

Credit Union Foundation of Australia

Credit Union Outreach (CUO) Project

Cambodia

Evaluation Report

February 2013

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Executive Summary

CUFA's Credit Union Outreach project aims to develop the capacities of savings banks to improve governance and operational practices that foster membership and capital growth, whilst also working with federations to build a sustainable credit union movement in Cambodia. As a core sub-project of the Building Institutional Capacity program, this project has been implemented by CUFA in Cambodia since 2007. From 2010, implementation has focused on a model of direct on-site support to individual savings banks. CUFA also provides technical support and funding to the federation Cooperative Association of Cambodia (CAC). This report includes an assessment of the impact of CUFA on-site support, and an appraisal of CAC activities and its partnership with CUFA.

The operational context remains complex and challenging, and the potential for achieving sustainability is limited. Many external issues continue to have negative impacts, including: proliferation of finance institutions supported by external capital, competition from micro-finance providers, and the influence of operational models inconsistent with credit union principles. In addition to this, in the absence of an appropriate regulatory framework for financial cooperatives in Cambodia, savings banks and federations are looking toward formal registration as agricultural cooperatives, opening paths of influence from government departments with practices diverging from that of financial cooperatives. These issues are restricting the effectiveness of CUFA and CAC activities and continue to pose multiple challenges to the development of savings banks and federations aligned with credit union principles.

The relevance and efficiency of CUFA on-site support to savings bank has been satisfactory overall, however the impact in terms of effectiveness and sustainability has been more modest with a rating of marginally satisfactory. Findings of this report indicate that more regular support including member education activities would help sustain savings banks at their current levels. Yet even with further support, there is limited scope for these activities to have a significant impact on longer-term growth and sustainability. This is demonstrated by the lack of progress shown by savings banks in key areas of membership growth and savings mobilisation. As more savings banks join CAC, its support services are overlapping with CUFA on-site activities. In this context a phase out of CUFA support is recommended.

Over the past 3 years of CUFA's formal partnership with CAC, the federation has experienced significant growth of its membership base and is now developing loans and capital products to complement member services. Progress has been largely driven by strong leadership and governance, with technical and funding support from CUFA enabling this growth. The partner relationship is strong and the development of CAC represents good progress toward supporting the development of a sustainable credit union movement in Cambodia. One area of concern highlighted in this evaluation is CAC's facilitation of the registration of savings banks with local authorities as agricultural cooperatives. This may be having unintended consequences threatening the growth and sustainability of savings banks. A joint CUFA-CAC assessment of this activity is recommended as an important step toward mitigation of this risk. That aside, this report finds that CAC is in a good position to take exclusive responsibility for providing support to savings banks, as CUFA scales back from direct implementation toward a more sustainable model of partner support.

1.0 Background

1.1 *Rural Finance in Cambodia*

A 2006 sustainability study undertaken by CUFA found that commercial and specialised banks only operate in the capital Phnom Penh and the major provincial centres. There are a number of microfinance service providers in Cambodia however most are only operational in urban and easily accessible rural areas, with limited reach in more remote rural regions. Where they are active, these providers mostly offer similar products in the same areas in which they are competing for members. For the overwhelming majority of rural people, there is little if any access to formal financial services.

The post-conflict period of the last two decades has seen the emergence of village-based savings banks and finance institutions (CFIs) throughout rural Cambodia. Many of these local groups and institutions were developed with the help of national and International NGOs who were strong advocates of micro credit but neglectful of institutional building. Microfinance programs in the country have been largely credit driven rather than building up the capacity of their clients and the institutions themselves. This has often created a dependency cycle for participants, leading to depleted microfinance resources and the withdrawal of some programs from Cambodia which has meant many have lost their savings. In general, credit portfolios are still financed by external donors or investors, and not by depositors. This means that many credit schemes in Cambodia are unsustainable.

1.2 *Credit Unions in Cambodia*

The credit union movement offers a pro-poor alternative to the finance services of other providers in rural areas. Savings banks¹ operating according to credit union principles are savings oriented and offer members access to appropriate credit products. The interest from loans remains in the community, thus developing individual and group savings as opposed to profits going to external institutions. These savings banks are owned and run by members. Regular meetings and Annual General Meetings (AGMs) provide members with the opportunity to review the policies and procedures of their group and ensure transparency and accountability in the management of their savings. Savings banks generally emerge as grass roots organisations and their development offers communities greater opportunities to develop enterprise, diversify or improve livelihood options, and provide access to low-interest credit including in times of emergencies and ill health. In rural and geographically isolated communities, these savings banks may be the only line of credit available for individuals and families living in poverty.

Cambodian Federations operating according to credit union principles have a crucial role in developing the capacity of savings banks as well as developing sustainability and trust in the movement. There are a number of CFIs in Cambodia who act as federations which provide services and support to member savings banks at village and commune level. Currently, CFIs struggle to professionalise and increase membership, as rural people remain wary of the competence levels of CFI management and staff. Also effecting trust in CFIs is that

¹ Many terms are used to refer to village and commune level savings banks, including: credit unions; cooperatives; self-help groups; savings groups. For consistency the term 'savings banks' is used in this report

some Federations have diverged from credit union principles toward an operating model more akin to that of Micro-Finance Institutions (MFIs). This contributes to the overall distrust of the CFI movement, as villagers do not view the organisations as safe and reliable places to keep their money. CFIs have a pivotal role to play in promoting financial inclusion and extending much-needed financial services to poor Cambodians, particularly those in rural and geographically isolated areas. The development of CFIs with stronger institutional capacity in alignment with credit union principles is an important driver of extending access to finance for poor people in rural areas in Cambodia.

At present Cambodia does not have a law specifically governing the operations of financial cooperatives, and as such there is a clear need for a regulatory framework. Whilst there are national *prakas* (regulations) governing the microfinance sector, at present there are no *prakas* applicable to financial cooperatives – which are too grassroots to be regulated under the microfinance *prakas*. In the absence of a law, many savings banks wanting to formalise operations have sought registration through provincial departments. As found in this evaluation, this can result in savings banks registering under *prakas* for agricultural cooperatives regulations that are inconsistent with credit union principles and inappropriate for finance cooperatives. The establishment of an appropriate Credit Union Law would provide an external regulatory framework that is currently missing for the development of governance in the Cambodian credit union movement. This would further assist to build trust between local villages and the savings banks, enabling savings mobilisation and membership growth.

The Cambodian credit union movement has not achieved sustainability due to a lack of significant membership and savings growth as well as a number of operational practices that deviate away from the pure credit union philosophy. Many of the existing credit union networks in Cambodia have introduced some elements of non-cooperative model microfinance [e.g. with external loan capital, the use of collateral for loans, and a focus on member shares rather than savings] that has impacted on their ability to successfully grow to be financially sustainable. Cambodian credit unions also focus on accumulating member shares rather than member savings and this presents a disincentive to members because not only do they not receive interest on their shares, they may not receive a dividend because the account keeping is not up to date to calculate it, and they also need to leave the credit union in order to withdraw their money. With a number of micro-finance organisations operating in Cambodia, the credit unions have also developed a focus on obtaining outside grants rather than applying a savings mobilisation approach. CFIs require support to operate in alignment with credit union principles if the movement is to become sustainable in Cambodia.

1.3 The Building Institutional Capacity Program

In addition to the aforementioned core projects detailed below, CUFA has developed a relationship with the National Bank of Cambodia to support development of and advocacy for a Credit Union Law in Cambodia. In early 2011, CUFA facilitated a workshop with credit union federations to encourage them to make joint representations to the National Bank of Cambodia regarding the need for an appropriate law governing financial cooperatives. Since that time, the Association of Asian Confederation of Credit Unions (ACCU)² has now taken the primary responsibility for developing these discussions and progress has stagnated. CUFA will continue to provide support for this initiative at the request of ACCU.

The CUO project has provided trainings and technical support to active savings banks whilst also supporting the strengthening of federations. Commencing in 2007, CUFA provided training in Phnom Penh to representatives of savings bank committees. Learning outcomes were designed to strengthen the capacity of savings banks in key areas of operation, from bookkeeping to savings mobilisation, membership growth and more. With a pedagogical model of cascade training, the intent was for training participants to share these learnings with their respective committees and members. In 2010 the method of support to savings banks shifted from this model toward an approach of on-site implementation support, which continues to this day. The CUO project now includes the provision of financial and technical support to CAC, whilst CUFA continues providing direct on-site technical assistance to 22 credit unions across 7 provinces. A chronological overview of the different implementation models is outlined below.

Evolution of training and support models

The cascade training model was delivered as a stand-alone training approach over a two and a half year period from 2007 to 2009. With an Australian trainer and Cambodian translator, the focus was 8 different training modules to participants in Phnom Penh: train the trainer; leadership; governance; savings mobilisation; lending processes; financial literacy; micro-enterprise; and review/consolidation. Each module lasted three days and approximately twenty participants attended each workshop: 2 from each savings bank or federation (CCFiN, SEDOC, CUCA, CCSF). Every participant was responsible for returning to their savings bank or federation and delivering the same module to a minimum of twenty members or staff in their local area. Participants attended consecutive training modules. In the second year of training, a learning agreement was introduced whereby each participant committed to be responsible for delivering the same modules to a minimum of 20 members or staff in their local area. The cascade training model was sustained over the period of 2009 to 2010 and was complemented by the addition of field implementation support in early 2010. In consultation with the federations, 4 modules were identified as priorities and delivered to new participants by a Cambodian trainer in Phnom Penh. Delivery of these modules kept the same structure and conditions as prior cascade trainings, although the training the trainer module was removed at the request of the federations.

² See: <http://www.aaccu.coop/>

From early 2010 CUFA introduced field implementation support directly to the savings bank in the field in order to: review integration of material learnt from the modules delivered; determine support needs relating to these modules; and deliver on-site implementation assistance to the savings bank from a suite of support tools relating to each of the modules. Each visit was conducted by the CUFA trainer, who worked with each savings bank four two days at the location in the provinces.

