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Community finance systems in **Cambodia**



Community finance in CAMBODIA =

SAVINGS GROUPS

- 453 savings groups in 40 cities
- 19,118 saving members
- \$621,395 in total savings
- Savings started in 1993



CITY FUNDS

- 40 city development funds
- in 32 cities and provinces
- \$2.83 million in lending capital
- First city fund started in 2006



NATIONAL FUND

- Community Development Fund Foundation (formerly UPDF)
- \$2.8 million in lending capital
- Started in 1998

THE STUDY :

The community finance study in Cambodia was carried out by the Community Savings Network of Cambodia (CSNC), between May and June 2016, with support from the Community Development Foundation (CDF) and Johanna Brugman. The surveys and information gathering focused on 19 of the total 23 CDFs so far in Cambodia. The CDFs in the study link savings groups in a variety of constituencies: of the 19 CDFs in the study, nine are provincial-level CDFs, four are city-level CDFs and six are district-level CDFs.

Besides the summary of the Cambodian study presented in these six pages, more details about various aspects of the Cambodian community finance story are highlighted in later parts of the report:

- Strong mothers (Pg. 58)
- Post-fire rebuilding (Pg. 61)
- Prahok loans (Pg. 64)

■ **CONTEXT:** It's hard to imagine a more difficult context than the one in which Cambodia's community finance movement began, in the early 1990s. Decades of war, political upheaval, genocide and unspeakable hardship had torn communities apart, scattered people across the country, obliterated their links with the past and almost halved the population by starvation, disease, killing and aerial bombing. Cities like Phnom Penh were in ruins, institutions were destroyed and most of the country's professionals had fled the country or been killed. But as a nascent democracy was established and money began to trickle into the free-wheeling urban economy, poor migrants and survivors were drawn to the city for jobs in the new factories, on the construction sites and in the service and tourism sectors. For the poor, the city was a place of hope and opportunity, but when it came to finding a place to live, most had no option but to occupy abandoned buildings or build shacks in the informal settlements that quickly mushroomed around the city.

■ **EVICTIONS:** It wasn't long before the city's rebuilding clashed with these informal occupations and large evictions began in earnest - and continue today. Cambodia had no formal support systems for the poor then - no housing agencies, no legislative mechanisms for regularizing informal settlements or providing resettlement in cases of eviction, no programs to provide basic services or support people's efforts to improve conditions in their settlements, no housing finance of any sort. Because they had survived so much, the city's poor were very strong, but this strength was atomized and they had no links, no organizations or support systems of their own. There were NGOs and aid agencies, but most of them operated in the welfare mode, and nobody was touching the issues of housing, land or access to finance.

■ **ACHR INTERVENTION:** In 1993, ACHR was invited by DFID-UK to make a study of the evictions, and so was drawn into Cambodia's difficult urban poor situation from the beginning. With support from ACHR, groups from India and Thailand came to Phnom Penh to meet with people in informal settlements, understand their situation, share experiences from other countries and suggest some practical things poor communities facing eviction could do to work towards secure housing. Exchange visits were organized, in which mixed groups of community leaders, key government officers and support NGOs traveled together to India and Thailand, where they learned about community savings, people-driven housing initiatives, partnerships and funds. Soon, the first community savings groups were set up in squatter settlements in one riverside ward. The process expanded and by 1995, the savings groups established the first citywide community network, called the Solidarity for the Urban Poor Federation (SUPF).

■ **FIRST CDF IN PHNOM PENH:** Armed with this new energy and these new ideas from India and Thailand, the Phnom Penh Municipality signed an MOU in 1998 with ACHR and the new community savings network, to work together to address the problems of urban poor housing in the city. As part of the MOU, Cambodia's first CDF was set up - the Urban Poor Development Fund (UPDF). The idea was to create a revolving loan fund which would provide soft loans to poor communities (and later to community networks) for their housing, infrastructure and livelihood initiatives, through their savings groups, and to use the fund as a mechanism to facilitate collaboration and strengthen the capacities of the growing community movement. The fund was governed by a mixed board (which included a majority of community leaders from the savings network, with representatives from the Municipality, ACHR, NGOs and other development agencies) and managed by a small staff, with as little bureaucracy and as much flexibility as possible.

