



ANNUAL REPORT 2004

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1. CCSF AT A GLANCE

Legal Status:

CCSF is an apex community based micro-finance organization of consolidated numbers of community saving banks, which was previously known as Small Economic Activity Development Project of CARE Cambodia, financially supported by AusAID through CARE Australia. CCSF is newly transformed from the project of CARE Cambodia on 1 January 2003, and has been officially registered under Ministry of Interior on 6 December 2002, and National bank of Cambodia as a micro-finance operator on 7 March 2003. CCSF is also an affiliate member of Association of Asian Confederation of Credit Unions (ACCU) Approved by ACCU Annual General Meeting in Malaysia .

CCSF is a pioneer of Credit Union promotion in Cambodia respecting nine operating principles of the Credit Unions through promotion of establishment of saving banks in 9 districts of two provinces in the northwestern region of the country, Battambang and Banteay Meanchey provinces.

VISION:

A sustainable Community Based Micro-Finance Organization involved in poverty alleviation.

MISSION:

To provide affordable financial services to the communities especially low-income families, to improve their living standard.



OBJECTIVES:

- Educate and motivate people about the importance of savings and credit and help them to be self-reliant in development.
- Promote, establish and strengthen self-managed savings and credit banks.
- Support, organize and conduct various types of training, education campaigns, seminars, workshops, etc. with a view to developing human resources and local leadership as needed.
- Provide necessary support and technical guidance to its member societies and potential new groups and enhancing their resources and development capabilities.
- Undertake and facilitate other necessary promotional functions for the benefit and development of the savings and credit groups/societies.
- Facilitate and support the groups to conduct various self-organized income generating activities.
- Provide linkages between the savings and credit union movement and other line agencies and coordinate the activities with them as appropriate.

2. OPERATIONAL ACHIEVEMENT

2.1 MANAGEMENT & GOVERNANCE

2.1.1 Saving bank level:

When the scale and scope of the saving banks are still small, day-to-day operation is managed by the executive committee, composed of 3 members, who are elected by the membership meeting at the first day of establishment of the saving banks.

Basic awareness training is on going provided in the field by CCSF Member Service Officers (MSOs) to the ordinary members, committee members, and local authority, including village commune and district chiefs, aiming at introducing importance of the savings for the poor and importance of being membership of the saving banks. Basic bookkeeping is also on going provided to the executive members in the field.

Informal Training Modules:

- Simple bookkeeping
- Self-help through saving action
- Mutual Help through credit action
- What is saving banks?
- Roles and responsibilities of the saving bank committee.
- Family budgeting.

However, when the operation of the saving banks is growing, the member organizations are encouraged to elect Board of Director, composed of at least five members, and Supervisory Committee, composed of at least 3 members. As of December 2004, 25 saving banks have elected BoD, with 96 members, of which 39 are female, 69 Supervisory committee members of which 36 are female. The BoD has appointed 99 Credit Committees which 57 are female. In sum 51% of the total leadership are female.

During the reporting period, two saving banks have decided to build an office space by borrowing institutional loans from CCSF. As of December 2004, there are 3 larger saving banks have their own offices.

To manage day-to-days operation, larger saving banks, especially those have offices, has hired 9 employees, while the smaller saving banks hire 3 full time employees, as depending on the revenues. In sum, 15 saving banks have hired 64 full time employees, of which 41 are female.

Given such of growth, CCSF is encouraged the member organizations to improve their internal policy & procedures, which include: saving and loan policy, operational policy, which is used as a guide to instruct them to manage daily operation effectively and efficiently.



A training center has been organized to provide series of advance training aiming at enhancing the capacity of the directors and management of the member organization in management and governance issues.

Advanced technical training has been conducted during the reporting period:

1. Good loan management.
2. Loan delinquency Management & Control.
3. Advanced bookkeeping.
4. Credit Union Leadership development



Numbers of workshop/training have been conducted during the year in order to build and advance the capacity of the director, management and staff of the saving banks. Those training workshop are listed below:

- Importance of savings (2 courses)
- Building leadership vision (2 course)
- Effective cooperation and governance towards sustainability

Results:

184 saving bank leaders of which 53 are female participated in the workshop/seminar.