A 2010 evaluation of this project indicated the cascade training model was not producing the desired effect, the training delivered in Phnom Penh was not being delivered with the same detail, skill, and time in the field. In light of these findings, cascade training model activities ceased and the project shifted toward a sole focus on the provision of on-site support to individual savings banks – activities that continue to date.

Support to Cambodian federations

The other aspect of the CUO project has been the provision of technical and financial support to 5 federations since 2007, designed to strengthen their systems and effectiveness whilst contributing to the sustainability of the movement in Cambodia. Promoting credit union principles has proved difficult in this instance, largely due to the context of financial services in Cambodia in which a multitude of actors are operational and the practices of some federations deviate from or are inconsistent with credit union principles, as discussed above. There is a lot of competition between institutions – the majority of which do not extend genuine member-centred services to poor rural citizens. Some federations are not fully committed to credit union principles, whilst others have been known to shift policies and practices as they have experienced organisational growth. This complexity and incoherency can have adverse impacts on the growth and sustainability of savings banks. The key lesson learned from these experiences is that regular and consistent communication with federations is required to promote commitment to credit union principles and identify where support is required to manage complexity and change. The provision of support to a number of federations proved operationally complex in this context, and over the period 2010 to 2011 CUFA moved toward providing more robust support to one federation only: the Cooperative Association of Cambodia.

CUFA supports CAC through both 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 provides technical expertise to build governance and organisational capacity. Technical assistance is provided regularly via email and skype, as well as in-country when undertaking 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 savings banks. The partnership has been active since 2009. In 2011-12 CUFA first provided quarterly grants, and a 12 month grant was released for the 2012-13 financial year. The terms of the MOU specify monthly and quarterly reporting.

2.0 Methodology

2.1 Evaluation Purpose

This evaluation is intended to provide an assessment of support provided to credit unions in Timor-Leste provided by CUFA through the Federation. This will inform decision making about how CUFA can best continue support the development of the credit union movement in Timor-Leste. The report constitutes an assessment of program impact and considers options for promoting the sustainability of credit unions in future.

2.2 Evaluation Scope

The focus of this report is an evaluation of on-site and other technical assistance CUFA has provided to individual savings banks since 2011. Much of this support has been provided by a CUFA-employed staff member representing the Federation. A representative sample of rural savings banks is used to indicate general trends of the characteristics of different groups and the impacts of program implementation activities.

This evaluation report assesses:

- Progress toward achieving program goal of strengthening savings banks in areas of:
 - Membership growth and savings mobilisation;
 - Loans and delinquency trends;
 - Leadership skills and institutional quality;
 - Representation of the Federation.
- Program implementation activities:
 - Relevance;
 - Efficiency;
 - Effectiveness;
 - Sustainability.
- Contribution to the cross-cutting issues of gender and disability inclusion.

2.3 Research Team

An evaluator was hired for the purpose of conducting a series of program evaluations for CUFA. The evaluator was accompanied to project sites by a CUFA staff member not involved in CUO activities, who acted as both Research Assistant and Translator.

2.4 Research Tools

The review of program documentation and information included: 1) program design documents – project plans, annual development plan; and 2) program information – monitoring reports completed by the CUO Program Officer: one for each CU support visit.

Key informant interviews were undertaken with key project and partner staff. The CUFA Project Officer and CAC Director were interviewed separately on 3 and 2 occasions, respectively. These discussions were critical in painting a picture of the project and broader credit union movement.

A group interview was conducted with savings bank committee members at each sample site.

Individual interviews were sought with 3 regular group members at each site. No specific criteria were used for the selection of interviewees. Considerations included: gender, language, status in the community, status in the group, and availability for interview. There was a selection bias toward interviewing women, because men were often unavailable at times when the team visited. Interviews were semi-structured to enable the logical flow of thought and natural discussion. There were 5 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: knowledge of savings and loans; financial management and loans practices; perceptions and understanding of governance and leadership; particular participation issues for women; and beneficiary feedback focused upon the identification of support needs.

Observation was integrated into the methodology during the course of site visits. At 1 of 5 sampled sites, the committee were not available for interview because their AGM had lasted all morning and the research team had other commitments to fulfil in the afternoon. In response to this situation, the research team took observation notes of the AGM and also managed to interview two group members to gauge their understanding of the AGM process.

2.5 Sampling

The evaluation sample consisted of field visits to 5 credit unions, undertaken over 5 consecutive days in mid-January 2013. Sampling size was based upon time constraints, particularly given the great distances between programming areas, balanced against the need to find a sample representative of the program as a whole. The sample was restricted to two provinces where CUFA provided on-site support. An attempt was made to include a variety of groups: small and large capital base, small and large membership bases, and of varying operational capacities. Monitoring data was reviewed and additional guidance was sought from the CUO program officer.

When in the field, the research team did not have the opportunity to interview the committee at 1 of the 5 sites: Acharleak (see section 2.7, below). Therefore this report mostly consists of an analysis of data collated at the 4 other sites.

Three of these 4 interviewed sample groups had representatives who participated in the 2010 trainings in Phnom Penh, where savings mobilisation was a key module. All 4 of the sample groups have received on-site support visits from CUFA, an average of two per year.

Table I: Participation in BIC trainings in Phnom Penh, 2010

Chambox	√
Tlouk	X
Acharleak*	X
Okunthor	√
Kampong Rotes	√

Table II: CUFA on-site support visits, 2010-2013

	2011	2012	2013 (Jan - March)	Total
Chambox				
Tlouk				
Acharleak				
Okunthor				
Kampong Rotes				

Table III: Evaluation Participants & Coverage

High-level participation numbers			
Number of Provinces visited:	3	Number of group interviews:	3
Number of Villages visited:	5	Number of individual interviews:	11 (5 F; 6 M)
Number of AGMs Observed:	1	Total participants:	125 (81 F; 44 M)
	Interviewees	Format	Date
Svay Rieng province			
1.	Tlouk (Doung Toeung village)		
	• 3 committee members (1 woman; 2 men)	Group interview	22 January 2013
	• 3 regular members (3 women)	Individual interviews	22 January 2013
2.	Chambox village (Chek commune)		
	• 2 committee members (1 woman; 1 man)	Group interview	22 January 2013
	• 3 regular members (3 women)	Individual interviews	22 January 2013
Kampong Thom province			
3.	Acharleak (Krok Chao village)		
	• 62 participants (42 women; 20 men)	Observation	23 January 2013
	• 2 regular members (1 woman; 1 man)	Individual interviews	23 January 2013
4.	Okunthor village (Okunthor village)		
	• 3 committee members (1 woman; 2 men)	Group interview	23 January 2013
	• 3 regular members (2 women; 1 man)	Individual interviews	23 January 2013
5.	Kampong Rotes village (Kampong Rotes commune)		
	• 2 committee members (2 women)	Group interview	24 January 2013
	• 3 regular members (3 women)	Individual interviews	24 January 2013

2.6 Evaluation Frameworks

This evaluation integrates AusAID frameworks for measuring program quality relating to implementation and achievements:

AusAID's NGO Quality Assessment Framework (QAF)

A framework to assess the quality of NGO project implementation employed by AusAID's 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.

AusAID's NGO Quality Ratings Guide

A framework developed to report on the achievement of project objectives as required in AusAID's Annual Development Plan 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.

2.7 Limitations

There were 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 5 of the 22 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.

An arrangement to meet with the committee of Acharleak savings bank did not materialise because the research team visited the group on the day of their AGM and subsequently there was not time to meet with them as had been planned. As a result, the sample group for assessing the on-site technical assistance was reduced to 4 savings banks. Nonetheless, observation was undertaken and some individual interviews were conducted. These observations and discussions are included in this report.

In some cases the collection of appropriate qualitative data was made difficult by the lack of a 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. Although this limitation was offset by the fact that the Research Assistant/Translator had experience working with savings banks 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 not scope for verification of issues reported by savings banks. However, some verification was made possible through communications with the Research Assistant, CUFA Project Officer, and CAC Director via email and in person.

3.0 Findings

3.1 *Summary of Project Findings*

CUFA and CAC activities are efficiently implemented and the model of on-site support to individual credit unions is appropriate although impact has been somewhat limited. There are a number of external issues related to the operational context of financial cooperatives in Cambodia which are undermining or have the potential to undermine the effectiveness of project interventions and the sustainability of the credit union movement.

In Cambodia there are many issues that are affecting the development and sustainability of grassroots savings banks aligned to credit union principles. The most significant barriers to greater progress as presented in this report are a reflection of the context of financial services in Cambodia, and largely outside the scope of program design to influence. External factors with the most adverse impact upon the effectiveness of the project are: the presence of other financial institutions; trust issues in the community; and incoherency in the approach of some federations. Where more than one of these factors are present there is a compounding effect which most adversely impacts on membership growth and then on savings mobilisation as a result. Savings banks have largely struggled to manage these issues and this has impacted upon their growth. Critically, these issues affect the extent to which support from CUFA can be sustainable. The absence of a regulatory framework for financial cooperatives is an ongoing issue and it may be worth considering renewed efforts to contribute to its promotion and development.

On-site support is producing demonstrated results: committee members generally have a sufficient understanding of credit union principles, are effectively promoting loans and managing delinquency, and have the trust of savings bank members. Where operational practices are sound and there is good governance, the benefits of CUFA support extends to all savings banks members. However, regular savings bank members demonstrate limited knowledge of the advantages of collective savings mobilisation and the membership of the group. In 3 of the 4 sampled interviewed sample savings banks, member flight poses a most significant challenge to sustainability. A greater member understanding of the benefits of membership and savings consistent with credit union principles may serve as a counter to the influence of alternative finance providers in the community. Member education constitutes a missing link and should be considered as a component for strengthening savings banks. In general, the impact of on-site technical assistance is restricted because it is only provided twice per year and this has not been sufficient for reinforcing key concepts and supporting consistencies in organisational and bookkeeping practices. The continued provision of ongoing and regular technical assistance is important to at the least sustain grassroots savings banks. An extension of support directed toward member education may produce greater results for member retention, membership growth and savings mobilisation. These findings may be used to inform the design and implementation of future support, including member services provided by CAC. Whilst these findings present opportunities to strengthen support services to savings banks, project targets should be modest given the barriers to sustainability (see below).

