

# Experiences on Financing for Sustainable Agricultural Mechanization in Lao PDR



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CSAM



## The public sector has include role:

- Financing services of a public goods nature, for example, training, licensing of machine operators, rural road and electricity supply systems).
- Creating an enabling environment for the private sector to finance mechanization investments by enacting appropriate laws for banking, contracts and leasing regulations.
- The government's role is to create an enabling environment whereby these financial organizations are able to commercially lend to the farmers and where the farmers are able to borrow and profitably invest in mechanization inputs and pay back their loans.

## Financing for sustainable agricultural mechanization

There are 4 kind of financing form for purchasing agricultural machinery to include:

- Cash payment: individual farmer who can purchase agricultural machinery directly with the company from family's saved money.
- Down payment: the company provide a leasing to farmers with their own rule and regulation with a guarantee: juristic land title
- Contracting with the bank: individual farmer can make a contract with the bank with a guarantee (land title) to pay for the whole cost of machinery, then farmer pay back loan and interest to the bank.
- Donor project financial supporting to the farmers with farmer's contribution 20%  
There are many projects are running under bilateral and multilateral cooperation support to purchase agricultural machinery to the farmers' group in project area.

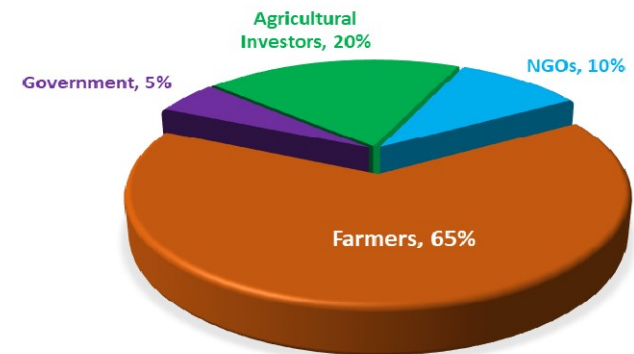
## Private sector role:

- Some private-sector entities are branches of multinational corporations; Coordinating and regulating the activities of all these public and private entities is an issue of concern for sustainability of agricultural mechanization at national and local levels.

## The role of private sector on Financing for sustainable agricultural mechanization in Lao PDR

- The private sectors play a big role for providing sustainable agricultural mechanization in Lao PDR, among others are franchise holder of agricultural mechanization supply chain
- The Insithong company is the one of many company involves to supply agricultural machinery in Lao PDR, their service is enable farmers access to agricultural machinery such as power tiller, tractors, rice transplanting, combine harvesters and many others agricultural equipment's through cash payment as well as down payment scheme. The company is holding market share at about 42% in the year 2019.
- Customers of the company are mainly the Government  
Farmers, agricultural investors, and NGOs.
- others

GROUP OF CLIENS





■ **Thank You**