

UPDF

An overview of the UPDF's work in Cambodia,

February 2007

Thirteen ways the UPDF is using flexible finance to bring about real change in the lives and settlements of Cambodia's urban poor . . .

The *Urban Poor Development Fund* was set up in March, 1998 as a joint venture of ACHR, the *Municipality of Phnom Penh*, and the *Solidarity and Urban Poor Federation (SUPF)*. The idea was to create a revolving fund which would provide affordable credit to poor communities for housing and income generation, through their savings groups and federations, and use the fund to pool efforts in partnership and development. The fund 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.

UPDF's task is to use its small resources of money *strategically* to make other things happen - it's not just a matter of providing *micro-credit*. Money can be a powerful tool, and if money - and decisions about how money is used - is channeled in ways which bring people in communities together, it can be a potent people's process booster. When poor people see clearly that a fund is available to them, and that it supports what they are doing, it can strengthen their hand in negotiations with the state for land, services and access to other resources, and strengthen their capacity to manage their own development process.

It's hard to imagine a more difficult context than the one in which UPDF operates. Decades of war, political upheaval and unspeakable hardship have torn communities apart in Cambodia, scattered people across the country and obliterated their links with the past. As the country gets back on its feet and money pours into its capital city's free-wheeling economy, poor migrants from the provinces are drawn to the city for jobs in the new factories, on the construction sites and in the burgeoning service and tourism sectors. For the poor, Phnom Penh is a city of hope and opportunity, but when it comes to finding decent, affordable places to live, most have no option but to build shacks in the city's 550-odd informal settlements, on open land, and along roadsides, railway tracks, canals and rivers, where conditions are unhealthy and insecure.

Cambodia, unlike its neighbors Thailand and Vietnam, still has no formal support systems for the poor: no housing board, no ministry of housing, no legislative mechanisms for regularizing informal settlements, no government programs to provide basic services or to support people's efforts to improve conditions in their settlements. There is no housing finance to any sector - poor or middle class. And the municipality, which has been overburdened with challenges such as flood control, crime and economic development, has had difficulty responding to the needs of the city's growing poor population. On the other hand, Cambodia has been the target of innumerable international agencies and a great deal of development aid, which intervenes in virtually every conceivable sector of the country's development and governance. All this foreign aid and expertise has certainly done many good things for Cambodia, but it has left little space for the urban poor to build their organizations and to explore their own solutions to the problems they face.

The Cambodian context in which UPDF operates continues to be very difficult. Decades of war, political upheaval and unspeakable hardship have torn communities apart in Cambodia, scattered people across the country and obliterated their links with the past. As the country gets back on its feet and money pours into its capital city's free-wheeling economy, poor migrants from the provinces are drawn to the city for jobs in the new factories, on the construction sites and in the burgeoning service and tourism sectors. For the poor, Phnom Penh is a city of hope and opportunity, but when it comes to finding decent, affordable places to live, most have no option but to build shacks in the city's 550-odd informal settlements, on open land, and along roadsides, railway tracks, canals and rivers, where conditions are unhealthy and insecure. And as the city develops, pressure on urban land is increasingly bringing about conflicts between the poor communities and commercial interests - conflicts which have brought about very large-scale evictions.

In the past ten years, as the political situation in Cambodia has settled down considerably, the country has been the target of innumerable international agencies and a great deal of development aid, which intervenes in virtually every conceivable sector of the country's development and governance. All this foreign aid and expertise has certainly done many good things for Cambodia, but it has left little space for the urban poor to build their organizations and to explore their own solutions to the problems they face.

It doesn't have to be a big amount of money to make **BIG** change . . .

So far, 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 the communities, where its very 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.

If it is used very carefully, a community fund like UPDF can be a flexible but powerful form of intervention. It can help build a strong community process, even in a situation like Cambodia's, where so much in the society has been broken, and where there is a serious shortage of local professionals, social workers or technicians to help support and balance such a process. But if we can understand the politics and the relationships in the Cambodian urban context, we can use the fund strategically, in ways which allow the city's poor people to move in the right direction. How?

It is possible to set conditions for using the fund which make people come together and work together, which make them learn to make collective decisions and which make them learn to make compromises together. And depending on how these conditions are set, you can encourage this working together to happen in individual communities, or in groups of communities within a sangkat or khan, or across the whole city. In this report, we'll look at some of the milestones in the UPDF's evolution and see what kind of ideas have been behind the fund's experiments in Phnom Penh.

Grand Totals : Loans from UPDF . . . *(figures given are as of December 2006)*

	Total loans disbursed	Number of households / communities benefiting	Average loan	Annual Interest	Loan term	Amount repaid
1. Housing loans	\$ 1,133,097	2,798 households (in 108 communities)	\$ 400	8%	3 - 5 years	\$ 750,000
2. Land loans	\$ 5,388	67 (in 2 communities)	\$ 80	8%	5 years	\$ 4,360
3. Prahok loans	\$ 597,553	3,487 households (in 51 communities)	\$ 200	8%	1 year	\$ 472,000
4. Income generation loans	\$ 73,792	528 households (in 37 communities)	\$ 100	4%	1 - 3 years	\$ 39,500
5. Bank collapse loans	\$ 2,023	188 (in 4 communities)	\$ 11	--	1 year	\$ 2,023
6. Water supply loans	\$ 1,599	255 households (in 5 communities)	\$ 7	8%	1.5 years	\$ 155
7. Food production (agriculture) loans	\$ 22,705	251 households (in 12 communities)	\$ 90	4%	1 year	\$ 8,400
TOTALS	US\$ 1,836,157	7,584 households (in 213 communities)				US\$ 1,276,438

The Urban Poor Development Fund at a glance :

(These figures are only for UPDF work in Phnom Penh)

- **Started :** 1998
- **Total capital in fund :** About US\$ 1.92 Million
- **Source of capital :** Contribution from community members, grant from Municipality of Phnom Penh, Prime Minister's monthly contribution, local city market committees, and donors (Selavip, Homeless International, Misereor, Rausing, ACHR-TAP)
- **Purpose of loans :** Housing construction and repair, land purchase, income generation, environmental improvements, food production, emergencies.
- **Interest charged :** 8% annually (for housing and land loans); 4% annually (for bulk income generation loans to districts or sub-district community networks, which on-lend at 6 - 12%).
- **Loans disbursed :** US\$ 1.8 million
- **Loans repaid :** US\$ 1.3 million
- **Total Beneficiaries :** 7,584 households (in 213 communities)
- **How it works :** UPDF makes housing, land purchase and food production loans directly to communities (not to individuals), after a consideration process by the district units of the UPDF's CBO partner, the Solidarity and Urban Poor Federation. Community savings groups manage collection and repayment of loans. UPDF also makes bulk loans for income generation and grants for infrastructure projects to the federation's district units, which on-lend to communities, which in turn on-lend to individuals. 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, NGOs, SDI).
- **Operational costs :** UPDF has only two full-time staff members and is assisted by volunteers from poor communities. The budget for all of UPDF's administrative costs, staff salaries and development support activities is subsidized by a US\$ 20,000 annual grant from ACHR (which includes donor funds from Homeless International, Misereor and ACHR-TAP).

IN THIS REPORT :

Thirteen ways the UPDF is using flexible finance to bring about REAL CHANGE in the lives and settlements of Cambodia's urban poor . . .

- 1. COMMUNITY SAVINGS AND CREDIT :** Promoting community savings as the basic building block of a genuinely "people-driven" development process in Cambodia's poor and informal settlements
- 2. HOUSING LOANS :** Using the fund to promote a people-driven housing model, as an alternative to the costly and impoverishing relocation to remote resettlement sites
- 3. INCOME GENERATION LOANS :** Using the fund to help decentralize the federation process and boost the district community process, while providing access to much-needed capital for small businesses.
- 4. PRAHOK FISH SAUCE LOANS :** Using the fund to break the isolation of individual communities through collective livelihood projects like this one
- 5. FOOD PRODUCTION (AGRICULTURE) LOANS :** Using the fund to build a community in difficult circumstances, where no community exists yet
- 6. ENVIRONMENTAL IMPROVEMENT GRANTS :** Using the fund to seed other partnerships, to leverage resources from other places, and to build a sense of hope and confidence in extremely precarious and degraded settlements
- 7. CDS AND URBAN PLANNING :** Using the partnerships built within the fund to explore ways of bringing the city's poor into the urban planning process
- 8. SURVEYS OF POOR COMMUNITIES :** Using the fund to help build a common understanding about the facts of poverty in the city, through community-led enumeration
- 9. SANGKAT MECHANISM :** Using Phnom Penh's 76 sangkats (sub-districts) as a smaller scale, more workable unit for building partnership between poor communities and local government
- 10. COMMUNITY WELFARE :** Using the fund to support communal welfare schemes that are designed, implemented and funded by poor communities themselves
- 11. COMMUNITY UPGRADING :** Using the fund to promote the upgrading of poor communities as a viable alternative to the costly and impoverishing practice of eviction and relocation to remote sites
- 12. LAND TENURE SECURITY :** Using the fund as a tool to support communities as they continue searching and negotiating for practical ways of securing land for housing
- 13. PROVINCIAL CITIES :** Expanding the community-centered development model into Cambodia's provincial cities

1. Promoting community SAVINGS AND CREDIT as the basic building block of a genuinely "people-driven" development process in Cambodia's poor and informal settlements

Community saving is a key strategy UPDF uses to mobilize people in poor communities to come together, look at problems they face and begin building a collective process to tackle those problems, through the simple rituals of day to day savings collecting. The network of community savings groups is now active in about half of the city's 569 poor communities. Over the last ten years, these savings groups (in their various groupings at city-wide, district-wise and sub-district-wise networks) have helped poor people to come together, pool their own resources and work out their own solutions to problems of land security, housing, toilets, basic services and access to credit for livelihood and housing. For the last ten years, the city's poor communities have worked with ACHR and later UPDF 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 the city's poor settlements.

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

When people in poor communities save their money together and make collective decisions about how to use that money, they acquire the collectivity, the management know-how and the negotiation skill; they'll need to tackle larger development issues. So boosting saving and credit activities on a large scale in Phnom Penh is a way to boost the basic mechanism by which poor people begin dealing with their own problems, collectively, with strength, rather than in weakness and in isolation.

Why is collective saving so important for poor communities?

1. **Collective saving 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. **Collective saving builds trust within 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. **Collective saving builds people's own resource base and increase their 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 local needs locally, without having to wait for hand-outs from anyone.
4. **Collective saving builds a community movement with enough scale to have some clout** : There are now savings groups in nearly half of Phnom Penh's poor communities. Only with this scale of involvement can a network of community savings groups have the numbers and the collective strength to negotiate as viable partners with the city and with other stakeholders about the urban development issues which affect their lives and settlements. The savings activities train them to do this with better knowledge and better management.

Savings as a tool for dealing with many broader development issues . . .

Another important dimension of community saving activities is that they become a springboard to and preparation for managing other development activities, such as house construction, community upgrading, community enterprise development, negotiation for land tenure, etc. Since the Urban Poor Development Fund was set up in 1998, the key prerequisite for communities seeking access to its various loans and grants has been that they have a strong, active savings and credit scheme. Here is a diagram which shows how community savings groups access loans and grants from the UPDF.

- **Housing issues** : UPDF has given US\$ 1.13 million in housing loans to 108 communities, benefiting 2,798 households.
- **Land and tenure issues** : UPDF has given US\$ 5,388 in land purchase loans to 2 communities, benefiting 67 households.
- **Livelihood issues** : UPDF has given US\$ 256,771 in livelihood loans to 125 communities, benefiting 2,615 households.
- **Emergency and welfare issues** : UPDF has given US\$ 2,517 in emergency loans to 5 communities, benefiting 211 households.
- **Environmental quality issues** : UPDF has given \$11,975 in environmental improvement grants to 20 communities (1,560 households)
- **Infrastructure and basic services issues** : UPDF has given \$477,318 in comprehensive upgrading grants to 109 communities (11,591 households)

Phnom Penh Community Savings Network :

People's investment in their individual future and in their collective development . . .
(Figures as of June 30, 2006)

- Total number of communities with savings groups : 199 communities (out of a total 569)
- Active in 36 Sangkats (out of the total 76)
- Total savings members : 11,402 members
- Total amount saved : 320 million Riels (US\$ 80,000)

District (Khan)	Total number poor communities in the district	Communities with savings groups / Total households	Total savings members	Total amount of saving
1. Don Penh	81	38 communities (total 1,378 households)	1,525	38 million Riels
2. 7 Makara	58	9 communities (total 159 households)	122	18 million Riels
3. Chamkar Mon	68	22 communities (total 3,099 households)	2,785	41 million Riels
4. Mean Cheay	94	29 communities (total 1,336 households)	1,473	36 million Riels
5. Roessei Keo	79	87 communities (total 5,153 households)	4,555	153 million Riels
6. Dangkor	141	14 communities (total 2,026 households)	942	30 million Riels
7. Toul Kork	48	0 communities	0	0
TOTAL	569	199 communities (total 13,151 households)	11,402	315 million Riels (US\$ 80,000)

New Community Saving and Credit Network in Phnom Penh takes over from SUPF :

The new *Community Savings and Credit Network of Phnom Penh* was established on 10 May 2005 with 133 community saving groups, after a small group of senior leaders from the *Solidarity For Urban Poor Federation (SUPF)* broke apart from the city's savings movement and formally registered itself as a Local NGO in May 2004. Since then, many new leaders have emerged in the city's community savings process, and these new leaders are together building this network as a loose, flexible forum for sharing and mutual support for poor communities around the city, as separate from the old SUPF. The new savings network is active in encouraging poor people to save, expanding the saving to new communities, strengthening financial management skills in saving communities, helping community saving groups develop upgrading proposals, working closely with the sangkat mechanism, following up on loan repayment problems to UPDF, helping prepare loan guarantee contracts between UPDF with borrowing communities and keeping updated information and organizing monthly meetings.

