 st	3.2 million Kyat	5.6 million Kyat	8.8 million Kyat
2 nd	2.8 million Kyat	5.6 million Kyat	8.4 million Kyat
3 rd	2.3 million Kyat	5.6 million Kyat	7.9 million Kyat
4 th	1.9 million Kyat	5.6 million Kyat	7.5 million Kyat
5 th	1.4 million Kyat	5.6 million Kyat	7.0 million Kyat
		+30% saving deposit	12.0 million Kyat
			40 million Kyat
			51.6 million Kyat*

* Since total interest income (8.0% p.a.) will be deducted from total repayment, actual total amount of repayment will be 45.9 million Kyat

Case 2: Group of farmers* purchases new rice mill and renovate storage facilities



- *Installation of modernized rice mill
- *Renovation of rice storage facilities

*Group of farmers, including farmers group and organization which has financial report authorized by CPA. For more detail about eligibility, please ask your nearest MADB branch office.

Agricultural machinery

- * Water pump
- * Threshing machine
- * Power tiller
- * 4w Tractor
- * Combine harvester
- * Trans planter, etc...



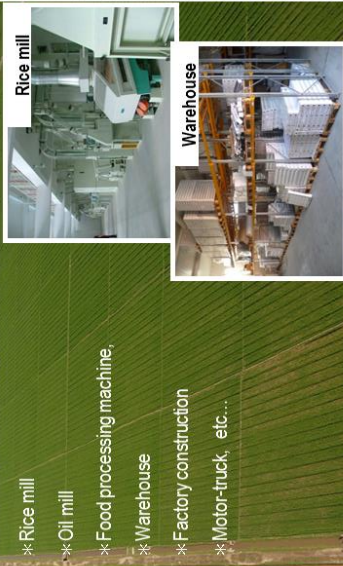
Power tiller

4w Tractor

**We have some quality conditions for manufactures and dealers for tractor and combine harvester. Please inquire of MADB branch for detail.

Capital investment for Ag-related business

- * Rice mill
- * Oil mill
- * Food processing machine.
- * Warehouse
- * Factory construction
- * Motor-truck, etc...



Rice mill

Warehouse






မြန်မာ့ လယ်ယာကဏ္ဍနှင့် ကျေးလက်ဒေသ ဖွံ့ဖြိုးရေး နှစ်ဆင့်ချေးငွေစီမံကိန်းအကြောင်းသိကောင်းစရာ

၂၀၁၇ ခုနှစ် ဒီဇင်ဘာလ



မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်အကောင်အထည်ဖော်မည့်

လျှောက်လွှာတွင်ပါဝင်ရမည့်အချက်များ

ချေးငွေလျှောက်ထားရန် အောက်ပါလိုအပ်ချက်များကို သတိပြုမေလျီပါသည်။

လျှောက်ထားခြင်း လိုအပ်သည့်အထောက်အထားများ

- ၁။ နိုင်ငံသားစိစစ်စာအုပ်မိတ္တူ။
- ၂။ အိမ်ထောင်စုစာရင်းမိတ္တူ။
- ၃။ ငွေစာအုပ်မိတ္တူ။
- ၄။ ပုံစံ (၇) နှင့် ပုံစံ (၁၀၅) မိတ္တူ။
- ၅။ ဝိုင်ဆိုင်ယွဉ်းစာရင်းအာမခံသူ(၂) ဦး။
- ၆။ အဆိုပြုသူ၏ (၃) နှစ်အတွင်း ဝင်ငွေ နှင့် အသုံးစရိတ်မှတ်တမ်း။
- ၇။ လုပ်ငန်းစီမံချက်။

လျှောက်ထားသူသည်ဖော်ပြပါစာရွက်စာတမ်းများနှင့်လျှောက်လွှာကို သက်ဆိုင်ရာဥက္ကဋ္ဌ နယ်ဖွံ့ဖြိုးရေးဘဏ်သို့ လျှောက်ထားရမည်။

ချေးငွေ စိစစ်အကျဉ်းချုပ်ခြင်း

ချေးငွေလျှောက်ထားသူသည် သက်ဆိုင်ရာမြန်မာ့လယ်ယာဖွံ့ဖြိုးရေး ဘဏ်နှင့်ပူးပေါင်း၍ ငွေကြေးအခြေအနေအထားနှင့် ကျေးလက်ဒေသဖွံ့ဖြိုးရေး ဝန်ဆောင်မှုအဖွဲ့အစည်းတို့၏ အဖွဲ့ဝင်အဖြစ် အသိပေးကြေညာရမည်။

