

# EVALUATION REPORT

## Cooperative Association of Cambodia Credit Union Outreach Project



Covering three years of program implementation  
FY2013-14, FY2014-15 & FY2015-16

June 2017

## Acknowledgements

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The time granted to the evaluator by project participants is gratefully acknowledged.

### **Cover photo:**

The photo used for this report is the Takeo Community Forestry Integrated Development Association from Takeo Province. They are part of the CUO project and member of the Cambodia Association of Cooperative. The photo is used with consent and permission.

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## EXECUTIVE SUMMARY

This report presents findings from an evaluation of the 3-year implementation of CUFA's Credit Union Outreach (CUO) project in Cambodia (2013-2016). As the core project of the Building Institutional Capacity program, this project has been implemented by CUFA in Cambodia since 2007. The CUO project aims to develop the capacities of credit unions to improve governance and operational practices that foster membership and capital growth, while also working with federations to build a sustainable credit union movement in Cambodia. The evaluation findings demonstrate the CUO project is performing well.

The CUO project provides funding to the federation Cooperative Association of Cambodia (CAC) to deliver direct on-site support banks and technical assistance to individual savings. The project delivery is effective and was able to deliver support that addressed the challenges faced by credit unions. However, achieving sustainability is still limited due to external issues including: expansion of MFIs that are supported by NGOs, competition from larger credit unions, and the prevalence of operations that are diverse with credit union principles.

This evaluation employed mixed method of qualitative and quantitative approaches that complimented the voices of credit union members and committees as well as identify changes in their credit union and the community. The purpose of this evaluation is to assess the delivery of on-site support and technical assistance to the credit unions supported by the federation (CAC).

The findings of this report indicate that more regular support including member education activities would help sustain credit unions at their current levels. The committees could operate efficiently if the frequency of on-site support is increased. The retention of knowledge is good but development of products was delayed because of the limited number of CUO staff needed to deliver technical assistance to a total of 39 credit unions.

Even with further support, there is limitation for these activities to have a significant impact on long-term growth and sustainability. This is demonstrated by the lack of progress shown by credit unions in key areas of membership growth. This evaluation recommends the increased monitoring and support by CAC to its member credit unions, to improve the efficiency of the operation as a federation and sustainability of credit unions.

## 1.0 BACKGROUND

### 1.1 The Building Institutional Capacity Program

The CUO project delivered training and technical support to active credit unions while supporting the strengthening of CAC. The training modules were designed to build the capacity of credit unions in key areas of operation, such as, bookkeeping, loan management, savings mobilisation, membership growth and more. The CUO project includes the provision of financial and technical support to CAC, while CUFA continues providing direct on-site technical assistance to 39 credit unions across seven (7) provinces.

### 1.2 Cooperative Association of Cambodia

In 2011, CUFA moved toward providing more robust support to one federation only, Cooperative Association of Cambodia, instead of supporting five federations where some are not fully committed to the development of credit unions. CUFA supports the federation with technical assistance and funding. An Australian volunteer from the Australian financial cooperative movement sits as an honorary member of the CAC board. This honorary member provided technical expertise to build governance and organisational capacity. Technical assistance is provided regularly via email and skype, as well as in-country when undertaking two (2) visits each year to attend CAC board meetings. Funding is directed to support development of the federation as well as services and activities provided to its member credit unions.

### 1.2 Project Delivery Outcomes

The CUO project delivered training and workshops on six modules: Lending, Leadership, Governance, Savings Mobilisation, Financial Literacy and Micro-enterprise. Two technical assistance sessions were delivered during site visits. The technical assistance and training were delivered primarily to credit unions committee members and selected ordinary members as they are directly engaged in the operation and development of policies and credit union products.

- 33,326 participants in three years
  - (12,547 Males; 209 males with disability; 507 Boys)
  - (19,382 Females; 115 females with disability; 566 Girls)
- 4 credit union decreased delinquency rate
- 1132 on-site support and technical assistance delivered
- 39 credit union increased their savings

The total savings is \$902,996 USD as of June 2016

Table 1 - Project Reach

|   | June 2014            | March 2015                                    | June 2016             |
|---|----------------------|---|-----------------------|
| <b>Participation (Attendance) on TA</b>   |                      |   |                       |
| Male  | 4801                 | 3992  | 3754                  |
| Boy   | No data              | No data                                       | 507                   |
| Male with disability  | 104                  | 52  | 53                    |
| Female  | 6582                 | 6301  | 6499                  |
| Girl  | No data              | No data                                       | 566                   |
| Female with disability  | 42                   | 36  | 37                    |
| Women who are able to exercise increased control over how their income was used | 6582                 | 6605<br>(Some women who reported left the CU) | No data               |
| Women Board   | 138                  | 182   | 231                   |
| <b>Actual participants to TA delivered</b>                                      |                      |   |                       |
| CU with over 3% delinquency rate  | 12                   | 10  | 8                     |
| Technical Assistance Visits made  | 259                  | 165   | 142                   |
| TA Days   | 146                  | 70  | 86                    |
| Technical Assistance delivered (120 target)                                     | 518                  | 330   | 284                   |
| Male participants   | 305                  | 115   | 66                    |
| Male with disability  | 1                    | 4   | 3                     |
| Female participants   | 146                  | 69  | 104                   |
| Female with disability  | 1                    | 0   | 2                     |
| <b>CU savings and membership</b>  |                      |   |                       |
| How many CU increased total savings   | 30 CUs<br>(\$36,260) | 21 CUs<br>(\$131,717)                         | 39 CUs<br>(\$902,996) |
| Percentage increase of savings  | 2.9%                 | 9.91%   | 6%                    |
| How many CUs increased membership   | 18                   | 8   | No data               |
| Percentage increased of membership  | 1.27%                | 2.5%  | No data               |

## 2.0 METHODOLOGY

### 2.1 Evaluation Purpose

The focus of this report is to evaluate the delivery of on-site support and other technical assistance CUO has provided to individual credit unions since 2013 to 2016. A representative sample of rural credit unions is used to indicate general trends of the characteristics of different groups and the impacts of program implementation activities.

### 2.2 Evaluation Scope

This evaluation is intended to provide an assessment of the support and technical assistance provided to credit unions in Cambodia, provided by CUFA through the Federation Cooperative Association of Cambodia (CAC). The report composes an assessment of the program delivery and implementation.

### 2.3 Evaluation Framework

**The Australian Aid Programs NGO Quality Assessment Framework (QAF):** a framework to assess the quality of NGO project implementation employed by the Australian Aid Programs Quality Assurance Group for:

- **Relevance:** the extent to which activity objectives and designs are appropriate;
- **Efficiency:** the extent to which activities have been managed in a professional manner;
- **Effectiveness:** evidence that the activity is likely to achieve the desired results;
- **Sustainability:** evidence that the activity is likely to foster sustainable outcomes.

**The Australian Aids Programs NGO Quality Ratings Guide:** a framework developed to report on the achievement of project objectives as required in the Australian Aid Programs Performance Report as:

- **Best Practice** -Represents a situation where something over and above normal good aid practice has occurred, particularly something innovative.
- **Fully Satisfactory** -There are only a few minor weaknesses in the program as a whole.
- **Satisfactory Overall** -There are weaknesses as well as strengths but that the weaknesses are not severe enough to threaten the program.
- **Marginally Satisfactory** -There are serious weaknesses which require early action if the program is to continue to progress.
- **Weak** -The program is seriously deficient. Problems are widespread throughout the project/program and that immediate and decisive action is needed to address them.

### 2.4 Research Team

An independent evaluator was hired for the purpose of conducting a series of project evaluations for CUFA. The project evaluator from CUFA office in Australia was in-charge of analysing and reporting the collected information. In-country staff and program officers conducted the sampling and collection of data, as well as data entry. The evaluator did not engage personally with the sample and project sites. Project officers who were briefed and

invited to review the methodological process did the collection of data, raised ideas and concerns were incorporated into the process.

The research assistant had good background knowledge of the project, both team members had been independent from project delivery activities. Further assistance was provided by CUD project officers who supported the organisation of Focus Group Discussions (FGD), individual interviews and additional translation where required. Local CUFA project officers assisted with translation of the 3 FGDs and 32 individual interviews. Prior to field research, the research assistant in Phnom Penh briefed all members of the CUD team, where they were invited to review the methodological process, raise ideas and concerns and input toward the process.

## 2.5 Research Tools

This evaluation used Direct Interviews, and review of Monthly-Quarterly reports. Evaluation findings were mostly reliant upon the analysis of qualitative data. A mixed-method approach was undertaken combining quantitative data and qualitative data, comprising three components: review of project documentation and information; FGDs with project participants; and semi-structured individual interviews with project participants (leaders and potential members).

