

Grant Category:	Micro-Finance
Project Name:	Income Generation Project 3
Project Location:	Pouk District, Siem Reap Province
Implementing Partner:	Farmer Livelihood Development (FLD)
Status:	Ongoing
Start Date:	1 December 2011
End Date:	30 November 2012
Reporting Period:	2 <sup>nd</sup> Quarter (15 January to 15 April 2012)
Grant Amount:	US\$15,000

### Project Impact

- To date, group savings have increased at an impressive rate to a total of 2,868,000KHR (US\$717), with 11 members using capital loans from these savings to raise chickens (see Appendix 1)
- 37 VSLG members have received a total of US\$9,950 (US\$9,800 from project loans and US\$150 from group saving loans) following the submission of plans for the following businesses:
  - 10 – chicken raising
  - 19 – pig rearing
  - 2 – grocery stores
  - 6 – rice production
- Total of 6 VSLG groups - 2 new groups established with 27 members (25 women) from the Dontro and Tatro villages.
- 63 existing VSLG members (50 women) attended one of four 1-day agricultural training courses on the raising of pigs and chickens
- 112 members (98 women) participated in 12 monthly meetings at the village level facilitated by group leaders and the Village Saving Loan Agency (VSLA) focused on regular saving and financial reporting and the sharing of experiences running small business to enhance social accountability.

### Grant Amount

Budget (US\$)	Actual/Spend to Date (US\$)	Difference (US\$)
15,000	8,387	6,613



Source: FLD

### Project Description

The Income Generation Project (IGP) aims to provide group members with convenient access to micro financial services (saving and borrowing) established and managed by themselves to promote income generating activities by members of the group to better secure their food and income. Membership is selected on the basis of “interest” and “poor” status in their community from two communes, Levea and Mok Penn in Pouk District. The project aims to benefit up to 8 groups with 120-240 members directly and a further 600-1,200 family and community members indirectly.

## Successes

1. **Strengthening financial management confidence within the communities** – the project set out to work closely with all group members to increase their awareness and understanding of simple financial management. The group saving approach enables members to share their experiences, concerns and social affairs as a means of building strong relationships within the group. As a result the 6 groups with 112 members have been able to save US\$717 to date to meet current and future loan requirements.

2. **Development of focused loan strategies** – basic financial training has been essential to create a sense of caution regarding requests for loans. All potential lenders are required to submit a business plan to encourage them to approach their loan responsibly.



Source: FLD

## Issues and Solutions

### **Issue**

Some impatience at the perceived slow pace of savings generated. Small loans were injected into group funds to boost levels.

Business planning was new for group members resulting in the allocation of loans from group savings without due diligence.

Group Bookkeeping and Financial Transaction recording has caused some issues due to limited trust within the community.

### **Solution**

Continued coaching on the VSLG concept to encourage strategic thinking to solve long term financial needs.

Group members will be exposed to loan need assessment. VSLG Agents and Loan Officers will work with members to improve productivity of their loans. Start Your Business training kits will be used as an additional tool.

Group leaders need time to master the financial skills and become more reliable. Group members will become more confident in the process as knowledge increases and the benefits become more apparent.

## Case Study 1 – Mrs Som Leap’s New Business

Kumrou village is located in Lvea commune Pouk district and has a population of 130 families or 630 people, of which at least 95% are farmers living on low incomes. These families face many challenges such as food insecurity, lack of business skills, no access to loan services for increased income generation and a lack of knowledge regarding saving. 32 community members are indebted to the IMF or other private institutions with high interest.

With support from FLD/IGP, the community registered as a Village Saving Loan Group (VSLG) in January 2012 with 23 members.

Mrs Som Leap is a member of one of the VSLG groups. She is 34 years old and is married with 2 children; a son aged 12 (Grade 5) and a 7-year-old daughter (Grade 2). Ms Leap finished grade 5 and she has basic reading and writing skills. Her husband, Mr Sith Saray finished grade 9 and is a farmer.