The steady growth of the CAC federation provides a greater foundation for the sustainability of the credit union movement in Cambodia and it is appropriate for CUFA financial and technical support to continue. The relationship between CUFA and CAC can be assessed as strong. Overall, CAC has demonstrated successful growth and is developing innovative member services. General member services provided to savings banks are consistent with that provided by CUFA during on-site visits however there is an issue of overlap, discussed below. CAC is developing an ambitious service of inter-member lending, and is successfully growing its membership base year by year.

With the growth of the federation, some overlap has emerged between CUFA and CAC activities in cases where they are providing similar support to the same savings banks. Given these overlaps, there is scope for CUFA to facilitate a transition of its on-site support services toward a model of direct support to savings banks implemented exclusively by CAC. This change would require a considered and gradual approach that includes an assessment of current challenges and the incorporation of continued monitoring by CUFA to ensure activities remain consistent with credit union principles and within the capacities of CAC to implement effectively. There are areas for attention to ensure a smooth transition. The facilitation of formal registration of savings banks with local authorities is well underway but requires some examination to ensure it does not adversely affect the growth and sustainability of member savings banks. Another area for improvement is member knowledge of CAC policies. Evidence gathered suggests there is some confusion among savings banks regarding CAC policies. To best address this, CUFA should support CAC to ensure member savings banks have a clear understanding of the process of joining the federation and the policies which govern its operations. Lessons learned from partnerships with other Cambodian federations suggest that as a federation grows and partnership develops, policies and practices should be continually assessed to ensure effectiveness and alignment with credit union principles. The resources CAC requires to sustain its growth and extend member services should be considerations in future reviews of technical and financial support. Maintaining and strengthening this partnership presents an opportunity to drive progress toward greater sustainability for the credit union movement in Cambodia.

Overall both CUFA and CAC are designing and implementing appropriate activities for the strengthening of savings banks. However, there are significant limitations upon the capacity of both organisations to drive progress toward sustainable outcomes for savings banks. This report identifies changes that can be made to support models that would mitigate some of the pressures experienced by savings banks in a context in which there is strong competition from alternative finance providers, divergence from credit union operating principles, and no appropriate regulatory framework for the governance of financial cooperatives. With these barriers in place, care must be taken to not be overambitious in setting targets for success. CUFA's Credit Union Development project (see above, section 1.3.1) presents an innovative approach to overcoming some of these barriers. Investment in and support for CAC remains an appropriate strategy for supporting already established savings banks, and developing a constitutive federation. This report finds it appropriate for CUFA to phase out the provision of direct on-site support to savings banks, in favour of greater investment in CAC as a complementary approach to the promising CUD project.

Table IV: Overall Project Quality Ratings

	Relevance	Efficiency	Effectiveness	Sustainability
On-Site Support	Satisfactory Overall	Satisfactory Overall	Marginally Satisfactory	Marginally Satisfactory
Federation Partnership	Satisfactory Overall	Satisfactory Overall	Satisfactory Overall	Marginally Satisfactory
Cross-Cutting Issues	Satisfactory Overall			

3.2 On-Site Implementation Support

This section discusses results from an analysis of the performance of groups receiving on-site implementation support from CUFA. 5 key thematic indicators are used to assess the position of credit unions: savings mobilisation; membership growth; loan delinquency; institutional quality; and leadership skills. Where they are explicitly linked, these indicators are grouped together.

Section 3.2.1 addresses progress measured against the key objectives of savings mobilisation and membership growth. Section 3.2.2 examines the loans process and policies, and its impact on delinquency rates. Section 3.2.3 considers the institutional quality of sample groups, including leadership skills and member participation. Finally, section 3.2.4 provides a quality assessment of the on-site program model and its implementation.

3.2.1 Savings Mobilisation and Membership Growth

Overall in relation to CUFA programming, savings mobilisation and membership growth in sample groups is **marginally satisfactory**. Three of the 4 groups have experienced a decrease in group capital and membership. In most instances this is largely attributed to external factors beyond the reasonable reach of the program: competition from other providers of financial services and trust issues in the community. An additional factor is where policies and practices are inconsistent with credit union principles. This indicates that in some cases on-site support has had limited success in promoting credit union principles, and groups require further support in this area in order to become sustainable.

The following indicators are assessed for each of the four sample savings banks: frequency and accessibility/method of savings deposits; trust levels in the group; time comparison of membership levels; policy of open membership and practical inclusion of children.

Thlok

Thlok is performing well. The case of Thlok is evidence that strong levels of trust and regular deposits are key enablers for attracting members and mobilising greater savings. There are good levels of trust and members make regular deposits every 1 to 3 months. There is also significant capital in this group, partly due to large contributions made by a small number of members who receive substantial income in the form of remittances from

family members abroad. Thlok has an open membership policy and there are some children now saving in the group. All these factors make for an environment conducive for attracting members.

Table V: Membership Data, Thlok

			Variance
Monitoring Date	28/02/2012	07/08/2012	+ 10%
Membership	109	120	

Whilst Thlok has an open membership policy, the committee restricts the admission of new members to only 1 or 2 per month. The committee is facilitating growth at a gradual pace because they do not want the membership base to grow to a point where they do not have the capacity to manage the group. Their main stated concern is a lack of confidence in bookkeeping skills within the committee, which is acting as a barrier to membership growth and savings mobilisation. There is a clear rationale for the provision of further support in bookkeeping skills. At the same time this should be respectful of the committee's commitment to restrict the membership base to that for which it is in their capacity to manage. The time commitment involved in managing the group may be an unstated consideration in wanting to restrict membership growth.

Chambox, Chek

The performance of Chambox is weakest of the sample groups, with a stagnant membership and limited capital growth. The committee's focus on loans rather than savings was highlighted as a key issue in the 2010 BIC mid-term evaluation, and this remains a problem. Membership is stagnant partly because the group does not follow the credit union principle of open membership, and has an annual savings strategy in which deposits are made and loans issued at an AGM held in the early months of each year. The committee indicated that potential new members were not welcome because they only wanted to access loans rather than savings. They said that members must be committed to savings, however the contradiction here is that their policies are loans based and do not promote group savings. Whilst the committee demonstrates some understanding of other credit union principles, these are not reflected in practice.

Table VI: Membership Data, Chambox

						Variance
Monitoring Date	17/08/2010	12/05/2011	29/11/2011	01/03/2012	14/08/2012	0%
Membership	86	85	86	87	86	

There is effectively no actual savings occurring in the Chambox group. Evidence suggests a limited increase in group savings due to members depositing the annual interest accrued at each AGM. Yet members do not deposit additional savings – only accrued interest from loans. Loans are issued only once, at the AGM, and repaid in the months leading into the next AGM. Interview respondents said that they save in the home, which may indicate that the importance of savings is understood by group membership. However the policy of annual deposits means that they are not maximising the benefits of saving through doing this in the group. Members indicated that trust is not a concern in this instance. Therefore

the annual savings policy combined with the practice of closed membership can be seen as the key barriers to savings mobilisation.

Okunthor

In late 2011 Okunthor experienced a significant decline in its membership base due to trust issues and competition from other financial institutions in the village. This loss of members has had a compounding effect: as group capital decreases so has access to credit, leading other members to withdraw from the group and seek credit elsewhere. The membership has been more or less stagnant since the mass departure of members over one year ago. A policy of open membership is implemented in practice, as evidenced by the inclusion of children and youth. Access to credit is limited due to the decrease in group capital: loans are often smaller and are rotated between members. Promotion of regular savings continues, however the committee requires support with designing strategies for growth.

Table VII: Membership Data, Okunthor

							Variance
Monitoring Date	26/08/2010	21/07/2011	08/12/2011	24/04/2012	17/07/2012	06/01/2013	
Membership	373	354	252	252	252	238	- 36%

Current committee members expressed that issues with their former federation partner – FLIFLY – adversely affected the motivation and commitment of committee members, and contributed to decreased trust within the broader membership. According to the current committee, FLIFLY had reneged on a series of promises to the group, including: that individuals would receive sponsorship (federation staff are said to have taken individual photos of members for this purpose); the payment of transport and accommodation costs for an external workshop; and the development of a special logo/crest for the group (for which federation staff apparently appropriated a fee of 150,000 riel / \$40). As indicated above, these apparently broken promises and the breakdown of the relationship with the federation undermined the commitment of committee members and general trust within the group. This situation appears to have been compounded by presence of MFIs and the establishment of another savings-type group in the village.

Another finance group was established in this community in 2011. The drop in Okunthor membership can be traced to the same time the new group arrived in the community. According to Okunthor committee members, this group – founded by a Buddhist organisation – has promoted shares rather than savings, and has attracted many of the former members of the CUFA-supported group. Membership of the Buddhist-formed group was said to require a buy-in of at least one share at the cost of \$15. One interview respondent said she had bought shares rather than invest savings in the Okunthor group because the former gave a higher rate of return on her investment. Another interview respondent noted that group is inaccessible to poorer members of the community due to the high share price and a 12-month moratorium on withdrawals. The arrival of this new group appears to have drawn many higher income earners away from Okunthor, resulting in less capital in the group. With less group capital there is less cash provide loans, resulting in some members having to turn to the larger MFIs active in the area: including PRASAC and

ACLEDA. One interview respondent said she used savings and loans products with four institutions: the Okunthor group, Buddhist group, and two MFIs.