As mentioned above, the evaluation process was discussed in a meeting with all CUO project staff in Phnom Penh, and their feedback was incorporated into the design of research tools. FGDs and interviews were semi-structured and questions open-ended, with a format for prompts to ensure key information was gathered, but in a way in which conversation could flow to enable information to be expressed. The questions were developed to understand the outcome and impact of the program to the lives of the project participants. This approach was easier for participants to follow as it was more natural: if people started discussing an area which wasn't part of the current questioning but did inform a different section of questioning, this flexibility and adaptability (not a rigid format) meant the interviewee or participant could continue, as long as relevant information was being captured.

***The review of program documentation and records*** included:

- 1) project design documents – project plans, annual development plan; phase-by-phase implementation toolkits; and
  - 2) project information – quantitative and qualitative project data; monthly and quarterly monitoring reports completed by the BIC in-country project officer; phase-by-phase reports.
- This review has informed assessments of the quality of project design and implementation.

***Individual interviews*** were conducted with 8 credit union members at each site. Specific criteria were used for the selection of interviewees. Considerations included: gender, language, status in the community, status in the group, age, level of participation in the credit union, and availability for interview. These considerations were made to maximise time effectiveness and identify key informants whilst constituting a sample representative of the group: a mix of women and men, committee members and regular members, old and new members, and youth. This targeting enabled inclusion of beneficiary voices from both key informants and persons typically marginalised from development processes. The rationale of



individual interviews was to capture the voices of those who may not be comfortable speaking in a group, but for whom it was identified by observation that they had something to say.

Individual interviews also provided a platform to further examine the capabilities of committees and their existing roles in the community. It is also useful for measuring trust – something people may be less open about discussing in a group forum. Interviews were semi-structured to enable the logical flow of thought and natural discussion. There were four key areas of focus, each of which had a number of prompt questions which may or may not have been used, depending on how the discussion proceeded: participation; knowledge of financial cooperatives and financial literacy; trust; and leadership.

**Key informant interviews** were undertaken with key project and partner staff. The committees and community leaders were interviewed individually to correlate the data from the FGD and individual interview sample. Community Leaders were mostly involved in safekeeping the money and maintaining trust between the credit union, committees and its members.

A **group interview** was conducted with project participants at three sampled model credit unions. At the suggestion of CUD project staff concerned that participants had limited time to engage, FGDs were restricted to 30 minutes in duration and took place prior to CUFA workshops conducted, while some interviews took place on different day to accommodate the sample's convenient schedule. The group interview took place in the credit union site and tried to include both male and female committees as possible. There was no FGD conducted to ordinary credit union members, as they are the key participants in the individual interview.

A semi-structured approach was taken to enable information, ideas and feedback to take the natural course of discussion. Core questions were devised to prompt discussion and assess 4 areas relevant to CUD phased activities to date: verification of CUFA community scoping and project site selection; participant understanding of financial cooperative principles; participant understanding of basic financial literacy; and cross-cutting themes including gender. Finally, a fifth area of discussion encouraged participants to provide feedback about the project and prioritise their needs.

## 2.6 Sampling

The evaluation sample consisted of field visits to five credit unions in three provinces, undertaken from the 30th of December 2016 to 20th of January 2017 during the scheduled delivery of support and technical assistance. Sampling size was based upon time constraints, particularly given the great distances between project areas, balanced against the need to find a sample representative of the project.

This sample includes five of the thirty-nine credit unions where the CUO project is active: Chroloung Seik Meas, Preymol Chreybak Rich Chamreun, and Kasekor Popel Rong Reung in Kampong Chhnang province; Local Development Association in Prey Veng province; and Chambak Savings Association in Svay Rieng province. These provinces were selected as they vary considerably due to demography, language and geography.

Table 2 – Evaluation Sample

| <b>Evaluation participants</b>  |   |                                   |                  |
|---|---|-----------------------------------|------------------|
| Number of Provinces visited:  | 3 | Number of Focus Group Discussion: | 3                |
| Number of Villages visited:   | 3 | Number of Individual Interviews:  | 25 (M; F)        |
|   |   |                                   |                  |
| Interviewees  |   | Type                              | Date             |
| <b>Kampong Chhnang Province</b>   |   |                                   |                  |
| Chroloung Seik Meas Agriculture Development Cooperative                                   |   |                                   |                  |
| 4 Committees (2 Males and 2 Females)  |   | FGD                               | 30 December 2016 |
| 5 CU Members:   |   | Individual Interviews             | 30 December 2016 |
| <ul style="list-style-type: none"> <li>5 Ordinary members (5 Females)</li> </ul>          |   |                                   |                  |
|   |   |                                   |                  |
| <b>Kampong Chhnang Province</b>   |   |                                   |                  |
| Preymol Chreybak Rich Chamreun Agriculture Development Cooperative                        |   |                                   |                  |
| 3 Committees (2 Males and 1 Female)   |   | FGD                               | 31 December 2016 |
| 5 CU Members  |   | Individual Interviews             | 31 December 2016 |
| <ul style="list-style-type: none"> <li>5 Ordinary members (2 Males; 3 Females)</li> </ul> |   |                                   |                  |
|   |   |                                   |                  |
| <b>Kampong Chhnang Province</b>   |   |                                   |                  |
| Kasekor Popel Rong Reung Agriculture Development Cooperative                              |   |                                   |                  |
| 6 Committees (4 Males and 2 Females)  |   | FGD                               | 01 January 2017  |
| 5 CU Members:   |   | Individual Interviews             | 01 January 2017  |
| <ul style="list-style-type: none"> <li>5 Ordinary members (1 Male; 4 Females)</li> </ul>  |   |                                   |                  |
|   |   |                                   |                  |
| <b>Prey Veng Province</b>   |   |                                   |                  |
| Local Development Association   |   |                                   |                  |
| 3 Committees (3 Males)  |   | FGD                               | 20 January 2017  |
| 5 CU Members:   |   | Individual Interviews             | 20 January 2017  |
| <ul style="list-style-type: none"> <li>5 Ordinary members (4 Males; 4 Female)</li> </ul>  |   |                                   |                  |
|   |   |                                   |                  |
| <b>Svay Rieng Province</b>  |   |                                   |                  |
| Chambak Saving Association  |   |                                   |                  |
| 3 Committees (2 Males and 1 Female)   |   | FGD                               | 19 January 2017  |
| 5 CU Members:   |   | Individual Interviews             | 19 January 2017  |
| <ul style="list-style-type: none"> <li>5 Ordinary members (5 Females)</li> </ul>          |   |                                   |                  |

The project evaluator from CUFA office in Sydney is in-charge of analysing and reporting the collected data. In-country staff and program officers conducted the sampling and collection of data, as well as the translation and data entry.

## 2.7 Limitations

There are some limitations related to the parameters of time allocated to prepare, conduct and present this evaluation. These limitations were compounded by the long periods of time to travel between sites, and therefore only 3 of the 39 credit unions were sampled for on-site research. An attempt was made to offset this by utilising program data covering a wider area in order to make general assessments about wider program performance.

Given the limited timeframe and scope of the evaluation, the evaluator did not participate in the field site visits, data collection and interview process. In-country program staff in Cambodia including CUO project field officers and CUFA staff, facilitated the selection of sites and samples for interviews. Potential for selection bias is somewhat offset through direct oversight from the in-country staff who acted as research assistant and translators from the previous evaluation. However, it is noted here that risks could not be entirely mitigated.

In some cases, the collection of appropriate qualitative data was made difficult by the lack of common language between the evaluator and interviewees. A professional translator was not hired for this evaluation, and so the translation was at times not as strong as it could have been. However this limitation was offset by the fact that the Research Assistant/Translator had experience working with credit unions and possessed a developed understanding of the rural finance sector in Cambodia.

Given the practical considerations of time parameters on the research, in some circumstances there was no opportunity for verification of issues reported by credit unions. However, some verification did occur through communications with the Research Assistant, CUO Project Field Officer, and CAC Director via email and in person.

## 3.0 FINDINGS

### 3.1 Summary of Findings

- The credit unions receiving support and technical assistance successfully enact overarching credit union principles. The effectiveness and efficiency of CUO on-site support to credit unions has been satisfactory overall. However the impact in terms of project sustainability has been more modest with a rating of marginally satisfactory. The findings of this report indicate that more regular support including member education activities would help sustain credit unions at their current levels.
- The committee members have expressed full commitment to growing the membership base and mobilising savings based on coaching from CUO staff. The decrease in membership of Local Development Association is linked to external factors where larger credit unions have offered lower loan interest rate to its members. The other cause of decrease is due to ACLEDA's branches opened in Prey Veng province in 2015.
- The CAC only monitored credit unions that regularly submitted their reports (28 of 39). CAC was unable to gather information regarding cases of mismanagement and error without such reporting being made. For credit unions that had not prepared reports,

CUO staff could not provide support material because there was not enough information on the effectiveness of TA or if more support was needed. Although regular visits and technical assistance was delivered, CAC could only accommodate half the number of CUs monthly. To address this issue, CAC must employ enough additional staff so technical assistance can be provided to multiple CUs concurrently.