■ **FIRST HOUSING PROJECT:** The new fund's first housing loan went to a community of 129 roadside squatters facing eviction. The Akphivat Mean Cheay housing project was training for everyone involved, and was the city's first chance to see how effectively poor communities can plan and undertake a voluntary resettlement process which works for everyone. The project was inaugurated by the Prime Minister on April 20, 2000 and made a strategic first case for the UPDF because of the collaboration it involved: the new land was chosen by the community, purchased by the Municipality and developed by the UNCHS Project, according to layout plans the community drew up with young architects from the Urban Resource Center. The District Chief helped negotiate, UPDF provided loans, the community built their own houses and the savings network turned each step of the process into training for communities across the city. Each family borrowed \$400, which was enough to build the basic brick core house they designed with the URC. The savings group managed the loan repayments, which were collected daily, weekly or monthly, depending on people's earning, with 20% of the repayment going into mandatory saving, as a pad against any repayment problems. The community then repaid the UPDF monthly. The housing project at Akphivat Mean Cheay set a precedent and 107 other collaborative projects followed, which till now have provided 4,783 families with secure land and housing.



A full support system for the urban poor . . .

Apart its crucial role as a provider of flexible, accessible finance for housing, the UPDF has given loans for land, income generation, group enterprises, agriculture and transport businesses, and provided grants for welfare, infrastructure upgrading and housing of the poorest community members. Other community activities the UPDF has supported include community savings, community surveys, settlement mapping, land searching, affordable house design, low-cost building materials manufacturing, exchange visits and training and involvement of community architects. Some of UPDF's achievements, 1998 - 2014:

- **Housing:** \$1.8 million in housing loans to 4,783 households in 108 poor communities.
- **Land:** \$5,388 in land purchase loans to 67 households in four new communities.
- **Livelihood:** \$589,613 in income generation loans to 5,482 households in 397 communities.
- **Emergencies:** \$2,517 in emergency loans to 211 households in five communities.
- **Environment:** \$11,975 in environmental improvement grants to 20 communities (1,560 hh).
- **Infrastructure:** \$477,318 in upgrading grants to 109 communities (11,591 households).



By following a strategy of cooperation rather than confrontation, the community savings network and the UPDF/CDF have been successful at building productive and ongoing working relationships with government agencies and other development stakeholders at all levels, across Cambodia. When the new Department of Housing held its first housing forum in 2016, this was the CBO/NGO alliance invited to present its people-driven, citywide and partnership-based approach to solving the country's urban poor housing problems.

■ **SOME PROGRESS ON THE POLICY SIDE:** In the two decades since that first CDF was set up, the growing strength and scale of the community-driven development process in Cambodia has been able to help bring about some positive changes in government policies and institutions. The 2001 Land Law and the 2003 Social Land Concession Decree are policy changes which help make free public land available to poor communities for housing - both *in-situ* upgrading and resettlement. In May 2003, during the UPDF's fifth anniversary celebrations, which showcased a broad range of community upgrading projects financed by grants from the UPDF, Prime Minister Hun Sen announced a policy to support the upgrading of "100 Slums every year" in the city. In May 2010, the Cambodian government issued "Circular No. 3: Resolution of of temporary settlements on State land in urban areas", a progressive housing policy based largely on the work of the UPDF and the CDF network, with inputs from ACHR. The policy focused on community-driven, collaborative and citywide slum upgrading, in partnership with urban poor communities, with *in-situ* slum upgrading as the first housing redevelopment option, and relocation within the city to free government land only in cases where *in-situ* upgrading is not possible. In 2014, the General Department of Housing was formed under the Ministry of Land Management and Construction and the country's first National Housing Policy was developed - with substantial inputs from UPDF and ACHR - to guide the provision of housing to low-income and urban poor groups in Cambodia.



■ **STILL NOT MUCH FINANCE FOR THE POOR:** Besides the community savings groups and CDFs described in this study, though, there still aren't many finance options for the poor in Cambodia. Loans from commercial banks come at high interest and with difficult conditions that exclude all but a fraction of poor borrowers. Money lenders are much more accessible and have few conditions, but those loans come at ruinously high interest rates of 60 - 240% and end up blighting people's lives. There are 46 for-profit micro-finance institutions operating in Cambodia now, which play a role in providing loans to individual urban poor borrowers for livelihood and housing needs, but the interest rates are very high and houses of micro-loan defaulters are sometimes seized. Some NGOs and international NGOs provide loans and grants for services and housing in urban poor settlements, mostly via individualized micro loan schemes.



