



# Banking on the Future Teachers Mutual Bank

Children's Financial Literacy project  
Cambodia 2016



**CUFA**

Combating poverty through  
people-centred, market-based  
programs in Asia Pacific.

# OVERVIEW

Teachers Mutual Bank has partnered with international aid organisation CUFA to support the Children's Financial Literacy (CFL) program in ultra-poor communities in regional Cambodia. With TMB's support CUFA will extend the reach of its program to **10,000** additional primary school students across the 2016 Cambodian school year. The target is to reach **200** teachers in **500** classroom lessons. The TMB CFL program will reach new schools in poor, rural Cambodia, not previously in the CFL program.

The Children's Financial Literacy program was established by CUFA, after its work with adults in developing cooperative savings and loans in poor communities showed the need to establish strong financial literacy at a young age.

The program takes a holistic approach to teaching children, including in its program classroom lessons for students, training and support for teachers, and at-home visits to parents and families. It includes printed and digital support materials for the children to learn the basics of financial literacy and create sustainable futures for themselves.

The Children's Financial Literacy program has been running since 2008 and has had enormous impact on the lives of young people and their families. Evaluations of the program highlighted the impact of good savings habits, and 72% of participants continue to save two years after the program completion.

Support for the Children's Financial Literacy program comes from the Department of Foreign Affairs and Trade's Australian Aid program, individual Australian donors, and CPA Australia for the development of the digital application.





## Objectives of the Children's Financial Literacy Program

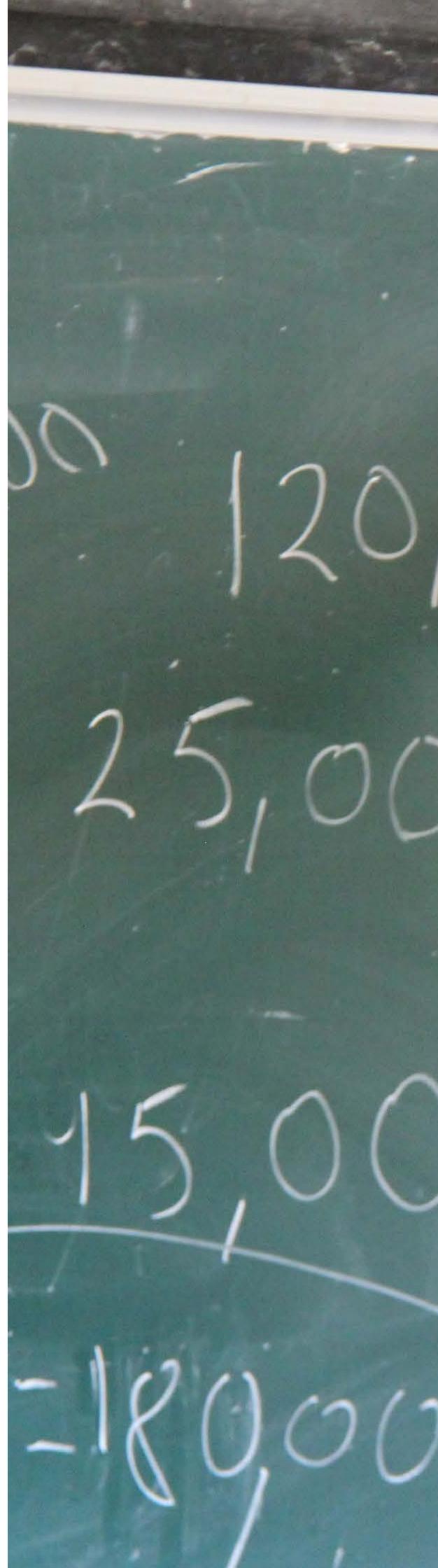
- Build the level of understanding about the value of saving and teach basic financial literacy skills to children.
- Link children to their local savings banks.
- Indirectly develop the wider community's understanding of financial literacy through the children and the CFL program.
- Increased children's savings either at home or with their local village savings bank.

## ABOUT THE CHILDREN'S FINANCIAL LITERACY PROGRAM

The goal of the Children's Financial Literacy Program is to provide financial literacy lessons to children in order to encourage them to develop good savings habits from a young age. In addition to classroom financial literacy lessons, CUFA Project Field Officers also conduct stand-alone school director/teacher education workshops with each school to enable school directors and teachers to provide regular support and encouragement to children's savings habits and to ensure that the benefits of the program extend beyond the teaching period.

To encourage and support students to develop smart saving habits, the program also includes home visits where CUFA project officers' conduct sessions with students' parents. These sessions reinforce the important messages that students are taught in class and encourage parents to support their children to save.

The secondary goal of the program is to encourage the village savings banks to develop financial products targeted to children. Past evaluations conducted by suggest that although the CFL program is delivered to children, the project will also have an impact at the family level and result in some parents learning the value of savings and subsequently opening an account at their local savings bank.





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**Teachers  
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## WHY CHILDREN'S FINANCIAL LITERACY?

Informal data collected by CUFA suggests that more than 80 per cent of Cambodian children do not possess good financial literacy skills. Consequently these children neither value the concept of saving nor have linkages with a financial institution. Due to the issues of trust in Cambodia it appears that children have often been taught by their parents to hide their savings or convert it into gold so that it can be liquidated quickly.

