



Technical Assistance Report

Project Number: 39532
December 2005

Technical Assistance Kingdom of Cambodia: Developing Deposit Services in Rural Cambodia (Financed by the Poverty Reduction Cooperation Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 November 2005)

Currency Unit	–	riel (KR)
KR1.00	=	\$.0002427
\$1.00	=	KR4,120.00

ABBREVIATIONS

ACLEDA	–	Association of Cambodian Local Economic Development Agencies
CCA	–	Canadian Cooperative Association
CCFIN	–	Cambodia Community Financial Institution Network
CGAP	–	Consultative Group to Assist the Poor
CMA	–	Cambodia Microfinance Association
CSP	–	country strategy program
EA	–	Executing agency
GMS	–	Greater Mekong Subregion
MFI	–	microfinance institution
MIS	–	management information system
NBC	–	National Bank of Cambodia
NGO	–	nongovernment organization
ROSCAs	–	rotating savings and credit associations
SMEs	–	small and medium-sized enterprises
TA	–	Technical assistance
TCR	–	Technical assistance completion report

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Finance
Subsector	–	Microfinance
Theme	–	Sustainable economic growth, private sector development, capacity development
Subthemes	–	Developing rural areas, private sector investment, organizational development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In a number of developing countries in the Asia and Pacific region, financial services for poor and low-income households have grown significantly over the last two decades. The financial institutions serving these households, which are largely concentrated in rural areas, have expanded the scope of their services to include taking deposits as well as offering credit. In Cambodia, only one microfinance institution (MFI)—ACLEDA (Association of Cambodian Local Economic Development Agencies) Bank¹—has undergone this transformation from microcredit to microfinance. None of the other MFIs has added voluntary deposit services to its credit operations.² As noted by a recent review by the Consultative Group to Assist the Poor (CGAP),³ the development of deposit services has significantly lagged behind credit services, despite the recognition by the National Bank of Cambodia (NBC) that developing deposit services in rural areas is critical to building inclusive and demand-driven financial systems for the poor. In response to a request for advisory technical assistance (TA), a concept paper was developed and endorsed for funding in the amount of \$600,000 by the Poverty Reduction Cooperation Fund in August 2005. An Asian Development Bank (ADB) fact-finding mission visited Cambodia from 6 to 13 October 2005, and reached an understanding with the Government on the impact, outcomes, outputs, implementation arrangements, cost, financing arrangements, and terms of reference of the TA.⁴ The design and monitoring framework is in Appendix 1.

II. ISSUES

2. Over 80% of Cambodia's 13.8 million people live in rural areas. Most rural households lack access to a broad range of financial services, although in the last decade their access to credit facilities has expanded. With support from donors and investors, licensed MFIs and ACLEDA Bank served over 450,000 borrowers in 2005, nine times more than in 1995. However, most rural households, especially poor and low-income households, do not have access to deposit services. Savings services allow people to accumulate reserves, reduce risks, build productive assets, improve credit-worthiness, smooth their consumption expenses, take advantage of economic opportunities, finance major expenditures such as school fees and medical expenses, and improve the quality of their lives.

3. In the absence of appropriate services from formal institutions,⁵ rural households rely on informal mechanisms for saving. Some participate in rotating savings and credit associations (ROSCAs), but most save cash at home.⁶ Rural households also save in assets such as gold and livestock. An increasing number of rural households participate in informal community financial groups, despite the fact that many such groups “are not providing safe or convenient

¹ ACLEDA started as a nongovernment organization (NGO) operating in microfinance in 1993, became a specialized bank in 2000, and a commercial bank in 2003.

² Even though there is no NBC regulation that prohibits MFIs to take voluntary deposits from the public, to introduce and expand voluntary deposit services is difficult because of (i) lack of trust in financial institutions, and (ii) ample funding from donors and social-minded investors.

³ Flaming, M. et. al. 2005. *Country Level Effectiveness and Accountability Review: Cambodia*. Washington D.C.: CGAP (p.6).

⁴ The TA first appeared in the *ADB Business Opportunities* (internet edition) on 28 October 2005.

⁵ Normally, MFIs provide compulsory savings related to loans. Some MFIs provide voluntary savings for their members only, but most voluntary savings products have been unsuccessful.

⁶ Matthews, B. 2005. *Toward Safety and Self Reliance: Community Finance and Public Trust in Rural Cambodia: Canada*, Canadian Cooperative Association (CCA).

saving services”.⁷ Most community financial groups have severe limitations on withdrawal of members’ savings and some do not pay any interest on deposits. The fact that there are over 60,000 members of community financial groups shows people’s need for saving facilities.

