

Co-operative Association of Cambodia (CAC)



Quarterly Progress Report
1 July 2014 - 30 September 2014

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1. Background

Cooperative Association of Cambodia (CAC) is a national cooperative federation supporting agricultural cooperatives, credit and savings unions and other cooperatives across Cambodia. CAC is a not-for-profit, not-for-charity services organisation that is owned and controlled by its members, for the benefit of members, enabling them to build a self-sustaining future. CAC operates according to the cooperative values of “self-help, self-responsibility, promoting social economy, democracy and equality, equity and solidarity”, as a framework to deliver socioeconomic development.

CAC was formed in September 2007 by five groups of savings and credit associations who shared the common goal to empower farmers and the rural poor who have difficulty accessing typical financial institutions. CAC began formal operations in early 2008 after a successful pilot operating with Credit Union of Farmers based at Tramkok district, Takeo province from 2003 – 2007 and Savings and Credit associations at Rolea Pae district, Kampong Chhnang province in 2007. CAC was officially acknowledged as a cooperative by the Cambodian Government in 2010.

Today CAC operates as a central financial facility for its members; providing credit and savings products, technical support and building operational capacity in other cooperatives. CAC works with many types of cooperative organizations such as credit unions, self help groups (SHGs), savings banks, village banks, farmer’s associations, business co-ops and other agricultural co-ops throughout the provinces in Cambodia. CAC enables these co-ops to create sustainable and scalable business models so farmers and the rural poor can access reliable and cost effective financial services to improve their businesses, their income and livelihoods.

2. Project Activities

Executive summary

In the quarter to 30 September 2014 CAC staff made 68 visits to Agricultural Coops and Credit Unions across 9 Cambodian provinces, including Kampong Chhnang, Kampong Speu, Kampong Cham, Kampong Thom, Takeo, Prey Veng, Kratie, Banteay Mean Chey and Svay Rieng. Visits in the quarter focused on 26 of CAC’s current members and reached a total of 663 members (480 m and 183 w).

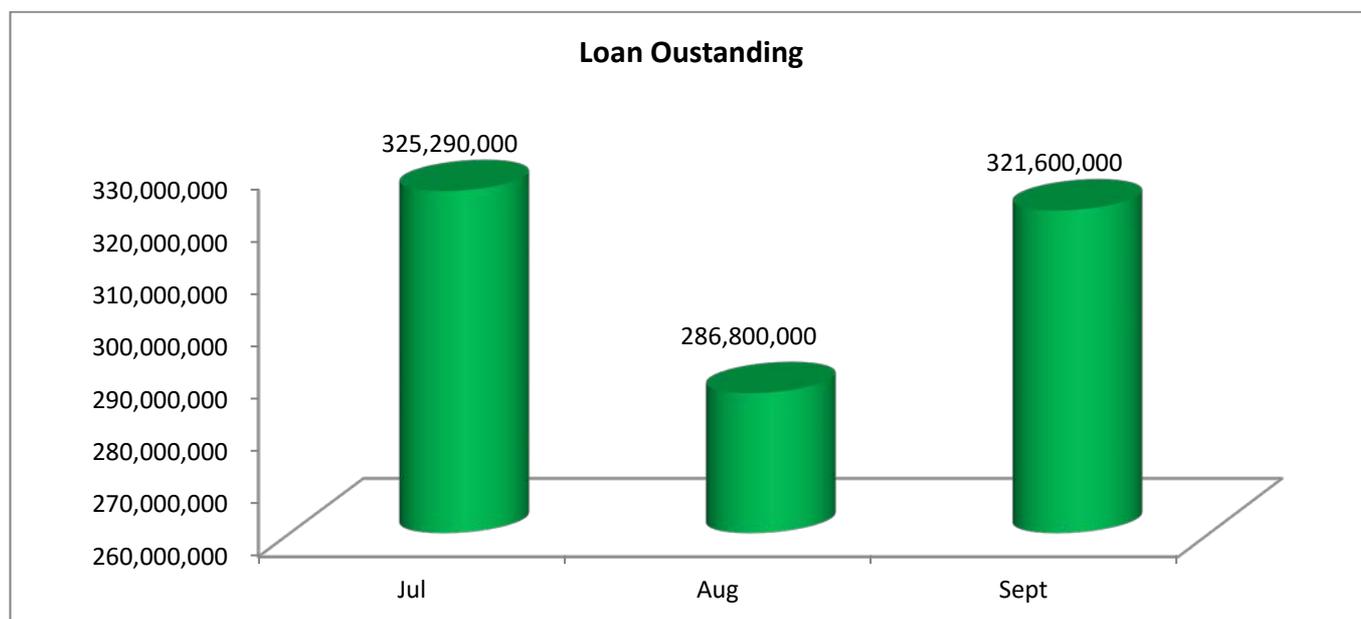
During the visits CAC staff carried out technical support to address ad-hoc issues, savings mobilisation coaching, book-keeping training and coaching in the preparation of financial statements. Bookkeeping training was focused on the new 15 Credit Unions selected after a pilot 11 Credit Unions last year to standardise the reporting across CAC’s members to improve the transparency and comparability of Credit Union’s and Coop’s financial position and performance.

