

# UPDF

News about some of the recent activities of the Urban Poor Development Fund in Cambodia • May 2008



## CHANGE IS POSSIBLE :

*In the past ten years, the UPDF has shown that even with a very modest, very simple institutional support, change is possible. This is only possible because the UPDF's flexible finance goes straight to the people, to support whatever initiatives they feel are needed and because it taps the enormous strength and scale that is already there in Cambodia's poor communities and makes people the "doers".*

## UPDF is ten years old :

The Urban Poor Development Fund (UPDF) was set up in March, 1998, as a joint venture of Phnom Penh's network of community savings groups, the Municipality of Phnom Penh and the Asian Coalition for Housing Rights. The idea was to create a revolving fund to provide soft loans to poor communities for their housing and income generation initiatives, through their savings groups, and to use the fund to pool efforts in partnership and development in the city. The UPDF is governed by a "mixed" board (which includes a majority of community leaders, 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.

The UPDF remains the only ongoing support system for the urban poor in Phnom Penh, and it is also playing the role of "big sister" to poor community networks and spin-off development funds in a growing number of provincial cities around the country. The extremely modest loans and grants that UPDF provides to poor communities work like an incentive to get people to start doing savings activities, and through their collective savings to start carrying out other activities like settlement upgrading, welfare, income generation, community enterprise and environmental improvement - whatever they decide is important. In this way, the fund supports a development process that starts from people.

When the UPDF began ten years ago, it started with zero. After decades of war and upheaval, there were practically no real "communities" in the city - just groups of very poor people, without any strength or unity, living in squalor and insecurity in shacks and dilapidated rooms. Many saw the problems the city's poor were facing and realized there was no institution to help them solve their problems of housing, tenure security, jobs and welfare. At the same time, neither the national government nor the Municipality of Phnom Penh had any resources or vision about how to accommodate the poor in their city. As a result, eviction became the de-facto way of resolving conflicts between the city's development and the poor's housing needs. Today, the powerful forces of land speculation and unbalanced urban development are still there, and the city's poor communities remain as vulnerable to eviction as ever. But there are many important differences:

- The city's poor communities are now much better organized, and through their ongoing projects and their ongoing dialogue with their local government officials at ward, district, city and national levels, they have demonstrated that they are not adversaries of urban development but viable development partners.
- Through an ongoing series of UPDF-supported exposure visits to other Asian countries, community leaders and government officials at ward, district, city, provincial and national level now have a common vision and a much broader set of options about how to deal creatively with the housing needs of the urban poor - without evicting them.
- Ideas of land-sharing, community upgrading, community-managed resettlement and resettlement-with-compensation are all now well-known concepts in Cambodia, while dozens of UPDF-supported housing and settlement upgrading projects have given concrete form to these ideas and set precedents which show that partnership and compromise can create "win-win" solutions for the city and for the poor.

## Still the only finance that goes straight to poor people . . .

The UPDF's capital is only about US\$1.9 million, which is small peanuts compared to the scale of multilateral and bilateral aid being poured into Cambodia's development. But every penny of that goes straight into communities, where its small loans and grants have greased the wheels of negotiation, spurred on collaborations, drawn out resourcefulness, and created options for poor people where there were none before.

One way of looking at the UPDF is as a tool to "fast-forward" the community-driven development process in Cambodia by injecting larger, external capital into the small internal capital communities are already building up in their community savings groups. This enables these savings groups to expand, scale up and speed up their initiatives in livelihood, housing, settlement upgrading and welfare.

As poor people in Phnom Penh have increasingly seen the UPDF as being something that is available to them, that belongs to them and that supports what they are doing, the fund has strengthened their hand in negotiations with the state for land, for services and for access to other resources, as it has strengthened their capacity to manage their own development process. In these ways, the UPDF is using finance as a tool to open up new space for poor people in Cambodia to find a new strength in their collectivity, to innovate, to come up with new solutions to the problems they face, to negotiate with the government at various levels to support these initiatives, and to show that with a little support, it is possible for the poor to stay in the city nicely.



# Using a variety of activities to rally the people's force before the fund ever got started

In the absence of any kind of entitlements or government assistance, Phnom Penh's first generation poor had no choice but to devise survival strategies of their own - to get land, to build houses, to get water and electricity and to find work. These "people's strategies" have helped more Cambodians to survive than any government scheme or foreign aid could ever hope to do, but they had some serious limitations. Because their struggle to survive was being carried out separately and alone, the city's poor had no organization, no strength and no systems of mutual support. And when the first wave of evictions began to take place in the early 1990s, people living in the city's hundreds of informal settlements had no idea of coming together and facing this crisis as an organized whole.

So the story of UPDF begins several years before the fund was actually started, when a coalition of poor community leaders, concerned NGOs and ACHR began working to begin building a community movement in Phnom Penh's poor communities. They began with communities in immediate danger of eviction, and used collective saving and a variety of other activities to get people to come together and start looking at their situation and developing their own ideas for how to resolve the problems they faced.

**1 Slum surveys :** Over the past 11 years, the network of urban poor community savings groups has conducted at least six enumerations of poor and informal settlements in Phnom Penh, each more accurate, more detailed and more comprehensive than the last, each representing an important milestone in the network's growing understanding and ownership of information about the city's poor and their living conditions. The first survey in 1997 yielded the most detailed, comprehensive picture till then of the city's poor settlements and became a point of common understanding for the whole city .

**2 Settlement mapping :** As part of their gathering of information about the city's poor settlements, and as part of their process of better understanding the problems they faced living in those settlements, several of Phnom Penh's poor communities (especially those facing eviction) began mapping their own settlements, numbering the houses, identifying common amenities and marking problem areas. All that lead to increasingly detailed negotiations with the city and helped shift the gist of these negotiations away from eviction and towards the exploration of other development possibilities.

**3 Alternative land searching :** In 1996, when several communities faced the immediate prospect of being evicted and relocated to government resettlement colonies on remote peripheral land, a group of community leaders got together and began combing the city looking for open land that met their own needs - that was high enough to be out of the floods and close enough to jobs and schools. They identified five sites and began negotiating with the municipality about acquiring those lands for possible alternative resettlement - a dialogue which continued.

**4 Designing affordable house models :** In a series of workshops, a large group of community members from 12 settlements around the city worked with architecture students to develop a series of affordable house models designed to be built on a modest budget for different sized plots of 30, 60 and 100 square meters. They made small scale models using cardboard and paper, but also mocked up full-scale versions of the house using bamboo poles and lengths of cloth. On the last day, more communities were invited to come see the models and decide which ones they liked best.

**5 Model house exhibitions :** The two most popular house designs (one wooden stilt house and one brick row-house) from the house design workshops made their public debut in May 1997, at the city's first model house exhibition in Basaac. Hundreds of people from around the city came to see the full-scale models and meet their designers. This was the first chance for poor community members to show the municipal and national government that they had good ideas of their own.

**6 Exposure visits :** From the early 1990s, exposure trips to visit poor community initiatives and people-driven projects in other countries has been one of the key strategies used to break isolation and to help Phnom Penh's poor communities meet others who face similar problems, exchange ideas and see what kind of housing and land solutions are possible when the poor work together, and when they can work in partnership with their local governments. These early "integrated" exchange visits to India, South Africa and Thailand, involving municipal officials and poor community leaders, went a long way in helping municipal officials to recognize the "win-win" potential of a close working relationship with the growing network of poor communities.

**7 Small scale infrastructure projects :** In 1997, several poor communities began making some of the city's first community-managed infrastructure improvements, using money they had collected from community members and supplemented by small grants from ACHR and UNCHS. These projects to build common pit latrines, to lay flood drainage systems and to build bridges and wooden walkways were small, but they provided the city with the first glimpse of what is possible when communities themselves decide what their most pressing physical problems are, and then put their resources, their ideas and their own sweat together to implement projects to address those problems.



## We're not alone . . .

Development expertise doesn't have to come from northern professionals and "experts" who fly in with their hot air! Good ideas can also come horizontally from friends right here in Asia - from community groups and committed support organizations in neighboring countries. Because of the war, Cambodia may have gotten a late start, but its links with this Asian network of horizontal learning and mutual support has provided a kind of "horizontal short cut" to speed up the community development process and allow knowledge and wisdom and experiences from Asia to pour into Cambodia. Asia is a network, and this network allows the Asia region to become a very large field of learning.





#### SOKHADOM ROMANEA :

*Cambodia's community savings network is now active in Phnom Penh and 17 provincial cities around the country, and they have a new name. Sokhadom Romanea translates from the Khmer as "Holistic Happiness Community Network." The idea is that the savings process is not just to get loans, but to help poor communities undertake a wide variety of activities which promote overall well-being - the well being of individuals, of families, of communities, of networks and of the whole country.*

## Community savings groups :

### The building blocks of a genuinely people-driven development process in Cambodia for 14 years . . .

Since 1994, community saving in Cambodia has been the key strategy to mobilize people in poor communities to come together, to look at problems they face and to begin building a collective process to tackle those problems, through the simple rituals of day to day savings collecting. From the beginning, boosting savings and credit activities on a large scale in Phnom Penh - and in other cities - has been a way to boost the basic mechanism by which poor people deal with their own problems collectively, with strength, rather than in weakness and in isolation. The network of community savings groups in Phnom Penh is now active in over half of the city's poor communities. There are also networks of community savings groups in 17 other provincial towns around the country, all linked together through regional and national networks of learning and mutual support.

Over the last fourteen years, these savings groups have gone through their ups and downs and through various groupings, first as a city-wide federation, then as district-wise units, and most recently as sub district-wise networks. But the one constant in all these mutations has been that community savings helps poor people to come together, pool their own resources and begin to work out their own solutions to problems of land security, housing, basic services and access to credit for livelihood and housing.