Saving in Khan Roessei Keo :

The front-running district in Phnom Penh's community savings movement . . .

In the whole of Khan Roessei Keo District, there are 85 savings groups, with 4,543 savings families (total 20,000 people!), who have saved a total of almost US\$ 80,000. Compare this to the combined total savings in all six other khans, which is just over \$95,250! No other district in the city is so strong on savings as this one. And Roessei Keo's astonishing energy and success with savings rests upon its almost 100% women leaders and majority women savings members. Here are a few facts about community savings in this district :

- **Each of these savings members contribute 3,500 Riels per year to the UPDF central fund.** That means almost US\$4,000 is being added to the UPDF fund's loan capital each year, by this khan's savings members alone!
- **This khan has borrowed \$250,000 from UPDF this year only!** And to get this loan money, they must deposit 10% of the amount (\$25,000) in UPDF.
- **The poor communities in this khan are managing 2,000 million Riels (\$500,000) per year,** so smoothly and well, with friendliness and transparency and almost no hanky-panky! Compare this to government agencies or other NGOs!
- **This Khan-level fund is now very big! Revolving loan funds at both community and Khan level :** Since 1999, 67 of the communities in Khan Roessei Keo have been putting a portion of their collective savings into a special Khan-level revolving fund (instead of depositing in UPDF or in a bank). 60% of their community savings goes into this khan-level revolving fund, and 40% stays in their own community loan fund. All these communities sat together and worked out how to set up this system.
- **The Khan pays 4% annual interest to communities, for the money they keep in this central fund** (this is very high – commercial banks only pay 1.7% on savings accounts!) Every month, they meet at khan level, and make decisions together on loan applications from the khan fund, which are also made only on the *group basis*, to communities – *not to individuals*. They use the community-level fund for small, flexible and immediate loan needs, and use the Khan-level fund for larger loans.
- **When the khan loans to communities, individual borrowers repay at 12% annual interest.** 2% of this interest goes into a khan-level welfare fund, 2% goes into the community-level revolving fund, 1% is kept for community-level management expenses, 4% goes into the Khan-level revolving fund, and 3% goes to support Khan-level management and activities.
- **All savings members have access to welfare assistance from the khan-level welfare fund,** and many also have access to community-level welfare funds (not all). Now, there is so much money in this khan-level welfare fund that they are discussing whether some of the funds could be put into sangkat-level welfare funds! ***This is the only khan that does this.*** This system came out of the closeness that happened with the prahok loans process.
- **One woman says that through all these activities in the khan** – the prahok loans, the linked upgrading projects, the khan revolving loan fund, etc – people all have gotten to know each other, friendly relations and easy to work together, easy to take on new projects collectively.
- **Mostly women leaders here, most with a very good spirit.** Very good trust between sangkat leaders and communities, and between the communities. Somsak says there is a good balance in this khan between the local government and the people's groups – much less corruption and conflict here than other khans - *very different* from the old SUPF leaders!

2. HOUSING LOANS : Using the fund to promote a people-driven housing model, as an alternative to the costly and impoverishing relocation to remote resettlement sites

The UPDF originally came into existence in response to an urgent need for housing loans, 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 city's first taste of partnership in action : 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.

- **The Community** searched for alternative land and chose the Mean Cheay 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 URC'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 according to 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 once a month to UPDF.

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 such 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, SUPF's \$3,000 contribution made them the first share-holders in the fund, and SUPF representatives continue to sit on the UPDF board.

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. Since then, the UPDF has supported a variety of community-planned and community-managed housing projects which include :

- Housing loans at community planned relocation projects
- Land loans to families to buy land for their own community relocation projects
- Housing loans to families evicted and resettled at municipal relocation sites in the city's periphery
- Housing loans to families in communities undergoing comprehensive upgrading processes

UPDF Housing Loans :

- **Total housing loans disbursed :** US\$ 1,13 million
- **Number of beneficiaries :** 2,798 households in 108 communities
- **Average Loan size :** US\$ 400
- **Interest rate :** 8% annually
- **Loan term :** 3 - 5 years
- **Amount repaid to date :** US\$ 750,000
- **Loan terms :** Housing loans are not made to individuals, only to communities, which are responsible for collecting individual loan repayments, dealing with defaults and bringing the monthly bulk loan repayment to UPDF.

4 more cases :

UPDF loans for HOUSING :

1. Housing loans to 123 families evicted to the old government resettlement colony 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. Nobody was keen to move there, but when federation members from several inner-city communities were evicted, they had little choice but to take up the city's offer of free resettlement plots out there 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 small loans of between \$200 and \$400 to build houses, at 8% interest over a 5-year repayment period. Eventually, 123 families at Toul Sambo, evicted from seven communities around the city, 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 roadside squatters who relocated to land they chose at KOK KHEANG (1) :

Toek La'ok 14 was a community of 111 poor families who'd been 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 would be chosen by the people and developed by UNCHS. The community members would build their own houses using loans from the UPDF, young architects at the URC would assist in the developing affordable house designs and community layout plans, and SUPF would assist in negotiations and open the process as learning for other settlements. The land the people chose for resettlement 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 land-owner down to a selling price of \$4.54 per s.m., which brought the land cost to US\$ 35,000, of which the Municipality paid \$10,000 and World Vision paid \$25,000. Each family has 42.5 square meter plots, and there is space for a community center and playground. The land sale agreement was signed in June 1999, and by August 2000, the new land had been filled, four wells had been dug, and toilets, roads, drains had been built. By November 2000, all 111 families had moved in.

3. Housing loans to 165 families evicted from Basaac and resettled at the PREY TITUY COLONY :

Nearly 3,000 families lived in the swampy, sprawling river-front community of Basaac, the city's largest informal settlement. For many years, SUPF has been active in the area, with savings and credit, surveys, toilet-building, house and bridge-building. A lot of energy has gone into exploring on-site redevelopment options for Basaac, including land-sharing, reblocking and upgrading. These ideas have been presented to the local and national governments, but unfortunately 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 all 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 evicted after a fire destroyed their rooftop community at **BLOCK TAN PAA** :

Over 1,500 people in 278 households living in the Block Tan Paa rooftop community were made homeless when a fire engulfed their homes 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 dumped in one of the government's more remote resettlement colonies 25 kms from the city. But this strong and highly organized community decided to reject the city's resettlement offer and searched themselves for land which was closer to sources of employment. After a big struggle, they persuaded the Municipality to purchase the land they identified at Kraing Angkrang 2, close to Pochentong Market, for which they had bargained the land-owner down to a rock-bottom selling price of \$2.80 per s.m. 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 will allow 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 will eventually become an oxidation pond for treating sewage. A first group of 110 families will take small UPDF loans to construct new houses.

3. INCOME GENERATION LOANS : Using the fund to help decentralize the federation process and boost the district community process, while providing access to much-needed capital for small businesses.

The need for credit by small entrepreneurs in Phnom Penh is very big. After the implementation of the prahok loans, SUPF members in other districts were all asking for UPDF loans for income generation. The big question was how to open up the fund for income generation loans in a way that would allow large numbers of people to benefit, but would also create a new system in which communities work as a group, not in isolation. The experiment began in May 2000. Each of the federation's seven Khan Units were invited to propose income-generation loans up to a ceiling of US\$5,000 per khan. Loans would be issued to each Khan Unit to help establish a revolving fund, from which savings groups in that khan could borrow, to on-lend to their members in short-term income generation loans.

Each khan unit had to open a joint bank account to receive these loans. Some of the each group's communal savings would also be kept in this joint account - it was up to each khan to decide how much money stays in the communities and how much goes into the district account. This way, when people took loans from this district revolving fund, they'd partly be borrowing from their own communal savings, and partly from the UPDF capital. Needless to say, this was not an easy process! People who didn't have very much trust for others in their own communities were now being asked to trust all the other communities in their district!

The power of a little outside money can really help get things going, even if it's not very much money. When people know an outside resource like this is available to them, it works as an incentive to pull them together to work as a group. And because they are the ones setting the systems and making the decisions - not professionals or bankers - they're free to do it in ways that fit their needs and suit their realities.

It took three 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 would interact. Khan Don Penh, for example, charges borrowers 12% annual interest, which includes 4% which goes back to UPDF, 4% to subsidize the khan's administrative costs, 2% to the community's savings fund, and 2% stays in the district fund for emergencies.

Checks and balances :

There are always problems in people's processes when leaders start acting like dictators or somebody grabs the power or the money and runs away with it. In order to help the loan system handle these problems, we added two conditions. First, the loans are made in two installments, and the khan unit can only get the second installment after they make a full, public report on the performance of the first batch of loans. Second, the khan unit has to present its loan application to their district's Community Development Management Council (CDMC), as another horizontal check mechanism, another layer of social control.

UPDF Income Generation Loans :

- **Total loans disbursed :** US\$ 74,000
- **Number of beneficiaries :** 528 households in 37 communities
- **Average Loan size :** US\$ 100
- **Interest rate :** 4% annually
- **Loan term :** 1 - 3 years
- **Amount repaid to date :** US\$ 39,500
- **Loan terms :** Income generation loans are not made to individuals, only in bulk to communities or to the old Khan Units, which are responsible for collecting individual loan repayments, keeping accounts, dealing with defaults and bringing the monthly bulk loan repayments to UPDF.

NOTE : *These figures represent only the formal loan contracts made with UPDF, by individual communities or Khan units. But the real number of loan beneficiaries is much, much higher than this, because the UPDF capital loaned to the Khan Units over the past 5 years has revolved within the savings groups within each of the seven Khans, supporting income generation projects in nearly 100 communities. The problem is that book-keeping within the Khan units has been problematic and it has been difficult to get accurate figures about how this UPDF external capital has been used.*

4. PRAHOK-MAKING LOANS : Using the fund to break the isolation of individual communities through collective livelihood projects like this one

The UPDF's third loan took a detour from house-building into the pungent realm of fermented fish. Through SUPF's active women's group in Roessei Keo District, 356 families in 19 riverside communities took loans in December 1999 to purchase the silver riel fish, earthen crocks, salt and sundry equipment necessary to make prahok, the popular Khmer-style fermented fish. In six or eight months, the fully ripe prahok comes out of the crocks and goes to market. The loans were scheduled to match this cycle: during the fermentation, families paid only the interest, and only once the prahok had been sold did they repay their loans in full. The 1999 - 2000 prahok loans were such a success (100% repayment!) that proposals for second and third rounds of prahok-making loans were approved and disbursed in subsequent seasons.

When the idea first came to UPDF, everybody saw in it an attractive loan proposition: the objective was clear, the simple procedures for making prahok were all well-known, the market was assured, the loan term was short and returns on the investment were guaranteed. But instead of simply issuing income generation loans to individual families, the UPDF proposed a district-wide process in which the women set up a special committee to survey all the families involved in the prahok business. In this way, prahok became a tool for linking communities in the district and strengthening the community process. The District Chief, who had joined SUPF leaders on exposure visits to Thailand and India, was supportive of the process and sat on the committee.

Now every year, when the district gathers all the prahok-making projects into a joint loan proposal, the bottom line is always very high - \$50,000 or \$60,000 - since so many people are vying for this opportunity. And every year, the UPDF plays tough and imposes ceilings that are well below the amount being proposed - \$20,000 or 30,000. And every year it's very painful for committee members who have worked so hard and have had so many meetings! The compromises, the prioritizing and balancing that then happens works as a very potent community-process builder.

Khmers really know their prahok : During the months of December through 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 basket-fulls of these fish from fishermen to preserve in brine in giant clay crocks beneath their stilted wooden houses.

The importance of setting loan ceilings :

If you don't have ceilings, which place a limit on how much can be borrowed, people will start looking at UPDF loans as an *entitlement* - a thing they have a right to - and grab as much as they can, instead of seeing UPDF as a communal (but limited) resource which belongs to everyone and has to be shared. Lowish ceilings force people to talk with each other, to set priorities, to compromise, to negotiate who to pick, who to reject and how much to give.

All this work is a potent community-process strengthener, and brings out all kinds of creativity in the process. Loan ceilings have been one of the key elements in UPDF's strategy for building a people's process in Cambodia.

The same technique is applied with housing loans to individuals and groups. In each housing case so far, people have started off asking for very big loans of \$1,000, which they'd have a hard time repaying. The UPDF board pushed these proposals down too, with ceilings of \$400 (later \$500) per family. This ceiling makes people think a lot harder how to economize, recycle, find other resources and use this \$400 to construct the best house they can.

Fish loans for Prahok-making in Roessei Keo District :

- Total fish loans disbursed : **US\$ 597,553**
- Number of beneficiaries : **3,487 families in 51 communities**
- Average Loan size : **US\$ 200**
- Interest rate : **8% annually**
- Loan term : **1 year**
- Amount repaid : **US\$ 472,000**

5. FOOD PRODUCTION (Agriculture) LOANS : Using the fund to build a community in difficult circumstances, where no community exists yet

UPDF's has also given loans as a response to the urgent needs of hundreds of families who have lost their houses, belongings, jobs and support systems in a series of terrible fires which destroyed their inner-city settlements recently and triggered large-scale evictions of informal communities. Most had no choice but to accept the government's offer of un-serviced plots in large relocation colonies outside the city, where they are now struggling to survive in bad conditions.