4. In recent years, most licensed MFIs have realized the significance of providing voluntary deposit services to rural households. Many have reduced their compulsory savings operations because they have increasingly recognized that rural households do not value such programs.⁸ MFIs have also felt the need to mobilize deposits to increase the funds they could loan and to reduce their cost of funds. One MFI, for example, is currently exploring how it can mobilize voluntary deposits primarily to respond to its increasing cost of funds. Another is looking into how it can reduce its dependence on donor funds to finance the growth in its loan portfolio. However, most MFIs lack the capacity to enter the deposit market successfully and, in a rush to enter the market, some have introduced ill-designed products to test the market potential. None of the licensed MFIs has been able to introduce client-driven, voluntary deposit services effectively.

5. MFIs with a commitment to introducing deposit services face many other constraints. First, most do not clearly understand the NBC’s position on regulation of voluntary deposit mobilization. NBC has not issued detailed regulatory requirements for deposit operations. The limited capacity of the supervision department of NBC to regulate and supervise licensed MFIs effectively will be a critical issue when they begin to expand their deposit operations. Most MFIs do not have appropriate software to deal with transactions related to voluntary deposits. They have been credit-only institutions for many years and have no institutional culture of deposit taking. Their staff will need to be trained to carry out deposit operations.

6. There are a number of demand-side issues in the deposit market in rural areas. First, most rural households lack experience of dealing with the financial sector. Second, most low-income households do not trust banking institutions to keep their savings safely. A program to enhance financial literacy is needed. Without demand-side interventions of this kind, reliance on a supply-led approach to deposit service development is unlikely to produce significant results.

7. Developing deposit services in rural areas will contribute to poverty reduction, since poverty in Cambodia is essentially rural. According to the poverty assessment,⁹ rural poverty incidence is 40–45%. In line with the Government’s “Rectangular Strategy”, the Country Strategy and Program (CSP), 2005–2009, focuses on three pillars: (i) broad-based economic growth, (ii) inclusive social development, and (iii) good governance. In the first pillar, development of the financial sector and sustainable development of small- and medium-sized enterprises (SMEs) are major components. As microfinance is a part of the financial system, developing deposit services will enable MFIs to perform their main function as financial intermediaries effectively, contributing to financial sector development. In addition, savings mobilization can create an opportunity for re-lending to the community, thus, enhancing prospects for development of SMEs.

8. Access to financial services is critical if poor people are to participate in and benefit from development. In the context of regional cooperation in the Greater Mekong Subregion (GMS), microfinance development in Cambodia has the potential to be an example for other transitional

⁷ Matthews, B., 2004. “REFLECT” and Internal Control of Community Finance Institutions in Cambodia. CCA Working Paper No.1: Cambodia. CCA (p.8).

⁸ Compulsory savings come from loans, and they are, in effect, guarantees for loans. In most cases, compulsory savings have no interest rates.

⁹ ADB. 2005. *Country Strategy and Program (CSP): 2005 – 2009*. Cambodia. Manila.

economies. ADB has had a strong presence in the microfinance sector since late 1990s,¹⁰ although it has not provided any capacity building TA to the microfinance sector since late 2002. Support for voluntary savings and capacity building for NBC and MFIs is therefore timely and will build on the lessons learned from previous TA.¹¹

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA is expected to reduce the vulnerability of the poor to external shocks and to improve financial intermediation by MFIs. Its outcomes will be increased level of savings in rural households, and increased availability of funds for MFIs so they can expand rural lending.

B. Methodology and Key Activities

10. The TA will have three components: (i) development of regulatory and supervisory capacity of NBC for deposit-taking MFIs, (ii) support to MFIs for the provision of deposit services, and (iii) a financial literacy program to increase awareness of rural households. The first component includes helping NBC to issue detailed regulations, including prudential norms, for deposit-taking MFIs, and providing on-the-job training for staff in an MFI supervision unit. The second component includes (i) conducting a national survey¹² on savings habits, practices and potential in rural Cambodia; (ii) conducting training workshops for MFIs on voluntary deposit mobilization; (iii) providing assistance to selected licensed MFIs to introduce deposit services suitable for low-income households, such as training on product development, pricing, and marketing, and pilot-testing; and (iv) identifying the implications of savings mobilization on management information systems (MIS) in MFIs.

