



Cooperative Association of Cambodia (CAC)

Coops help to bring
economics back to people

Cooperatives: A Model for Financial Inclusion and Development

What are Cooperatives?

Cooperatives or Coops are autonomous associations of people (members) who voluntarily cooperate for their mutual benefit. Cooperative members generally have a close association with the enterprise, such as customers who borrow and save at their credit union, or rice producers who sell their produce to their local Agricultural Coop.

Cooperatives, like Corporations are governed by a board of directors. The members of a Cooperative elect the board of directors, like the shareholders of a company does. A key difference however, is each member of a Cooperative has an equal vote, whereas a shareholder's voting power in a company is dependent on the amount of capital invested i.e. their shareholding. This characteristic of Cooperatives is termed 'democratic member control' and is one of the Seven Cooperative Principles. Democratic member control is the key characteristic of Cooperatives, which empowers the least privileged in a society to have some control over the institutions they use to improve their livelihoods.

Cooperatives and Economic Development

The primary goal of any Cooperative is to provide services to its members. Investor-owned enterprises, on the other hand, tend to focus on generating a profit for its shareholders. That is not to say cooperatives do not generate profits nor investor-owned enterprises do not provide services, rather that this is not their primary goal.

By focusing on providing services and ensuring open membership, Cooperatives include people who are not serviced by profit-centric institutions. This helps the poorest and most marginalized members of communities to engage in self-supporting, productive activities to the benefit of the whole community.

By pooling community resources Cooperatives promote economies of scale, which leads to greater bargaining power of members and lower transaction costs. Lowering of transaction costs leads to a greater income for members. Income, which can be spent on meeting basic needs, helping meet a range of development goals.

World wide over one billion people are members of Cooperatives and they account for over 100 million jobs globally

Profits stay in the community

Profits generated by Coops are first and foremost reinvested back into the Coop in order to provide ongoing services to members. Profits or 'surpluses' beyond this are distributed to members. As all Coop members have a close association with the Coop the profits are generally distributed within the community. So as the surpluses and assets of the Coop grow, so too does the wealth and well being of the community; creating a sustainable community development cycle.



Seven Cooperative Principles

Voluntary and open membership

Democratic member control

Members' economic participation

Autonomy and independence

Education, training and information

Cooperation among cooperatives

Concern for community

"Education, training and information" is one of the Seven Cooperative Principles. CAC provides training to its Credit Union and Coop members to ensure democratically governed, stable and transparent Cooperatives form and flourish to the benefit of rural communities throughout Cambodia.

Case Study: Rural Savings Improving the Livelihoods of Rural Cambodian Families

Mr Sosameng and Mrs Kaawnim want their children to grow up with more opportunities than what they had growing up. They are encouraging their four daughters to start saving from a young age. Their eldest, Monmarah is eight years old and is paid a daily allowance. From her allowance and whatever else she can earn scavenging she saves two hundred riel per day (approximately five cents). The family plans to continue this routine throughout schooling for each of their daughters. Mr Sosameng works as a rice farmer and Mrs Kaawnim has a sewing business under their house in Tavaka Village, Prey Mol Commune Kampong Chnang. They understand the importance of creating good financial habits from a young age. They have been saving for their children at the local Prey Mol Credit Union for two years and they have so far saved over 600,000 riel (\$150USD) for their children. They have no specific plans for what to do with the money when their daughters turn eighteen, rather want them to have the opportunity to decide what to do; "maybe give them the initial money to start a business".



CAC provides training to the Credit Union leaders teaching them to actively promote children's savings in their communities and encourage more sustainable use of families' savings such as continuing education, developing business and other 'investments' for improving long-term living conditions of their rural members. One measure Credit Unions have adopted to encourage children to save is to allow them to become members without paying membership fees.

For More Information

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