

Savings-led microfinance as a platform for training and investment in agricultural technologies among Cambodian smallholders

Abstract: This project creates savings groups, using the Savings for Change model, as a platform to deliver training on agricultural technologies. Furthermore, it measures farmer investment in such technologies and gathers data on how the technologies are evaluated, used and altered by farmers.

Savings-led Microfinance

A savings group is an autonomous mechanism for saving money among a group of trusted individuals who can then borrow the money at a low interest rate (usually 2% per 28 days) for personal and business investments.



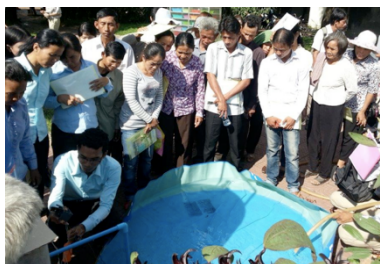
Savings group training.

Savings for Change (SfC) Model

- Group formation steps: household survey in village, promotion meeting, 7 group training meetings, 1 year of follow-up by SfC facilitator.
- No seed money, all funds are leveraged by group. Group also purchases record book and money box.
- Groups meet weekly and take or repay loans every 4th meeting.

Adding Agricultural Extension and Training to Savings Groups

Savings groups develop strong trust and self-confidence among members, especially as resilience and household food security are improved. The weekly meetings create new information channels and members increase their knowledge on accounting and profitability of investments. The commitment mechanism not only serves to strengthen the group but works to improve savings and willingness to invest.



Workshops on Horticulture Innovation Lab technologies

In November RUA hosted a workshop that brought farmers from savings groups and high value vegetable marketers together to learn about agricultural technologies and market opportunities in Phnom Penh.



Campus and on-farm demonstration and testing of technologies

A farmer and savings group member tested the nets on his field using his preferred design of the net covering 4 rows of Chinese kale. Results were compared with the same crop grown outside of nets that received 4 pesticide applications.



Connecting farmers and high value vegetable marketers

We bring farmers and marketers together in workshops, focus group discussions and field visits to foster relationships where information on crop production, market demands and prices can be shared among value chain actors.

Performance Report
Data from 12 Saving Groups March 2014 *

	Total	Average Per Group	
Profile of Groups	Registered members	148	12
	Members who are farmers	115	9.6
	Female members	125	10
	Male members	23	2

Savings Portfolio	Value of savings this cycle	15,798 USD	1,317 USD
	Cash in social fund	434 USD	36 USD
	Value of cash in box	3,748 USD	312 USD

Financial Performance	Members with outstanding loans	84%	
	Number of outstanding loans	124	10.3
	Value of outstanding loans	13,370 USD	1,114 USD
	Average loan amount	108 USD	
	Number of loans for farming activities	101	8
	Total value of loans taken for farming	20,705 USD	1,725 USD

* Groups will begin to close their first 12 month cycle of savings in April 2014.

Lessons Learned

- The savings groups need at least 6 months of regular group meetings before additional trainings can be brought to the group.
- New technologies need to be part of a solid business plan. When technologies are presented alone their potential goes unrealized.
- Marketers and input suppliers must be included in farmer workshops and trainings to have entire value chain.
- Bring farmers to campus allowed for better group discussions and served to strengthen relationships and understanding between farmers and RUA faculty.
- Farmers are willing to invest their time and money for good agricultural and financial services.