The complex and disordered factors surrounding Okunthor's lack of progress represent some of the key issues related to financial institutions and savings groups in Cambodia: incoherency and perhaps unprofessionalism in the conduct of some federations; lack of coordination between local and government authorities, NGOs and religious organisations, and federations acting in the finance sector; and the increasing reach of MFIs and their credit products. The presence of these organisations is impacting upon savings mobilisation and membership growth of Okunthor for a variety of reasons. Poor practices by the FLIFLY federation – real or perceived – have eroded member trust in the savings bank which has contributed to member and capital flight whereby members decrease contributions or withdraw their capital and leave the group entirely. Transfer of capital from the savings bank to the religious-based finance group, often by wealthier community members, has also led to reduced capital. Less capital means greater limitations on the availability of loans. Many members do not understand the savings and community development benefits of the savings bank, primarily viewing it as a lending mechanism. With a proliferations other lenders present in the community who offer greater access to loans, many have ceased seeing a benefit in savings bank membership and have withdrawn their capital. In Okunthor these factors have come together as a perfect storm, contributing to decreases in the membership and capital base of the savings bank. The compounding effect of member and capital flight continues: as described by an interview respondent, the group has limited capital and when members cannot access loans they are withdrawing savings to seek credit elsewhere.

Kampong Rotes

The Kampong Rotes group experienced a significant decline in its membership and capital base during the course of on-site support from CUFA. This membership flight can be attributed to a breakdown in trust due to: corruption within committee; and changes in the savings policy prescribed by the FLIFLY federation that Kampong Rotes was formerly affiliated with. The group is now experiencing some recovery, with the membership base growing 23% in the period August 2012 – January 2013. There are some issues with the monitoring data for Kampong Rotes (see supra note 1, below).

Table VIII: Membership Data, Kampong Rotes³

						Variance
Monitoring Date	26/07/2011	17/11/2011	10/5/2012	31/07/2012	10/01/2013	
Membership	342	356	356	161	198	- 42%

A decline of trust in the group has had the effect of decreased membership. The current committee spoke about a past committee member who allegedly stole group savings. This resulted in a decrease in the membership base because many no longer trusted the security of their savings within the group. A policy change encouraged by former federation partner FLIFLY was also regarded as having an adverse impact on trust within the group. FLIFLY had facilitated the institution of an increase in the share price from \$2.5 to \$25. This created

³ Note: there appears to be some discrepancies in this data and its validity could not be verified.

some confusion within the group apparently contributed to decreased trust among some members. The information presented by the committee appears to show that members saw FLIFLY as extracting resources from the group, rather than supporting it, thus eroding trust in the group among members. What exactly happened in both instances is not entirely clear. The triangulation of qualitative data in this instance is out of the scope of the evaluation. Yet this information does underscore the vulnerability of weak groups where trust is eroded by mismanagement, top-down unexplained policy changes encouraged by external stakeholders, and in the worse cases fraud.

Through a monthly house-to-house collection, Kampong Rotes has an accessible savings program. The committee has a policy of open membership, and there are currently ten child members (5% of total members). However, regular members don't have a good understanding of the benefits of saving within the group. This concern was expressed by the committee and verified by interview respondents, each of whom keeps some savings in the home. Members do not appear to understand the concept of interest. Respondents indicated they keep savings in the house partly so they can access them in times of emergency such as when there is an immediate health issue. Members do not appear to be aware of the group policy that emergency loans are available to be issued immediately. In the past, under FLIFLY guidance the committee required 1 month notice before issuing any loan. The policy has now changed but this may not have been communicated to members, so they continue keeping cash in their homes. It may also be possible that members do not have confidence to deposit all their savings in the group due to continued trust issues. This analysis has not been verified but may nonetheless be another barrier to savings mobilisation.

Recent data shows that Kampong Rotes has an increasing membership, which is one enabler to greater savings mobilisation. It is likely an indicator of greater trust within the group and in the current committee. The committee understands the rationale for membership growth and savings mobilisation, but these concepts are still not understood among regular members.

Discussion of Findings

With the exception of Chambox, savings bank committees demonstrate a commitment to membership growth and savings mobilisation. Where there have been challenges, these are largely understood to have been outside the scope of the committee to respond to. There is little evidence of support being provided by CUFA in cases of fraud, the introduction of new groups, and where federation policy changes confused the membership base. This appears to be due to limited or no reporting by the savings banks in these instances, and in any case the capacity to support is limited due to the wide coverage of savings banks that need to be supported by the one CUFA program staff. In future, greater regularity of technical assistance visits could present further opportunities for the provision of support when issues arise. This could be enacted by: employing additional staff; reducing the number of savings banks supported; or perhaps most sustainably by facilitating closer ties between savings banks and CUFA's partner federation CAC.

Many regular members do not fully understand the benefits of saving in the group and this is acting as a barrier to savings mobilisation. This also helps to explain the overall decline or

stagnation of membership in 3 of the 4 sampled banks. Regular members commonly engage in saving practices but do not always deposit in the savings bank, preferring to save in the home. Trust levels are a factor in only some of these groups. There is limited understanding and/or a lack of confidence in the special benefits of following credit union principles. The provision of technical assistance to committee members has not sufficiently affected increased knowledge among regular members and this is adversely impacting upon savings mobilisation and membership growth. In some cases, committees had enacted positive policy changes but these were not disseminated to members. For savings banks to be sustainable, regular and potential members need to understand the benefits of the credit union model and directly targeted education and information dissemination will be required in order to do this.

3.2.2 Loans and Delinquency Trends

Management of delinquent loans is **satisfactory overall**. Three of the 4 groups demonstrated loan approval processes that maintain delinquency rates at a low level.

The following indicators are assessed for each of the four sample savings banks: incidence of loan delinquency over time; quality of loan approval process, including provisions for emergency loans; appropriateness of loan limits; applicable policy for reclaiming delinquent or late loans.

Thlok

The Thlok committee reported that the group has not experienced any notable issues with loan delinquency. There was a loan application process when the group first formed, but the process has since been simplified now that the committee knows the members and their credit histories. A loan application requires the agreement of both heads of the household (husband and wife) as well as a guarantor. A guarantor can be a relative outside the immediate family or a neighbour. Although a guarantor is not always required: a widow interviewed said she doesn't require a guarantor because she has established a good credit history. For normal loans, an agreement must be signed by those entering the loan. In cases of emergency, small loans of 20 to 25 dollars can be released to a member immediately and the paperwork completed at a later date. Whilst committee members may take loans, the standard loan limit applies and preference is said to be generally given to regular members.

Table IX: Loan Delinquency Data, Thlok

Monitoring Date	28/02/2012	07/08/2012
Loan Delinquency	1.1%	0

Decisions on loans are made by the committee, except for the emergency facility which may be paid directly by the cashier and reviewed later. Considerations include: credit history; purpose of the loan; and the capacity to repay. If the purpose of the loan is questionable, the committee will probe further and may refuse the loan. Where people have no demonstrated capacity to repay, the size of the loan may be reduced. On the 2 or 3 occasions when members have been late loan repayments, the committee has facilitated

extensions accompanied by a repayment schedule. This is said to have been effective in recuperating outstanding loans.

Chambox, Chek

The Chambox committee indicated the group has a low rate of loan delinquency, citing only two cases of default in which members migrated to another province without fulfilling their repayment obligations. The task of making an accurate assessment of delinquency is complicated in the context of an annual credit, repayment, and deposit cycle in which the repayment of loans and the taking of new credit are in close proximity – around the end of the calendar year. Interview respondents indicated that loans can be repaid in instalments, or the member can just pay the interest until the full payment is due. It is quite possible that members are fully repaying loans only before the next annual round of credit is released. In this case the motivation to repay is so they can take out a new loan straight away. Whilst interest is being paid it is possible that repayment of the principle is being serviced by a new loan. This analysis has been undertaken after the field research and has not been verified, however it is possible that this is a practice occurring.

Table X: Loan Delinquency, Chek

Monitoring Date	17/08/2010	12/05/2011	29/11/2011	01/03/2012	14/08/2012
Loan delinquency %	3	0	3	4	3

Chambox has a loan approval process in place that includes a pro-forma document for completion by the loan applicant. Committee members provide assistance where a loan applicant has low literacy skills. Following its submission, the committee considers the application and then meets with the applicant. Agreement from the spouse is required where applicable, as is a guarantor for the loan who can be a relative or neighbour. If the applicant has a poor credit history, the loan granted will be smaller and they will have the opportunity to develop a better credit history based upon their ability to repay.

In cases of emergency, there is a small amount of capital on hand which the cashier can access to issue an immediate loan. Rather than the requiring the regular application process, the loan is noted through bookkeeping and the issuing of a receipt. There is a loan limit of 50 dollars for emergency credit.

Where committee members seek to take loans, the same loan limits apply as of those set for regular members. There is no policy in place to reclaim delinquent loans as this is not viewed as a concern by the committee.

Okunthor

The Okunthor committee reports that whilst loan defaults are not a problem, loan repayments can sometimes be one or two months late which then delays access to credit for other members. Discussion with interview respondents indicates this can cause a problem for other members and can even result in them leaving the group.

Table XI: Loan Delinquency, Okunthor

Monitoring Date	26/08/2010	21/07/2011	08/12/2011	24/04/2012	17/07/2012	06/01/2013
Loan delinquency %	4	3	0	5	5	0

The formal process for taking out loans is to lodge an application form which is then considered by the committee. In emergency cases, the cashier can directly provide a small loan without requiring prior review by the committee. In the past, emergency loans required authority from the village chief, but this is no longer viewed as necessary as there is a perception of trust among members.

Interview respondents indicated that due to the limited size of the loan pool and the system of loan rotation, when loan payments are late it presents a problem for other members because they have to then wait longer to access a loan. Because of a system where members can service interest rather than make scheduled repayments on the principle, repayment of loans can in many cases be delayed – meaning the loan pool remains limited. This has been cited as a reason for some members leaving the group and accessing credit from alternative providers.

