

PRESS RELEASE

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CEDAC Welcomes Lower Rates from Microfinance Lenders

The Cambodian Center for Study and Development in Agriculture (CEDAC) began in August 1997 as a national Cambodian NGO to develop sustainable agriculture and rural development in Cambodia as a response to the country's desperate need for national reconstruction. CEDAC envisions a Cambodian society where small farming households have the right and power to determine their own destinies while enjoying healthy living conditions and strong mutual cooperation within their communities as well as playing an important role in supplying healthy food for the whole society.

The Cambodian Center for Study and Development in Agriculture (CEDAC) and the Farmer and Nature Net (FNN) are pleased to support the recent rate slashing by Microfinance Lenders in Cambodia. According to a recently published news article in the local newspaper, the Microfinance Institutions (MFI's) have decided to reduce interest rates by up to 0.5 percent per month.

Dr. Yang Saing Koma, CEDAC's president, says this is a good step towards helping farmers to improve their agricultural production and to start earning more from their own farming investments. Dr. Yang Saing Koma pointed out that the previous monthly rate from the Microfinance Lenders was very high and had proven to be a major challenge for agricultural profitability while limiting farmers' investments. It had also hurt Cambodia's competitiveness with neighbouring countries. He added that interest rates should be lowered further. Dr. Yang Saing Koma believes that only after the rate drops to below 1 percent per month will farmers be able to sustain profitability.

Dr. Yang Saing Koma is calling for more Cambodian farmers to join the savings movement to increase local capital and to enable the MFI's to cut interest rates even lower in the future.

Uon Sophal, the president of Farmer and Nature Net (FNN), comment that this is good news for farmers and will enable more farmers to access MFI's loans for investment on their farms for things such animal raising, vegetable planting and multi-purpose farming. Uon Sophal added that farmers have struggled to repay loans at rates above 3 percent per month. "They were forced to sell their capital including cattle and farm land to repay debts or migrate abroad for jobs," he said. For these reasons, the decision to lower the rates is especially promising for the farmers and could lead to excellent opportunities.

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