

Rural Investments in Agricultural Technologies: Farmer Education and Savings Groups in Cambodia

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Abstract

In this project, we will build the capacity of farmer savings groups by connecting them to income-generating horticultural technologies as well as agricultural and financial education. This model allows farmer savings groups to learn about new technologies, as well as good agricultural practices, and develop their capacity to invest, without pressuring or incentivizing the adoption of undesired, inappropriate technologies. We will collect data on the demand and use of these technologies in rural farming systems. This model will enable information to flow in two directions, as farmer savings groups gain access to “leapfrog technologies” and we learn how farmers reinvent the technologies to suit on-the-ground realities.

Problem Statement

- High risk (pests, natural disaster, price volatility) of horticultural production
- A lack of trust in financial institutions
- Absence of crop insurance
- Limited market access
- Poor infrastructure
- Low levels of financial education
- Absence of technical extension



This leads to:

- Low adoption of agricultural technologies
- Low farm output and technical efficiency
- Farmers rely heavily on expensive informal credit

Savings-led Microfinance in Cambodia

- 100,000 members throughout Cambodia
- Voluntary membership
- Average members per group: 25
- Average revolving group fund: 726 USD
- Average loan size: 60 USD
- Approximately 80% of members are women
- 92% of all members borrow
- Approximately 70% of all loans are invested in agriculture

Our Project = farmer savings groups + agricultural education



Farmer Savings Groups

- Groups are self-governed
- Weekly savings deposits and contribution to social fund
- Make loans to members
- Loan repayment, interest repayment
- Accumulation of savings
- Accumulation of dividends from interest

Farmer Education

- Farmer-driven participatory research
- Technology demonstration
- Basic trainings on fertilizer, pesticides soil fertility, postharvest handling
- Simple bookkeeping
- Cost benefit analysis of farming practices
- Information on markets, prices, MFI's



Expected outcomes

- Ease credit constraints
- Strengthen local safety nets
- Enhance household capability of income-smoothing
- Increase investment in horticultural technologies
- Production and marketing of safe vegetables
- Women will acquire a greater voice in household and community decision-making
- Increase food security
- Savings groups are a community platform for trainings
- Inter and intra group information exchange will lead to a higher diffusion of innovative production techniques and market knowledge
- Savings groups are a stepping stone towards associative investments among members which can lead to larger bulk purchases, enhanced post harvest facilities and greater market penetration

Lessons learned

- No immediate impacts should be expected
- Seed money or matched savings can weaken groups
- High willingness to join saving groups among farmers
- Regular trainings and meetings are crucial
- Farmer input is essential in curriculum development
- The poor can save!

Savings accounts play an important role to manage cash flows, mitigate risk and make investments.