Various savings bank committee members that CUFA has consulted have stated that children do not open a savings account with a savings bank because there are not any child specific financial products and the savings banks themselves have made little effort to directly market their services to children.

CUFA's Children's Financial Literacy (CFL) Program has been operating across Cambodia since March 2008 and is now in its ninth year. Since this time the program has received funding through the Australian Government's Australian NGO Cooperative Program as well as through fundraising of CUFA Challenge participants. In November 2015 CUFA received further funding from CPA Australia to launch an educational financial literacy app to complement the existing

components of the program. This is the first time that many students have used interactive technology and is an exciting addition to the project.

Since its inception the CFL Program has expanded its geographical and participant reach and now focuses on a particular aged group of approximately 12,000 Cambodian children (aged 7-12) in poor regions of Cambodia. The roll out of the educational program is dependent upon a team of Project Field Officers who conduct five financial literacy lessons in primary schools on a monthly basis. The lessons are based on the merits and fun of savings along with related financial literacy skills building. Each lesson is one hour in duration and each child benefits of being encouraged to develop good savings habits from an early age.

Children do not live in society in isolation and such the program seeks to strengthen the community development approach which actively links parents, Savings Banks, teachers, CFL students and CUFA into Program activities. Integrating these components into the program will ensure that there is a sustained impact on children's savings habits.

## Impacts of the CFL program to-date

- Since 2008 CUFA has provided more than 73,000 Cambodian students with financial education lessons, educating them on the importance of savings, income sources, budgeting, short and long term financial goals and encouraging them to develop good savings habits from a young age.
- CUFA's 2014 Social Return on Investment Report highlighted that for every \$1 invested into Children's Financial Literacy program, \$2.60 of social value is created.
- A 2013 evaluation of the program highlighted that lessons delivered in schools have a significant impact on the development and application of good savings habits by students, 72% of whom continue saving one to two years after the conclusion of CFL lessons.
- The evaluation found that students overwhelmingly show an understanding of basic financial concepts, with two thirds (66.6%) demonstrating understanding of more complex concepts such as budgeting and planning.
- Student's strongest motivation for saving is to purchase school materials and support secondary and any further study.



## CUFA's highlights from 2014/15 include:

- Delivered financial literacy classes to more than 14,000 children through 350 lessons in 31 primary schools.
- Encouraged more than 8,000 children started saving, a 14% increase from 2013-14. Children have used their savings to purchase bicycles to ride to school, helped their parents buy school uniforms and saved money at the local savings bank for their future education.
- Conducted six study tours, providing 366 girls and boys the opportunity to learn more about their local savings banks' operations and to meet with the manager to learn more about savings, budgets and short and long term financial goals.
- Conducted 568 home visits to 1,590 parents, teaching them about the importance of encouraging their children to save and assisting them to open an account at their local savings bank.
- Delivered 31 workshops to more than 340 teachers educating them about the merits of financial literacy and empowering them to be able to deliver the program in the future.

## CASE STUDY

### SOKHDOM'S SMART SAVING IS AN INSPIRATION FOR ALL

What Australian child hasn't experienced the thrill of receiving a shiny new bike for Christmas? The gift most of us would take for granted is about to make a world of difference for 10-year-old Sokhdom\* and his family in Kampong Chhnang province, Cambodia – and Sokhdom will use his own savings to buy it. As a student of CUFA's financial literacy project, Sokhdom began saving the money he earned by selling cashew nuts after school. He now has enough to buy a bike that will enable him to get to his high school next year – a 20-kilometre round trip – and for his mother to travel to market to sell her rice. Best of all, Sokhdom's success is inspiring other children in his village to embark on their own savings plans too.

Cambodian children are resourceful. Like Sokhdom, some children sell cashew nuts after school. Others forage in rice paddies for small mud crabs to sell or help their parents in the family business for pocket money.



# BANKING ON THE FUTURE – TEACHERS MUTUAL BANK CHILDREN’S FINANCIAL LITERACY PROJECT

In 2016 Teachers Mutual is providing \$60,000 to CUFA to expand their Children’s Financial Literacy program to an additional 10,000 primary school students across the 2016 school year.

TMB’s funding of \$60,000 will allow CUFA to deliver the CFL program to approximately 40 new primary schools with approximately 10,000 children (aged 7-12) from the provinces of Kampot and Prey Veng, as well as Takeo and Kampong Cham. It is anticipated that 500 classrooms will be reached, including 200 teachers.

This program is to run concurrently with the existing CUFA CFL program, and will allow CUFA to extend the reach of its program into new schools and new locations.

Additional value is created by funding and leveraging an existing, successful program, and by the wider social value generated. CUFA’s measurement of SROI (Social Return on Investment) indicates that an additional \$156,000 of social value could be generated by the Teachers Mutual Bank investment.

The main objective for Teachers Mutual Bank is to provide financial literacy education in schools to 10,000 children in ultra-poor communities in rural Cambodia, helping to lift them out of poverty. CUFA’s CFL project so far has positively impacted 3.3% of the primary schools in Cambodia, and Teachers Mutual Bank’s contribution will support 0.45% of the primary school population of Cambodia

The \$60,000 investment will support the CFL program delivery, resources, technology, staff and program evaluations.

