

Cambodian women farmers are proud of their new business skills

By Botumroath Keo Lebung and Antoine Touch

Kandal - For many households balancing a check book is as easy as 123, but thousands of illiterate female farmers in Cambodia lack the skills to complete these tasks with confidence. As the poorest smallholders, their lack of financial know-how and lack of assets as collateral make them a high risk investment for microfinance institutions.

Providing training in financial literacy and entrepreneurial skills along with banking services offers the poorest farmers opportunities that would not have existed otherwise, and this is where the PADEE project comes in.

Farmer Tep Sina, 40, is one of the thousands of poor female farmers who are benefitting from the Project for Agriculture Development and Economic Empowerment's (PADEE), which targets the rural poor in over 246 communes in Cambodia's five lowland Mekong provinces.

PADEE provides a solid financial education, from which all farmers benefit, and developed an alternative banking system comprised of a group-managed fund called Improved Group Revolving Fund (IGRF). The board is appointed by the 50 members of the group and approves or rejects loans, collects and manages money. The members, in their annual meeting, decide interest rates themselves. Eventually, the IGRFs are to be registered as cooperatives. This should be done within the next 2-3 years, before the project ends.

"We are thankful to receive business training and capital because with money safely deposited at Amret microfinance bank, we feel a sense of financial security that we have never experienced before," said Sina. "We sleep better without having to constantly worry about when the next meal will come to feed the family."

With the business skills she acquired, Sina is making business plans to fulfill her life-long aspiration. She hopes to open their first village grocery shop, where supplies ranging from palm juice, condiments, and ice, to mini-pack shampoo, utensils and phone credit can be found at just a stop away. The shop is an asset for their community, as in the heart of the countryside transportation is limited and costly. For Sina it is another source of income that will allow her to improve her current living conditions.

PADEE's overall objective is to increase agricultural productivity and help develop local businesses for poor farmers, especially women. The project is funded by the International Fund for Agricultural Development (IFAD) and implemented by the Cambodian Government and development partners, including the Food and Agriculture Organization of the United Nations (FAO), International Development Enterprises (iDE), and the Netherlands Development Organization (SNV).

The project helps both men and women, but gives special attention to female farmers, as they have been shown to play a significant role in agriculture production and family enterprise.



Uch Channy, treasurer of IGRF Boeung Kraom 3 Group, invests in chicken raising so her son (left) can attend school

©FAO/Cambodia B. Lebung

Rural women are largely responsible for feeding their family and they spend most of their income on food for their children. Yet, women have less access than men to productive resources, services and opportunities, such as land, livestock, financial services and education. FAO estimates that if women had the same access to productive resources as men, they could increase yields on their farms by 20–30 percent. Recognizing the vital contribution that female farmers make, PADEE works with them to increase their participation and decision-making in agricultural production for increased food security and family nutrition.

FAO supports PADEE by developing and implementing a financial literacy curriculum for 49 200 beneficiaries and help establish 984 IGRFs. During the FAO trainings, beneficiaries are taught on financial management as a means to generate family income.

"FAO addresses gender equity through the provision of financial resources, tailored curriculum, market linkages and technical assistance," said FAO Representative Nina Brandstrup. "With their own ingenuity and creativity, women in rural communities are empowering themselves to succeed as farmers."

"Financial training programme for female farmers in Cambodia is one of the initiatives FAO is involved in to help improve the lives of women in rural communities," she added.

As of December 2014, FAO has completed the training of 39 395 members from 772 IGRFs, of which 63 percent are women. One of the IGRFs, "Boeung Kraom 3," is where Sina serves as IGRF chairwoman. Each of the IGRFs has been tested on its first financial literacy assessment.

Sina's group scored 63 percent and barely passed due to accounting errors. Despite this, FAO rural finance coordinator Vong Chhim Vannak, who monitors the development of the project beneficiaries, thinks the group's poor performance can be viewed



as a positive thing. “Their poor results will inspire them to improve from their mistakes,” Vannak explained. “We learnt our lessons well and we hope to earn 100 percent in the next assessment,” affirmed Uch Channy, the group’s treasurer.

On the outskirts of Phnom Penh, “Kdei Kandal 2” obtained the highest scores among the IGRFs. The president of the group, Kruey Voeun, 28, explained that her IGRF’s members are putting their skills into practice. Members are borrowing to invest in fingerlings (fish raising), poultry or corn production.

As with all groups, they started out with the initial capital of USD 4 000, from which USD 3 250 is currently put to good use, invested by members in their various business ventures. For example, Kruey’s mother-in-law borrowed USD 250 from the IGRF to invest in her rice fields and doubled her investment in three months by selling her paddy rice to local buyers. Those who prefer saving up over investing earn dividends on their share in the group fund.

Another beneficiary, Duch Seangdy, 38, said piggery business is a lucrative investment. In four months, the mother of four expects

to triple her initial investment of USD 50, and explained she had already applied the skills acquired in FFS to construct pig stalls. “One of the most striking lessons was when the teacher explained that to get fat pigs, the barn has to have enough sunlight.” The loan she took from the IGRF also allowed her family to diversify with a piggery business, and send her eight-year old son to attend school and English classes.

“I feel a sense of relief knowing that my son is in school. With the extra money he is now attending English classes three times a week,” continued the proud mom. “Without the loan, none of these opportunities would have happened.”

Another beneficiary echoes similar sentiments. “Before the IGRFs existed, we constantly ran out of money and couldn’t expand our business activities,” said Sokhan Yeun. “With the initial capital base from PADEE, we are finally saving money because we are learning how to manage money better.”

While the opportunity to attend school came a few decades too late, the women in PADEE are still very eager to learn. ■

How the Improved Group Revolving Funds (IGRFs) initiative works:

Each IGRF comprises 50 members. The board is composed of a president, a vice president, a secretary, a treasurer, and three other members. It has the authority to decide interest rates, approve or reject loans, and is tasked to perform the necessary bookkeeping and loan repayment activities to maintain the group’s fund. Every month, on Banking Day, a mobile field agent comes to enter the transactions in an on-line computer system and to make sure there are no errors in the bookkeeping record and that necessary tasks are performed satisfactorily, e.g. cash vouchers and ledgers are filled in properly and loans are paid back on time. After each annual audit, IGRFs that pass the audit are allocated an additional fund of USD 4 000, or USD 80 per person, for a maximum USD 12 000. This allows for more loans and more ambitious business investments. These donated funds are called “non-withdrawable shares”, and serve as the basis for loans to be used by the members. The revolving fund allows members to save and deposit their own money as a “withdrawable share.” This allows them to increase the maximum size of their loans, and personal dividends from their share.