In early February 2012 Mrs Leap decided to set up her own small business. With support from her group and advice from the loan officer, she borrowed 120,000 riels (US\$30) with a monthly interest rate of 2.5% from the savings group to add to her own contribution of 50,000 riels (US\$12.50). Mrs Leap opened a small grocery shop in front of her house. She is very proud of her new business saying, “I’m very glad to have my own business. The business is good. It’s a good start”.



The success of Mrs Leap’s business encouraged her to expand. In early March 2012 she borrowed 1,200,000 riels (US\$300) from the IGP project. The loan is for a 12-month period with a monthly interest rate of 2.5%. Mrs Leap will use the funds to expand her grocery business with the aim of earning 60,000-80,000 riels (US\$15-20) per month within the next few months.

Mrs Leap will also use the funds to open a hairdressing shop as she has expertise in this field. She plans to open the new business by late June as a means of expanding her potential income. Mrs Leap is excited about the opportunities provided by her new businesses, “I am hopeful for my business, my income will increase as a result of my expanded business”.

Mrs Leap hopes that the additional earnings from her two businesses will allow both of her children to continue their studies into higher education. She would also like to fund her daughter’s enrolment in a beauty course when she graduates from school so that her daughter will be able to take over the hairdressing business.

Photos provided by FLD

## Case Study 2 – Mrs Kherk Teap’s new chicken farm

Mrs Kherk Teap is 53 years old and. She is married with four children, two sons and two daughters. Mrs Teap never attended school and her husband Mr Khut Khan has only limited reading and writing skills. The family are dependent on rice cultivation for their living.



The oldest daughter is now 20; she had to leave school when she reached Grade 7 when she was 15 years old due to the severe financial plight of the family. The family’s situation has been so difficult that their second son who is now 18 never attended school. Their 16-year-old daughter ceased attending school when she was 14 in Grade 6. The family’s youngest son is 14 and is studying Grade 6 at the local primary school in their village.

Mrs Teap attended a chicken-raising course supported by the IGP3 project. On completion of the course, Mrs Teap applied for a loan of 200,000 riels (US\$50) from the group savings to purchase 15 hens from a neighbour. Her hens are able to produce about 63 chicks and she hopes to earn at least 700,000 riels (US\$175) when they are old enough to be sold.

Mrs Teap hopes that her new business will earn enough income for her to purchase an old motorbike. She would use the motorbike to travel to the markets to sell her chicks for a good price rather than to a middleman in her village for a much lower price.



Photos provided by FLD

## Appendix 1 - Member Loans

No.	Village name	No. Members	No. Female Members	Accumulated Saving (Riel)*	No. Borrowers	Value of loan released (Riel)	Project Loan released (USD)	No. Borrowers	Value of loan released
1	Steng Peah Srok	22	17	454,000	2	100,000	3,200	15	3,200
2	Tuol Lveang	23	23	1,185,000	5	250,000	0	0	0
3	Kumrou	23	22	405,000	1	100,000	6,600	22	6,600
4	Kok Thmey	17	12	554,000	2	100,000	0	0	0
5	Dontro	15	12	150,000	1	50,000	0	0	0
6	Tatrao	12	12	120,000	0	0	0	0	0
	<b>Total</b>	<b>112</b>	<b>98</b>	<b>2,868,000</b>	<b>11</b>	<b>600,000</b>	<b>9,800</b>	<b>37</b>	<b>9,800</b>