■ **UPDF BECOMES COMMUNITY DEVELOPMENT FOUNDATION:** In 2013, the new governor of Phnom Penh initiated a new policy of providing free houses to the urban poor in a program that was driven by private sector developers. As part of this policy shift, the Municipality's support for UPDF and for its programs of community-driven savings and loans was withdrawn, and a portion of the UPDF's loan capital (including all the funds that had come from the Municipality and the Prime Minister's monthly contributions) reverted to the Phnom Penh Municipality. But most of the UPDF capital (about \$2.8 million), which had come from donors and ACHR's various programs, was still there, and it was used to start a new organization which would support the urban poor across the country. In 2014, this new organization was registered under the Ministry of Interior and called the Community Development Foundation (CDF), and in this new guise, the CDF continues to receive strong support from ACHR.

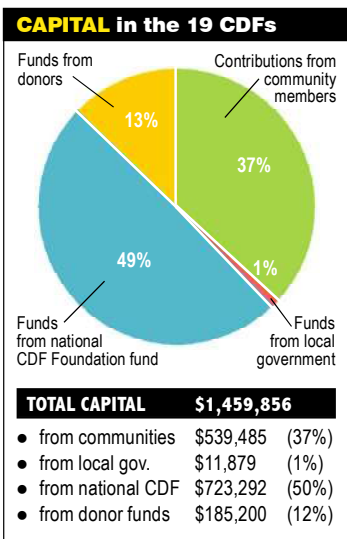
The Community Development Foundation, which is managed by a mixed board of community leaders and representatives from government, NGOs and other stakeholders, has signed an MOU to collaborate with the Ministry of Land Management and Construction and ACHR. Besides channeling bulk loans and grants for housing, land, community infrastructure, livelihood and other purposes to the CDFs around the country, the Community Development Foundation has teams in charge of finance and auditing, community support, media and community architects to support the community process in various ways - including sometimes acting as a bridge between poor communities and their local authorities. Poor communities can now access loans of various sizes and for various needs from three sources: from their own community savings groups, from their local CDFs and from the national fund (through their local CDFs). As part of the new arrangement, some of that capital stayed in the national CDF in Phnom Penh, and some was distributed among the 39 provincial CDFs which were by then operating in cities and districts around the country.

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■ **40 LOCAL CDFs ACROSS CAMBODIA NOW:** Though it operated under an MOU with the Phnom Penh Municipality, the UPDF continued to support the savings and community process as it spread from Phnom Penh to other parts of the country. In 2006, the first provincial-level CDF was established in the northern Banteay Meanchey Province, as a joint venture of the community savings network, the provincial authorities and ACHR. More CDFs followed, and these local funds link poor community savings groups in a variety of constituencies - within a single city or urban district or across an entire province. By 2014, there were 40 CDFs around Cambodia (linked to 453 community savings groups, with 19,118 members), offering communities access to larger loans for more substantial projects like housing, land acquisition and livelihood, as well as grants for welfare and upgrading projects. These CDFs also provide a conduit for additional finance and special programs to assist poor communities (like ACCA and Decent Poor) from the national CDF Fund, with which they are all closely tied.

■ **SURVEY COVERED 19 OF THESE CDFs:** The CDF study survey was conducted in May and June 2016, and covered 19 of the total 40 local CDFs around Cambodia so far. The study was launched with a national workshop in Phnom Penh in March 2016, where the study's objectives were introduced and discussed among savings and CDF network leaders from around the country. After the workshop, a standardized survey form was drafted by the CDF Foundation and circulated among the network leaders for their feedback. The collaborative survey process that followed was led by community leaders on the CDF committees in each of the 19 constituencies, in partnership with the CDF Foundation. In the first part of the survey, detailed information was collected about the CDFs, and the second part focused on the community saving groups linked to the CDFs in each constituency.