- The credit unions struggled in increasing membership and regular savings. Many people in the village did not trust the credit union and not all members entirely understand the benefits of regular saving. The members of Chambak Savings Association did not make deposits because they were given the option to not save. Chambak was trying to retain the members who had received past loans, even those who had no savings.
- Despite of the abovementioned trust issues with people in the village, the trust among credit union members is strong. All (25 of 25) interviewed members expressed that they trust their committees and feel safe to keep money in the credit union.

### 3.2 On-site support (The impact of the program on the members)

#### Training Modules and Technical Assistance

Training and technical assistance was provided to committee members because they directly engaged in the operation of the credit union. The ordinary members sampled in this evaluation expressed that they never joined the training, as committees did not tell them. The modules are not included in the scope of evaluation as only three modules were commonly provided as technical assistance to the five sample credit unions: Savings mobilisation, Loan product and Leadership

| Table 3 - Training modules delivered (on-site support) |                      |   |
|--|----------------------|---|
| 1  | LENDING              | Committees received training on lending, especially on loan assessment and managing delinquency. To avoid delinquency, the CU collected collateral from members if they applied for loans larger than their savings.  |
| 2  | LEADERSHIP           | Trainings on the role of committees and management of human resources was provided as not all committees understood their responsibilities within the credit union. The identity of credit union is strongly expounded so that the CU will not divert its operation from credit union principles. |
| 3  | GOVERNANCE           | Committees learned good governance by offering transparent and accurate financial records. Training on bookkeeping and accurate calculation was provided by PFOs.   |
| 4  | SAVINGS MOBILISATION | The committees were trained so they can persuade people in the community to become member of the CU. PFOs develop activities with the committees to better approach and promote savings.  |

|   |                    |  |
|---|--------------------|--|
| 5 | FINANCIAL LITERACY | Another part of savings mobilisation is the introduction of Children's Financial Literacy to the members and encouraging their children to save and open an account. |
| 6 | MICRO ENTREPRISE   | As members of the Federation, many CUs were agriculture cooperative who also engaged in business. PFOs provided coaching to micro-enterprise activities of the CU.   |

There was no particular order of the six (6) modules. The delivered training modules depended on the training assistance needed by committee members. This report evaluated the top two most common technical assistance delivered to all (39) credit unions. Five credit unions from three (3) provinces were sampled to analyse the impact of savings mobilisation and loan delinquency management.

### **3.2.1 Chroloung Seik Meas (Agri-Development Cooperative)**

#### **Savings Mobilisation and Membership growth**

The savings mobilisation of Chroloung Seik Meas is not performing well. Chroloung credit union operates in one (1) village in Kampong Chhnang province. Although there is a strong level of trust and members regularly make deposits, the membership growth was very moderate. After the credit union failed due to committees' dishonest conduct, Chroloung was re-established in 2013 with the guidance of the CUO training and support. The CUO project provided technical assistance in drafting policy and group formation. The members voted for their committees, who lived in same village, making the members confident that the committees would not cheat them. The TA and support of CUO project contributed to the competency of the members and committees to better manage their financial system.

Chroloung has an open membership policy and encourages regular savings by providing 2% interest for savings and 3% interest for loan to credit union members. Chroloung showed its capacity by providing loans using the credit union capital from membership fee and earned \$422.50 in three (3) months.

| Monitoring Date         | December 31, 2013                       | December 31, 2014                       | December 31, 2015                        | June 31, 2016                            |
|-------------------------|---|---|--|--|
| Membership              | <b>103</b>                              | <b>103</b>                              | <b>107</b>                               | <b>107</b>                               |
| Operates in one village | 95 Members<br>(24 Males;<br>71 Females) | 95 Members<br>(24 Males;<br>71 Females) | 100 Members<br>(28 Males;<br>72 Females) | 100 Members<br>(28 Males;<br>72 Females) |
|                         | 8 Committees<br>(5 Males;<br>3 Females) | 8 Committees<br>(5 Males;<br>3 Females) | 7 Committees<br>(3 Males;<br>4 Females)  | 7 Committees<br>(3 Males;<br>4 Females)  |
| Savings                 | <b>\$ 0</b>                             | <b>\$ 77.50</b>                         | <b>\$ 1,997.85</b>                       | <b>\$ 2,406.95</b>                       |
| Profits from loan       | <b>\$ 422.5</b>                         | <b>\$ 647.50</b>                        | <b>\$ 3,371.05</b>                       | <b>\$ 3,933.10</b>                       |

Despite the open membership policy offered to attract members from other villages, membership growth was very moderate. Committee members were mostly focused on attending training on effective operation of the credit union and as such CUO staff did not run many savings mobilisation lessons. CUO staff additionally provided TA and training on drafting policies, bookkeeping, profit and loss management and balance sheet.

In three (3) years, the membership increased merely by 3% (4 members). The reason for this minimal increase was that the people in the village did not completely trust the credit union due to their prior experiences. Despite of Chroloung re-establishment in 2013, the people in the villages remained sceptical whether the credit union would function effectively and not fail again. The committees had not totally established trust in the credit unions either, despite them attending training. The credit union focused on building the committees' capacity to operate the credit union instead of developing products to increase membership and regular savings.

The interviewed committee members revealed that the credit union operation was not doing well, because they were still learning and had difficulties in bookkeeping and balance sheets. They believed that to gain trust from the community, the committees should be capable to operate with less supervision from CUO staff.

The committee's capacity to operate effectively was a crucial factor in the level of trust the community granted them. The committees were well aware of this and therefore became very eager to attend training and technical assistance from the CAC.

### ***Loans and Delinquency***

Chroloung earned profits from loans 61% more than its initial savings. In three years, the delinquency rate increased by 10% because loan applications did not require borrowers to provide land certificate as collateral. One (1) borrower had not paid the loan because he was working in Thailand and the committee could not contact him.

The credit union needed to build trust with its members to avoid further issues of delinquency. There is also the risk that people who were previously cheated by credit union committees may consider applying for a loan without the intention of paying it back. To prevent the delinquency rate from increasing, the credit union started collecting collateral and members were asked to pay late fees if they did not meet the deadline.

The loan procedure requires thumbprints or signatures, land certificate as collateral, two (2) witnesses or guarantee persons and charged 13% monthly interest rates. In case of emergency and urgent needs, small loans were easily accessed and following a quick review procedure from a committee member based on the borrowers capacity to repay, small loans could easily be distributed.

| <b>Monitoring Date</b> | <b>December 31, 2013</b> | <b>December 31, 2014</b> | <b>December 31, 2015</b>               | <b>June 30, 2016</b>                   |
|------------------------|--------------------------|--------------------------|--|--|
| Members Receiving Loan | <b>Not recorded</b>      | <b>Not recorded</b>      | <b>69</b><br>(37 Males;<br>32 Females) | <b>69</b><br>(37 Males;<br>32 Females) |
| Profits from loan      | <b>\$ 422.5</b>          | <b>\$ 647.50</b>         | <b>\$ 3,371.05</b>                     | <b>\$ 3,933.10</b>                     |
| Repayment              | <b>100%</b>              | <b>99%</b>               | <b>90%</b>                             | <b>90%</b>                             |

Chroloung earned a total profit of \$3,933.10 as of 30 June 2016, by providing loan from its membership capital.

### ***Leadership skills and Institutional Quality***

Chroloung credit union needs to build trust among members and community by promoting the benefits of being a member of the credit union. The committees need to provide accurate bookkeeping and financial records to ensure transparency and no corruption among credit union operation. All accounts were closed once a month to ensure all financial was in balance and accurate. All members were invited to participate in the annual general meetings because they provided the annual interest rate of their savings and shares.

The committee members were aware that they still lacked knowledge and skills to operate the credit union well and required more support and training. The credit union also needed to ensure it had enough capital to provide loans to members when they demanded them. In addition, Chroloung intends to build its financial capacity before increasing members. The interviewed committees expressed that the capital increased only moderately because the members' income was not enough to support their family and they had no money to save in the credit union.

### ***3.2.2 Preymol Chreybak Rich Chamreun (Agri-Development Cooperative)***

#### ***Savings Mobilisation and Membership growth***

Preymol Chreybak Rich Chamreun was comprised of small groups of credit unions. CAC advised four small credit unions from neighbouring villages to form into. The Cambodian government also required these credit unions to form into one institution. Preymol operates in four (4) villages in Kampong Chhnang province. In the beginning, Preymol struggled to coerce its management and merge the accounts of the four credit unions into one. Technical assistance and training provided by CUO staff gave Preymol the opportunity to grow and instil a better credit union operation and service.