အသိပေးကြေညာခြင်းအခါ အဖွဲ့ဝင်အဖြစ် အသိပေးကြေညာရမည့် အချက်များအား အဖွဲ့ဝင်အဖြစ် အသိပေးကြေညာရမည်။

လျှောက်ထားရမည့် အချက်များ

လျှောက်ထားသူသည် ချေးငွေလျှောက်ထားရန် အောက်ပါလိုအပ်ချက်များကို သတိပြုမေလျီပါသည်။

ချေးငွေစီမံကိန်းအကြောင်းသိကောင်းစရာ

လယ်ယာဖွံ့ဖြိုးရေး ဝန်ဆောင်မှုအဖွဲ့အစည်းတို့၏ အဖွဲ့ဝင်အဖြစ် အသိပေးကြေညာရမည်။

ဆက်သွယ်ရန်လိပ်စာ

ဤချေးငွေနှင့် သက်ဆိုင်သော အချက်အလက်များကို နီးစပ်ရာဖွံ့ဖြိုးရေး ဘဏ်တွင်မေးမြန်းနိုင်ပါသည်။

ကရင်ပြည်နယ်	၀၇၄ ၂၂၅၂၆
ကယားပြည်နယ်	၀၈၃ ၂၁၄၈၃
ကရင်ပြည်နယ်	၀၅၈ ၂၁၃၉၈
ချင်းပြည်နယ်	၀၇၀ ၂၁၀၉၃
စစ်ကိုင်း (စစ်ကိုင်း) တိုင်းဒေသကြီး	၀၇၂ ၂၁၁၆၂
စစ်ကိုင်း (မုံရွာ) တိုင်းဒေသကြီး	၀၇၃ ၂၃၇၂၅
တနင်္သာရီ တိုင်းဒေသကြီး	၀၅၉ ၂၁၂၅၇
နေပြည်တော်တိုင်းဒေသကြီး	၀၆၇ ၅၅၅၃၄၆
ပဲခူးတိုင်းဒေသကြီး	၀၅၂ ၂၂၃၀၀၇၇
မကွေးတိုင်းဒေသကြီး	၀၆၃ ၂၅၃၂၅
မွန်လေးတိုင်းဒေသကြီး	၀၂ ၃၃၄၉၃
မွန်ပြည်နယ်	၀၅၇ ၂၄၈၀၃
ရခိုင်ပြည်နယ်	၀၄၃ ၂၃၅၇၈
ရန်ကင်းတိုင်းဒေသကြီး	၀၁ ၆၅၀၃၉၈
ရှမ်းပြည်နယ် (တောင်ပိုင်း)	၀၈၁ ၂၁၂၂၃၉
ရှမ်းပြည်နယ် (မြောက်ပိုင်း)	၀၈၂ ၂၂၀၃၉၀၄
ဧရာဝတီတိုင်းဒေသကြီး	၀၄၂ ၂၆၃၃၀

လယ်ယာကဏ္ဍနှင့် တျေးလက်ဒေသဖွံ့ဖြိုးရေး နှစ်ဆင့်ချေးငွေသိင်ရာ အကြောင်းအရာများ

တိုးချဲ့နှုန်းသက်သာ
ငါးနှစ်ရှည်ကြာ
သန်းငါးဆယ်ပါ။

- ၁. ချေးငွေသင့်သူ
 - တောင်သူလယ်သမား တစ်ဦးချင်း
 - လယ်သမားအုပ်စု(ဖွံ့ဖြိုးရေးသင်တန်း) သတ်မှတ်ချက် အတိုင်း)
- ၂. ချေးငွေကဏ္ဍ
 - ၁ နှစ်မှ ၅ နှစ်အထိ
 - လက်တွန်းထွန်းစက်ကဲ့သို့ စက်ကိရိယာများ= ၃ နှစ်အထိ။
 - ထွန်းစက်ကြီး၊ရိတ်ခြေစက်နှင့်စက်ရုံ၊ အလုပ်ရုံ၊ရိုင်းခေါင်းများ = ၅ နှစ်အထိ။
- ၃. အတိုးနှုန်း
 - နှစ်စဉ်တိုး ၈.၀ %
- ၄. ချေးငွေမာဏ
 - လယ်သမားတစ်ဦးချင်းကျပ်သန်း ၅၀ အထိ
 - လယ်သမား အုပ်စု ကျပ်သန်း ၅၀၀ အထိ
 - နှစ်စဉ်အရင်းပြန်ဆပ်ရန်နှင့် အတိုးမှာနှစ်ချုပ်စီချိန်တစ်ကြိမ်နှင့် အချိန်စေ့အရင်းပြန်ဆပ်ချိန်၌ တစ်ကြိမ် စီစဉ်မှု

လယ်ယာသုံး စက်ယူစွမ်း ကိရိယာများ

- * ရေစိုက်စက်
- * ခြေလှေ့စက်
- * လက်တွန်းထွန်းစက်
- * လယ်ထွန်းစက်
- * ရိတ်သိမ်းခြေလှေ့စက်
- * ကောက်ပိတ်စက် စသည်...