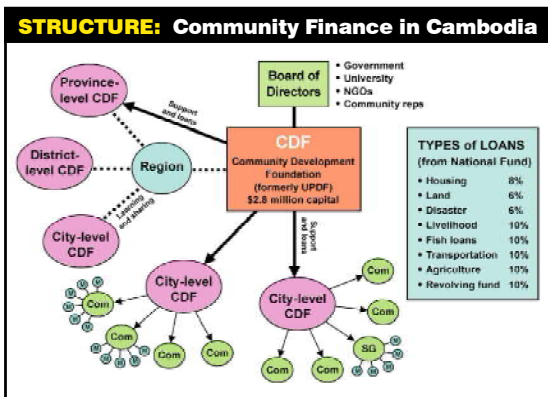


■ **CDF CAPITAL:** To help the new CDFs develop their managerial and lending capacities, the UPDF began channeling capital seed grants and bulk loans to them, to support livelihood, upgrading and housing projects developed by communities. Savings groups also began contributing regular shares (most savings members contribute \$1 per year to their CDF) and depositing part of their collective savings in the CDF (like a bank), so the capital continues to grow. Of the \$1.5 million total lending capital in the 19 surveyed CDFs, more than a third (37%) came from community contributions and savings deposits, while 62% came from the national CDF Fund and donors (ACHR, ACCA, Selavip, Misereor).

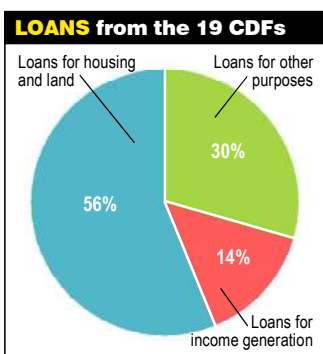
■ **LOANS:** The CDFs provide flexible, accessible finance to communities with established saving groups, and allows them to think bigger and take on projects their small savings pools couldn't finance. Borrowers must be active members of savings groups, and many CDFs require them to have saved a certain time or amount before taking a loan and be shareholders in the CDF. Most loans from the 19 surveyed CDFs were for housing, land and income generation, and most are given as collective loans to community savings groups, which pass the loans on to members and manage the repayments collectively. Only some livelihood and toilet-building loans are made directly to savings group members. When possible, the community loans come directly from the CDF's own capital, but when the needs are too big (as for larger housing projects or upgrading grants), the CDFs can request loans from the national CDF Foundation to on-lend to communities. All of the CDFs on-lend loans from the national CDF at higher interest rates, and use the added margins to support their operations and build up their funds.

■ **CREATIVE USE OF INTEREST RATES:** All of the CDFs in the study have found creative ways of using the interest earned on loans to finance various activities, at various levels, and to make their finance systems more self-sustaining. In Cambodia, each CDF is free to determine its own loan terms, set its own interest rates and decide how the interest earned on loans will be used. The CDF in Battambang, for example, charges communities 12% on loans of all types. When they get bulk housing loans from the national CDF fund at 8%, they on-lend to the community housing projects in the city at 12%. Half of the income from that 4% margin stays in the community (to fund its own activities) and half goes back into the CDF, to pay for network activities and accounting or to add to the loan capital.

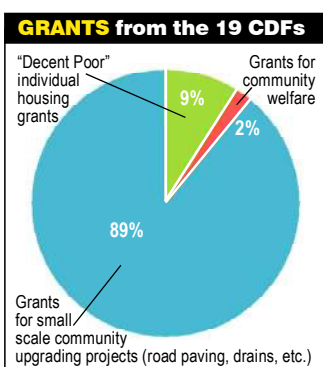
LOAN TYPES AND TERMS IN THE 19 CDFs IN THE STUDY (all figures in US\$)								
Type of loan	From national CDF (through local CDFs)				From local CDFs (bulk loans to savings groups)			
	Loan ceiling per member	Interest rate	Loan term	Total amount loaned (US\$)	Loan ceiling per member	Interest rate	Loan term	Total amount loaned (US\$)
New housing construction	1,500	8%	5 yrs	1,823,100 (4,850 hh)	1,000-1,500	6 - 12%	3 - 5 yrs	687,823 (975 hh)
Housing improvement	1,000	8%	3 yrs		1,000-1,500	6 - 12%	3 - 5 yrs	
Land purchase	800	5%	3 yrs		1,000-1,500	6 - 12%	3 - 5 yrs	
Post disaster housing	1,500	6%	3 yrs		200-1,000	5 - 12%	5 yrs	
Income generation	250	10%	1 yr	589,613 (5,482 hh)	100-800	4 - 24%	6 mo-1 yr	174,498 (2,191 hh)
Prahok making (fish)	500	10%	1 yr		100-800	4 - 24%	6 mo-1 yr	
Transport enterprises	875	10%	1 yr		100-800	4 - 24%	6 mo-1 yr	
Agriculture, animal raising	250	10%	1 yr		100-800	4 - 24%	6 mo-1 yr	
Other emergencies, welfare	100	10%	1 yr	6,210 (826 hh)	50-500	6 - 12%	1-2 yrs	361,480 (835 hh)
TOTAL	Figures for bulk loans to all 40 local CDFs, from the national CDF fund ▶ \$2,418,923 (11,158 hh)				Figures only for loans to communities from the 19 local CDFs in the study ▶ \$1,223,801 (4,001 hh)			