The program includes educational materials which feature cartoon character, Ronnie the Riel. (The Riel is the currency of Cambodia.) The materials are both in print and digital with interactive games delivered on tablet devices and included in financial literacy lessons to school children. (The tablets are maintained by CUFA field officer staff and not left at schools.)

Three Project Field Officers will be employed to provide the financial literacy to children in the classes. The Project Field Officers will consult with and build relationships with the participating primary school and local savings banks and create open channels of communication for ideas and feedback about the program. A Project Coordinator will also be employed to directly supervise the CFL Program and manage the three Project Field Officers.

## Outcomes

- Delivery of the Children’s Financial Literacy Program to 10,000 children (aged 7-12)
- Provide suitable learning materials and resources to support the program;
- (Continue to) employ 3 suitable local Project Officers and one Project Coordinator for program delivery and supervision;
- CUFA staff are compliant with child protection legislation;
- CUFA staff are not engaged in fraudulent or terrorist activity; and
- Continual monitoring, reporting and evaluation to ensure program objectives are achieved.

## Each Project Field Officer is required to:

- Collect names of local children (aged 7-12) to attend the program.
- Create and confirm student lists for all classes and report this information to the Project Coordinator.
- Develop an annual program calendar in consultation with the school directors.
- Provide financial literacy directly to scheduled classes, distribute program packs including the use of the digital tablet app with the children.
- Conduct monitoring/evaluation home visits to the participating children’s houses to evaluate the success of the program.
- Gather data on children’s savings habits at the first and fifth sessions.
- Evaluate the training given by conducting a lesson quiz to test knowledge of the lessons.
- Report monthly on the progress of the program to the Project Coordinator.

# KEY STAKEHOLDERS IN THE PROJECT

## CUFA will provide:

- Delivery of the Children's Financial Literacy Program to 10,000 children (aged 7-12)
- Provide suitable learning materials and resources (including the Count4Kids tablets) to support the program
- Employ 3 suitably Local Field Officers for program delivery and one Project Coordinator based in Phnom Penh
- Complete monitoring and evaluation reports to track the progress of project
- Submit monthly and quarterly program reports

## The School directors (Principals):

- Grant permission to CUFA to run the program in their schools
- Sign an MOU with CUFA in relation to the delivery of the CFL Program.
- Inform the Project Field Officers if there are any special events in his/her school that may require scheduling adjustments
- Assist to encourage children to engage in the program

## Teachers

- Help the Project Field Officers by providing student data
- Assist with the distribution of program material
- Support the program by encouraging the children to start saving for their future
- Participate in an information workshop

## Government

- Provincial governments endorse the Children's Financial Literacy program in their local school districts.
- Cambodia's Ministry of Education, Youth and Sport endorses the program at a national level.

## Village saving banks

- Provide feedback and input on the CFL program to the Project Field Officers
- Promote the program by providing further explanation about their savings bank to the children and encouraging children to join as members
- Create opportunity for children to open a savings account so that they can deposit their savings and practically apply their learning

## Parents

- Assist children to take responsibility for the resources they receive from the program
- Encourage their children to save money regularly
- Provide feedback to the Project Field Officers during monitoring and evaluation visits

## Children

- Actively participate in the program
- Look after resources that they are provided with during the course of the program
- Put their learning into practice



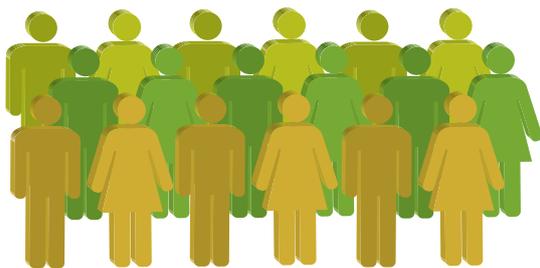
# ABOUT CUFA

CUFA operates with the goal of helping people lift themselves out of poverty in the Asia Pacific region. Instead of giving hand-outs CUFA works to provide the skills, knowledge and resources required for people to break out of poverty whilst offering ongoing support.

CUFA's work involves developing and supporting financial cooperatives in communities that previously had little or no access to a financial institution. The presences of a financial cooperative in a community, provides a safe place for people to save their money and take out loans. It teaches people how to manage their money and save for a brighter future which in turn creates employment opportunities for villagers, empowerment to women, people with a disability and communities as a whole through financial independence.

CUFA's vision: For communities of the Asia Pacific region to be free of poverty through economic development and self-determination.

CUFA's mission: To fulfill our vision we facilitate the development of economic capacity through education, employment and enterprise opportunities to build community self-reliance.

