



The Urban Poor Development Fund in Cambodia: Supporting local and city-wide development

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gatekeeper



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The role of local
organisations in
sustainable
development

The roles of local organisations in poverty reduction and environmental management

All poverty reduction is local. This is easy to forget given how discussion and debate on the subject is dominated by bilateral aid agencies, development banks, national governments and international NGOs. But regardless of higher level commitments and decisions, what actually happens on the ground in particular localities is what makes the difference. Many barriers to poverty reduction are local — local power structures, land owning patterns and anti-poor politicians, bureaucracies and regulations. Much of what the poor require — schools, healthcare, water and sanitation, land, social safety nets, getting onto voter registers — must be obtained from local organisations within this local context.

Local organisations have a major role in addressing these realities, helping poor groups access entitlements and engage with government. They may be local NGOs, grassroots organisations of the poor, or even local governments or branches of higher levels of government. But they function on a local level, have intimate knowledge of the local context and should be accountable to local people. Many operate on very small budgets, outside the main funding flows and frameworks. Yet they are not isolated from larger governance issues; indeed, much pro-poor political change has been catalysed by local innovations and by political pressure from grassroots organisations and their associations.

This publication is one in a series of case studies and synthesis papers looking at the work of local organisations in development and environmental management. These publications were developed in collaboration with the local organisations they profile. They seek to encourage international funding agencies to rethink the means by which they can support, work with and learn from the local organisations that are such a critical part of pro-poor development.

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Executive summary

Years of destruction under the Khmer Rouge in the 1970s and political upheavals in the 1980s left Cambodia in extreme political, social, economic and cultural turmoil. With the fall of the Pol Pot regime in 1979, people began to move back into Phnom Penh, and later into other urban areas. This large rural-to-urban flow resulted in very high numbers of low-income people in cities with no real sense of community, no government support for the urban poor or programmes to provide them with services, finance or housing. A coalition of poor community leaders, concerned NGOs and the Asian Coalition for Housing Rights (ACHR) began working together on an urban community movement which included savings groups to finance housing and neighbourhood improvements. This movement grew to such an extent that the Urban Poor Development Fund was established in 1998 to support it.

The UPDF seeks to develop and scale-up people-driven, “win-win” solutions to the city’s housing and poverty problems, and places the poor at the core of their own development processes. It operates a revolving fund to provide soft loans to poor communities for their housing, land and income generation initiatives, through their savings groups, and to use the fund to pool efforts in partnership and development in the city.

Financing housing, land acquisition and community upgrading, however, are only part of the UPDF’s work. Its work is built on a set of principles which guides how it operates: mutual benefit, collaboration, flexibility, reaching the poorest, creating a permanent presence and support, and involvement in city planning. The processes of housing and community upgrading, although important as ends in themselves, are used by the UPDF as a means to unite communities and to create options for housing where none existed before. Establishing itself after a long period of social destruction, the UPDF had to develop people’s understanding of working together, build a long-term support system for the poor, and teach people how it works. The fund translates research and information into action—these are key in the struggle for land tenure. This was especially urgent in a context of the poor being pushed out of the city, in large part so that the central, often high-value, land on which they were living could be redeveloped commercially.

By April 2008, 222 communities in Phnom Penh and a total of 354 communities in all of Cambodia had well-established savings groups, with 13,622 members in Phnom Penh alone and almost 20,000 members nationwide. Over US \$2 million had been disbursed in the form of loans to close to 9,000 families, with almost half that amount repaid. Most loans have gone to income generation schemes and house improvements. The fund also provides small grants to support collective environmental improvement projects, or Green Community initiatives, such as tree planting and solid-waste management. By April 2008, the small grants programme had reached 14,000 households in Phnom Penh (with an average cost of just \$17 per household) and 8,400 households in 11 other cities (with an average cost of \$9 per household).

The government's policy to upgrade 100 slums per year, announced in 2003, is a result of the positive alternative to eviction demonstrated by the poor community networks and the UPDF's on-site community improvement initiatives and pilot projects. Looking to the future, the UPDF has received government approval to implement its upgrading programme at the national level. It also plans to focus more on how to influence the development of the new land laws to secure land tenure for the poor.

Though it continues to face a number of constraints, such as lack of support from some sectors of government, the lack of trust and social bonds within urban communities, and the inflexible and short-term nature of much donor funding, the UPDF has many factors which enable it to move beyond these constraints. One of the most important is that the UPDF sees people as key actors in their own development, rather than as recipients of aid or victims of poverty. By developing savings groups, communities shift power away from the system that marginalises them from any real form of development.

The UPDF promotes what might be considered a very low-cost approach. It funds most activities with loans; where it does give grants it makes sure these go as far as possible by keeping down costs and encouraging complementary contributions by households and local governments. This prudent approach can be undermined by international donors who have too much funding to spend carefully. As the UPDF's Director, Somsak Phonphakdee, puts it: *"Initially, we could not compete with all the white Land Rovers."* The UPDF needs funding for long-term processes: for setting up savings schemes; for building relationships with government; for learning; for supporting community-driven local processes to address land tenure, housing, infrastructure, services and livelihoods. But donor funding usually goes to projects that will be quickly implemented. Donors often pump too much money into a community for one or two years and then move on, which disrupts community processes. Donor agreements want everything they will fund specified in advance and this is very difficult to reconcile with a fund that supports local processes, driven by community-priorities. The hope is that external donors will recognise the validity of how the fund works and its accountability to the urban poor and so help it increase the scale and scope of the work it supports.

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Introduction¹

Cambodia, unlike its neighbours Thailand and Vietnam, still has no formal support systems for the poor: no housing board, no ministry of housing, no legislative mechanisms for regularising informal settlements, and no government programmes to provide basic services or to support people's efforts to improve conditions in their settlements. There is very little housing finance for any sector—poor or middle class. And the municipality of Phnom Penh, 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.²

After years of destruction under the Khmer Rouge regime in the 1970s and political upheavals in the 1980s, the country was left in extreme political, social, economic and cultural turmoil. The Pol Pot regime's campaign to clear the cities resulted in the starvation and death of millions, and between 1979 and 1993 many Cambodians fled to Thailand. When the regime fell in 1979, people began to move back into Phnom Penh, and later into other urban areas. This large flow of rural-to-urban migration resulted in very high numbers of low-income people in cities without any sense of community.

The Urban Poor Development Fund was established in 1998 under a memorandum of understanding (MoU) between the Municipality of Phnom Penh, the Asian Coalition for Housing Rights³ (ACHR), and the community savings network of Phnom Penh. It

1. Information for this paper was collected from May 25 to June 02, 2008, around the UPDF's 10th anniversary celebrations in Phnom Penh. The text of this report was prepared by Gabriela Sauter, based on interviews and informal conversations held with various UPDF staff, including Director, Somsak Phonphakdee, and Communications Officer, Sok Visal; ACHR Director, Somsook Boonyabancha; and ACHR's Wuttipan Ratanatiri. Presentations were given by Jockin Arputham, President of Slum/Shack Dwellers International; Mann Chhoeurn, Deputy Governor of Phnom Penh; and Seng Limneou, Under Secretary of State, Council of Ministers and Deputy of National Committee for Population Development (NCPD) at the UPDF 10th Anniversary Celebrations event in Phnom Penh (May 26-8, 2008). Visits and interviews were also held in nine poor settlements around Phnom Penh to discuss the UPDF's impacts and people's development processes. These settlements included: Ros Reay, Bantey Thmey, Samaki 1, Cheung Ek, Chea Chumneh, Phum Andoung, Borai Sithipheap 2, Kraing Angkrang 2, and Borei Keila.