■ **MANAGEMENT:** The CDFs are all supported by the national fund, but each operates independently and sets its own system, rules, lending priorities, loan terms and activities. All the CDFs are managed by committees and each network determines the composition of its CDF committee. All the committees comprise a majority of community savings group leaders, but many also include other local actors. Roessei Keo District makes a point of ensuring that 70% of the CDF committee members are women, while in Banteay Meanchay, the committee is chaired by the mayor. The committees meet at least monthly to transact loans and grants, collect repayments and monitor CDF finances. The CDF committees play a proactive role in supporting the broader community development process in their cities, and go around regularly to visit projects, help negotiate in eviction crises and act as a bridge between the poor communities and the local government structures. The CDFs' overheads and activities are funded by modest grants from the national CDF Foundation and from a portion of the interest earned on loans.



■ **DECISION-MAKING:** Besides being vital sources of finance, the CDFs act as collaborative decision-making platforms where needs and projects are discussed and weighed collectively, opening up the decision-making to both communities and other stakeholders in the city. Decisions are made at three levels: savings groups discuss and agree to their members' loan and grant requests before presenting them in bulk proposals to the CDF. Then the CDF committee reviews and agrees to the loans and grants, or sends them back for clarification. When the funds are coming from the national CDF Foundation and not directly from the local CDF capital, the loan and grant proposals are then forwarded, in bulk packages, to the national fund, where the governing board discusses them and agrees, or sends them back with questions.



■ **COLLABORATION:** One of the striking successes of the Cambodian CDF process has been the degree to which collaboration between poor communities and their local and national governments has become a feature of how the CDFs operate, and how the community-led process has tackled the larger structural issues around land and housing. Many CDFs bring this collaborative spirit into their management committees, which include local government officials and sometimes other supportive local actors, like NGOs, architects, university faculty or civil society representatives. These efforts to build partnership have paid big dividends in the form of government contributions to CDF capital, free space in city halls for CDF offices, infrastructure investments and free government land for community housing projects.

■ **ACCA PROGRAM BOOSTS CDFs:** The community-driven process and the CDFs in Cambodia both got a big shot in the arm in 2008, when ACHR's ACCA Program was launched. ACCA promoted a people-driven and citywide slum upgrading process in countries around Asia by channeling grant funds to the local CDFs, to finance a variety of community-planned housing and settlement upgrading projects. ACCA projects in 28 cities around Cambodia took off, and in many of those cities, the networks were able to use the modest grant funds to strengthen their CDFs and leverage big support from their local governments. Between 2008 and 2014 alone, local governments gave free land worth \$8.6 million for 15 of the 19 ACCA-supported housing projects around the country, which permanently housed 3,407 poor families.