With the view to encourage the expansion of the services offered by CAC’s members – and to encourage entrepreneurship– CAC initiated a market research study looking at palm sugar processing and marketing in Thnom Touch, Kampong Chhnang. The findings of the study will be used by CAC and the Phnom Touch Cooperative, which participated in the initial fact-finding study, to form grower and processor groups and help design a business and marketing plan.

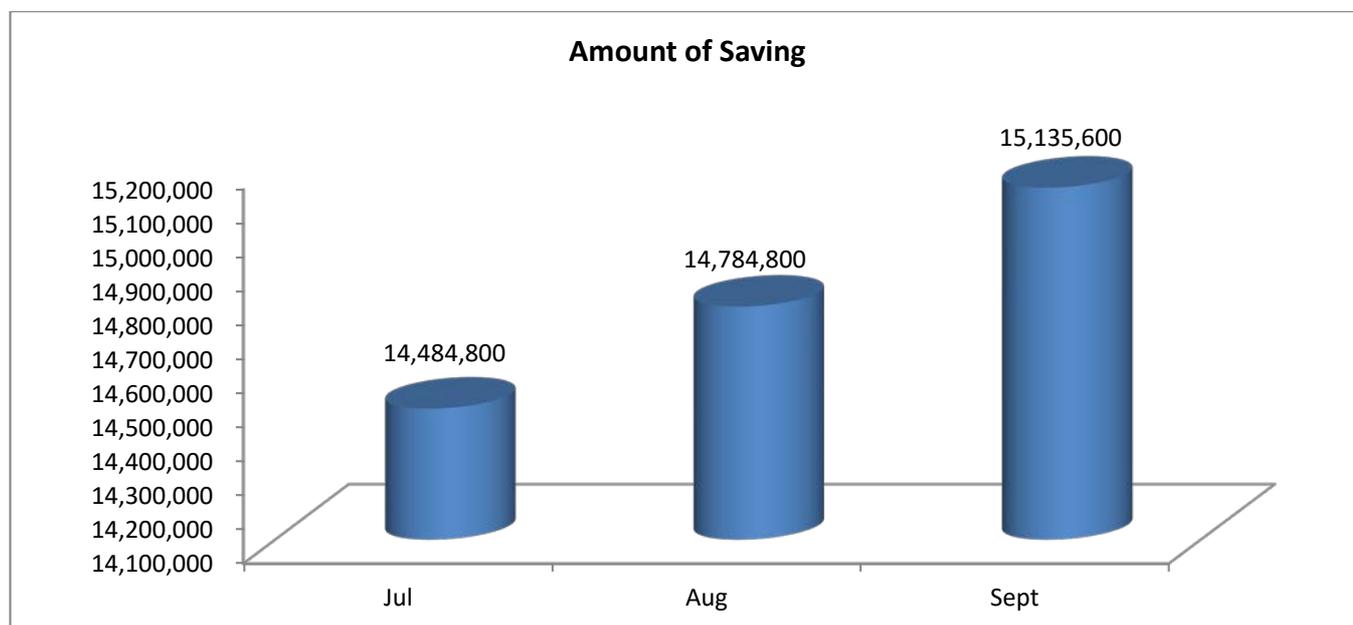
During the quarter CAC hosted a number of external visitors, both in CAC’s offices and in the field at CAC’s Credit Union/Coop members. CAC aims to provide a link between external donors, partners and other interested parties with the cooperative network in Cambodia.