Although delinquent loans are paid within one or two months of the initial date, this blocks access to credit for new members and is a threat to membership growth as it can lead people to seek credit from other institutions. It would be appropriate that loan repayment plans include partial payment of the principle as well as the interest, to assist borrowers to sustainably manage their debt and repay within the specified timeframe. This should be a priority focus for the group does not appear to be evidence of CUFA supporting the Okunthor committee to deal with tardy repayments.

Kampong Rotes

Table XII: Loan Delinquency, Kampong Rotes

Monitoring Date	26/07/2011	17/11/2011	10/5/2012	31/07/2012	10/01/2013
Loan delinquency %	3	3	0	0	0

Kampong Rotes has maintained a zero delinquency rate for over twelve months. The committee reported that monthly house-to-house visits have been effective in ensuring borrowers maintain their repayment obligations.

The loan process requires lodgement of an application form for review by the committee. Rotation of loans in the group is a consideration in the committee's decision, as is credit history. When approved, a contract must be signed by both spouses.

When loans are repaid in full the capital is often transferred to a new borrower on the same day. The fact members rely on others to repay loans on schedule may result in a social obligation to repay on time.

Discussion of Findings

Overall, groups demonstrated effective approaches to the management of delinquent loans and in most cases the delinquency rate was very low. 3 of the 4 savings banks

demonstrated usage of a range of tools to mitigate against loan delinquency. Committees have shown they have a good grasp of the need to consider credit histories and the ability of borrowers to pay back the loan on schedule. Good borrowers are rewarded with higher loans whilst unproven borrowers are often given less. Savings bank committees demonstrated an understanding of the benefits of extending credit, with all groups having close to all capital on loan, often with a small amount in reserve for emergency loans. Loan limits are appropriately lower for emergency credit, and the regular application process is sped up so that people in need can access cash. Some regular members were not aware of this special loan facility, so improved member education could encourage them to invest all savings with the group rather than keeping some on hand in the home as appears to be a common practice.

Where loan delinquency is not effectively managed it can be an obstacle to membership growth and savings mobilisation. This is particularly a concern when group capital is already limited due to member flight toward other finance institutions. The late repayment of loans in Okunthor is an example of this. In that case, the key issue is that of limited capital due to low savings mobilisation and a decreasing membership base. Approaches to loan delinquency are mostly effective but capital growth is essential so that the group can cope with late repayments when they do occur. Member education is again an area for improvement. Whilst all groups had mechanism for the provision of emergency loans, not all members were aware of this and thus kept some savings in the home (see also section 3.1, above). General trainings targeted at regular members could assist in ensuring members know about policies and assist committees to implement credit union principles in practice.

3.2.3 Leadership Skills and Institutional Quality

Leadership skills and institutional quality are **marginally satisfactory**. Overall leadership is committed to the task of managing the savings banks and can demonstrate a general understanding of credit union principles. However most committee members still have limited confidence in their financial and organisational capacities and will require further support to reach sustainability. AGMs are held but member participation in decision making is limited, likely because the skills and knowledge learned by committee members has not been disseminated to regular members.

The following indicators are assessed for each of the four sample savings banks: understanding & implementation of CU principles; proportion of capital out on loan; appropriateness of loan limits; payments to committee members or staff.

Thlok

The committee and membership demonstrate a satisfactory understanding of cooperative principles. Interview respondents (regular members) were able to give examples of participation in decision making process, including setting an administrative fee and reviewing interest rates at AGMs. This demonstrates transparency in governance, as does the announcement of group achievements and balance sheets on an annual basis. These meetings also serve a trust-building function, in which social capital in the group is further developed by coming together and discussing challenges and achievements within the group

– as well as being a good social opportunity. Aside from the AGM, members are free to join meetings with the committee – these are announced by word of mouth and over a megaphone.

Thlok demonstrates a satisfactory level of institutional quality. Committee members have clearly defined roles and responsibilities. As agreed to by members at an AGM, each of the 3 committee members receives 5% of the total income as compensation for the investment of their time in group management. The low delinquency rate shows that loan limits are appropriate. Data collected in the course of evaluation indicates that 97% of capital is held in loans; in this case indicating that the function of loans as a savings mobilisation tool is well understood.

Chambox

The institutional infrastructure of Chambox is consistent with credit union governance principles, however the annual savings/loans cycle indicates practice diverges from these principles (as discussed in section 3.2.1, above).

All capital is on loan except for 100 dollars reserved for emergency loans. There is a policy of loan limits however given the annual repayment and re-issuing of loans, as discussed above, these may not be implemented.

Roles of committee members are separately defined and their positions remain voluntary. The committee meet monthly and are sometimes also joined by the village chief. AGMs are held and there are indications that reporting processes are transparent. As cited in the 2010 BIC evaluation, the decision to move to an annual deposit and loans cycle was member-driven through a democratic process. Whilst this shows democratic values inform group governance, this has resulted in poor decision making because of the lack of understanding of other credit union principles. Neither committee members nor regular members demonstrate an understanding of principles related to membership growth and savings mobilisation.

Okunthor

The committee holds quarterly meetings, but admit that these are sometimes missed if they are 'busy'. The AGM is said to attract only a small number of members. Nonetheless, it is reportedly used as a forum to discuss group balance sheets as well as member's plans for savings and loans. There is a plan to conduct an election for the committee at the next AGM, however the committee has concerns that the financial and organisational knowledge of members (and possible candidates) remains limited. At one time the committee comprised 10 people, yet now there are only 3 people serving. The village chief, who attended a number of earlier CUFA trainings in Phnom Penh, currently serves as cashier. The last cashier resigned apparently because they did not have the time to serve, whilst another cashier was elected despite low illiteracy.

Currently 76% of group capital is held in loans, according to data collected in the evaluation visit. The committee reported that a higher proportion of capital is held in loans at times when demand is at its peak due to harvest cycles. A 100 dollar loan limit is applied so that

loans can be distributed among members, and sometimes loans must be rotated. An interview respondent indicated she had only been able to access a 25 dollar loan, which would indicate that loan limits are lower when capital is scarce, or it could be that a larger loan was considered a credit risk in her case.

Kampong Rotes

Whilst not verified, group discussion with committee members gave the impression that the committee is comprised of local-level authorities and government workers who also oversee administration of capital funds for provided for loans and livelihoods activities by GIZ (the German Development Agency, formerly GTZ). Initially a 9 person committee, there are now only 4 members – all women. They do not take any payment from the group for their time. The current committee are higher-skilled members of the savings bank, who have the time and capacity to manage the group. Whilst they are members of the savings bank, the lines appear blurred between their roles and responsibilities overseeing savings bank governance, management of the GIZ fund, and their local governance responsibilities for which some of them receive an income.

Monthly home visits by a committee member seem to operate in place of regular meetings, and members have minimal understanding of the purpose or regularity of the AGM. An interview respondent indicated she occasionally attends meetings but didn't express knowledge of the functions of an AGM. It is possible the AGM is the only meeting she has attended. Another interview respondent suggested that members do not attend regular meetings, but rather have a discussion in the home when a committee member conducts the monthly collection round. Whilst regular home visits is working as a way of keeping members engaged, it is of concern that members do not have a clear understanding of an AGM and there is no regular forum for members to view the workings of the committee – particularly given a case of fraud in the past.

The case of fraud by a committee member – who allegedly absconded with group savings – indicates that institutional quality was never strong. Current committee members indicated that they had prior problems with the person in question: she attended CUFA trainings in Phnom Penh but did not share any learnings or feedback to the group. The presence of grievances among members before the case of fraud suggests that members did not have the opportunity or the confidence to democratically participate in decision making.

Discussion of Findings

Overall, committees demonstrate a generally sound understanding of credit union principles and instituted policies and procedures to promote this. On-site technical assistance has been successful in this sense, however this knowledge has not flowed onto members and it is now this lack of understanding among the membership base that is stalling participation and growth.

The principles of member owned and democratic are largely understood, although not always applied. It is evident the knowledge base of regular members is relatively low. The AGM is the key mechanism for enabling member participation in decision making processes, yet there is room for improvement regarding member participation in decision making. Some

members do not have an understanding of the role of the AGM and so are not confident in participating. Greater democratisation could be enabled by further member education.

Membership of committees has declined in numbers but overall current committee members demonstrate strong commitment to the group. There remains a low confidence in bookkeeping and organisational skills, and in some cases a lack of understanding of credit union principles. Committee members have the same privileges as regular members. Often the role of leadership falls by default to persons who already have leadership roles in the community. In the strongest group, committee members receive financial compensation for their roles. Committee members appear committed to their group and development, however many lack an understanding of growth strategies and few are confident in their capacity to manage the group.

3.2.4 Quality Assessment

The on-site technical assistance model serves an important function in providing ongoing support to savings banks of varying capacities, but its results have been only marginally satisfactory. Impact could be improved by increasing the frequency and reach of support.

Table XIII: Quality Assessment, CUFA On-Site Support

	Best Practice	Fully Satisfactory	Satisfactory Overall	Marginally Satisfactory	Weak
On-Site Technical Assistance					
Relevance			√		
Efficiency			√		
Effectiveness				√	
Sustainability				√	

Relevance

The appropriateness of activity objectives and designs is **satisfactory overall**.

The on-site model of support has had far greater reach than the cascade training model implemented in the earlier stage of the BIC program. Only 1 of the 3 applicable sample groups still had who had sent a representative to the Phnom Penh trainings still had that person on the committee. In 1 group, current committee members commented that the representative of their savings bank had not shared any learnings from the training. Evidence clearly determines that the move from a centralised cascading training model to on-site support was appropriate.

With the current model of support, active committee members are engaged with the technical assistance process and have expressed that it is valuable and relevant. One limitation of this model is the limited success in contributing to member education. This lack of knowledge among members has been identified as a significant barrier to sustainability of savings banks. Therefore an area for improvement would be the expansion of the reach of this model to include member education.