CAMBODIA: 19 CDFs IN THE STUDY (all figures in US\$)

CDF	Date started	Scale of CDF	LOANS				GRANTS			
			Housing loans	Livelihood loans	Other loans	TOTAL loans	Welfare grants	Upgrading grants	Decent Poor grants	TOTAL grants
1. Pailin	2010	City	0	7,800	0	7,800	460	15,000	1,000	16,460
2. Battambang	2002	Province	0	17,500	0	17,500	290	5,000	2,500	7,790
3. Siem Reap	2002	City	38,390	0	0	38,390	0	37,500	2,000	39,500
4. Banlung District	2010	District	30,000	0	0	30,000	26	10,000	2,000	12,026
5. Banteay Meanchey	2006	Province	108,624	32,500	0	141,124	1,726	34,708	2,500	38,934
6. Kep	2010	City	16,139	5,000	0	21,139	150	15,000	2,000	17,150
7. Koh Kong	2007	Province	51,500	30,000	0	81,500	1,375	17,500	1,000	19,875
8. Kampong Cham	2007	Province	50,320	30,000	0	80,320	328	15,000	1,000	16,328
9. Prey Nub District	2014	District	0	0	0	0	25	5,000	0	5,025
10. Sihanoukville	2005	Province	8,665	19,250	0	27,915	0	20,000	2,000	22,000
11. Santuk District	2015	District	3,000	250	0	3,250	205	900	525	1,630
12. Steung Sen	2015	City	34,500	4,150	0	38,650	336	8,000	1,540	9,876
13. Kampong Svay District	2015	District	2,500	1,000	0	3,500	63	3,750	500	4,313
14. Kampong Thom	2011	Province	0	0	0	0	400	0	0	400
15. Roessei Keo Dist. PNH	1998	District	247,500	0	361,480	608,980	400	10,258	2,000	12,658
16. Sen Sok District, PNH	2012	District	21,925	2,048	0	23,973	0	0	0	0
17. Mondolkiri	2011	Province	0	0	0	0	0	15,000	1,000	16,000
18. Svay Rieng	2005	Province	31,260	0	0	31,260	345	13,433	2,000	15,770
19. Oddar Meanchey	2005	Province	43,500	25,000	0	68,500	81	25,000	2,000	27,081
TOTAL 19 CDFs in the study			\$687,823 (975 hh)	\$174,498 (2,191 hh)	\$361,480 (835 hh)	\$1,223,801 (4,001 hh)	\$6,210 (826 hh)	\$251,049 (32,562 hh)	\$25,565 (53 hh)	\$282,816 (33,441 hh)

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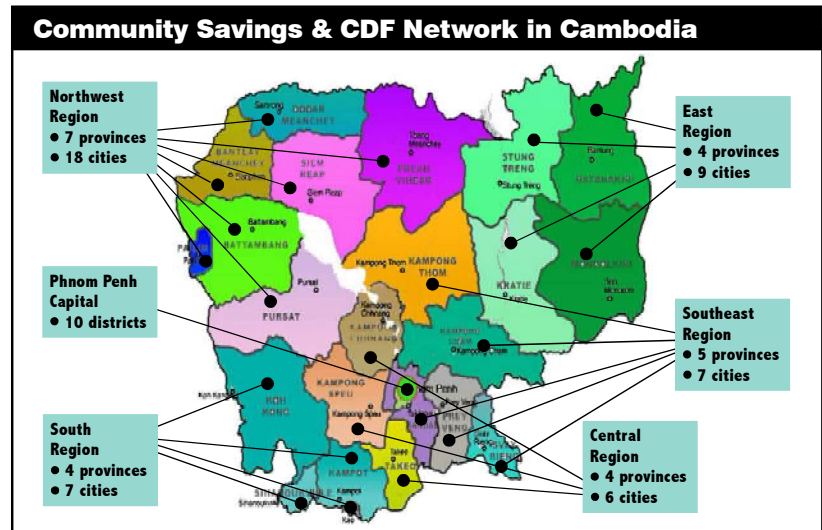


■ **SAVINGS IN CAMBODIA:** Since the first savings groups were started in 1994, community savings has been a key strategy in the process of mobilizing people in poor communities all over Cambodia to come together, look at problems they face and begin building a collective resource and a collective process to tackle those problems. All the savings groups link together into citywide networks, with their local CDF acting as the key financial and organizational linking mechanism. These city-level networks then link together within six regions, and nationally under the Community Savings Network Cambodia (CSNC). There is a great deal of exchange between savings groups and cities, and a lot of mutual support. 236 savings groups were surveyed as part of the study, all of them linked to the 19 CDFs in the study.