People urgently need to produce food to feed themselves and to sell for income, and both SUPF and UPDF have been looking for ways to help. A set of food-production projects were quickly gathered, budgeted and submitted to the UPDF board. The loans supported a wide variety of projects including :

- pig and chicken raising
- vegetable gardening
- fish farming
- prepared food items

All these projects involved different amounts of money and different loan terms, and added up nearly to a hefty \$30,000. Here were the same problems with individual loans as with the earlier income generation loans, in which loans will become something people feel they have a right to, rather than something which comes from a very limited resource which belongs to them, but has to be shared.

So instead of making individual loans, which would be impossible for UPDF to manage, it was decided to make bulk loans as a revolving fund to the communities, and then let them hold meetings, carry out surveys and go into all the complications of setting up their own collective system for giving and managing small loans for food production projects. A loan ceiling of \$3,000 per community was proposed to start, with very flexible repayment conditions which give the communities room to develop their systems and to use this loan as their own revolving fund. The ceiling is very small, given the scale of need in these resettlement colonies, but it is a start. Besides boosting food production and incomes, this loan mechanism uses a common need as a mechanism to get people to know each other, work together and start developing their own self-support systems. In this process, people are building up a community out there, in very difficult circumstances, where scattered people from around the city have been dumped, and where no real community yet exists.

FOOD PRODUCTION (Agriculture) loans from UPDF :

- Total Agriculture loans disbursed : **US\$ 22,705**
- Number of beneficiaries : **251 families in 12 communities (mostly the big government re-settlement camps at the periphery of the city)**
- Average Loan size : **US\$ 90**
- Interest rate : **4% annually**
- Loan term : **1 year**
- Amount repaid : **US\$ 8,400**

6. ENVIRONMENTAL IMPROVEMENT GRANTS : Using the fund to seed other partnerships, to leverage resources from other places, and to build a sense of hope and confidence in extremely precarious and degraded settlements

UPDF's environment-improvement grants were another pitch to boost the community-building process. First each kham unit carried out a survey of environmental problems in settlements in their district, then helped the communities work up simple project plans for constructing toilets, pumps, wells, sewers, walkways, water supply, up to a ceiling of \$700 per project. When all seven districts presented their projects in the meeting, it added up to tens of thousands of dollars! So as with the income generation loans, the UPDF imposed a ceiling of \$10,000 for the whole city. This forced the districts to go back, adjust their plans, economize, negotiate with other districts and work together as a whole city federation to prioritize the projects into three categories: "most urgent", "less urgent" and "can do later." This was big learning for everybody.

Work began with the "most urgent" projects first, the money was released. The people did all the work themselves, contributing their own labor, materials and cash. Within six weeks, the first 22 projects were completed. These communities had demonstrated that people *can* improve their own communities better, cheaper, faster and more appropriately than the formal system when they are given the opportunity to manage the process themselves. The hands-on experience from this first round of environmental improvement projects gave people the confidence to seek other sources of funding to support their next round of projects. So with a stack of the "less urgent" project proposals, they marched over to the UNCHS project, which was specifically set up to support community-driven infrastructure improvement, and after several meetings persuaded them to grant \$40,000 for the next set of projects.

UPDF Environmental grants :

- Total grants disbursed : US\$ 11,975
- Total beneficiaries (phase 1 only) : 1,560 households in 20 communities
- Average project cost : US\$ 600
- Types of projects : toilets, water pumps, sewers, wells, storm drains, walkways, water supply systems.

7. The CDS and URBAN PLANNING : Using the partnerships built within the fund to explore ways of bringing the city's poor into the urban planning process

The **City Development Strategy** was in 2002 as a joint program of the Phnom Penh Municipality, ACHR, UNCHS, URC and SUPF 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 has involved an extensive process of research, discussion, planning, training and implementation, using Cities Alliance funds.

In important part of the CDS process has been to develop tools and processes within poor communities which strengthen their position as they negotiate for access to secure land and infrastructure with the local government at city, district and ward levels. In the past five years, over 11,000 families (nearly a quarter of the city's informal settlers) have been evicted from central Phnom Penh and removed to peripheral areas of the city. It's easy to trace the causes of this enormous displacement of the city's poor population to various public infrastructure projects, city "beautification" drives or private-sector commercial developments. What's not so easy to understand are the forces behind these evictions, which are determining how the city develops. It is these forces the CDS has sought to understand.

Phnom Penh has no master development plan and no policies to address the housing needs of the urban poor. A lot of land which is already occupied by poor communities is being taken over for constructing tourist complexes, hotels and commercial real estate development. The large infrastructure projects being developed on an ad-hoc basis in the city by bilateral and multilateral organizations are also big eviction causers. A few communities which have been supported by NGOs have managed to access support in the form of funds for relocation, housing and infrastructure. But most poor communities just get pushed around in this process, victims rather than beneficiaries of these official and unofficial plans.

It doesn't have to be like this. In most planner's minds, the needs of the city to develop and the needs of the poor to have decent, secure housing are not reconcilable. As a result, most urban development solutions tend to be planned by one group which gets all the benefits, but victimize and impoverish the other. 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 design "win-win" solutions which work for the poor AND for the city. The problem is, Cambodia is still a society with a shortage of planning knowledge. From the poorest people right up to the university, it's hard to find anyone who understands how the city really works or what is really possible. The CDS offers a chance to create room for this kind of interaction and planning, so it's not just a few experts, and not just a few poor communities, but a broad cross section of stakeholders in the city.

"Phnom Penh's urban poor are not helpless . . ."

"The urban poor in Phnom Penh are not destitutes; they are not helpless. They are people who are capable of solving their own problems and controlling their own destiny. What is required is for NGOs and the city to understand what they are doing to improve their own lives and settlements and to support it. When people start making improvements to their own communities, the process empowers them to do many other activities." (Arif Hasan, from the OPP in Karachi, Pakistan)

1. CDS in Phnom Penh : First step is gathering information . . .

The first step was to create a common understanding between the different development actors in the development process of the forces which shape the city today, through a series of in-depth studies, carried out by professionals from the URC and UPDF, but from the perspective of urban poor communities.

1. Study of development plans : The first study gathered information about all the major development projects being planned in the city, many of which are likely to have a big impact on poor communities. Big items on the list include water supply, sewage, drainage, flood control and ring-road projects being developed by ADB, World Bank or JICA, and a city conservation plan by the French. The study revealed that most of these major projects do not fit into any larger city development plan and are completely ad-hoc in nature. To make matters worse, most of these organizations have little or no knowledge of each other's work and often carry out parallel development.

2. Relocation study : The second study examined the economic, social and physical repercussions of relocation on 7,800 families evicted to 14 resettlement sites since 1998. In all the relocation sites, income levels dropped, but less where people were able to select land close to sources of employment. In the big government relocation sites farthest from the city, people have suffered the most dramatic income reductions and highest unemployment rates, while shouldering the greatest transport costs. The study made clear that the farther people are pushed from the city, the worse they fare, prompting many to move back to inner-city slums. The study also showed that communities which bought their own land found ways to provide basic services with only minimal assistance or through their own initiative, while communities given land by the government have tended to wait passively for these things (which never come) and been "disempowered" by the whole process, as their health and living conditions deteriorate. The study also analyzed Cambodia's new land law, which defines ownership in terms of occupation for a certain number of years, but has not prevented land from being bought and sold without the knowledge of the communities which have occupied that land.

3. Study of vacant land in the city : The third study identified 4,000 hectares of unused or vacant land suitable for development purposes, in 358 parcels of 0.5 hectares or larger, in 7 Khans, representing about 10% of the city's total area. Only 3% of this land is under government ownership, while the other 97% is privately owned by individuals or companies, mostly speculators. 21% of this land is suitable for immediate resettlement use and another 67% would require some land filling. Only 12% is too far from the city center, infrastructure and transport to be practical for resettlement. So far, the government has no policy to earmark any of this land for social development purposes and no land distribution policy which takes into account the needs of the urban poor.

2. CDS in Phnom Penh : Second step is discussing with all stakeholders

To bring communities, NGOs and all levels of the local government (district, ward and municipality) into the learning process, and to prepare for the next phase of planning, the information from the studies described above was then presented in a series of public "*khan consultations*" in each of the city's seven districts.

3. CDS in Phnom Penh : Third step is taking a fresh look at poor settlements

After the *khan consultations*, SUPF's seven *khan units* got busy updating their information on the situation of poor communities in their districts by surveying and mapping all the poor and informal settlements within their districts (see page 12) and plotting them on large-scale district maps. For planning purposes, an important element was added to this survey whereby all these settlements were classified into three categories:

- settlements which are secure and can be upgraded in their existing locations.
- settlements which could redevelop through land-sharing or other compromise land-adjustment.
- settlements which may have to relocate to alternative land.

No room for the poor in Phnom Penh?

The next time somebody tells you there's no room for the poor in Phnom Penh, don't believe them. If only 25% of the remaining vacant land in the city (1,000 of the total 4,000 hectares) were set aside for housing the poor, that land would very comfortably accommodate 150,000 families (with 50 square meter house plots and 30% extra land for roads and open spaces) or nearly 300,000 families with 25 square meter house plots.

When it finally gets put together :

When the development plans and vacant land parcels identified in the studies were plotted on maps of each district, along with all the poor communities, people got their first clear picture of the link between the information they've collected and the planning they are undertaking within their districts. These maps have become a vital planning tool for communities, and the process of producing them is creating a large number of informed community activists who will be an asset for the city in the future.

8. SURVEYING THE CITY'S POOR SETTLEMENTS : Using the fund to help build a common understanding about the facts of poverty in the city, through community-led enumeration

Over the past 12 years, at least seven enumerations of poor and informal settlements in Phnom Penh have been conducted by the city's poor themselves, each more accurate and more comprehensive than the last, each representing an important milestone in a growing understanding and ownership of information about the city's poor. The surveys have included **settlement surveys**, with details about land ownership, number of households, physical problems, etc. and **household surveys** for each household in the settlement – education, family members, occupations, earning, where from, etc.

- **1997** : The 1997 survey yielded the most detailed, comprehensive picture till then of the city's poor settlements.
- **1999** : The 1999 survey process was broadened considerably to include settlement profiles for each community, detailed household information, mapping of many settlements showing houses, land area and basic services, and computerizing all the survey data.
- **2003** : The 2003 survey was carried out as part of the CDS process, and has focused on gathering data which will help the district federation units to find secure housing for all the settlements in each district. This time, friends at the UPDF and URC have plotted all the surveyed communities on computerized maps which will help track these settlements in future surveys.
- **2006** : **Phnom Penh's first "decentralized" city-wide survey of poor communities** : A new city-wide settlement survey is being conducted by the community networks within each sangkat, in collaboration with their sangkat councils. The survey was launched in a big meeting with all the sangkat chiefs on July 29, 2006. Decided to do the whole survey in just one month – which is possible, because each sangkat is not too big! Not such an overwhelming task. This August 2006 survey is another first for Phnom Penh, in which the small community networks within each of the city's 76 sangkat s are gathering all the settlement data and household data themselves, sangkat by sangkat. Then the UPDF will help put together all the data from the 76 sangkats into a city-wide survey. Results should be ready by September 2006.

Four surveys of a fast-changing city :

	1997 survey	1999 survey	2003 survey	2006 Sangkat based survey
Population	379 settlements 30,150 households 171,730 people	472 settlements 35,165 households 172,624 people	569 settlements 65,759 households 374,826 people	
Living on public land	227 settlements 22,067 households (73%)	272 settlements 24,420 households (69%)	183 settlements 21,904 households (33%)	
Living on private land	152 settlements 8,083 households (27%)	200 settlements 10,745 households (31%)	386 settlements 43,855 households (67%)	
Settled 1979 - 1990	326 settlements 27,765 households (92%)	410 settlements 26,734 households (76%)	497 settlements 50,395 households (77%)	
Settled 1991 - 1997	53 settlements 2,385 households (8%)	47 settlements 6,681 households (19%)	52 settlements 7,261 households (11%)	
Settled 1998 - 2003	-- --	15 settlements 1,750 households (5%)	20 settlements 8,103 households (12%)	
Eviction problems	80 settlements 9,966 households (33%)	137 settlements 13,362 households (38%)	190 settlements 25,034 households (38%)	
Flooding problems	146 settlements 18,140 households (60%)	116 settlements 16,879 households (48%)	357 settlements 41,957 households (64%)	
Water supply problems	327 settlements 24,359 settlements (82%)	404 settlements 28,835 households (82%)	387 settlements 46,688 households (71%)	
Lack of toilet problems	128 settlements 18,827 households (62%)	340 settlements 24,264 households (69%)	(no information available)	
Lack of paved roads / access	274 settlements 27,452 households (91%)	299 settlements 24,615 households (70%)	370 settlements 43,851 households (67%)	

9. SANGKAT MECHANISM : Using Phnom Penh's 76 sangkats (sub-districts) as a smaller scale, more workable unit for building partnership between poor communities and local government

When UPDF began supporting the people's process in Phnom Penh, it worked with the people's federation (SUPF), which was at that time the only large-scale people's organization in the city. But there were problems along the way with how the federation operated and how it was maintained. There began to be problems of stagnation, as a result of the federation's centralized city-wide leadership. From a single, city-wide structure, the federation later was later decentralized into seven district-based networks of communities they called *khan units*. The *khan units* undertook a lot of new activities and began to involve a lot of new communities - all of which made space for a lot of new community leaders to emerge.

However, these *khan units* continued to be linked together into a city-wide federation, which continued to have centralized aspects that were controlled by a core group of the old SUPF leaders. This central federation management group (perhaps feeling threatened by all the new leaders that were emerging or marginalized by so all the new activities in so many new communities which they could not control) began making efforts to consolidate their power and monopolize the decision-making process within the SUPF federation. The conflicts and problems mounted.