2.1 Credit and Savings

Objective: Provide cost effective credit and savings products to members so that they can provide micro-finance services to farmers and the rural poor.



Note: There are five CUs have repaid the loan back to CAC in August so loan outstanding is low in this quarter.



CAC

	This Quarter (30/09/2014)	Previous Quarter (30/06/14)	Change
Deposits	15,135,600	14,185,600	6.7% increase
Loans	321,600,000	328,490,000	-2.1% decrease

CAC Members Consolidated (40 Credit Union and Agricultural Coop members)

	This Quarter (30/09/2014)	Previous Quarter (30/06/14)	Change
Deposits	6,136,194,334	5,562,739,741	10% increase
Loans	9,778,846,956	9,134,580,043	7% increase

(All figures are in Cambodian Riel)

2.2 Capacity Building

Objective: Educate and support Credit Union and Agricultural Coop leaders in order to increase the capacity of their institutions to provide efficient, transparent and reliable financial services and other services to their members, which will in-turn build trust with a range of external stakeholders.

July 2014 – Coordinated by Mr Vong Sarinda, project officers Mr Saing Thoeung, Mr Nhoern Chanura, Mr Yun Yean and Mr Som Sopheak.

- 12 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 197 men 128 women individual members.

August 2014 – Coordinated by Mr Vong Sarinda, project officers Mr Saing Thoeung, Mr Nhoern Chanura, Mr Yun Yean and Mr Som Sopheak.

- 23 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 82 men and 31 women individual members.

September 2014 –Coordinated by Mr Vong Sarinda, project officers Mr Saing Thoeung, Mr Nhoern Chanura, Mr Yun Yean and Mr Som Sopheak.

- 33 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 133 men and 24 women individual members.

2.3 Financial Education and Literacy for Children

Objective: Provide coaching to improve financial literacy of children throughout the community and encourage positive savings practices from a young age.

CAC delivered training to coop leaders on how to encourage children to save, such as promotion in primary schools and special incentives for children to start saving with the Credit Union or Coop e.g. no membership fees. CAC also coached coops on how to set up measures to ensure parents do not take their children's savings.

Nine Coops currently offer children's savings (figures as at 30/09/2014):

Coop	Number of Children Saving	Value of Children's Savings
Prey Mol AC	170 (102w)	13,482,500
Kokbanteay AC	404 (196w)	24,624,900
Credit Union of Farmer	121 (69w)	6,121,900
Kampong Seang Federation CU	133 (42w)	53,690,300
ToungThlok Rich Chamreun AC	33 (16w)	9,340,900
Samyorn AC	74 (36w)	7,140,000
Prey Khla AC	36 (20w)	10,801,000
Popel AC	24 (12w)	9,493,000
Meatophum Kasekor CU	16 (9)	5,167,000
Total	1,011 (505w)	139,861.500

(All figures are in Cambodian riel)

- Total children's savings increased by 4.28%
- Total number of children saving is stable
- Total number of children women saving is also stable

2.4 Village Enterprises and Agri-business

Objective: To support the very poor farmers by providing a small donation and micro-enterprise training to support them to become self-sufficient and improve their livelihoods.