Preymol Chreybak Rich Chamreun performed well in encouraging children membership. In conjunction with CUFA's Children's Financial Literacy (CFL) project, the number of children savings accounts in this credit union was almost 25% (158 of 646 members). Positive feedback from parents was an important factor that promoted membership and regular savings. The credit union provided easy access to people with disabilities with their transaction in the credit union. The credit union had eleven (11) members with disabilities.

In the four villages where Preymol operates, women were the primary members because they were seen to represent the family. Women joined the credit union because most of the time, they stayed home and had time to attend the credit union, whereas the men were occupied at work or farming.

| <b>Monitoring Date</b>    | <b>December 31, 2013</b>  | <b>December 31, 2014</b>  | <b>December 31, 2015</b>   | <b>June 31, 2016</b>   |
|---------------------------|---|---|--|--|
| Membership                | <b>602</b>  | <b>606</b>  | <b>646</b>   | <b>646</b>   |
| Operates in four villages | 590 Members (86 Males; 6 MWD; 69 Boys; 325 Females; 3 FWD; 101 Girls) | 594 Members (98 Males; 6 MWD; 70 Boys; 301 Females; 2 FWD; 117 Girls) | 635 Members (97 Males; 8 MWD; 74 Boys; 369 Females; 3 FWD; 84 Girls) | 635 Members (97 Males; 8 MWD; 74 Boys; 369 Females; 3 FWD; 84 Girls) |
|                           | 12 Committees (8 Males; 4 Females)                                    | 12 Committees (8 Males; 4 Females)                                    | 11 Committees (8 Males; 3 Females)                                   | 11 Committees (8 Males; 3 Females)                                   |
| Savings                   | <b>\$ 27,984.83</b>   | <b>\$ 27,174.40</b>   | <b>\$ 54,883.55</b>  | <b>\$ 71,278.53</b>  |
| Profit from loan          | <b>\$ 21,851.65</b>   | <b>\$ 14,795.93</b>   | <b>\$ 31,233.30</b>  | <b>\$ 31,418.43</b>  |

Preymol still lacked savings promotion as seen in the membership growth of the last three (3) years being only 6.8% (44 members). While the interviewed individuals expressed that having committee members from different villages did not undermine the trust of its members, finding new members remained challenge.

The interviewed committees expressed that membership growth reflected the increase in members' trust of the credit union. They believe that due to the collapse of the previous credit union, only 70% of the members who completely trust it. Three of five interviewed ordinary members cited the reason why membership did not grow was that people in the community had not fully understood what the credit union was and what benefits it could provide them and their community. The committee have to promote and provide more information to the community.

### ***Loans and Delinquency***

From 2013, the profit earned from loans reached half of the total of initial savings. 80% of credit union members were women, creating a clear female majority.

In Preymol group however, there were challenges in releasing loan as per demand. According to interviewed members, the credit union had insufficient capital to provide loans. As per the Preymol leaders, they struggled with late repayment so they wanted to deal with it before providing loans. The committee member's decision on not to provide loans in this period reflected that borrowers must pay back so other members can apply for loans.



| Monitoring Date        | December 31, 2013 | December 31, 2014 | December 31, 2015                 | June 31, 2016                     |
|------------------------|-------------------|-------------------|-----------------------------------|-----------------------------------|
| Members Receiving Loan | Not recorded      | Not recorded      | 328<br>(59 Males;<br>269 Females) | 328<br>(59 Males;<br>269 Females) |
| Profit from loans      | \$ 21,851.65      | \$ 14,795.93      | \$ 31,233.30                      | \$ 31,418.43                      |
| Repayment              | 99%               | 98%               | 95%                               | 95%                               |

Instead of imposing penalty which may result in delinquency, credit union helped borrowers who were not able to pay on time by providing payment options, by;

1. Paying only the interest rate, until the member can recover and pay the capital and
2. Paying the loan in longer instalment scheme without increasing the interest

### ***Leadership skills and Institutional Quality***

Since the credit union experienced collapse in the past, committee members were still struggling and having difficulties to strengthen trust among its members.

In better foster mutual trust, the committee implemented a clear and equal calculation system and closed all accounts every month to ensure all accounts were balanced and accurate. 60% of its members had been joined the AGM and actively asked questions about the process of credit union and interest rate. Some of the members were busy with their employment in a garment factory or in Thailand, so they could not attend the scheduled AGMs.

### ***3.2.3 Kasekor Popel Rong Reung (Agri Development Cooperative)***

#### ***Savings Mobilisation and Membership growth***

Kasekor Popel Rong Reung is performing well. In three (3) years, the membership increased twice the original number in 2013. The interviewed committee members expressed that a better understanding on the importance of regular savings contributed to membership growth. The committee mobilised its members to invite new members so the credit union could provide loans to members and increase its capital.

In the village where Kasekor operates, people follow each other. The credit union encouraged people from the community to become members of the credit union by strengthening the trust and support amongst current members. By providing loans, the credit union earned more profits and gained more trust from its members. It also attracted people in the community to become members. The interviewed members believe that the Kasekor will not cheat them as it had invested capital asset (land) for future credit union offices. In addition, with Kasekor working with the CFL project, it increased the number of children members in the credit union.

| Monitoring Date | December 31, 2013 | December 31, 2014 | December 31, 2015 | June 31, 2016 |
|-----------------|-------------------|-------------------|-------------------|---------------|
| Membership      | 136               | 147               | 288               | 288           |

|                         |  |   |   |   |
|-------------------------|--|---|---|---|
| Operates in one village | 130 Members<br>(51 Males;<br>1 MWD;<br>13 Boys;<br>58 Females;<br>17 Girls)<br><br>6 Committees<br>(4 Males;<br>2 Females) | 140 Members<br>(65 Males;<br>1 MWD;<br>22 Boys;<br>36 Females;<br>1 FWD<br>15 Girls)<br><br>7 Committees<br>(5 Males;<br>2 Females) | 280 Members<br>(55 Males;<br>1 MWD;<br>26 Boys;<br>156 Females;<br>1 FWD<br>41 Girls)<br><br>8 Committees<br>6 Males;<br>2 Females) | 280 Members<br>(55 Males;<br>1 MWD;<br>26 Boys;<br>156 Females;<br>1 FWD<br>41 Girls)<br><br>8 Committees<br>6 Males;<br>2 Females) |
| Savings                 | <b>\$ 21,371.18</b>  | <b>\$ 31,837.68</b>   | <b>\$ 73,358.80</b>   | <b>\$ 83,935.25</b>   |
| Profit from loans       | <b>\$ 4,053.83</b>   | <b>\$ 2,415.10</b>  | <b>\$ 21,515.00</b>   | <b>\$ 22,437.75</b>   |

The interviewed members expressed that credit union members have been contributing regular savings and understand the operation of the credit union and the benefits to members and the community. Kasekor imposed a decision that members who do not save regularly will be withdrawn from their membership.

Although there are members who are not familiar with the calculation of interest this did not affect the objective of the project as the interest calculation trainings were provided the committee members only. It is the responsibility therefore of the trained committee members to explain to their members how to calculate the interests. In fact, the delivery of the CUO project is efficient and effective as interviewed committees in Kasekor reported that they work together and understood bookkeeping and accurate calculation of interest.

### ***Loans and Delinquency***

Despite the increase in delinquency rate, Kasekor is performing well in managing delinquency. A large portion (69.8%) of borrowers were women, while 44 of 55 males also applied for a loan. Although Kasekor operates only in one village in Kampong Chhnang province, its profit from loans is the highest among the three sampled credit unions which operate in one village (Chroloung, Kasekor and Chambak).

Some loan applicants could borrow without collateral, especially those with good repayment rates and no delinquent background. Members were charged 2.7% interest on loans instead of 3% monthly interest, which is common for credit unions in Cambodia. The credit union allowed members to pay early instalments as to decrease their owing loan total, as well as monthly interest. Yet, there were still late payments on the loans from members, especially borrowers with an unstable source of income.

| <b>Monitoring Date</b>  | <b>December 31, 2013</b> | <b>December 31, 2014</b> | <b>December 31, 2015</b> | <b>June 31, 2016</b>     |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Members Receiving Loans | <b>Not recorded</b>      | <b>Not recorded</b>      | <b>146</b><br>(44 Males; | <b>146</b><br>(44 Males; |

|                   |                    |                    |                     |                     |
|-------------------|--------------------|--------------------|---------------------|---------------------|
|                   |                    |                    | 102 Females)        | 102 Females)        |
| Profit from loans | <b>\$ 4,053.83</b> | <b>\$ 2,415.10</b> | <b>\$ 21,515.00</b> | <b>\$ 22,437.75</b> |
| Repayment rate    | <b>98%</b>         | <b>99%</b>         | <b>90%</b>          | <b>95%</b>          |

### ***Leadership skills and Institutional Quality***

All committees worked together to operate the credit union. The committees fully understood bookkeeping and accurately calculated interest on savings and loans for their members. Although it was difficult to get members to understand and trust the credit union, the committees built strong trust among the members through transparent and accurate accounting as well as through promotion exercises. The increase in membership and savings in 2015 indicated that the communities acknowledged the committee members and credit union operation.