2. For more background information see UPDF (2003a).

3. The Asian Coalition for Housing Rights (ACHR) is a regional network of grassroots groups, NGOs and professionals involved with urban poor development processes in Asian cities. ACHR news and publications (including those relating to the UPDF cited in this paper) can be found on the website: <http://www.achr.net/>. ACHR also published an article in 2004 on the UPDF in *Environment and Urbanization*, entitled: 'Negotiating the right to stay in the city'. This article can be found online at <http://eau.sagepub.com/>

provides loans and grants to poor communities to support their various development needs. *“The UPDF was initially intended to meet the housing needs of the poor, beginning with housing loans to a community that was being evicted and relocated to make way for an inner-city infrastructure development project, but it has diversified into support for many other activities, in response to community needs”* (ACHR, 2004).

This paper describes how the UPDF came about, outlines its main objectives and activities, and assesses the elements that have either hindered or contributed to its success.

Key facts

The organisation’s evolution

After the Pol Pot regime, Phnom Penh’s first generation poor were forced to develop coping strategies of their own, but their lack of organisation meant there was *“no strength and no systems of mutual support”* (UPDF, 2008b). For most of the 1980s and 90s, a high proportion of Phnom Penh’s population had very low incomes and lived in very poor conditions. A coalition of poor community leaders, concerned NGOs and ACHR began working together to start *“building a community movement in Phnom Penh’s poor communities”* (UPDF, 2008b:2). This coalition began by setting up a network of people working on urban poverty (the Urban Sector Group, which continues to work today), which then led to the formation of the Squatter and Urban Poor Federation (SUPF, which is also still present today).⁴ With support from ACHR, the network of urban poor community savings groups in Phnom Penh conducted slum surveys (enumerations), began settlement mapping (particularly for those communities threatened with eviction), searched for alternative land, designed affordable housing models and held housing exhibitions (to show what solutions were possible). The community network was involved in exposure trips, and in 1997 several poor communities undertook some small-scale infrastructure improvement projects (UPDF, 2008f). By the time the UPDF was set up in 1998, to support the growing number of community-based savings groups and especially the federation formed by urban poor communities, these relationships had been solidified and expanded to more communities across Phnom Penh. They have continued to expand, both within Phnom Penh and in 18 other provincial cities around Cambodia. The UPDF’s multi-actor approach has meant relationships were also being developed with many government officials and departments, particularly with the Municipal Cabinet Chief (now Vice Governor of Phnom Penh), Mann Chhouern, who acts as chairman of the UPDF and has been a strong force in uniting government with communities.

The establishment of the UPDF in 1998 came at a time when there was a great need for new tools to reverse social distrust and develop a strong, mutually supportive and people-driven development process among the city’s poor; the fund came about as a response to the lack of government assistance and lack of entitlements for these people. It provided them with an ongoing support system that went beyond just providing grants and loans (Box 1).

4. When the UPDF’s upgrading programme began, SUPF became an independent organisation, and the UPDF continued to work in SUPF communities, as well as other communities that made up part of the city’s network of community savings groups.

BOX 1. FROM EVICTION TO RESETTLEMENT, UPGRADING AND LAND TENURE

“These policies haven’t come out of any book, they’ve come from people who are writing the rules as they go along”

As the most recent waves of real estate investment and eviction have driven still more poor communities from their land in the city, a lot of people are asking, *“Why keep messing around with... savings and credit..., why not get out in the street and start protesting?”* But if you look back over the past 13 years, almost all the significant steps forward for the city’s poor have had their roots in the savings and credit movement and the community-driven-with-partnership development model the UPDF has promoted.

Before 1997, the government’s only idea for how to deal with squatters was to demolish their shelters and drive them away with soldiers and machine guns. It was the city’s federation of savings groups that first surveyed the city’s poor settlements, designed model houses and began the negotiations with the city that eventually led to the setting up of the UPDF and Phnom Penh’s first community-managed resettlement project as an alternative to eviction. In that pilot project, the people chose the new land and the city bought it for them. That resettlement project set a new precedent, and from then on, even when evictions did happen, almost all ensured some kind of resettlement.

Then, a few years later, when the next wave of investments whipped the development pressure on land even higher and the scale of evictions and removal of poor communities to remote resettlement sites was getting out of hand, it was the same network of savings groups and the same UPDF that proposed—and won—a new community upgrading policy for the city, as a more humane alternative to these poorly planned and impoverishing relocations.

It was also this same network of savings groups that worked with the UPDF to negotiate the city’s first land sharing project, in which 1,776 families at Borei Keila got brand-new flats in 7-storey blocks on the same land, free of charge, and another 1,454 families from Dey Krahom got brand new shop houses free in the city’s first fully-planned private-sector-financed relocation project. Both of these projects have since become models for resolving other community versus development conflicts without eviction. Even so, the evictions haven’t stopped, and the next frontier is secure land tenure.

Nobody is saying that the practice of savings and credit was the single causal factor in bringing about these important and overwhelmingly positive changes for Cambodia’s urban poor. But people got together, developed their own idea of what they wanted, built up their resources to finance it (first internally through their savings groups and then externally through the UPDF), and then got the government to go along with this new game they’d made up — not all at once, of course, but gradually, step by step.

Source: ACHR, 2007.

Main stakeholders

The UPDF’s main stakeholders include:

- The poor people of Phnom Penh, their communities, and their savings groups.
- Poor communities in provincial cities around Cambodia.
- Increasingly, local authorities from the *sangkat* (sub-district) to the *khan* (district) and municipal levels.

- NGOs, both local and international and other civil society groups.
- Private sector businesses and market associations which support communities directly or donate funds to the UPDF.
- Universities and academics, integrating younger generations and developing two-way channels of learning.
- National government, including the UPDF's newest national partner, the National Committee for Population and Development (NCPD), under the Council of Ministers. NCPD has become an important new partner in the UPDF's expansion to a national institution working (see below).

The UPDF continues to try to help all of these actors understand its people-centred development model and how they can take part in supporting it.

The UPDF's scope, size and governance

The UPDF works with urban poor communities in the city of Phnom Penh, from densely-crowded inner-city settlements to peripheral squatter settlements and government relocation colonies on the city's outskirts. In addition, nine community development funds have been established in different provincial cities around the country, which work as satellites to the Phnom Penh-based UPDF and link together another 132 community savings groups. These provincial funds had been administratively and financially independent of the UPDF, but since the government gave its blessing to the UPDF's expansion in May 2008, a first series of nine seed fund loans was officially made by the UPDF to these provincial funds. The funds are all part of a strong learning and mutual support network—between each other within regional groupings and with UPDF.

