



Supporting the **Transformation of Livelihoods**

Village Development Funds Managed by Self-Help Groups

BRIEF

The Asian Development Bank (ADB) - supported Cambodia BCCI project takes a multi-purpose, sustainable, biodiversity landscapes approach.

The Project covers 22 communes (12 in Mondul Kiri and 10 in Koh Kong) across 10 districts with a total population of approximately 68,048 (2008 census) and households numbering just over 14,000.

The Project in both Koh Kong and Mondul Kiri provinces is predominantly in mountainous areas covered with protected forests, national parks, and wildlife sanctuaries.

An estimated 2,600 households will benefit from the Project through diversified livelihood assets and/or income generating opportunities.

This brief highlighting field results is targetted to the following audience:

ADB Project Administration; Provincial Department of Environment; Provincial Department of Agriculture, Forestry and Fisheries, and Forestry Administration Cantonment; Ministry of Agriculture, Forestry and Fisheries, Ministry of Environment, District Officers, CEDAC, and IIRR Staff.

Introduction

The International Institute of Rural Reconstruction (IIRR) and the Cambodian Centre for Study and Development in Agriculture (CEDAC) worked together to train, monitor, and coach communities implementing the Biodiversity Conservation Corridors (BCC) on Village Development Funds. It aims to help villages effectively achieve better livelihoods and infrastructures in their communities.

The VDF training assignment started on 20th February 2016 until 10th July 2019. The project was directed by the Project Implementation Units (PIUs), namely the General Directorate of Local Community (GDLC) of the Ministry of Environment (MoE) and the Forestry Administration (FA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF). IIRR and CEDAC developed BCC VDF guidelines and rules, designed training materials and handouts, conducted training of trainers for Project Implementation Unit (PIU) staff, and delivered trainings and follow up meetings in communities part of the Community Protected Area (CPA) and Community Forestry (CF) in Mondul Kiri and Koh Kong Provinces.

A total of 37 Village Development Fund and Saving Groups (VDFSGs) were established from August - December 2016 - one per village across 9 CPAs and 14 CFs. By the end of the project, 21 VDFSGs were established in CFs and 16 VDFSGs in CPAs. Saving groups were set up as a pre-condition for the communities to receive VDF grant from BCCP. Members of Village Development Fund and Saving Groups (VDFSGs) were those interested to join the groups and benefit from savings and credit services. They deposit their cash savings on a monthly basis and borrow money from the group for business and other family needs. This structure contributed in building community ownership, where they manage collective funds and reduce possible risks in loan repayment.

From 2018 to 2019, some of the VDFSG activities included: follow up, coaching, assessment of VDFSGs for 2nd and 3rd grant transfer, analysis of membership compared to CF/CPAs membership, revising VDF manuals, documenting VDF process, conducting general meetings for re-election of VDFSG committees, identifying field trainers to assist with the bookkeeping and financial closing entry, and training committees and local trainers on a computer programme for bookkeeping.

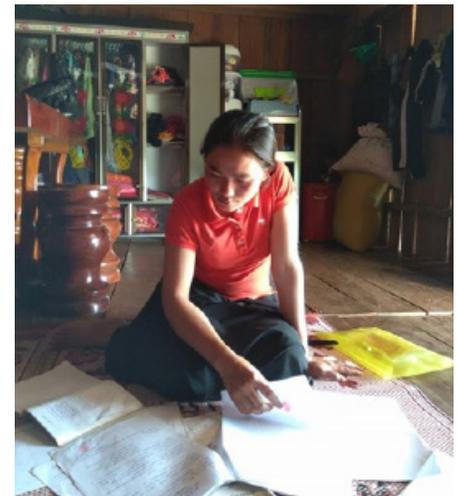


Concept of Village Development Fund Contribution (VDFC)