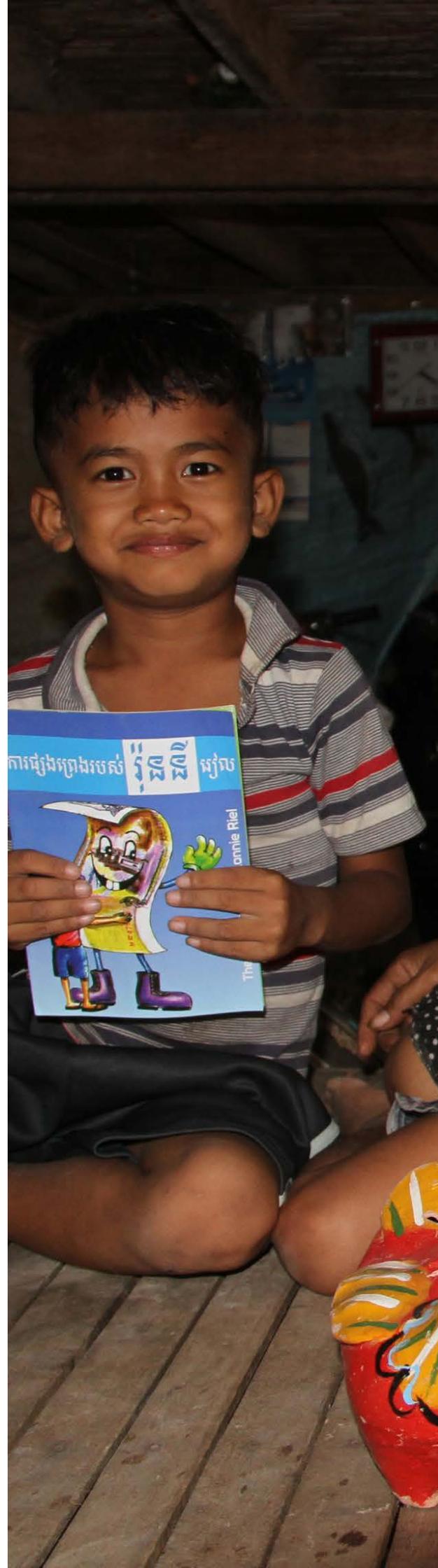


**4 million people reached.**

## Providing Access to the Rural Poor

CUFA together with the World Council of Credit Union provides the fundamentals of financial services to help credit unions reach poor people in rural and remote areas often ignored by other financial institutions. In many developing countries credit unions provide the only opportunity for the poorest of the poor to access financial services.

The credit union movement in Cambodia has now been operating for over two decades. Although Cambodia has seen the emergence of village-based savings banks and financial institutions during this time, for the overwhelming majority of the rural poor, access to these services through banking and micro-financing services remain inaccessible. This is due to the rural poor's lack of financial capital, geographic isolation and lack of adequate identification and payslips to prove their ability to make repayments.





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## CUFA PROJECT STAFFING

CUFA has a robust team of capable professions responsible for the delivery of CUFA projects.

- CUFA is prudently governed by a Board of five skilled professionals and company secretary who meets four times per year and are responsible for the strategic direction and responsibility of the organisation.
- The CEO works with the CUFA Program Manager to ensure that CUFA operations are managed and progressing according to project plans, budgets and donor requirements.
- The CUFA International Development Working Group (IDWG) further contributes expertise to CUFA's international projects, meeting on a quarterly basis to provide input, advice and feedback on CUFA's projects. The IDWG performs the function of an advisory group to the CEO to assist with the innovative delivery of projects to reach the poorest of the poor and the most marginalised.
- The Program Manager works with the International Projects Supervisor to implement projects, manage and support project staff, ensuring appropriate reporting frameworks are in place, establish good working relationships with partner organisations and monitor financial expenditure according to the project budgets developed. CUFA Management ensures that they exercise a close monitoring regime to ensure that CUFA are acting in the best interest of project beneficiaries and achieving good outcomes to help them move out of poverty.
- CUFA employs 60 staff across six countries, including 28 in Cambodia.
- At the country level, the Cambodian team is managed by a Country Program Manager who supervises and manages local staff. The Country Program Manager works with Project Coordinators, including the Children's Financial Literacy Coordinator to track progress of projects, discuss project delivery including areas for further development and manage staff performance.
- The Children's Financial Project is managed by a Coordinator who is supported by a team of projects officers who specialise in financial literacy and education. The Project Officers deliver class training, teachers' workshops and conduct home visits and are regularly supported by the Coordinator who frequently conducts field visits.

# APPENDICES

## Appendix A: CFL Stakeholder Profiles

CUFA works with a number of stakeholders within this project both within Australia and in-country.

### Teachers Mutual Bank

Teachers Mutual Bank is a Platinum sponsor of CUFA. The other CUFA project supported by TMB is Myanmar Teachers' Project. The Teachers' Project is a three-year \$240,000 initiative which supports communities and teachers in Myanmar. Since 2013, Teachers Mutual Bank has committed to providing 75%, \$180,000, of the project funding. To date, the project actively benefits 153 teachers, 4,224 school children and over 41,000 people in the community.

Myanmar, formerly known as Burma, is one of the poorest countries in Asia and has endured 60 years of civil unrest. The three-year project is tackling poverty head-on in Myanmar; improving education in poor villages, improving conditions for teachers and helping local businesses to flourish. Only 4% of the population has a bank account, so village savings banks are crucial.

The project goals are based on a funding model that provides loan capital for 20 community credit unions run out of the monasteries. This increase in the loan pool benefits its members – providing capital for loans so members can build a house or a business and afford health care. The extra returns generated are then used to help pay teachers' salaries. The project scope was targeted to benefit 22 schools, 157 teachers and 5,495 school children. This model ensures that not only teachers, but entire communities, benefit from the funding and prevent capital from being eroded.



### Australian Government

With support from the Australian government aid funding through the Australian NGO Cooperative Program (ANCP), CUFA delivers financial literacy lessons to 3,000 students each year. CUFA has part of the funding agreement is compliant with rigorous donor reporting such as annual development plans and annual performance reports. As part of the Department of Foreign Affairs and Trade monitoring and evaluation framework, annual monitoring trips to Cambodia are conducted by representatives of the ANCP team.