Another workshop has also been conducted during the year is workshop on Savings & Cooperation with Local Authority participated by 81 Village, commune, and district chiefs.

2.1.2 Federation level:

To ensure staff competency in playing advisory roles to the member organizations, series of technical training has been provided to CCSF staff, as such:

- i. Advanced bookkeeping,
- ii. Financial Performance Analysis (PEARLS),
- iii. Basic awareness of HIV/AIDS,
- iv. Good loan management.

Staff also sent to abroad training/ workshop/ seminar/ exposure program organized by ACCU as followings:

- i. Advanced Credit Union Management & Governance (5 staff),
- ii. Competitiveness of Asian credit Unions (1 staff)
- iii. Professional Micro Finance development program (2 staff),
- iv. Women Entrepreneurship development (1 staff),
- v. Korea Friendship exposure program (1 staff),
- vi. Exposure program to visit successful Credit Union in Thailand (18 staff).
- vii. Exposure program to visit successful Credit Union the Philippines (1 staff).
- viii. ACCU Pre-forum training/ workshop and forum in 2004 in Korea (1 staff).

3. PERFORMANCE OUTPUTS

3.1 Geographical coverage

During this reporting period, the program has been replicated in another new district, Mong district, in Battambang province financially supported by Canadian Cooperative Association (CCA), and another district in Banteay Meanchey, Preh Netpreh ditrict, which financially supported by AusAID. So far, 9 districts are being implemented saving bank program.

District name in Battambang

2. Sangke
3. Battambang
4. Banan,
5. Ek Phnom
6. Thmorkol,
7. Bavel, and
8. Mong

Number of village and communes:

- 39 communes,
- 191 villages

District name in Banteay Meanchey

1. Mongkol Borei, and
2. Preh Netpreh

- 5 communes,
- 23 villages

Grand TOTAL:

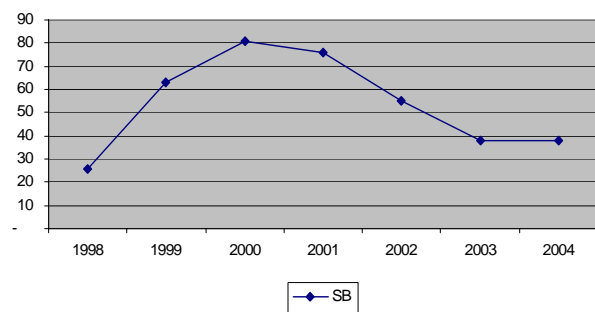
- 44 communes,
- 214 villages

3.2.Outreach:

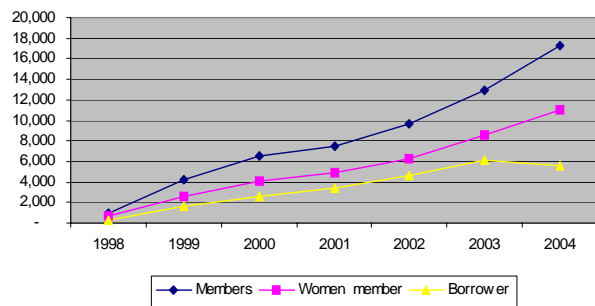
The graph in table 1 has shown the number of the saving banks which has been increased in the few years since the saving mobilizations program has been promoted in the country, and decreased in the last 4 years. The main reason of the decrease is due to small saving banks were unable to be Operational Self-Sufficiency, and therefore, they are encouraged to merge with the larger saving banks.

As of 31 December 2004, there are 38 active saving banks with 17,302 individual active saver members, of which 11,002 members are female. Among those, 5,634 active borrowers, who have borrowing loans from the community saving banks for setting up and improving their businesses. Table 2 shows the saver and borrower statistic that have been reached.