Ordinary members rarely participated in training conducted by CUO staff because they thought it was only for the committee to learn as they are operated the credit union. Since the committee could focus and learn more with fewer training participants, this improved the quality of the lessons and their retention of knowledge. As such they could make more accurate calculations.

Members were invited to join the annual general meetings (AGM) to listen to the credit union's annual achievement and promotion of service, as well as to provide the interest rate for members who purchased shares. However, only members who purchased shares regularly joined the AGMs. While ordinary members understood the process of the credit union, they did not join the AGM.

### ***3.2.4 Local Development Association***

#### ***Savings Mobilisation and Membership growth***

The membership of Local Development Association (LDA) struggled in 2015 when a savings bank that offers lower loan interest expanded to Prey Veng. In the beginning, large loans were provided to members because LDA had enough capital, following a \$122, 324.81 charity fund instalment. This was used to provide loans and earn higher profits than savings total. In fact, LDA's profit was even higher compared than the total profit of the four other credit unions in this evaluation.

The increase in members' trust was associated with the credit union's capacity to manage its financial service to 34 villages in Prey Veng province and provide cash donations to community infrastructure, funeral or any ceremony in the community.

| <b>Monitoring Date</b> | <b>December 31, 2013</b>                | <b>December 31, 2014</b>                | <b>December 31, 2015</b>               | <b>June 31, 2016</b>                   |
|------------------------|---|---|--|--|
| Membership             | <b>2105</b>                             | <b>2338</b>                             | <b>2080</b>                            | <b>2091</b>                            |
| Operates in 34 village | 2098 Members<br>(1038 Males;<br>11 MWD; | 2212 Members<br>(1131 Males;<br>11 MWD; | 1955 Members<br>(953 Males;<br>11 MWD; | 1966 Members<br>(963 Males;<br>11 MWD; |

|                   |  |   |  |  |
|-------------------|--|---|--|--|
|                   | 1043 Females;<br>6 FWD)<br><br>7 Committees<br>(6 Males;<br>1 Females) | 1064 Females<br>6 FWD)<br><br>126 Committees<br>(71 Males;<br>55 Females) | 5 Boys;<br>977 Females<br>6 FWD;<br>3 Girls)<br><br>125<br>Committees<br>(71 Males;<br>55 Females) | 5 Boys<br>978 Females;<br>6 FWD;<br>3 Girls)<br><br>125 Committees<br>71 Males;<br>54 Females) |
| Savings           | <b>\$ 13,005.01</b>  | <b>\$ 13,672.74</b>   | <b>\$ 19,791.20</b>  | <b>\$ 20,954.20</b>  |
| Profit from loans | <b>\$ 63,158.00</b>  | <b>\$ 64,908.00</b>   | <b>\$ 78,526.68</b>  | <b>\$ 79,704.58</b>  |

Local Development Association operates in more than half of the total village in the Prey veng province. There is no gender imbalance while women have a small margin over men. LDA is still trying to promote savings to children and people with disabilities. Currently, the credit union have eight (8) children and seventeen (17) PWD members, and plans to promote more children in the credit union as they have seen this as good method to increase membership.

### Loan and Delinquency

The interviewed committees explained that aside from issue of late repayment, the credit union did not have other significant problems. There were 942 members receiving loans from LDA. No new loans were provided until borrowers repaid their loans. The committee revealed that LDA did not enough funds to provide the loan since the capital had not been paid back.

In 2015, LDA did not provide large loans due to increased delinquency and consequently credit union members applied for loans from the bank instead. One of the interviewed members applied for a loan with ACLEDA Bank that charged 1.8% monthly interest rate to buy land near the market. Members noticed that borrowing in the bank had lower interest, than the credit union.

| Monitoring Date        | December 31, 2013   | December 31, 2014   | December 31, 2015                         | June 31, 2016                             |
|------------------------|---------------------|---------------------|---|---|
| Members Receiving Loan | <b>Not recorded</b> | <b>Not recorded</b> | <b>957</b><br>(381 Males;<br>576 Females) | <b>942</b><br>(375 Males;<br>567 Females) |
| Profit from loans      | <b>\$ 63,158.00</b> | <b>\$ 64,908.00</b> | <b>\$ 78,526.68</b>                       | <b>\$ 79,704.58</b>                       |
| Repayment              | <b>98%</b>          | <b>98%</b>          | <b>90%</b>                                | <b>90%</b>                                |

This evaluation concluded that LDA's decrease in membership was due to its incapability to provide loans and the members knew that banks like ACLEDA had lower interest on large loans.

### **Leadership skills and Institutional Quality**

The credit union provided accurate savings record and interest to its members. Accounts were recorded correctly with the savings and interest rate inscribed in member's passbook. Members were satisfied with the committees' performance and accurate calculation of interest. All accounts were closed once per month to ensure all financials were balanced and accurate.

While LDA did conduct AGMs in the past, for the last three years, they decided not to have AGMs as it cost too much. Instead the credit union had regular meetings. These meetings were administered once every second months among committees.

### **3.2.5 Chambak Saving Association**

#### **Savings Mobilisation and Membership growth**

Within the five credit unions sampled in this evaluation, Chambak Saving Association has the most unique approach to managing membership. Chambak's effort to promote membership is complex and they have been struggling with savings mobilisation since most members don't understand the benefit of savings and they were going to MFIs for loans.

Credit union members discussed with the committee members that they would prefer to loan from MFI's, as they did not require members to have previous savings, unlike the policy of the credit union. Taking that into account, as the credit union did not want to lose customers and capital, they decided to provide loans to members without requiring existing savings.

The savings in the credit union had been minimal because members were not saving regularly.

| <b>Monitoring Date</b>  | <b>December 31, 2013</b>   | <b>December 31, 2014</b>   | <b>December 31, 2015</b>  | <b>June 31, 2016</b>  |
|-------------------------|--|--|---|---|
| Membership              | <b>100</b>   | <b>100</b>   | <b>113</b>  | <b>113</b>  |
| Operates in one village | 97 Members<br>(26 Males;<br>3 MWD;<br>66 Females;<br>2 FWD)<br><br>3 Committees<br>(2 Males;<br>1 Females) | 97 Members<br>(24 Males;<br>5 MWD;<br>66 Females;<br>2 FWD)<br><br>3 Committees<br>(2 Males;<br>1 Females) | 109 Members<br>(33 Males;<br>76 Females)<br><br>4 Committees<br>(2 Males;<br>2 Females) | 109 Members<br>(33 Males;<br>76 Females;<br><br>4 Committees<br>(2 Males;<br>2 Females) |
| Savings                 | <b>\$ 3,230.85</b>   | <b>\$ 3,835.75</b>   | <b>\$ 4,448.33</b>  | <b>\$ 4,748.90</b>  |
| Profit from loans       | <b>\$ 1,915.95</b>   | <b>\$ 6,259.25</b>   | <b>\$ 8,324.23</b>  | <b>\$ 8,386.90</b>  |

While most members had minimal savings in the credit union, committees continued to provide loans to its members. By providing loans, members were encouraged not to withdraw their savings from the credit union.

Chambak is not dependent on external funding as they use their own capital. However this means they are exposed to a high risk of bankruptcy if borrowers do not pay their loans on time. Therefore, this evaluation recommends CAC to act and review the credit union policy and operations of the committee so to prevent the collapse of its enterprise.

### **Loan and Delinquency**

The delinquency rate decreased because Chambak was not providing loans as they lacked sufficient capital and many members had minimal savings in the credit union. Competing with MFIs to maintain its members was challenging.

This evaluation recommends urgent action to help the Chambak from diverting from credit union principles. The committees interviewed in this evaluation revealed that the credit union is facing a big problem as it has no capital to operate and there is a big competition with MFIs in the village. Members expressed that they were not saving because they had been given the option not to save.

| <b>Monitoring Date</b> | <b>December 31, 2013</b> | <b>December 31, 2014</b> | <b>December 31, 2015</b>                  | <b>June 31, 2016</b>                   |
|------------------------|--------------------------|--------------------------|---|--|
| Members Receiving Loan | <b>Not recorded</b>      | <b>Not recorded</b>      | <b>54</b><br>(12 Males;<br>42<br>Females) | <b>55</b><br>(10 Males;<br>45 Females) |
| Profit from loans      | <b>\$ 1,915.95</b>       | <b>\$ 6,259.25</b>       | <b>\$ 8,324.23</b>                        | <b>\$ 8,386.90</b>                     |
| Repayment              | <b>97%</b>               | <b>99%</b>               | <b>90%</b>                                | <b>95%</b>                             |

### ***Leadership skills and Institutional Quality***

The credit union holds the AGMs once a year. They haven't invited the CAC to come and join the AGMs but rather invited the provincial departments of agricultural officer, village, commune and provincial authority. 60% of the members have been joining the AGM and they have been actively asking some questions about the process of credit union and interest rate.

