

## **CAC Board of Directors Meeting Minute**

**On October 27-28, 2015**

CAC has conducted a Board of Directors quarterly meeting to solve any problems and approve on documents which requested by the CEO. This meeting is lasted 2 days,

### **Participants:**

1. Mr. Pouk Sarom, CAC BoD president
2. Mrs. Noung Lim Hong, CAC BoD Deputy president
3. Mrs. Sam Rith Non, CAC BoD Finance
4. Mr. Mou Houth, CAC BoD Secretary
5. Mrs. Srey Yari, CAC BoD Member
6. Mr. Soy Sarin, CAC Chief of Supervisory Committee (SC)
7. Mrs. Seng Chansotheara, CAC Deputy of Supervisory Committee (SC)
8. Mrs. Chim Leu, CAC Supervisory Committee Member (SC)
9. Mr. Sin Sok, CAC Supervisory Committee Member (SC)
10. Mr. Vong Sarinda, CAC Executive Director

### **Agenda:**

1. Review the previous minute
2. Interfere from NGOs on cooperative development
3. Approval for SEWO project
4. BoD and Supervisory committee internal audit to CAC
5. Structure of Prey Mol, Bosleav and Kampong Seng Co-ops
6. Repair documents for NBC registration
7. Credit and Saving Policy Final Review
8. Reduce the interest rate in 2016
9. Others – Office change and Quarterly meeting for Co-op leaders at Phnom Penh.

Mr. Sarinda has welcomed to the BoD and SC who always come regularly to attend the meeting in order to approve and solve any issues regarding the request from CAC. He also said the meeting will take for two days to discuss many issues regarding the agendas above.

### **1. Review and approve the previous minute:**

CAC has canceled its plan for attending the Asian Cooperative Conference and Exhibition at Malaysia which is organized by Angkasa (Malaysian National Cooperative Federation) and Asian Cooperative Organization (ACO) from October 14-17 because CAC could not effort to find any support from DGRV to cover the cost. BoD and SC understood the issue about the high cost of the trip and agreed to cancel.

CAC has analyzed the cost is about 2,330 USD which has to take from CAC's credit income. So the executive director has informed to BoD and SC to cancel the trip because it will lose the money from CAC income if we spend for the trip with any benefit back from the trip.

Mr. Sarinda has feedback to BoD and SC that the staff policy that allows CAC staff to increase per diem and thirteen month salary have agreed from DGRV and CAC has expended the thirteen month salary to staff in October follow by policy.

BoD said all the policy should be reviewed every year to make sure all the articles are responded to the real situation and also protect from the conflict of interest.

### **2. Interfere from NGOs and Financial Institutions on Loan and coop development**

Mr. Sarinda has reported that there are many NGOs now focuses to work with Agriculture Cooperatives and changed the original concept of self-help, independence and businesses. As NGOs give everything to the coops such as fund, machine and they also change CAC standard bookkeeping such as at Porpel co-op. Cambodian Microfinance Institution (CMI) has begun to work at Porpel co-op and changed CAC standard bookkeeping CMI said that CAC bookkeeping is not standard. Questions: How many NGOs will change system, policy and other works of coop. This means one NGO in and one NGO out and always changes everything from the previous support, they made the coops confuse.

Mr. Sarinda met CMI advisor at Brown Coffee and discussed with him about the issues regarding Porpel and other coops at Kampong Chnang province. The result of the meeting is: CMI is a group of youth who used to work with MFIs and Banks for few years. They have resigned from MFIs and Banks and work as a team to find out the savings, credit community, AC and association who work on credit and saving to support and providing loans. CMI is hired a youth staff to work closely with AC on bookkeeping but leadership is with the coop leaders. Their activities are similar to CAC. CMI got funding support from ICCO Netherland. They begin to work with one AC at Kampong

Chnang province (Porpel AC is CAC member) but Porpel AC does not agree with the support from CMI.

**Decision Making:**

- CAC is hard to stop NGOs who work with the coop at its target areas but just let they do their works. CAC has to inform coop as members should be independent and do not take many technical supports that cause them confusing.
- Porpel coop leaders do not agree with the technical support and loan from CMI but CMI always disturbed her with convince of support.
- BoD advanced that CAC should strengthen to coops about bookkeeping and business if they have enough capacity on bookkeeping and business so they will not need any NGOs to support. The strengthening should be based on individual coop's requirement. These issues would add into the implementation plan for the next year.