Efficiency

The efficiency of project activities is **satisfactory overall**, having been managed in a professional manner and providing value for money.

Committee members demonstrated trust and confidence in CUFA staff and the organisation. These respondents consistently indicated that technical support has been important to the institutional health of their savings bank, and expressed a desire to continue receiving support in future. Every year, each of the 22 individual savings banks in the program have received between 2 and 3 visits of 2 days duration each. In each case, a limited amount of time has been used to address a variety of technical components relevant to the institutional sustainability of savings banks. Overall the CUO project officers have met project targets and worked in an efficient manner.

Effectiveness

Implementation of the on-site technical assistance model has produced demonstrated results, particularly in terms of policies and procedures, but program impact has been only **marginally satisfactory**.

The committees of sampled groups demonstrated that many credit union principles are understood and policies are implemented to mitigate against some key risks. AGMs are held consistently and are intended to provide an opportunity for members to engage in decision making processes. Policies are in place and implemented to ensure fairness in the allocation of loans and successfully manage the risk of loan delinquency. These examples point toward improved leadership skills and institutional quality in savings banks. Additional and more frequent support would consolidate and bolster these gains. Greater program effectiveness could be realised through improved promotion of these policies and principles to regular members.

A key limit to effectiveness is the decline in membership and capital in sample groups. As identified in the discussion of findings, external factors have in many cases had the most adverse effect on the effectiveness and sustainability of savings banks. Overall decreases in savings mobilisation and membership growth in sampled groups are primarily attributed to these factors rather than problems in project design and implementation. Exacerbating the impact on project effectiveness is the weakness of democratic processes within the savings banks. Whilst committees have the information about democratic processes ultimately the benefits of these principles has often not been shared with regular members, who thus do not sufficiently understand the benefits of savings banks compared to other financial institutions. A result of limited democratic controls is that result savings banks have not effectively managed situations of potentially corrupt internal governance, and are less resilient to the predatory activities of competitor finance groups. Extending member education to regular members could mitigate negative impacts of emerging trust issues, competition from other finance groups, and confusion related to policies of federations. However the effectiveness of further support may be limited due to the continuing existence of the aforementioned external factors impacting adversely on the implementation of credit union principles.

Sustainability

The sustainability of the program is **marginally satisfactory**. As discussed above, most individual savings banks are not yet at the stage of independence. The model of on-site technical support is producing some results but is unproven as an enabler of sustainability.

Committee members do not yet have confidence to manage the groups without support, and members do not sufficiently understand the particular benefits of their savings groups and so may save and seek credit elsewhere. Increasing the regularity and reach of external support would likely enable the greater development and retention of knowledge by committees and regular members. However, this may not guarantee sustainability.

Significant external barriers to the sustainability of savings banks remain: the attention to member shares, focus on external capital, and competition from other finance groups and providers. The adverse impact upon savings banks is compounded where these factors come together, as highlighted in the case of Kampong Rotes. These factors will remain issues but largely fall out of the purview of small to medium scale programming interventions. In this context the provision of further training alone may not contribute to greater sustainability.

Findings of this evaluation indicate that savings banks on the whole require continued external support to sustain operations at current levels. For assistance to enable greater progress toward sustainability it would need to have greater scope and depth than at present. For many savings banks, some form of ongoing external support is most likely required for survival in the short-term. Extra support may contribute to long-term sustainability but its impact may be limited, given the ongoing barriers to developing the credit union movement in Cambodia.

3.3 CUFA Partnership with the Cooperative Association of Cambodia

This section presents results from evaluation research applicable to the activities of CAC and its partnership with CUFA. Strengths, challenges and opportunities are identified; and presented in the summary of recommendations to inform future programming decisions.

Section 3.3.1 provides an overview of the support services CAC provides to savings banks with CUFA funding, in line with shared program objectives. In section 3.3.2 there is an assessment of other member services provided by CAC. Challenges associated with formal registration of savings banks as facilitated by CAC are discussed in section 3.3.4. Rapid growth of the federation and its implications is noted in section 3.3.5. Finally, the quality assessment framework is used in section 3.3.5 to provide an overall picture of CAC activities and the partnership with CUFA.

3.3.1 Support Services & Technical Assistance to Savings Banks

CAC provides a range of services, including through an approach of on-site support to member savings banks. The majority of site visits are focused on the application of general guidance and technical assistance, including in the following areas: capacity assessment; bookkeeping skills; organisational materials; delinquent loans recovery; and resolution of conflict and trust issues. A thorough assessment of these activities is outside scope of this evaluation but it is evident that CAC is playing an important function through the provision of services to support the management, growth and sustainability of savings banks. CAC reporting indicates that assistance is generally appropriate and in line with credit union principles.

Many of the aforementioned services are similar to that provided by CUFA through the on-site support model. With more savings banks seeking to join CAC, there is an emerging cross-over between the support traditionally provided by CUFA and services now offered as a benefit of federation membership. In cases where a savings bank is supported by both CUFA and CAC, there is evidence of some cooperation between the supporting agencies – who are partners – but ultimately there is an inevitable overlap. In the interests of greater efficiency, effectiveness and sustainability, federation it would be appropriate to consider facilitating a gradual transition from CUFA on-site support toward a model in which direct support is provided exclusively by CAC.

3.3.2 CAC Shares and Inter-Lending

CAC is in the process of establishing inter-lending services between member savings banks, facilitated by the federation, in order to increase access to loans and maximise interest from capital. In addition to a nominal 20 dollar annual membership fee, member savings banks are invited to purchase shares in CAC. This capital is then used to finance inter-lending. CAC use this model to enable the sharing of capital between member savings banks and maximise earnings across the federation. For example, a member savings bank with little capital but demand for loans would borrow capital from a savings bank with capital not in use – thus extending access to credit and maximising the amount of capital on loan. CAC takes an administrative fee from the interest and the rest of the interest is shared amongst

member banks through dividends.⁴ Member savings banks can purchase more than one share if they wish, and as a result will receive a greater dividend at year end.

The price of a share is 500 dollars. It is not compulsory to purchase a share in order to become a member of CAC.⁵ Savings banks who do not have the capacity to purchase a share can become a temporary member. These groups pay the membership fee each year and CAC assists them with technical support to develop capital to the point in which they are in a position to purchase a share and become a full member.⁶ If a savings bank cannot raise the necessary capital within a three year period, the CAC policy is to review their membership status with the intent of phasing out support.

Each member savings bank has equal ownership and voting equal rights in federation governance. More shares do not confer more voting rights. The only limitation upon savings banks that have not purchased a share/s is that they cannot put forth a member to stand as a candidate for the CAC Board of Directors or Supervisory committee.⁷ Dividends are provided to shareholders at the Annual General Meeting, in accordance with the number of shares and the time of year the deposit was made. The allocation of dividends will likely become increasingly complex as different members have varying numbers of shares purchased throughout the year. It will be important for CUFA and CAC to monitor this inter-lending scheme and dividend system to ensure it remains within organisational capacity to manage. The Honorary Board Member supported by CUFA may be in a good position to provide oversight for this process.

Research for this evaluation indicates that savings bank committees do not have a clear understanding of the shares policy, particularly those who are considering joining the membership ranks of CAC. Of the 5 savings banks originally sampled for this evaluation, two have already purchased a share in CAC: Tlouk and Acharleak. 2 other savings banks who are yet to become members believed that the 500 dollar fee was compulsory and a barrier to membership. The Chambox committee expressed concern that their capital base was insufficient to purchase a share. In Kampong Rotes, the committee reported they were deliberating on possibly joining CAC – and that the ability and willingness to purchase a share was its primary consideration. In both instances the committees were of the view that share purchase was a compulsory pre-requisite to joining the federation. This indicates that either the CAC representative did not explain the policy correctly, or its explanation was not delivered in a way which was understood by the savings banks. The term ‘share’ in itself is not widely understood, and some committee members alternatively used the term ‘deposit’ to describe this fee. There was also some confusion regarding the annual membership dues, with some groups incorrectly believing it was a once-off joining fee. This demonstrates that mechanisms need to be put in place to ensure coherency, consistency and accuracy in the way in which these financial concepts are explained to member savings banks and potential new savings banks. It is the responsibility of CAC staff to ensure savings banks sufficiently understand federation policies and procedures.

⁴ Discussion with CAC Director, 21 January 2013

⁵ Email correspondence with CAC Director, 1 March 2013

⁶ Email correspondence with CAC Director, 5 March 2013

⁷ Email correspondence with CAC Director, 1 March 2013

It may be appropriate for CUFA and CAC to consider formally discussing the share/deposit policy and process as it evolves, in order to ensure this is in continued alignment with credit union principles and can be appropriately administered by CAC within its capacities. Specific recognition of this practice in project documents, partnership agreements and reporting would enable effective monitoring and facilitate identification of appropriate support needs.

3.3.3 Registration of Savings Banks

Formal registration of savings banks as agricultural cooperatives, facilitated by CAC, may bring savings banks under regulations inconsistent with the operational philosophy and governance structure of financial cooperatives.⁸ Research for this evaluation finds this is resulting in pressures upon savings banks to diverge from credit union operating principles and move toward a less sustainable operational model that does not effectively improve access to finance for rural poor women and men.

CAC is currently facilitating registration of member savings banks with the Provincial Departments of Agriculture (PDA) in their respective provinces. Two of the 5 original sample groups are either going through this process or are planning on registration, whilst a third group will likely consider it when they join CAC as planned (Kampong Rotes). Acharleak is currently in the process of this, whilst Tlouk is preparing to register and will invite the PDA to their upcoming AGM. CAC is promoting registration, linking savings banks with the PDA, and financially supporting the registration process: for example, CAC contributed 400 dollars to the 700 dollar registration fee for Acharleak with the remainder paid by the savings bank.⁹

Observation of the Acharkleak AGM in Kampong Thom suggests the PDA is promoting an operating model that is inconsistent with credit union principles and may impact adversely upon the growth, sustainability and intended function of savings banks.¹⁰ Information provided by senior PDA officials, and activities facilitated by their representatives indicate they are promoting a cooperative model that is focused on shares instead of savings. The intention is for registered cooperatives to shift from a savings and loans focus toward a focus on income generating activities linked to agriculture. A PDA representative at the AGM directed a session in which members were told of this new operating model in which members would buy shares (that could not be sold before the date of one year from purchase) and shareholders would receive an appropriate dividend at the next AGM. Income was to be divided along the following lines: 1% social fund; 3% capacity building for committee; 8% to pay the committee; 20% reserve in business; and 68% for shareholders.