The city's poor communities have worked with ACHR all along, and since 1998 with the Urban Poor Development Fund to break the crippling hand-out mentality (which has done so much to disempower the country's poor communities) by setting up, strengthening and expanding savings groups in urban poor settlements. Since the UPDF was set up, the key prerequisite for communities seeking access to its various loans and grants has been that they have strong, active savings and credit groups.

Community managed saving is a powerful strategy for people to organize themselves, to strengthen their communities, to learn from each other and to manage their own development. Strong community savings groups - and networks of these savings groups at various levels - continue to be the most fundamental building blocks of a people-driven development process in Cambodia and are vitally connected to communities' ability to develop housing, improve their environment and negotiate for secure tenure and resources.



## Why is collective saving so important for poor communities in Cambodia?

### 1 It builds collective management skills :

When people in poor communities save their money together regularly and make collective decisions about how to use that money, they are acquiring the confidence, the management know-how and the negotiation skills they'll need to work with other actors to tackle larger development issues such as land tenure, housing, community improvement and access to resources.

### 2 It builds trust in communities :

There are always plenty of social and economic pressures which work against collectivity and mutual trust - especially in vulnerable communities, and especially in Cambodia, where decades of war and unspeakable hardships almost erased trust from the culture. But a community savings group can be a powerful way of rebuilding the spirit of trust and mutual help. It grows immediately when people see the benefits of contributing to and borrowing from their collective savings and undertaking simple development activities.

### 3 It builds people's own resource base and increases self reliance :

Community savings group creates a growing collective resource base which can help its members, belongs to its members and is managed by its members. The collective asset savings creates enables people to tackle poverty themselves, on their own terms, by taking care of their needs locally, without having to wait for hand-outs from anyone.

### 4 It builds a community movement with scale and clout :

There are now savings groups in half of Phnom Penh's poor communities. Only with this scale of involvement can a network of communities have the numbers and the collective strength to negotiate as viable partners with the city and other stakeholders about the urban development issues which affect their lives. The savings activities train them to do this with better knowledge and better management.

## Community saving in Cambodia : (April 2008 figures)

	<i>Communities with savings groups</i>	<i>Number of members</i>	<i>Total savings</i>
<b>Phnom Penh</b>	<b>222 communities</b> (out of 569)	<b>13,622 members</b>	<b>946 million Riels</b> (US\$ 236,554)
<b>17 Provincial towns</b>	<b>132 communities</b>	<b>5,953 members</b>	<b>224 million Riels</b> (US\$ 55,931)
<b>TOTAL</b>	<b>354 communities</b>	<b>19,575 members</b>	<b>1,170 million Riels</b> (US\$ 292,485)



# CHAPTER 2

## The UPDF is set up to finance the city's first community-driven housing alternative to eviction



### AKPHIVAT MEAN CHEAY :

### UPDF's first loan turns an eviction crisis into a city-wide learning opportunity . . .

The UPDF came into existence in response to an urgent need for housing finance when 129 families in the roadside settlement at Toul Svay Prey found themselves threatened with eviction, to make way for a municipal drainage project. Through their community saving scheme, the people organized themselves and negotiated their own planned, voluntary resettlement to new land at Akphivat Mean Cheay. The community's efforts were helped by some exposure trips to India (where they saw how other poor communities had negotiated alternatives to eviction) and by the enthusiastic District Chief of Khan Chamkar Mon.

The Akphivat Mean Cheay relocation 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 officially inaugurated by the Prime Minister on April 20, 2000 and made a strategic first case for the UPDF because of the collaboration it involved.

**A FIRST FOR PHNOM PENH :** The Akphivat Mean Cheay resettlement project was the city's first demonstration of how effective it can be when cities and the poor work together to find solutions to the conflicting needs of urban development and affordable housing. The project allowed the city to proceed with its drainage project at the same time it provided a secure, healthy and well-located community for people that project had displaced.

The availability of housing loans was one of the key factors in persuading the municipality to give land and the UNCHS to provide infrastructure. With housing loans available, there was no reason all these collaborative elements couldn't come together again in more projects. To borrow architect's language, with these first housing loans, *the function determined the form* of what UPDF was about. From day one, everyone agreed the UPDF would work only if the people felt the fund was *their resource*, and only if they were involved in it fully. So when UPDF was officially set up, the community savings network's \$3,000 contribution made them the fund's first share-holders, and community leaders continue to sit on the UPDF board.

## You want PARTNERSHIP?

- **The Community** searched for alternative land and chose the new site from nine options.
- **The Municipality** purchased the land for the people, using funds from the drainage project budget, and will grant each family individual land title when they have repaid their UPDF loans.
- **The Urban Resource Center's** young architects helped the people draft the layout plan for the new community, which included 54 square meter plots for all the families, a community center and several water points.
- **The UNCHS** provided land-filling and basic infrastructure through a system of community contracts, in which local community people (instead of outside contractors) were paid to construct roads, storm drains, pit latrines, water pumps, plant trees and pave the lanes.
- **The District Chief** of Khan Chamkar Mon helped negotiate the whole process.
- **The UPDF** provided housing loans of US\$ 400 to each of the 129 families
- **The people** built their own houses, most using the "core house" model (with loft) they had developed with young architects from the URC and which was affordable to most families.
- **SUPF** turned each step of the process into training and inspiration for communities around the city, through a constant stream of exchange visits.
- **The Women's Savings Group** collects loan repayments 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. Repayments for the whole community are made all in one batch once a month to UPDF.





## A series of several community-managed and government-managed resettlement projects follow . . .

# A new precedent :

*The new formula established in the Akphivat Mean Cheay project (in which the city provides the land and some compensation, the UPDF gives housing loans and the people manage everything themselves) turned out to be a major breakthrough in the city and several more community-managed and government-managed relocation projects of a similar nature followed. The existence of the UPDF - and the availability of its modest loans to communities in need of them - continued to grease the wheels of informal communities' negotiations with the authorities and to help them plan and carry out these relocation projects - as a better alternative to looming evictions - in collaboration with the Municipality, international agencies and NGOs.*

1

### Housing loans to 123 families at Toul Sambo



The Municipality was quick to see the collaborative housing process at Akphivat Mean Cheay as being a convenient supplement to its own development plans for the city of Phnom Penh. In December 1999, a second batch of loans was made to families being relocated to Toul Sambo, a government resettlement colony 24 kilometers outside the city. Toul Sambo was nobody's idea of a glorious second case for UPDF, being so far from the city and so short on community participation, but when people from several inner-city communities were evicted, they had little choice but to take up the city's offer of free resettlement plots at Toul Sambo, where living conditions were pretty bad.

UPDF responded to their need with several rounds of small housing loans. In the first stage, 37 families took loans of \$200 - \$400 to build houses, at 8% interest over a 5-year repayment period. Eventually, 123 families took housing loans from UPDF. Most families began repaying their loans in the end of November 2000, in small, daily installments of 1,000 Riels (about US\$ 25 cents), according to systems set up and managed by their savings groups in the community.

2

### Housing loans to 111 families at Kok Khleang (1)



*Toek La'ok 14* was a community of 111 poor families living on the roadside along three sides of the National Pediatric Hospital since the 1980s. There were complaints that the community created unsanitary conditions around the hospital and interfered with the drainage system, and in 1997, the Municipality posted eviction notices. Within a year, this tightly-organized community had begun a long process of negotiation with the hospital, district authorities and the Municipality, which led to another collaborative resettlement agreement, similar to the *Akphivat Mean Cheay*.

As part of the agreement, the Municipality and the hospital's donor (World Vision) agreed to share the cost of buying alternative land, which was chosen by the people and developed by UNCHS. Community members built their own houses using UPDF loans, the URC helped develop affordable house designs and community layout plans, and SUPF assisted in negotiations and opened the process as learning for other settlements. The land the people chose is at Kok Khleang (1), six kilometers from their old community and close to a bustling market in the airport suburb of Pochentong. The community haggled the landowner down to a selling price of \$4.54 /m<sup>2</sup>, which brought the land cost to US\$ 35,000, of which the Municipality paid \$10,000 and World Vision paid \$25,000. The plans included 42.5 square meter plots, a community center and playground. The land agreement was signed in June 1999, by August 2000, the new land had been filled, and by November 2000, all 111 families had moved in.

3

### Housing loans to 165 families at Prey Tituy



Nearly 3,000 families lived in the swampy river-front community of Basaac, the city's largest informal settlement. For many years, SUPF had been active in the area, with savings and credit, surveys, toilet-building, house and bridge-building. A lot of energy went into exploring on-site redevelopment options for Basaac, including land-sharing, reblocking and upgrading. These ideas were presented to the local and national governments, but sadly, the city's master plan for developing Basaac left no room for negotiation or housing for the poor. While the city remained firm in its resolve to evict all of Basaac's residents, it has taken steps to provide alternative land for resettling some of those people. At the Akphivat Mean Cheay inauguration in April 2000, the Prime Minister pledged US\$ 200,000 for purchasing such land, and a month later, the Municipality (with some community involvement) identified and purchased a 12.5 hectare site at Prey Tituy, about 15 kilometers from the city. By September 2000, the land had been subdivided into 469 plots (120 square meters each) which were assigned by lottery to families from two Basaac settlements. As part of the relocation deal, the UNCHS provided pit-latrines, roads and drainage (by community contract) and 165 families took UPDF loans to help build new houses.