Chambak has only three active committees working in the credit union. CUO staff provided two technical assistances in 2015 and there was no support or visit since then. This evaluation recommends providing follow up training and technical assistance to the committees since Chambak requires immediate attention among the credit unions sampled in this evaluation.

### **3.2.6 Discussion of Findings**

With the exception of Chambak, all committee members demonstrated full commitment to membership growth and savings mobilisation. Although there were 39 CUs supported by CAC, the number of CU's that submitted reports was limited. Only 28 CUs submitted their reports and CAC has no way to know cases of mismanagement and mistakes without reporting.

Although regular visits and technical assistance were delivered, the CUO project can only accommodate half the number of CUs monthly. To address this issue, CAC and CUFA must employ additional staff so technical assistance is provided to multiple CUs at the same time.

The savings mobilisation of these CUs needs revision, as many people in the village do not trust the credit union and not all members fully understand the benefits of regular saving. In Chambak, members always engaged in the CU but did not always deposit because they were given the option not to save. Trust levels are not a big issue with the actual credit union members, all 25 interviewed members expressed that they trust their credit union and feel safe to keep money in the credit union. There are external factors that added towards the slow pace of membership growth such as unstable income and bad experience with previous credit union. Another external issue is the emergence of banks that charge lower loan interest than the credit union. The decrease in membership of LDA is attributed to the ACLEDA's branches opened in Prey Veng province in 2015, although no report to validate this conclusion.

Credit unions have been consistently supported by CAC to reduce delinquency. As a positive result, two credit unions (Kasekor and Chambak) showed reduction of delinquency by 5%. This is the result of the trainings and technical assistance provided to the credit unions. The CUO project has provided training on appropriate loan analysis and accurate assessment of borrowers before providing loans and whether or not to take collateral. Committees were encouraged to ensure loan agreements were consistent and no special treatment was given to friends or family members. However, delinquency management has been moderate as CUO staff provided 2 to 3 technical assistance (TA) in a year.

This evaluation recommends monthly TA to each credit union, so the issues can be addressed as it occur. The provision of technical assistance to committee members must be regular so they can operate the CU effectively and confidently, in order to pass knowledge among regular members. Although providing training and TA to committees are the priority of this project, inviting regular and active members to join and observe would increase their knowledge and serve as information dissemination to the condition and changes to the credit union.

### 3.2.7 Project Quality Assessment

The CAC-CUO on-site training and technical assistance is important in providing ongoing support to credit unions. However, the project delivery is only rated **satisfactory overall**. The impact could be improved by increasing frequency and reach of support.

|                | Best Practice | Fully Satisfactory | Satisfactory Overall | Marginally Satisfactory | Weak |
|----------------|---------------|--------------------|----------------------|-------------------------|------|
| Relevance      |               | ✓                  |                      |                         |      |
| Effectiveness  |               |                    | ✓                    |                         |      |
| Efficiency     |               |                    | ✓                    |                         |      |
| Sustainability |               |                    |                      | ✓                       |      |

Relevance of on-site support is fully satisfactory. Committees have the most responsibility in whole operation of the credit union. Therefore it is only appropriate that they are the direct

subjects of the training sessions. While it is crucial to educate the committees foremost, there remains a need to also include members in some training. This was not occurring and is the greatest limitation of the project. In addition, there was lack of information dissemination and members could not help to smooth the operation of the credit union. The reach of on-site training should include members in the future.

The project effectiveness has produced proven positive results but the impact has been satisfactory overall. Interviewed committees posited that credit union principles were understood and policies were implemented. AGMs were consistently held to provide opportunity for members to engage in the decision-making process. This acts as an example of improvement in the leadership skills and institutional quality in the credit union.

The decline of capital and extremely slow growth in 4 of 5 sampled credit unions indicated a limit to the project effectiveness. As mentioned in the discussion of findings, it was largely external factors that had the most adverse effect on the effectiveness and sustainability of the credit unions rather than structural flaws in the project design and implementation. However, the lack of information dissemination to members regarding how to operate the credit union exacerbated the issue on project effectiveness. As mentioned by the individuals interviewed in this evaluation, a lack of understanding in the concept of a credit union and its benefits to the individual and society was a very pertinent factor in people not becoming a member or leaving the credit union. Although including members in on-site training could strengthen trust in the credit union, their participation could also lengthen the time to run training sessions. Therefore, the training for members must be developed according to the conditions and context of each credit union and shall be conducted by trainers outside of the group. Meanwhile, CAC need to develop a credit union product that would counter external factors especially the emergence of banks that charge lower loan interest and MFIs that do not require savings to apply for loans. Suggestions on possible products are discussed under project sustainability.

Efficiency of project activities is satisfactory overall. Committee and members interviewed in this evaluation expressed trust and confidence in CUO staff and the provided training. 2 to 3 visits in 39 credit unions where CAC work were conducted to deliver training and TA. Within a limited time, CUO staff addressed various technical issues and provided training/coaching relevant to effective and sustainable operation of the credit unions. The efficiency could be greater if more CUO staff are employed. This would allow for the delivery of multiple visits at same time, visiting once or twice a month could improve the overall quality of the project, as well as provide the opportunity to educate members while other CUO staff are engaged with the committees.

The sustainability of the project is marginally satisfactory as committees are still relying too heavily on-site technical assistance particularly on policies. Committees have confidence to manage the credit union but still require support and members do not fully understand the benefits of their credit union and decided not to save regularly (Chambak offered members the option to not save at all) or seek credit in banks and MFIs instead. Increasing the regularity and reach of on-site support would improve development and retention of knowledge to committees and members. However, this may not guarantee sustainability.

Significant external factors that shape the sustainability of credit union includes: dependency to external capital (donations), emergence of MFIs and competitive low-interest rates offered



by banks. The impact of these external factors was highlighted in the case of LDA and Chambak. LDA stopped its charity fund and could not provide loans when low-interest banks emerged the province, resulting in a decrease in membership. In this sense, expansion of training alone may not contribute to greater sustainability.

This evaluation findings shows that the credit union require continued on-site support to sustain its operation. As with improving the project effectiveness, CAC need to develop a supplementary activity to enable progress toward sustainability. Providing micro-enterprise training to members is the closest suggestion that could improve savings mobilisation, membership growth and loan repayment rate. Another suggestion is to provide rewards or higher interest to regular savings and on-time repayment.

### 3.3 CUFA PARTNERSHIP WITH CAC

#### 3.3.1. Support Service and Technical Assistance to Credit unions

Majority of the on-site support delivered was focused on the basic operation procedure and technical assistance, including: capacity assessment; bookkeeping; policy development; delinquent loans recovery; and resolution of conflict and trust issues. A detailed assessment of these activities is outside the scope of this evaluation, however it is evident that CAC has an important function through the provision of services to support the management and monitoring of growth and sustainability of the credit unions. CAC reporting indicated that assistance is generally appropriate and in line with credit union principles.

#### 3.3.2 Registration of Credit union

CAC is a member-owned, not-for-profit, not-for-charity organisation that provides farmers and the rural poor access to financial cooperatives (credit unions) that the villagers operate. CAC also facilitates registration of member credit unions with the Provincial Departments of Agriculture (PDA). The credit unions are registered as agricultural cooperatives due to the absence of regulations designed for operating financial cooperatives. This situation highlights the challenge in operating financial cooperatives in Cambodia.

#### 3.3.3 CUFA-CAC Partnership

The CUFA and CAC partnership shows a sustainable credit union movement in Cambodia through the provision of services to member credit unions and promotion of genuine credit union principles. The partnership improved opportunities in delivering support to credit unions by transferring CUFA's support roles to a local federation. An exclusive on-site support through CAC is relevant in improving program efficiencies and sustainability.

A potential risk to the CUO project sustainability is the impact of emerging credit union and the cooperative registration process currently facilitated by CAC. Model credit unions (CUD project) should be registered with the CAC to ensure sustainability and continuous support to the operation of the credit unions.

### 3.4 Cross-cutting participation issues

The women's inclusion as participants in on-site field support visits is less than half of the total actual participants (322 Females). Yet, women's participation is over 60% (20,063 attendance) in technical assistance and on-site training delivered in the credit unions. This indicates that more women are participating due to their availability and eagerness to learn how to improve their credit union. Many men are working in the farm or work away from the village and cannot attend. Overall, the number of female members of credit unions committees (leaders) is slightly less than men. Of the five credit unions interviewed for this evaluation, there were 65 women out of 145 committees (45%).