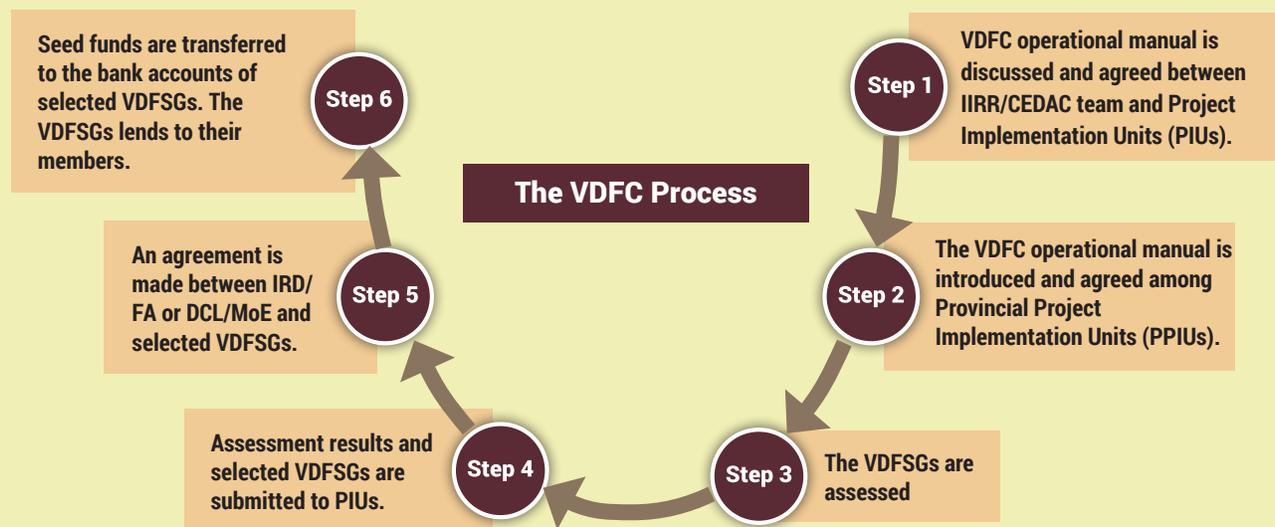
- A VDFC is a grant given to VDFSGs to supplement their own saving funds.
- The grants are given to outstanding VDFSG in each associated village under Community Forestry (CFs) or Community Protected Area (CPAs), as a group, and not for individual members.
- The VDFSGs have full autonomy over how the money is used within the community and are responsible for sustaining the grant.
- The VDFC grant goes into the common fund of VDFSGs, who then decide how to use the grants for lending to members. However, VDFSGs must follow the VDF manual and their respective statutes.
- The VDFC is contributed to conserve natural resources in the community through allocating interest income from VDFSGs to their respective CF or CPA.
- The VDFC enhances the decision-making and management capacities of VDFSGs by providing them with an opportunity to manage larger amounts of money.
- A VDFC grant is mutually agreed upon between the Institute of Forestry and Wildlife Research and Development (IRD) of Forestry Administration (IRD/FA) and the Department of Community Livelihood of Ministry of Environment (DCL) and VDFSGs. It was used to provide a loan to members with an interest rate decided by their group in accordance with their respective statute. The loan must be used for livelihood improvement activities without destroying natural resources.

Key steps in VDF implementation:

1. Developing VDF guidelines and rules
2. Developing VDF Training Manuals
3. Training of Trainer (ToT) on VDF
4. VDF Training for CFs/CPAs committee, local authority officers and key villagers (Part 1)
5. VDF Training for villagers (Part 2)
6. Establishment of VDFSGs
7. Follow-up and Coaching of VDFSGs
8. Developing VDF grant Operational Manual
9. Conducting assessment of VDFSGs for grant transfer
10. Assisting VDFSGs with the grant transfer process



VDFC Operational Guideline Development and Implementation Process



Cash transfer process

The grant amount received by a VDFSG will be based on the number of associated villages under the target CFs or CPAs. This is received three installments: first installment is 40%, second installment is 40%, and the third installment is 20% of total available grant. The first grant transfer was made during July and December 2017, 2nd transfer in May-July 2018, and 3rd transfer in April-July 2019. The amount of each installment will depend on their performance, though not exceeding 40% of the total available funds for the 1st and 2nd transfer and the rest of 20% for the third transfer.

PIUs received a list of qualified VDFSGs from IIRR-CEDAC team. After receiving approval from PIUs, the fund was transferred to bank accounts of VDFSGs. Each VDFSG needed to open a bank account at a local bank or microfinance (MFI) that is easy for them to access. IIRR-CEDAC team helps the communities (VDFSGs) with the bank account opening process before the fund transfer.

The VDFSGs were reassessed on September 2017 before the remaining funds were released. The reassessment was carried out by the IIRR-CEDAC team in collaboration with PIUs and PPIUs. If any VDFSGs failed to continue meeting the criteria, their allocated funds will be distributed to other VDFSGs that meet the criteria and need additional funds.

Some Highlights from the Evaluation

All VDFSGs in CPAs were capable of doing bookkeeping and closing of finance entry themselves after an intensive coaching from IIRR-CEDAC trainer (refer to annex 1). However, three villages in Koh Kong requested for more assistance every 2-3 months to ensure accountability, and they willingly paid a fee for this service. Fifty percent of the groups have good management and the rest are medium. Fifty-six percent of them have high loan demand but have insufficient funds for lending; 38% have high loan demand and sufficient funds; and one (in Srae I) has low loan demand.

Since the establishment, VDFSGs have increased significantly both membership and savings capital, which is featured in Figure 3 (this data is updated 30th June 2019 from only 32 groups out of 37 groups as the team could not collect data from the other five groups). As of June, the overall achievement is shown as following:

- Total membership of VDFSGs is 1,795 (65% women), which represent 44% of all households within the CPAs and CFs,
- Total number of VDFSG committee members is 179 people and women represent 47%.
- Total members savings is US\$ 339,233 representing an increase of 222 percent.
- Total grant transfers from BCC project to the VDFSGs is US\$380,755,¹ of which US\$146,363 for CPAs and US\$ 234,392 for CFs. It represents 53% of total group capital of the VDFSGs.
- The total group capital of the VDFSGs is US\$719,988, increasing by US\$614,725 and representing an increase of 584% over the last two year. In CFs, the total group capital of the VDFSGs is US\$343,329 and in CPAs is USD376,659. Total loans from the VDFSGs by June 2019 amounted to US\$543,028, increasing from US\$103,767 in 2016. In CFs, total loans provided to members is US\$240,163, and in CPAs is US\$302,865.
- By June 2019, a total of 1,073 VDFSG members (60% of the total) had taken loans from the group funds. Women comprised 715 of the borrowers so that 67% of the women in the VDFSGs had availed of loans. In CFs, there were 580 borrowers (55% females) received loans from VDFSGs, and 493 borrowers (80% females) in CPAs.
- The purpose of the loans is mainly for agriculture, small business and household need.

