



**CUFA**

**SOCIAL RETURN ON INVESTMENT REPORT 2014**

Developing People  
Strengthening Communities



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ACFID  
MEMBER



**Australian Government**  
**Department of Foreign Affairs and Trade**

The Department of Foreign Affairs and Trade (DFAT) is the Australian Government agency responsible for managing Australia's overseas aid program. Australia's aid program aims to help developing countries reduce poverty and achieve sustainable development. In 2013-14, the Australian Government contributed funding towards CUFA's programs in Cambodia, Myanmar and Timor-Leste as well as in the Pacific region.

CUFA is a member of the Australian Council for International Development (ACFID) and a signatory committed to full adherence to the ACFID Code of Conduct.





## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to announce that the findings of our second Social Return on Investment Report reveal that CUFA's projects have had a significant impact in the communities in which we work. For every \$1 invested by our donors, \$8.07 of social value is created. That means for the 2013/14 financial year, \$8,375,691.71 was generated in social value in the selected projects we have reported on here.

As a community development organisation committed to alleviating poverty in the Asia Pacific, this report provides valuable insights into the impact our projects are having on the ground. By looking at our work as an investment in communities we are able to see how improved access to financial services provides the opportunity for communities to have improved lives with greater access to clean water, shelter, healthcare and education.

Our approach is one of partnership, and these heightened levels of success would not be possible without the continued support of our partners both in Australia and the countries in which we work.

While this report demonstrates significant progress in enriching the lives of communities across the Asia Pacific through economic development and self-determination, there are still millions of people who do not have the ability to access affordable financial services. I would like to take this opportunity to invite you to partner with us as we continue to deliver sustainable projects that enrich the lives of many more families.

On behalf of the families who have been recipients of our projects - thank you. The results of this Social Return on Investment Report would not be possible without your continual support. I look forward to partnering together, as we work to improve the lives of some of the most economically disadvantaged countries of the Asia Pacific.

Dr. Peter Mason  
Chief Executive Officer



# INTRODUCTION

CUFA has been delivering programs that develop people and strengthen communities by providing them with access to improved economic development since 1971. Developed as the international development agency for the Australian credit union movement, CUFA supports and assists community owned financial institutions throughout the Asia Pacific, working towards our goal of providing a brighter future for communities in our neighbouring region.

Our vision is for communities of the Asia Pacific region to be free of poverty through economic development and self-determination. To fulfil our vision we facilitate economic development through education, employment and enterprise opportunities to build community self-reliance.

This is our second Social Return on Investment Report and it examines how our programs create value for all those involved. It particularly assists our investors appreciate the scope of our work and the extent of impacts involved. This report was conducted by CUFA. The methodology applied has been developed by CUFA by drawing on a variety of existing reporting practices such as sustainability reporting guidelines as well as social accounting and impact assessments from Australia and overseas. All assumptions, weightings and methodology have been provided in the appendices for verification of the results.

This analysis is based on investment for the 2013/14 financial year and assesses the value created for a cross-section of CUFA's projects in Cambodia, Fiji and Timor-Leste. Value creation is determined along the principles of Social Return on Investment, by recognising, measuring and monetising changes resulting from our work. All values in this report are in Australian Dollars, unless otherwise specified.

Social Return on Investment	
Investment:	\$1,038,176.06
Social value created:	\$8,375,691.71

Overall, for every \$1 invested - \$8.07 of value is created by our development programs.

Invested \$1

Social Return \$8.07









## OUR WORK

CUFA operates with the goal of helping people lift themselves out of poverty in the Asia Pacific region. Instead of giving handouts we work to provide the skills, knowledge and resources required for people to break out of poverty whilst offering ongoing support.

We combat poverty by building and promoting the development of sustainable community owned financial institutions throughout the Asia Pacific region as well as teaching people how to manage their money and equipping them with skills and resources so they can save for a brighter future. In this way we help alleviate poverty in some of the poorest communities in our neighbouring region.

Our unique development approach starts with building capacity of the individual, with its resulting impact extending to the entire community. Instead of just giving money, CUFA teaches people how to use it, in turn creating the opportunity for improved education, enterprise and employment outcomes.

### **Building community owned financial institutions**

We build and develop build and develop community owned financial institutions across the Asia Pacific region. By providing these communities with access to financial services, we give people a safe place to save their money and take out loans, helping them to create a better future. Our staff deliver training that focuses on building trust, increasing financial knowledge and growing operational capacity. Our work also enables members to make more informed financial decisions for their family's future.

### **Financial education**

CUFA believes that one of the best ways to help alleviate poverty is to help people develop financial literacy and money management skills that will help them establish a brighter future. Rather than simply providing people with money, we teach them how to use it effectively.

Our programs focus on teaching both children from a young age, as well as adults how to have good money skills, that is an understanding on how to manage household expenses, savings and to create profitable micro-businesses.

