

Co-operative Association of Cambodia (CAC)



Quarterly Progress Report
1 October 2013 – 31 December 2013

Table of Contents

1. BACKGROUND	3
2. PROJECT ACTIVITIES	3
2.1 CREDIT AND SAVINGS	3
2.2 CAPACITY BUILDING.....	4
2.3 FINANCIAL EDUCATION AND LITERACY FOR CHILDREN	4
2.4 VILLAGE ENTERPRISES.....	5
2.5 NETWORKING & ADVOCACY	5
4. ACHIEVEMENTS	6
5. CHALLENGES AND DIFFICULTIES	6
6. NEXT STEPS	7

1. Background

Cooperative Association of Cambodia 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 organisations 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 31 December 2013 CAC staff made 69 visits to Agricultural Coops and Credit Unions across 7 Cambodian provinces, including Kampong Chhnang, Kampong Speu, Kampong Cham, Takeo, Prey Veng, Kratie and Svay Rieng. Of these visits 63 were made to current CAC members to provide ongoing support and training and 6 were made to Credit Unions or Coops, which were not current CAC members, to discuss the opportunity of becoming a member of CAC.

During the visits CAC staff carried technical support and training in CAC’s bookkeeping methods and in the preparation of financial statements, in order to improve the record keeping practices of CAC’s members so that Coops and Credit Unions can efficiently grow membership. Training was also provided to continue to drive to standardisation of reporting across CAC’s membership base to improve the transparency and comparability of Credit Union’s and Coop’s financial position and performance.

CAC staff also participated in Coop’s and Credit Union’s strategy planning meetings, provided technical support to members in developing credit and savings policies, assisted Credit Unions and Coops with registration with the government, helped problem solving in organisational governance and delinquent loans, provided small and micro-enterprise training to individual members and ad hoc issues as they arise. Such activities ensure CAC’s members develop sustainable and scalable business models, which will encourage growth in membership and investment.

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.

CAC Loan and Savings:

	This Quarter (31/12/2013)	Previous Quarter (30/09/13)	Change
Deposits	12,470,000	11,760,000	7 % increase
Loans out to CUs	320,230,000	281,000,000	14% increase

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

	This Quarter (31/12/13)	Previous Quarter (03/09/13)	Change
Deposits	4,745,086,209	4,573,311,600	3.8 % increase
Loans out to members	8,176,225,600	7,649,123,800	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 to their members, which will in-turn build trust with a range of external stakeholders.

October 2013 – Coordinated by Mr. Vong Sarinda, project officers Mr. Mao Tola and Mr. Lina.

- 16 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 111(33w) individual members.
- 1 meeting to help with registration with the government. Meeting was attended by 5 (2w) Coop leaders.
- 1 meeting to assist with developing credit and savings policies. Training was delivered to 15 (5w) individual members.

November 2013 – Coordinated by Mr. Vong Sarinda, project officers Mr. Mao Tola and Mr Lina.

- 19 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 152 (61w) individual members.
- 2 meetings to assist with potential bankruptcy. Meetings were attended by 10 (3w) individual members.

December 2013 - Coordinated by Mr. Vong Sarinda, project officers Mr. Mao Tola and Mr Lina.

- 9 training sessions were conducted instructing members in bookkeeping, preparation of financial statements and organizational management. Training was delivered to 145 (43w) individual members.
- Attended and supported the conducting of 1 member's AGM with 121 (61w) individual members in attendance.

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 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, which was discovered to be an issue.

4 Coops currently offer children's savings (figures as at 31/12/2013):

Coop	Number of Children Saving	Value of Children's Savings
Prey Mol co-op	170 (101w)	6,080,500
Kokbanteay co-op	405 (209w)	17,802,800
Credit Union of Farmer	100 (58w)	5,116,900
Kampong Seng co-op	137 (47w)	22,612,700
Total	812 (505w)	51,612,900

(All figures are in Cambodian riel)

And four new co-ops will offer children's saving in 2014 (Osandan, Klang Leav, Dontong and Nhor)

2.4 Village Enterprises

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 to provide capacity building training in small and micro business skills and 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 45 members in total participating in the village enterprise scheme (10 members in Kampong Tom, 19 members in Kampong Chnang, 14 members in Takeo, 2 members in Prey Veng). There is the intention to increase the support via the village enterprise scheme in 2014.

2.5 Networking & Advocacy

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

October 2013

- CAC hosted 12 university students from Japan to explain CAC's activities and the activities of their members and provided documents for further research on the concept of cooperatives.