■ **HOW THE SAVINGS WORKS:** Savings groups in Cambodia are “area-based” - each community has its own community-wide savings group. There is no maximum size, and so some groups can get quite big, with up to 300 members in larger settlements. Each savings group sets its own rules and loan system (loan priorities, loan amounts, interest rates and repayment terms) for its internal saving and lending, and each group is managed by a committee drawn from savings members. Decisions are made collectively within the groups, usually during savings meetings. Most savings groups that were surveyed meet once a month, and they save, transact loans and discuss community matters during the meetings. At other times, members can drop off their savings deposits and loan repayments at the treasurer’s house, where money that isn’t circulating in loans is kept in a locked box (the key to which is kept by another committee member). Most groups allow members to save whatever amounts they can afford, but loan amounts are often tied to how much a member has saved, or how regularly she saves. People take loans for livelihood, agriculture, animal-raising, fisheries, transport businesses, housing, land, toilets, water supply, health needs, emergencies and post-disaster housing repairs. Most of the savings groups keep some of the savings money in the community, for their internal lending, and deposit part in the CDF, where savings members can save in a five special savings funds: revolving fund, development fund, welfare fund,

contributor fund and shareholder fund. When loan needs within the group are too big for their internal pool of collective savings, the loan requests are collected into a package and sent as a bulk community loan proposal to the CDF. Most of the city networks organize their own community savings management committees (at city or district level), to provide support to the savings groups and to organize monitoring and auditing of the community savings groups by their peers in the community network.

SAVINGS IN 19 CITIES (Figures in US\$)			
CDF Constituency	# savings groups	# savings members	Total savings
1. Pailin	5	281	16,570
2. Battambang	15	2,183	5,490
3. Siem Reap	11	118	663
4. Banlung District	9	329	24,647
5. Banteay Meanchey	27	975	27,226
6. Kep	9	210	16,133
7. Koh Kong	9	545	89,665
8. Kampong Cham	5	216	18,075
9. Prey Nub District	2	80	625
10. Sihanoukville	12	237	16,505
11. Santuk District	17	616	91,885
12. Steung Sen	7	176	40,145
13. Kampong Svay Dist.	3	87	3,128
14. Kampong Thom	7	879	102,578
15. Roessei Keo D. PNH	36	1,507	9,241
16. Sen Sok D. PNH	16	923	64,890
17. Mondolkiri	8	175	3,500
18. Svay Rieng	9	217	7,495
19. Oddar Meanchey	11	222	4,530
TOTAL	218 groups	9,976 members	\$542,991 savings



Troubles of **balance** in the community finance system . . .

Of the 218 savings groups surveyed for the study, over a third (81 groups) have become inactive, because of problems of trust and loan repayment. Loan repayment has become a big problem for all the community-managed finance systems in Cambodia. The 19 CDFs that took part in the study reported loan default rates of at least 20% and as high as 60%, and these mounting unpaid loans have slowed down the CDF activities considerably. The reasons behind this repayment crisis and the savings stagnation were a point of much discussion during the August 2016 meeting in Bangkok. One theory was that too much external grant-funded activities being managed by the CDFs had upset the balance in the people’s process. Those outside grant funds gave the city networks and their local CDFs powerful tools to negotiate with the city, but that tended to concentrate more of the decision-making power with network leaders, while it drained away power from the savings group members, who are the real owners of the CDF, but who became passive recipients of those grant-funded projects. (more on this point on page 58)



CAMBODIA: Community finance at work



The Roessei Keo network used a \$3,000 upgrading grant from the CDF to widen and pave the walkways that pass through six adjacent riverside communities, using bamboo-reinforced concrete and community labor. The ward authorities contributed \$20,000 of construction materials and 76 families along the way gave up strips of their land to make room.



The community process in Banteay Meanchey has had a strong and supportive partner in the energetic Mr. Oum Reatrey, who was first the Governor of Serey Sophoan and later the provincial governor.



1 THE CDF IN ROESSEI KEO DISTRICT: The riverside district of Roessei Keo, in Phnom Penh, continues to have one of the strongest and most strongly women-led community finance systems in Cambodia. Their pioneering district-level CDF was set up just a year after the UPDF, according to a system worked out by the communities themselves and managed by a committee of savings leaders. Communities put 60% of their collective savings into the CDF and keep the other 40% in their savings group funds, for smaller and immediate loan needs. The CDF pays 4% interest to communities for the money kept in the CDF. Every month, they have district-wide meetings and make decisions together on loan applications from the CDF, which meet needs too large for the savings groups. Loans from the CDF are made only on the “group basis” to communities, not to individuals. When the CDF loans to communities, individual borrowers repay at 12% annual interest. Of that 12% interest income, 2% stays in the community-level loan fund, 1% is kept for community-level management expenses, 4% is added to the district-level CDF capital, 2% goes into their special district-level welfare fund and 3% supports district-level management and activities.