Despite the large scale and scope of its work, the UPDF has kept itself relatively small. It recently expanded its administrative and community support team to 17 full-time salaried staff, nine of whom were recruited from community savings groups around Phnom Penh. The office team includes two community upgrading officers, one community information and communications officer (Sok Visal), the UPDF's Managing Director (Somsak Phonphakdee), and a group of committed community volunteers (mostly women), who oversee all the loan dispersals, repayments and accounts and manage the associated paperwork. These community volunteers earn a small stipend of only US \$50-100 per month.

Wuttipan Ratanatari, a Thai community organiser who works with ACHR and assists the Cambodia process part-time, describes how the UPDF board functions:

The UPDF's board is very different from normal boards. Here, we use the board meeting not so much as a heavy-handed decision-making authority but as a training exercise, and we invite more and more people to participate. Sometimes we have 30 participants in the board meetings, sometimes 100. Here we make the final decisions about which loan applications and upgrading proposals will be accepted. But by the time these proposals reach us, they have already been carefully screened

and reviewed and improved through a very open process of checking and cross-checking and revision, so we can approve almost all of them. In the meeting, the board members mostly just ask questions. And the criteria for loans is pretty fixed: people have to contribute at least 10% of their own savings for grants and loans, community upgrading grants cannot exceed US \$5,000 for one community, house improvement loans cannot exceed US \$500, income generation loans cannot exceed US \$250, and new housing loans cannot exceed US \$1,000. It is all very straightforward.⁵

The UPDF's governing board operates in an extremely flexible way, and includes 11 members:

- one chairman (Mann Chhoeurn, Deputy Governor of Phnom Penh)
- one manager (Somsak Phonphakdee)
- one representative from the Municipality of Phnom Penh
- one representative from local NGOs
- one representative from ACHR (Somsook Boonyabancha)
- one representative from donor organisations
- five representatives from the Phnom Penh Community Savings and Credit Network

Although officially only 5 out of the 11 board members are community members, in practice strong encouragement from the UPDF for community members to participate in the board, as well as people's enthusiasm to participate, means there are rarely fewer than 30 community people taking part in these "final decisions". The UPDF board used to meet every month, particularly after the official announcement of the 100 Slums a Year Upgrading Policy in 2003, when lots of new projects were being started, but this has now slowed to once every other month.

The UPDF's budget and funding model

Administrative and managerial costs of running the UPDF, including staff salaries, community volunteer honoraria, young professionals' salaries, office overheads, equipment, stationery and community activities, amount to 20 to 23 million *Riels* (US \$5,000-5,750) per month. These costs are currently covered by funding from ACHR (drawing on grants from the Misereor Cambodia project, the SELAVIP Foundation⁶ and other donors). Eventually, when the savings programme gets stronger and the scale of loans gets larger, the UPDF hopes to use a portion of the interest earned on the community loans to support its administrative costs and core development activities. But at present the total interest earned on its loans is around 18 million *Riels* (US \$4,500) per month and not yet enough to fully support running costs. As with any organisation that relies on external funding, there is always the possibility that the UPDF

5. Pers. comm., May 29, 2008

6. SELAVIP, The Latin American, African and Asian Social Housing Service, is a private foundation that provides support for housing projects for the very poor.

may face gaps in funding support from donors for its running costs and development programmes. Donor priorities can also change. For these reasons, the UPDF hopes to become self-reliant and to develop financial sustainability and independence in the long-term.

Initially, most of the UPDF's lending capital came from external donors, but that is no longer the case as its base of financial support within Cambodia itself grows to include the following:

- All members of the Community Savings Network of Phnom Penh (who pay 4% interest on housing loans and 8% interest on income generation loans) invest US \$1 per member per year.
- The Municipality of Phnom Penh.
- Local government agencies.
- The Prime Minister of Cambodia, Hun Sen, who has provided a significant monthly contribution to the UPDF since 2000.
- Local market associations and various private-sector companies and individuals.
- The Cambodian Red Cross, all of whose money comes from local donations.
- ACHR donors which include: Misereor, Homeless International, the Sigrid Rausing Trust, SELAVIP Foundation, DIG Group and the Bill and Melinda Gates Foundation.

The UPDF's Director noted how the development of trust between local funders/donors and the UPDF has been a major factor in sourcing money locally; they have come to understand the UPDF's work over time, and know that the money will be used effectively. The Cambodian Red Cross has already donated US \$60,000 to the UPDF⁷ and there is a strong commitment from the chair of this organisation for future support. Since the UPDF has demonstrated its commitment over the years to working closely with the municipality, this has encouraged several local market associations and private sector businesses to also provide donations for the urban poor through the UPDF. Since much of the funding comes from various sources, there is no longer any over-dependence on a single source. While some are regular sources, others are project-based.

In-kind support is also provided by different organisations/institutions in ways that go beyond financing and that show institutional support:

- The Municipality of Phnom Penh provides the UPDF with free office space in Phnom Penh.
- Mann Chhoeurn's considerable work as chairman of the UPDF is performed entirely on municipal government time. Since his responsibility in government is in dealing with poverty issues, his work is highly interconnected with that of the UPDF.
- The municipality provides the venues (as well as logistics and refreshments) for many of the UPDF's large meetings, including the 5th and 10th anniversary celebrations.

7. Specifically for constructing 42 houses in the Phum Andoung government relocation colony, but these funds will revolve as housing loans back into the fund's capital base.

- The *Khan* (district), *sangkat* (sub-district) and municipal governments have all contributed to community housing and settlement upgrading projects in various ways, such as providing paved access roads, electricity and water supply connections, other infrastructural amenities, and even, in some cases, design assistance.

Until May 2008, however, the funding described above could only be applied to communities within Phnom Penh, since the MoU under which the UPDF was established places it within the municipality, rather than as a national body. The provincial funds that have spontaneously sprung up in other parts of the country received their capital from other sources, including the Ministry for Women's Affairs, the provincial governors, the local community networks and ACHR (from a SELAVIP Foundation grant). At the UPDF's 10th anniversary celebration, however, the Governor of Phnom Penh, Kep Chuk Tema, and Deputy of the National Committee for Population and Development, Seng Limneou, both agreed that the UPDF initiative needs to be undertaken at a national level. And thus the first seed loans were provided to eight provincial funds from the UPDF (all of varying sizes: some were for one community and others the entire province, depending on their levels of organisation).

Somsook Boonyabancha stresses that *"in a place like Cambodia – a country without much money – the cheap solution is always the right solution. It is about investment efficiency, not quantity... that is, these grants need to show different examples of how to solve the housing problems cheaply"*.

Key activities

The UPDF's activities can be divided into three main groups: 1) loan and grant finance; 2) upgrading and environmental improvement; and 3) supporting community processes and partnerships.