November 2013

- CAC conducted its annual board meeting over two days on the 25th and 26th of November. The board meeting not only provided the opportunity for CAC board members to make strategic decisions, but it also provided an opportunity to network and discuss common issues and achievements. The board meeting was attended by Mr Graham Raward, a representative from CUFA, to observe and offer advice.
- CAC attended a meeting in relation to the Farmer of the Year event and sent some CAC members to participate in the exhibition Kampong Chnang.

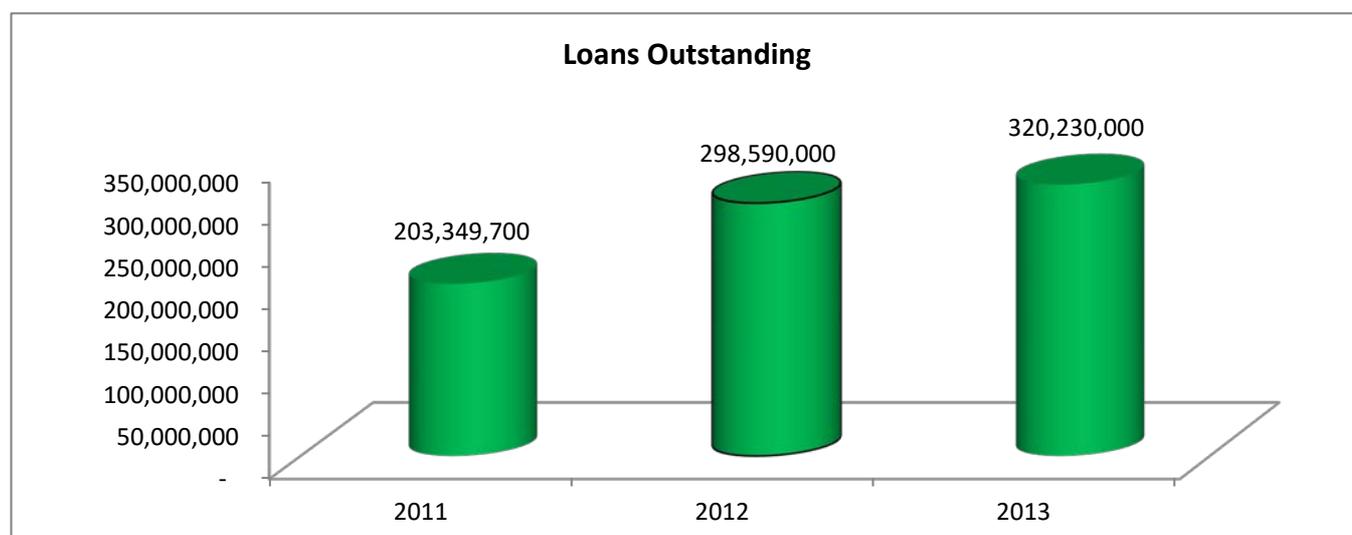
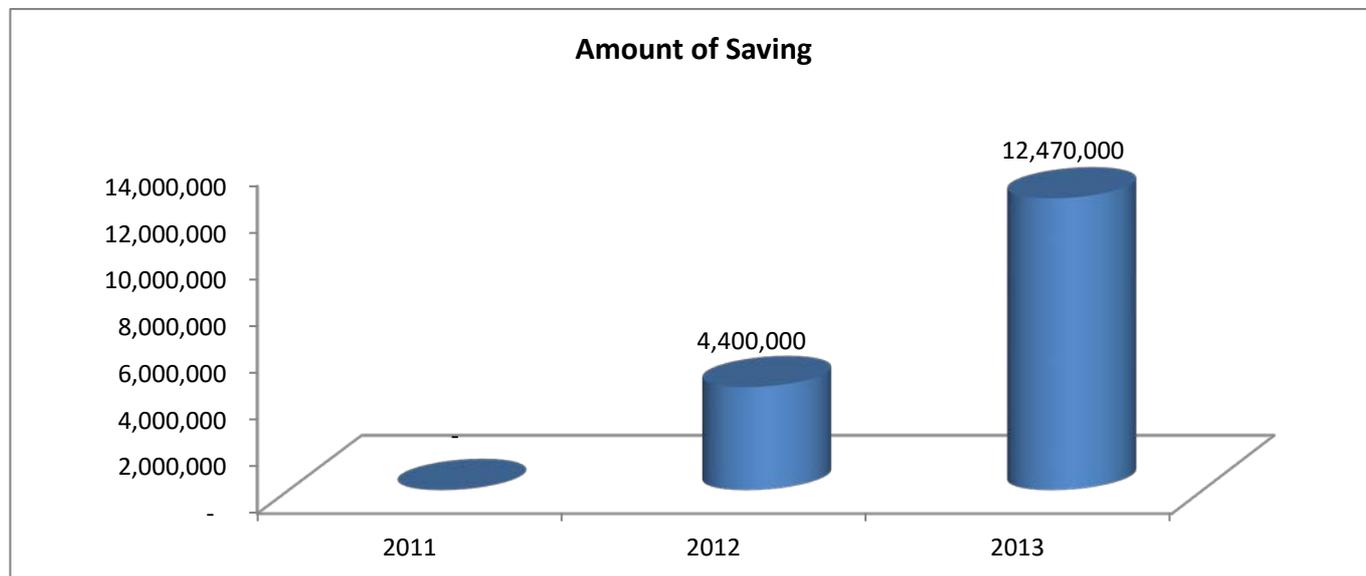
December 2013