¹ This figure is the total amount of funds actually received in the VDFSGs bank accounts in KHR which the exchange rate (from US\$ to KHR) might more than is normally one US dollar equal to more than 4,000KHR.

Fund Transfer from BCCP to VDFSGs

Since 2017, BCCP had transferred grants of 119,400USD to 16 VDFSGs in 1st and 2nd instalment, thus the remaining budget available for 3rd (final) instalment amount 25,400USD (Table 1).

In CFs, a total of 191,832USD was transferred to 21 VDFSGs of 15 CFs for 1st and 2nd installment, and remaining 40,119USD for 3rd installment (Table 2).



Table 1. Fund transfer from BCCP to VDFSGs in CPAs

No.	CF Name	Location			Budget Allocation from BCCP-CPA to VDFSG (USD)			
		District	Commune	Village	1st (40%)	2nd (40%)	3rd (20%)	Total
Koh Kong Province								
1	Chi Khorlue	Srae Ambel	Chi Kha Leu	Chi Kha Trapaing Kandol Tani	4,000 2,800 3,160	4,000 2,800 3,160	2,000 1,400 1,580	10,000 7,000 7,900
2	Andoung Teuk	Botum Sakor	Andaung Teuk	Ta Ouk Prai Chi Tres Pra Teal Tameakh	3,000 2,800 2,800 3,600 4,000	3,000 2,800 2,800 3,600 4,000	1,500 1,400 0 1,800 2,000	7,500 7,000 5,600 9,000 10,000
3	Peam Krasaob	Mondul Seima	Peam Krasop	Peam Krasop Muoy Peam Krasop Pi	3,000 3,200	0 3,200	0 1,600	3,000 8,000
4	Boeng Kachhang	Mondul Seima	Bak Khlong	Boeng Kachhang	4,400	4,400	2,200	11,000
	Sub-total for KKG				36,760	33,760	15,400	85,920
Mondul Kiri Province								
1	Sraethom Mleung	Koh Nhaek	Sok San	Sre Thom	5,400	5,400	2,700	13,500
2	Chi Clab-Phonm Choung Kdeysnagkhim	Koh Nhaek	Sok San	Chikhlop	5,000	5,000	2,500	12,500
3	Srae y	Senmonorom	Romnea	Srae l	4,600	4,600		9,200
4	Poutung Pou Hong	Keo Seima	Chong phlas	Pou Hong	5,040	5,040	2,520	12,600
5	Ronus-Khnheng	Keo Seima	Chong phlas	Khnheng	4,400	4,400	2,200	11,000
	Sub-total for MDK				24,440	24,440	9,920	58,800
	Grand Total				61,200	58,200	25,400	144,800

Table 2. Fund transfer from BCCP to VDFSGs in CFs

No.	CF	District	Commune	Village	Budget Allocation from BCCP-CF to VDFSG (USD)			
					1st (40%)	2nd (40%)	3rd (20%)	Total
Koh Kong								
1	Russey Chrum	Thmar Bang	Russey Chrum	Koki Chrum	9,854	9,854	4,927	24,635
2		Thmar Bang	Russey Chrum	Trapaing Chheu Trav	6,373	6,373	3,187	15,933
3	Tatay Leu	Thmar Bang	Tatay Leu	Trapaing Khna	3,164	3,164	1,582	7,910
4		Thmar Bang	Tatay Leu	Kandol	3,842	3,842	1,921	9,605
5		Thmar Bang	Tatay Leu	Spean Kda	1,130	1,130	565	2,825
6	Thmar Daunpov	Thmar Bang	Thmar Daunpov	Prek Svay	4,113	4,113	2,057	10,283
7		Thmar Bang	Thmar Daunpov	Koh	2,486	2,486	1,243	6,215
8	Samaki Prek Chik	Sre Ambel	Chikhor Leu	Chhouk	7,639	7,639	3,820	19,098
9		Sre Ambel	Chikhor Leu	Prek Chik	3,752	3,752	1,876	9,380
Sub-total for KKG					42,353	42,353	21,177	105,883
Mondulkiri								
10	O' Nglav	Koh Nhek	Sre Huy	Sre Huy	4,249	4,249	2,125	10,623
11	Pingprang Krangpestho	O'Raing	Dak Dam	Pou Les	5,153	5,153	2,577	12,883
12	Trapaing Kaoeum	Pichrea Da	Pou Chry	Pou Tang	6,916	6,916	3,458	17,290
13	Nglav Krach	Sen Monorum	Rumnea	Pou Loung	5,876	5,876	2,938	14,690
14	O' Pong Rong	Sen Monorum	Rumnea	Pou Trom	7,503	7,503	3,752	18,758
15	Dia Rotab Kes Kap	O Raing	Dakdam	Pou Treng	4,113	4,113		8,226
16	Chong Long							
16	Sre Prah	Keo Seima	Sre Prah	Pou Cha	2,441	2,441	1,221	6,103
17	Sre Prah	Keo Seima	Sre Prah	Pou Kong	2,396	2,396	1,198	5,990
18	Sre Prah	Keo Seima	Sre Prah	O'Chra	2,305	2,305		4,610
19	O'Khloeu	O Raing	Dakdam	Pou Chhop	3,345	3,345	1,673	8,363
20	Krong Ropok D.A	Pichreada	Pou Chrey	Chong Phang	4,158	4,158		8,316
21	O'chong Nach	Pichreada	Pou Chrey	Mepay	5,108	5,108		10,216
Sub-total for MDK					53,563	53,563	18,942	126,068
Grand total					95,916	95,916	40,119	231,951