Among the 19 committee members interviewed in group discussions for this evaluation, women are underrepresented with 6 women and 13 men. Each committee had female representation, except for Local Development Association where there were no female committee members available in the time of sampling.

|                        | Participation (Attendance) on TA and trainings | Actual participants on all TA delivered in the credit union |
|------------------------|--|---|
| Male                   | 12,547   | 486   |
| Boy                    | 507  |   |
| Male with disability   | 209  | 8   |
| Female                 | 19,382   | 319   |
| Girl                   | 566  |   |
| Female with disability | 115  | 3   |
| <b>Total</b>           | <b>33,326</b>                                  | <b>816</b>  |

### Disability

The participation of persons with disability is satisfactory. Although the participation rate is low (1.6% men with disability; 0.9% women with disability), the CUO project acknowledged that there were not many members with disabilities. CAC has been making progress toward greater inclusion of people with disability in project participation by promoting products that are accessible for them. Participation of people with disability stood at a modest 1.3% across the 39 credit unions directly supported by CUO project on-site support.

## 4.0 SUMMARY OF RECOMMENDATIONS

1. Expand regular support by including member education training to be conducted by committees to help sustain the credit union and promote savings mobilisation. It is recommended that the CAC increase the frequency of visits to each credit union so committees build foundation on the knowledge gain during training.
2. The CAC should provide coaching to Local Development Association in savings mobilisation by developing saving products or activities that would retain its current

members and attract membership particularly the children. The decrease of membership in 2015 was due to members who were attracted to other loan services. Products on savings would attract the children and family members, as they may not be engaged in loan activities.

3. Chambak Savings Association needs reorganisation. Giving the option to members not to save may retain membership but its capital is mostly depleted in providing loans as well as paying additional operational costs. The CAC should require Chambak and other member credit unions to submit regular reports.
4. The CAC should focus on improving the credit union's capacity could build trust from the community and encourage people to become members of the credit union and have regular savings.
5. The evaluation findings show that the CU's requires continued on-site support to sustain their operation. CAC needs to develop supplementary activities to enable progress toward sustainability. Providing micro-enterprise training to members is the closest suggestion that could improve savings mobilisation, membership growth and loan repayment rate. Another recommendation is to suggest the credit unions provide rewards or higher interest on regular savings and on-time repayment.

## 5.0 APPENDICES

### Appendix A - Chroloung Seik Meas

| Monitoring Date        | December 31, 2013                       | December 31, 2014                       | December 31, 2015                        | June 31, 2016                            |
|------------------------|---|---|--|--|
| Membership             | <b>103</b>                              | <b>103</b>                              | <b>107</b>                               | <b>107</b>                               |
| 1 village              | 95 Members<br>(24 Males;<br>71 Females) | 95 Members<br>(24 Males;<br>71 Females) | 100 Members<br>(28 Males;<br>72 Females) | 100 Members<br>(28 Males;<br>72 Females) |
|                        | 8 Committees<br>(5 Males;<br>3 Females) | 8 Committees<br>(5 Males;<br>3 Females) | 7 Committees<br>(3 Males;<br>4 Females)  | 7 Committees<br>(3 Males;<br>4 Females)  |
| Savings                | <b>\$ 0</b>                             | <b>\$ 77.50</b>                         | <b>\$ 1,997.85</b>                       | <b>\$ 2,406.95</b>                       |
| Members Receiving Loan | <b>Not recorded</b>                     | <b>Not recorded</b>                     | <b>69</b><br>(37 Males;<br>32 Females)   | <b>69</b><br>(37 Males;<br>32 Females)   |
| Profits from loan      | <b>\$ 422.5</b>                         | <b>\$ 647.50</b>                        | <b>\$3,371.05</b>                        | <b>\$ 3,933.10</b>                       |
| Repayment              | <b>100%</b>                             | <b>99%</b>                              | <b>90%</b>                               | <b>90%</b>                               |

### Appendix B - Preymol Chreybak Rich Chamreun

| Monitoring Date        | December 31, 2013   | December 31, 2014   | December 31, 2015  | June 31, 2016  |
|------------------------|---|---|--|--|
| Membership             | <b>602</b>  | <b>606</b>  | <b>646</b>   | <b>646</b>   |
| 4 villages             | 590 Members<br>(86 Males;<br>6 MWD;<br>69 Boys;<br>325 Females;<br>3 FWD;<br>101 Girls) | 594 Members<br>(98 Males;<br>6 MWD;<br>70 Boys;<br>301 Females;<br>2 FWD;<br>117 Girls) | 635 Members<br>(97 Males;<br>8 MWD;<br>74 Boys;<br>369 Females;<br>3 FWD;<br>84 Girls) | 635 Members<br>(97 Males;<br>8 MWD;<br>74 Boys;<br>369 Females;<br>3 FWD;<br>84 Girls) |
|                        | 12 Committees<br>(8 Males;<br>4 Females)  | 12 Committees<br>(8 Males;<br>4 Females)  | 11 Committees<br>(8 Males;<br>3 Females)   | 11 Committees<br>(8 Males;<br>3 Females)   |
| Savings                | <b>\$ 27,984.83</b>   | <b>\$ 27,174.40</b>   | <b>\$54,883.55</b>   | <b>\$ 71,278.53</b>  |
| Members Receiving Loan | <b>Not recorded</b>   | <b>Not recorded</b>   | <b>328</b><br>(59 Males;<br>269 Females)   | <b>328</b><br>(59 Males;<br>269 Females)   |
| Profit from loans      | <b>\$ 21,851.65</b>   | <b>\$ 14,795.93</b>   | <b>\$31,233.30</b>   | <b>\$31,418.43</b>   |
| Repayment              | <b>99%</b>  | <b>98%</b>  | <b>95%</b>   | <b>95%</b>   |

Appendix C - Kasekor Popel Rong Reung

| Monitoring Date        | December 31, 2013  | December 31, 2014   | December 31, 2015  | June 31, 2016  |
|------------------------|--|---|--|--|
| Membership             | <b>136</b>   | <b>147</b>  | <b>288</b>   | <b>288</b>   |
| 1 village              | 130 Members<br>(51 Males;<br>1 MWD;<br>13 Boys;<br>58 Females;<br>17 Girls)<br><br>6 Committees<br>(4 Males;<br>2 Females) | 140 Members<br>(65 Males;<br>1 MWD;<br>22 Boys;<br>36 Females;<br>1 FWD<br>15 Girls)<br><br>7 Committees<br>(5 Males;<br>2 Females) | 280 Members<br>(55 Males;<br>1 MWD;<br>26 Boys;<br>156 Females;<br>1 FWD<br>41 Girls)<br><br>8 Committees<br>(6 Males;<br>2 Females) | 280 Members<br>(55 Males;<br>1 MWD;<br>26 Boys;<br>156 Females;<br>1 FWD<br>41 Girls)<br><br>8 Committees<br>(6 Males;<br>2 Females) |
| Savings                | <b>\$ 21,371.18</b>  | <b>\$ 31,837.68</b>   | <b>\$ 73,358.80</b>  | <b>\$ 83,935.25</b>  |
| Members Receiving Loan | <b>Not recorded</b>  | <b>Not recorded</b>   | <b>146</b><br>(44 Males;<br>102 Females)   | <b>146</b><br>(44 Males;<br>102 Females)   |
| Profit from loans      | <b>\$ 4,053.83</b>   | <b>\$ 2,415.10</b>  | <b>\$ 21,515.00</b>  | <b>\$ 22,437.75</b>  |
| Repayment              | <b>98%</b>   | <b>99%</b>  | <b>90%</b>   | <b>95%</b>   |

Appendix D - Local Development Association

| Monitoring Date        | December 31, 2013   | December 31, 2014  | December 31, 2015   | June 31, 2016   |
|------------------------|---|--|---|---|
| Membership             | <b>2105</b>   | <b>2338</b>  | <b>2080</b>   | <b>2091</b>   |
| 34 villages            | 2098 Members<br>(1038 Males;<br>11 MWD;<br>1043 Females;<br>6 FWD)<br><br>7 Committees<br>(6 Males;<br>1 Females) | 2212 Members<br>(1131 Males;<br>11 MWD;<br>1064 Females<br>6 FWD)<br><br>126 Committees<br>(71 Males;<br>55 Females) | 1955 Members<br>(953 Males;<br>11 MWD;<br>5 Boys;<br>977 Females<br>6 FWD;<br>3 Girls)<br><br>125 Committees<br>(71 Males;<br>55 Females) | 1966 Members<br>(963 Males;<br>11 MWD;<br>5 Boys<br>978 Females;<br>6 FWD;<br>3 Girls)<br><br>125 Committees<br>(71 Males;<br>54 Females) |
| Savings                | <b>\$ 13,005.01</b>   | <b>\$ 13,672.74</b>  | <b>\$ 19,791.20</b>   | <b>\$ 20,954.20</b>   |
| Members Receiving Loan | <b>Not recorded</b>   | <b>Not recorded</b>  | <b>957</b><br>(381 Males;<br>576 Females)   | <b>942</b><br>(375 Males;<br>567 Females)   |

|                   |                     |                     |                     |                    |
|-------------------|---------------------|---------------------|---------------------|--------------------|
| Profit from loans | <b>\$ 63,158.00</b> | <b>\$ 64,908.00</b> | <b>\$ 78,526.68</b> | <b>\$79,704.58</b> |
| Repayment         | <b>98%</b>          | <b>98%</b>          | <b>90%</b>          | <b>90%</b>         |