လယ်ထွန်းစက် နှင့် ရိတ်သိမ်းခြေလှေ့စက်

လက်တွန်းထွန်းစက်

လယ်ထွန်းစက်

- ၆. အသုံးပြုပုံ
 - လယ်ယာသုံးစက်ကိရိယာများ ဝယ်ယူရန်နှင့် လယ်ယာစီးပွားရေးနှင့် ဆက်စပ်သော ရင်းနှီးမြုပ်နှံမှုများ
- ၇. အပေါင်းပစ္စည်း
 - (၁) ချေးငွေ၏ ၃၀% ကို ဘဏ်၌ စုဆောင်းအပ်နှံရန်
 - (၂) ချေးငွေဖြင့် ဝယ်ယူသော စက်ပစ္စည်း
 - (၃) အာမခံ လုပ်ပိုင် (၂) ဦး
 - (၄) ခြေယာအသုံးချခွင့် (၃စုံ ၇)
 - (၅) ပုံသေရိုင်ခွင့်များ (ချေးယူသူ၏ ကြွေးဆပ်နိုင်အား နည်းမှသာ အသုံးပြုရန်)
 - အကယ်၍ ချေးငွေအာမခံ (CGI) သည် ချေးငွေပမာဏကို ကာကွယ်ကာ အပေါင်းပစ္စည်းလိုအပ်ချက်ကို မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်မှ လျော့ပေါ့စဉ်းစားမည်။
- ၈. စိစစ်အကဲဖြတ်ကာလ
 - ချေးငွေလျှောက်လုပ်ပြုစုမှု မှအပေါ်မှတစ်ဆင့် အဆိုပြုသည့်နေ့မှစ၍ ၃ ပတ်မှ ၈ ပတ်အထိ ကြာနိုင်သည်။
- ၉. သတ်မှတ်နေရာ
 - တစ်နိုင်ငံလုံး

လယ်ယာစီးပွားဆိုင်ရာ "စ" တည် ရင်းနှီးမြုပ်နှံမှုအရာများ

- * ဆန်စက်
- * ခေါ်စက်
- * စားသောက်ကုန် ထုတ်လုပ်သည်စက်
- * ရိခေါင်
- * စက်ရုံစောက်လုပ်ခြင်း
- * ထရပ်ကား စသည်...

ဆန်စက်

ရိခေါင်

စီးပွားရေးစီမံချက်
ချေးငွေအသုံးပြုမည့် လယ်ယာလုပ်ငန်း/လယ်ယာစီးပွားကဏ္ဍအတွက် စီးပွားရေးစီမံချက်များပြုလုပ်ရမည်။

ဥပမာ ၁ - လယ်သမားတစ်ဦးချင်းသည် ရိတ်သိမ်းခြေလှေ့စက် ဝယ်ယူခြင်း

ဆန်စပါးထုတ်လုပ်ခြင်း (၁၀) ဧက
(၁၀) ဧက
နှစ်စဉ်ခင်းကျပ် ၅ သန်း

ဆန်စပါးထုတ်လုပ်ခြင်း (၁၀) ဧက
ဘားလ်စက်ဖြင့် နှစ်စဉ် အရိုးခင်း
နှစ်စဉ်ခင်းကျပ်သန်း ၂၀

ပြန်ဆပ်ရန် စီစဉ်မှု (နမူနာ အားဖြင့် ၅ နှစ် စီမံကိန်း)