Loan and grant finance

Loan and grant finance is the UPDF's main activity. UPDF loans and grants are not given to individuals, only collectively to communities, district-wide or sub-district-wide community networks. They are only given on the condition that the borrowing communities have well-established community savings groups. These savings groups organise themselves, collect and save their own money and manage their collective savings as internal revolving funds for making small loans to their members, according to loan terms they set themselves. Most communities also use a portion of the interest earned on internal loans to build their own community welfare funds, with matching funds from the UPDF and sometimes from the *sangkat* (sub-district wide) authorities. Some savings groups opt to keep their savings within the community with almost all their savings revolving in small loans, while other communities opt to deposit all or part of their savings with the UPDF. This second option became much more popular after many of the Cambodian banks collapsed in 2000 and many communities lost any savings deposited in local banks that were not revolving as loans.

It is through these savings groups that communities can access UPDF grants and loans. Loans are given for land acquisition, house-building and housing improvement, *prahok* production (fermented fish), income generation, food production, transport businesses and revolving funds (Table 1). Grants tend to be for community upgrading projects. Both loans and grants are provided only when communities already have at least 10% of the loan or grant amount in their collective savings. Loan applications and upgrading grant proposals are both passed through a series of checks, first within the community itself and next within the *sangkat* community network. Proposals are then sent to the *sangkat* authorities for their agreement, and then to the *khan* (district) authorities (only in those districts where a proper collaborative mechanism is in place). Before being approved in the monthly UPDF board meeting, all the proposals are carefully checked and prioritised by the city-wide Community Savings Network, which generally meets the day before the UPDF board meeting (Box 2).

Type of loan	Total loans disbursed (US\$)	Number of households benefiting	Number of communities benefiting	Average loan (US\$)	Annual interest (%)	Loan term (years)	Amount repaid (US\$)
1. New housing	45,429	121	1	376	8	5	25,679
2. House improvement	1,200,000	2,775	127	433	8	3	179,199
3. Land purchase	140,694	421	5	334	3	3	30,796
4. Fish (<i>prahok</i>)	740,078	4,049	42	183	8	1	585,486
5. Income generation	104,652	998	47	104	4	1	59,855
6. Food production	27,205	338	13	80	4	1	19,787
7. Transport business	12,075	23	5	525	4	1	3,436
8. Revolving fund	2,391	211	3	11	4	1	2,391
Total	\$2.28 million	8,936	238	--	--	--	\$906,629

Source UPDF 2008b.

There are also certain rules and area-based loan ceilings which prevent too many communities from drawing from the fund at the same time and exhausting its limited capital. For example, the number of *sangkats* per *khan* who can apply for community upgrading grants is limited to a maximum of two per month, with no more than three communities eligible in each *khan* every month. These ceilings are partly a response to limited funds, but they are also a conscious technique to encourage the networks of savings communities at sub-district, district and city-wide levels to meet, discuss the projects and prioritise the communities most in need.

BOX 2. LOAN AND GRANT APPROVAL PROCESS

There are four clear steps in loan allocation decision-making:

1. Communities prepare their proposals for housing, land and income generation loans and upgrading grants and submit them as a package to their *sangkat* mechanism (which combines community leaders from all the savings groups and *sangkat* council authorities), who will either accept the proposals or suggest changes (which is usually the case) for later approval at their monthly meetings.
2. The proposals are then sent to *sangkat* authorities, and the bundle of approved proposals is then forwarded to the *khan* authority (only if there is a strong *khan*-level process). Rather than an approval process, these steps are meant to ensure that *sangkat* and *khan* authorities are kept informed. The proposals are then forwarded to the UPDF.
3. Loan proposals from all 76 *sangkats* in Phnom Penh are then sent to the monthly city-wide Community Savings and Credit Network Committee (of around 60 members, most of whom are women). Here, there is another review and approval of the proposals, with a great deal of open discussion between communities, UPDF staff, and Mann Chhoeurn, UPDF Chairman. This usually occurs during the days before the UPDF governing board meeting.
4. At the UPDF board meeting, board members clear the proposals and make final checks—usually all the applications are approved. Since the proposals have been checked and adjusted many times, the decision for approval has essentially come from below, through the process of community discussion and interaction with the different local authorities.

Before its community upgrading programme was launched in 2003 (see below), the UPDF also provided environmental improvement grants which enabled communities within each district to come together, discuss pressing environmental issues and develop action plans for selected projects, with a ceiling of US \$700 per project and US \$12,000 for the entire city.

The UPDF has so far made only one infrastructure loan of 10 million *Riels* (US \$2,500) to a newly-relocated community for installing water supply connections.

Supporting community processes and partnerships

The UPDF supports community processes in numerous ways: through exchange visits between communities, locally, nationally and internationally in collaboration with ACHR and Slum/Shack Dwellers International (SDI); holding seminars and workshops; organising communities and helping to establish savings groups; and negotiating with government for land tenure and public facilities on behalf of or with communities.

Jockin Arputham, the President of SDI,⁸ commented at the UPDF's 10th anniversary, "*The money saved by these groups is very minimal, but it is about people coming together, the community coming together, especially women coming together*", and it is precisely this kind of process which the UPDF strives to support. He adds, "*It is not somebody sitting somewhere and telling people what to do*". Wuttipan Ratanatiri from ACHR explains some of the activities which the UPDF holds to support these processes:

*Every three months, there is a regional workshop organised in a different city in Cambodia, with around 1,000 participants. The aim of these workshops is to mobilise the people's movements in different regions and different cities, as there are now four regional networks in Cambodia. These workshops are different than the 10th anniversary celebration, as they have more concrete, clearer work activities. Since most cities outside Phnom Penh are new at this and have only recently started their savings groups and networks, they need to discuss their issues and plan their processes. They present their savings groups, their problems, their needs and their community upgrading plans at these meetings. Here they share their information among people in the workshop, and together they set the criteria for selecting the communities: how much saving is needed, how much participation/contribution is needed. The important thing is they learn from each other and share the problems among the savings groups. In this regional meeting, they plan for the future, city by city.*⁹

The UPDF does its lobbying by sharing experiences, demonstrating different aspects of community organisation through real projects, and inviting high-level government officials and international guests to visit community projects. Through this kind of exposure to real projects run by real communities, staff from government and international agencies can start to see how a community-centred, community-driven development model can work, how it can be applied within their own constituencies, and how governments can learn to better support such movements. The UPDF is a supporter of the *process*—it helps to link communities with government officials from their localities as well as higher-level officials. In this way, the UPDF tries to counteract the prevailing anti-poor pressures by educating and sharing experiences with actors who either directly or indirectly prevent or inhibit development, poverty reduction, environmental management, and the acquisition of secure tenure.

The UPDF seeks to oppose anti-poor pressures by drawing government staff and politicians into training-by-doing, encouraging other sectors (particularly government, and universities) to learn by observing and engaging in real situations and real practice. It organises community exchanges, locally, nationally, and internationally. It also supports links between the urban poor communities of Phnom Penh (and other provincial cities) and local governments at municipal, district and sub-district levels. It does so by being able to speak the language of government as well as that of poor communities. The

8. Slum/Shack Dwellers International is an international people's organisation launched in 1996 which represents member federations of urban poor and homeless groups from 23 countries in Africa, Asia and Latin America. "*Their mission is to link poor urban communities from cities across the South to transfer and adapt the successful mobilisation, advocacy, and problem-solving strategies they develop in one location to other cities, countries, and regions*" (Source: SDI website <http://www.sdinet.co.za/>).