11. The third component, a program to increase the financial awareness of rural households, includes providing support to (i) NBC to carry out a national awareness campaign for school children to promote savings habits; (ii) MFIs to carry out a national awareness campaign for rural households; (iii) CARE Cambodia, an NGO, to carry out an awareness campaign for garment factory workers; and (iv) Cambodia Community Financial Institutions Network (CCFIN), a network of NGOs, to carry out an awareness campaign among its members in the rural areas.

12. The development of the regulatory and supervisory capacity of NBC for deposit-taking MFIs, the provision of detailed prudential regulations, and improved capacity of supervision staff will result in sounder MFI operations and greater confidence from the public. The national demand survey in rural villages will identify the ways the poor save, and their need for deposit services. The results will help determine the most appropriate types of deposit products. The survey will have both quantitative and qualitative elements, and will include focus group discussions. The survey team will be recruited by ADB.

13. Pilot testing will test savings products in small areas, with a view to extending the pilot projects if they are successful. There will be four main activities of the awareness creation campaign. Experience in other countries indicates that building awareness of saving habits

¹⁰ Loan 1741 (ADB. 2000). Report and Recommendation of the President to the Board of Directors on a *Proposed Loan to the Kingdom of Cambodia for Rural Credit and Savings Project*. Manila; TA 3270 (ADB. 1999). *Technical Assistance to the Kingdom of Cambodia for Capacity Building for Rural Financial Services*. Loan 1741 and TA 3270 focused on providing credit and compulsory savings services.

¹¹ Technical assistance completion report for TA 3270.

¹² Details of the survey are in appendix 1, design and monitoring framework.

among school children has had satisfactory results, since school children are more receptive to new ideas, and can transfer knowledge to their parents. Building awareness among Cambodia's 230,000 garment factory workers also has considerable potential. Most workers come from the villages, and they regularly send money to support their families. With many workers having close ties to rural areas and a regular source of income, if they save with formal financial institutions such as licensed MFIs, this will benefit both themselves and their families.

14. MFIs that plan to pilot voluntary savings products should have the following characteristics: (i) an ability to practice the level of tracking and management analysis required by a new product; (ii) a clear understanding of the capacity requirements in all relevant departments; (iii) the capacity to review and assess their institutional strategy, financial viability, organizational structure, human resources, and marketing system; (iv) support from management and the board; and (v) staff who can manage, implement, and develop the new product, and who can train other staff.¹³

15. The consultants will screen proposals on pilot projects proposed by MFIs and make recommendations to ADB. ADB will select three MFIs that will conduct one pilot project each in the areas they choose. The consultants will (i) help MFIs to market deposit products in areas chosen for the pilot projects; (ii) conduct at least nine participatory workshops on deposit products with key stakeholders; (iii) help participating MFIs to submit quarterly reviews of the progress of the pilot projects, indicating potential problems and suggesting solutions; (iv) help MFIs to produce reports outlining product design, marketing, distribution methods, accomplishments, lessons learned from the pilots, and recommendations for next steps; and (v) hold a conference presenting the results and recommendations of the pilots.

C. Cost and Financing

16. The cost of the TA is estimated at \$720,000, comprising a foreign exchange cost of \$331,000 and a local currency cost of \$389,000 equivalent. The Government has asked ADB to finance \$600,000, including the entire foreign exchange cost and \$269,000 equivalent of the local currency cost. The Poverty Reduction Cooperation Fund will finance the TA through a grant, which ADB will administer. The Government will finance the balance of the local currency cost, equivalent to \$120,000, by providing office accommodation, transport, remuneration and per diem of counterparts, and administrative support. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

17. NBC will be the Executing Agency (EA) for the TA. A steering committee, chaired by NBC, will be established, and will include members from NBC and a representative from the Cambodia Microfinance Association (CMA). The tasks of the steering committee will include (i) providing guidance and recommendations to the consultants, and (ii) reviewing and commenting on TA outputs. The steering committee is expected to meet quarterly during TA implementation.

18. The TA will be implemented over 20 months from May 2006 to December 2007. The implementation of pilot projects will cover 12 months from January to December 2007. Individual international and domestic consultants will be selected to implement the TA. Implementation will

¹³ McCord, M.J., G. Wright, and D. Cracknell. 2003. *A Toolkit for Planning, Conducting, and Monitoring Pilot Tests, Kenya*. MicroSave.

require 13 person-months of international and 4 person-months of domestic consulting services. The consultants will be engaged individually by ADB in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Outline terms of reference for consultants are in Appendix 3. Progress reports from the consultants will be submitted monthly. All procurement under the TA will be in accordance with ADB's *Guidelines for Procurement*.

