
Breakout 12: Rural Financial Institutions: Restructuring and Post Restructure Results

“The Agricultural Bank of Mongolia: From Insolvent State Bank to Thriving Private Bank”

Authors

Debra Boyer and Jay Dyer (all-D.A.I.)

Summary and Key Findings

The case study explores how the management, operations and loan and deposit strategies were transformed with the privatization process. Success of the turnaround of the large state-owned bank depended on “a confluence of political and financial circumstances, both internal and external factors” (p. 11). Lessons learned include: government commitment to privatization, protection from political influence, diversification away from government reliance, donor support, foreign management, maintaining low operating costs and cutting unnecessary expenses, and management information systems and training.

“Credit Union Empowerment and Strengthening (CUES) Philippines”

Author

Luis Sasuman (WOCCU)

Summary and Key Findings

This case study describes the methodology of the CUES Philippines project, a combination of Model Credit Union Building and Savings and Credit With Education (SCWE). While new methodologies require time and innovation for successful implementation, the author notes that the joint effort participatory approach adopted for the project reduced resistance. Major constraints encountered in the project implementation were related to training needs and time constraints.

“Rediscovering Rural Finance by Retooling the Existing Institutions”

Author

Pillarisetti Satish (NABARD-India)

Summary and Key Findings

This case study examines the reform process using a development action plan to shift the institutional design from top-down to bottom up. Two institutional examples are described as having made successful reforms. Further issues of reform and change relate to the legal and regulatory environment and state control of cooperative banks; human resource training and development; information technologies and privatization and ownership.

“Los Andes F.F.P. in Bolivia”

Author

Pablo Gonzalez (Los Andes)

Summary and Key Findings

This case study describes the rural credit technology employed by Los Andes and the fundamental role of human capital development in this technology. “In addition to agricultural education, most of the Credit Officers are native to the region where they work or, at least, have lived for a long period of time in the region. This complements their academic knowledge as they are already familiar with the agricultural practices of the region, the products, the existence or lack of water, the impact of climate on the potential results of the different activities, and the role that different members of a household might play in regard to an investment project” (p. 6).