ရိတ်သိမ်းခြေလှေ့စက်သုံးစွဲမှု

နှစ်	နှစ်စဉ်အသုံး ၈%	အရင်းပြန်ဆပ်ရန်	စုစုပေါင်း
ပ.နှစ်	ကျပ် ၁ သန်း	ကျပ် ၅၆ သန်း	ကျပ် ၈.၈ သန်း
ဒ.နှစ်	ကျပ် ၂.၀ သန်း	ကျပ် ၅၆ သန်း	ကျပ် ၈.၄ သန်း
တ.နှစ်	ကျပ် ၂.၃ သန်း	ကျပ် ၅၆ သန်း	ကျပ် ၇.၉ သန်း
စ.နှစ်	ကျပ် ၁.၉ သန်း	ကျပ် ၅၆ သန်း	ကျပ် ၇.၅ သန်း
ပစ္စုပ.နှစ်	ကျပ် ၁.၄ သန်း	ကျပ် ၅၆ သန်း + ၃၀% စုစုပေါင်း	ကျပ် ၇.၀ သန်း + ၃၀% စုစုပေါင်း
ကျပ် ၁၁.၆ သန်း	ကျပ် ၁၁.၆ သန်း	ကျပ် ၁၁.၆ သန်း	ကျပ် ၅၁.၆ သန်း

* ရင်းနှီးမြုပ်နှံမှုအရင်းနှီးမြုပ်နှံမှုကို နှစ်စဉ် ၈% အမှန်တကယ်ပြန်ဆပ်ရမည်။
ပမာဏကို ကျပ် ၅၅၉ သန်းဖြစ်သည်။

ဥပမာ ၂ - လယ်သမားအုပ်စု၏ ဆန်စက်အသစ် ဝယ်ယူခြင်းနှင့် ရိခေါင်ပြုပြင်ခြင်း

- စက်စီဆန်စက် စတင်တပ်ဆင်ခြင်း
- ဆန်စက်ရိခေါင် ပြုပြင်မွမ်းမံခြင်း

* လယ်သမားအုပ်စုအတွက် CPA မှ စာရင်းစစ်ပြီးသော ဘဏ္ဍာရေးဆိုင်ရာ ရှင်းတမ်းများကို အသုံးပြုသည်။ အသေးစိတ်သိရှိလိုပါက နှစ်စဉ်ရာ မြန်မာ့လယ်ယာ ဖွံ့ဖြိုးရေးဘဏ်တွင် နှစ်စဉ်နိုင်ပါသည်။

Appendix 7: On-site Appraisal Training Materials Package

(Final Exercise Exam)

Credit Appraisal Training for MADB/PMU Take-Home/Role Play Exercise

Information Received from the Applicant

- Name: Takayuki (age 38, N.R.C. Number: 10/WaHaHa(N)-012345)
- Father's Name: Masayoshi (age 65)
- Mother's Name: Ayako (age 62)
- Household: himself, his wife (age 34), two sons (8 and 11 years old) and Takayuki's parents
- Address: Atami Village, Shizuoka Township
- Comments obtained through the interview (conducted on May 15th, 2018):

Information about current farming practice and past loan experience

- I'm a paddy farmer and own a total of 10 acre of farmland with two Form 7 documents.
- One piece of farmland "Atami_1" is 8 acre, with land title number "9_1". This piece is used for paddy farming in Monsoon season and for beans in winter.
- In Pre-Monsoon season, only 5 acre of "Atami_1" is irrigated, available for Pre-Monsoon paddy farming.
- The remaining 2 acre of farmland "Atami_2" with land title number "9_2" is on the hillside for year-round sesame farming.
- Currently, I have a power tiller of 2,000,000 MMK. It is two years old.
- Historic financial data (in MMK) submitted by the applicant:

		2014-15	2015-16	2016-17
Revenue	Sales of rice	2,000,000	2,500,000	2,600,000
	Sales of beans	700,000	600,000	900,000
	Private teacher revenue	250,000	250,000	250,000
Expense	Natural fertilizer production	50,000	50,000	50,000
	Transportation of harvest	150,000	150,000	150,000
	Purchase of fertilizer	300,000	350,000	350,000
	Purchase of pesticides	200,000	150,000	200,000
	Fuel cost for the power tiller (own farming use)	100,000	150,000	150,000
	Payment to hired workers	300,000	200,000	300,000
	Private teacher cost	20,000	20,000	20,000
Household Expenditure	School tuitions for 2 sons	100,000	100,000	150,000
	Purchase of food items for the family	1,000,000	1,000,000	1,050,000
	Other expenses (e.g. clothing)	400,000	300,000	500,000

- I first borrowed seasonal loan 1,000,000 from MADB 3 years ago (September through the end of December 2015), which I managed to repay late in March 2016

with penal interest. Since then, I have no borrowing experience from MADB

- I have loan outstanding of MMK 500,000 from Oba Finance, a local micro finance institution. This loan was used for buying baby cattle and is due December 2018, and I need to pay 25% of annual interest in coming December.