4

### Housing loans to 120 families Kraing Angkrang 2



Over 1,500 people in 278 households living in the Block Tan Paa rooftop community were made homeless when a fire destroyed their settlement in March 2002. Besides losing their houses and all their belongings, the people found themselves camping out on the street down below, forbidden by the Municipality to return to their rooftop and facing the prospect of being forced into one of the government's most remote resettlement colonies 25 kms from the city. But this strong and well-organized community decided to nix the city's resettlement offer and searched themselves for land which was closer to jobs. After a big struggle, they persuaded the Municipality to purchase land they found at Kraing Angkrang 2, close to Pochentong Market, for which they had bargained the land-owner down to a selling price of just \$2.80 per m<sup>2</sup>. Because only minimal UNCHS support was available for infrastructure at the new site, the community worked with friends from the Orangi Pilot Project in Pakistan to design a "cluster" layout plan with 300 plots which allowed them to gradually construct their own low-cost underground sewage system. To save the high cost of filling the land, a small flood-control dike was built around the perimeter of the site, using earth taken from what eventually became an oxidation pond for treating sewage. A group of 110 families also took small UPDF loans to construct new houses.

# Not just land and houses : The UPDF responds to diverse needs with more diverse kinds of loans

When people in the city's poor communities saw that this new fund was there and that it was available to finance housing and resettlement initiatives they developed and managed themselves, it didn't take long for them to begin identifying other needs besides housing and land which the new UPDF could help them meet. Proposals for a variety of other kinds of loans for a variety of purposes began flowing into UPDF. And because it was set up as a flexible fund for poor people, and not as an NGO with a pre-planned program of projects, it could respond to these other credit needs increasingly diverse kinds of loans - modestly at first and more comprehensively as the loan process matured and the fund's capital base increased.



## 1 Loans to districts for income generation :

The need for credit by small entrepreneurs in Phnom Penh is huge, and when their only source of credit is informal money lenders with ruinous interest rates, it's no wonder community members around the city began asking for UPDF loans for income generation. In May 2000, in order to allow large numbers of people to benefit from livelihood loans, but also create a new system in which communities work together, the networks of savings groups in all seven khans (districts) were invited to propose income-generation loans up to a ceiling of US\$5,000 per khan. These loans helped each khan establish a revolving fund, from which savings groups could borrow, to on-lend to their members, for short-term income generation loans.

The community network in each khan had to open a joint bank account to receive these loans. Some of each group's communal savings would also be kept in this joint account, so that when people took loans from this district revolving fund, they were partly borrowing from their own communal savings, and partly from the UPDF capital. It took several months of hard work and three big public workshops to get these district loan funds off the ground. Each district made its own survey, gathered all the loan requests together and presented its proposal to the UPDF in public meetings, with all the other districts sitting there. Each district set its own systems for managing the loan and repayment process, interest rates and loan terms, and deciding how the members, savings groups and the district authorities would interact.

## 2 Food production loans :

The UPDF's food production loans were a response to the urgent needs of the hundreds of families who have been evicted from their inner-city settlements in recent years and relocated to unserviced plots in the large government relocation colonies outside the city, where they are struggling to survive in extremely difficult conditions. People urgently needed to produce food to feed their families and to sell for a little extra income, and the community networks and UPDF had been looking for ways to help them do this.

Instead of making these loans individually, which would be impossible for UPDF to manage, it was decided to make bulk loans to the communities, and then let them hold meetings, carry out surveys and set up their own collective systems for giving and managing small loans for food production projects like pig and chicken raising, vegetable gardening and fish farming. A ceiling of \$3,000 per community was proposed to start, with very flexible repayment conditions which gave the communities room to develop their systems and to use this loan as their own revolving fund. The ceiling is small, given the scale of need in these resettlement colonies, but besides boosting food production and incomes, this loan mechanism uses a common need as a mechanism to get people to know each other, to work together and to start developing their own self-support systems. In this process, people are building a community in very difficult circumstances, where scattered people from around the city have been pushed and where no real community yet exists.

## 3 Small transport business loans :

Another serious problem faced by people living in these peripheral resettlement colonies is the lack of transport into the city, where most of them still have to go to find work. The only ways to make the 15-25 km trip into the city are to walk or to pay for a lift on a truck, a moto-dub or a tuk-tuk - none of which are cheap ways to cross town. To help increase these informal sector transport options and boost incomes, UPDF has begun making loans for buying moto-dubs and tuk-tuks to set up small transport businesses.

### Some grand totals on UPDF credit

(as of 30 April, 2008. Exchange rate: US\$1 = Riels 4,000)

	Total loans disbursed	Number of households / communities benefitting	Average loan	Interest (Annual)	Loan term	Amount repaid
1. New housing loans	US\$ 45,429	121 (1 community)	US\$ 376	8%	5 years	US\$ 25,679
2. House improvement loans	US\$ 1.2 million	2,775 (127 communities)	US\$ 433	8%	3 years	US\$ 179,199
3. Land purchase loans	US\$ 140,694	421 (5 communities)	US\$ 334	3%	3 years	US\$ 30,796
4. Fish ("prahok") loans	US\$ 740,078	4,049 (42 communities)	US\$ 183	8%	1 year	US\$ 585,486
5. Income generation loans	US\$ 104,652	998 (47 communities)	US\$ 104	4%	1 year	US\$ 59,855
6. Food production loans	US\$ 27,205	338 (13 communities)	US\$ 80	4%	1 year	US\$ 19,787
7. Transport business loans	US\$ 12,075	23 (5 communities)	US\$ 525	4%	1 year	US\$ 3,436
8. Revolving fund loans	US\$ 2,391	211 (3 communities)	US\$ 11	4%	1 year	US\$ 2,391

**Totals :** US\$ 2.28 million 8,936 (238 communities)

US\$ 906,629



## 4 Bulk loans to Roessei Keo District to make fermented fish

During the months of December to February, the direction of the Tonle Sap River reverses and carries with it schools of tiny silver “riel” fish from the Tonle Sap Lake in northern Cambodia. For centuries, this has been the season when communities along the river buy baskets-full of fish from fishermen to preserve in salt in giant clay crocks beneath their stilted wooden houses, to make *prahok*, the popular Khmer-style fermented fish which enriches almost all Khmer dishes.

In 1999, the very active women’s community savings network in Roessei Keo District organized a process in which 356 families in 19 riverside communities took a group loan from UPDF to purchase the riel fish, crocks, salt and equipment to make *prahok*.

But instead of simply issuing income generation loans to individual families, the UPDF proposed a district-wide process in which the women’s network set up a special committee to survey all the families involved in the *prahok*-making business and managed the whole process as a district-wide bulk loan. In this way, *prahok* became a tool for linking communities in the district and strengthening the community process - and strengthening working relations with the District Chief, who was supportive of the process and sat on the committee.

The terms of the loan didn’t come from any fixed UPDF rules, but were set by the communities according to the *prahok* production cycle. As soon as the fully ripe *prahok* came out of the crocks 3-8 months later and was sold in the market, the loan was repaid in full. The first *prahok* loans were such a success that now, every year the district women’s savings network gathers all the *prahok*-making projects into a single joint loan proposal of good size. In this year’s batch of *prahok* loans, 604 families in 22 riverside communities have taken a total of 571 million Riels (\$142,750) in loans for *prahok*-making.



“If an outsider came here ten years ago, the women were all so shy they would just run inside their houses and hide. But see, now we can all sit here talking like this, with so much confidence and so much pride in what we have done.”

*Sohra-Hima, community savings leader, Kulalom Community*

## “How prahok-making loans have changed our lives . . .”

*Kulalom is one of the riverside communities in Khan Roessei Keo which has been an enthusiastic participant in the prahok loan process in Roessei Keo District, beginning with a prahok loan of 5 million Riels (US\$ 1,250) for just 25 families in 1999, and borrowing 42 million Riels (\$10,500) for 78 families this year. On a recent afternoon, a group of women from Kulalom’s savings group gathered under the thatched awning of a roadside coffee stall run by one of their members to talk about how the savings process - and particularly the prahok loans - have brought about real and measurable changes in their lives and well-being. Here are a few snippets from their conversation :*

**Saman-Srinoh :** Before we started our savings group, my house was very bad, with walls made of dried leaves. But now it’s much improved, with tin-sheet siding and a proper stairway up and a new toilet. I made these improvements using a small housing loan from UPDF which was part of our upgrading project. Early on, we used the profits from *prahok* to buy a second-hand moto, and so now my husband can make more income as a moto-dub driver, and has also bought a pump and some tools to run a small bicycle repair business when he’s not doing the moto-dub business.



**Yok-Mari :** We used to sell our *prahok* only here inside the community, from a basket on our heads, on a very small scale. Now we make it in much larger quantities and we sell directly to customers and middle-men, many who now order it in advance. Now they come to us, no need to go around looking for customers! And before, if we couldn’t sell it, and if there wasn’t interest, we’d have to offer a lower price to get rid of our stock. Now the price is fixed - we don’t have to bargain at all!

**Yoha-Tika :** Before, making *prahok* was just a sideline, but now for most of us, the UPDF loans have allowed us to make *prahok* into a very good full time job and our family’s main source of income. *Prahok* making has been a very good thing for us. We’re all earning much more than before.

**Sohra-Hima :** The savings group is like a people’s bank which belongs to us right here. Before we had to go to the money lender if we needed anything or if we had any emergency. And before, if we had any troubles, we had to struggle by ourselves. Now we work together and are all much closer.

**Leh-Sunrah :** Ten years ago, this was such a poor community. In almost all the houses, if there were three children, the family could only afford to send one of them to school. The others would have to stay home. But today, there is not a single child in Kulalom who does not go to school. And now that the environment is so much better and we have better incomes, the children are more healthy, and we don’t have to hesitate to take them to the clinic when they fall sick.