Computer Enhanced Services:

- In CFs, eight VDFSGs have closed their financial entry using the computer program. Five villages (KokirChrum, TrapaingChheutrav, Kandal, PraekSvay and Chhouk) of Koh Kong have laptop computers of their own groups and can operate it properly, while four villages (Koh, TrapaingKhna and PraekChik) of Koh Kong closed their financial entry with the help from IIRR-CEDAC since they didn't have a computer yet. VDFSGs of CFs in Mondul Kiri have not been introduced to the computer program as most villages have no access to electricity and the committee members cannot operate.
- In CPAs, eight VDFSGs have closed their financial entry using the computer program. Four villages (Chi Kha, Prateal, Ta Meakh and BoeungKachhang) of Koh Kong have computers of their own and can do it themselves,

while other VDFSGs (Ta Ok, Tani, TrapaingKandol, and Prai) of Koh Kong closed their financial entry with the help from the trainers since they didn't have a computer yet. VDFSGs of CPAs in Mondul Kiri have not been introduced to the computer program as most villages have no access to electricity and the committee members cannot operate it.

Underutilization of funds but no major problem with loan repayments.

Several groups have relatively large amounts of funds in the bank accounts due to less loan demand, especially in most VDFSGs in Mondul Kiri. Those villages whose funds remains large amount include:

1. In CFs: Pu Trom, Me Pai, Pu Leh, and Pu Treng in Mondul Kiri.
2. In CPAs: BoeunKachhang in Koh Kong province, and Srae I, Pu Hong, and Srae Thom in Mondul Kiri province.



Pictures of training and coaching



IIRR-CEDAC trainers educates VDFSGs committees in Mondulkiri on bookkeeping.



IIRR-CEDAC trains VDFSG committees in Pu Chhob (left) and Srae Thom (right), Mondulkiri Province on how to use a bookkeeping computer program.



IIRR-CEDAC educates VDFSG committees in Pu Traeng (left) and Srae Huy (right), Mondulkiri Province on bookkeeping.



IIRR-CEDAC trains VDFSG committees in Preak Svay (left) and Kokir Chrum (right), Mondulkiri Province on how to use a bookkeeping computer program.



IIRR-CEDAC trains VDFSG committees in Trapaing Chheutrav (left) and Prek Chik (right), Koh Kong Province on how to use a bookkeeping computer program.



Issues related to the implementation of VDFSGs

1. The main issues in VDF implementation include a lack of Local Trainers that will continue to provide services to VDFSGs, specially those with limited skills in bookkeeping and closing financial entry.
2. Most VDFSG committees in Mondul Kiri have limited knowledge on bookkeeping and would still need intensive support/coaching from trainers. Therefore, it is necessary to find Local Trainers outside of the communities. Some VDFSGs already requested CEDAC to assist them and they are ready to pay the service fee.
3. As the members and savings capital gradually increased, committee members needed to be capacitated on management skills. The committee members have been accountable in loan offering decisions, making sure that the borrowers have their own business and need the loan urgently. The committee members start learning and using computer to do the closing entry.
4. The number of VDFSG members in some villages needs to increase in order for more people in the community to maximize the benefits of the VDF grant. To address this issue, CEDAC and IIRR and the PIU team organized general meetings among VDFSG members and other villagers who are interested to join the groups. This increased VDFSG memberships, especially in AndoungTeuk CPA .



Lessons-learned from the implementation of VDFSGs

1. Women's empowerment can be achieved through increased knowledge and income generation capacity.
2. Encourage farmers to make a significant contribution to ensure long-term ownership and sustainability of the assignment. Farmers will try their best effort if they realize the benefit of the innovations introduced by the project.
3. Accessing capital from VDFSGs is better than borrowing from MFIs, banks, and private money lenders. It helps farmers to increase their solidarity and mutual cooperation as they improve their household livelihood and develop the whole community. It maintains and increases the functionality of VDFSGs.



