



# gears up to solve informal debt in Chumphon

Mr. Wisudhi Srisuphan, Deputy Minister of Finance, together with Prof. Dr. Narumon Pinyosinwat, Vice Minister for Finance, Mr. Suwit Rojanavanich, Director-General of the Fiscal Policy Office (FPO) and his team, paid a visit to witness the progress being made in solving the problem of informal debt by the community finance organization at the Bank for Agriculture and Agricultural Cooperatives (BAAC) prototype learning center for sufficiency economy of Baan Pa-ngun, Kron sub-district, Sawi district, Chumphon province.

In the past, members of the community experienced both formal and informal debt problems as their arable land experienced flooding every year, which led to uncertain livelihoods and inconsistent levels of income. Indeed, a number of impoverished families failed to meet the Basic Minimum Needs (BMN) criteria. This prompted the community leaders to encourage community members to engage in supplementary occupations, such as growing native plants and raising swine using the eco-friendly hole-digging approach, as well as following sufficiency economy principles, maintaining household accounts and setting up financial groups (savings group and 1 baht per day savings groups) in the community.

Currently, Baan Pa-ngun community members earn an average household income of 6,500 baht per month from their supplementary occupations, which exceeds the BMN criteria, and are free of informal debt.

On this occasion, the Deputy Minister of Finance presided over the “Baan Pa-ngun Tree Bank School,” which is the first tree bank in Thailand. Baan Pa-ngun community members have been supported by the BAAC to plant trees on their plots of land and then register them with the tree bank, which can then be used as



collateral to seek loans offered by community finance organizations in the BAAC network or by BAAC in the future.

The Deputy Minister of Finance also presented loans to farmers and farming groups in the community, consisting of five retail loans for emergency spending, one loan

to clear informal debt held by farmers and their household members, and one loan to improve productivity through occupational development of low-income earners. He stressed that the government is firmly committed to solving the economic problems of people, particularly the problems of informal debt and

bring significant and sustainable benefits to communities, with the use of trees as collateral and a new type of savings. With the participation of community mechanisms and community finance organizations, the government expects to solve the problem of informal debt and elevate the quality of life of low-income earners in a comprehensive, efficient and sustainable manner.

Meanwhile, Mr. Apisak Tantivorawong, Minister of Finance assigned Prof. Dr. Narumon Pinyosinwat to pay a visit to witness the progress being made in solving the problem of informal debt by community finance organizations of GSB, as follows:

1. A visit to Bangmak community finance organization at Bangmak sub-district, Muang district of Chumphon, which is a prototype community finance organization with efficient management and mechanisms to solve the problem of informal debt for community members. GSB acts as a mentor, providing support in terms of knowledge and loans to be used as working capital and as a solution to the problem of informal debt. So far, the organization has helped resolve informal debt problems for 50 members with a total value of 2.45 million Baht.

2. A workshop to exchange experiences in solving the problem of informal debt at the Chumphon Gardens Hotel, where representatives from 15 community finance organizations of GSB in Chumphon and nearby provinces brainstormed and exchanged techniques, successful examples and shared the obstacles they experienced when solving informal debt problems in their communities. Feedback from the workshop will be used to develop guidelines to solve the problem of informal debt more effectively in the future.

impoverishment, through the introduction of several measures. These including seeking integrated and sustainable solutions to the informal debt problem, handing out state welfare cards, outlining measures to promote the quality of life of state welfare cardholders and presenting the Thung Ngern Pracharat application.

In addition, the government has assigned BAAC and the Government Savings Bank (GSB) to speed up the building of strong communities nationwide that are free of informal debt, as well as the development of supplementary occupations for community residents through strong support of knowhow and appropriate loans. BAAC has also been urged to expand the Tree Bank School project, as it will

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