**Yok-Mari :** Oh, ten years ago we all looked so thin and ugly and dirty here, you can’t imagine! But now look at us, all of us are so healthy and smart and clean, and we have good clothes to wear.

**Sohra-Hima :** Before, we were all afraid of saving. We had the habit of blaming others for our problems. But now we are in control. For us, the community savings group is like a second mother - a mother who can take care of all of us. And we all know that whatever problem the community can’t solve by ourselves, we have our friends in the sangkat to help us, and we have the UPDF to help us, and we have the community savings network to help us solve together.

# Using the fund to show alternatives to the impoverishing cycle of eviction and resettlement

## COMMUNITY UPGRADING

Improving poor communities where they already are is cheaper, easier, better for the poor and better for the city they live in than relocation to sites outside the city . . .

In the past ten years, more than 15,000 families have been evicted from their homes in Phnom Penh and removed to peripheral areas of the city. The UPDF has been able to provide modest housing and income generation loans to only some of these families, to help them rebuild their lives at resettlement sites they purchased and developed themselves or at the big government relocation colonies at the outer edges of the city. Some of these relocation projects involved a high level of community participation, others didn't. For most of these families, living without adequate water, toilets, roads or flood protection in resettlement colonies that are far from jobs, support structures, schools and clinics, resettlement has only deepened their poverty. Many are having a hard time adapting and sustaining their lives out there. The government's commitment to provide alternative land to evicted families has been important, but as Phnom Penh develops, evictions are increasing and there is a danger that resettlement becomes the only option.

In fact, most of the city's poor settlements are on land which is not needed for public purposes like roads, flood control projects or government buildings and could be very nicely upgraded and turned into healthy, clean and beautiful neighborhoods for a fraction of the cost of upgrading. These communities provide a much-needed stock of affordable housing for the people whose hard work underpins the city's economic growth. A big investment has already gone into these settlements, whose central locations and built-in social support structures are vital to poor people's survival.

What if people were given a chance to improve their settlements and turn slums into beautiful neighborhoods, proud parts of the city? As cities around Asia have learned through experience, helping people to secure their land and improve their living conditions inside the city, rather than throwing them out, is in the best interests of the city, the poor and the whole urban economy. Asian cities have many good examples of community upgrading, but in Phnom Penh, upgrading was still a new concept. So UPDF decided to start creating a stock of local examples of how community upgrading can work, for people to see and learn from.

### 1 Environmental improvement grants

The UPDF's environmental improvement grants were the fund's first response to the needs of poor communities in the city to make improvements to their environmental conditions and basic services, and the city's first peek at community-managed upgrading. The network of communities in each district surveyed the environmental problems in their settlements and then helped communities work up simple project plans for constructing toilets, pumps, wells, sewers, walkways and water supply systems, up to a ceiling of \$700 per project and \$12,000 for the whole city. The low ceilings meant that the communities and the districts had to economize, negotiate, compromise and prioritize the most urgent projects - which was in itself learning for everyone. The first 22 projects were completed within six weeks, and they showed clearly that people *can* improve their own communities better, cheaper, faster and more appropriately than any government department or contractor when they are given the chance to manage the process themselves. The hands-on experience from this first round of environmental improvement projects gave people the confidence to negotiate another \$40,000 from the UNCHS project to support their next round of projects.



### 2 Upgrading "training by doing" with CDS

In most planner's minds, the needs of the city to develop and the needs of the poor to have decent, secure housing will always be in conflict. As a result, most urban development solutions tend to be planned by one group which gets all the benefits, but victimize and impoverish everyone else. In fact, cities around Asia are gradually realizing that when space is created for city governments, poor community organizations, NGOs and other stakeholders to talk to each other and plan together, they can bring a little more balance into the development process and they can design "win-win" solutions which work for the poor *and* for the city.

The City Development Strategy (CDS), which was launched in 2002 as a joint program of the Phnom Penh Municipality, ACHR, UPDF, UNCHS, URC and the community savings network, offered a chance to understand the changes happening in the city, to bring the various actors in the city's urban development process together and to explore ways of managing this change process in a more effective, more equitable way. The CDS involved an extensive process of research, surveys, discussion, joint planning, training and implementation, using Cities Alliance funds.

**BUT THIS CDS WASN'T ALL TALK.** One of the most important goals of the CDS process was getting Phnom Penh's poor communities more involved in planning, by getting them to work with their ward, district and city officials and NGO allies to implement *real* solutions to problems of land, housing and infrastructure - within their own constituencies. To do this, community-managed "comprehensive upgrading" projects were launched in three poor settlements in the city, as a form of "training by doing", to show how different upgrading strategies can be used to transform run-down informal settlements into beautiful, secure neighborhoods.







Most community upgrading projects are done by engineers and contractors. The Ros Reay project shows that upgrading isn't something mysterious or expensive, but can be done by local people themselves, simply, cheaply and effectively.

## What does community upgrading look like?

**Phnom Penh's first experiment in 100% people-planned and people-constructed comprehensive settlement upgrading in Ros Reay is inaugurated in May 2003 . . .**

The 72 tightly-packed houses in Ros Reay are part of a large neighborhood of over 1,000 households behind the French Embassy, most settled here in 1979, immediately after the Pol Pot period. Ros Reay has bad flooding problems during the rainy season, so building a drainage system was the community's first upgrading priority. Because Ros Reay was chosen by the city's community savings network to be the first pilot comprehensive upgrading project, the community became a lively classroom of *training-by-doing*, where every step of the process became learning for the whole federation and the whole city.

The first step was to survey and map the settlement, which community people did themselves, with groups of "upgrading apprentices" from communities in other districts. On the map, they plotted all the houses, trees, water points and problem areas, and used this to discuss what needs improving. Once they'd decided what improvements to make, they estimated the costs and drew up a budget, which was agreed upon in a city-wide meeting in January 2003.

Municipal officials and community people from around the city attended the ground-breaking ceremony, where the first \$500 handed to the community was matched by \$500 in cash contributions from community members. They set to work the next day, dismantling the fences to enable the lanes to be straightened a bit and to make room for laying the underground sewage and storm drain system, which involved enormous labor.

Each family was responsible for digging the ditch in front of their house. Even pregnant women pitched in, and people returning from day jobs dug by lantern-light into the late night, under the energetic guidance of Ros Reay's leader, Keo Yin, whose husband, a construction subcontractor, provided technical assistance with slopes, pipe sizes and manhole design. The lanes were then paved with concrete, trees and flowering shrubs were planted along the lane-edges and the houses and fences were freshly painted in white, blue and green.



**BEFORE :** Here is a photo from 1999 of the main road in Ros Reay. During the rainy season, there were serious flooding problems and people had to walk through ankle-deep muck to get home.



**AFTER :** And here is a photo after the underground drains have been laid, the road completely concrete paved, the houses repainted and decorated with small planting strips for flowers and trees.



## What did it cost?

- **US\$ 3,600** - Laying the sewage and storm-drainage network and constructing 53 manholes.
- **\$7,100** - Concrete paving of lanes (339 m) with half-meter planting strips at sides.
- **\$100** - Planting 122 trees.
- **\$1,200** - Repairing fences, painting 57 houses, 39 fences.

**\$ 12,000** - Total cost of the project (\$ 167 per household)

## And who paid?

- **Labor :** approximately 2,200 person-hours of labor, all provided by community members.
- **Technical help :** A community member with contracting experience designed the system, set levels and supervised construction.
- **Budget :** \$ 500 cash contribution from community members and \$ 11,500 grant from UPDF.

# CHAPTER 5

## Community upgrading becomes government policy, and a new housing alternative takes root



### How it works :

UPDF support for upgrading goes directly to poor communities with strong savings groups and active sangkat (ward) networks, and it goes in such a way that communities manage every aspect of the process themselves, from planning to implementing to managing the money. The UPDF's financial support to the upgrading projects takes two forms:

- **Grants for infrastructure upgrading.** The upgrading grants are calculated on the basis of \$70 per family, up to a ceiling of \$5,000 per community. No more than 2 sangkats in each khan can propose upgrading projects each month, with a limit of 3 upgrading projects per khan per month. These ceilings have been imposed partly because funds are limited, but also to get the networks to prioritize those communities most in need first.
- **Housing improvement loans** of up to a maximum of \$500 per household, at 8%, repayable in 3 years.

### Progress so far :

#### In Phnom Penh (funding from UPDF)

- Number of communities : 122
- Number of beneficiary households: 13,984
- Total amount of upgrading grants: US\$ 234,144
- Total amount of housing loans : US\$ 971,908

#### In 11 provincial cities (Selavip funding)

- Number of communities : 44
- Number of beneficiary households : 8,406
- Total amount of upgrading grants : US\$ 76,074

It's been five years now since May 2003, when the Prime Minister announced a new policy to support the upgrading of slums, as a first step towards providing secure land, basic services and decent housing to Phnom Penh's poor. The policy was in response to a proposal put forward by UPDF and the poor community networks, on the occasion of its 5th Anniversary celebration, which brought together community leaders from Asian and African countries to share their experiences in upgrading and to learn from Cambodia's upgrading work so far. The new policy gave a very big boost to the UPDF's efforts to make community-driven upgrading the city's main strategy for addressing the housing needs of its poor.

The upgrading policy makes people the main actors, but they work in close partnership with their networks, the Municipality and their sangkat councils to survey, discuss, prioritize, plan, develop upgrading proposals and carry out the work, with funding and technical support from UPDF and other organizations.