Information about his new loan

- Now, I'd like to take MMK 36 million of loan from MADB for 5 years, starting on June 30th 2018, to buy a tractor from ABC corporation (local dealer).
- The major specification of the tractor I want to buy is
 - ◆ Brand (manufacturer): Yabolitar
 - ◆ Type: 4W-Tractor
 - ◆ Model: YB40T
 - ◆ Horse Power(HP): 40 HP

ABC corporation offers a guarantee for just one year. However, this model and make of tractor usually lasts for 10 years if properly maintained.

- I will also rent the tractor to 10 neighbors living in my village for their paddy farming.
- For the collaterals, I can provide :
 - ✓ My house (worth MMK 7,000,000 altogether)
 - ✓ 3 cattle (each is worth MMK 1,000,000)
 - ✓ 30% deposit in MADB
 - ✓ Power tiller (worth 2,000,000 MMK), that will last another 5 years
 - ✓ The new tractor to be purchased with this loan (new YB40T tractor)

These evaluations were obtained in the end of last month.

- For the guarantees, I ask Mr. Jin, one of my neighbors, to become one of the guarantors. Mr. Jin has a house of almost the same size & total value as mine. In addition, he owns a power tiller worth MMK1,000,000 last year.
- I will also ask ABC Corporation to be one of my guarantors. According to ABC Corporation's comment yesterday, they provide guarantee covering up to 70% of the tractor price.
- I first borrowed seasonal loan 1,000,000 from MADB 3 years ago (September through December 2015, due in the end of December 2015), which I managed to repay late in March 2016 with penal interest. Since then, I have no loan experience from MADB
- I have loan outstanding of MMK 500,000 from Oba Finance, a local micro finance institution. This loan was used for buying baby cattle and is due December 2018. I need to pay 25% of annual interest in coming December.

- **Phone Interview with ABC Corporation**

“We assure that Takayuki’s farming and purchase plans are true and very promising. We have already offered roughly the same amount of credit guarantee to another 2 farmers in his village.”

- **Production performance and plan in the applicant’s interview.**

Production performance last year

- ✓ Last year, I got a total of 500 baskets of monsoon paddy. 5% was kept for this year, and 5% was consumed in house. All the remaining was sold at 4,000 MMK/basket.
- ✓ In winter, 60 baskets of beans were harvested. 10 of them were consumed in house or shared with my relatives. All the rest are sold at 12,000 MMK/basket.
- ✓ Pre-monsoon paddy harvest was 200 baskets in total. 40 baskets were consumed or stored for this year. The rest was sold at 5,000 MMK/basket.
- ✓ Selling price of sesame was 12,000 MMK/basket last year. The total harvest was 30 baskets, and 25 were sold.

Estimated Production and Cost of coming year

- ✓ For my own farmland, I will use the newly purchased tractor 10 days/month on average to expand my own production
- ✓ Thanks to introduction of the new tractor, I expect 650 baskets of monsoon paddy harvest. 30 will be used for own consumption and 20 for the following year’s seeding. All the remaining will be sold.
- ✓ In winter, the harvest of beans will also increase up to 80 baskets. 10 of them will be consumed and 10 will be used as seed for the following year. All the rest will be sold.
- ✓ Pre-monsoon paddy harvest should increase as well. I hope 350 baskets in total, and 300 of them will be sold, 30 will be consumed, and 20 will be used as seeds for the following year.
- ✓ Since the tractor can not enter the hillside 2-acre plot, sesame harvest will remain roughly the same. I guess the harvest will be about 30 baskets, and 20 of that will be sold. 5 baskets will be consumed, and the other 5 will be kept as the seed for the next season.

- **Tractor rental plan for the next 1 year, described by the applicant:**

- I will also rent the tractor to 10 of my neighbors living in the same village for their paddy farming.
- Farmer A,B,C,D,E in Atami village:
 - 3 days each in July 2018
 - 3 days each in December 2018
- Farmer F,G,H,I,J in Atami village:
 - 20 hours each in August 2018
 - 15 hours each in January 2019
- Rental fee :

130,000 MMK/day
20,000 MMK/hour

● **Expected rental-related cost described by the applicant:**

- The tractor consumes 5 litres/day, and 0.6 litres/hour of diesel fuel
- Diesel fuel will be purchased :
 - Usually from TEMMA Diesel at 1,000 MMK/litre
 - In December 2018, from Sato Petrochem at 900 MMK/litre
- For maintenance, I need to purchase 1 package of repair parts every year. Shinohara Trading offers it at 40,000 MMK/package.
- The tractor maintenance service technicians are sent from ABC corporation semi-annually for 50,000 MMK/visit.