9. Wuttipan Ratanatiri, pers. comm. on May 25th, 2006, UPDF office, Phnom Penh.

UPDF seeks to bring these two key actors closer together so they can learn each other's language and develop a productive, mutually-assisting and ongoing working relationship that can be conducive to change.

The UPDF helped establish Phnom Penh's City Development Strategy (CDS), which was launched in 2002 as a joint venture of the Municipality of Phnom Penh, ACHR, the UPDF, UN-Habitat, URC (the Urban Resource Centre, Phnom Penh) and the community savings network (UPDF, 2008b). The UPDF was able to convince the municipality to use the CDS process to focus on the problems of poor people's housing in the city; an issue that is so often ignored in urban planning exercises. As a result, several studies were done on poor settlements, eviction, relocation and land availability in the city (UPDF, 2003a). As part of the CDS process, several pilot community upgrading projects were also undertaken, to generate some concrete alternative ideas through practice.

Community upgrading: turning "houses into homes"

In order to understand how the UPDF has approached poverty reduction and environmental management, it is crucial to understand its upgrading programme. By initiating small-scale infrastructure projects (including repairing roads, improving toilet facilities, and making basic house repairs), communities are inspired to undertake larger initiatives such as installing walkways, drainage channels, wooden bridges, etc. From this point, communities typically move on to aligning their fences; upgrading their houses along both sides of the walkway; changing doors, windows, walls, and installing new roofs. The next step is individual house improvements that include painting, building partition walls and buying furniture. Development thus begins from the outside, in. In Mr Somsak's words, "*this turns a house into a home*". But it does not end here. The UPDF has observed a trend that takes people back to the community level. The sense of pride that begins to develop from the community's upgrading leads to a cleaner, more beautiful, greener community with trees, flowers, bushes and even vegetables (like morning glory, a type of water spinach) and overall better maintenance of the area. The community often develops plans for how to make the neighbourhood a better place in which to live (e.g. bin systems for waste collection).

Mr Somsak explains: "*For example, we help communities start with small scale infrastructure, and from this, they go on to manage their own garbage collection and waste-water disposal. In communities where there is little space in the lanes for planting trees, we encourage communities to pot their plants. See how it all relates? Space and environment. We also started the Green Community programme two years ago. Its slogan is 'one rainy season, one family, one tree planted', and this helps people understand how to build a beautiful community. Trees are very important for the Cambodian people because, for them, the tree is a symbol of security: it provides security, shade, fruit, calmness, and has a strong relation to the spirit, the mind and the community.*" For communities in Phnom Penh, trees mean that infrastructure is in place, and signify security and permanence, allowing people to feel like they have the right to live in their communities.

The government's policy to upgrade 100 slums per year, announced at the UPDF's 5th anniversary celebration, is a result of the community networks and the UPDF's on-site

community improvement initiatives and pilot projects that provided and demonstrated a positive alternative to eviction (Box 3). The formal launching of the upgrading programme sought to take advantage of this new room for manoeuvre and political commitment.

However, given the novelty of on-site community upgrading in Cambodia, many were unsure whether, or how, it would work. Phnom Penh's first upgrading pilot project was in the community of Ros Reay. This gave the city the *"chance to see how a well-organised poor community can plan and construct physical improvements which turned their slum into a beautiful and well-serviced neighbourhood, using a very small budget, which the people managed themselves"* (UPDF, 2003c).

The UPDF provides grant funds for community upgrading projects, based on a project ceiling of up to US \$70 per family, or US \$5,000 per community. The statistics in Table 2

BOX 3. PRIME MINISTER AGREES TO THE UPGRADING OF 100 URBAN POOR COMMUNITIES EACH YEAR

On May 24th and 25th 2003, the Urban Poor Development Fund (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 other provincial cities; community leaders and their NGO partners from nine Asian and African countries; officers from local NGOs and bilateral and multilateral aid agencies; and representatives from the highest levels of the local and national government.

The event was organised by the UPDF, with support from the municipality, the Solidarity for the Urban Poor Federation (SUPF) and international groups 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 of urban poor people to distant resettlement sites. The gathering provided a venue to showcase the hard work poor communities in Phnom Penh have been doing in recent months around community upgrading, and to invite the government to support a concrete proposal from the SUPF and the UPDF to support the upgrading of 100 of the city's informal settlements in the coming year.

In cases where communities come in the way of planned civic projects like roads, parks and drainage lines, the Prime Minister pledged the government's help in securing relocation sites that are nearby and close to job opportunities. He even took the people's idea a step further and proposed the upgrading of 100 settlements every year so that within five years, most of Phnom Penh's poor settlements could have secure land tenure and full basic services. This is a very important turnaround in poor people's housing development in Phnom Penh. Upgrading is a strategy for improving rather than destroying 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.

A big investment in housing and services has already been made in these settlements, whose central locations and social support structures are vital to poor people's survival. Upgrading the infrastructure and living 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, both rich and poor.

Source: UPDF, 2003b

demonstrate the low cost of community-driven upgrading processes. With over 13,000 beneficiary households in Phnom Penh, this has meant community upgrading grants average only US \$17 per household. In the provincial cities, over 8,000 households have benefited from community upgrading grants at a low cost of US \$9 per household.

TABLE 2. PROGRESS ON COMMUNITY UPGRADING PROJECTS (APRIL 2008 FIGURES)	
In Phnom Penh (funding from the UPDF)	
Number of communities	122
Number of beneficiary households	13,984
Total amount of upgrading grants	US\$234,144
Total amount of housing loans ¹⁰	US\$971,908
In 11 provincial cities (funding from SELAVIP)	
Number of communities	44
Number of beneficiary households	8,406
Total amount of upgrading grants	US\$76,074

Source: UPDF 2008b.

These upgrading projects generally include small-scale infrastructure projects such as the paving of walkways, installation of storm drains and sewage lines, building of toilets and straightening of lanes, but the great majority of communities begin their upgrading process with improvements to their internal lanes and walkways. This focus on paved lanes and access roads has partly to do with the urgent problems of flooding which many Phnom Penh communities face, but also because the creation of a properly drained, paved and tiled walkway in a slum is also a powerful symbol of a community's stability and legitimacy. Improvements to walkways work like a potent morale-booster in run-down settlements, and almost always lead communities to make further improvements (with or without UPDF support), including house and compound wall painting, playground making, house improvements, and even investments in new furniture. *"This upgrading programme has created so much positive space and generated so much proactive collaboration. And I think that is important."*¹¹

These upgrading projects also work as powerful exercises in "training by doing", helping poor communities to learn to work together, to analyse their problems, to prioritise their needs, to negotiate for assistance from their local authorities, and to explore ways of making limited funds go as far as possible. In many cases, these small upgrading projects

10. The figures in Table 2 represent housing loans provided to members of communities that have received upgrading grants. Figures in Table 1 are the grand totals, and include the figures for the housing improvement loans given in Table 2.