### CUFA Cambodia Challenge Participants

The CUFA Cambodian Challenge program is an annual fundraising and cycling challenge where members of the Australian public raise \$3,300 AUD each to support CUFA's projects such as the Children's Financial Literacy project.



## CPA Australia

In November 2015 CUFA partnered with CPA Australia to launch an education app to improve the financial literacy of children in Cambodia. Through animation and games the app introduces children to four basic financial literacy concepts: earning money, budgeting for items, saving for future financial goals and making choices about spending money. This is a revolutionary change, bringing digital technology to impoverished children for the first time. The app will be integrated across CUFA's Children's Financial Literacy programs.

- Ministry of Education, Youth and Sport of the Kingdom of Cambodia;
- Directors and teachers from school areas;
- Local community members in areas of delivery; and Local Savings Banks and credit unions in areas of delivery.

## In-Country

CUFA will be working with a number of partners within Cambodia for this project including:



## Appendix B: Country statistics on Cambodia

1	Official Name	Kingdom of Cambodia
2	Capital	Phnom Penh (1.519 million)
3	Area	181,035 sq km
4	Border Countries	Laos 555 km, Thailand 817 km, Vietnam 1,158 km
5	Language Groups	Khmer (official) 96.3%, French, English
6	Major Religions (%)	Buddhist - 96.9 Muslim - 1.9 Christian - 0.4 Other - 0.8
7	Population	15,708,756
8	Population Growth (annual %)	1.58
9	Population Distribution – Urban : Rural	21:79
10	Human Development Index Rank	0.584 136
11	Percentage of population in multidimensional poverty (% of population) Incidence of severe poverty:	46.79
	Population living below \$1.25 PPP per day (%)	18.6
12	Corruption Perceptions Index (Perceived level of public-sector corruption)	Score: 21 /100 Rank 156/182
13	Human Rights Issues 2014/2015	Excessive Use of Force Human rights defenders Forced evictions International justice
14	Literacy Rate (>15 years of age) Male; Female	77.2% 84.5%: 70.5%
15	Life Expectancy at Birth (years)	64.14
16	Fertility (%)	2.6
17	Infant mortality rate (deaths/1000 live births)	50.04
18	Total % Adult Unemployment – Men : Women	0.3 : 0.1
19	Economic Activity Rate for 15 years above	--
20	GDP (per capita. USD)	3,300
21	GDP (official exchange rate, USD), 2014 est.	16.55 billion
22	% GDP comparison by sector: Agriculture Industry Services	32.7 25.5 41.8

### Sources:

1-9, 14-17, 20-23: US Government, CIA World Fact-Book 2013 <<https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html>>

10-11: UNDP, Human Development Index 2013 <<http://hdr.undp.org/en/countries/profiles/KHM>>

12: Transparency International, Corruption Perceptions Index 2011 <<http://cpi.transparency.org/cpi2011/results>>

13: Amnesty International, Annual Report 2011 – Cambodia <<http://www.amnesty.org/en/region/cambodia/report-2011>>

18: UN Statistics Division, 2011 <<http://unstats.un.org/unsd/demographic/products/socind/default.htm>>

## Appendix C: The Financial Sector in Cambodia

CUFA has been working in Cambodia since 1999. In 2006 CUFA undertook a sustainability study and since this time has continued to work in close collaboration with the Credit Union Federations, credit unions and credit union members. CUFA values the voice of the participant and this open dialogue has contributed to CUFA having an in-depth knowledge and insight into the sector as well as financial inclusion opportunities available to people living in poverty.

The Cambodian financial sector is underdeveloped, particularly in rural areas where development banks are few and the finance network is weak. The development of regular commercial lending activities has been constrained in rural areas by the high costs of operations, the inability to verify and enforce property rights, and the low levels of economic activity.

It has been 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.

In Cambodia, microfinance is heavily supported by donor organisations and it remains credit driven. In general credit portfolios are still financed by external donors or investors, and not by depositors<sup>1</sup>

The past 20 years has seen the emergence of village-based community finance institutions (CFI's) all over rural Cambodia. Many of these institutions were developed with the help of national and international NGO's who were strong advocates of micro credit, but neglectful of institutional building. A study undertaken by the Consultative Group to Assist the Poorest (CGAP) claims that institutional building is the key to successful and sustainable CFI development. CGAP identified the following issues as being the greatest encumbrance in CFI institutions<sup>2</sup>.

- Lack of auditing systems
- Limited reporting systems
- Lack of trust among people
- Weak book-keeping capacity
- Lack of clarity in roles and responsibilities of managers and directors of CFIs



### Credit Unions in Cambodia

In Cambodia there is a weak level of voluntary savings mobilisation in rural areas and high levels of people keeping their savings at home. This impacts negatively in two main areas as the rural poor do not have access to formal deposit services and there is a lack of local funding to finance the expansion of Community Finance Institutions (CFIs or Federations) and the services they are able to offer members.

The post-conflict period of the last two decades has seen the emergence of village-based savings banks<sup>3</sup> 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. To date, 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.

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<sup>1</sup> Asia Resource Centre for Microfinance, 2007

<sup>2</sup> Matthews, B. 2005

<sup>3</sup> Many terms are used to refer to village-level savings banks, including: credit unions; cooperatives; self-help groups; savings groups; and are used interchangeably throughout this document.