● **Labor Inputs for his own farming (last year and next year)**

- Last year (2016-2017): I worked 110 days, my wife 90 days, my parents 50 days each, and 2 sons 30 days each. Also we hired 3 temporary workers for 20 days each. The total payment to hired workers amounted to 300,000 MMK.
- Next 1 year: I will work 80 days, my wife 60 days, parents 30 days each, and 2 sons 20 days each. Also we will hire 2 temporary workers for 20 days each. So, the total payment to hired workers would be 2/3 of last year.

● **Other family business**

From 10 years ago, my wife (used to be a school teacher) teaches children in our village as a private math teacher on an irregular basis, about 50 days per year. The tuition fee is 5,000 MMK /day. The cost for printed material and stationery is about MMK 20,000 per year.

Exercise Instructions

- Each group completes 1 set of data sheets during the exercise session.
- A group of 4-5 members works together on all the data sheets.
- During the in-class discussion, each group presents their answers and ideas.
- In asset evaluation for collaterals and guarantees, please discount the value of everything as instructed in Code Table. For cash and deposit, there is no discounting.

(Role of Township branch)

Main Tasks of TS Branches

Phase 1: Application ~ Approval

- Collect information from dealers operating in your administrative area about available machinery (to provide consultation for loan applicants)
- **Provide TSL loan application forms for loan applicants**
- **Help applicants complete application forms**
- Register loan application and check its contents for obvious mistakes
- **Conduct field survey to verify contents in application forms**
- **Obtain endorsements from village loan screening committee**
- **Complete the Credit Examination Data Sheet (Primary Appraisal)**
- **Fill in comments and opinions (positive or negative) in “Comment” box in the Appraisal Data Sheet (4)**
- **Send the summary about completed appraisal applications to TS and Regional Supervisory Committee (No specific format)**
- **Send completed Credit Examination Data Sheets to Regional Branch**
- Stock rejected applications (if any) for later reporting to PMU
- Communicate the primary/final appraisal result to applicants

Phase 2: Approval ~ Machinery Hand-Over

- ✓ **Conclude loan agreements** with approved applicants (hereafter, end-borrowers)
- ✓ **Instruct end-borrowers to take AMD training course**
- ✓ Closely communicate with PMU and dealers to share the updated status of loan issuance and prepare for machinery hand-over
- ✓ **Receive TSL loan funds from PMU (remitted to MADB branch account in MEB) and send appropriate amount of funds to each dealer**
- ✓ **Conduct field survey upon the hand-over of machinery to end-borrowers**

Phase 3: Machinery Hand-Over ~ Full Repayment

- **Regularly monitor repayment status and farming/business activity of end-borrowers. Frequency of monitoring should be equal to or more than the frequency of interest payment (every 6 months).**
- **Collect feedbacks from end-borrowers about quality of machinery, dealers’ service, operation of ARD-TSL**
- **Regularly submit reports to PMU via Regional office, as specified in Operating Guidelines**
- **Monitor end-borrowers’ participation in AMD trainings**
- Report any alarming issue to PMU
- Accept loan repayment and interest from end-borrowers, and transfer the funds to the accounts specified in Operating Guidelines

(Role of Regional Branch)

Main Tasks of Regional Branches

23rd February 2018

Main goals and functions of Regional Branch

1. Share project status and applicant/end-borrower information with TS branch
2. Collect/integrate region-wide information of ARD-TSL project (to take useful statistics in future)

(Note: Regional branch does NOT go into detail of appraisal.)

Phase 1: Application ~ Approval

- **Receive a package of application forms from TS branches**
- **Check for obvious mistakes/mistypings in the application forms / appraisal process. Make corrections on minor mistakes.**
- Inquire TS branch when any alarming issue is found in application contents / appraisal process.
- Regional branch can send the package of application documents back to TS branch to solve any issue of grave concern.
- **Once the checking process is complete, add your comments and opinions (positive or negative) on each data sheet (“Comment” box in the Credit Examination Data Sheet (4)) , and send the full package of application forms to Yangon HQ.**
- Receive the final appraisal result from Yangon HQ, register the result in its own record, and transmit the result to TS branch

Phase 2: Approval ~ Machinery Hand-Over

- ✓ Receive the notice of approval/rejection of loan applications from Yangon HQ, record the information in the notice on its own database (notebook, computer, etc, in the Regional Branch), and transmit the notice to the addressed TS branch.
- ✓ Receive the notice of concluded loan agreement from TS branch, record the information in the notice on its own database (notebook, computer, etc.), and transmit the notice to Yangon HQ.