#### Appendix E - Chambak Saving Association

| <b>Monitoring Date</b> | <b>December 31, 2013</b>   | <b>December 31, 2014</b>   | <b>December 31, 2015</b>  | <b>June 31, 2016</b>  |
|------------------------|--|--|---|---|
| Membership             | <b>100</b><br>97 Members (26 Males; 3 MWD; 66 Females; 2 FWD)<br>3 Committees (2 Males; 1 Females) | <b>100</b><br>97 Members (24 Males; 5 MWD; 66 Females; 2 FWD)<br>3 Committees (2 Males; 1 Females) | <b>113</b><br>109 Members (33 Males; 76 Females)<br>4 Committees (2 Males; 2 Females) | <b>113</b><br>109 Members (33 Males; 76 Females)<br>4 Committees (2 Males; 2 Females) |
| Savings                | <b>\$ 3,230.85</b>   | <b>\$ 3,835.75</b>   | <b>\$ 4,448.33</b>  | <b>\$ 4,748.90</b>  |
| Members Receiving Loan | <b>Not recorded</b>  | <b>Not recorded</b>  | <b>54</b><br>(12 Males; 42 Females)   | <b>55</b><br>(10 Males; 45 Females)   |
| Profit from loans      | <b>\$ 1,915.95</b>   | <b>\$ 6,259.25</b>   | <b>\$ 8,324.23</b>  | <b>\$ 8,386.90</b>  |
| Repayment              | <b>97%</b>   | <b>99%</b>   | <b>90%</b>  | <b>95%</b>  |

#### Appendix F

##### Questionnaire for Committee members

| <b>Group interview questions for Committee members</b> |   |
|--|---|
| 1  | Do you understand the importance of membership growth, in order for a credit union to be successful?                    |
| 2  | Are PWDs encouraged to be members? (why?)   |
| 3  | Are children encouraged to be members? (why?)   |
| 4  | Do women face any challenges participating in the credit union?   |
| 5  | Do you think your membership base would be comfortable joining with another credit union to increase membership? Why?   |
| 6  | What are some of the problems with the way you credit union is operated?  |
| 7  | Are the Policies and Procedures of the Credit Union clear and available for members upon request?                       |
| 8  | Do you think your Credit Union committee operates the CU well? If not, where can the committee improve?                 |
| 9  | Is there a strong sense of trust in your Credit Union? If not, why?   |
| 10   | Do you think members of your credit union are comfortable keeping their savings within their credit union? If not, why? |

|    |   |
|----|---|
| 11 | How can leaders ensure members trust the CU, and want to save with the CU?  |
| 12 | Does the committee understand and accurately calculate interest on savings and loans for their members? If not, why?  |
| 13 | What are important to have an accurate bookkeeping practises in your Credit Union? (e.g. receipts, transaction records, etc.) Does the committee do bookkeeping regularly?        |
| 14 | What are the sizes of loans distributed to members? Large, medium, small?   |
| 15 | What is the loan approval process for your credit union? (Describe how loans are approved)  |
| 16 | Does your Credit Union hold AGMs? How often are these conducted? Are CAC staff members present at these AGMs? (If not, what is your alternative to AGM?)                          |
| 17 | How high is member participation at these AGMs? (or your alternative, if there is no AGM) What percentage of participants actively engage in discussion at these AGMs?            |
| 18 | If member participation is low, why do you think the reason? Is it because ordinary members do not have the same knowledge about the credit union as committee members?           |
| 19 | As a group, how would you rate the way your credit union is operated?   |
| 20 | How would you rate the CAC's Technical Assistance training?<br>How regularly do the CAC provide TA training to your Credit Union?   |
| 21 | What type of TA/services has the CAC been supporting your Credit Union with? [List] (e.g. calculation of interest rates on loans, membership mobilisation, bookkeeping)           |
| 22 | What training content do most participants find difficult to understand? (e.g. calculation of interest, financial literacy) Why?  |
| 23 | Are CAC staff happy to provide technical assistance upon request to individual members and the committee?   |
| 24 | Has the TA provided by the CAC been important to the progress of your CU? If yes/no, why?   |
| 25 | How often do your members attend TA training conducted by the CAC?<br>If never, what may be the reasons for not attending?  |
| 26 | How would you describe the CAC's project officers' teaching abilities?  |
| 27 | Why have you rated the teaching abilities of CAC's project officer as (Excellent/Good/Satisfactory/Bad)?  |
| 28 | Can you name the main principles of a financial cooperative? (e.g. democracy, transparency)   |
| 29 | Does your committee have the confidence to manage the CU without CAC support?   |
| 30 | Is there competition with other MFIs in your community?   |
| 31 | Do you pay a membership fee as part of the CAC? What is the price of this fee? (2013 it was \$20)   |
| 32 | Has your CU purchased shares in the CAC? If yes, how many, and how much did these shares cost?  |
| 33 | Do you understand how this share process works? Do your members understand this process? If not, why?   |
| 34 | What is the cost of purchasing a share/deposit? If your CU has not purchased a share/deposit, does your CU have the capital to purchase one? (Confirm Cost of share 2013 = \$500) |
| 35 | Has your Credit union gone through the registration process with the Provincial Departments of Agriculture (or an equivalent institution)?  |
| 36 | If you have registered, has the CAC provided financial assistance with your registration?   |
| 37 | Do you have any general feedback/concerns?  |

Appendix G  
Questionnaire for Ordinary members

| Individual interview questions for Ordinary members |   |
|---|---|
| 1   | How long have you been a member of your credit union for?   |
| 2   | Are you the only member of your family who is a member of your CU? If not, how many family members are CU members?  |
| 3   | How has your life improved since becoming a member, compared to when you were not yet a member?   |
| 4   | How often do you attend training conducted by CAC?  |
| 5   | Do you feel comfortable participating during CAC's training? If not, why?   |
| 6   | Do you see the <i>benefits</i> of participating in CAC's training? If not, why?   |
| 7   | What reasons prevent you from attending CAC's training?   |
| 8   | Do you save money within your CU? Do you also save money outside of your CU?  |
| 9   | Do majority of your members regularly participate in your Credit Union? If not, why?  |
| 10  | Do you think other members like you, feel comfortable keeping their savings within their credit union? If not, why not?   |
| 11  | What are the reasons why individuals may not want to become a member of your CU?  |
| 12  | What are your needs?  |
| 13  | How can the CAC support your needs more? (as an individual)   |
| 14  | How would you rate the way your Credit Union is operated?   |
| 15  | What are some of the problems with the way your Credit Union is operated?   |
| 16  | Do you feel that your money is safe in your Credit Union?   |
| 17  | Do you understand your credit union's criteria for loan applications?   |
| 18  | Is it easy for you to apply for a loan? If not, why?  |
| 19  | Have you ever taken a loan? What did you do with that loan?   |
| 20  | How did you pay it back?  |
| 21  | Do you think your Credit Union requires more operational training from the CAC? Why?  |
| 22  | Do you understand the policies and procedures of your Credit Union?   |
| 23  | Do you understand your CU's share system with the CAC or any other external organisation? If yes/no, why do you/do you not understand about it? ( <i>If applicable e.g. if the CU has bought shares in the federation</i> ) |
| 24  | Have you purchased shares in your credit union? How many and what is the cost of these shares? Do you believe these share costs to be too high for poorer members?  |
| 25  | How would you rate CAC's Training Workshops overall?  |
| 26  | How would you describe the project officers' teaching abilities?  |
| 27  | Why have you rated the teaching abilities of CAC's project officer as (Excellent/Good/Satisfactory/Bad)?  |
| 28  | Can you name the main principles of a financial cooperative? (e.g. democracy, transparency)   |
| 29  | How would you rate CAC's Financial Literacy Workshops? (Are concepts easy to understand? Are workshops engaging?)   |
| 30  | Do you know how to calculate interest on your savings? If yes, how?   |
| 31  | Do you have any feedback about CAC's Technical Assistance Training?   |
| 32  | Do you have any feedback on CAC and its role in the project?  |