Over 200 poor communities in Phnom Penh so far have taken advantage of the space this new policy creates for people to plan and implement improvements to their lives and living environments. The process has had its ups and downs, but as the city watches increasing numbers of communities transform themselves from squalid "befores" into healthy and livable "afters", enthusiasm for the next phase of upgrading is high.

Community upgrading is usually understood as a means of improving just the physical aspects of poor settlements, by providing improvements to housing, infrastructure and environmental conditions. Cambodia is among a growing number of examples in Asia where a much more comprehensive version of community is working as a powerful democratizing process.

This more ambitious version of upgrading includes the physical stuff, but it also involves the upgrading of people's land tenure, status in the city and legitimacy as citizens, upgrading their relationship with the local government, upgrading their capacities to manage their own development, upgrading their knowledge, their organizational and management skills, their ability to collaborate and their confidence. These are the political aspects of upgrading - a democratic process in which the physical and the political go together. Groups of people organize themselves, mobilize their resources, make their plans and carry out their upgrading projects. And in the process of doing things, they change their relationship with local development partners and build better partnerships with their city.

**THE MAGIC HAT TRICK :** Eviction - and the suffering and impoverishment it causes - is a symptom of a city without any clear vision for its development and without any idea how to deal with the housing needs of its poorest citizens. But with just a little modest finance, some fresh ideas and a little delicate negotiation, the UPDF has shown that it is possible to conjure up new possibilities for the poor and a new development direction in a city where none existed before. Five years ago, the UPDF proposed this new upgrading policy, and now that abstract idea has taken concrete form, in the shape of hundreds of upgrading projects around the city - and in provincial cities around the country. People can now see something happening, something that is possible, something that is real, something that gives form to the idea that a city like Phnom Penh can continue to develop, while still making room for the poor.



"The size of these upgrading budgets is extremely small, but the size of hope, the energy, the confidence, the security and the new culture in which people come together and work together after the project is finished is enormous."





## Theme and variation :

**Because people decide what works best for them, and because the situation and set of needs in each community is different, community upgrading can take many different forms . . .**

The UPDF's upgrading support makes communities the main actors and implementers of the upgrading work, in close collaboration with their Sangkat Councils, the Municipality of Phnom Penh, NGOs, and the Savings Community Network of Phnom Penh. The first step is for a community to survey and discuss its settlement and its problems, and then to develop a community improvement plan, which includes both immediate upgrading plans and broader, longer-term development plans - plans which can include physical, economic and social aspects, depending on the community's ideas. Once the plan has been discussed with other communities in the sangkat and adjusted, it goes to UPDF for approval. These community upgrading plans can be quite simple, but they should include detailed costs of upgrading and a description of project management, including people's participation in labor, technical aspects, supervision, finances and materials purchasing. The sangkat mechanism supports the whole process. The budget comes in the form of modest infrastructure grants and housing improvement loans. All communities contribute at least 10% of the cost of the upgrading project from their own pockets and use mostly their own volunteer community labor, with sometimes a little hired help from skilled masons or plumbers.

### 1 UPGRADING on the same site

**Prek Tapov** is a small settlement of 54 poor families who migrated from rural areas to this river-side land in Khan Mean Cheay shortly after the Pol Pot period ended. Using their own labor and a \$5,000 grant from UPDF, the first step of their upgrading plans was to build a 510m concrete walkway and drainage line through the settlement which linked all the houses and made access easier during the annual floods. Next, 24 families took housing improvement loans (totaling \$8,050) and 8 families took income generation loans (totaling \$1,625) from UPDF.



**BEFORE:**



**AFTER:**

**Nesarth 10** is a crowded settlement of 100 families along the Tonle Sap River, in Khan Roessei Keo. Many people here are fishermen and have taken part actively in the annual cycle of UPDF loans to support the production of *prahok*, the Khmer fermented fish. This was the first river-side community in to build a concrete walkway through their flood-prone settlement. The walkway is 280m long, and the people built it themselves using a \$4,434 grant from UPDF. The project has inspired many other walkway projects in adjacent settlements, which are now interlinked.



**BEFORE:**



**AFTER:**

**Ek Reingsey** is a Cham Muslim community of fishermen and vegetable sellers across the river from the royal palace. The 182 families have stayed here since 1979, but before Pol Pot, this was their ancestral village. With a \$2,800 upgrading grant, they built a tiled walkway and drainage line (260m) throughout the whole settlement, and planted trees all along. The work took only a month, with everyone pitching in. To straighten and widen the space for the new walkway, 19 families agreed to move their houses back and took housing improvement loans (total \$8,550).



**BEFORE:**



**AFTER:**

# UPGRADING : Theme and variation . . .

2

## REBLOCKING on the same site

**Samaki 1** is a settlement of 49 households built in a long line along the railway tracks in Khan Roessei Keo. The people decided to cooperate with a new railway policy by voluntarily moving their houses 20 meters back from the tracks. Next, with a UPDF upgrading grant of \$6,416, they built a beautiful 126 meter long, tile-paved walkway in front of their newly-rebuilt houses, with a storm drainage line, new trees and community gardens planted in the leftover space. 38 of the families have taken housing improvement loans totaling \$16,725.



**BEFORE:**



**AFTER:**

**Mittapheap** is a crowded community of 137 houses in Khan Toulkork. In this early upgrading project, which started in 2002, the people straightened and paved the settlement's main lane, laid an underground drainage system, painted houses and planted trees, using an upgrading grant of \$6,587. 56 families who had to break parts of their houses to "reblock" and make room for the straightened road took housing improvement loans totaling \$23,500. Through the upgrading process, the community began to relate very closely and frequently with the authorities at Sangkat, Khan and city levels.



**BEFORE:**



**AFTER:**

3

## RELOCATION that is managed by people

**Thnout Chrum 5:** The families who live around the garbage dump at Steung Meancheay, earning their living collecting recyclable waste, are among the poorest in the city, but are far from being helpless. When the active savings group at this dump site community proposed upgrading to UPDF, the Prime Minister heard about the project and wanted to help.

With funds coming partly from the Prime Minister and partly from the municipality, the community searched for and bought a 2-hectare piece of land just 2 kilometers from their original community, where they moved in July 2003. Since then, the 159 families (including 116 families from the dump site and 43 families evicted from another land nearby) worked to build and develop their new settlement, with housing loans, upgrading grants and technical assistance from UPDF and PUPR.

The project at Thnout Chrum 5 represents a form of relocation in which the community was the key actor in every step of the planning process, working in close collaboration with the district, municipal and national government and support organizations, and in which the move supports people's lives and strengthens their community instead of impoverishing them.



**BEFORE:**



**AFTER:**



**BEFORE:**



**AFTER:**



## 4

## UPGRADING at government relocation colonies

**Phum Andoung** is a large resettlement colony set up hastily by the Municipality in June 2006 to accommodate poor renters who'd been evicted from the Basaac area in central Phnom Penh. The 3 hectare site has 777 house plots of 24 square meters each, but several hundred more evicted families are squatting on adjacent land, hoping to get allotted plots. Initially, conditions at the flood-prone site were very bad, with no toilets, no paved roads, no piped water supply. Some 8,000 people traumatized by the eviction had only some donated plastic sheets for shelter.

UPDF immediately started savings groups and sent a person full time to support the people and help them develop income generation and upgrading plans. Gradually, community members have begun upgrading their new settlement, with support from UPDF, the Municipality, Selavip Foundation and other local and international aid agencies. Projects so far have included paving the community market, gravelling the roads, laying drainage lines, planting trees and building a community center. 256 families have taken housing improvement loans of \$500 from UPDF and another 40 families are taking \$1,000 new housing loans to buy the 20 square-meter rowhouses being developed by UPDF, with support from the Cambodian Red Cross.



BEFORE:



AFTER:



BEFORE:



AFTER:

## 5

## LAND SHARING

**Borei Keila** is Phnom Penh's first real land sharing project - a breakthrough that was proposed originally to the government by the UPDF during its 5th anniversary celebrations. The project was subsequently approved by the Prime Minister and developed as a collaboration between the community, the Municipality and a private developer.

The 14-hectare piece of government land, which is in the middle of the city and had been occupied by a settlement of 1,776 poor families, has been divided into two parts. The government has given one part to the private company to develop commercially, and the other part is being used to construct ten 6-story apartment blocks, which will eventually house all the families from the old settlement in airy, high-ceilinged 48 square meter apartments. These apartments are being built and paid for entirely by the private company and are given free to the families. The first three buildings are already finished and occupied.

This land sharing project is a new invention in Phnom Penh, and represents a decent, practical and replicable alternative to eviction. The land sharing strategy represents a kind of cross subsidy, in which the big profits generated by the other part of the site will offset the \$7 million cost of building these ten apartment blocks for the community people. People only have to pay for maintenance, electricity and water supply, all of which will be collectively organized through their savings groups.



BEFORE:



AFTER:



BEFORE:



AFTER:

# Decentralizing the upgrading process to help “un-stick” the city’s community movement



## Why focus on the the **SANGKAT** ?

The city of Phnom Penh is divided into seven large *khans* (districts), which are in turn divided into 76 *sangkats* (sub-districts or wards). The city’s 569 poor settlements are scattered all through these *sangkats*, some with as many as 10 and others with as few as four settlements. So the scale of the *sangkat* is much more manageable than the district, which might have hundreds of communities.

A close, friendly relationship between communities within a *sangkat* (and with their local authority) is more possible because they are neighbors, they live near each other, know each other’s problems and can visit each other by walking. All of which makes it so much easier to build a community network.