11. Somsook Boonyabancha, Secretary General of ACHR, pers. comm., August 11th, 2006.

have helped communities to leverage funding for further improvements from other agencies, such as UN-Habitat and the Urban Resource Centre (URC).¹²

Somsook Boonyabancha, Secretary General of ACHR explains: “*Land tenure security is our target. But in reality, land tenure security for all these informal settlements in Cambodia needs a process first. Now, there is no clear process to do that. Upgrading is a way to pave the way for land tenure security. That’s the plan.*” She also stresses how the comprehensive community upgrading projects which are promoted by the UPDF are successful because they are working at a pace and at a scale which matches communities’ skills and readiness now. “*I feel upgrading is important because it may not always be necessary to change the form or the location of the settlements too much. The more you change it, the more difficult it is for people to organise or control that process, as a community. When a settlement is radically redesigned or rebuilt elsewhere, it usually means that outsiders rather than community people end up handling the process and calling the shots. This is always the rule of the game.*”

This upgrading programme has thus meant much more than poverty alleviation and environmental management. It is about empowering communities to negotiate land tenure, security and adequate living conditions. This empowerment uses small upgrading projects to strengthen communities to take control over their lives and settlements. It is about making structural changes—to their lives, their environment, their sense of belonging and of control, and their right to stay in the city:

The new policy gave a very big boost to the UPDF’s efforts to make community driven upgrading the city’s main strategy for addressing the housing needs of its poor. The upgrading policy makes people the main actors, but they work in close partnership with their networks, the Municipality and their sangkat councils to survey, discuss, prioritise, plan, develop upgrading proposals and carry out the work, with funding and technical support from UPDF and other organisations. Over 200 poor communities in Phnom Penh so far have taken advantage of the space this new policy creates for people to plan and implement improvements to their lives and living environments. The process has had its ups and downs, but as the city watches increasing numbers of communities transform themselves from squalid “befores” into healthy and livable “afters”, enthusiasm for the next phase of upgrading is high. Community upgrading is usually understood as a means of improving just the physical aspects of poor settlements, by providing improvements to housing, infrastructure and environmental conditions. Cambodia is among a growing number of examples in Asia where a much more comprehensive version of community is working as a powerful democratising process. This more ambitious version of upgrading includes the physical stuff, but it also involves the upgrading of people’s land tenure, status in the city and legitimacy as citizens, upgrading their relationship with the local government, upgrading their capacities to manage their own development, upgrading their knowledge, their organisational and management skills, their ability to collaborate and their confidence. These are the political aspects of upgrading—a democratic process in which the physical and the political go together. Groups of people organise themselves, mobilise their resources, make their plans and carry out their upgrading projects. And

12. The Urban Resource Centre (URC) was established with the support of ACHR to assist communities in gathering information on the city as well as to assist communities with technical input to their improvement programmes.

in the process of doing things, they change their relationship with local development partners and build better partnerships with their city. (UPDF, 2008b)

Assessing the impacts

Although defining success is very difficult, the UPDF continues to measure most of its work against its goal of building communities that can negotiate proactively for their rights rather than defensively resist evictions. Thus many aspects of the UPDF's work are intangible, since community development processes affect people in ways that are difficult to quantify (Box 4). Nevertheless, the organisation does place a lot of emphasis on measurable outputs.¹³ These outputs include the number of communities/households that have secure tenure, well-functioning savings groups, decent houses and upgraded communities, etc. By 2006, all 76 *sangkat* (sub-district) authorities in Phnom Penh were involved in the community-driven development work supported by the UPDF. Of these, 55 *sangkat* authorities were actively involved with communities in their upgrading processes, and 35 had developed very strong relations with their community members, having jointly begun community upgrading projects. The formalisation of communities' work at the *sangkat* level has provided a strong base from which communities can begin their proactive initiatives to improve their communities and work together on housing, infrastructure and land tenure issues. By April 2008, 222 communities in Phnom Penh and a total of 354 communities in all of Cambodia had well-established savings groups (Table 3), with 13,622 members in Phnom Penh alone and almost 20,000 members nationwide. Over US \$2 million had been disbursed in the form of loans to almost 9,000 families, with almost half that amount repaid (Table 1).

Location	Communities with savings groups	Number of members	Total savings (in million Riels)	Total savings (in US\$)
Phnom Penh	222 (of 569)	13,622	946	236,554
17 provincial towns	132	5,953	224	55,931
Total	354	19,575	1,170	292,485

Source: UPDF, 2008b

Box 4 demonstrates how loans to communities to make *prahok* (fermented fish) have made dramatic, but less quantifiable, changes to the lives of communities in Khan Roessei Keo. By improving their communities, people change their sense of entitlement.

13. As suggested by many of their documents such as UPDF, 2003a; UPDF, 2008a; UPDF, 2008b.

This has great importance because it builds their confidence and makes them feel they no longer live in a slum. With this confidence, they feel they have the right to live there, which in turn changes their self-perception, as well as their power relations with authorities, making it much more difficult for them to be evicted.¹⁴

BOX 4. "HOW PRAHOK-MAKING LOANS HAVE CHANGED OUR LIVES..."

Between December and February, the direction of the Tonle Sap River reverses and carries with it schools of tiny silver *riel* fish from the Tonle Sap Lake in northern Cambodia. For centuries, this has been the season when communities along the river buy baskets full of fish from fishermen. These they preserve in salt in giant clay crocks beneath their stilted wooden houses to make *prahok*, the popular Khmer-style fermented fish which enriches almost all Khmer dishes. In 1999, the very active women's community savings network in Roessei Keo District organised 356 families in 19 riverside communities to take out a group loan from the UPDF to purchase the *riel* fish, crocks, salt and equipment to make *prahok*. But instead of simply issuing income generation loans to individual families, the UPDF proposed a district-wide process in which the women's network set up a special committee to survey all the families involved in the *prahok*-making business and managed the whole process as a district-wide bulk loan. In this way, *prahok* became a tool for linking communities in the district and strengthening the community process. It also strengthened working relations with the District Chief, who was supportive of the process and sat on the committee. The terms of the loan didn't come from any fixed UPDF rules, but were set by the communities according to the *prahok* production cycle. As soon as the fully ripe *prahok* came out of the crocks 3-8 months later and were sold in the market, the loan was repaid in full. The first *prahok* loans were such a success that now every year the district women's savings network gathers all the *prahok*-making projects into a single joint loan proposal of good size. In this year's batch of *prahok* loans, 604 families in 22 riverside communities have borrowed a total of 571 million *Riels* (US \$142,750) for *prahok*-making.

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

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

Yok-Mari: We used to sell our prahok only here inside the community, from a basket on our heads, on a very small scale. Now we make it in much larger quantities and we sell directly to customers and middle-men, many who now order it in advance. Now they come to us, no need

14. It is also worth referring to the 5th and 10th anniversary UPDF newsletters for more information on how some of UPDF's loans and grants have changed the social landscape of communities, jump-started local economies and developed working relationships with multiple stakeholders.

to go around looking for customers! And before, if we couldn't sell it, and if there wasn't interest, we'd have to offer a lower price to get rid of our stock. Now the price is fixed—we don't have to bargain at all!