Conclusion for the VDFSGs

The VDFSGs tried their efforts to increase members and manage recordkeeping. There was a very significant increase in saving capital in CFs, and increased VDFSG membership after more member mobilization efforts of committees. More women participated in the VDFSG membership recruitment. The roles of VDFSGs and CFs and CPAs are known to contribute in conserving natural resources and improving mutual cooperation. Generally, it was observed that CF and CPA committee members were very interested in strengthening their VDFSG while its members increased steadily. Many VDFSG members used their loans to invest in agriculture and small and micro business activities, which increased their income.



Recommendation for the VDFSGs

1. Intensive follow-up and coaching VDFSGs is very important in order to strengthen the management capacity of committee members particularly in bookkeeping and financial reporting. IIRR and CEDAC will conduct this follow-up and coaching intensively after the fund transfer.
2. It is necessary to find local trainers that will assist VDFSGs in Mondul Kiri on bookkeeping since the current committee members lack knowledge on how to do it.
3. A sharing workshop for representatives of CPA committees and VDFSGs should be organized annually in order to enhance their leadership and management through exchanging knowledge and concrete experience among

group committees within the BCC project as well as those who come from other areas and have good practices. Following the workshop or refresher trainings, new members should be registered in existing VDFSGs or they can set up new VDFSG if needed and link to existing VDFSGs, CPAs and CFs. .

For CF and CPA committee members:

1. At least one representative of CF and CPA need to participate in monthly meeting of VDFSGs so that they can regularly receive information.
2. Encourage VDFSG committee members to recruit additional members and monitor the use of loan by members to ensure that the loans are used efficiently.
3. VDFSG committee members should observe the process of loan release so that they can solve any problem on time.
4. Follow up VDF grant received from PIUs to ensure that the grant is used effectively.

For trainers (IIRR and CEDAC):

5. Conduct follow-up and coaching at all VDFSGs to provide additional support in bookkeeping and financial record, and strengthen their capacity to lead, manage, and direct members to the purpose of VDFSGs.
6. Recruit 9 local trainers and train them to help VDFSGs in bookkeeping and fund management.
7. Encourage women to become VDFSG members.
8. Monitor how borrowers use the loan to ensure that they get its maximum benefits.

For PPIUs:

9. Conduct more awareness raising among members of CFs or CPAs about VDFSGs and encourage them to join these groups to improve their access to financial services.
10. Participate in monthly meeting of VDFSGs to help monitor their operation and performance.
11. Participate with CEDAC and IIRR in mentoring and backstopping.
12. Link existing VDFSGs with Farmers Livelihood Improvement Association of TSSD, ADB and IFAD Funded Project.

Process Documentation: Evidence from Operations



Project implementation activities and results

Finalizing inception report

An inception report of Village Development Fund Technical Assistance and Training for Communities assignment implementation was developed and submitted to Project Implementation Units (PIUs). The team conducted desk review of relevant documents such as BCC project document, existing manuals of Improved Group Revolving Funds (IGRF) of an IFAD-funded project and saving groups, and incorporated inputs from the consultation meetings with relevant stakeholders. The draft report was submitted to the PIUs on May 2016 for review and feedback, and after PIUs provided few comments, it was finalized and submitted again to PIUs on June 2016 (see Annex).

Developing VDF manual and rules

In developing VDF manual and rules (called VDF manual), the assignment team reviewed relevant documents such as Community Forestry (CF) and Community Protected Areas (CPA) guidelines, existing VDF guidelines and rules, government standards, law on agricultural cooperative, Improved Group Revolving Funds (IGRFs) and savings group principles/by-laws/statutes, particularly using existing experiences of IIRR and CEDAC in implementing savings and credit groups. Consultation meetings were undertaken with representatives of CPAs and CFs, village chiefs, and staff of World Wildlife Fund (WWF), Provincial Department of Environment (DoE), and Forestry Cantonment. Then, a draft VDF manual was prepared and submitted to PIUs end of March 2016. After incorporating comments from PIUs, it was revised for final draft version in English and Khmer, and used by CPAs and CFs on July 2016 (see Annex). This VDF manual provided basic principles and guidelines for the CFs and CPAs to further developing a statute and internal rules of VSDSGs.

Developing VDF Training Manual

VDF training manual and materials were developed by adapting the training manuals of the IGRFs of PADEE and savings groups of CEDAC. The training manual and materials were prepared for training facilitators (PIUs' staff and Field Trainers) and participants (CF/CPA committees and villagers).

In this process, training need assessment (TNA) was conducted in 6 CPAs (39 participants, 6 women) and 7 CFs (64 participants, 6 women) to assess their knowledge and need for training in order to design appropriate training contents, methodology and tools. Since the VDF activity is quite similar to existing IGRFs and savings groups, we mainly adopted those existing training materials for preparing a VDF training manual.

