

worldrenew.net/cambodia

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Key Facts of Savings Groups

- Currently 257 savings groups have been set up through World Renew Cambodia.
- The average savings group has been in place for four years.
- The average number of members per group is 21.
- The amount of capital in savings groups ranges from US\$150 to US\$27,000.

Building Trust and Financial Sustainability

A Story of Transformation



Kathleen Lauder
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The meeting hall in Takeo wasn't much. A walking path from the village center led us behind a couple of houses to a small cow pasture where a cement structure stood. It had a roof and two walls, one unfinished. We sat on plastic lawn chairs as members slowly arrived by motorbike or on foot.

Forty percent of the population of Cambodia is defined as "near poor" meaning that they would fall back into absolute poverty with an income loss of just 30 US cents per day.

In poor villages across Cambodia, the stories are much the same. Villagers have little trust in their neighbors, they don't work well together, and community members struggle to earn a living, which leads to high migration rates.

In these conditions, how do you build a sense of community? How do you teach a community financial sustainability? Savings groups appear to be a key factor in resolving these challenging questions.

World Renew and our partners have found success in establishing savings groups in our target communities. The villagers learn to trust one another. They build a community network. They are empowered by owning the creation of their own financial security.

When a savings group is established in a community, a committee is set up to provide leadership to the group and manage the bookkeeping. The group members in-

Villagers sell frog legs to passing travelers.



vest each month, anywhere from \$1 to US\$5.

Kim Sovann is the elected leader of the Takeo savings group. She only has a 4th grade education, but she is considered the most trustworthy person in her village. To help her in her elected role, she took classes in bookkeeping and leadership.

"It gives me a real sense of continuing my education and a new hope for the future," Sovann says.

The village of Takeo is known for their frog legs, a well-seasoned meat that is grilled in markets throughout Cambodia. Through their savings group, members see their capital grow little by little. With more capital they have more money to loan out. By using these small loans, families can not only expand their businesses, they can also better manage their expenses—school fees, emergency healthcare, weddings, and small farming projects.

"We want to reduce the number of people who have to borrow money from micro-finance institutions or banks," Sovann explains.

Formal institutions and banks charge high interest rates and are less flexible on their terms. They also charge late fees. For agriculture-reliant communities who are paid seasonally, it is difficult to function within the bank's terms. Many families become bogged down in debt and eventually pull



A savings group leader goes over the books during a monthly meeting.

other locations must follow a few basic guidelines from World Renew, but each village can decide within these guidelines what their own rules are for the monthly payment schedule and interest. They can also decide as a group how to manage members who pay late—meaning there is generally more leniency.

Another advantage of this type of group over traditional lending institutions is that the money raised from the interest the group members agree to pay on their loans stays in the community. For example, 1% of the interest paid goes for administration fees, 1% goes back into the group's capital, and 1% goes towards a larger community project such as road repair.

Transparency is the key to building trust within the group. Once a

month, all of the group members meet to discuss what they are working on and share their failures and successes. They give each other support in developing their projects. Together, they collect money and then decide how to loan it out.

Lao, the community organizer at Phal Dambong Church, explains how their savings group also plays a role in ministry to the community. "Everyone in Takeo associates the savings group with the church. Most of the members of the savings group also attend the church and are involved in its activities. Not only are they an example of the good the church can do in the community, but the church can also see that groups can play an important role in the community's development."

their children from school so that they can work to help support the family. Many families lost their land and homes when they were unable to repay these loans.

The uniqueness of the savings group in Takeo is that it is structured to be flexible. Group members there and in

Prayers for Cambodia

We have much to praise about in the last three productive and fruitful months.

- Stephen Tsang (pictured at right), a friend and colleague from Canada, volunteered his time and resources to conduct a study of our savings groups. Working with our Program Officer Rith Chen, Stephen visited 27 savings groups in seven provinces over the course of three weeks. He provided some excellent recommendations. Pray that our plan for implementation of the recommendations over the coming year goes well.
- Praise for the enormous success of a workshop that gathered 111 participants from five communities in Chouk. The workshop, Improving Governance through Multi-stakeholder Partnerships, was held over three days. Community members, local government authorities, and business representatives all worked together to understand the importance of partnership in achieving good governance. The partnerships created at the workshop will continue as these groups work together to implement 11 pilot projects. The pilot projects planned at the workshop will help to improve livelihoods, health, and infrastructure in their communities.



Governance workshop participants share their vision for a community with good governance.



This village is involved in a participatory research process as part of the evaluation of World Renew's programs in Cambodia.

- An evaluation team from World Renew and Christian Reformed World Missions spent a week in Cambodia reviewing the Christian Reformed Church's joint programs here. Thanks for the wisdom and experience they brought to strengthen our work, and thanks for their encouragement.

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Rick DeGraaf, Tone Lindheim (Norwegian MA), Gil Suh (CRWM), and World Renew Cambodia staff celebrate the end of their successful strategic-planning workshop, facilitated by Brenda Melles.



Tone Lindheim (Norwegian MA), Brenda Melles, and female staff from World Renew say their goodbyes at the end of the strategic planning workshop.

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- Brenda Melles, a consultant from Canada, has been helping us over the past six months with our strategic planning process. She led us through a very effective strategic planning workshop in Kep that resulted in the completion of the strategic plan that will guide our work over the next five years.
- Thanks for time together in Cambodia with Tone Lindheim, international program director with Norwegian Mission Alliance. MA provides 78% of our funding here. With MA staff in Cambodia due to change over in June and strategic planning in process, MA and World Renew have been seeking to clarify the direction of our partnership. We started the process with open minds and hearts. We explored many options. We ended by celebrating the strong values we share in common and the success of our partnership. We agreed to continue with the strong financial support from MA to World Renew, while both organizations also expand their independent work in Cambodia.
- Praise for consulting support from former World Renew Country Consultant Rick Degraff. Rick is providing coaching to help with the transition to a new organizational structure. With Rick's support, the staff have all developed clear, results-based work plans. The clarity of direction has helped strengthen and motivate our team.
- Praise that trauma-healing training was well-received by participants and promises to bring meaningful improvements to the lives of our beneficiaries.

Walking into Angkley Village through the rice fields with a procession of staff and staff family members.



• On a more personal note, praise for an amazing birthday party for Kathleen in Angkley village where about 200 villagers and 12 partner and World Renew staff gathered to celebrate her 62nd birthday! Just about the best birthday yet!

Kathleen's birthday is honoured with a dance performance and speeches in Angkley Village.

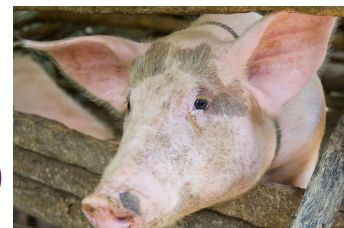
Global Volunteer Program

You can volunteer in Cambodia!

We are looking for an additional research/writers/documentation volunteer to assist with work in Cambodia.

See also: worldrenew.net/globalvolunteerprogram

Giving Idea



A Pig. When you give a family an adult pig, they can benefit right away from having pork to eat or sell. The family can also earn income from raising piglets for sale or build up their herd by raising more pigs to breed. Families learn to grow high-protein forage grass that helps the pigs grow well. **\$145**

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