Table#1: Saving Bank Statistic

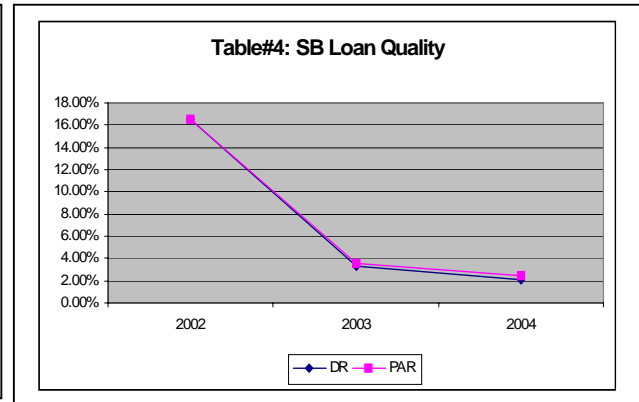
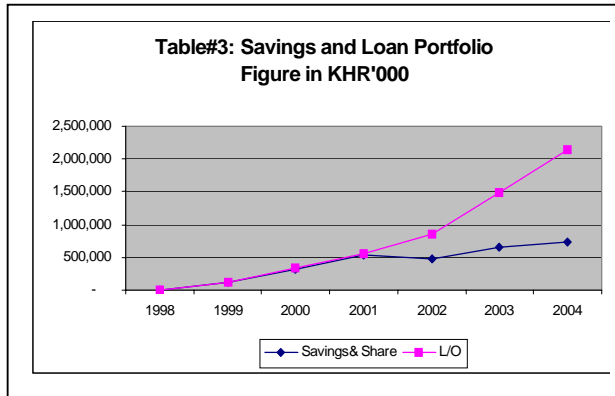


Table#2: Member Statistic



3.3. Portfolio of the saving bank movement:

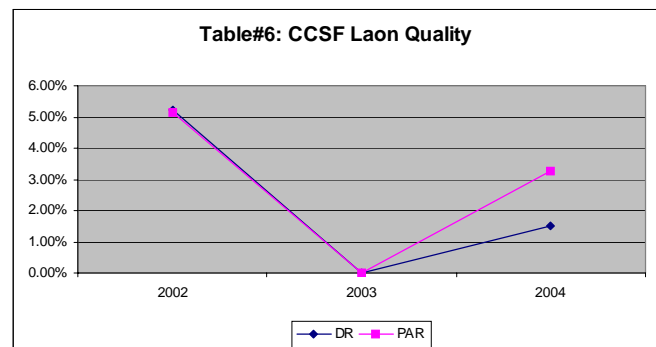
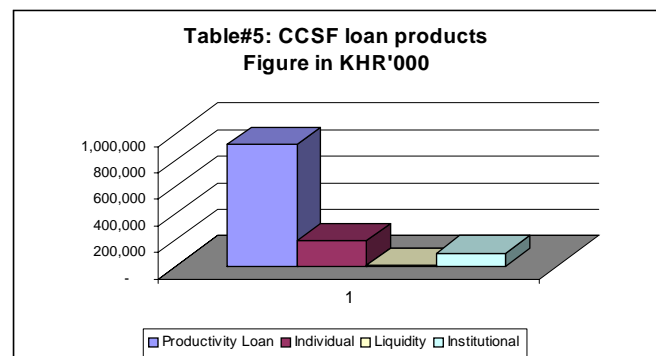
CCSF is a leading organization in Cambodia in encouraging the local Community Saving banks to promote and mobilize member's savings. The program has been designed in the way to encourage the poor to build savings and thrift habit, aiming at building their liquidity asset to improve the family livelihood. Table 3 shows the amount of member's savings and loans. Overall loan quality of the saving banks is quite good, 2.1% delinquency ratio and 2.31% portfolio at risk. Compared to the last two years, the delinquency ratio of all saving banks decreasing from 16% to 2%.



3.4 Portfolio of the Federation:

Besides providing technical assistance to the member organizations, CCSF is also a whole sale organization to provide financial services to the members through promoting savings and granting loans to the members for the retails sale. As of 31 December 2004, the Federation has collected savings amounting 126,863,000 Riels and granted loan to the members amounting 1,188,487,500 Riels for 4 main purposes: Productivity loans, Liquidity Loan, Institutional loan, and Individual loan. Table xx has shown different loan types have been granted to members.