CAC and CUFA work together in four provinces (Kampong Chnang, Kampong Thom, Takeo and Prey Veng) to provide capacity building training in small and micro business skills and help with the distribution of the donations to the members. Participating members receive support for three years, after which they should have self-sustaining businesses.

CAC currently has 103 members in total participating in the village enterprise scheme (8 members in Kampong Tom, 35 members in Kampong Chnang, 29 members in Takeo, 31 members in Prey Veng). This a large increase in support from 76 members in the previous quarter.

In order to ensure grants from the Village Enterprise program are being spent on legitimate business expenses, certain guidelines and more detailed reporting and monitoring will be implemented going forward. The guidelines are set out to encourage the rural poor to adhere to basic requirements when establishing certain businesses.

2.5 Networking & Advocacy

Objective: CAC's objective is to provide a link between Coops, Government and other interested groups to facilitate discussion, sharing of ideas and promoting an environment where such coops can flourish, to the benefit of the rural poor in Cambodia.

July 2014

- Mr Vong Sarinda hosted an NGO from the Local North-eastern Livelihood and Conservation with social enterprises to discuss about its exposure trip to CAC member. They requested to exposure at Kampot province but CAC did not work at Kampot province and CAC recommended that CRDT would contact Pact Cambodia, it works at Kampot and Sihanouk provinces.

August 2014

- Mr Vong Sarinda hosted an Health Co-op organization (HCOOP) from Taiwan to discuss about Consumer Business and Cooperative Laws in Cambodia. CAC was also shared its works, strategies and achievement. HCOOP is looking for cooperation with CAC at future.

September 2014

- Mr Vong Sarinda hosted an NGO Buddhist For Development (BFD) from Battambang province to discuss about CAC strategies to work with the co-ops and credit unions. BFD is looking for the strategy to transform its project to become a Credit Union Federation.
- Mr Vong Sarinda and Yun yeon hosted Rabobank consultant to visit two agriculture coops at Kampong Chnang. The purpose of visit is to assess the process of dropping of CAC to its members and credit risk management.

3. Achievements

- CAC has signed agreement with Rabobank (RF) for loan 80,000 USD for a period 4 years. Now CAC received the first transferring 40,000 USD into CAC bank account from RF.
- CAC has dropped loan to the members such, Boleav Agriculture coop, Popel coop, Seakmeas coop, and Kampong Os coop with RF.
- CAC has improved Village Enterprise (VE) activity of members and increased membership at Kampong Chnang, Prey Veng and Takeo provinces and also disbursed VE fund to the individual VE members.

- CAC has improved the bookkeeping with 10 credit unions/coops and they are able to do by themselves. Only one CU amount 11 CU/Coop is dropped off from CAC.