Training of Trainers (ToT)

After the approval of VDF manual and training manual, CEDAC/IIRR trainers conducted two ToT courses in early August 2016, one course in each target province. The Training of Trainers (ToTs) aimed to orient PIUs and partners' staff about the VDF guideline and training process, which allowed them to understand how VDF work. A total of 38 participants (7 women) attended the ToT, who represented PIUs staff, Forestry Administration Cantonment Officers, Provincial Department of Environment (PDE) Officer, staff of WCS and WWF, and CEDAC's Field Trainers.

VDF Training for CFs/CPAs committee, local authority officers and key villagers (Part 1)

Following the ToT, VDF training was conducted for CFs/CPAs committees and relevant local authority officers, which was organized at CF/CPA level and aimed to build their capacity of VDF administration and management. In each training, there were around 5-19 participants representing CFs/CPAs committee members, village chiefs and commune councillors. A total of 23 training sessions were delivered to 9 CPAs and 14 CFs in the two target provinces on August-December 2016. A total of 260 participants (30% women) attended the training, of them 158 (32 women) from CFs, and 102 (25 women) from CPAs.

Participatory training methods and visualized tools were used to allow participants to easily understand the contents. Experienced committee members were invited to share their good practices in savings group management during training which allowed the others to learn from real practices.

VDF Training for villagers (Part 2)

Following the training for CFs/CPAs committee, similar training sessions were organized for key persons and interested villagers at village level in each CF/CPA associated village. There were 12-38 participants in each training session, or on average of 22-23 participants, who are interested

This training course covered 11 topics as following:

1. Rules and manual for administering VDF
2. Savings group formation and management
3. Duties of committee members of VDFSG
4. Procedures of loan application (from VDFSGs' members)
5. Procedures of loan application assessment
6. Approval processes of loan applications
7. Disbursing funds to successful loan applicants
8. Procedures of loan repayment
9. Procedures for the VDFSG committee in funds management
10. Record-keeping system for VDFSG
11. Preparing for a monitoring visit.

This course cover 5 topics as following:

1. Introduction of VDF key principles (VDF manual)
2. Savings group formation and management
3. Procedures of loan application (from VDFSG)
4. Using loans for productive activities in an efficient way.
5. Procedures of loan repayment.

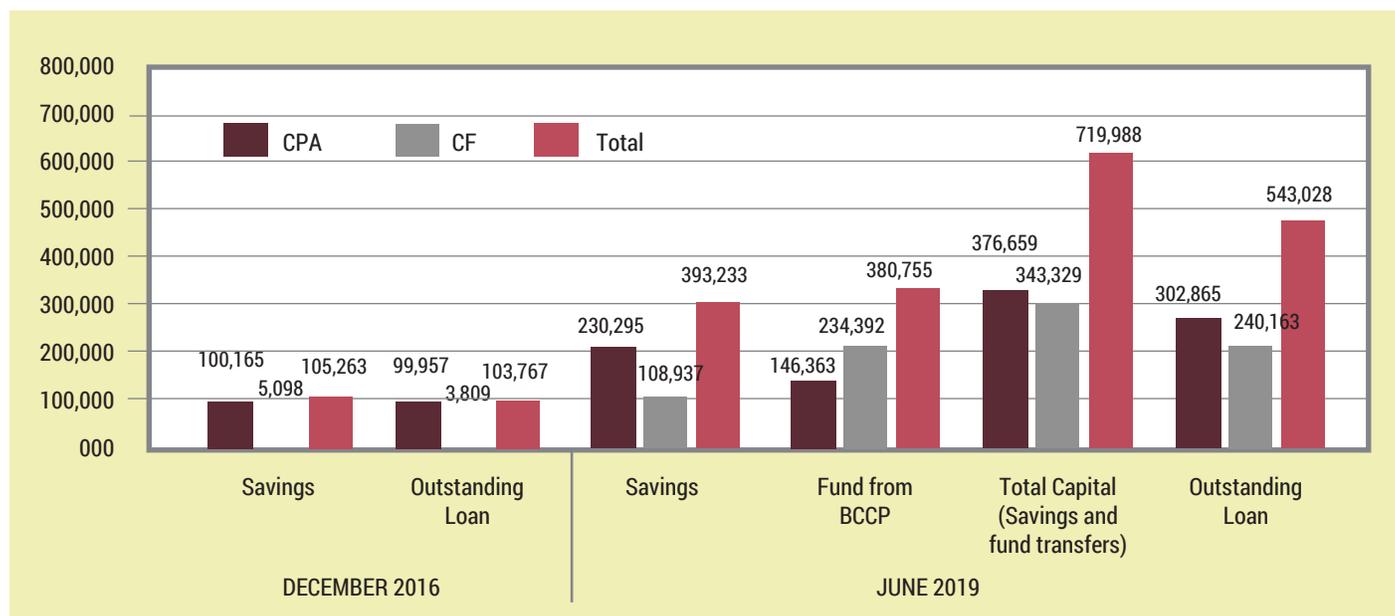
villagers and ex-trained CF/CPA committee and key persons. A total of 21 training sessions were delivered to 444 villagers (230 females or 52%) from 21 villages of CFs, 16 training sessions were delivered to 375 villagers (239 females or 64%) from 16 villages of CPAs from August-December 2016.