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

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

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

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

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

Source: UPDF2008b. UPDF 10th Anniversary Newsletter: News about some of the recent activities of the Urban Poor Development Fund in Cambodia. UPDF, Phnom Penh, May 2008.

But more than simply assessing whether or not it has been “successful”, the UPDF also focuses on its experiences, reflects on what has happened, what the organisation has learned, what have been the weaknesses, and what it could try to change or avoid in the future to be more effective. Measurable changes come from small interventions, and these small interventions help to influence attitudes and relationships, which are more difficult to measure. Most of the significant steps forward for the poor in Cambodia, from government policies to common practice, have come directly from the work of the UPDF, the community networks it supports, and the alternative community-driven models it has promoted and for which it has negotiated. The UPDF's work is leading to a step-by-step approach to enhancing the lives of the urban poor in acquiring land tenure and security in a context where no prior policies existed.

In many cases, developing a working relationship between local poor communities and the *sangkat* authorities has unlocked public money for putting infrastructure in places which would otherwise not be considered for public projects. This is largely due to the strong *sangkat* mechanism, the savings groups and the city-wide community upgrading processes. And at another level, this kind of work has also released funding from other kinds of organisations. Once the *sangkat* mechanism works, communities learn more

about local possibilities, which NGOs are working in the area and what kind of international help is available. Money that cannot be accessed by individuals can then be drawn from these sources.

Lessons and future plans

Main constraints

Government attitudes

Despite some recent commitment to help combat poverty in Cambodia, the government's main activities continue to marginalise the poor. Many people within government would still like to see the poor pushed out of the city, in large part so the central, often high-value, land on which the urban poor communities are living can be redeveloped commercially. While there were a few key people within government (both in Phnom Penh and in other cities) who understand the need for governments to reduce rather than create or exacerbate poverty, they rarely see any need to work with urban poor communities directly. ACHR and the UPDF have invested in working with government officials and in launching learning processes through community visits and exchanges abroad for mixed teams of community leaders, government officials and supporters, helping them all to see new possibilities and visions for city development. One district chief in Sisophon, the capital of Banteay Mean Chey Province, has played a key role in establishing a community fund in that province, and another high-level government officer in Kampong Thom Province has helped set up savings groups in poor communities and establish another community development fund there. These kinds of government officers are extremely important allies, and developing relationships with such actors can help overcome this underlying constraint.

The Pol Pot legacy

Cambodia continues to be an extremely difficult context in which to work. Although like so many of its neighbouring countries it is developing very fast, there is still a very small professional activist group that is available for doing the kind of work for which the UPDF needs support. Since the education systems were destroyed in the Pol Pot regime, and those with skills are constantly being tempted with large salaries by international development agencies and the new private sector companies, the young people in Cambodia do not have the necessary knowledge or vision to help support the UPDF. So the UPDF has to start from scratch, developing supporters and training young people. And while there are many people and many groups who see the lopsided and inequitable nature of Cambodia's development, very few have the knowledge of alternatives or the experience that could help lead Cambodia towards more equitable forms of development.

Inevitably, the war in neighbouring Vietnam and the subsequent Pol Pot regime have left a deep and lasting effect on communities in Cambodia. These tragic and violent upheavals helped create a very individualistic society, in which experience taught people that the only way to survive was to look out only for themselves and to trust no-one.

Many of the poor communities in Phnom Penh and other cities in Cambodia are quite different to how they would have been before the war: most of these communities are new, with members being thrown together without any common history or provenance, and only their extreme poverty and a strong impulse to survive in common. It is no surprise that in these circumstances it takes time before trust develops, social bonds are knit and community members develop a sense of solidarity. Community organisation—and all the activities it involves—can be a powerful trust-building exercise. But as Somsak comments, *“It is never smooth. There are always ups and downs, and it is not about failing or being successful.”*

Over the past 10 or 15 years, poor communities in Cambodia have begun to understand how community organisation can help them in very concrete ways, especially when they invite their local government authorities to collaborate with development projects they initiate and implement themselves. Local government agencies and some local NGOs, however, often comment that strengthening poor communities to take charge of their own development or trying to build working partnerships between the urban poor and the local authorities are not the most effective ways of dealing with such dire problems as the large-scale evictions which continue to sweep the country, or the deepening poverty and dislocation they are causing. Some NGOs are only just starting to understand how the UPDF works and the development model it supports, in which people find ways to work with the government rather than against it; for many activists and NGOs with a long history of seeing government as the enemy, this is not an easy concept to grasp.

Inappropriate development models

To some extent, the international organisations working in Cambodia, with their large budgets and short-term projects, have contributed significantly to a form of disempowerment among the country's poor communities. Although their intentions may have been good, the impacts of their projects and the development models they have brought into the country have been less so. After the end of the war, Cambodia's poor learned that it was possible to be paid by these organisations to do their own development, and this made them dependent on external funding/aid. Many programmes were established, for example, on “women's empowerment”, where women were given per diems for their participation, making it very difficult for organisations like the UPDF and ACHR to mobilise communities without providing financial incentives. This constraint, however, has lessened significantly as the international development presence in Cambodia has diminished and as communities have begun to see that their houses and neighbourhoods were still not improved and their land tenure was still no more secure than before. The UPDF, on the other hand, has maintained a sustained presence in Phnom Penh, establishing lasting savings programmes, providing small but flexible and badly-needed loans and building practical, working relationships with government at several levels. These are changes that have had visible impacts in people's lives and settlements without a large amount of money being involved. As Somsak puts it, *“Initially, we could not compete with all the white Land Rovers, but we can with time”* (pers. comm. June 2, 2008).

Funding, donors and procedures

Donor funding is usually short-term, with requirements for funding to be spent to a timetable. UPDF funding, however, is a long-term process of savings, relationships, grants, and loans, and people learning to save their money for the future. Large amounts of international funding also play no role in social development. Funding does not make people work together, but often against each other, and NGOs often compete with rather than work with each other.

The requirement by many donors for applications and proposals to be in English, the need for a particular donor-focused language, and the very particular information that must be included in budget proposals, raises many difficulties. The UPDF therefore makes use of its partnership with ACHR to review its applications. Since many of the funds are also short-term, this leaves very little time to prepare proposals, wait for corrections, and spend the money, write reports and deal with the large amount of paperwork associated with financial transfers from such donors.

Mr Somsak explains some of the problems related to donor funding:

International funders usually fund projects that last only three years but may cost up to US \$1 million. But when those projects end, that is it. The participating communities become dependent on those large sums and cannot continue to work by themselves. With the UPDF, on the other hand, communities continue with their activities because they start to understand what community development is really about. In the first model, people say “We don’t have any more money, so we can’t do it”, but in the UPDF’s model, they say “We have no money—or we have very little money—but we will still do it anyway.”