■ **Prahok loans:** Since 1998, the CDF has given bulk loans totalling \$1.2 million, in an annual cycle, to 5,033 families in 21 riverside settlements, to make the traditional Khmer fermented fish, *prahok*, which they sell at a big profit a few months later, when the *prahok* matures. Every cent has been repaid and profits of \$3-5 million have gone into the pockets of savings group members. (*more prahok loan details on page 64*)

■ **Welfare funds:** All savings members have access to welfare assistance from a district-level welfare fund that is partly financed by a portion of the interest earned on loans from the CDF, and many also have access to their community-level welfare funds. This pioneering welfare system was developed entirely by the people, and came out of the closeness that was built through the *prahok*-making loans process

■ **Rebuilding after fire:** In 2010, after a big fire tore through several riverside communities and destroyed 452 houses, the savings network worked with ward and district officials to survey affected families and negotiate for support and temporary housing materials from the local authorities and NGOs. Later, the CDF gave low-interest loans to 157 families to rebuild their houses (using capital from ACCA). Ward and district authorities chipped in with budgets to pave roads and install drainage systems.

2 THE CDF IN BANTEY MEANCHEY PROVINCE: The city of Serey Sophoan makes a vivid illustration of how readily conflicts between a city’s development needs and its poorer citizens’ land and housing needs can be resolved when the poor and the city authorities work closely together, and when there is a CDF to support that collaboration. Banteay Meanchey Province (of which Serey Sophoan is the capital city) was the first in Cambodia to test the province-level CDF concept, in which different actors contribute to the fund and use it as a mechanism to link all the poor communities in Serey Sophoan and other towns and enable them to work with their municipal and provincial authorities and other stakeholders to craft win-win solutions to their problems of land, housing, basic services and livelihood, with support from the CDF. The Banteay Meanchey CDF was launched in 2006, just one year after savings began there, under an MOU between the provincial governor, the Ministry of Women’s Affairs, UPDF and ACHR, and is managed by a committee of 31 community savings leaders from around the province, in close collaboration with local government officials, who act as advisors. In 11 years, the CDF has notched up some major achievements:

■ **Housing:** 166 households got housing loans of \$113,250 (at 6%, repay in 3 years) in two housing projects (one big on-site inner-city upgrading and one smaller nearby relocation) in which 417 families got permanent secure land tenure on land provided free by the provincial government.

■ **Toilets:** 100 families got loans of \$1,400 (at 6%, repay in 1 year) to build simple household pit latrines.

■ **Livelihood:** 134 families got loans of \$8,400 (at 12%, repayable in 1 year) for starting small businesses, opening community shops, growing vegetables for market, rearing animals and farming fish.

■ **Upgrading:** The CDF stretched \$20,000 ACCA funds of to give small infrastructure improvement grants to 15 communities in Serey Sophoan to pave roads, lay drains, fill low-lying land and build common wells. These projects were topped up by \$60,000 of funds and donated materials from the municipality.

3 FREE GOVERNMENT LAND FOR HOUSING: In 14 housing projects so far, communities in Cambodia have been able to leverage free land worth over \$25 million from the government, which has provided permanent, secure land for housing 4,797 families around the country. Many communities who did small upgrading projects (financed by grants from the CDFs, with ACCA funds), used improvements to their roads, drains and water supply systems to bolster their negotiations for secure tenure - and many have gotten it. Getting free land from the government has become a strategic direction for the people’s movement in Cambodia, and the CDFs have played a big role in unlocking that land. The CDFs act as a bridge between the poor communities and the local authorities, and even if the capital is very modest, they give communities a powerful bargaining chip when they negotiate for free land. Before, cities invariably said no, there is no land for the poor. But after some breakthrough projects in Phnom Penh and the later ACCA projects, municipal and provincial authorities are now providing free land for housing the poor in many cities.