After the UPDF's fifth anniversary in May 2003, this group of old federation leaders saw opportunities in the new community upgrading program - opportunities which their increasingly marginalized status in an increasingly decentralized federation made it difficult to grab. So they separated themselves from the UPDF process and registered themselves as an NGO with the Interior Ministry, opened their own office in Basaac and announced themselves to be *the real poor people's federation* in Phnom Penh. It is very questionable whether this group of leaders really control - or represent the aspirations of - the people on the ground.

Time for change : So we all felt that the best way to deal with these SUPF problems is to avoid the *khan* level process altogether. When we look at the past few year's history of this *khan*-level community process, it seems we've come to a point of change. Several leaders in each *khan* unit have stayed in power for much too long and are guarding their turf, preventing new faces, new energy and new ideas from emerging. The decision-making structures had become very rigid, and things had become stagnant. And this stagnation was slowing down the community upgrading program. So if there was to be a change, what form would this change take?

Rebuilding a people's movement using smaller and more numerous blocks :

So in late 2004 and early 2005, the UPDF began experimenting with ways of using the process of community upgrading as a vehicle to stir things up in the city's community process, to start rebuilding the community networks with smaller blocks. One idea was to find a way by which the process of slum upgrading would be done at the *sangkat level*. Which means that the *sangkat* administration and the communities in that *sangkat* would begin by making a survey together of all the slums in that *sangkat*. Then they would look at the survey data, discuss the problems, decide which communities to upgrade first and then propose their plans to UPDF - from the *sangkat* as a whole.

For the UPDF, this was a tactful and non-confrontative way of dealing with these old SUPF leaders and the stagnation in the *khan* units by moving the focus down from the *khans* to the even smaller administrative unit of the *sangkat* (sub district). With this new structure, if every *sangkat* is surveying and discussing and proposing a set of upgrading projects at the same time, there are far too many mechanisms for anybody to control!

Sangkat mechanism launched in a big city-wide workshop in February 2005 : Once we had a few good cases of upgrading proposals from ten *sangkats*, we decided to organize a very big workshop. In this workshop, nearly 500 *sangkat* administration officials and community leaders from all 77 *sangkats* would come together and look at these initial cases where a few *sangkats* have implemented the upgrading program together. This was a way of opening up this new way of promoting and implementing slum upgrading in Phnom Penh, where the *sangkat* partnership would be responsible for upgrading all the settlements in each *sangkat*.

What is a "sangkat" and why is it an important constituency?

The city of Phnom Penh is divided into seven large districts (*khans*), which are in turn divided into 76 sub-districts (*sangkats* – also called *communes* or *wards*). The city's 569 poor settlements are scattered all through these *sangkats*, with some *sangkats* having as many as 10 and others having as few as 4 settlements. So the sangkat is a manageable grouping of settlements.

And what advantages does the sangkat level offer to the process of building a people's movement in the city?

- ***The sangkat is a smaller, more workable unit for making change*** : The scale of the sangkat is much more manageable than the hundreds of communities in each khan (district). The Sangkat level seems to be the most appropriate in terms of getting a very close, friendly collaboration between the poor people on the ground and the local authority.
- ***The sangkat chief is elected by the people in that sangkat.*** District (Khan) Chiefs in Phnom Penh are appointed by the central government (not elected), and many of them don't even live in the districts they govern. But the Sangkat Chief is a local guy who does live there - people in that sangkat know him and there is a real relationship already there, and the sangkat council works closely with communities within its jurisdiction.
- ***There can be a small network of communities in any given sangkat, but it is still a network.*** But it is a network where people know each other. They live in the same vicinity, they can visit each other by walking. They're neighbors, they know each other's situation and problems. This is the real meaning of network! A community network is not just a group of people who live far away who you meet only in big seminars!
- ***The sangkat mechanism dovetails nicely into the official national government policy of decentralizing to the sangkat level.*** This policy might not mean much in terms of real devolution of control over resources and decisions about development in local areas, but it DOES provide an opening for people to develop partnerships with a layer of government which is very close to them, which they actually elect, and in which there is more room for human scale relationships of friendliness and joint venture.

How this new Sangkat level mechanism works :

All the community savings groups and the sangkat council (or sometimes just the sangkat chief) in each sangkat form a joint working group. Each sangkat decides the composition of this working group, but the common idea is to bring together savings group community leaders and local authorities to discuss, decide and work together on several different things – like upgrading, welfare, savings and credit, land tenure etc. An important part of this sangkat process is that all the poor communities within that sangkat need to prepare themselves :

- ***Community savings activities*** : This includes each community starting savings activities, with support and participation from the sangkat chief, and link these savings groups into a network.
- ***Survey*** : The communities also have to survey all the areas within the Sangkat boundary – the families, the problems, the land-ownership issues, the potential eviction-causing development plans on the books.
- ***Develop plans to solve all land and housing problems in 3 - 5 years*** : Then, with all this information, the people can work with the sangkat to make a plan – a three or five year plan to solve all the problems of land and housing at the sangkat level. Now they link together and make it a plan to the municipality. This plan will be good if we do it in such a way that it doesn't need much budget from the central government, but uses local budgets as much as possible.

Using the sangkat as the implementing unit for solving urban land and housing problems :

Besides bringing about some much-needed changes in the nature of the community organizations in Phnom Penh, the new sangkat level mechanism has brought changes in the upgrading program, and changes in the way the city's serious problems of land and housing for the poor are addressed. The involvement of local authorities in housing work through this sangkat mechanism is a very promising development, in which these local authorities have the capacity to develop the process of land and house building with the communities, with the people. The major government player should be at this level – particularly at the Sangkat level.

A process which is people-centered and local authority-centered : When the sangkat and the people do this work together, it means you are decentralizing a lot of the work to the local people and to the local process of governance. There are a lot of benefits to this system – it builds people, it builds the local authority system, it builds accountability and partnership, it builds the social system. And through the housing development process, it also creates jobs and economic spin-offs which boost the economy within the sangkat. And when the economies within all these little administrative units are thriving, the economy of the nation as a whole will thrive.

Sangkat mechanism process two years later : Everyone is very excited about this new process, and that is a very important sign. The last few years emphasis on building the sangkat mechanism and sangkat-wide community networks has really strengthened the people's process in Phnom Penh, brought out a lot of new leaders, brought new communities into the process, helped sharpen the partnerships and balance the tendency to corruption and feudal leadership behavior. Lots and lots of new leaders coming up (*many of them women!*) in communities around the city, through all these activities, and good relations between these leaders, lots of sharing and visiting. No conflicts.

- **55 sangkats** now have active "sangkat mechanisms" in them, in which community savings groups in that sangkat and their sangkat council members work together, in different ways and different groupings that follow the different structures each sangkat sets up)
- **35 sangkats** have got community upgrading and infrastructure projects going on within them

The legitimacy that comes of being an acknowledged and valuable part of the city :

All this is a new way of building legitimacy in the city's informal settlements - not the legitimacy that a piece of paper gives you, but the social legitimacy that comes of being a being an acknowledged and valuable part of the city . . .

All of UPDF's work has involved a very strong belief in the power of poor people – and especially large, well organized networks of poor communities - to manage their own development and solve their own problems. Community networks and federations provide crucial platforms for people of the same status in the informal sector to talk to each other and strengthen each other in big and small ways. That is a very important way to learn, to create alliances, to build strength, to boost what people do. *But that's not the end of the story.* In reality, people have to live in their city, and they need to know how to deal with the politics of that city themselves. It's not just the community leaders who have to know how to do this, but *all the urban poor groups*. The question is how to allow each community organization to move forward by itself, and to work with other stakeholders in its constituency – especially their city authorities.

If people really have their power and are strong, why should they feel afraid of the authorities in their city, or in their constituency? People need to be able to deal with their local government themselves, on an ongoing basis - there's no alternative. Friends from outside can be a big help, can bring new ideas and new energy. But if local communities rely on these friends from outside all the time, things will quickly get stuck.

Sangkat Prek Tasek :

How one very active sangkat is taking on the task of making sure all the poor settlements in their sub-district are upgraded, with secure tenure . . .

This beautiful, rural-feeling, tree-filled, river-side sangkat is across the river from Phnom Penh, and because the road into this sangkat is often flooded, visitors must come to the area by taking an old wooden cross-river ferry, which passes by fishermen and raft houses. When visitors come to Sangkat Prek Tasek, they sit in the special open-sided community center set up in the shady compound of the Police station and Sangkat office, with the river just beyond the front gate. There are two villages in this Sangkat, which are in turn divided into 5 groups, with a total sangkat-wide population of 7,000 families. Most of them are poor, but there are also some not-so-poor families, all mixed up. About half of these families are joining in the sangkat level activities in different ways. Everyone here will tell you that the sangkat mechanism has been a very important development for them, bringing a clear working process. Before, each community worked alone, now we help for the whole sangkat – big change.

A long history of being together in this sangkat : Most of the families in this sangkat had been living on this land for decades of the French and Sihanouk socialist periods before Pol Pot. During Pol Pot, most families here were sent to Battambang Province. They all came back after Pol Pot, right in 1979. The sangkat chief tells us that when they arrived in Phnom Penh, the government offered them houses in Khan Don Penh, but the people refused, said *NO!* And came on boats across the river to their old villages - back home! *We are farmers, not city people*, the sangkat chief says, *we can't stay in that crowded place, we need fresh air, trees, fields, the river!* So the people's occupation of this land goes back at least 60 or 70 years.

In Sangkat Prek Tasek, they have set up a big sangkat working committee with 26 people!! In this sangkat, they decided to include five leaders from each of the five communities (total 25 leaders), plus the Sangkat Chief, in the sangkat committee (or working group), which is big compared to other sangkats! Mostly women leaders! In many other sangkats, they have just one leader from each settlement, but here they wanted more involvement in the committee and the decision making and work. Plus, they have a system in which the leaders rotate, so things don't get stuck! The whole group of 26 people meet weekly or monthly, depending on what activities are going on. **Very good relations with the Sangkat chief**, everything organized as a team, no sense of difference between the people and the sangkat chief – they are neighbors and have known each other for a long time – even since before Pol Pot.

Group activities in this Sangkat Prek Tasek :

1. Savings activities : Savings activities started in 1999, mostly with the poorer families in the villages, but later, some better-off villagers joined. There are now 184 savings members in the four villages which have savings groups in the sangkat, with a total savings of 16.3 million Riels (\$4,075)

2. Prahok loans. Prahok loans first started in two villages in this sangkat (Prek Taroath and Prek Takong) have been taking loans to make prahok since the loans started in (1999?). Prahok loans repayment very good. This was the first community activity – but set up savings groups at the same time. Loans repaid to UPDF as a group, not as individuals. At that time, the communities made a group proposal for prahok activities and submitted to the Khan and UPDF. First time they actually got Prahok loans was in 2001. Very active after that, with 100% repayment of prahok loans. Now, the communities have been taking prahok loans every year for five consecutive years, and three villages are involved now. This year, 89 families in three villages in the sangkat took prahok loans of \$13,000, of which \$2,200 is already repaid.

3. Housing repair loans : Some families had housing problems, so they surveyed again in 2002 to see which houses needed improvement. Proposed first group of 38 housing loans in 2002 to UPDF, of 52 million Riels (\$13,000). Now totally repaid, after just 3 years! Now, the second batch of housing loans are being repaid.

4. Welfare Fund : In 2005, many of us from 4 villages all sat together and talked about community welfare. Started by inviting people from all four villages and the whole sangkat council to talk. In this big meeting, agreed to set up a sangkat-level welfare fund of 2 million Riels (\$500), of which 1 million was collected from people within the 4 villages, and we proposed that UPDF give a 1 million Riels matching grant. Fund starts in 2006. Used to give grants to savings members in all communities in the sangkat for emergencies, sickness, births, death ceremonies, etc. We have already paid out \$75 in five cases : one death ceremony, a few sicknesses which required going to hospital, buying medicines, etc. The welfare fund is managed by the Sangkat Mechanism. They have set up ceilings for various kinds of help from the welfare fund – Maximum 50,000 Riels for hospital or sickness, Maximum 50,000 Riels for an accident, etc. **The welfare fund only be used by members of savings groups!** Each savings member in the sangkat contributes 1,000 Riels per month to the fund.

5. Upgrading activities : two main activities : house improvements and building 4m wide x 3 kms long(so far) of paved lanes (with drains) in three communities (at cost \$4,600 per community, partly funded by grant from UPDF for

total \$11,000, and partly funded by Sangkat council and people's cash contributions). 100% housing loans repayment – no defaulters here!

6. Exploring collective solutions to serious problems of flooding : Every year, the Tonle Sap river floods its banks and makes roads un-passable, difficult to get around, their internal river-side roads connect to national road system, so people can only get to the city via ferry boats. Flooding is a big issue in this sangkat - how to deal with it together? First step is to make the paved walkways.

Accelerated housing loan repayment :

This is the first sangkat in the city to propose a *faster* repayment schedule for UPDF housing loans, which usually requires repayment in 5 years. All the housing loan borrowers in Sangkat Prek Tasek are repaying their loans in 3 years – as a pilot.

"We were the first group to repay 100% of our housing loans in only three years – two full years early. This is one of the most active and strong communities in the city, but we never got any award from UPDF!"

(Mr. Hun Chon, Sangkat Chief)

- **Plus, they repay their housing loans on a daily basis to the committee**, which then repays monthly in bulk to UPDF. Now, other communities are catching on to this (they save money in interest!), and many groups are now repaying in 3 years.
- **New system since 2005 started to promote sangkat mechanism : A margin of the housing loan interest subsidizes community and sangkat activities :** Borrowers pay 8% annual interest on their housing loans, of which 5% goes to UPDF, 2% goes to community management, and 1% goes into the sangkat-level community welfare fund.