Establishment of VDFSGs

During the training part 2, a savings group was established in each target village in parallel with the training, which serves as a VDF and Saving Group (VDFSG), and VDFSG committee was elected to manage the group at the same time. The VDF training and

VDFSGs establishment were completed by December 2016. Each VDFSG has a statute, which is a by-law document containing internal regulations to guide management team and members in group operations. The statute was discussed and agreed by the VDFSG members and then certified/endorsed by the village chief and commune chief of their respective communities.

Members of VDFSGs belong to CFs and CPAs who are interested in joining the groups and getting benefit from savings and credit services. They deposit their cash savings on a monthly basis to their groups and borrow the money to use in business and other family needs.



Total group capital and outstanding loans of VDFSGs in CPA and CF in comparison between 2016 and June 2019 (in US\$).

As of December 2016, 21 VDFSGs were formed in 21 villages of CFs with a total of 374 members (202 women), savings amount of US\$5,098. Sixteen VDFSGs were formed in 16 villages of CPAs with a total of 494 members (338 women), saving amount of US\$100,164. It is noted that in CFs, one VDFSG is an existing group and the others are newly established groups. The same in CPA, one existing savings group (in Boeung Kachhang with 186 members) was just strengthened and they have a huge savings of about USD100,000.

The establishment of this savings group is a precondition to ensure the group has ownership in managing the funds when BCC transfers CDF grants to the communities. It is expected that VDFSGs need to operate their own savings and credit activities for at least six months before the BCC project releases the first installment of funds. This period allows them to strengthen their management skills as well as building trust among members.

Follow-up and Coaching of VDFSGs

Follow-up and coaching of VDFSGs were conducted by IIRR/CEDAC trainers to provide additional technical support especially in record-keeping and mobilizing more members to join the groups. All VDFSGs (21 in CFs and 16 in CPAs) received follow-up/coaching support for 15 times over the project period, and some groups received intensive support while others needed less support as their committee members are able to manage the funds well and have good bookkeeping. The trainers visited and supported the groups in reviewing bookkeeping, closing finance entry, and training committee members on bookkeeping by using computer program, and advising VDFSG committee members to reinforce internal regulation, providing more templates for proper record keeping. The trainers also monitored cash in hand to ensure transparency of fund management, and use of loan from VDFSGs by borrowing members and made sure that the loans are used appropriately. With the support from CEDAC/IIRR trainers, all VDFSGs have



CEDAC/IIRR trainers instructs VDFSGs committees on bookkeeping in Mondul Kiri province.

closed financial entry by 2018. According to an assessment conducted in 2018 by IIRR/CEDAC team, it found that all the groups (16 VDFSGs) in both provinces are capable to do bookkeeping and closing of finance entry themselves after intensive coaching from CEDAC/IIRR trainer fifty percent (50%) of the groups have good management, and the rest are medium. Fifty-six percent (56%) of them have high loan demand but insufficient funds for lending. In CFs, 18 out of 21 VDFSGs (86%) are capable to do bookkeeping and closing of finance entry themselves after intensive coaching from the trainers, while 3 VDFSGs in MDK cannot do it and need assistance from outsiders. Sixty-two percent (62%) of the groups have high loan demand and they don't have sufficient funds for lending members mostly in KKG.

In addition, the trainers also trained some VDFSGs on using a computer program (Excel) for bookkeeping as follows:

- In CFs, eight (8) VDFSGs have closed financial entry by a computer program. Five of them (Kokir Chrum, Trapaing Chheutrav, Kandal, Praek Svay and Chhouk villages of KKG) have laptop computers for their own groups and can operate it properly, while four others (Koh, Trapaing Khna and Praek Chik villages of KKG) closed financial entry with the help from CEDAC/IIRR trainers since they don't have a computer yet. VDFSGs of CFs in MDK have not been introduced that computer program as most villages have no access to electricity grid and also the committee members are incapable to operate it.



CEDAC/IIRR trains VDFSGs committees on bookkeeping by using computer programme in TrapaingChheutrav (left) and Chi Kha (right) village, Koh Kong.

- In CPAs, eight (8) VDFSGs have closed financial entry by a computer program. Four of them (Chi Kha, Prateal, Ta Meakh and Boeung Kachhang villages of KKG) have a computer for own groups and can do themselves, while other VDFSGs (Ta Ok, Tani, Trapaing Kandol, and Prai villages of KKG) closed financial entry with the help from the trainers since they don't have a computer yet. Similarly, VDFSGs of CPAs in MDK have not been introduced computer program as most villages have no access to electricity grid and also the committee members are incapable to operate it.

Conducting assessments of VDFSGs for grant transfer

BCCP had made the grant transfer to VDFSGs in three installments: 1st installment is 40%, second installment is 40%, and 3rd installment is 20% of total grant allocated to each VDFSG (refer to VDFgrant implementation manual). Before each fund transfer, VDFSG assessment was conducted by IIRR/CEDAC trainer team to evaluate the group performance and fund demand which are considered as eligible groups for receiving the grants from BCC project. The first assessment of VDFSG performance was conducted in May 2017 after VDFSGs establishment for several months in order to select eligible VDFSGs for receiving grants in the first installment. Following the first assessment, 5 VDFSGs in CPAs and 6 VDFSGs in CFs received intensive coaching in order to meet criteria of the first installment.