Plus, while *khan* chiefs in Phnom Penh are appointed by the central government and may not even come from that *khan*, the *sangkat* chiefs are elected by their constituents and must live right there in that *sangkat*. They are local guys who everyone in the *sangkat* already knows, and that makes it much easier to develop a close working relationship between the community network and the *sangkat* authority.

## **SANGKATS** and **UPGRADING** :

### Rebuilding the city’s people’s movement by reorganizing the building blocks into smaller, more numerous and more workable groupings . . .

When ACHR and (later) UPDF began supporting the people’s process in Phnom Penh, it worked with Solidarity for the Urban Poor Federation (SUPF), which was the only large-scale people’s organization in the city. But from the start, the federation process was plagued by problems of too much centralized control, in which decisions and activities were being dominated by a core group of community leaders. This was preventing new ideas and new leaders from emerging and causing the people’s process to get stuck. Even after a process of decentralizing the federation into seven district-based networks, the problems kept mounting. Eventually, a group of old SUPF leaders split from UPDF in 2003, registered themselves as an NGO and looked to the UN-Habitat for funding support, causing a bit of turmoil for a while.

But this problem turned out to be an opportunity. In 2004, the UPDF began experimenting with ways of using the process of community upgrading to revive the city’s troubled community movement. One idea was to implement the new slum upgrading process at the *sangkat* (sub district) level, and by doing so to rebuild Phnom Penh’s people’s movement using smaller, more numerous and more workable building blocks. The idea was that the *sangkat* authority and the community network in that *sangkat* would take charge of upgrading the settlements in their *sangkat*, and become the joint implementing unit for solving other urban land and housing problems. First each *sangkat* set up a working committee, then surveyed all the slums in that *sangkat*, looked at the data, discussed the problems, decided together which communities to upgrade first and then proposed their plans to UPDF, from the *sangkat* as a whole. In this way, the upgrading program created space for people to begin participating in the planning process within their *sangkat*.

**Decentralization in practice :** The *sangkat* mechanism dovetails nicely into the national government’s policy to decentralize to the *sangkat* level. This policy might not mean much in terms of real devolution of control over resources and decisions about development in these localities, but it DOES provide an opening for people to develop partnerships with a layer of government that is very close to them, which they actually elect, and in which there is more room for more friendly relationships and joint ventures.

The new “Sangkat mechanism” was launched in a big city-wide workshop in February 2005, in which some 500 *sangkat* administration officials and community leaders from all 77 *sangkats* came together to look at the first *sangkat*-based upgrading projects. By 2006, 55 *sangkats* had active “*sangkat* mechanisms” set up, and 35 had started community upgrading and infrastructure projects. This new emphasis on building the *sangkat* mechanism and *sangkat*-wide community networks has really strengthened the people’s process in Phnom Penh, brought new communities into the process, helped sharpen the partnerships and balanced the tendency to corruption and feudal-style leadership patterns. Through all these activities, lots and lots of new leaders are coming up (many of them women!) in communities around the city, with good relations between these leaders, lots of sharing and visiting each other back and forth. Besides bringing about some healthy changes in the nature of the community organizations in Phnom Penh, the new *sangkat* level mechanism has brought about changes in the way the city’s serious problems of land and housing for the poor are addressed.



### **Sometimes smaller is better . . .**

Besides helping spread out the slum upgrading program, the new *sangkat* mechanism has been a way to address the stagnation in the people’s process by moving the focus down to the smaller administrative unit of the *sangkat*. With this new structure, in which all the *sangkats* are busy with their upgrading processes at the same time, there is too much going on for any single leader to control things.





"In 1999, when we launched the first round of prahok loans, the event with 500 people was held in the big room at the Municipality, with the Vice Governor. Everything was very formal, and we all sat with our backs very straight. Now the learning process takes place right here in the community, and each year's prahok loan signings all happen here. The government officials come here to join and support us."

(Ms. Nuan Sarim, community leader in Sangkat Prek Tasek, Khan Roessei Keo)

## Khan Roessei Keo :

### The front-runner in Phnom Penh's community savings and sangkat partnership movement . . .

*Some of the city's most active sangkat networks are in Khan Roessei Keo, a sprawling district fronting on the Tonle Sap and the Mekong Rivers. There are 85 savings groups in Khan Roessei Keo, with 4,543 members. By 2006, they had saved US\$ 90,000 (compare that to the combined savings of \$95,250 in all the city's other six districts). The saving in other districts has much improved since then, but no other district in the city has been so consistently strong in its savings and loan activities as this one. Khan Roessei Keo's great energy and success with savings rests upon its almost 100% women leaders, its majority women savings members and its pioneering prahok-making loans (see page 7). Here are a few facts about community savings in this district :*

- 1 The savings network in Khan Roessei Keo borrowed \$250,000** from UPDF during 2006. To get these loans, they had to deposit 10% of the loan amount (\$25,000) in UPDF. So between their internal savings (all in loan circulation) and their external loans from UPDF, the poor communities in this district were managing 2 billion Riels (\$500,000) per year, smoothly and well, with friendliness and transparency and almost no hanky-panky, and this amount only increased subsequently.
- 2 Their own district-level revolving loan fund :** Since 1999, 67 communities in the district have been putting part of their collective savings into a special district-level revolving fund (instead of depositing it in UPDF or in a bank). 60% of their community savings goes into this district-level revolving fund and 40% stays in the community's loan fund. All the communities sat together and worked out how to set up this system. The district pays 4% annual interest to communities for the money they keep in this central fund (commercial banks pay only 1.7% on savings accounts!). Every month, they have a district-wide meeting and make decisions together on loan applications from this district fund. Loans from the fund are only made on the "group basis" - only to communities, not to individuals. They use their community-level funds for small, flexible and immediate loan needs, and the district-level fund for larger loans.
- 3 Each savings member contributes \$1 a year to the UPDF.** So almost US\$ 4,000 is being added to the UPDF's loan capital each year by this district's members alone.
- 4 When the district fund loans to communities, individual borrowers repay at 12% annual interest.** 2% of this interest goes into a district-level welfare fund, 2% goes into the community-level revolving fund, 1% is kept for community-level management expenses, 4% goes into the district-level revolving fund and 3% supports district-level management and activities.
- 5 Upgrading and linked walkways :** More than 25 river-side communities in Khan Roessei Keo, which experience bad flooding every year, have now built concrete and tile walkways through their settlements, using UPDF upgrading grants. It started with one or two communities, but as the "upgrading virus" spread through this tightly-knit district, other communities saw what was happening, got inspired and did the same. As a result, many of these walkways are now linked together into upgraded "zones", so you can walk for miles through these communities on beautifully paved walkways, without ever having to slomp through any muck, as before. In many of these communities, trees have been planted along the way and houses have been voluntarily moved back to make room for the walkways. Several of the communities which have taken housing improvement loans, as part of their upgrading process, have opted to pay off their loans early, on an accelerated payment plans.
- 6 Through all these different activities in the district** - the prahok loans, the linked upgrading projects, the district-level revolving loan and welfare funds - people have all gotten to know each other very well, relations are friendly and trusting, and that makes it easy to work together and take on new projects collectively. It's mostly women leaders here and that makes a big difference. There is also good trust between sangkat leaders and communities, and a good balance between the district government and the people's groups, with much less corruption and conflict here than in other districts.

## Community welfare in Khan Roessei Keo :

All savings group members in Khan Roessei Keo have access to welfare assistance (for emergencies, illness, hospitalization, school fees, funerals) from their own district-level welfare fund. Many also have access to additional welfare benefits from their community-level and sangkat-level welfare funds. Roessei Keo is so far the only district in the city that does this. There is now so much money in the district-level welfare fund that the network is considering decentralizing the process and putting some of the funds into the sangkat-level welfare funds.

This welfare system has been developed entirely by the people, and is funded partly by monthly member contributions, partly by a portion of the interest earned on loans within the district and partly by matching grants from UPDF. Khan Roessei Keo's welfare system came directly out of the closeness that was built through the prahok-making loans process, and is growing fast through the new sangkat mechanisms.

**How one sangkat does it :** Sangkat Prek Tasek is a shady, rural-feeling sangkat across the river from central Phnom Penh. In 2005, savings members from the five poor communities in this sangkat sat down with their sangkat council members and began talking about community welfare. In that meeting, they decided to set up a sangkat-level welfare fund, starting with 2 million Riels (\$500), of which 1 million was collected from people in the 4 villages, and another 1 million was proposed (and approved) as a matching grant from UPDF.

This sangkat-based welfare fund is managed by the sangkat committee and gives grants only to savings group members, for emergencies, sickness, births and death ceremonies, with certain ceilings on various kinds of benefits (Maximum 50,000 Riels for hospital or sickness, for example). Each savings member in the sangkat contributes 1,000 Riels (US 25 cents) per month to the welfare fund, which has since almost tripled in size.



## CHAPTER

## 7

# The UPDF plays “big sister” to a growing number of community networks around the country

**Expanding the community-centered development model which UPDF supports in Phnom Penh into Cambodia’s PROVINCIAL TOWNS AND CITIES, where problems of poverty are often far worse than in the capitol**

## 17 Provincial cities

### COMMUNITY SAVING

- Savings groups in 132 communities
- 5,953 members
- 224 million Riels (US\$ 56,000) in total collective savings

### UPGRADING

- Upgrading projects in 44 communities
- 8,406 beneficiary households
- Total upgrading grants : 304 million Riels (US\$ 76,000) (from Selavip)

Phnom Penh is not the only city in Cambodia with problems of poverty and housing. Sadly, there are poor and informal communities in smaller urban centers around the country. They may be smaller in scale and lesser in number than in the capital city, but the severity of poverty is often much greater in these provincial towns. As in Phnom Penh, people live in squalor and insecurity in these informal settlements, without proper drainage, sanitation, water supply or electricity, and many struggle against eviction to make way for all kinds of commercial and public development projects. Meanwhile, real estate speculation, corporate farming and the development of rural infrastructure projects are pushing increasing numbers of rural Cambodians off their land and into these provincial city’s slums.