The credit union movement offers a pro-poor alternative to the finance services of other providers in rural areas. Savings banks 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 time 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.

CUFA operates a Building Institutional Capacity Program that works towards addressing these identified weaknesses in an effort to professionalise the credit union movement in Cambodia.

To build the long-term capacity and sustainability of credit unions, the CFL program focuses on the next generation. Teaching financial literacy from an early age and linking these children with the local savings banks increases opportunity for these children when they reach adulthood because they will have money saved to meet educational costs or to start a local business to earn an income. Children's financial goals are long term and their growing savings therefore also assist their local community because these funds increase the loan pool available for other savings bank members. Loans may be accessed to establish or expand businesses bringing more cost-effective services to the local area decreasing people's need to travel long distances to purchase goods and commodities.



## Cooperatives in the country

Cambodia has a population of 15.2 million people, of which approximately 80 per cent live in rural areas. An estimated 17.7% per cent (World Bank 2013) of the population live under the poverty line earning less than \$1.25 (PPP)<sup>4</sup>. Those in rural areas are much more likely to live under the poverty line than those in urban areas<sup>5</sup>. The Cambodian financial sector is underdeveloped, lacking rural development banks and limited by a weak rural finance network. The 34 commercial banks and eight specialised banks in Cambodia only operate in Phnom Penh and the major provincial towns<sup>6</sup>. The development of regular commercial lending activities has been constrained in rural areas by the high costs of operations, the inability to verify and enforce property rights, and the low level of economic activity<sup>7</sup>. The overwhelming majority of rural people have almost no access to formal forms of financial services.

There are a number of microfinance service providers in Cambodia, but because many offer similar products in the same area they are competing with each other for members<sup>8</sup>. In the rural areas there are virtually no branches of banking institutions. Because of this most savings and loan microfinance institutions (MFIs) operate in urban and easily accessible rural areas and their outreach is limited in more remote, rural regions<sup>9</sup>.

<sup>4</sup>World Bank, Poverty & Equity Databank, 2014

<sup>5</sup>World Bank Report 2006

<sup>6</sup>National Bank of Cambodia, 2014

<sup>7</sup>Asia Resource Centre for Microfinance, 2007

<sup>8</sup>ibid

<sup>9</sup>ibid



According to the Asia Resource Centre for Microfinance (ARCM) there are twelve main players in the market in Cambodia each holding more than Riel 1 billion (US\$250,000) in outstanding loans and having more than 5,000 clients<sup>10</sup>. The main microfinance providers are:

- ACLEDA (Association of Cambodian Local Economic Development Agencies) Bank
- PRASAC (Programme de Rehabilitation et d'Appui au Secteur Agricole du Cambodge) MFI
- AMRET
- Cambodian Entrepreneur Building (CEB)
- Thaneakea Phum (Cambodia) Ltd (TPC)
- Hattha Kaksekar Ltd (HKL)
- Seilaniithih
- CREDIT
- AMK (Angkor Mikroheranhvatho (Kampuchea)
- Vision Fund
- CCSF (Cambodian Community Savings Federation)
- Maxima
- Credo

In Cambodia today, microfinance is heavily supported by donor organisations and it remains credit driven. In general credit portfolios are still financed by external donors or investors, and not by depositors<sup>11</sup>.

Trust and sustainability are two major hurdles in viability for financial institutions in Cambodia. During the Khmer Rouge

regime neighbours and family members were encouraged to spy and report offences that included owning a business and saving money<sup>12</sup>. By both demonizing savings and business practices and destroying trust within the social framework of villages, the finance sector has been affected. Additionally, poor banking regulation after the fall of the regime and an influx of poorly executed microcredit schemes have further eroded the trust of Cambodians. Poor and corrupt banking practices have left depositors without their savings as banks opened and closed, deteriorating consumer confidence and trust in financial institutions<sup>13</sup>. Microcredit programs in the country have been largely credit driven rather than building up the capacity of their clients and the institutions itself. This created a dependency cycle for participants, which in turn depleted the resources of the program causing some programs to withdraw from the country. This left those who did save and those who became dependent on the program with nothing. In order for a financial program to be viable a region, an effort to show sustainability and institution building must be part of the strategy to win back the trust of the local people<sup>14</sup>.

<sup>10</sup>ibid

<sup>11</sup>ibid

<sup>12</sup>Matthews, B. 2005

<sup>13</sup>Asia Resource Centre for Microfinance, 2007

<sup>14</sup>Matthews, B. 2005

## Appendix D: The World Credit Union Movement

Credit unions worldwide offer members from all walks of life the ability to not only access financial services but to also provide members the chance to own their own financial institution. This helps them create opportunities such as starting small businesses, growing farms, building family homes and education their children.

### Credit Unions

Credit unions are not-for-profit, member-owned financial cooperatives funded largely by voluntary member deposits. Members share a common bond, such as where they live, work or worship. Service to the poor is blended with service to a broader spectrum of the population, which allows credit unions to offer competitive rates and fees.

### World Council of Credit Unions

The World Council of Credit Unions is the global trade association and development agency for credit unions and was founded on the belief that all people have the right to affordable, reliable and accessible financial services.

World Council promotes the sustainable development of credit unions and other financial cooperatives around the world to empower people through access to high quality and affordable financial services.