19. The consultants will prepare detailed work plans including a timetable for deliverables defined under the TA, in consultation with NBC, before the start of the services. The consultants will be required to submit an inception report 2 weeks after beginning the TA. The first interim report will be submitted 12 weeks after the submission of the inception report and will be reviewed by NBC and ADB. The second interim report will be submitted in December 2006. A draft final report summarizing the results of the pilot projects and recommendations will be submitted in October 2007. A tripartite meeting will be held before finalizing the draft final report. The final report, incorporating comments of NBC and ADB during and after the tripartite meeting, will be submitted 1 month after the draft final report. At the country level, results from the pilot projects will be disseminated through a conference with participation by representatives from NBC, MFIs, and donors. With regard to outcome monitoring and evaluation, data for measurable indicators will come from reports from NBC and MFIs.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$600,000 to the Government of Cambodia to be financed on a grant basis by the Poverty Reduction Cooperation Fund for Developing Deposit Services in Rural Cambodia, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Reduced vulnerabilities of the poor to external shocks and improved financial intermediation by MFIs</p>	<p>By 2012: Average income among the poor who use deposit services of MFIs will have increased by 15% from the level in 2008^a</p> <p>By 2012: Financial intermediation of MFIs increased from the level in 2008, as demonstrated by the greater number of loans, the higher amounts of loans, the greater number of voluntary savings accounts, the higher amount of voluntary savings, and the number of products offered</p>	<ul style="list-style-type: none"> • Reports from MFIs • Reports from NBC • Reports from MFIs • CGAP's Microfinance Bulletin 	<p>Assumptions</p> <ul style="list-style-type: none"> • The poor who use deposit services are able to increase their incomes, improve their livelihoods, and deal with external shocks • The Government supports the provision of deposit services from MFIs • MFIs have financially sustainable operations, and develop new products
<p>Outcome</p> <p>Increased level of financial savings in rural households, and increased availability of funds for MFIs to expand rural lending</p>	<p>By 2009: Increased numbers of MFIs providing deposit services in rural Cambodia (from none, at present) to 3 MFIs</p> <p>Increased voluntary deposits from the public in the rural areas, as shown by 15% of rural households in the pilot areas have active saving accounts with MFIs.</p> <p>Increased funds from voluntary savings for MFIs' rural lending</p>	<ul style="list-style-type: none"> • Reports from NBC • Reports from MFIs 	<p>Assumptions</p> <ul style="list-style-type: none"> • Strong support and cooperation from the EA, and the Government • Stable political and macroeconomic situation • Active participation from MFIs and other stakeholders • Successful marketing of pilot-tested deposit products <p>Risk</p> <ul style="list-style-type: none"> • Insufficient demand for deposit services from rural households
<p>Outputs</p> <p>1. Development of regulatory and supervisory capacity of NBC for deposit taking MFIs</p>	<p>Higher level of NBC staff capabilities on on-site and off-site supervision of MFIs</p>	<ul style="list-style-type: none"> • Reports from NBC • Consultant's assessment reports • ADB review missions 	<p>Assumptions</p> <ul style="list-style-type: none"> • Effective on-the- job training provided to NBC staff responsible for MFI supervision