**3. Approval for SEWO project**

Mr. Hermann has welcomed to BoD/SC for allowing him to participate in the BoD/SC meeting to share about the SEWO project which will be coming in 2016. This is a four year project which is supported the farmers in the villages of the coop operation.

Mr. Hermann has explained to the BoD/SC that SEWO project has prepared since early this year but there are some extra information are requiring to put into the proposal. DGRV is only assisting CAC on developing the proposal but CAC is an implementer.

DGRV has drafted a proposal to BMZ for agriculture extension project. This project will use the key farmers in each village to work closely with farmers and co-op members by providing the specific agriculture technique on three subjects such as Livestock, Rice and Vegetable. DGRV is also looking another possibility on market and value chain which requested by PDA. After the project the key farmers will use his/her skills to support and provide the service to the farmers. The project will focus at Kampong Chnang province because at Kampong Chnang has 36 co-ops are already registered with PDA.

There are few questions from BoD/SC about the process of recruit key farmers, staff and CAC sub-office. The answers by Mr. Hermann that CAC will locate its office with PDA, staff recruit by CAC. Key farmers are recruited from the villages of the coop target operation. Each village can be recruited two or three key farmers who are getting on specific subject such as rice, livestock and vegetable. These key farmers are acknowledged by PDA as village farmer extension but they have to train other farmers after they got the skill. The extension farmers have to demonstrate plot farm in his/her land to show to other farmers, CAC will also support the materials to the extension farmers for farm demonstration.

**Decision Making:**

- CAC BoD and SC agreed with this project because it is benefited to the cooperatives at Kampong Province as a whole.
- CAC BoD and SC have signed on approval letter for SEWO project implementation.
- CAC BoD/SC will assist to find the key farmers for CAC at Kampong Chnang province to support SEWO four-year project.

**4. BoD and Supervisory committee internal audit to CAC**

CAC would like SC and BoD regularly audits to CAC expenses and CAC credit union and sign for approval at least once every quarter. This audit is reflected to the transparency behavior. If BoD/SC can do this regularly, it shows that BoD/SC has taken a big responsibility and also shown the transparency to CAC operation too. They can do this audit during BoD/SC meeting before CAC quarterly coop members meeting.

**Decision Making:**

- BoD/CA requested CAC should invite Mr. Sopheak to present the finance to the BoD/SC before they check the documents and sign.
- The documents should be in Khmerr so the BoD/SC will understand the figures.
- BoD/SC agreed to check every quarter especially before BoD/SC meeting.
- BoD/SC has signed as usual to the expenses and incomes on financial report of CAC credit union.

**5. Structure of Prey Mol and Kampong Seng AC**

As PDA is now requiring all the registered coops have two businesses. Many CAC coop members have only one business (credit & saving). CAC would like to pilot few coops to conduct or add two businesses. This means that they already have credit and saving, they should do another business such as pig production, chicken production. CAC has found there three coops which can do more activities such as Prey Mol, Bosleav and Kampong Seng coops.

- Prey Mol coop already has credit and saving activity. Prey Mol should add another activity such as piglet or chicken producing and sell piglet to its members with reasonable price. This coop has already done within individual member, why don't its continue to work with the coop?
- Boseav coop already has credit and saving activity. Bosleav should add another activity such as corn buying or rice producing and sell it to middleman, company.

- Kampong Seng coop already has credit and saving activity. Kampong Seng should add another activity such as piglet and rice seed producing and sell to the members. CAC will support these activities as it has some budget to cover the cost of the new activities.

**Decision Making:**

- Prey Mol AC agreed to produce the piglet and chicken for sell to the members.
- Kamong Seng AC agreed to produce rice seed and piglet for sell to the members.
- CAC will support some funds for materials and pig, chicken and rice seed to start the business.
- CAC will conduct a exposure trip by bring Kampong Seng coop pig raisers and Bosleav coop rice producers to visit at Prey Mol and Phnom Touch coops in November 18-20
- CAC will pilot to these three coops to make sure they can make a new business.

**6. Repair documents for NBC registration**

Mr. Sarinda has reported to BoD/SC that we have a problem with documents now we are hard to correct it because all the documents need to do again. If we do again, we will be late to submit the documents to NBC. At the declaration of non-criminal paper from the Ministry of Justice is taking 60 days it is so long to get it that also delay our application. Sarinda concerns the application will be late and NBC probably is already closing the application.

BoD/SC said they did not know about the profession and position and they wrote as farmer in CV so it is wrong and hard to change because non-criminal paper already signed by Ministry of Justice.