"Before, we all worked by ourselves and faced problems alone, as separate families or separate communities. Before the sangkat mechanism, we only knew the people in our own group, not everyone. Now we all know everybody. All ideas came from outside, and we just went along with whatever the government proposed. Now we all collaborate closely – it's easy! When the project proposals come for upgrading and housing loans, things go fast when the sangkat supports the process. Now we are clear about how we want to work together."

(Mr. Hun Chon, Sangkat Chief)

This sangkat has become a "learning center for poor people" :

All the other 75 Sangkats in Phnom Penh and NGOs and community groups from provincial towns have come to visit Sangkat Prek Tasek, and to learn about how they set up their mechanism, how they manage their various activities together. *Even groups from India and South Africa have come!* Lots of exchanges between sangkats in the city (and especially within Khan Roessei Keo) happening now, for mutual learning and sharing. It's still very new, this emphasis on sangkat level partnership between the community networks and local government, but it feels good to people.

10. COMMUNITY WELFARE : Using the fund to support communal welfare schemes that are designed, implemented and funded by poor communities themselves

As the new sangkat process has taken root, lots of new leaders are emerging in the city's community process, and many new issues (besides the big ones of land, housing and access to credit for livelihood) are being brought up, discussed, shared between communities within the sangkat and responded to through new initiatives. One of these important new subjects is *welfare*.

Among the 400,000 people who live in poverty in Phnom Penh, it's no surprise that virtually none have access to any kind of welfare assistance when a child falls sick and needs medicines, when an elderly parent needs to be admitted in the hospital, when a house burns down, when there is an accident, when emergencies prevent someone from paying their children's school fees, when a relative dies and there is no extra cash for the funeral expenses. Unlike its neighboring countries, Cambodia has no government welfare program for the poor, and only a few NGO or charity-driven welfare schemes are scattered here and there. Without any sort of protection or assistance in these emergencies, people have only their families and friends to fall back on. And if these avenues fail, then small emergencies can be the beginning of a rapid descent into extreme poverty. So when some define poverty as *a lack of choices*, here is what they're talking about.

So taking their cue from community welfare schemes now being run by sister community organizations in Thailand and Lao PDR (which they have visited many times), several sangkats in Phnom Penh have launched their own pilot community-managed welfare schemes, and now the idea is beginning to spread. All these welfare schemes are tied to savings groups, and although they have received some grant support from UPDF, most are primarily funded by a portion of the interest earned on revolving loans within the savings groups.

This is a far cry from people asking for hand-outs, and represents a new system in which poor communities are developing collective ways of taking care of their own most poor and vulnerable members, when they are in need. Savings groups in these communities are doing this by developing special welfare security funds among themselves, which they use to meet a variety of ongoing welfare needs among their members, according to rules and criteria they set themselves.

A new baby : A community welfare fund is something different than saving, where each person's money is separate, each person's savings is "my savings." But when a community puts a portion of their savings together into a communal welfare fund, it's like giving birth to a new baby. Everybody has a part in that fund, and everyone can use that fund when they're in need, but nobody can say how much is "their" part of that fund.

So far, at least 3 sangkats have established community welfare schemes, in which all saving members contribute to their community welfare fund. UPDF is supporting this new activity by contributing matching funds to these community welfare funds, up to a ceiling of US\$ 250 (1 million Riels) per community. These funds are used variously to support people when they have crises such as a death in the family, pregnancies, problems paying children's school fees, illnesses, hospitalizations, etc. The welfare funds are managed by special welfare committees set up within the sangkat.

Sangkat Prek Tasek launches the city's first Sangkat-level community welfare fund :

In 2005, community members from four of the villages in the riverside sangkat of Prek Tasek, in Khan Roessei Keo, sat down with the entire sangkat council and began talking about the need for some kind of community welfare – especially to deal with emergency problems which the normal loans from the savings group could not solve. In this big meeting, the people agreed to set up a sangkat-level welfare fund, starting with 2.8 million Riels (US\$700), of which 1.8 million Riels was collected from savings group members within the sangkat's four villages, and 1 million Riels came as a matching grant from UPDF. The scheme was officially established in May 2006, during a seminar organized by UPDF and the Phnom Penh Community Savings Network, with many visitors from provincial cities, who came to learn from each other.

Sangkat Prek Tasek's welfare fund is managed by the sangkat mechanism, and is only available to members of the savings group, each of whom contributes 1,000 Riels per month to the welfare fund. They have set ceilings for various kinds of welfare assistance grants from the fund (Maximum 50,000 Riels for hospital or sickness, Maximum 50,000 Riels for an accident, 100,000 Riels for funeral expenses, etc.) By September 2006, the fund had already given welfare grants in eight cases: one death ceremony, a few sicknesses which required going to hospital, buying medicines, etc.

11. Using the fund to promote the UPGRADING of poor communities as a viable alternative to the costly and impoverishing practice of eviction and relocation to remote sites

Why upgrade communities? It's cheaper than relocation, it reduces rather than increases poverty and it improves the lives of the working poor as it improves the whole city . . .

About two-thirds of the 14,000 families who have been evicted from their homes in the past five years have been resettled. A small percentage of these families are doing all right at relocation sites they've chosen and planned themselves. But the majority are camping out in tents and shacks without water, toilets, roads or flood protection in remote resettlement colonies that are far from employment opportunities, support structures, schools and clinics. Resettlement has deprived these families of the means to develop themselves, deepened their poverty, compromised their health and their survival.

The UPDF has been able to provide housing and income generation loans to only some of the 14,000 families who have been evicted in recent years from their settlements in Phnom Penh. These loans have helped people to at least partly rebuild their lives at resettlement sites they purchased 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. 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 relocation to remote and poorly-planned resettlement sites becomes the ONLY option.

In fact, most of the city's 569 poor settlements are on land which is not needed for urban development or infrastructure projects and these settlements could be very nicely upgraded for a fraction of the cost of resettlement. These communities provide a much-needed stock of housing for the city's workers which neither the poor nor the government can afford to replace. A big investment in housing and services has already gone into these settlements, whose central locations and built-in social support structures are vital to poor people's survival. Upgrading basic services and environmental conditions in these settlements is the cheapest and most practical way of improving the lives of Cambodia's urban poor, while making the city a more beautiful place for *everyone* to live.

What if these people could fix up their settlements (in the same place or on land nearby) and by putting in basic infrastructure and upgrading their houses they could transform their slums into beautiful neighborhoods, proud parts of the city? As cities around Asia have realized through experience, helping people to secure their land and improve their living conditions inside the city, rather than chucking them out, is in the best interests of the city, the poor and the whole urban economy.

Asian cities are filled with celebrated examples of community upgrading, but three years ago in Phnom Penh, upgrading was still an unknown strategy. Nobody knew how it worked, what it looked like, who did the work or how much it cost. In earlier years, individual communities and the UNCHS had made some improvements here and there, but these scattered efforts hadn't shown what could happen when the whole community (not just a few pit latrines or a wooden walkway) got a face lift. So the idea came up of using the momentum from the UPDF and the CDS process to begin creating a stock of local examples of comprehensive community upgrading, for people to see and learn from.

\$2,500 per family : Relocation isn't cheap!

When you add up the real costs of resettling those 129 families at Akphivat Mean Cheay, UPDF's first community-driven resettlement project (including the cost of purchasing the new land, filling it, developing roads, drainage, water supply, toilets and planting on it, and including UNCHS staff costs, overheads and consultancies) it comes to approximately US\$ 330,000, or about US\$ 2,500 per household. At that rate, resettling the remaining 50,000 poor households in Phnom Penh's informal settlements would cost a staggering US\$ 125 million! And that figure doesn't include any of the huge costs that are shouldered by the families themselves : moving costs, lost investment in their old housing, new house construction costs, lost employment, lost income and increased transport costs. Who would ever call this a "sustainable" option?

New "100 Slums" Upgrading Policy launched by the Prime Minister on 24 May, 2003

On 24 May, 2003, the UPDF celebrated its fifth anniversary with a large gathering in Phnom Penh which drew together over 5,000 poor community members from around the city and from ten provincial cities, friends from other Asian and African countries, representatives from local NGOs, bilateral and multilateral aid agencies and officials from the highest levels of the local and national government. The event was organized with support from the Municipality, SUPF, ACHR and SDI, who jointly decided to use the celebration to promote the strategy of on-site community improvement, as an alternative to eviction and relocation to distant sites. The gathering was a chance to showcase the work poor communities had done with community upgrading, and to invite the government to support a concrete proposal from SUPF and UPDF to upgrade 100 of the city's informal settlements in the coming year.

The government's response to this proposal surpassed everyone's expectations. In front of the big gathering, the Prime Minister, Mr. Hun Sen, announced that his government had agreed to the proposal and promised to provide secure land tenure to all those settlements. In cases where communities come in the way of planned civic projects, he pledged the government's help in securing relocation sites that are nearby, close to job opportunities. The Prime Minister even took the people's idea a step further and proposed upgrading 100 settlements every year thereafter, so that in five years, most of Phnom Penh's poor settlements would have secure land tenure and full basic services. This represents an important turnaround in poor people's housing in Phnom Penh, using a strategy which improves rather than destroys the city's existing stock of informal housing. The policy announced by the Prime Minister is an acknowledgement from the highest level of government that Phnom Penh's informal communities provide a much-needed stock of housing for the city's workers which nobody can afford to replace.

There had been a few scattered community upgrading projects in the past. These projects have been small, but they proved that even with so many problems, poor settlements could be improved and people themselves can manage the improvement work themselves. This new policy is a chance to scale up this settlement improvement into a city-wide process. This is only possible because of the work poor communities in Phnom Penh have already done and the strength they have built over the past ten years through organizing, saving, surveying and carrying out all kinds of development activities. 200 communities are now linked together in all seven districts as part of SUPF, and have saved over 300 million Riels.

Phnom Penh's "100 slums upgrading policy" has now entered its 4th year, and the city is seeing many dramatic "befores and afters" . . .

It's been over three years now since the new policy was launched, to upgrade 100 poor communities, as a first step towards providing secure land tenure, basic services and decent housing to Phnom Penh's poor. Over 200 poor communities have now taken advantage of the space this new policy creates for people to plan and implement improvements to their lives and living environments that are gradually going beyond a few paved walkways or water taps, to include good basic services, a healthy and beautiful environment, good housing, secure land tenure, a strong and supportive community, good economic opportunities and greater legitimacy as part of the city. 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 running high.

How does the UPDF Upgrading Program work?

The UPDF's upgrading support makes communities the main actor and implementers of the upgrading work. Communities work in close collaboration with their Sangkat Councils, the Municipality of Phnom Penh, NGOs, and the Savings Community Network of Phnom Penh to prepare upgrading proposals which include :

- **Basic information about the community** including: community history, location, savings organization, physical problems, experience with various development activities, family survey information, community map.
- **A community improvement plan**, which includes immediate detailed upgrading plans, and a longer term broad development plan.
- **Detailed costs of upgrading**
- **Description of project management**, including people's participation in labor, technical aspects, supervision, finances and materials purchasing.

To support the upgrading process, the UPDF provides :

- **Infrastructure grants** : (calculated according to how many households are in the community, but released as a lump sum to the community) to support the construction of roads, drainage systems, common toilets, tree planting, water treatment, community centers, stair repairing, water pumps and wells, fences, bridges, etc.
- **Loans** for housing improvement, income generation, agriculture and fish processing. (The rule for getting housing loans is that borrowers must deposit 10% of the loan amount with UPDF).
- **Technical assistance** : A team of young architects and organizers assist communities with their planning process and in the preparation of drawings, maps and plans.

All communities contribute at least 10% of the cost of the upgrading project from their own pockets. That's one of UPDF's conditions. Also, most use their own volunteer community labor, rather than hiring contractors. At most, they might hire a few skilled masons or plumbers.

There's ample proof now that getting people to do it themselves is feasible :

In a country like Cambodia, where any official will tell you the government has no money, no man-power and no expertise, a big, expensive top-down government housing delivery system is out of the question. One of the best ways to fill this gap and to mobilize the manpower and resources required to solve the country's serious housing problems is to get people to do it.

- 1.** The strategy of upgrading poor communities and securing their tenure in the same location where they already live is by far the cheapest, most straightforward and least complicated way of improving the lives and housing conditions of the urban poor, without using big budgets or requiring all sorts of technical manpower.
- 2.** Plus, *in situ* upgrading enhances the considerable investment people have already made in their housing, keeps people close to their jobs and makes the least impact on the delicate social support structures which are part of their survival.
- 3.** Of all the stakeholders involved in housing, people are the most enthusiastic and energetic and resourceful. Why? Because this is all about their own lives, and their ability to survive and grow and flourish.
- 4.** So getting people to implement their own housing process is a way to multiply the process infinitely, even in a country with great scarcity. And based on the UPDF's experiences of the past eight years, *letting people do it is feasible.*

"This city doesn't only belong to the rich. It belongs to all of us, so we should all be involved in improving it... Now we have a lot of work to do. We have to sit down and set concrete plans for this upgrading program together." (Mr. Chev Kim Heng, Vice Governor of Phnom Penh)

Community Upgrading Activities supported by UPDF so far

(figures as of October 2006. Exchange rate: US\$1 = Riels 4,000)

<i>Communities on what type of land</i>	<i>Number of communities / households benefiting</i>	<i>Number of sangkats (wards)</i>	<i>Community Upgrading grants</i>	<i>Housing improvement loans – Total loans / number of households</i>
1. Around Lakes	20 (1,840 households)	4	US\$ 24,167	US\$ 190,263 (496 households)
2. On Railway Land	3 (346 households)	3	US\$ 6,727	US\$ 61,600 (146 households)
3. On rooftops	5 (160 households)	3	US\$ 1,456	US\$ 16,350 (56 households)
4. In resettlement colonies	10 (7,526 households)	7	US\$ 32,359	US\$ 71,745 (289 households)
5. On their own land	38 (4,436 households)	18	US\$ 115,557	US\$ 224,385 (587 households)
6. Along river banks	14 (1,192 households)	6	US\$ 32,340	US\$ 124,855 (370 households)
7. Along canals	2 (303 households)	2	US\$ 2,927	US\$ 20,750 (48 households)
8. Along roads	4 (378 households)	4	US\$ 6,587	US\$ 44,825 (102 households)
9. On government land	3 (507 households)	2	US\$ 1,374	US\$ 12,128 (34 households)
TOTAL	99 communities (16,688 households)	in 36 sangkats (out of total 76 in the city)	US\$ 223,494 (in grants)	US\$ 766,901 (loans to 2,128 households)

Not the only show in town :

The upgrading policy which UPDF helped start has unleashed a wave of other upgrading support projects . . .