The timing of funds and great pressure to spend are other issues with many international donors. International funders will pump money into a community for one or two years and then move on. Sometimes this can be a problem when the community is not prepared to deal with that lump sum and they are pressured to spend it quickly; this means the money will not be used to its full potential. For example, a community might be given a grant or loan in June to construct a drainage canal. However, it may become impossible for them to dig and construct it during the flooding caused by the rainy season (April-October). They must then wait until November, when the flooding has subsided, to implement the project, even though this might be outside the project timeframe. Such details are often missed by international donors without the contextual knowledge that is so crucial to development in places like Phnom Penh.

Donor funding agreements are usually structured by their accounts departments, and everything promised in the proposal must be delivered. This lack of flexibility on the part of donors means it is difficult for organisations like the UPDF to get funding for something that was not part of the initial proposal, and when an activity that was in the original proposal is not delivered, this hinders the organisation’s chances in the next round of applications. Donors have a strong tendency to work according to the standard development paradigm, which is highly supply-driven and pays little heed to real needs in the field. Perhaps what is needed between donors and organisations is a sense of trust,

so that organisations like the UPDF can draw from a fund without committing to specific projects with specific budgets and short expenditure plans. This would allow them to work according to demand and increase accountability down to the people. There is an emerging generation of people working for donor organisations who place more emphasis on stronger structures, are part of donor restructuring initiatives and who are establishing new ways of working that make it more difficult for local organisations to access funds and draw money flexibly according to the needs of the people they are trying to help.

Despite some of these difficulties, “we never say we have no money”, because the resourcefulness of the UPDF means that even in hard times, it has been able to carry out its work and address poverty in a very real way. *“I remember when we started, we had very, very little money... but we have touched the heart of a million people. That is more important than 1 million dollars.”* (Jockin Arputham, President of SDI, pers. comm.)

Enabling factors

UPDF does its lobbying by sharing experiences, demonstrating different aspects of community organisation through real projects, and inviting high-level government officials and international guests to visit community projects. Through this kind of exposure to real projects run by real communities, staff from government and international agencies can start to see how a community-centred, community-driven development model can work, how it can be applied within their own constituencies, and how governments can learn to better support such movements. UPDF is a supporter of the process—it helps to link communities with government officials from their localities as well as with higher-level officials.

Internal factors

- A very clear organisational structure. This is not for the sake of management, but for learning. Board members learn from community members at their meetings; the savings groups learn from each other in the monthly meetings.
- Regular community workshops. Workshops held every three or four months with communities mean that the UPDF has a very clear platform for discussing bigger issues.
- Regular board meetings. These allow the UPDF to update information, update statements (in terms of finance and administration), consider community proposals and how much money can be allocated, and clarify concerns held either by board members, staff or community. Savings groups are not just about collecting money, but about their organisation, their communication, and their planning for the future.
- Emphasis on the long-term. The UPDF works with people’s movements, and is not just about implementing projects or setting up networks. It involves different actors in exchange programmes and develops their learning and trust. In contrast, much NGO support is short-term (often reflecting budgeting cycles or funding), and involves projects which achieve their own mandate, rather than meeting people’s actual needs.

This also means there is no learning process or long-term relationship building with community and government.

- Emphasis on people as key actors in their own development, rather than recipients of aid or victims of poverty. By developing savings groups, communities shift power away from the system that marginalises them from any real form of development.

External factors

- Governments' desire to use whatever is happening on the ground for political benefit (to win votes). This is actually an opportunity, as the community can then use this to get access to certain services/favours.
- The decentralisation of government to the *sangkat*. Previously, communities had very weak relationships with their local authorities; now, through the *sangkat* mechanism, they are able to meet informally, get information easily, and discuss issues arising in the *sangkat* or *khan*. This has become a very successful and important part of urban governance in Phnom Penh.
- Government is slowly becoming more receptive to learning about the urban poor. *"When we give government some information, they often say 'Oh, I did not know this'. They never seem negative about what we explain to them and what we are doing. That is a good start"*, (Somsak, pers. comm.). The Ministry of Land Management is trying to think of new ways of helping the poor and is looking into land sharing, upgrading, relocation and readjustment. The UPDF is helping by showing different approaches via its exchange programme. Government has recently provided free housing for renters who were forcibly relocated from an inner-city settlement along the Basaac River. Although the relocation leaves much to be desired at the Phum Andoung site, this is the first time renters were even taken into consideration in compensation/relocation plans.
- Increasing government openness to supporting the urban poor. The simple fact that the government agreed to and promoted the 500 Communities Upgraded in 5 Years policy demonstrates its openness to support the urban poor. Although little is proactively initiated by the government for this end, it is the UPDF's hope that over time its current openness will evolve into direct support for the poor.

Plans for the future

The UPDF remains the only ongoing support system for the urban poor in Phnom Penh, and it is also supporting poor community networks and spin-off development funds in a growing number of provincial cities around the country. With the announcement of the 100 Slums a Year Upgrading Policy, many new resources have been mobilised, many new groups have been given loans and the UPDF has had to deal with increasing capacity and new activities. Strong management is thus an important part of knowing how to support people, particularly a rapidly growing number of people.

The UPDF staff members need to understand how to work with the poor, and at the same time, to show communities that the UPDF is dedicated to supporting them. In this

way, communities benefit from competent support and the UPDF can develop better relationships with communities. Making sure the government has a clear understanding of the MoU between the municipality, ACHR and the network of savings groups, and of the way it works, will be another crucial part of the fund's success. The government must realise that the UPDF is about developing long-term relationships and collaboration, and is not a delivery mechanism or short-term project-based NGO.

In the next six months, UPDF plans to establish a youth group programme to link the community with different universities in Phnom Penh. Here, the hope is to further action-research, in other words, to learn from the community, to collect people's stories, and to build the capacity of all actors involved, including the UPDF. It is also hoping to support communities more in other cities, and to establish income generation loans for small businesses and farms for integrated farming in rural areas.

The UPDF continues to be forward-looking in its plans and actions. Given the flexible nature of the MoU, the UPDF is trying to become a more solid and national institution that has the capacity to work with the poor across Cambodia, both in urban and rural areas. At the 10th anniversary celebration, it was given support from the Under Secretary of State of the Office of the Council of Ministers, where the UPDF is likely to establish itself for a new national programme. While the price of such official support can be loss of flexibility, control and independence, as long as it is closely monitored, the UPDF at a national level would have the potential to reach many more people. This anniversary was particularly important, because approval and encouragement was given by the Under Secretary of State of the Office of the Council of Ministers for:

- The expansion of the UPDF's upgrading programme to the national level
- The expansion of the UPDF to the national level
- People-driven processes in poverty-reduction.

The focus at the moment is on trying to understand how to get tenure and how to influence the development of the new land laws to achieve this. As it develops more experience, the UPDF's main activity will be to build capacity and relate better with key actors in Phnom Penh in order to demonstrate their model of land tenure to the government and to convince them of why and how they should give land titles to the poor.

"We've done resettlement, we've done upgrading, now the issue is tenure. People here have only now woken up from the dream... they are still sleepy and sometimes afraid they will fall back into this dream of it all changing back to the way it was under the Pol Pot regime," comments Somsak. For this reason, we must work at the rate at which people are ready for change and are able to take tenure issues into their own hands.

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