- CAC staff attended a UNDP workshop on micro-insurance.
- CAC put CISO, an NGO from Rottanakiri in contact with two of CAC's member Credit Unions, Popel and Prey Mol in Kampong Chnang to learn about operations and share ideas.
- CAC hosted NGO, Good Neighbour's director and staff to learn about CAC's operations and to discuss potential support.

4. Achievements

- One member successfully registered with the Cambodian government.
- Three new members of CAC.

CAC's Savings and Loan growth over three years to 31 December 2013



5. Challenges and Difficulties

- The key, common challenge across CAC's members in educating the Credit Union and Coop leaders is their capacity and sometimes willingness to learn the new skills required. Over the year CAC piloted new bookkeeping processes to 11 of its members. It has taken longer than expected for the Credit Unions and Coops, involved in the pilot, to be able to produce financial statements accurately without any assistance. This is especially the case when a small group, or person is dominant and does not want to change the reporting practices of their Credit Union or Coop.

- The key difficulty in standardising reporting practices across CAC's membership base is retraining leaders with new skills. The standardisation project is ongoing and progress has been made, albeit slowly. It is often easier with the less established Credit Unions and Coops to begin implementing the new systems than changing the practices of the more established, older organisations with entrenched systems, despite their relative financial and bookkeeping proficiency.
- A challenge in providing on-site technical support is the lack of personnel employed by CAC qualified to provide the necessary assistance. CAC currently has 40 members including 19 agricultural coops and 21 credit unions, and intends to continue to grow. CAC is almost already at capacity to deliver timely, quality technical support to its current members. This limitation will hinder membership growth and restrict CAC in taking on members that are too remote for efficient travel.
- CAC's ability to provide cost-effective credit solutions to its members is limited by CAC's funding from members' savings, donations or grants from external donors and loans from external institutions. Currently CAC is operating close to full capacity in terms of the loans that it can provide to its members, pending further inflows. There is plenty of spare capacity within CAC's members for further funding from CAC. The difficulty in attracting inflows in the form of members' savings is that CAC wants to continue to provide loans to members at a much lower cost than they would otherwise be able to receive from competing MFIs. CAC needs to continue to pursue low cost sources of funding in order to provide credit at low costs and also to ensure members are encouraged to maintain and grow their savings deposits.
- Political uncertainty in the quarter played a part in the later repayment of loans and interest to CAC. Ongoing political uncertainty provides an extra challenge and risk to CAC's operations.
- 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.
- A consistent and ongoing challenge to CAC's members is Credit union and Coop leaders misappropriating the Credit Union or Coops funds for their own personal use. Such behaviour affects the financial stability of the organisation, or worse case bankruptcy. It also erodes the trust members have in such organisations.

6. Next Steps

- CAC will use the CUCA tool to assess the capacity of the 11 coops, which were part of the new bookkeeping pilot.
- CAC will provide training and support to the four new coops, which will offer children's saving in 2014 (Osandan, Klang Leav, Dontong and Nhor).
- In conjunction with CUFA Increase support via the Village Enterprise Scheme.
- Start to develop the Agriculture Value Chain. The first step to is to conduct market research on the use of fertilizer among CAC's members, with the view to make a viability assessment of a wholesale credit fertilizer operation for CAC.
- Continue to follow up and provide technical support to CACs 40 current members coop members.

- Add a maximum of three members in 2014, to ensure CAC maintains a high quality of service.
- Continue collect interest and savings from members and grow loans on a needs basis and after credit assessment.
- Conduct AGM and develop the three year-plan.
- Contact with Rabobank for funding support.

For More Information

Mr Vong Sarinda

sarinda@caccambodia.com

(+855) 17 25 25 83