Since the new upgrading policy was launched in 2003, the political space for improving urban poor communities in the city has opened up substantially. Several organizations besides UPDF have embraced the new policy and raised funds to support upgrading activities, widening the range of resources available to Phnom Penh's poor to put together more substantial upgrading plans over time, and to get support for their projects from different sources. The total number of upgrading projects supported by all these programs now comes close to 250.

- 1. The Partnership for Urban Poverty Reduction Program (PUPR)** was a 2-year program developed as a collaboration between the Municipality and the UN Human Security Fund, which ended in March 2006. PUPR provided livelihood loans (total \$56,850) and grants for community organizing (total \$21,910) and physical community upgrading activities (total \$707,502) to 167 poor settlements around the city, affecting 30,119 households. The upgrading projects included paved and graveled roads and lanes, bridges, road repairs, wells, light poles and primary schools.
- 2. The Seila Program** is a large, national government development support program being financed by a package of grants and loans from international donors, with a national budget of \$100 million. Sheila supports projects in training, upgrading, socio-economic development, gender, security, infrastructure, and has also channeled funds to the sangkat (ward) councils, some of which have collaborated with poor communities in the ward to develop small, community-driven upgrading projects.
- 3. URC's Environment Program** : This money comes from New Zealand, and the program has been running for 2 years now, and is now winding up. Program provides grants for small environmental improvements, built by communities.
- 4. Japan Fund for Poverty Reduction (JFPR)** (through ADB) - this fund supports micro-credit activities and some upgrading projects, only in 7 pilot sangkats. These projects have to be built by local contractors, not by people, and the focus is more on solid waste than overall upgrading. URC helps with the community process with these projects and gets the fee. They recently added a micro-credit component, and URC has taken the contract to manage this part also. This fund also operates out of an office in the Phnom Penh Municipality, upstairs from the UPRU.
- 5. CSARO (Community Sanitation and Recycling Organization)**: This NGO focuses on solid waste, recycling and sanitation activities, but has supported some very small upgrading activities in 15 communities - water taps, drains, etc.
- 6. Japanese Embassy in Phnom Penh** has also supported some physical upgrading projects in a few communities.
- 7. Misereor / German Embassy Phnom Penh** : Some upgrading projects have been funded directly by the German Embassy.

Looking beyond the bricks and mortar :

Upgrading as a tool for political empowerment . . .

Community upgrading is most typically understood as a means of improving only the physical aspects of urban poor settlements, by providing for improvements to housing, infrastructure and environmental conditions. But there are a growing number of examples in Asia where a much more comprehensive version of community is working as a powerful democratization process. In this version of upgrading, besides physical upgrading of living conditions, the process involves the upgrading of people's land tenure, status in the city and legitimacy as urban citizens, upgrading their relationship with their local government, upgrading their capacities to manage all aspects of their own development, upgrading their knowledge, upgrading their organizational and management skills, their ability to collaborate, their confidence, etc. These are all strongly political aspects of upgrading, and it all comes out of a project which begins with a physical improvement process and simple savings and credit groups.

When we talk about democratic process it shouldn't be only concentrated on campaigns, meetings, talking, the kind of softer way to do things. It could involve different groups of people to do something together and in the process they have changed the relationship and built better partnership. And in Cambodia we can talk about 13 cities including Phnom Penh now. Empower the urban poor, get them to organize, to have an organization, to have funding, to have their plans for the improvements and to get the local partners to work with them. I think this is the democratization of the Cambodian system.

Upgrading the right of the people, upgrading the relationship of the poor people with the other actors, upgrading the capacity, upgrading the knowledge, upgrading the collaboration, and knowledge, the confidence, and so on. These are the political angles. So if we ever find a way of grassroots and the larger groups of the people in the society are able to be active to get control of their local process, their systems, and ever to link together into a network of learning, a network of sharing among themselves, in the cities among themselves, between different countries with the friendly process to involve other actors in which new way of empowerment then it may be a way that the power of the powerless may be improved, developed to the concrete activities and linked to learning and sharing.

Putting the physical and the political together : But of course political way needs concrete implementation. But these 2 worlds never meet. The people who are good at the change of the law and others, they are not very good at physical things. The concrete people are not very good in terms of the relationship, the political change. So we have to match the 2.

The way we work in the slum upgrading is starting by communities getting the savings groups and linking them together into a network of the wards or the cities, whatever, and then get the local authority who also go with this link, and we call it partnership. And it goes, it has support because it's not one isolated group, it's a platform of groups for urban force among them. And if they get moving in one direction they can start other organizations to go with you. That's important. We have to put it in our newsletter. It's the same thing Jockin been doing, get the poor people first and you get a big number, you get other people to go with you as a team.

Some recent upgrading projects :

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. First communities survey and discuss their settlement and its problems, then develop a community improvement plan, which includes both immediate upgrading plans and broader, longer term development plans. Once the plan has been discussed with other communities in the sangkat and adjusted, it goes to UPDF for approval. Plans can be quite simple, but must 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, as much as possible.

ON-SITE : Communities being upgraded on the same site

1. ROS REAY COMMUNITY : 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 had flooding problems during the rainy season, so building a drainage system was the community's first upgrading priority. Because Ros Reay was chosen by SUPF to be the first 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. They plotted all 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. Municipal officials and community members from around the city attended the ground-breaking ceremony, where the first \$500 handed to the community was matched by \$500 in cash from community people.

They set to work the next day, dismantling fences to enable lanes to be straightened a bit and to make room for laying the underground drainage system, which involved enormous labor. Each family was responsible for digging up 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 "in-house" technical assistance with slopes, pipe sizes and manhole designs. 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 shades of white, blue and green. The improvements at Ros Reay cost \$12,000, and covered 339 meters of concrete road and lane paving, sewage and storm drains with 53 manholes, tree-planting, fence repair and house painting, all done with community labor.

2. THMOR DAR COMMUNITY : Thmor Dar is a crowded settlement of 146 houses built on the rooftop of an inner city block in 7 Makara District, where the people have lived since 1979. The first step in their upgrading was to completely repair and repaint the dilapidated stairway up to their settlement. The next steps are to create a community open space on the roof and then to repair some of the houses. The stairway renovation cost a total of \$1,316, of which \$936 came as a grant, and the rest came from the community, which provided all the labor.

3. MITTAPHEAP COMMUNITY : This community of 137 households is built on a small rectangle of land, which the people themselves own, squeezed between big buildings in Toul Kork District. During the rainy season, the settlement turns into a mucky and mosquito-infested bog, so the people's first priority items for upgrading were paved lanes and underground drains. The 352-meter concrete road and drainage line the people built is now complete, and 56 families have been approved for housing improvement loans of \$440 each. The roads and drainage system cost a total of \$6,586, of which \$766 was contributed by the community.

4. SVAY CHEK COMMUNITY : This quiet community of 116 households on semi-rural land at the edge of the city, in Dangkor District, has a strong savings group including almost all the families. The place feels more like a village than an urban slum, but its poverty and remoteness from the city made Svay Chek a good example for developing a self-sustaining community with local sources of income. Svay Chek faces serious problems of flooding, so their first upgrading task was to lay 1,635 meters of paved roads and drains throughout the community. To get landfill for these roads, they dug two deep holes, which are now fish-breeding ponds. Next stage improvements will include fences, wells, a community center, house reconstruction, toilets and community agriculture. The cost of laying the roads and drainage only came to \$9,138, of which the community contributed \$2,138.

5. SAMAKI 1 is a settlement of 49 households built along the railway tracks in Khan Roessei Keo. The people cooperated with a new railway policy by voluntarily moving their houses 20 meters back from the tracks. Next, with a

UPDF grant of \$6,416, they built a beautiful 126m tile-paved walkway in front of the long line of their newly-rebuilt houses, with drains, new trees and community gardens planted in the leftover space. 38 families have taken housing improvement loans totaling \$16,725.

6. 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 community to build a concrete walkway through their flood-prone settlement (280m using a \$4,434 grant). The project has inspired many other walkway projects in adjacent settlements.

7. KULALOM 1 & 2 are adjacent Cham Muslim settlements (total 447 households) in a densely crowded area along the Mekong River, in Khan Roessei Keo. These communities have also been very active *prahok* makers and community savers. Their upgrading plans have begun with a 350m walkway. They first laid it in gravel and later upgraded to concrete and colored tiles, using a very modest upgrading grant of only \$5,000. Only 33 families have so far taken housing loans, totaling \$15,200.

8. PHUM 4/1 & 4/2 are two adjacent settlements (260 families total) built on public land along the marshy edge of Boeng Kak Lake, in central Phnom Penh. While the Municipality continues to negotiate its own master plan for commercially redeveloping this densely-crowded area, the people used an \$8,800 upgrading grant from UPDF to build a 469m raised "flood-proof" walkway which links all the houses in the settlements. Later, 59 families took housing improvement loans totaling \$24,150.

9. 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 through the settlement. Next, 24 families took housing improvement loans (totaling \$8,050) and 8 families took income generation loans (totaling \$1,625) from UPDF.

10. PONLIEU THMEY is a tiny settlement of 17 poor families, tucked inside a small lane near the Khan Chamkar Mon headquarters. The land, which the people here settled on in 1987, belongs to them. The first step of the community's upgrading plan involved using a \$1,190 grant from UPDF to build a 135m concrete-paved road through the settlement, with storm drains. So far, only four families have taken housing improvement loans, totaling \$1,500.

11. PRASATH PICH is a small settlement of 25 families built on the rooftop of a building near the O Roessei Market in Khan 7 Makara, where many residents are vendors and moto-dub drivers. Since paving, drainage and basic services were already OK, the people have focused on upgrading their housing. So far, 9 families have taken housing loans from UPDF, totaling \$2,800. The people are now exploring ways to achieve secure land tenure.

LAND SHARING : Communities being upgraded on part of the same site, using the land sharing strategy

Land sharing is a compromise strategy for resolving urban land conflicts between poor communities (who need the land for housing) and private or government land owners (who want the land back to develop). After a period of planning and negotiating, an agreement is reached to "share" the land, in which part is given, sold or leased to the community for their housing, and the rest is returned to the land-owner to develop. People end up with less area, but the trade-off is that they are no longer squatters but legal occupants of their land. The government has approved the first four land-sharing projects, but because they are so large and complex, they are taking much longer in the preparation and planning stages than the more simple on-site upgrading projects.

1. SANTHI PHEAP COMMUNITY : Santhi Pheap ("Railway A") is a settlement of 70 households on 1.3 hectares of public land along the railway tracks in Daun Penh District. After years of eviction threats, the community began negotiating for a land sharing plan, in which the people keep 30% of the land for developing small 2-story row-houses, and return the rest to the government. Finally, the government agreed to give the community 25% of the land for their housing.

2. BOREI KEILA : This extremely crowded and complex settlement of 1,776 poor households sprawled around some 4-story apartment blocks built in the 1960s for athletes in 7 Makara District. For years, the Sports Ministry has tried to evict the people to build a new stadium. But this strong community, which settled here in 1979, is determined to stay. After surveying and mapping their settlement, they first worked with UPDF architects to explore and propose a land-sharing plan to rebuild their community with very small row-houses, for which the government agreed to give 4.6 hectares (31.5% of the existing land). Later on, the plan changed, and now the government is working with a private developer to build blocks of flats for the people on this land. Borei Keila is an important test-case for land sharing, which makes room for poor people's housing while allowing the government to proceed with its plans.

The housing project at Borei Keila is Phnom Penh's first real land sharing project. 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 a private company to develop commercially, and the other part has been used to construct ten 6-story apartment blocks, which will 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. This 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.

3. ROTEH PLEONG COMMUNITY (“RAILWAY B”) is another railway settlement of 255 households which were going to be evicted from the 10 hectares of land they have occupied since 1979 in Toul Kork District. The government had leased the land to the Usman Hasan Company to build a high-rise hotel, but most people didn't want to go to the resettlement plots offered by the developer. So the people drafted their own land sharing plans, which they presented to the government and the developer in a public meeting in April 2003. The government has now approved the people's plan, in which 25% of the land will be kept for housing, and the rest will go back to the government, which can then lease it to the developer. When the man from the Usma Hasan Company agreed to attend a public meeting to discuss the development plans for Railway B, he never expected to find a poor community with a fully-worked out plan of their own!