Over the last six years, UPDF and the community savings network from Phnom Penh have been making contact with communities in many of these provincial cities and sharing their experiences in how to strengthen their communities and to begin organizing themselves by setting up savings groups and gathering information about their communities and the problems they face. So far, groups of community leaders from Phnom Penh have helped community groups in 17 provincial cities to carry out preliminary surveys of poor settlements in their urban areas. Since the UPDF’s 5th Anniversary event in May 2003, requests for guidance from poor communities in other cities have increased, and the UPDF has taken an increasingly active role in supporting groups in these provincial cities to build up community processes to improve their livelihoods, their environmental conditions, their housing, their tenure security and their capacities to negotiate with their local authorities.

Because it is limited by its original MOU to extend loans and grants only to communities within the Phnom Penh Municipal area, the UPDF has been unable to support these provincial cities financially. But that hasn’t stopped the UPDF from acting as a “big sister” to the growing community networks in these provincial cities and supporting their learning through an ongoing program of exchanges, workshops and learning. Funding assistance from ACHR and the Selavip Foundation has allowed community development activities like savings and credit, network-building, exchange and community upgrading in these cities to expand considerably - in many cities with very good support of the local authorities and the Ministry of Women’s Affairs.

**Not all the learning takes place bilaterally between Phnom Penh and the provincial cities.** Over the past two years, the UPDF has organized workshops in each of the country’s four regions which brought together poor community groups from towns and cities in those regions to meet each other, learn about each others problems and activities and begin developing their own regional links of support and sharing, within these smaller areas of the country. Then, in December 2007, the community savings networks in all four regions gathered for their first national workshop in Phnom Penh, which was attended by 500 community leaders from 17 provincial cities and Phnom Penh, as well as a group of 40 visiting community leaders from Lao, Vietnam and Thailand. It was at that national meeting that the network decided to call themselves **Sokhadom Romanea**, which means in Khmer the “*Holistic Happiness Community Network*.”

## How do INEXPERIENCED communities become EXPERIENCED communities?

How do communities learn about savings? About upgrading? About negotiation? About setting up their own funds or their own welfare programs? The young community processes in these provincial cities are being built up and cross-braced by a constant program of moving poor people from one place to another, on exchange visits between the different cities.

Whenever the UPDF organizes a trip to the provinces, they always bring along community leaders, and it’s never hard finding volunteers - it’s like a holiday and everyone wants to go. For them, these visits are a chance to meet friends, to proudly share with others their experiences with saving and with upgrading, a to give a helping hand to another group’s projects. Many of the communities in these provincial cities - and in the regional networks of provincial cities - are now well-linked and they manage these trips to different cities themselves, without any help from UPDF, so the cross-fertilization becomes almost automatic.

In this way, the savings process and the community upgrading program that started in Phnom Penh is expanding and scaling up to provincial cities across the country now, by people themselves, through exchange, where people see and learn together. Community groups are constantly coming to Phnom Penh to learn, and after they’ve seen the upgrading projects there, they go back to their cities and sit with their communities and talk about how to do the same thing there. There is very little money in these provincial cities, though, but many communities just start by themselves anyway, with very small scale upgrading projects (building toilets, paving a lane, laying a drainage line or planting trees), using their own savings or a little funding from the ACHR/Selavip project. These small pilot projects are often the beginning of the setting up of the community network in that city.

**Network building in action :** It is something extraordinary to watch the power of this simple act of people going around and visiting other poor communities and comparing notes on their savings



and credit work, their upgrading, their land tenure problems and their livelihoods. This is network-building and isolation-busting in action. It can only happen when people get in a bus or a van and actually go visit each other, see how the others live, see what’s the same and what’s different in their situations of poverty. There is always lots of making friends, exchanging phone numbers, challenging each other in a friendly way, taking copious notes and inviting each other back home to visit.



# Provincial development fund offshoots :

**Several new community development funds have already been set up in provincial towns, subdistricts and provinces, following the UPDF's basic model . . .**



Over the past few years, the relationship between community groups in Phnom Penh and other towns around the country have become very close, through an ongoing program of learning and sharing and mutual support, through exchange visits, seminars, exposure trips, and joint ventures. Most of these activities involving provincial towns and cities have been supported by ACHR (Selavip), although UPDF has been an important partner in the cross-fertilization process. Because the UPDF was set up under an MOU with the Municipality of Phnom Penh, it has been technically difficult for the UPDF to directly support community development activities or to give loans to communities in other parts of the country, outside the city of Phnom Penh. As a result, community groups in several areas have taken the UPDF model - a flexible community development fund which supports various activities designed and implemented by poor communities themselves, in collaboration with local authorities - and started up their own funds. So far, five off-shoot funds have been set up, all with very strong learning and mutual support relationships with the UPDF and between each other through their regional and national networks :

- 1 Banteay Meanchey :** The fund in Banteay Meanchey Province was the first provincial community development fund to be set up, and was an important step in expanding the support process for the urban poor in smaller Cambodian cities. The Banteay Meanchey Community Development Fund was established in February 2006, in Sisophon, under an MOU signed by the provincial governor, the Ministry of Women's Affairs, ACHR and the Banteay Meanchey Community Network. The fund's lending capital so far is about US\$ 20,000. This includes 40 million Riels (\$10,000) from the community savings network, 20 million Riels (\$5,000) from the Ministry of Women's Affairs and the provincial government and 20 million Riels (\$5,000) from ACHR (Selavip). The fund works as a revolving fund, giving bulk income generation loans to communities within the province.
- 2 Poipet :** This small revolving loan fund, which is managed by the network of extremely poor squatter communities in the casino town of Poipet (in Banteay Meanchey Province), on the Thai border, was set up with an initial grant of \$1,000 from ACHR (Selavip), and has already extended livelihood loans to 500 savings group members, almost all women.
- 3 Prey Veng :** This fund in the provincial city of Prey Veng combines 8 million Riels (\$2,000) of donor money (ACHR-Selavip) and 37 million Riels (\$9,250) of the community savings of several poor settlements (Total \$11,250). This fund is still operating informally and has brought together three smaller funds that were being run by community groups in two districts of the city: Peam Ro District (in which community development funds had been operating in Neak Leung and Prek Ksay Kor Sub Districts), and in Kampong Seing Sub District (in which another community development fund had been operating in the single slum community of Kraing Kra-ouk). All these smaller funds were likewise set up by combining community savings with some matching capital grants from ACHR (Selavip).
- 4 Odor Meanchey :** The revolving loan fund in Odor Meanchey Province, which operates in several poor communities in the Prek Ksay Kor Sub-District, has been going for several years. The fund was set up with a capital grant from ACHR (Selavip) of \$2,500, which links with the community savings (\$2,500) and works as a revolving fund, providing livelihood loans to savings group members.
- 5 Koh Kong :** This community development fund in the south-western province of Koh Kong combines 8 million Riels (\$2,000) of donor money ACHR (Selavip) and 30 million Riels (\$7,500) of collective community savings, and makes bulk loans for income generation and emergencies to community savings groups.
- 6 Kampot :** The community development fund in the southern province of Kampot combines 5 million Riels (\$1,250) of donor money from ACHR (Selavip) and 21 million Riels (\$5,250) from the combined community savings of 6 communities, to make a total lending capital of 26 million Riels (\$6,500), which revolves to savings groups for income generation loans.
- 7 Sihanoukville :** The community development fund in the southern coastal town of Sihanoukville combines 5 million Riels (\$1,250) of donor money from ACHR (Selavip) and 18 million Riels (\$4,500) from the combined community savings of 6 member communities, for a total lending capital of 23 million Riels (\$5,750).
- 8 Takeo :** The community development fund in the southern province of Takeo, a little south of Phnom Penh, is just getting started, and is so far operating only in one rural village, with 2 million Riels (\$500) of donor money from ACHR (Selavip). The fund is managed as a revolving loan fund for making income generation loans to savings members.
- 9 Kampong Cham :** This brand new fund in the eastern province of Kampong Cham will start officially in May 2008, when an MOU will be signed between the community network, the provincial governor, a local NGO, a donor support organization, the UPDF and ACHR (Selavip). But the fund has already been operating informally for quite a while without any outside funds, using only the combined savings of 6 communities.