## Appendix 2 – Key Performance Indicators

Narrative Summary	Planned Indicators	Achievements
<b>Objective: Food and income security of targeted households in Siem Reap province have been improved</b>		
<p>Outputs/ Deliverables</p> <p>1. Both men and women joined the group voluntarily to apply for small loans and create a savings function. Group size varies from 15 to 30 persons or more.</p>	<ul style="list-style-type: none"> <li>• 8 groups of at least 120 to 240 rural farmers were formed (80% female).</li> <li>• Each group received saving kits for managing their saving activities.</li> <li>• At least around \$USD150 generated from savings of individual members in each group during the project life.</li> <li>• The group made at least 10 loans within each group from accumulated savings.</li> <li>• At least 8 group meetings conducted during the project life.</li> </ul>	<p>6 VSLGs were established in 6 villages:</p> <ul style="list-style-type: none"> <li>i. Steng Preah Srok (22 members)</li> <li>ii. Toul Lveang (23 members)</li> <li>iii. Kumrou (23 members)</li> <li>iv. Kok Thmey (17 members)</li> <li>v. Dontro (15 members)</li> <li>vi. Tatrao (12 members).</li> </ul> <p>Total 112 VSLG members (98 women)</p> <ul style="list-style-type: none"> <li>• 6 VSLGs received 6 saving kits for managing their saving activities.</li> <li>• Average of approximately \$USD120 individual saving per group (6 groups) were standing as the capital loan.</li> <li>• Average of 2 loans per group were released from member savings to a member during this report period.</li> <li>• 12 village meetings were conducted to introduce VSLG concept and procedures and to assess opportunities and potential threats of the concept. There were 118 villagers including village chiefs presented at the meeting.</li> </ul>
<p>2. A specific agricultural skill were identified and trained to group members.</p>	<ul style="list-style-type: none"> <li>• Agriculture skill training courses identified for each group.</li> <li>• A one-day training course was conducted for each group (150 members in total).</li> </ul>	<ul style="list-style-type: none"> <li>• 2 courses for chicken raising and 2 courses for pig rearing were conducted at village level.</li> <li>• 63 VSLG members participated in the training causes included 50 women.</li> </ul>

	<ul style="list-style-type: none"> <li>• Trainer also made technical follow-up after the training to every member of the group by Loan Officer and to every group.</li> <li>• At least 70% of the total trained members have applied skills learned.</li> <li>• Increased income level by at least 10% of total household's income if compared against last year (before joining the group).</li> </ul>	<ul style="list-style-type: none"> <li>• 6 technical follow up made by VSLG Agent.</li> <li>• 60% of the total trained members have applied skills learned. (They finished the training course at the end of February). This percentage will be increased in the next quarter.</li> <li>• Will report in the next quarter on income status of the trainees.</li> </ul>
<p>3. Groups were trained on saving and loan procedures and group by-law formation (1 hour per training, 5 courses). At least 3 executive members from each group have attended a simple book keeping and recording course. Using their new skills, they have been able to manage their saving and credit group operations.</p>	<ul style="list-style-type: none"> <li>• 24 group executive members attended simple bookkeeping and recording courses and have commenced organizing an exchange or exposure visit to learn from practical of other groups.</li> </ul>	<ul style="list-style-type: none"> <li>• 12 group leaders have been trained in simple bookkeeping, recording and financial management. Others will be coached in next quarter.</li> </ul>
<p>4. Group members have received a micro loan (US\$100 - \$250) in addition to their group revolving fund (accumulated savings) from the project to apply their agricultural skills or other income generating skills.</p>	<ul style="list-style-type: none"> <li>• At least 7 members from each group received additional loans from the project to invest or expand their existing income generation activity as a result of the training during the project life.</li> </ul>	<ul style="list-style-type: none"> <li>• 37 VSLG members were provided loans from the project fund. Another 11 members received loans from their group funds (on average, about 2 members per group received loans from the group fund so far).</li> </ul>

### Appendix 3 – Performance Targets

1: To provide group members with convenient access to micro financial services (saving and borrowing) which is established and managed by themselves							
Indicator	M &E Baseline target	Target set for project	Report 1	Report 2	Report 3	Report 4	Current total
Number of VSLG formed	8	8	4	2			6
Number of HHs joined the group	120-240	120-240	84	28			112
Number of VSLG receiving saving kits	8	8	4	2			6
Average VSLG accumulated group savings at the end of 12 months (USD currency)	150	150	17.5	119.5			119.5
Average number of loans from group funds lent to members during the year	10	10	0	2			2
Number of meetings conducted by each VSLG	8	8	2	2			4
Number of group executive members attending simple bookkeeping and recording	24	24	8	4			12
Number of exchange visits organized for group executive members	1	1	0	0			0
Number of VSLG members receiving project loans	56	56	15	22			37
Objective 2: To promote income generating activities of group members which require smaller investment capital to start with for creating better chances of securing their food and income							
Indicator							
Number of VSLG members successfully completing the agricultural training course	150	150	0	63			63
Number of technical follow ups made to groups	8	8	0	6			6
Number of VSLG members who attended the training who applied skills learnt	105	105	0	37			37
Increased level of total household income compared to previous year (before joining the group).	10%	10%	0				na – to be reported at end of project

