

Savings and Credit in Phnom Penh : 1994 - 2004

The Solidarity for the Urban Poor Federation (SUPF)

Ten years of poor people managing their own (and outside) resources in Cambodia . . .

The Solidarity for the Urban Poor Federation (SUPF) is today the only large-scale people's organization in Phnom Penh, active in about half of the city's 569

poor communities. SUPF's seven district sub-federations ("Khan units") have helped poor communities within their districts 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.

Since it was set up ten years ago in 1994, SUPF has worked with ACHR and later UPDF to break the crippling hand-out mentality (which has done so much to dempower 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 and (widely proved) 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 skills 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 They Build 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 They build 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 They build 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 They build a federation 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 federation of these 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.



Some grand totals on SUPF collective saving (Figures come from the city wide savings survey conducted by SUPF in December, 2003)

District	# of communities	# house-holds	# members	total saving	Where are these collective savings kept?				
					cash in hand	revolving in com. loans	revolving in district loans	deposited in bank	deposited in UPDF
1. Don Penh District	24	1,156	792	\$ 5,482	\$ 802	\$ 1,533	0	0	\$ 2,807
2. 7 Makara District	12	1,267	752	\$ 5,095	0	\$ 4,399	0	\$ 43	\$ 684
3. Roessei Keo District	44	4,829	2,344	\$ 30,690	\$ 1,725	\$ 1,523	\$ 11,074	0	\$ 489
4. Mean Cheay District	20	3,458	869	\$ 6,290	\$ 914	\$ 2,509	\$ 2,371	0	\$ 3
5. Dangkor District	38	7,378	2,143	\$ 28,587	\$ 2,468	\$ 794	\$ 16	\$ 229	\$ 1,535
6. Toul Kork District	19	1,540	1,063	\$ 9,073	\$ 288	\$ 1,765	\$ 5,191	\$ 1,001	\$ 1,910
7. Chamkar Mon District	21	5,421	2,977	\$ 15,265	\$ 407	\$ 1,365	0	0	\$ 13,746
Total 7 districts	178	25,049	10,940	\$ 100,482	\$ 6,604	\$ 13,888	\$ 18,652	\$ 12,273	\$ 21,174

Housing issues :
UPDF has given US\$ 346,877 in housing loans to 11 communities, benefitting 834 households.

Land and tenure issues :
UPDF has given US\$ 5,388 in land purchase loans to 2 communities, benefitting 67 households.

Livelihood issues :
UPDF has given US\$ 256,771 in livelihood loans to 125 communities, benefitting 2,615 households.

Emergency and welfare issues :
UPDF has given US\$ 2,517 in emergency loans to 6 communities, benefitting 211 households.

Environmental quality issues :
UPDF has given \$11,975 in environmental improvement grants to 20 communities (1,560 households)

Infrastructure issues :
UPDF has given \$26,800 in comprehensive upgrading grants to 4 communities (404 households)

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.