The PDA representative instructed members to collectively decide on a fixed price for shares. Three choices were offered between 50 and 150 thousand riel (USD 10 – 25 approx.), but this was deemed too expensive by the group and the price of 3000 riel (USD 0.80 approx.) was nominated as the share price. Based upon observation only, this

⁸ At present there is no law designed to govern the operations of financial cooperatives in Cambodia (see section 1.2, above). CUFA supports the development and promotion of an appropriate regulatory framework (see section 1.3, above)

⁹ CAC Monthly Report to CUFA, December 2012

¹⁰ Note: CAC supported this meeting and its Director was present

evaluation team concluded on site that democratic decision making had been undermined in this process and that regular members did not understand the basic details or rationale for the shift in focus from savings. That conclusion was confirmed in interviews with members, one of whom said that he did not understand what had happened and that if he could no longer continue saving in the group he would withdraw his funds and leave. He said that he did not believe poor members could benefit from a shift toward shares; and that as the chief mobiliser of savings in his village others would follow his lead if he withdrew from the group. At face value, this process of registration with authorities is inconsistent with credit union principles and will negatively impact on the growth and sustainability of savings banks.

CAC staff are promoting this model of individual member shares in savings banks. The Tlouk savings bank in Kampong Thom will go through the registration process at their next AGM upon the recommendation of CAC. Committee members of Tlouk reported that at this AGM the group will vote upon an appropriate share price so that regular members can then purchase multiple shares in the group. The shares cannot be withdrawn for at least one year from the time of deposit, and dividends will be paid at the end of the year – terms consistent with those explained by the PDA representative in Svay Rieng. Committee members have the idea, reportedly from CAC, that shares are more sustainable than savings – but they could not sufficiently articulate the rationale for this theory. The committee indicated that shares were more sustainable because members can't withdraw at any time, even though such withdrawals do not appear to be a problem in Tlouk. Regular members who were interviewed did not appear to know about the plan to move toward a shares model. CAC's apparent promotion of a shares model is inconsistent with credit union principles and CUFA project objectives. Whilst project reporting to CUFA includes the provision of support to Tlouk for bookkeeping and preparing for registration with the Kampong Thom PAD, there is no documentation indicating the promotion of individual shares. In this case shares are being promoted over savings, yet this is not reflected in CAC reporting to CUFA.

Savings bank committees and individual members could not articulate the benefits of moving toward a share model, but some are following this path seemingly because they have been encouraged to do so by CAC staff. Evidence from past experience, reaffirmed by the data collected for this report, suggests that trust in savings banks is eroded when policy changes are driven by federations. It is concerning that committee and regular members demonstrate little understanding about these changes. Observation suggests the involvement of provincial agricultural departments results in top-down decision making by outsiders – the antithesis to democratic, member-owned values of the savings banks.

The registration of savings banks as agricultural cooperatives is occurring in the absence of regulations designed for governance of financial cooperatives. This situation highlights the challenging operating environment for financial cooperatives and related federations in Cambodia. Now that CAC is expanding member services into inter-lending it may be that formal registration with authorities can act as a disincentive for loan delinquency, as well as better providing formal avenues of recourse in the case of a loan default by a savings bank. Whilst this is understandable as a risk management strategy, given the implications of agricultural cooperative registration there may be more appropriate ways for CAC to manage

this risk. Evidence from this evaluation suggests that the registration of savings banks as agricultural cooperatives poses a serious threat to the growth and sustainability of savings banks. For CAC, this may present a greater risk to the federation than the risk of defaults from non-regulated inter-lending. The whole model of individual member shares, spurned by formal registration of agricultural cooperatives, undermines savings and is inconsistent with credit union principles – presenting a clear risk to the retention of capital and membership numbers. In light of these findings, the management and relevant staff of CUFA and CAC should have an open discussion in the spirit of partnership to: identify motivations for facilitating savings bank registration; examine alternative options; conduct a risk-assessment. It may be that remaining unregistered is a better option than joining the agricultural cooperative system.

3.3.4 Growth of the Federation

Developing and strengthening local federations providing services and representation to member savings banks is an enabler for the development of the credit union movement and improving access to financial services in Cambodia. As mentioned above, the federation is growing steadily. CAC has been effective in actively increasing its membership base, growing from 27 to 40 member savings banks since CUFA financial support began in 2010.¹¹ Much of this growth includes the extension of membership to savings banks not affiliated with a federation, and those who were affiliated with a different federation but withdrew their membership – as in the case of former FLIFLY members. Whilst in some cases CUFA has supported the facilitation of communication lines between savings banks and CAC, in most instances savings banks have joined the CAC federation independently of CUFA. At time of writing discussions are under way between CAC and a number of potential new members.

The growth of CAC and extension of its services represents good progress toward building a sustainable credit union movement in Cambodia. This growth in membership should be an item for consideration in future partnership discussions, particularly regarding the allocation of funding, to ensure can CAC maintain the financial and human resource capacities necessary to sustain this growth whilst meeting the increased demand for services coming from a wider membership base.

3.3.5 Quality Assessment of CUFA – CAC Partnership

The growth of CAC and its extension of services to member savings banks represents good progress toward developing a sustainable credit union movement in Cambodia. These developments present opportunities for transferring some of CUFA's support roles to a local federation. With CAC membership increasing, some overlap has emerged between CUFA and the federation in relation to the support provided to individual savings banks. A transition away from CUFA on-site support toward CAC exclusively offering on-site support would be appropriate for improving program efficiencies and sustainability. A potential risk to sustainability is the impact of the cooperative registration process currently facilitated by CAC. The relevance and potential implications of this activity requires further analysis to ensure project sustainability and the continued alignment of partnership objectives.

¹¹ Discussion with CAC Director, 21 January 2013

Table XIV: Quality Assessment, CAC Activities

	Best Practice	Fully Satisfactory	Satisfactory Overall	Marginally Satisfactory	Weak
CUFA-CAC					
Relevance				√	
Efficiency			√		
Effectiveness*			√ ¹²		
Sustainability				√	

Relevance

The appropriateness of activity objectives and designs is **satisfactory overall**.

Generally, CAC activities are relevant and contributing toward good progress in strengthening savings banks. Member services have a particular focus on developing the capacities of savings banks in areas deemed most important by committees, including bookkeeping skills and organisational development. The inter-lending scheme maximises the potential for accumulation of capital and works towards ensuring access to loans. This is complemented by the marked growth in CAC membership, enabling extension of support services to more savings banks whilst representing development of the Cambodian credit union movement.

The cooperative registration process is the sole shortcoming in terms of project relevance. Evidence in this report suggests that outcomes of these activities may be inconsistent with overall project objectives and could undermine the progress made in the course of other CAC activities. The related policy changes at savings banks level have not been sufficiently explained to committees and regular members. This issue requires immediate attention from both partners through a process of collaborative review and discussion to identify the risks and advantages in order to make an informed agreement regarding the appropriateness of continuing registration with provincial authorities in the absence of regulations designed for financial cooperatives.

Efficiency

The efficiency of project activities is **satisfactory overall**, having been managed in a professional manner and providing value for money.

CAC project activities have been managed in a professional and efficient manner. CUFA funding to CAC (USD 30,000 in 2012-13) provides good value for money. Federation management has effectively utilised these resources to extend its reach whilst investing in the development of member services. As the growth of CAC continues, it would be appropriate for CUFA to work with the federation to ensure it has the financial means and human resource capacities to sustain this growth whilst increasing member services.

In terms of the partnership with CUFA, there is some overlap in terms of technical assistance where savings banks receive support from both agencies. In light of this it may be appropriate to consider a gradual transition toward CAC exclusive support to savings

¹² Provisional rating (see below, section 3.3.5: Effectiveness)

banks. A well-managed handover of full member support responsibilities to CAC would represent an important step in solidifying local ownership in driving the credit union movement in Cambodia. CAC's financial and human resource capacities should be a core consideration in changing partnership arrangements.

Effectiveness

The effectiveness of CAC activities appraised by this evaluation supports the provisional quality rating of **satisfactory overall**. The provisional status of this rating takes into account of the limited scope of this evaluation in terms of measuring impact of CAC activities. Evidence collected in this evaluation indicates that core federation activities are effective, although there is scope for further monitoring and evaluation of impact – particularly relating to the provision of support to individual savings banks.

Growth of the federation has been highly effective as CAC continues to attract savings banks to the membership fold. The membership growth offers a formal and importantly Cambodian mechanism through which savings banks can access services and representation. Whilst the inter-lending scheme is currently in its infancy, it has good potential to support member savings banks to grow capital whilst providing CAC with a sustainable funding source through receipt of nominal administration fees. Continued monitoring of implementation will be important to ensure this potential is realised. In terms of on-site support to individual savings banks, the focus on developing core competencies such as bookkeeping and organisational skills reflects the preference of committees surveyed for this evaluation.

In terms of the partnership between CAC and CUFA there is scope for greater effectiveness by consolidating current overlapping support models through a transition toward on-site support provided exclusively by CAC. Where there is overlap it is difficult to measure the impact of CAC activities on savings bank progress, particularly in instances where CUFA has provided multi-year support and savings banks have only recently joined the federation. If the move toward CAC exclusive support is instigated, this transition would include effective monitoring to inform impact evaluations at the end of the transition period and beyond.