Appendix 4 – Financial Report as of 31<sup>st</sup> March 2012

**Income Generation Project III**  
**Profit & Loss**  
**November 2011 through March 2012**

	<u>Nov 11</u>	<u>Dec 11</u>	<u>Jan 12</u>	<u>Feb 12</u>	<u>Mar 12</u>	<u>TOTAL</u>
<b>Beginning Balance</b>	45.70					
<b>40000 · Income</b>	15,000.00	0.00	0.00	0.00	0.00	15,000.00
<b>42000 · Interest Income from Bank</b>	<u>0.12</u>	<u>1.64</u>	<u>6.20</u>	<u>5.91</u>	<u>5.21</u>	<u>19.08</u>
<b>Total Income</b>	15,045.82	1.64	6.20	5.91	5.21	15,064.78
<b>Expense</b>						
<b>50000 · Operating Cost</b>						
<b>50001 · Bank charge</b>	<u>39.98</u>	<u>0.07</u>	<u>0.25</u>	<u>0.24</u>	<u>0.21</u>	<u>40.75</u>
<b>Total 50000 · Operating Cost</b>	39.98	0.07	0.25	0.24	0.21	40.75
<b>51000 · Implementing and Monitoring</b>						
<b>51001 · Farmer Opportunity PM 32%</b>	0.00	177.27	195.00	195.00	195.00	762.27
<b>51003 · Loan Officer (Base in SR) 30%</b>	0.00	100.00	100.00	100.00	100.00	400.00
<b>51019 · Field allowance &amp; transport</b>	0.00	0.00	44.82	61.83	0.00	106.65
<b>51020 · Food, Accommodation &amp; Transport</b>	0.00	139.90	0.00	319.63	0.00	459.53
<b>51021 · VSLG Agent (Siem Reap)</b>	0.00	60.00	60.00	60.00	60.00	240.00
<b>51022 · Management support cost (10%)</b>	<u>0.00</u>	<u>175.00</u>	<u>78.00</u>	<u>78.00</u>	<u>0.00</u>	<u>331.00</u>
<b>Total 51000 · Implementing and Monitoring</b>	0.00	652.17	477.82	814.46	355.00	2,299.45
<b>52000 · Village Saving &amp; Loans Group</b>						
<b>52002 · Saving Kit for Group</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>169.63</u>	<u>169.63</u>
<b>Total 52000 · Village Saving &amp; Loans Group</b>	0.00	0.00	0.00	0.00	169.63	169.63
<b>53000 · Agriculture Skills Training</b>						
<b>53002 · Learning Materials &amp; Facilities</b>	0.00	0.00	0.00	80.00	0.00	80.00
<b>53004 · Technical Follow up(for 8group)</b>	0.00	0.00	0.00	112.00	0.00	112.00
<b>53005 · Trainer fees (1 day)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>400.00</u>	<u>0.00</u>	<u>400.00</u>
<b>Total 53000 · Agriculture Skills Training</b>	0.00	0.00	0.00	592.00	0.00	592.00
<b>54000 · Income Investment Activities</b>						
<b>54001 · Loan Provide to Group Member</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,300.00</u>	<u>5,300.00</u>
<b>Total 54000 · Income Investment Activities</b>	0.00	0.00	0.00	0.00	5,300.00	5,300.00
<b>Total Expense</b>	<u>39.98</u>	<u>652.24</u>	<u>478.07</u>	<u>1,406.70</u>	<u>5,824.84</u>	<u>8,401.83</u>
<b>Cash the end of balance</b>	<u>15,005.84</u>	<u>650.60</u>	<u>471.87</u>	<u>1,400.79</u>	<u>5,819.63</u>	<u>6,662.95</u>