RELOCATION : Communities being upgraded after relocating to nearby (or not so nearby) land

1. PREK TOUL COMMUNITY : Prek Toul is a settlement of 106 very poor families who survive by collecting recyclable waste on the garbage dump in Mean Cheay District, where they also used to live in miserable conditions. The Municipality chose and purchased a 0.73 hectare site (for \$150,000) three kilometers away, which has been given to the families to build their new community on. Construction of the new community is now under way. Prek Toul is the first example of the “nearby relocation” strategy, which is the last resort when there is no possibility of a community staying in the same place.

2. BORAI SITHIPHEAP (MOVED FROM DEY KRAHOM COMMUNITY) : The 1,465 families who used to live in the crowded settlement of Dey Krahom, near the Tonle Basaac River, had originally negotiated a land sharing deal in which the government agreed to give a portion of this public land to the community to redevelop their housing, and keep the rest for developing commercially - similar to Borei Keila. But because the land was so small, the company calculated that it couldn't afford to house the people on site and still turn a profit on the remaining land. So after much discussion between the community, the company and the municipality, the people agreed to relocate to a fully-developed colony of 2,000 sturdy, concrete shop-houses at Borei Sithipheap, in Khan Dangkor, 18 kms from the original community. They lost their original central-city location, but in exchange, the people got decent 48-square meter houses with full infrastructure (all free, with land title) and proximity to a developing industrial zone, which is already providing many new jobs.

The Borai Sithipheap project is the result of a proposal worked out and pushed originally by UPDF. Even though it wasn't finally a land sharing, as was initially planned, and though the project was implemented by a private-sector company, it is something very good for the poor, well-planned, decent, a reasonable alternative, in which people end up being better off than before – more secure and with better houses. Borei Sithipheap makes an important example of what to do when it is absolutely impossible for people to upgrade on the same site, but are resettled with a proper process. Borei Sithipheap shows that proper planning and full community involvement in the decision-making, it's good for the people and good for the city, good for development. These two cases – at Dey Krahom and Borei Keila – show good, voluntary solutions to land conflicts between existing settlements and development plans.

3. THNOUT CHRUM 5 COMMUNITY : The families who live around the garbage dump at Steung Meancheay, earning their living collecting recyclable waste, are among the city's poorest. When the 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 nearby, where they moved in July 2003. Since then, the 159 families (including 116 families from the dump site and 43 families evicted from land nearby) have been working 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.

This is the relocation site for the community of extremely poor garbage recyclers who had been squatting on land right next to the garbage dump in Sangkat Steung Meancheay, Khan Meancheay since 1998. Most are trash recyclers or construction workers, earning \$1 - \$2 per day. Living conditions were awful, among the worst in the city – no roads,

toilets, drains, flooding, etc. An NGO supported temporary land for people living on the site to rent at a cost of \$150 per month, for all of the community. When the NGO left in 2003, the community faced eviction from the unknown landowner.

UPGRADING: Only a very small investment starts so much going . . .

The upgrading budgets are extremely small – no more than US\$ 4,000 for an entire community! Although community upgrading brings visible, physical changes to the settlement, the real objectives go far beyond mere physical change. Since this upgrading is implemented and managed by poor community people themselves, it has brought many other kinds of changes to urban poor communities who have never before participated in any kind of urban planning or city development:

- It makes community people work together and manage their development as a group.
- Physical achievement after upgrading brings confidence and pride to urban poor communities because they see that they can deliver appropriate, good quality, inexpensive, efficient, communal development which functions immediately.
- Self management opens room for new leaders to emerge.
- It confers to poor people a sense of power to be able to manage their public development. A sense that in fact they can do and can control their lives as a group.
- Proper physical upgrading always leads to the question of land rights – quite a number of communities have developed tenure rights after upgrading.
- Upgrading brings recognition to communities.
- Upgrading creates space for communities to work with local authorities while communities control the development budget and management within the community.
- It helps change relationships with local authority.
- It brings with it friendship, assistance and solidarity with many other communities in the same ward and city, since the process emphasizes linking into networks and cross learning.
- Upgrading becomes a communal and collaborative achievement, rather than a single community achievement. Many exchange visits, meetings, networking processes ensure projects become an open case of communal learning and sharing of success.

"The lane is the heart of the community"

In most of the 99 UPDF-supported upgrading projects so far, the very first thing the communities propose to do is to build a good paved lanes, road or walkway through the settlement, with proper drainage. In the upgrading projects, we see lots of drains, toilets, electricity supply lines, wooden bridges, tree planting, community centers, etc. But the upgraded lanes and walkways seem to have the greatest power to dramatically change perceptions of the community – both within and from outside. Almost every settlement, it's the same thing.

- ***This seems a little boring, but in fact, there is something very powerful going on with this.*** Having a mucky, unpaved walkway or rickety bamboo bridge is emblematic of a miserable slum, whereas a proper paved, concrete (or tiled) walkway is a sign of a decent, proper community. It's not just a matter of making it easier and safer to get in and out of the community, or providing space for community activities like kids playing, vending, etc. A well-paved, well-drained walkway is symbolic of a deeper sense of pride and confidence in the community's legitimacy.
- ***Once this small project of paving the lane is finished, it almost always unleashes a major storm of further upgrading and investment in housing improvements*** – even without UPDF housing loans! What calls the house "the public face of the family" – when the road is a mucky, flooded swamp, people have no motivation to build a proper house, don't feel secure, don't feel permanent or proper. At first, the communities were just laying concrete lanes, with drains, but now the new wave is to lay concrete lanes with colorful, non-slip tiles laid in various patterns of yellow, red and green.
- ***An improved lane makes a change in people*** : they can see that development is coming to their community, they can touch it, it's something real for the first time. It creates hope for something better, belief that better is possible. It sounds like exaggerating, but it's very powerful, this first act of upgrading.
- ***If you carry the "lane as heart of community" metaphor a little further***, an upgraded lane means a healthier, more vibrant community that will live longer, so naturally the rest of the body (community) starts becoming more healthy also!

THE UPGRADING VIRUS :

How single community upgrading projects are expanding into initiatives to upgrade the whole sub district or "zone".

In several areas around Phnom Penh, upgrading projects that were implemented in one community have sparked off improvements to housing and infrastructure in other nearby settlements and launched a much larger upgrading process in the area. The proof that communities can make these improvements themselves, and that these improvements are within reach, has proven to be a powerful incentive for other communities to start. Word gets around fast that these projects are happening, there are many visitors, and before you know it, settlements in the area are asking how they can do the same. This spontaneous expansion to other settlements in the same "zone" is happening in several areas, and in all cases, the Sangkat (Sub district) has played a key role in helping spread out the idea :

- **Boeng Kak Lake Area :** In the large area of poor settlements crowding around the Boeng Kak Lake, the upgrading of Ros Reay (the first pilot upgrading project) has spread to three more nearby communities, which have taken housing improvement loans and small infrastructure grants from UPDF to lay drains, concrete walkways and fix up houses.
- **Railway settlements :** The upgrading of the small (50 house) rail-side community at Samakee 1 has inspired two or three other railway communities to do the same.
- **River-side settlements :** In the same way, the construction of the walkway and drains, and the upgrading of houses in the Nesarth 10 Settlement, on the Tonle Sap River, is now spreading into other settlements in the same line, along the river. There are now about 18 or 20 communities alongside the Tonle Sap River, mostly in Khan Roessei Keo, on the Phnom Penh side, which have built concrete and tile walkways through their settlements, using UPDF upgrading grants. Many of these walkways are now linked together, so it's now possible to walk for about 3 kilometers on totally paved walkways, without having to slomp through the muck, as before. Used to be very muddy and dirty walking through these communities year round.

This is not an accident, but has been one of the UPDF's goals from the start: to use the initial upgrading projects to spark off a much larger city-wide, or district-wide upgrading process, which has the big scale and strong momentum to negotiate for secure land tenure with the city, and create change on a city-wide scale.

The process starts with people: they start by laying a walkway, constructing some toilets or planting some trees - some kind of physical improvements in one area. The idea is to start with what people can do immediately, without much fuss. Then gradually, as people get more confident and more people begin to realize what's possible, the upgrading expands to a larger area, a whole zone. The resources we need to set off this process are very small! This is bottom-up zone upgrading.

12. SECURE LAND TENURE : Using the fund as a tool to support communities as they continue searching and negotiating for practical ways of securing land for housing

18,000 households evicted from central Phnom Penh in the past eight years :

Eviction is in the air again : After a lull of a year or two, evictions are happening again in Phnom Penh, in a big way. Perhaps now more than ever, people in the city's poor and informal settlements are worried. In the past eight years, over 18,000 families - nearly a third of the city's informal settlers - have been evicted from their settlements in Phnom Penh and removed to peripheral areas of the city. In a city with no formal policies to address the housing needs of the poor, a lot of land already occupied by poor communities is being taken over for tourist complexes, "city beautification" and commercial developments. The large infrastructure projects being developed on an ad-hoc basis in the city, by bilateral and multilateral organizations, are also big eviction causers. A few communities have managed to access support in the form of funds for relocation, housing or infrastructure, but most just get pushed around in this process, victims rather than beneficiaries of these official and unofficial plans.

The real estate boom in Phnom Penh (as well as in many provincial towns) shows no sign of diminishing, and is serious bad news for the poor. There are many situations which lead up to eviction, but the bottom line seems always to be money. The pressure to develop and commercialize all land in the city is increasing, as the value of land goes up and opportunities to make a quick buck abound. Speculative buying of land, developing upscale housing, shops and commercial centers is going wild in the city nowadays. Building projects are everywhere, construction sites, construction materials suppliers, everywhere – and these projects are being snapped up by local businessmen and speculators from all over Asia. The developers will often give financing, or you can get bank loans - a new thing which is greasing the wheels of this real estate and speculation boom.

RECENT EVICTIONS :

Many of Phnom Penh's prominent evictions have been done by the Interior Ministry, or the Foreign Ministry, neither of which have any policy for compensating or resettling evicted families. The Municipality has been at pains to tell everyone that it has no power to stop these evictions by the national government or private sector land-owners, and is afraid to cross swords with the central government or with its investors.

- 1. 1,216 families evicted in May 2006** from Village 14 (Samok Chab – "Bird's nest") in Basaac, Khan Chamkarmon. Eviction was organized hours before dawn, by 1,000 police in riot gear. Relocated to two resettlement sites which were prepared without any participation of communities: Tropeing Angchan (*for house owners*) and Phum Andong (*for renters*). Attempts by NGOs and rights groups to assist the people were rebuffed by the authorities. Although the whole Basaac area has been continuously settled by shanty settlements since 1979 (many being soldier families with allotment papers), a private company (Sour Srun Enterprises) has claimed to own the land for many years, and there have been waves and waves of eviction and fires (2001). All the big evictions have been assisted by the municipal and national authorities.
- 2. 168 families evicted in July 2006** from Manivong, Khan Don Penh, the first group to be evicted from the large settlement in Khan Don Penh. Land belongs to the Interior Ministry, and was within the compound of the Preah Monivong Hospital. This is extremely valuable land in the center of the city, and now the Interior Ministry has (rented? sold?) all the land not used by the hospital (which is filled with settlement) to a private sector company to develop commercially. They were relocated to land 35 kms to the west of the city in Kandal Province (outside city limits). 70% of the families evicted from this settlement were policemen and soldiers, who had been allotted these plots by the government right after Pol Pot, in 1979.
- 3. 78 families living in Group 78** (Basaac, Khan Chamkarmon) are also threatened with eviction.

Despite upgrading :

The lanes are being paved and drained, trees planted, houses improved and communities strengthened, but the land tenure status of most of the city's poor settlements remains as precarious as ever . . .

Sadly, upgrading projects alone do not bring tenure security. The recent wave of large evictions in Phnom Penh has been a potent reminder that there is still a lot of work to do to ensure that the poor do not continue to be pushed out of the city they are a part of and contribute so much to. Most poor communities do not come in the way of any legitimate urban development plans and should be able to stay where they are now, as much as possible – or at least within their sangkats (wards), where they already have networks of support, friendship and employment.

And even when communities are in the way of important development plans, there are many ways to accommodate them close by, with just a little shifting here and there, using such techniques as land-readjustment, land sharing, reblocking, land-swapping or nearby relocation. As long as this land readjustment is done with the community's consent and full involvement in the planning process, the city's need to develop and people's need for secure housing need not collide.

Three years ago, community upgrading was a brand new concept that nobody really understood. Back then, if you suggested that urban poor settlements could be beautiful, healthy and green places, they'd say you were crazy. If upgrading is now being mainstreamed, there's no reason why secure land tenure can't likewise become something that is accepted as not only do-able, but as good for the city as all these upgrading "before" and "after" transformations.

What form could this land tenure take? It could be full land title (individual or collective) where people occupy their own land, or collective lease contracts where the communities occupy government land, and it could involve nearby-relocation with land title or long-term lease in cases where communities fall in the way of planned urban development projects. There are many options.

Upgrading is a step in the direction of secure tenure – if not THE final step :

In all but two of the 200 upgrading projects approved so far, the land tenure situation is still uncertain - people don't have title to the land they occupy. But instead of waiting for secure tenure to be granted (which might take forever), the idea has been to just start the improvement process anyway. In this way, the momentum of the upgrading process, and the greater confidence and sense of ownership that the projects are boosting in the communities, becomes a stronger force to negotiate with the city. *Nobody can answer about housing tenure security, but after making these improvements in their settlement, people start investing in housing. The feeling of better security is stronger.*

In a precarious situation like Cambodia, where land is such a hot commodity and there are no formal systems to safeguard the land tenure rights of anyone, it is important to encourage people to start in simple ways to move in the direction of greater security, even if the way is very long. Important to start with what you can do now : mapping, proposal, information, survey, saving, studying government regulations, upgrading activities, income generation activities. Step by step. Land tenure is a sensitive issue, and if you first make the big step of demanding you'll fail, the city will turn its back. Must start with activities that you can be successful with.