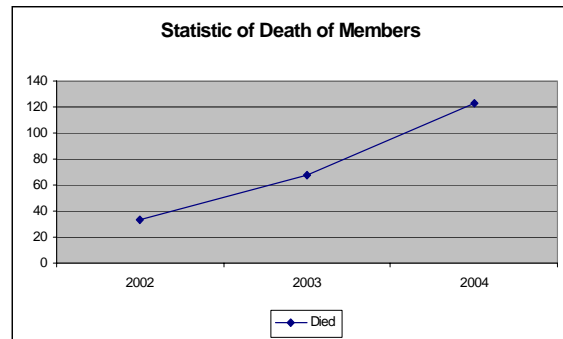
The delinquency ratio is 1.53%, while the portfolio at risk is 3.28%. The ratio was grown up very high in 2002, and then gone down to 0% in 2003, and grown up in 2004.



3.5 Loan Protection & Life Saving Program

Improving Social Welfare of the members is one of CCSF mechanism. Along with technical assistance and financial services provided to members, CCSF also offers another non-financial product, Loan Protection & Life Saving (LPLS) program. As of 31 December 2004, 15,595 members have availed CCSF LPLS program.

The program aims at to support the dead family members to continue maintaining their livelihood, through double savings claims for saver family members or repay loan back to the saving banks on behalf of the dead under the slogan "debt die upon member die". This is a special program, which is served only to saving bank members. From year to year, the number of death is increasingly. The reason of death is mostly from illness and accident.



To minimize possible risks that may occur to the LPLS program, Technical Expert from Interpolis is invited to conduct portfolio analysis, which financially supported by Agrterra/ACCU. Important recommendations have been made to improve the system, which will be considered to be undertaken in the next financial year.

4. POLICY ADVOCACY

CCSF is a pioneer of credit union promotion in the Cambodia, which is the only institution that enabling to poor to own their own financial institution at their communities. Credit Union model has a unique role in empowering the local people to gain access to resources and become productive actors of their societies.

Unfortunately, there is no credit union law in Cambodia, so far. So, CCSF is playing an important role in policy advocacy at the national level. Given such of role, CCSF has organized a National Workshop on Credit Union Law Initiative participated by donor agencies, Senior Officers of the National Bank of Cambodia, and other concerned agencies, with technical and financial support of ACCU,



Following-up the National Seminar, CCSF has organized a exposure program participated by Senior Officers of NBC, and Representative of the Rural Development bank to visit Regulators of Royal Thailand Government, and Credit Union Leagues of Thailand.



By the end of the exposure program, the team has decided to draft a Credit Union Prakas (Royal degree), which will be supported by ACCU.

5. Monitoring & Evaluation/ Assessment

5.1 saving bank level:

Simple accounting procedures have been introduced to larger saving banks, and 69 staff has been trained on how to test and implement it.

Regular on-site and off site monitoring has been conducted by CCSF staff to the member organizations ensuring that the daily implementation is in compliance with the internal policy and procedures.

Small working groups are encouraged to establish by the saving banks aiming at to conduct regular visit to members at the working place to identify issues surrounding the products and services, and especially to check loans which granted to members.

Semi-Annual internal financial audit to the saving bank is conducted by CCSF staff aiming at to identify 3 main issues: 1) ability to do bookkeeping, 2) capacity level of management and directors, and 3) loan checking. Having such of system, the management of the saving banks will have opportunity to identify areas that need to be improved as well as to ensure transparency, which is a basic element of building trust among the poor.

A concept of prudential monitoring system has been introduced all member organization through the technical workshop aims at to get the leaders of the saving banks understand their important roles in monitoring and evaluation of their saving bank movement.

5.2 Federation level:

There are three main assessments/ audit has been conducted during the reporting period:

- i. Impact assessment, which is conducted by external consultant team co-financially supported by AusAID and CCA,
- ii. Micro-insurance feasibility study conducted by External expert from Interpolis financially supported by Agriterro / ACCU.
- iii. Financial audit is conducted annually by external audit firm, Morinson Kak co-financially supported by AusAID & CCA.

The accounting system has been upgraded and improved.