## Appendix E: Government Relations

### Cambodia

CUFA is a registered as an NGO in Cambodia and has a Memorandum of Understanding with relevant partner organisations such the Ministry of Education, Youth and Sport of the Kingdom of Cambodia and with Directors (Principals) and teachers from schools that it works in cooperation with.

### Strengthening Credit Union Capacity

There is a legacy of distrust casting a long shadow over any efforts to build institutions in Cambodia. To strengthen and build the capacity of credit unions in Cambodia it is therefore imperative that the issue of trust is addressed. Matthews strongly believes that without building a strong connection between people, institutions, and trust; savings will remain hidden in the home (e.g. in bamboo poles) or alternatively tied up in

high-risk strategies like livestock and gold.

Trust is therefore integral to the success of strengthening the credit union capacity in Cambodia. Trust may be achieved in two ways. Firstly, by increasing knowledge and education surrounding credit unions so that people understand the benefits a credit union may bring to the local community and also how the credit unions should be structured, operated, and governed. Secondly, it may be achieved by encouraging the infiltration and implementation of this knowledge and education into the credit unions operating across Cambodia. When people understand the framework put in place by savings banks to protect their money and they can see that their local savings bank is indeed transparent in all that they do, this will work towards building a connection between people, institutions, and trust. Trust will lead to increased membership and increased member savings.

The CFL Program works to strengthen the credit union movement by linking children to their local savings bank. CUFA will provide financial literacy to 10,000 children (aged 7-12). These children will be provided with five lessons during the course of the year. To encourage linkages with the local savings banks, CUFA will invite credit union leaders to share information about their savings bank with the children. CUFA will continue to conduct 'Savings Tours' which were initiated in 2009 by taking children to the savings banks to build their understanding of the benefits of opening a savings account.



## APPENDIX F: THE CAMBODIAN SCHOOL SYSTEM

The Cambodian education system is structured as follows:

Primary education lasts six years and is compulsory. Primary education is considered as the basic first stage of education.

The purpose of primary education in Cambodia is to ensure that every student has acquired: knowledge of Khmer language and mathematics; knowledge of the national identity; an understanding of moral and civic responsibilities; the everyday life skills that enable participation in their local community life and Cambodian society; a basic understanding of the natural world and of scientific principals; and communicative competence in a foreign language.

Secondary education is divided into two cycles: lower secondary lasting three years, and in principle compulsory; and upper secondary, which is not compulsory and also lasts three years. Upon completion of lower secondary education (year 9 equivalent), students sit a national examination and if successful receive the basic educational diploma. At the end of upper secondary education students having successfully passed the national examination are awarded the high school diploma. Students may also choose to attend technical and vocational education and training instead of upper secondary school.

The Cambodian school year runs from early September to July and includes three terms.



School Level	Number of Schools	Number of Students Enrolled	Number of Teachers
Primary	6,665	2,239,757	50,378
Lower secondary	1,172	585,115	18,579
Upper secondary	383	323,583	
Technical and vocational education and training	210	42,212	Not available

\*statistics taken from UNESCO-IBE ([www.ibe.unesco.org/](http://www.ibe.unesco.org/))

## APPENDIX G: CROSS-CUTTING ISSUES

### Social

During the January 2007 monitoring visit, savings bank staff and active members indicated to CUFA that trust is the biggest issue in attracting members. As previously mentioned, trust between neighbours was eroded during the Khmer Rouge regime and then trust in the financial sector was lost by the frequent failures of both banks and NGOs finance programs in the country. Building trust is the key to successful development<sup>15</sup> (Matthews, 2005). During the building opening at Khnach Romeas and Nirontarakpheap savings bank buildings at Battambang province, it was indicated that children should be educated with financial literacy. The children's literacy program will lead the children to acknowledge the importance of saving in the savings bank therefore when they grow up, they will have experiences in saving and the increase trust toward the savings bank.

By attending the CFL program, children will be encouraged not to follow their parents' traditional ways of saving (E.g. investing money in gold, hiding it in the pillows or in bamboo boxes or saving money in clay pigs for the long term). Additionally as a result of the CFL program the children's parents may change their savings habits and start depositing their money in the savings bank.

### Human

Human resource capital will be strengthened through the provision of financial education to the children from young ages. Children will be able to gain experiences about the credit union movement and will be encouraged to become involved in their local credit union for the long term.



### Environmental

There are no foreseen environmental impacts as a result of the project, although access to savings and credit has the potential to decrease the rural population's dependence on agriculture as a subsistence income. Problems of low agricultural yields put additional stress on the environment and access to loans will improve diversification of production. The loans can be used for micro enterprise and the community can engage in diversified income generating projects that do not rely on using environmental resources to survive.

### Financial

Credit unions are built on mutuality and transparency of accounts. With the CFL program it will help to strengthen the children's ability to start to save money for their short and long term goals from young ages. Children will also get an understanding of the amount of effort their parents have made to earn capital to support them as well as understand how a savings bank operates. Children will generate their own savings providing them with financial independence. The program will complement the savings mobilisation efforts of the local savings banks helping them to attract new membership and increase their available loan pool. The program will help parents to comprehend the riskiness of stockpiling their savings at home, in the clay pigs, or livestock and promote depositing their savings with the local savings bank for safety and interest accrual.