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>2. Support to MFIs for provision of deposit services</p> <p>3. A financial literacy program to increase awareness for rural households and other relevant stakeholders</p>	<p>Higher level of MFIs' capabilities to develop deposit services</p> <p>Higher awareness and understanding of deposit services from potential beneficiaries</p>	<ul style="list-style-type: none"> • Reports from NBC • Consultants' assessment reports • ADB review missions • Reports on workshops and conference • Attendee list of workshop and conference participants • Reports from counterparts in the financial literacy program • ADB review missions 	<ul style="list-style-type: none"> • Active participation from NBC staff and strong support by NBC management • Active participation from MFI staff and management • There is market potential for expansion of outreach • Financially viable provision of deposit services by MFIs • Active participation in a financial literacy program by stakeholders and counterparts <p>Risk</p> <ul style="list-style-type: none"> • Lack of capable human resources in NBC and MFIs
<p>Activities with Milestones</p> <p>1.1 Help NBC to issue detailed regulations with respect to MFIs taking voluntary deposits. (June–August 2006, and September–October 2007)</p> <p>1.2 Provide on-the-job training for staff in MFI supervision unit on regulations and supervision of licensed MFIs on on-site and off-site inspection. (June–August 2006, and September–October 2007)</p> <p>2.1 Conduct a national survey using both quantitative and qualitative methods, including focus group discussions, on savings habits, practices and potential in rural Cambodia. The survey will identify (i) client needs categorized by their income level; (ii) rural inhabitants' level of participation in community finance groups, ROSCAs, and other informal groups; (iii) a list of impediments to rural households accessing deposit services from formal financial institutions, including licensed MFIs; and (iv) factors that are important for rural households to deposit their money in licensed MFIs, ordered by level of importance. Findings of the survey will be reviewed and discussed with farmers and other key stakeholders in workshops to validate findings and provide inputs for pilot design. (October–November 2006)</p> <p>2.2 Conduct training workshops for MFIs on voluntary deposit mobilization, for example, deposit services provision and the implications for MFIs, factors that are necessary for efficient deposit-taking institutions, and risks assessment. (May 2006)</p> <p>2.3 Provide assistance to selected licensed MFIs to introduce deposit services suitable for low income households, for example, training on product development, pricing, marketing, assets-liabilities management, internal control, and pilot-testing. (June, September–October 2006/October 2007)</p> <p>2.4 Identify MFIs' MIS requirements. (November–December 2006)</p> <p>3.1 Provide support to NBC for a national awareness campaign for school children to promote savings habits. (June–December 2006)</p> <p>3.2 Provide support to MFIs for a national awareness campaign for rural households. (June–December 2006)</p> <p>3.3 Provide support to CARE Cambodia to carry out an awareness campaign for garment factory workers. (June–December 2006)</p> <p>3.4 Provide support to the Cambodia Community Financial Institution Network (CCFIN) to carry out an awareness campaign among its members in the rural areas. (June–December 2006)</p>			<p>Inputs</p> <p>ADB Total: \$ 600,000</p> <ul style="list-style-type: none"> • \$268,000 for financing 13 person-months of international consulting services and 4 person-months of domestic consulting services • \$38,000 for international and local travel • \$6,000 for equipment such as a desktop computer, a printer, and a projector • \$45,000 (total) for three pilots • \$8,000 for reports and communications • \$12,000 for workshops, seminars, and conferences • \$120,000 for a national survey of demand for deposits in rural Cambodia • \$60,000 for miscellaneous administration and support costs (including cost of translation and support for a national awareness campaign, i.e., printing of brochures, posters, and the usage of other mass media) • \$43,000 for contingencies <p>Counterparts (Government) Total: \$120,000 Total Project: \$ 720,000</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
3.5 Use other mass media (e.g., radio and television spots) to carry out an awareness campaign. (June–December 2006) 3.6 Conduct some measures of financial literacy awareness before and after the campaign in selected villages. (June 2006–April 2007)			

ADB = Asian Development Bank, CARE = Cooperative for Assistance and Relief Everywhere, CGAP = Consultative Group to Assist the Poor, EA = Executing Agency, NBC = National Bank of Cambodia, MFIs = Microfinance Institutions, ROSCAs = rotating savings and credit associations.

^a The year 2008 was selected as a baseline because it is the year after the pilot projects finish. It is expected that the MFIs that perform pilots can replicate their results more widely. Furthermore, it is expected that results from the pilots can be disseminated to other MFIs, and that they will be encouraged to provide voluntary deposit services.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Poverty Reduction Cooperation Fund Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	260.0	0.0	260.0
ii. Domestic Consultants	0.0	8.0	8.0
b. International and Local Travel	30.0	8.0	38.0
c. Reports and Communications	2.0	6.0	8.0
2. Equipment ^b	0.0	6.0	6.0
3. Pilot	0.0	45.0	45.0
4. Training, Seminars, and Conferences			
a. Seminars/workshops	0.0	12.0	12.0
5. National Survey	0.0	120.0	120.0
6. Miscellaneous Administration and Support Costs ^c	0.0	60.0	60.0
8. Contingencies	39.0	4.0	43.0
Subtotal (A)	331.0	269.0	600.0
B. Government and MFIs Financing			
1. Office Accommodation and Transport	0.0	60.0	60.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	60.0	60.0
Subtotal (B)	0.0	120.0	120.0
Total	331.0	389.0	720.0

MFIs = microfinance institutions

^a Administered by the Asian Development Bank.

^b Equipment include a desktop computer, a printer, and a projector.