**Decision Making:**

- CAC has to check with NBC again to make sure NBC still opens the registration for Rural Credit Operator (RCO).
- If NBC closes for registration, CAC will find other way to register with MAFF as Cooperative Union.

**7. Credit and Saving Policy Final Review and Approve**

BoD/SC has looked through the policy from page to page and give some comments and correct on alphabet in the policy then signed and approval.

There are still many members of CAC cannot put any share or saving into CAC. We do not know any reasons. Many of them have a lot of money within their cooperatives. CAC should look into its criteria of membership that allow every co-op to build their capacity for three years capacity before put share or saving to CAC but now only few can do and other cannot. This issue should talk again in the AGM, if not we can phase them out from CAC membership according to the membership criteria.

**Decision Making:**

- CAC BoD/SC approved on saving and credit policy and signed for CAC to implement in the next year.
- The members get loan in US\$ will pay interest in US\$ and pay back in US\$. The interest from loan in US\$ is cheaper than Riel Loan because CAC will not loss on exchange inflation from Riel to US\$ and from US\$ to Riel.
- This issue will raise this issue in Annual General Meeting (AGM) to announce to all CAC members to put share or saving so that CAC is able to gather the fund for business to its members. If there is nobody to put share or saving, CAC will look into members criteria so that it will know who join CAC more than three years and unable to join share or saving. CAC will drop those co-op memberships.

**8. Reduce the interest rate in 2016**

As the agenda discussed at the last meeting about CAC is planning to reduce the interest rate in 2016 after it has seen that everyday co-ops have been facing difficulty with competition from many MFIs, Banks, NGOs and moneylenders. CAC director has asked co-ops to reduce the interest rate from its members with 2.5% per month and CAC will also reduce its interest rate too. Here is the interest rate followed by policy approval.

**Decision Making:**

- CAC will officially inform about the reducing interest rate in 2016 to CAC coop members follow by the policy at the AGM in December this year.
- CAC credit and saving policy which approved by BoD/SC regarding Cambodian Currency (Riel Loan)

Loan less than 40,000,000 riel the interest will charge 1.5% per month

Loan from 40,000,000 – 80,000,000 riel the interest will charge 1.3% per month

Loan from 80,000,000 - 120,000,000 riel the interest will charge 1.2% per month

Loan over 120,000,000 riel the interest will charge 1% per month

- CAC credit and saving policy which approved by BoD/SC regarding American Currency (US\$ Loan).

Loan less than 10,000 US\$ the interest will charge 1.5% per month

Loan from 10,000 - 20,000 US\$ the interest will charge 1.3% per month

Loan from 20,000 - 30,000 US\$ the interest will charge 1.2% per month

Loan from over 30,000 US\$ the interest will charge 1% per month

- This is only Coop members. If there is any non-members got loan from CAC, the interest rate will be different. It is depended to CAC executive director decides.
- CAC staff has to follow up and make sure the coops provide loan to its members have reduced the interest rate of their loan 2.5% per month.

## 9. Others

- **Move CAC office to join with DGRV:**

Mr. Sarinda has reported to BoD/SC that DGRV wants to change its office but the new office is very big for few staff of DGRV. If CAC is interested to share the office, DGRV welcomes. BoD/SC commented that CAC is independent organization and would like to work follow our own way. If CAC stays close to DGRV, CAC staff will disturb to DGRV such as using meeting room, many members come often in and out to the office and make a lot of noises.

BoD/SC recommends that if CAC wants to have a new office, CAC should find one but stay only CAC staff so that CAC can do the work without any interfering.

- **CAC is lacking of staff:**

There are CAC two staff have submitted a resign letter to leave CAC at the end of September to Executive Director. They have an opportunity with another organization which give them will high salary and other benefit.

BoD/SC asked CAC to review the salary and other benefit which can be competitive with other organization so that CAC will not be hard to recruit new staff every year. This issue should talk with DGRV for approval on staffing and benefit.

- The next BoD meeting will be in December 2015, CAC will invite BoD/SC to participation in the meeting before the quarterly meeting of coop leaders at Phmom Penh or change to other place. The agenda will discuss about the implementation plan for next year.

Mr. Sarinda thanks to BoD and SC who spend their time to support CAC to grow. He hopes that the BoD and SC will continue to work and build a strong movement of Cambodian Cooperative like the other countries around the world.

The meeting is finished at 5:30 p.m with peace and enjoy.

Minute taken by:

Mr. Sarinda Vong