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<sup>15</sup>Matthews, B. Towards Safety and Self-Reliance:

Community Finance and Public Trust



## Physical

By having their own savings children are able to afford to buy their study materials, bicycles and better clothes. Children can also think about their and work towards education goals. Additionally increased membership and savings in the credit unions will lead to community development (e.g. road construction for more efficient travel and scholarship availability at the local schools).

## Rural development

While Cambodia has experience moderately strong economic growth, the growth has been concentrated in urban areas. The rural-urban income<sup>16</sup> gap is widening due to slow growth in rural incomes, and this presents as a major issue when approximately 80 per cent<sup>17</sup> of Cambodia's population live in rural areas. The development of a healthy rural economy is paramount to achieving Cambodia's economic and social goals. Cambodia is well-endowed with natural resources but fails to reach its potential because of low productivity, high vulnerability to weather, constrained access to land, forests, fisheries and markets, and lack of adequate infrastructure (such as roads, water supply, electricity and communications networks).

Through the CFL program communities will develop a better understanding of financial literacy and an appreciation for the benefits of savings. Increased savings will provide communities with a contingency strategy in the event of

unforeseen circumstances e.g. natural disaster.

Rural Cambodia is still at risk of food security but savings mobilisation and access to loans may lead to the use of capital machinery and irrigation systems assisting to improve agricultural productivity and increase food supplies. Increased production will generate flow on effects of fund injections into the local village economy leading to community development.

## Gender

Cambodian society remains largely patriarchal and hierarchical, with strong traditional norms that assign higher status to men. Disparities between men and women in resources, decision-making power, and basic social well-being, coupled with widespread poverty, stand as significant constraints to sustainable economic and social development. The international credit union system has a set of Operating Principles, one of which is non-discrimination on the grounds of gender. CUFA and its partners follow this operating principle in all program and project activities, and design is invariably based on equal opportunity and access for girls and boys to participate in the Children's Financial Literacy Program and exposure.

Data shows that males have greater education opportunities than females in Cambodia. The gender gap has been found to increase in size at later stages of education<sup>18</sup> as girls face such as problems of transportation, security and household responsibilities. The CFL program encourages equal participation of girls and boys.

Poverty is more acute among Cambodian women than among men in all socio-economic groups. Women have fewer resources, decreased access to healthcare, education, financial services and less food security. However on average women contribute to more than half of household income<sup>19</sup>. During regular CFL monitoring visits, the CFL team predominately talks to women and disseminate information to women increasing their knowledge of financial management and linking them with local credit unions increasing their access to financial services and economic participation.

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<sup>16</sup>World Bank Group 2008

<sup>17</sup>United Nations 2012

<sup>18</sup>UNIFEM 2004

<sup>19</sup>ibid



## Peace building

Credit union members usually have a common bond based on a community, organisational, employee or religious affiliation. This common bond is open to all as there is non-discrimination within membership. The common bond establishes a degree of mutual accountability among the members that minimises the risk of default on loans, which in turn encourages active support and a responsible attitude from the members towards their credit union. With the increases in membership and savings the savings bank provide a sense of empowerment and community ownership of the development process. This contributes to trust levels and community cohesion as people come together to create a joint solution to access good health care, better living standard and community development.

The CFL program links children to credit unions and assists in developing a sense and community through participatory rural development. As children save in credit unions this helps to community to generate a greater savings pool. In addition children are likely to continue to hold accounts with the credit unions in the future and therefore will extend the sense communal bond and ownership of the credit union to the next generation. CUFA will monitor the progress of trust building in their credit unions through speaking with the communities and assessing the numbers of new credit union members and increases in savings.

## Youth

The CFL program directly targets children in rural provinces who represent almost a third of the total population. Unlike most Asian countries, characterised by high domestic savings, Cambodia is an exception. As children become linked to credit unions this leads to a greater pool of savings thus reducing Cambodia reliance on external funding and facilitating an independent sustainable financial sector.

## Disability

CUFA is taking proactive steps to ensure that people with disabilities can access the opportunities afforded by membership of credit unions and the wider community benefits of these initiatives. CUFA has employed a specialist who will work with all staff to develop awareness of the special needs and particular vulnerabilities of people living with disabilities, and design appropriate inclusion strategies including the development of appropriate flexible training modules.

# APPENDIX H: EXAMPLES OF THE RONNIE THE RIEL RESOURCES



**ការផ្សព្វផ្សាយរបស់ រ៉ូនី អ៊ីវ៉ូល**

អង្គការយុវជនកម្ពុជា គាំទ្រដល់វិស័យហិរញ្ញវត្ថុកម្ពុជា ដោយផ្តល់នូវការបណ្តុះបណ្តាល និងការគាំទ្រដល់សហគមន៍ហិរញ្ញវត្ថុកម្ពុជា ដើម្បីឱ្យមានការរីកចម្រើន និងការអភិវឌ្ឍន៍សេដ្ឋកិច្ចជាតិ។

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**The Adventures of Ronnie Riel**

រ៉ូនី អ៊ីវ៉ូល បាននាំយកមកជូនដល់សហគមន៍ហិរញ្ញវត្ថុកម្ពុជា ដើម្បីឱ្យមានការរីកចម្រើន និងការអភិវឌ្ឍន៍សេដ្ឋកិច្ចជាតិ។



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