In December 2017-January 2018, all VDFSGs were assessed the performance again in order to select eligible VDFSGs for receiving VDF grant in the second installment. In this assessment, 15 VDFSGs in CFs and 11VDFSGs in CPAs were selected and they received the grant for 2nd installment, while one VFDSG in Peam Krasaob Phum Muoy village just received the grant in the first installment.

In June-July 2018, the 2nd assessment of remaining 6 VDFSGs in CFs and 4 VDFSGs in CPAs (received the first grant transfer in December 2017) were conducted again by CEDAC/IIRR team in order to select eligible VDFSGs for the 2nd grant transfer. All of them were selected to receive VDF grant for the 2nd installment. During October-December 2018, 3rd assessment of VDFSG performance was by CEDAC/IIRR team to select eligible one for 3rd grant transfer. It found that 13 out of 16 VDFSGs in CPAs and 17of 21 VDFSGs in CFs were selected to receive VDF grant for the 3rd installment, while the rest of VDFSGs are ineligible.



General meeting for re-election of VDFSG committee members in Pu Tang village (left) and Chi Khlob village (right), Mondul Kiri province.

Documenting experience of VDF implementation

According to the request from MoE, CEDAC/IIRR team has prepared a documentation of VDF implementation experiences for publication. This document was first prepared in Khmer and translated into English. This documentation gathered experiences in implementing VDF in BCCP which is a helpful guide for similar project implementation in the future (see Annex).

VDFSG Self-Evaluation Sustainability Pathway Study

The project's technical supports for VDFSGs ended on the 10th July 2019 but there is a need for a continuation of VDFSGs by themselves. Therefore, a self-evaluation study was conducted by the CEDAC/IIRR team during May-June 2019 to allow VDFSG members to reflect on their experiences with VDFSG and assess their group performance, and to find out appropriate exit strategy for sustainability of VDFSGs (see Annex for detail report).



The study purpose aimed to identify and measure the strengths and weaknesses, and consult with the communities on an exit strategy of the VDFSG intervention sub-project that ensure sustainability of VDFSGs. The study methodology was adopted from the experiences of TSSD project, which a questionnaire with assessment criteria of 14 points and ranking scores was prepared for data collection. These 14 points range from general information about the BCC project, agriculture techniques delivered by the project and applied by VDFSG members, impact of VDFSG on members' livelihood and gender, to VDFSG management and operation. In addition, the participants were also asked about their interest to join the Farmer Livelihood Improvement Association (FLIA), and pay fee for a service provider for continued support to their group after the project end.

Generally, most VDFSGs members evaluated their group performances as strong in terms of operation and fund management with active participation from members in depositing regular savings and in making loan payback. They also perceived that their livelihood has been improved due to the contribution of VDFSG activities which have enabled to them to increase savings and get affordable loan for their economic activities and family need. Gender aspect has also been improved, especially the active participation of women in VDFSG activities. Outstanding women have been elected as the group leaders/committee members and have played critical roles in leading their

group successfully grow and expand. Men and women have improved knowledge in calculation, bookkeeping record and report writing, and some of them are now even able to operate a basic computer program (for bookkeeping system). VDFSG membership has increased gradually from year to year and almost all of them are committed to stay in the groups, only few people have quitted from membership.

Most of the groups have committee members with capacity to do proper bookkeeping and performing basic management and leadership, although about 15% of the groups have limited knowledge on bookkeeping and still need assistance, especially those in Mondulkiri province. However, it is still necessary to have an independent service provider to continue provision of support and monitoring of VDFSGs to ensure that the groups are able to operate well in accordance with the group statute and internal rules which are key to the groups' sustainability. There would be possibility for VDFSGs to join the FLIA as membership. All VDFSG representatives confirmed their agreement to join the FLIA and pay annual membership fee and monthly fee (20\$ per group) once they find the service provider useful for their group.

Summary Highlights of the VDFSG initiative

The establishment of VDFSGs took place from August to December 2016 in parallel to the training of communities, during which a total of 21 VDFSGs were established in 14 CFs and 16 VDFSGs in 9 CPAs of the two target provinces. Savings groups were set up as a pre-condition for the communities in CFs and CPAs to receive VDF grant from BCC project. Members of VDFSGs belong to CFs and CPAs membership who are interested in joining the groups and getting benefit from savings and credit services. They need to deposits their cash savings on a monthly basis in their groups and can borrow the money from the groups for using in business and other family needs. This structure contributes to building of community ownership to manage collective funds and also reduction of possible risk of loan repayment.

In addition to the savings deposit by VDFSG membership, BCCP has transferred the VDF grant to the communities in three installments: first installment is 40%, second installment is 40%, and third installment is 20% of total grant allocated to each VDFSG. The first grant transfer was made during July and December 2017, 2nd transfer in May-July 2018, and 3rd transfer in April-July 2019.

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