Registration of savings banks as agricultural cooperatives may unwittingly be facilitating the introduction of organisational philosophies inconsistent with credit union principles, in turn undermining the effectiveness of CAC activities overall. This is discussed further, below.

Sustainability

The overall sustainability of CAC activities is **marginally satisfactory**. The growth of CAC is a key indicator of progress toward developing a sustainable federation run by Cambodians for Cambodians. However, evidence presented in this report suggests this formal registration process is facilitating the introduction of operating models inconsistent with credit union principles that may undermine sustainability.

Strong growth in CAC membership and the increase in its management of capital and provision of support can only be regarded as a success. CUFA support to CAC is consistent with the overarching strategic objective of promoting a sustainable credit union movement in which savings banks are supported by strong local federations. The success of CAC to

date represents a significant move in this direction. The continuation of CUFA support to this federation will be an important enabler for CAC to continue developing member services and governance processes as it follows the road to longer-term independence.

The potential for ongoing cooperative registration processes to undermine the sustainability of individual savings banks has been highlighted throughout this report. There is a potential that CAC could face decreases in capital and a dwindling membership base should these risks not be appropriately mitigated. A joint CUFA/CAC review and discussion of these activities should be carried out to analyse potential risks to sustainability that left unchecked may undermine the sustainability of federation and its member savings banks.

3.4 Cross-Cutting Participation Issues

3.4.1 Gender

Women's inclusion as participants in on-site field support visits and as project beneficiaries is **satisfactory overall**. Overall, there is a far greater number of women who are members of savings banks. However given this, women are underrepresented on committees.

Across the 22 savings banks directly supported by CUFA through on-site support, 62 per cent of members are women but less representation on committees at a rate of 45 per cent. Of the 10 committee members interviewed in sample groups for this evaluation, there was an equal gender balance with 5 women and 5 men. Each committee had female representation, and 1 was run by 2 women only.

Despite the relative under-representation of women in positions of authority, there is almost an even gender balance across the board and given the patriarchal social structures in any society, 45 per cent representation on committees is a good figure in any country context.

3.4.1 Disability

Participation of persons with disability is **satisfactory overall**. Despite a low participation rate CUFA is recognising this and has been making progress toward greater inclusion of people with disability in project participation. Appropriate disaggregated data has been collected: participation by people with disability stands at a modest 1.1 per cent across the 22 savings banks directly supported by CUFA on-site support.

According to the CUFA gender and disability inclusion specialist, a disability inclusion strategy was finalised following workshops with project coordinators in late 2012. This strategy is being integrated into all project implementation in 2013.¹³ It would be appropriate to include CAC staff in future socialisation of this strategy, as would identifying and facilitating support where required to assist staff to promote inclusion of people with disability in federation activities.

¹³ Meeting with Gender and Disability Inclusion Specialist, Phnom Penh: 4 January 2013

4.0 Summary of Recommendations

1. Gradually phase out the provision of CUFA on-site technical assistance to individual savings banks, in accordance with a transition plan developed in agreement with CAC and in consultation with affected savings banks.
2. Ensure alignment of partnership objectives by engaging CAC in discussions regarding the findings of this report that relate to sustainability issues, specifically the efficacy and implications of registering savings banks as agricultural cooperatives:
 - a. Conduct a joint assessment of challenges and opportunities;
 - b. As appropriate, identify a sustainability strategy or mitigation measures consistent with credit union principles.
3. As is consistent with the outcomes of recommendation 2, plan and implement a gradual transition of support responsibilities for savings banks from CUFA to CAC in consultation and agreement with the federation and individual savings banks:
 - a. CUFA should work in cooperation with savings banks and CAC to support this transition, in an open and transparent way that capitalises on established relationships with savings banks in order to develop trust with CAC;
 - b. CUFA should support CAC to ensure that member and potential member savings banks have a clear understanding of CAC policies and procedures, particularly regarding member shares in CAC;
 - c. CUFA management should engage in regular partnership meetings to monitor progress and ensure continued alignment of CUFA and CAC objectives consistent with credit union principles – preferably on a quarterly basis, or as considered appropriate.
4. Whilst recognising the constraints on building a grassroots credit union movement in Cambodia, encourage CAC to incorporate learnings from this evaluation, specifically:
 - a. The need and demand for the provision of ongoing, regular and targeted on-site support to individual savings bank committees (every 3 months is ideal);
 - b. Extend services to member education about cooperative principles and benefits, to promote member retention and maximise participation;
5. Support CAC to manage organisational growth and the absorption of CUFA on-site support activities:
 - a. For clarity, identify agreed project objectives and activities in the partnership Memorandum of Understanding or as an appendix to the MoU;
 - b. Continue to identify technical support needs, and provide assistance as appropriate;
 - c. Reassess funding arrangements in light of CAC membership growth and increasing workload.

Appendix A: Research Framework for Group Interviews with Committees

Group Name:	
Location:	
Interview Date:	
Committee Members Present:	
Basic Data	
1	In what year was your group formed?
2	If applicable, how long have you been a member of _____ federation?
3	When did this group first receive CUFA support?
	Core Questions
	Follow-up Questions
Membership Growth, Savings Mobilisation and Lending	
4	Who can become a member of the group? Young people? Children?
5	How does someone become a member of the group? (eg. attend meeting; buy share in the group) If applicable: is this just a one-time joining-fee, or do/can people buy extra shares?
6	How many members does the group have? Do you want more members or not? Why? Has your membership grown? Why/how? What do you think is the impact of having (more/less/stagnant) membership?
7	Do all members make savings contributions? When can they deposit savings? (eg. weekly, monthly, annually, anytime) How? (eg. at meeting, office, collection, committee member's house) Are savings important... why? Are there any obstacles to increasing savings? (eg. trust, income, loan delinquency) Are there any special collections, apart from the regular contributions by members? (eg. savings fund for new year) Does your group receive savings contributions or loans from anywhere else? (eg. shared community resources, banks or NGOs)
8	Do you offer loans to members? What do people take loans for? Does anyone take loans for business purposes? Is any special process required to take this type of loan? (eg. basic business plan) What percentage of your savings pool is in currently on loan? Do loans have a benefit for the community?
Financial Management and Loan Delinquency	
9	How do members apply for a loan? Do you have a process? What is it? Is it documented? Is this process always followed, or can there be exceptions (eg. emergencies) Who does a person submit their application to? Can some need/receive assistance with the process? Is there a loans limit? Is it the same for everyone, or different depending on the person and their application?

		Who reviews the application, and who makes the decision?
		Can committee members take loans? Who reviews their loan application?
		Has a member ever been unsuccessful in requesting a loan? What was the context?
10	What is the loan delinquency rate?	How do you know when people are late returning loans? (eg. delinquency register, bookkeeping... what bookkeeping do you have? Register? Passbooks?)
		Why are some people delinquent? What type of people might have difficulty or be slow paying back their loans?
		Has this changed over time?
		What is the process to reclaim the debt?
		If applicable, how could you be supported to decrease delinquency?
Governance and Leadership		
11	There are many different names for groups that save money and provide loans... what do you call your group/what do you identify as?	(eg. cooperative, credit union, self-help group, savings group)?
12	Who owns the group?	
13	Who manages the group?	Is there a committee and/or board? Who is on the committee/board? Has the composition of the committee and board ever changed? How/why?
14	How was the committee formed?	Why were you motivated to volunteer? (ie. are they a leader or person of eminence; or do they have relevant skills...)
15	How often does your committee meet? (eg. weekly, monthly, adhoc, yearly)	Do members ever join meetings? (ie do you have member meetings?) What kind of things are discussed? Does anyone keep meeting minutes? How can members participate in decision-making processes? Any examples? Is anyone employed or paid to assist with administration and management of the group?
Gender		
16	Do both men and women take loans?	In a family, do both husband and wife have to agree to take a loan together – or can a husband or wife take a loan independently? (any examples of this?) What proportion of loans might be taken by women?
Support Needs		
17	Have you or members participated in CUFA training in Phnom Penh and/or on-site support visits by CUFA staff?	
18	Have you learnt anything from CUFA? What?	
19	Has your federation provided your group with any support? What?	
20	What vision do you have for your group, in the future?	
21	How could CUFA or the Federation continue to support your group in future?	

Appendix B: Research Framework for Individual Interviews

Group Name:	
Location:	
Interview Date:	
Respondent:	
Gender & Approximate Age:	
#	Question
Membership Growth, Savings Mobilisation and Lending	
1	Do you save money with the group?
2	How long have you been saving money with the group?
3	Did you join the group when it first formed, or did you wait and see if it worked first? (Has your trust developed over time...)
4	Do you also save money outside the group, at the house or somewhere else? Why/why not (see if they understand inflation etc)
5	When you first joined, did you have to purchase a 'share' in the group? Was this just a once-off joining fee (or have you later bought more shares)?
6	Do you feel comfortable (trust) having your savings with a group?
7	Has been a member of the group brought any benefits for you?
Financial Management and Loan Delinquency	
8	Why did you start saving with the group (why is it important to you)?
9	Have you ever taken a loan?
10	What did you do with the loan?
11	Have you paid it back already? How?
Governance and Leadership	
12	Do you know any of the committee members?
13	What do the committee members do – do they help you save, and how?
14	Have you had any support from the committee or outsiders?
15	Have you attended any group meetings?
16	Have you taken part in any decision-making? (eg. electing leaders, etc.)
Gender	
17	(For women) When you took a loan, did you require permission or support from your husband OR (if hasn't taken loan) Can you take a loan by yourself? Do you need consent from your husband to take a loan?
18	(For women, repeat question X above) Have you taken part in any decision-making? How?
Support Needs	
19	Have you attended any trainings conducted by outsiders (CUFA or Federation?)
20	Do you feel confident that you understand about savings, loans and interest (if no, would you like to learn more?)
21	How might CUFA or another organisation be able to support your group to become stronger?
22	How might CUFA or another organisation help you to learn how to save better?