**Income Generation Project III  
Balance Sheet  
As of March 31, 2012**

**Mar 31, 12**

<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
11000 · Cash on hand	312.52	
12000 · Cash in bank	6,300.43	
<b>Total Checking/Savings</b>	6,612.95	
<b>Other Current Assets</b>		
14000 · Cash Advance		
14005 · .Advance to Mr.Sothea	50.00	
<b>Total 14000 · Cash Advance</b>	50.00	
<b>Total Other Current Assets</b>	50.00	
<b>Total Current Assets</b>	6,662.95	
<b>TOTAL ASSETS</b>	<b>6,662.95</b>	
<b>LIABILITIES &amp; EQUITY</b>		
<b>Equity</b>		
31000 · Opening Bal Equity	45.70	
Net Income	6,617.25	
<b>Total Equity</b>	6,662.95	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,662.95</b>	

**Income Generation Project III  
Profit & Loss Budget vs. Forecast  
November 2011 through October 2012**

	<u>Nov '11 - Oct 12</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Beginning Balance</b>	45.70			
<b>40000 · Income</b>	15,000.00	15,000.00	0.00	100.0%
<b>42000 · Interest Income from Bank</b>	19.08			
<b>Total Income</b>	15,064.78	15,000.00	64.78	100.43%
<b>Expense</b>				
<b>50000 · Operating Cost</b>				
<b>50001 · Bank charge</b>	40.75			
<b>Total 50000 · Operating Cost</b>	40.75			
<b>51000 · Implementing and Monitoring</b>				
<b>51001 · Farmer Opportunity PM 32%</b>	762.27	2,340.00	-1,577.73	32.58%
<b>51003 · Loan Officer (Base in SR) 30%</b>	400.00	1,200.00	-800.00	33.33%
<b>51017 · Project Team Meeting &amp; Training</b>	0.00	400.00	-400.00	0.0%
<b>51019 · Field allowance &amp; transport</b>	106.65	840.00	-733.35	12.7%
<b>51020 · Food, Accommodation &amp; Transport</b>	459.53	400.00	59.53	114.88%
<b>51021 · VSLG Agent (Siem Reap)</b>	240.00	720.00	-480.00	33.33%
<b>51022 · Management support cost (10%)</b>	331.00	936.00	-605.00	35.36%
<b>Total 51000 · Implementing and Monitoring</b>	2,299.45	6,836.00	-4,536.55	33.64%
<b>52000 · Village Saving &amp; Loans Group</b>				
<b>52001 · Formation of V. Saving &amp; Loan</b>	0.00	80.00	-80.00	0.0%
<b>52002 · Saving Kit for Group</b>	169.63	160.00	9.63	106.02%
<b>52003 · Training on simple bookkeeping</b>	0.00	720.00	-720.00	0.0%
<b>52004 · Exposure visit/exchange visit</b>	0.00	720.00	-720.00	0.0%
<b>Total 52000 · Village Saving &amp; Loans Group</b>	169.63	1,680.00	-1,510.37	10.1%
<b>53000 · Agriculture Skills Training</b>				
<b>53002 · Learning Materials &amp; Facilities</b>	80.00	160.00	-80.00	50.0%
<b>53004 · Technical Follow up(for 8group)</b>	112.00	224.00	-112.00	50.0%
<b>53005 · Trainer fees (1 day)</b>	400.00	800.00	-400.00	50.0%
<b>Total 53000 · Agriculture Skills Training</b>	592.00	1,184.00	-592.00	50.0%
<b>54000 · Income Investment Activities</b>				
<b>54001 · Loan Provide to Group Member</b>	5,300.00	5,300.00	0.00	100.0%
<b>Total 54000 · Income Investment Activities</b>	5,300.00	5,300.00	0.00	100.0%
<b>Total Expense</b>	8,401.83	15,000.00	-6,598.17	56.01%
<b>Cash the end of balance</b>	<b>6,662.95</b>	<b>0.00</b>	<b>6,662.95</b>	<b>100.0%</b>