## Micro-business development

Our Village Entrepreneur Program is focussed on empowering the poorest of the poor through micro-business development. Working closely with community owned financial institutions, CUFA identifies the poorest members of the community and works closely with them to develop and grow a small business that will enable them to build a brighter future for themselves and their family.

With help from CUFA, the Village Entrepreneur creates a clear business plan that shows their goals and the steps and activities needed to achieve them. CUFA then provides ongoing support and mentorship, delivering training on everything from basic bookkeeping skills, to vocational skills such as how to properly house, vaccinate and care for chickens.

## Gender and disability inclusion

It is important to CUFA that the entire community benefits equally from our development programs. CUFA employs a gender and disability specialist who assists and trains the project staff in advocacy and inclusion of women and people with a disability to ensure they can participate fully in all of CUFA's projects.

## SOCIAL RETURN ON INVESTMENT

This is the second Social Return on Investment (SROI) undertaken by CUFA. Our first SROI was conducted in 2011 and examined seven projects across the Pacific, Cambodia and Timor-Leste. An investment of \$1,974,758 created \$10,141,570 of social value. This created a social return value of 5.31:1. That is, for every \$1 invested in CUFA, \$5.13 of value was created for stakeholders.

Since 2011 CUFA has increased the value created for stakeholders. The SROI ratio increased from 5.13:1 to 8.07:1, representing that for an investment of \$1,038,176.06 a social return of \$8,375,691.71 is created, that is for every \$1 invested, a social return of \$8.07 is created. The increase in value is largely attributed to a larger number of in-country partners supported under CUFA's programs in the Asia Pacific region, in particular the addition of the Credit Union Development (CUD) and Reaching an Independent Economic Life (RIEL) projects that began post 2011.

The methodology to determine value creation for both studies was created internally by CUFA along the principles of Social Return on Investment by recognising and measuring the dollar value and changes resulting from our work. The methodology directly links our outputs (resources and efforts) to social impacts (unifying and strengthening community and strengthening community owned financial institutions by providing the rural poor with access to financial services and long-term financial independence), measuring both outputs and social impacts in financial terms.

To ensure this assessment of our work is reasonable and realistic, this report is focused on our partners from a cross-section of our programs where there is direct linkage to impact. Data has been gathered and used from a variety of sources: our project plans, monitoring reports and program evaluations. The contribution of others who played a role in impacts and creating value is also recognised.

For CUFA, value creation reporting may also function as a planning and assessment tool to evaluate program effectiveness, and add further weight to other CUFA program reporting to improve partner communications and understanding of our work.



## OVERALL IMPACT OF OUR WORK

To conduct this Social Return on Investment Report an analysis on eight of CUFA's projects occurred. Projects selected represent a cross-section of CUFA's work across Cambodia, Fiji and Timor-Leste.

**For every \$1 invested, \$8.07 of social value is created by CUFA**

**Total Input Value                      \$1,038,176.06**

**Total Value Created                    \$8,375,691.71**

**Overall social return on investment ratio      1 : 8.07**





## BUILDING INSTITUTIONAL CAPACITY PROGRAM

### CREDIT UNION OUTREACH PROJECT

Our Credit Union Outreach project is supporting existing community owned financial institutions in Cambodia and Timor-Leste to have improved sustainable financial management, governance and operational processes by providing tailored support and training programs. Through tailored training the Project is assisting community owned financial institutions to help develop their operational practice across governance, savings and membership mobilisation, managing delinquency, roles and responsibilities of committee members, loan application practices, book keeping skills, micro-enterprises, dividend calculations and monthly interest allocations.

#### Cambodia

For every \$1 invested, \$15.26 of social value is created

Total Input Value                      \$56,148.69

Total Value Created                      \$857,058.61

Overall social return on investment ratio      1 : 15.26

#### Timor-Leste

For every \$1 invested, \$17.45 of social value is created

Total Input Value                      \$37,223.29

Total Value Created                      \$649,611.50

Overall social return on investment ratio      1 : 17.45





## CREDIT UNION DEVELOPMENT PROJECT

Now in its fourth year, the Credit Union Development project helps to build, develop and promote community owned financial institutions in rural Cambodian and Timorese communities that previously had no access to financial services. Our staff work in collaboration with communities to establish community owned financial institutions based on the principles outlined by the International Credit Union Movement, codified by the World Council of Credit Unions (WOCCU). By providing the opportunity for people who had no access to financial services to receive loans and save money, we are helping them to grow their income, build or expand their micro-businesses, assist their children's education as well as gain greater access to health care services.

### Cambodia

For every \$1 invested, \$9.50 of social value is created

Total Input Value                      \$245,623.24

Total Value Created                      \$2,334,597.33

**Overall social return on investment ratio                      1 : 9.50**

### Timor-Leste

For every \$1 invested, \$10.51 of social value is created

Total Input Value                      \$199,196.00

Total Value Created                      \$2,094,374.75

**Overall social return on investment ratio                      1 : 10.51**







## CHILDREN'S FINANCIAL LITERACY PROJECT - CAMBODIA

Financial literacy is about being smart with our money, making wise decisions about spending, savings, managing our personal debt and planning for our future. For many children across the Asia Pacific region, these valuable lessons are not taught, thus contributing to the cycle of poverty. Our Children's Financial Literacy project provides the opportunity for children living in poverty to create a brighter future for themselves and their families.