# Provincial cities update :



## NORTHWEST REGION

- 1 Battambang :** The poor in Battambang are mostly settled in communities along the Sangkhae River, along railway tracks and roads and on public and temple land. Most are very poor migrants from refugee camps on the Thai border. This city has been the target of a great deal of development assistance by the UN and other agencies. The poor here work mostly as motorcycle-taxi drivers, construction workers, market vendors and trash recyclers. With the help of senior community leaders and UPDF in Phnom Penh, several communities (4 so far) have started savings groups, with good support from the sub district authority. In 2007, \$500 from ACHR was granted to the Viasan Amata roadside community (who are mostly garbage pickers and abattoir workers) to build 5 community toilets, but with great resourcefulness and using found and second-hand pipes, tiles and fittings, they managed to stretch this budget to build 25 toilets for only \$25 each.
- 2 Banteay Meanchey :** The savings network is now linked with many communities in 4 districts of Banteay Meanchey Province – some in the provincial capital of Sisophon and the border town of Poipet and some in rural areas. There are big eviction problems for the province's urban poor, living along rivers, roadsides and railway lines and on land under unclear ownership, where they survive as push-cart vendors, casino workers, motorcycle taxi drivers and trash recyclers. The province's new community development fund was set up in 2006 with support from the provincial governor and the Ministry of Women's affairs. One recent loan from the new CDF went to the women's savings group in the rural District of Phnom Srok, to expand their silk-weaving enterprises.
- 3 Pursat :** Links in this province are recent, with work starting initially in the O'Tapoung rural sub-district, near the Tonle Sap Lake. Savings and credit groups here are now thriving in 10 communities, where the focus of their lending is on agriculture projects like rice farming and pig and cow raising.
- 4 Siem Reap :** For tourists and visitors, the town of Siem Reap is a pleasant stop-off on the way to Angkor Wat. But behind the cafes and hotels, some of Cambodia's poorest communities are living along the river, on the temple land and in the cracks behind big buildings. Besides bad problems of flooding, these settlements face the threat of eviction from their increasingly valuable land. The process began in 2 communities with savings groups and some pilot community toilet-building and settlement-upgrading projects, quickly spread to 8 communities and continues to be strong.
- 5 Kampong Chhnang :** The process in Kampong Chhnang started through one of the province's rural sub-district leaders who is related to a community member in Phnom Penh's Ros Reay settlement, and who became very excited after seeing the community upgrading process there, as well as the larger savings and upgrading process. With his support, and with help from Phnom Penh network leaders, a savings and credit group was started in one farming village, where the people have used a small upgrading grant from ACHR to build a 15m bridge across a canal, so that the children in the village can make their way to school in safety.
- 6 Oddar Meanchey :** Samrong is provincial capital of Oddar Meanchey Province, in the extreme north of the country. The savings network there now includes 8 informal settlements, mostly in the peripheral areas of the town, where people live in squalid conditions under the threat of floods and eviction for road expansion and stadium construction projects. With modest grants from ACHR, the people have undertaken several upgrading projects to build walkways, pave roads and lay drainage lines, all with good support from the provincial governor, the sub-district and district authorities and the Ministry of Women's Affairs.





## NORTHEAST REGION

**7 Prey Veng :** The community savings network in Prey Veng (the country's poorest province, just 70 kms east of Phnom Penh), is now active in one urban and two very poor rural districts, with good help from some local NGOs working on the issue of eviction of communities to make way for the construction of National Road No. 1 to Saigon. The town of Nek Leung, on the Mekong River, has been declared a special economic zone, and many of the city's poor make work on the river ferries, as motorcycle taxi drivers and as market and push-cart vendors. Besides running strong savings and credit groups, these communities have used small ACHR grants to do several pilot upgrading projects to build paved walkways, water pumps and waste-water management systems.



**8 Kampong Cham :** This is Cambodia's second-largest city and the home of many of the country's key political leaders and big businessmen. After nine years of work, 49 community savings groups in the province – urban and rural – are now linked to the national community savings network. Conflict for land between poor villagers and riverside slum dwellers and big corporate farming and real-estate interests is a serious issue, and the community savings process has been a more proactive way to strengthen people's negotiations with the local authorities than protest. The province's new community development fund has also become an important collaboration between the community network and the local authorities to find win-win solutions to these problems.



**9 Kampong Thom :** Community savings groups now operate in one rural district inside a complex of ancient Angkor-period monuments and in one urban district where people are push-cart vendors, motorcycle taxi drivers and fishermen. With good collaboration from the Ministry of Culture and Fine Arts, this network of poor communities has used the savings and loan process to strengthen their small businesses making local products and handicrafts for the tourist trade.

**10 Svay Rieng :** This is another very poor province where communities have faced eviction from their homes and farmland to make way for the new National Road No. 1 to Saigon. The savings process is now active in 4 rural communities in 2 districts, in good collaboration with local NGOs.



**11 Stung Treng :** From Phnom Penh, it takes a full day on the bus to reach Stung Treng, which is right across the Mekong River from Champasak and Pakse in Lao PDR. It is mostly farmers and fishermen here, who speak the Khmer, Lao and Kouy languages, and have a good collaboration with the local NGO CEPA. The savings groups here have made several exchange trips to Lao and Phnom Penh, and are focusing their work on issues of environment and fisheries preservation.

## SOUTHERN REGION

**12 Koh Kong :** The poor communities in this beautiful coastal province are facing some very serious land conflicts, as sleepy fishing villages are being transformed by international capital into booming tourist traps. The community network here is active in 9 poor communities of fishermen, vendors and factory laborers. The community savings process, with mostly women leaders, is using the tool of savings to increase their incomes, to start small upgrading projects, to launch their own welfare program and to bolster their negotiations with the authorities for secure land tenure.



**13 Kampong Spue :** Since community leaders from Phnom Penh and UPDF conducted an initial survey of poor settlements in this provincial city, to the east of Phnom Penh, two communities have started savings groups, undertaken some pilot toilet-building projects, negotiated solutions to one eviction crisis and continue to join in exchanges and seminars in Phnom Penh.

**14 Sihanoukville** is Cambodia's main port and another fast-growing tourist area. Projects to construct a new port, expand roads and build hotels and tourism facilities are causing increasing land conflicts between the local authorities, private sector investors and poor settlements and coastal fishing communities. The community savings groups, which are now active in one of the city's three districts, have undertaken several small upgrading projects to build bridges, toilets and wells, and continue to struggle to engage with the local authorities around the serious land issues.



**15 Kampot :** There are now 8 community savings groups in the coastal town of Kampot, which also continues to struggle with serious land conflicts between poor communities and local authorities and private sector resort developers. Besides undertaking several pilot upgrading projects and starting a welfare program, the network in Kampot (with mostly women leaders) has started their own community development fund, which they are using to strengthen their small businesses.

**16 Takeo :** Work has just recently started in Takeo Province, in one rural community, Phum Kantron, whose women's savings group has received a \$500 seed grant from ACHR to expand their fine silk-weaving enterprises and to strengthen their links with markets in Phnom Penh.

**17 Kandal** is like a Phnom Penh suburb, lying just south of the city and urbanizing fast. The community network's survey in 2000 found about 1,000 poor families living in 20 riverside and roadside settlements in the city. The savings process in these settlements has gone through some difficulties, but is now getting stronger, with good collaboration with the local authorities.





# UPDF :

## A support system for the poor that belongs to Cambodia . . .

After ten years, the UPDF has now put down some deep roots in Cambodia. As a revolving loan fund with its own growing capital base, the UPDF is relatively free of the funding cycles of 2, 3 or 5 years which characterize most development projects and are almost always the death of any long-term vision or any gradual building of relationships or change processes. The UPDF has proven to be a simple, direct, flexible and effective way to support the country's growing people's process, and has shown that even with a very modest institutional support, change is possible. While the fund is closest to the urban poor communities whose initiatives it directly supports, it is also linked to the government, and as such provides a much-needed balancing mechanism between the sometimes conflicting imperatives of the poor's need to survive and the country's need to develop economically.

But the UPDF belongs to Cambodia in another way also. Initially, the fund was set up with resources that mostly came from outside the country, from international donors like Misereor, Selavip, Rausing, Homeless International and ACHR. But as the UPDF's activities in Cambodia have expanded in scale and scope, so too has commitment to its work grown among groups inside the country. More and more money in the fund is now coming from local sources inside Cambodia, from groups who are increasingly committing themselves to supporting their own indigenous community movement.

The fund has received monthly contributions from the Prime Minister since May 2000, and has also received significant contributions from the Municipality of Phnom Penh, from other government organizations, from local market associations and other private sector organizations and from Cambodia's chapter of the Red Cross. An increasing portion of the fund's lending capital is also coming from poor community savers themselves, through their yearly contributions and through the savings deposits they keep with UPDF. All this Cambodian money adding into the fund is a sign that Cambodian society recognizes that the UPDF does good things for the poor and for the city, and are accepting and supporting it more and more.



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## the Urban Poor Development Fund at a glance

- **Started :** 1998
- **Total capital in fund :** Riels 7.68 Billion (US\$ 1.92 million)
- **Source of capital :** Contribution from savings group members, grant from Municipality of Phnom Penh, Prime Minister's monthly contribution, Cambodian Red Cross, donors (Selavip, Homeless International, Misereor, Rausing, ACHR-TAP)
- **Purpose of loans :** Housing, land (purchase, livelihood, environmental improvement, food production, emergencies)
- **Interest charged :** 8% annually (for housing and land loans); 4% annually (for bulk income generation loans to communities and networks, which on-lend at 6 - 12%).
- **Loans disbursed :** Riels 9.1 billion (US\$ 2.28 million)
- **Loans repaid :** Riels 3.6 billion (US\$ 906,629)
- **Total Beneficiaries :** 8,936 households (in 238 communities)
- **How it works :** UPDF makes housing, land purchase, food production and income generation loans directly to communities with active savings groups (not to individuals), which manage collection and repayment of loans. UPDF also makes bulk loans for income generation to district and sub-district-based community networks, which in turn on-lend to individual communities. UPDF was established by an M.O.U. with the Municipality of Phnom Penh, and is governed by a mixed board (community leaders, Municipality, ACHR and NGOs).
- **Operational costs :** UPDF has only a small full-time staff, is assisted by students and volunteers from poor communities and gets free office space from the Municipality of Phnom Penh. All of UPDF's administrative costs, staff salaries and development support activities (which come to about \$5,000 per month) are subsidized by a grant from ACHR (which includes donor funds from Homeless International, Misereor and ACHR-TAP).

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