^c This item includes translation cost, and support for national awareness campaign.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. Microfinance and Deposit Mobilization Specialist, Team Leader (6 person-months intermittently)

1. The international microfinance and deposit mobilization specialist and team leader must have an extensive working knowledge of microfinance and deposit mobilization, international best practices, and recent innovations. In addition, the specialist should demonstrate a good understanding of the microfinance sector in Cambodia and its current regulatory framework. The tasks and responsibilities of the specialist include:

- (i) taking overall responsibility for coordinating the work of international and domestic consultants, taking responsibility for all outputs from the TA, and assuring completion of all deliverables;
- (ii) preparing a detailed work program for the technical assistance (TA) and the TA inception report, the first and second interim reports, a draft final report and the final report;
- (iii) organizing and conducting training workshops for MFIs on voluntary deposit mobilization, and providing general advice to MFIs on deposit mobilization related issues;
- (iv) providing inputs to the design of the national survey of demand for deposit services;
- (v) performing the analysis of the demand for deposit products in cooperation with the survey team;
- (vi) selecting MFIs for intensive support from ADB, and assisting MFIs in product development and launch of the products;
- (vii) providing inputs to the design of the national awareness campaign, in particular, the contents of the brochures, posters and other mass media;
- (viii) providing training for participants who conduct the national awareness campaign;
- (ix) assessing progress on deposit mobilization in the microfinance sector, and, in particular, in the licensed MFIs receiving intensive support from ADB;
- (x) assuming responsibility for meeting reporting requirements on schedule and for planning and holding conference to disseminate the results of the pilots; and
- (xi) submitting monthly progress notes to ADB, and NBC.

2. Microfinance Supervision Specialist (5 person-months intermittently)

2. The international microfinance supervision specialist must have an extensive working knowledge of microfinance supervision, and international best practices. In addition, the specialist should demonstrate a good understanding of the microfinance sector in Cambodia and its current regulatory framework. The tasks and responsibilities of the specialist include:

- (i) reviewing current prudential regulations with regard to microfinance, especially on deposit mobilization from the public, identifying impediments to current regulations (if any), and providing recommendations to NBC;
- (ii) revising current MFI on-site and off-site supervision manuals so they are relevant for microfinance in Cambodia;
- (iii) providing on-the-job training for on-site and off-site MFI supervision staff, with particular concentration on supervision of deposit-taking MFIs;

- (iv) conducting workshops on relevant regulations for MFI supervision staff and MFIs;
- (v) assisting NBC on related MFI supervision issues as requested by NBC; and
- (vi) submitting monthly progress notes to ADB, NBC, and the team leader.

3. Management Information Systems Specialist (2 person-months)

3. The international management information systems (MIS) specialist must have an extensive working knowledge of management information systems of MFIs. The tasks and responsibilities of the specialist include:

- (i) assessing the current state of the MIS of MFIs that submit proposals for ADB assistance in conducting pilots for deposit mobilization from the public, and identifying impediments for successful deposit mobilization;
- (ii) providing recommendations to improve the current MIS of MFIs;
- (iii) providing training on the importance of MIS for deposit mobilization and other MIS-related training as appropriate, in consultation with CMA and MFIs; and
- (iv) submitting monthly progress notes to ADB, NBC, and the team leader.

B. Local Consultant

4. Domestic Microfinance Specialist (4 person-months intermittently)

4. The domestic microfinance specialist must have an extensive working knowledge of microfinance and deposit mobilization. In addition, the specialist should demonstrate good understanding of the microfinance sector in Cambodia and its current regulatory framework. The tasks and responsibilities of the specialist include:

- (i) assisting the international microfinance and deposit mobilization specialist in tasks as required;
- (ii) assisting in coordination with various agencies in the national awareness campaign;
- (iii) cooperating with various agencies in conducting measures of financial literacy awareness before and after the campaign in selected villages;
- (iv) assisting in managing logistics of workshops for MFIs and relevant stakeholders;
- (v) coordinating with the survey team on the demand for deposit services in rural Cambodia;
- (vi) coordinating with three selected MFIs who are conducting pilot projects for deposit savings mobilization;
- (vii) providing interpretation for the international microfinance and deposit mobilization specialist, and translation of documents; and
- (viii) submitting monthly progress notes to ADB, NBC, and the team leader.

C. Reporting Requirements

5. The consultants are required to submit an inception report 2 weeks after starting the TA. The first interim report will be submitted 12 weeks after the submission of the inception report. The second interim report will be submitted in December 2006. A draft final report summarizing the results of the pilot projects and recommendations will be submitted in October 2007. A tripartite meeting will be held before the draft final report is finalized. The final report, incorporating comments of NBC and ADB during and after the tripartite meeting, will be submitted 1 month after the draft final report.