Phase 3: Machinery Hand-Over ~ Full Repayment

- **Relay regular reports submitted from TS branch to Yangon HQ.**
- Stay updated by reading those regular reports from TS branches

(Data Evaluation Principles)

Outline of Loan Application Evaluation

Evaluation is done in two aspects, on the basis of information in Appraisal Data Sheet.

- ✓ Customer Evaluation (= if customer is reliable)
- ✓ Loan Evaluation (= if loan size is appropriate)

1. Customer Evaluation

Category	Information Source in Data sheet
Financial Analysis	Revenue/Profit Trend for Past 3 years
Track Record	Record of loans/deposits in MADB and other banks
Productivity/ Efficiency	Estimated Revenue/Profit based on machinery usage Expected increase in harvest per unit area Expected increase in harvest per unit labor input

2. Loan Evaluation

Category	Information Source in Data Sheet
Repayment Capability	Estimated Income/Profit (= Quality of business plan)
Collateral	Quality, value of collaterals
Guarantee	Quality, scale of guarantees/guarantors

3. Flexible Automatic Evaluation system

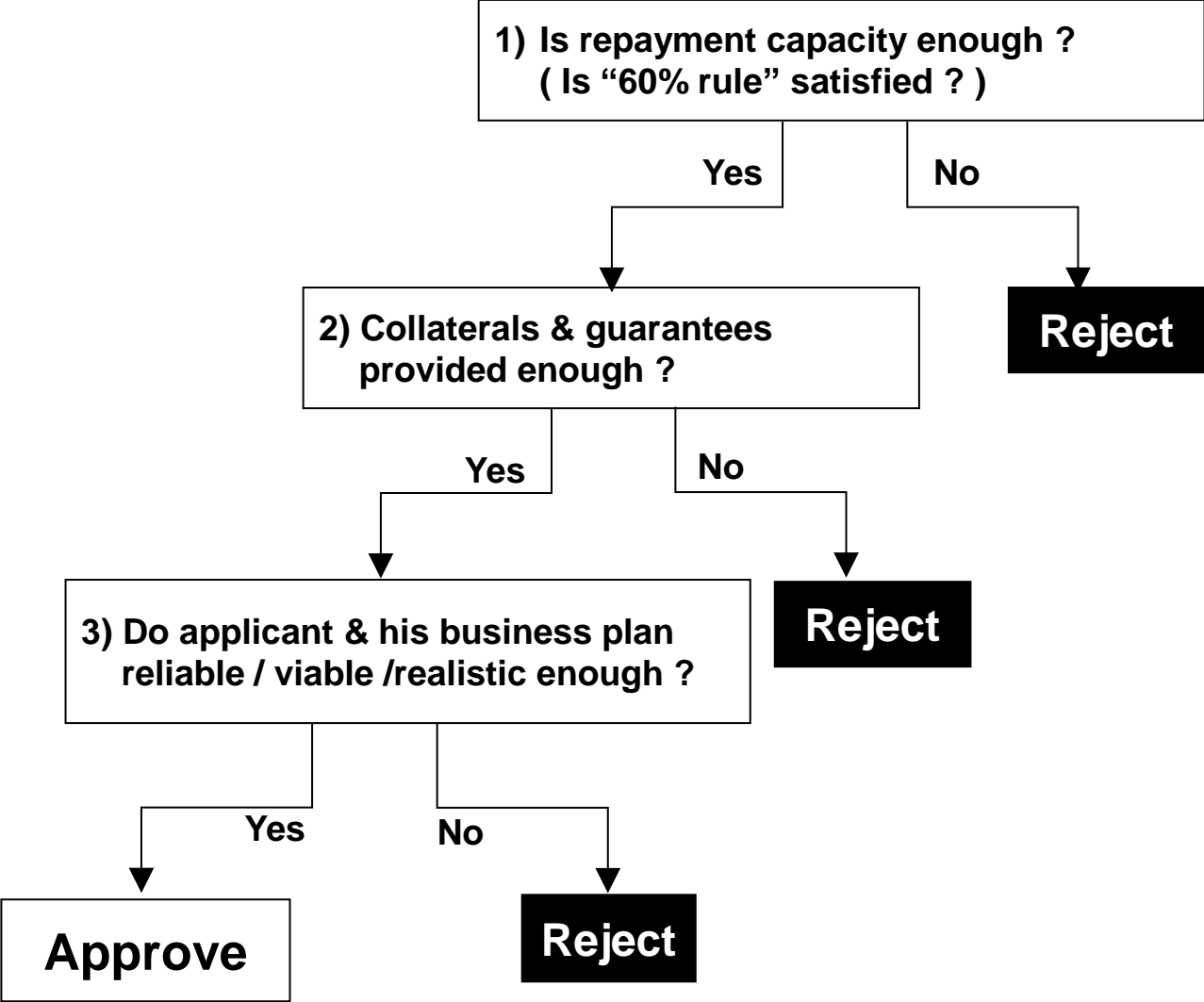
Our evaluation system owns the following features:

- 1) Computerized and visualized
 - **Objective, consistent evaluation result**
(Identical evaluation result is obtained regardless of evaluators)
 - **Flexibly customizable to Myanmar's needs**
(quickly incorporate feedbacks/requests from applicants/branches)
- 2) **Manual evaluation is also possible** with hand-calculators
- 3) Evaluation logic is **based on common international expertise/practice**
(transfer of financial/operational expertise to MADB)

Should any issue occur, consultants fully cooperate.

4. How to Evaluate the Loan Application (Inside the computer)

In computer system, evaluation of loan application is conducted as follows.



Appendix 8: Appraisal Training Record in Pyay, Bago, Yangon, and Kayuk Tan TS branches

	Pyay TS Branch	Bago Regional Branch
Date	26 June – 5 July	26-27 February 2018
Duration	8 days	1 days
Target	Manager, staff	Manager, staff
Geographical coverage	Pyay TS	Bago Regional Branch only
Processed Applications	3	3
Number of Trainees	7 (Manager 1, Staff 6)	4 (Manager 1, Staff 3)
Training type	Lecture: 2 days OJT: 6 days	Lecture: 0.5 day OJT: 0.5 day

	Yangon Regional Branch	Kyauk Tan TS Branch
Date	26-27 Feb. 2018	8-9 Mar. 2018
Duration	2 days	2 days
Target	Manager, staff	Manager, staff
Geographical coverage	7 TS in northern Yangon Region	6 TS in southern Yangon Region
Processed Applications	1	1
Number of Trainees	14 (Manager 7, Staff 7)	11 (Manager 6, Staff 5)
Training type	Lecture: 1 day OJT: 1 day	Lecture: 1 day OJT: 1 day

Appendix 9: Latest ARD-TSL disbursement statistics (as of end of March 13th, 2018)

#A: Number of applications (regardless of appraisal result in PMU)

L.D.: Loan Demand (requested loan amount in applications) in million MMK

		YGN	AYA	BGO	SAG	MDL	NPT	SHN	KYH	MON	TNI	Total	
Total	#A	7	60	72	37	109	15	15	7	2	1	325	
	L.D.	301.5	2,153.8	2,460.7	1,465.0	3,365.1	570.8	746.7	314.5	6.9	50.0	11,435.0	
2017	Jul.	#A	0	0	3	0	0	0	0	0	0	3	
		L.D.	0.0	0.0	132.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	132.9
	Aug.	#A	0	0	0	0	0	0	0	0	0	0	0
		L.D.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Sep.	#A	0	0	0	0	0	0	0	0	0	0	0
		L.D.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Oct.	#A	0	4	24	6	14	5	0	0	0	0	53
		L.D.	0.0	111.8	915.4	238.1	357.5	190.0	0.0	0.0	0.0	0.0	1,812.7
	Nov.	#A	0	5	0	0	31	2	0	0	0	0	38
		L.D.	0.0	108.9	0.0	0.0	937.3	76.7	0.0	0.0	0.0	0.0	1,122.9
	Dec.	#A	0	3	17	0	5	0	0	0	0	0	25
		L.D.	0.0	117.8	303.4	0.0	202.9	0.0	0.0	0.0	0.0	0.0	624.0
2018	Jan.	#A	0	0	26	2	27	5	0	0	1	61	
		L.D.	0.0	0.0	1,050.3	84.0	814.9	188.2	0.0	0.0	0.0	50.0	2,187.4
	Feb.	#A	3	34	2	27	32	3	15	7	2	0	125
		L.D.	124.7	1,246.3	58.8	1,059.2	1,052.7	115.9	746.7	314.5	6.9	0.0	4,725.6
	Mar.	#A	4	14	0	2	0	0	0	0	0	0	20
		L.D.	176.8	569.0	0.0	83.8	0.0	0.0	0.0	0.0	0.0	0.0	829.6

Abbreviation of each state/region:

YGN:Yangon, AYA:Ayarwaddy, BGO:Bago, SAG:Sagaing, MDL:Mandalay, NPT:Nay Pyi Taw

SHN:Shan, KYH:Kayah, MON:Mon, TNI:Tanintharyi

Note: There has been no application from Rakhine, Kachin, Chin, Kayin states as of March 13th, 2018.