Since 2008 CUFA has provided more than 59,000 Cambodian students with financial education lessons, educating them on the importance of savings, income sources, budgeting, short and long term financial goals and encouraging them to develop good savings habits from a young age.

**For every \$1 invested, \$2.60 of social value is created**

**Total Input Value                      \$85,310.74**

**Total Value Created                    \$221,399.04**

**Overall social return on investment ratio                      1 : 2.60**





## OCEANIA CONFEDERATION OF CREDIT UNION LEAGUES - PACIFIC REGION

This project supports the Oceania Confederation of Credit Union Leagues (OCCUL) to develop into a sustainable peak body that can provide a voice to unify and strengthen the community owned financial institution movements across the Pacific region, which will in turn improve the livelihood of Pacific communities through access to high quality and affordable financial services.

Through the delivery of membership services, member congresses and technical assistance, OCCUL's Secretariat Office provides community owned financial institutions in the Pacific the opportunity to network, gain professional development, receive technical assistance, as well the sharing of information within the region.

**For every \$1 invested, \$4.01 of social value is created**

**Total Input Value                      \$107,953.00**

**Total Value Created                      \$433,164.31**

**Overall social return on investment ratio                      1 : 4.01**





## VILLAGE ENTREPRENEUR - AUSTRALIA, CAMBODIA AND TIMOR-LESTE

CUFA's Village Entrepreneur program operates in Cambodia and Timor-Leste, providing the poorest of the poor with the skills and resources to help them build and develop sustainable micro-businesses.

The ultimate goal of the program is to provide the opportunity for community owned financial institution members in rural Cambodia or Timor-Leste who are too poor to qualify for a loan to start or expand a micro-business so they can help lift themselves out of poverty.

Through the generosity of Community Investors (individual investors), the Village Entrepreneurs receive financial support as well as business vocational skill training each quarter. The aim is for their business to grow and to become a sustainable source of income for themselves and their family within three years.

**For every \$1 invested, \$3.48 of social value is created**

**Total Input Value                      \$144,246.86**

**Total Value Created                    \$501,847.31**

**Overall social return on investment ratio                      1 : 3.48**





## REACHING AN INDEPENDENT ECONOMIC LIFE PROJECT

Since late 2012, CUFA has been providing communities, relocated as part of the Cambodian railways project with much needed financial literacy training, an important step to help build economic independence. CUFA is assisting 375 families with training courses and one-to-one counselling in seven core components: understanding financial concepts, family budgeting, sensible borrowing or managing debt repayments, setting and achieving financial goals, micro-business development, financial budgeting, spending and savings and children's financial literacy.

**For every \$1 invested, \$7.90 of social value is created**

**Total Input Value                      \$162,474.24**

**Total Value Created                      \$1,283,638.86**

**Overall social return on investment ratio                      1 : 7.90**

See Appendix 3 for detailed tables of each program that steps through the stages from expected change for stakeholders of each program, to outputs and outcomes then how value is created and calculated for stakeholders.







## THE APPROACH OF THIS STUDY

This report investigates the impacts on partners resulting from eight CUFA programs across the Asia Pacific region. A cross section of CUFA projects have been selected, ensuring that a diverse array of projects and countries are examined.

Partners of our programs include: the Australian Government, corporate donors, mutual movements, representative bodies such as Federations; community owned financial institutions and their governance bodies; management and staff; members of the community owned financial institutions; and their families and the wider community. Information to compile this report has been taken from CUFA project plans, monitoring reports and program evaluations. Extensive partner engagement and in-field research are conducted to prepare these documents and thus additional in-field research was not required to complete this report.

This report was conducted by CUFA. The methodology applied has been developed by CUFA by drawing on a variety of existing reporting practices such as sustainability reporting guidelines including the Centre for Social Impact<sup>1</sup> as well as social accounting and impact assessments from Australia and overseas including the LBG Model<sup>2</sup>. All assumptions, weightings and methodology have been provided in the appendices for verification of the results.

Appendices 2 and 3 provide an overview of each project; the desired outcomes of each project; the factors that potentially drive value creation for partners; value creation drivers such as direct economic activity and provision of training and support to recipients; and retained learning outcomes.

Due to the summary nature of this report, each program is evaluated with a compact set of indicators, measurements and proxies for each partner outcome. Proxies have been established using evidence based data or assumptions and are clearly explained in each project's study. All indicators and proxies are fully listed for examination. CUFA has used caution when establishing proxy and attribution values and has applied conservative values that are not likely to inflate impact or unrealistically represent value created.

<sup>1</sup> [www.csi.edu.au](http://www.csi.edu.au)

<sup>2</sup> [www.lbg-australia.com](http://www.lbg-australia.com)



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