Progress of Credit Unions and Coops in bookkeeping and technical assistance

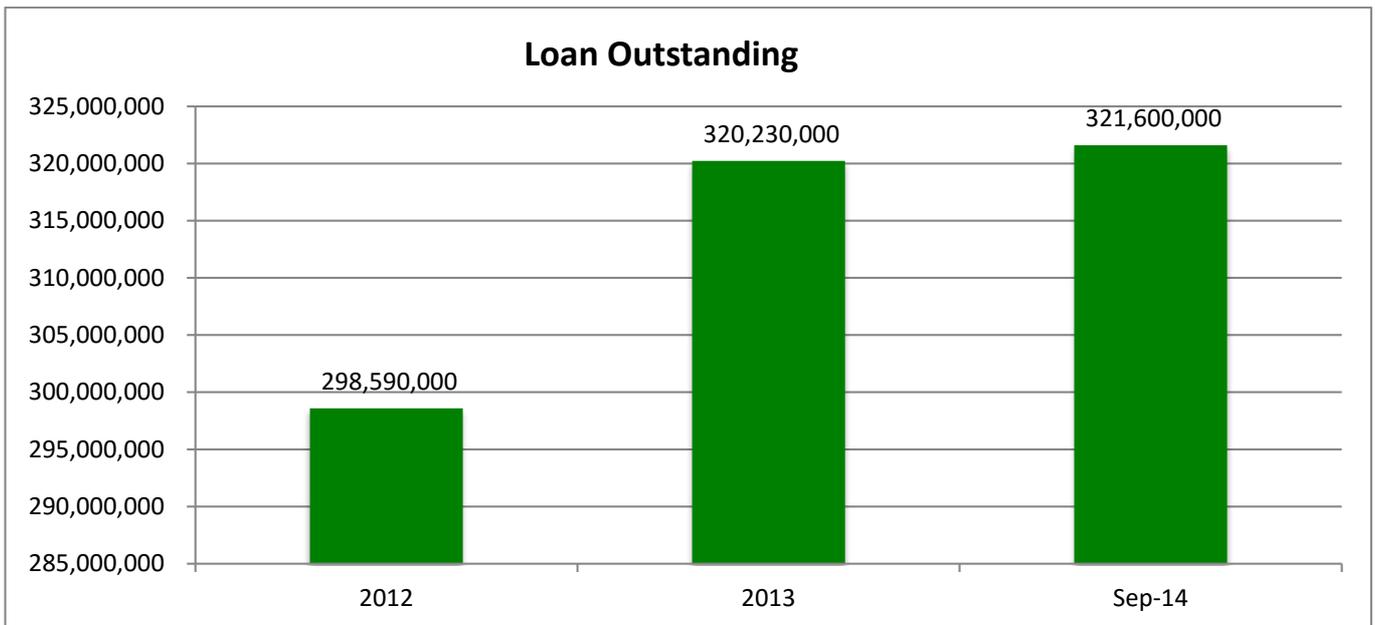
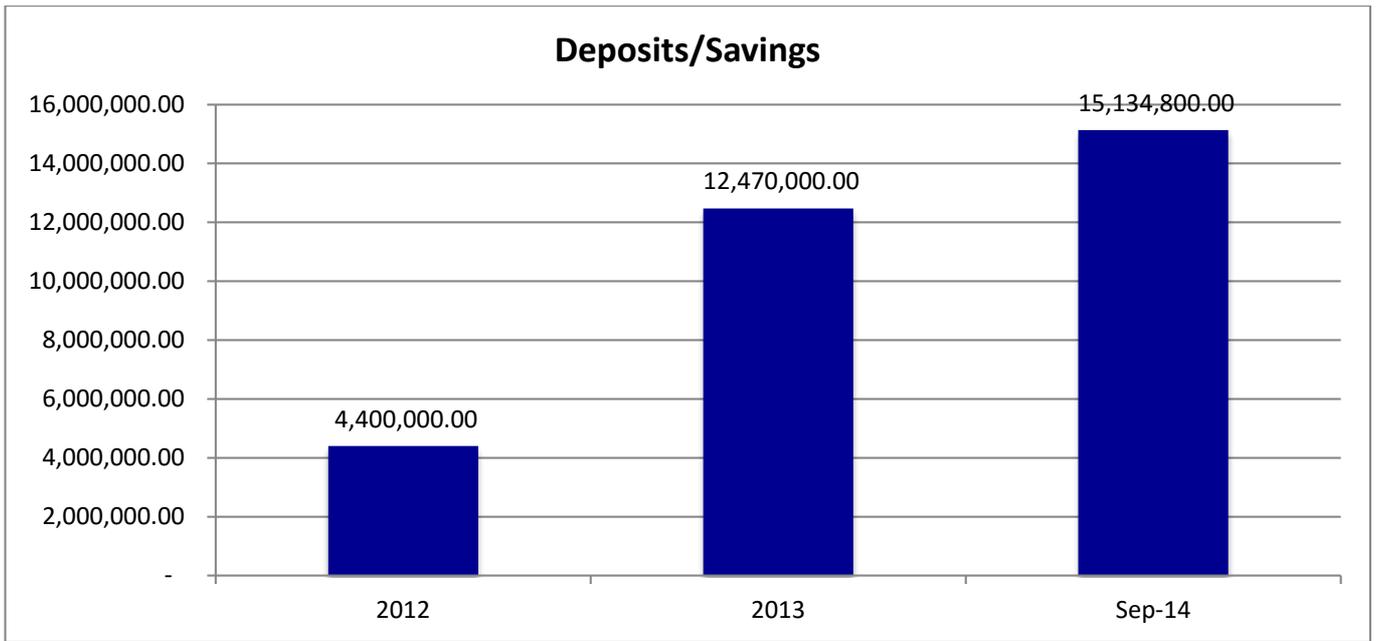
1. **Prey Mol:** Currently using CACs bookkeeping system for savings, loans and cash and can produce balance sheets and P&L statements. Some technical support is still required as they arise. No more training required only quarterly follow ups. Training is now focused on village enterprise project. The village enterprise has increased membership and functioning well .
2. **Popel:** Currently using CACs bookkeeping system for savings, loans and cash and can produce balance sheets and P&L statements. Technical support is still required to solve problems as they arise. Solving balance sheet problems on their own is still a challenge and they need ongoing support. This CU is functioning well.
3. **Tekhot:** Currently using CACs bookkeeping system for savings, loans and cash and can produce balance sheets and P&L statements. Some technical support is still required to solve problems as they arise, but definite signs of improvement in the past six months. This Coop is on improving.
4. **KasekovRek Chamroeun:** Currently using CACs bookkeeping system for savings, loans and cash and can produce balance sheets and P&L statements. Some technical support is still required to solve problems as they arise. This Coop is improving.
5. **Prey Klar:** Currently trying to use CACs bookkeeping system for savings, loans and cash and can not yet produce P&L statements or Balance sheets. They remain interested and motivated and there has been obvious improvements over the quarter. This CU is improving.
6. **Dontong:** Currently using CACs bookkeeping system for savings, loans and cash and can produce balance sheets and P&L statements. Some technical support is still required to solve problems as they arise. This Coop is improving.
7. **LDA:** Currently using CACs bookkeeping system for savings, loans and cash can produce balance sheets and P&L statements. Some technical support is still required to solve problems as they arise. This CU is more improving.
8. **Kampong Seng:** Effectively using CACs bookkeeping system for savings, loans and cash and can produce balance sheet and P&L. Very little technical support is needed. Clear records of expenses and receipts are kept. This Coop is functioning well.
9. **Motherland of Farmer:** Trying to use CACs bookkeeping system for savings, loans and cash. Can produce reasonably accurate P&L statements and Balance sheets; errors are common. Technical support is still required, but progress is being made. This CU is improving.
10. **Bosleav:** Trying to use CACs bookkeeping system for savings, loans and cash. Can produce reasonably accurate P&L statements and Balance Sheets; errors are common. Technical support is still required, but progress is being made. This CU is functioning well.