What about the land tenure terms for the upgraded settlements? It may be a long-term lease, it may be user rights, it may be transfer of ownership through steps - the terms are open. I look at it as something simple now, because these communities now have the sangkat authority on their side now. And the sangkat authority also feels the upgrading is their work, their achievement as well - they have been able to upgrade the poor community, and have invested in bringing the drains or water supply to the area, so it's also their baby! So if one day, for example, the State Railway Department decides it wants the community's land back, the people will have a lot of allies behind them when they negotiate to stay, to keep their land. They won't be alone any more. It won't be that easy to evict them.

New Policy to provide land security in stages.

The Cambodian Government has recently announced a new policy for providing land security in a phased process :

- **First step** : all families in a given community must request land certificate
- **Second step** : The land certificate is given to families
- **Third step** : later on, people can get individual land title.

In practice, no existing settlements in Phnom Penh have yet been given land tenure under this policy. Cambodia's Land Law also stipulates that people who have stayed on any public land for at least five years are entitled to compensation (at market price) if the government wants that land for any other purpose. But in practice, this law has never yet been used, while families around the country continue to be evicted from land they have occupied for decades – or even centuries.

People's Land tenure Committee set up :

A committee has been set up comprising leaders from many of the communities that have been upgraded so far, to follow-up on the land tenure aspect of the projects, and to keep pushing and working on the issue of land tenure security. The idea for establishing the committee came from the people, who were so energized by the upgrading process and decided they wanted to work together to learn more about the existing land laws, the new "step-by-step" land tenure policy and to do more collectively to make use of these policies to negotiate for their right to stay.

The job of this special committee is to work together to explore ways of getting more land security for the communities - as a group. An important part of this committee's work is to negotiate with the central government's Land Management Department (under the Ministry of Land), and to link with the Municipality, the districts (Khans) and sub-districts (Sangkats) to strengthen the case for some kind of land tenure security. After the "Sangkat Mechanism" workshop on Feb. 17, this committee will make an action plan, focusing on working at the Sangkat (Sub-district) level. UPDF is supporting them.

SECURE LAND TENURE : The case of Sangkat Prek Tasek . . .

In the river-side sangkat of Prek Tasek, the people there will tell anyone who visits that their first priority is to get *CLEAR LAND TITLE* to the land where they are living. Now every family has a temporary house certificate, which is given by the Khan. Not the stronger and more powerful land title, which is given by the national government. So we have to push for something more proper and permanent – can't wait to be given this, or we'll all be pushed out. We need to propose this and submit it as a group to the National Land Department. The people here are aware that the government is now granting land titles to powerful private sector businessmen from outside, and that you have to pay "special money" to get a real land title – which is far too much for these people to pay.

- **Government has plans to develop an industrial zone here**, on all this river-fronting land all the way down to the bridge, which will affect all these communities, which are still farming rice and living as they always have, on their own land. Everyone knows about this plan, but isn't sure what to do. There was also a big hotel (Sunny Hotel) which recently tried to buy land from the people here for \$2 or \$3 per square meter (very low price!). Sangkat chief doesn't know about this plan, but doesn't know how to keep people from being pushed out.
- **Nobody here objects to such development happening here, or to changes in their still-very-rural lives.** Most families here have between 0.5 and 1.5 hectares of land, which they fully consider to belong to them. If private sector development is going to happen here, they only want to make sure they can sell their rice fields and farms for a fair price to the developer, and retain enough land for their own houses, so they can stay in the same sangkat. They all seem to realize that if they have secure tenure, they will be in a better position to negotiate a better deal for their communities in the development process. They all know about the evictions in other parts of the city, and realize the same thing could happen to them.
- **The usual thing:** the city has big plans for the area, which have nothing at all to do with what's already there! As if urban planning happened on a clean slate!
- **Two very different ideas of what "development" means :** To the government, developing an area means kicking out the people and building hotels and factories and upscale housing! To these communities, development means better houses and living conditions, secure land and strong, healthy, supportive communities.

13. 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 capital.

(From Father Jorge Anzorena's SELAVIP Newsletter) The urban poor in Cambodia are not only in Phnom Penh, but are found throughout urban centers across the country, and often with greater severity. Poor settlements in provincial towns also lack drainage, access, sanitation, water supply and electricity, and face similar competition to keep their lands, with the development of new markets, road improvements, and rural corporate farming pushing an increasing number farmers from the land to poor settlements in regional cities.

Over the last 4 years, UPDF and the community savings network from Phnom Penh have been making contact with communities in other cities, sharing with them their experiences in strengthening their communities, organizing themselves with surveys and information on their communities and their issues. With local communities, community leaders from Phnom Penh undertook preliminary surveys of urban poor settlements in 6 cities. Since the UPDF 5th Anniversary event in May 2003, the requests from other cities communities have escalated, and UPDF begins to support the groups in these provincial cities to build up community processes for securing and improving their settlements. The basic problems are threatens of eviction, lack of clean drinking water and toilets. Selavip and ACHR are supporting this project. The situation in the different towns is as follows :

BATTAMBANG : The Battambang province is the second largest province of Cambodia and it is 298 kilometers far from Phnom Penh. The poor are settled on the Sangkhae river bank, along the railways tracks and on the road sides. Saving groups have started encouraged by the Commune.

SAMRONG : Samrong is located in the Oddar Meanchey province, 467 kilometers far from the capital. The settlements are not too crowded but the people are very poor. Some are farmers or sell goods in the market. The land and house tenure problem is serious. With the expansion of the road and the construction of a stadium, people face eviction without compensation.

SIEM REAP : The Siem Reap it is a tourist town, the Angkor Wat complex is there. Many poor people migrate to get jobs here. ACHR with local NGOs and community leaders found 12 settlements with more than 1000 families, staying along the river, in the temple's site and behind the big buildings. Five communities began savings (total savings 1.5 million riels-US\$375)

SISOPHON : Sisophon is in Banteay Meachey Province, 376 kilometers far from Phnom Penh city. In a quick survey done by the urban Poor Development Fund, with the local authorities and community leaders there were found 4 settlements with more than 1100 families. Most of the settlements are located along the railway tracks, and public land. They are facing eviction by the Railway Department. People occupation: construction workers, street vendors, with and average income of 4000 riel/day (4,000riel= 1US\$)

POIPEY : Poipet is in the Ban Teay Meachey Province, 376 Km far from Phnom Penh, in the Thai-Cambodia border. It is a casino city. There are 13 slums, very crowded, with almost 11,000 families squatting. They are vendors in the border with push carts, casino workers, motorcycle taxis, trafficking, beggars, and homeless. Eight groups which 187 members have save till October 2004, more than 15million riel

PREY VENG : It is located in the Prey Veng province, at the east of Phnom Penh, on the Mekong river bank. This province is the poorest of Cambodia, many are farmers and have and average income of US\$ 0.50. There are 9 settlements with 300 families, squatting on the river bank, or on private land.

PEAM RO : It is also in the Prey Veng Province, but is the main economic growth town because is along the national road No 1 going to Ho Chi Minh City and along the Mekong river bank. There are about 7 settlements with 1100 families. Many are vendors. One community called Steung Slot has 26 members who have saved 1.2 million riel. With the expansion of the road they have the threat of eviction. ?

SIHANOUKVILLE : Sihanoukville is the main deep sea harbor in south Cambodia that links the trade with Thailand. Krong Preah Sihanouk Municipality has 3 districts and 22 communes. With the plans to construct a new harbor, to expand the roads, and the investment of many companies there are many land conflicts between the local authorities, private sector with the squatters they live over there.

CHBAR MON : Chbar Mon is in Kampong Spue province, 49 kilometers from Phnom Penh. It is an small city but very poor. There are 150 families in 5 poor settlements along the river, on the road side and behind the market. They are construction workers, small vendors in the market, factory workers, motorcycle taxis drivers. They are affected for the expanding of the national road No. 1. Every year they repair the cat-ways. UPDF has collaborated with the government to solve the land problem of some families evicted from army land.

KANDAL : is located in the edge of Phnom Penh. According a former survey there are 20 settlements with around 1,000 households. Most of the squatter areas are on the river and the lake bank, and on the road side. The relation with the government is still smooth and there is a saving group.

Provincial Cities Update, February 2007 :

- **There are 11 provincial towns (in 20 communes) in the process :** 15 of these communes have started upgrading activities, with about 41 upgrading projects, including revolving funds for income generation.
- **Battembang :** UPDF gave a \$500 upgrading grant to the group to build community toilets. They built these VERY cheaply, at only \$25 per toilets! Very cheap!
- **Siem Reap :** Here, they also built community toilets with UPDF upgrading grant, but theirs cost \$60 – 80 per toilet.
- **Now 80 savings groups in the provincial towns and cities.** On World Habitat day, will bring 5 members from each group to Phnom Penh for the program – total 400 community people, plus their provincial governors and district and sangkat chiefs!
- **Now the UPDF has been assisting these provincial towns to group themselves into regional networks of support and learning.** Idea is to later maybe set up separate development funds for each region, which is controlled by committee of community and local authorities in that region. Holding a series of regional workshops to promote these networks. So far, one has been held in Banteay Meanchey Province (near Poipet).
- **Very good collaboration with the Ministry of Women's Affairs in these provincial cities.**
- **Lots of study tours, exchanges and seminars going on between provincial towns**

5 new UPDF offshoots :

Some new community funds have already been set up in provincial towns, subdistricts and provinces, following the UPDF 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 have been supported by ACHR, although UPDF has been an important partner in the cross-fertilization process. But because the UPDF was set up under an MOU with the Municipality of Phnom Penh, it is 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 model of UPDF – a flexible community development fund which supports various activities designed and implemented by poor communities themselves – and started up their own funds. So far, five off-shoot funds have been set up :

1. Income Generation Fund for Kraing Kra-ouk Community (in Prey Veng Province). This fund, which operates in a single community, was set up with community deposits and a matching grant of \$1,500 from ACHR. So far, the fund has provided loans to 53 households.

2. Poipet Commune Fund for Income Generation (in Bantay Meanchey Province). This fund, which operates in several extremely poor squatter communities in the casino town of Poipet, on the Thai border, was set up with a grant of \$1,000 from ACHR, and has already extended livelihood loans to 300 savings group members, almost all women.

3. Leak Leung Commune Fund for Income Generation (in Prey Veng Province). This fund, which operates in several poor villages within the commune, was set up with a grant of \$1,200 from ACHR, and works as a revolving fund, providing livelihood loans to savings group members.

4. Prek Ksay Kor Commune Fund for Income Generation (in Odar Meanchey Province). This fund, which operates in several poor villages within the commune, was set up with a grant of \$1,350 from ACHR, and works as a revolving fund, providing livelihood loans to savings group members.

5. Bantay Meanchey Provincial Community Development Fund (In Bantay Meanchey Province) was set up under an MOU between the Province, ACHR and the Ministry of Women's Affairs, with contributions from ACHR, the Ministry and the Provincial Governor totalling US\$ 9,000. The fund works as a revolving fund, giving bulk income generation loans to communities within the province.

CASE STUDY :

Upgrading the Komroo Community, an informal settlement in Siem Reap

This is a tiny roadside squatter community of only 13 families. Most are very poor market vendors or have low-level jobs within the tourism sector. A lot of the children earn a little extra for their families by collecting recyclable waste. The 13 houses are laid out in line, each plot being about 5 meters wide and 6 meters deep, with the compound wall of a posh hotel at the back, and the 5-meter lane at the front.

Land tenure : Komroo is one of the last informal communities remaining in the city center, after years of serious evictions from central Siem Reap. Most other informal settlements have been long pushed out by now, where the land is so valuable. They occupy a narrow strip of government land along a small inside lane, in a high-pressure area of temples, posh restaurants and hotels in the center of Siem Reap. The land immediately behind the community belongs to a rich hotel owner, who has complained to the provincial governor many times about this illegal settlement. The local authority has been trying to evict them for a long time, but they're holding on. They want to rebuild their community on the same land, but the local authority won't allow, wants to evict.

Savings : They have been saving for 2-3 years, and have now 1 million Riels (US\$350) in collective saving. All households are members.

Poor living conditions before, with flooding and lack of toilets : Before, the community experienced flooding every year, in which the houses and road would stand in a half-meter of dirty water for weeks. Also, there were no toilets, so people had to go to the toilet in open spaces nearby. Now, there are fewer and fewer open spaces, so no place to go.



Already completed several upgrading projects : Komroo is the first community in Siem Reap to undertake upgrading pilot projects. They have completed several upgrading projects here over the last 2-3 years, with support from UPDF, including 2 common toilets, drainage improvements, road improvement, tree-planting (banana and neem), pulling some houses back that were encroaching on the lane, and building a lovely dark-green-painted bamboo fence along all the newly-straightened house fronts. People jointly maintain these two common toilets, which are kept spotlessly clean.

All these upgrading projects cost only \$1,600 total – for everything!



Had to work at night, because the local government didn't allow : The people at Komroo had to work on these upgrading projects at night, because the local government didn't agree to their plans to improve the settlement.

Home improvement : After the upgrading projects began, people began individually making improvements to their houses.

Very active youth group : The youth group here has started a free school, which they run themselves, giving English and Khmer instruction to poor small kids in the community and from nearby – extra tuition classes and classes for those who don't go to school. The English instruction is understood to be helpful in getting work in the tourism industry – if you can speak good English, you can get a job as a tour guide, a driver, a hotel or restaurant worker. We meet two enthusiastic teenage brothers, Samnang and Sinat Bunhorn, who are both volunteer teachers in this free school, which they helped to start.