6. Future Plan/ Direction

To reinforce the mission, CCSF will consider to address 11 major activities:

1. Develop 5 year business plan 2005-2009,
2. Scale up portfolio, expand outreach, and geographic coverage within two provinces,
3. Restructure the management system through establishment of sustainable branches,
4. Improve the administration, accounting, and reporting system,
5. Coordinate market survey, market and portfolio analysis for the LPLS and new product, Mutual Welfare Program,
6. Improve internal related policy and procedures,
7. Coordinate round-table discussion on Credit Union Law/Prakas,
8. Conduct advanced training for the member organizations,
9. Fund raising to support the implementation of the business plan,
10. Review internal auditing procedures, and test it, and
11. Coordinate basic awareness training promotion on HIV/AIDs in the target areas.

SAVING BANK STATISTIC (AS OF DECEMBER 2004)						
No	Name of SBs	Inception date	Members	Saving balance	Share balance	L/O Balance
1	Ek Phnom	15/09/98	1,414	76,044,700	11,168,600	157,394,600
2	Kampong Preng	27/01/99	615	19,459,300	5,550,700	65,477,000
3	Watanak	25/02/99	1,219	47,297,500	15,925,500	207,565,000
4	Khemara	28/10/98	1,143	43,705,600	22,304,100	168,223,200
5	Omony	24/12/98	369	12,866,300	4,926,100	29,530,000
6	Kanteu 2	15/03/99	816	27,455,600	6,403,800	143,790,000
7	Kampong keuth	19/03/99	180	8,200,300	1,225,700	64,217,400
8	Baydamram Sdao	2/2/1999	398	29,135,500	6,080,500	61,670,000
9	Akphiwat	25/09/98	1,479	85,555,600	23,712,100	205,897,100
10	Takream	27/01/99	306	23,252,200	7,542,600	57,935,000
11	Omali	1/1/1999	953	41,595,900	10,143,600	109,754,200
12	Samaky	25/01/99	692	35,077,700	6,776,700	100,868,400
13	Chankar Samrong	25/12/01	453	11,203,600	2,724,100	51,973,000
14	Taprouch	2/12/2002	366	12,456,000	1,898,900	26,700,000
15	Khum Chrey	18/12/98	1,511	73,359,200	23,385,000	203,778,600
16	Nikum Boeungpring	13/05/00	99	3,034,900	595,000	4,765,000
17	ang Chroneang	23/05/00	344	16,422,600	5,933,800	49,745,000
18	Roung Chrey	20/07/00	297	11,997,600	4,825,000	26,190,000
19	Bansaytreng	18/09/02	326	7,597,000	965,000	22,490,000
20	Preytotoeung Bavel	4/10/2000	702	35,402,000	7,637,100	114,050,000
21	Khnach Romeas	4/10/2000	1,018	40,335,600	10,044,100	130,385,000
22	Kdol Taken	20/10/01	576	17,760,500	3,135,000	86,320,000
23	Ressey krok	19/08/03	476	9,550,500	425,000	21,020,000
24	Phnom Touch	21/09/03	270	9,698,000	420,000	12,290,000
25	Oprasath	11/2/2004	161	6,804,000	145,000	8,180,000
26	O Sgnouth	5/4/2004	91	4,336,800	80,000	4,680,000
27	Kandal	20/05/04	96	922,400	104,000	1,090,000
28	Poysamrong	24/05/04	200	3,417,400	155,000	4,080,000
29	Poykdoeung	6/8/2004	58	324,100	33,500	420,000
30	Chub Vary	8/10/2004	64	391,500	55,000	500,000
31	Kea 1	24/03/04	58	697,000	170,000	910,000
32	Chamrieunphal	26/04/04	45	660,000	108,000	740,000
33	Chrey Chamroeun	22/03/04	64	856,000	135,000	960,000
34	Reamkun	25/03/04	51	529,500	130,000	530,000
35	Re Ressey 2	24/05/04	58	799,500	87,000	350,000
36	Kansay Banteay	27/05/04	213	7,447,400	517,000	8,736,400
37	Robos Monkol	17/06/04	81	1,598,000	234,000	1,630,000
38	Tatok 2	25/06/04	40	486,000	53,000	520,000
Total:			17,302	727,733,300	185,754,500	2,155,354,900

Reported in local currency-Riels. US\$1 = 4000 Riels.