11. **Komareachea:** Not using CAC's systems and respect policy. No longer be a member of CAC at the end of 2014 after the annual general meeting.

The 15 Credit Unions/Coops have been choose by CAC to extend its Technical support.

1. **Seik Meas:** Begin to use CACs bookkeeping system for savings, loans and cash and will learn more on balance sheets and P&L statements. Some technical support is still required to solve problems as they arise.
2. **Nhor:** Begin using CACs bookkeeping system for savings, loans and cash and will learn more on balance sheets and P&L statements. Technical support is still required to solve problems as they arise.
3. **Krang Leav:** Not yet use CACs bookkeeping system but CAC provided TA on organizational development.
4. **Nitean:** Not yet use CACs bookkeeping system but CAC provided TA on organizational development.
5. **Roka:** Not yet use CACs bookkeeping system.
6. **Andong Preng:** Not yet use CACs bookkeeping system.
7. **Phnom Touch:** Begin to use CACs bookkeeping system for savings, loans and cash can produce balance sheets and P&L statements. The technical support is required to solve problems.
8. **Kampong Os:** Begin to use CACs bookkeeping system for savings, loans and cash and can produce balance sheet and P&L. The technical support is required to solve problems as they arise.
9. **Sethey:** Not yet use CACs bookkeeping system but CAC provided TA on organizational development.
10. **Khvav:** Not yet use CACs bookkeeping system.
11. **Koschreng:** Not yet use CACs bookkeeping system.
12. **Boeung Leach:** Not yet use CACs bookkeeping system for savings, loans and cash. Can produce reasonably accurate P&L statements and Balance Sheets; errors are common. Technical support is still required, but progress is being made.
13. **Chambok:** Begin to use CACs bookkeeping system for savings, loans and cash. Can produce reasonably accurate P&L statements and Balance Sheets; errors are common. Technical support is still required, but progress is being made.
14. **Samyong:** Begin to use CACs bookkeeping system for savings, loans and cash. Can produce reasonably accurate P&L statements and Balance Sheets; errors are common. Technical support is still required, but progress is being made.
15. **Samapheap Kasekor:** Not yet use CACs bookkeeping system but CAC provided TA on organizational development.

CAC's Savings and Loan Growth over Three Years to 30 September 2014



4. Challenges and Difficulties

- The key, common challenge faced by CAC in educating the Credit Union and Coop leaders is their capacity and sometimes willingness to learn the new skills required. CAC has piloted its new bookkeeping processes to 15 of its members. There is ongoing discussion among CAC's board and CAC staff for the need to encourage younger members to work in the Credit Unions and Coops. Younger members of the community are generally better educated in bookkeeping and financial management and they are more adaptable to change.
- A challenge in providing on-site technical support is the lack of personnel employed by CAC qualified to provide the necessary assistance. CAC is almost already at capacity to deliver timely, quality technical support and training to its current members. This limitation will hinder future membership growth and restrict CAC in taking on members that are too remote for efficient

travel. Travel in the wet season to some of the more remote locations is difficult and impacts on the amount of time CAC staff can provide training.

- Many of CAC's members do not have their own savings, or savings growth is low. It is a challenge for some Credit Unions and Coops to effectively promote and grow their savings, due to entrenched beliefs, low incomes of members and a previous dependence on grants or donations from Non-Government Organisations.
- There are many competitors on credit and savings working at the same village and those competitors always convince CU/Coop members to use their services. Those competitors sometimes said something badness of CU/Coop to the members.
- Many Agriculture Coops (AC) are weak on agri-business and micro-enterprise because they have no idea and experience of business and it is hard to convince them to be agri-business such Kampong Os chilli production.

5. Next Steps

- CAC will send two staff to attend the ICT conference at Phnom Penh on Oct.
- CAC will receive Laos delegation to exposure trip to CAC's member on Oct.
- CAC will receive CUFA consultant to assess CAC organizational capacity on Nov.
- CAC conjuncts with CUFA Increase support and training via the Village Enterprise Scheme and VE fund disbursement on Nov.
- CAC will send a staff to Bangkok for attending the Asian Cooperative Conference from Dec 1-5.
- CAC will send a staff to attend an Agriculture Coop conference at Sunway hotel, Cambodia on Dec 2.
- CAC will form the producer groups for Sugar Palm processing in November and December.
- CAC conduct exposure trip with Phnom Touch coop to Kampong Speu province to see sugar palm coop activity and product in Dec.
- CAC will continue to follow up and provide technical support to all CACs 40 current members coop members Oct-Dec.
- CAC continue credit assessment exercise on all members in preparation for the potential cash injection from the Rabobank Foundation loan. CAC wants to be prepared to distribute the loans as quickly as feasibly possible.
- CAC develops quarterly report and collect data from the CUs/Coops and consolidation on Dec.
- CAC continues collect interest and savings from members.
- CAC will host visitors come to learn from CAC's member.

For More Information

Mr Vong Sarinda

sarinda@caccambodia.com

(+855) 17 25 25 83