



Phnom Penh

A Rapid Urban Diagnostic and Proposed Intervention Strategy for DIG in Phnom Penh, Cambodia

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A. Executive Summary

Emerging from a war-torn society and the genocide of the 1970s, Phnom Penh has become a symbol of hope for Cambodia's young population. The energy of construction, trade and growth fills the city. Phnom Penh needs the poor, whose cheap labor is the backbone of Cambodia's current rapid economic growth. However, the city has yet to accommodate their need for basic infrastructure and services, and land speculation has forced the evictions of tens of thousands of poor urban families, thereby creating a climate of uncertainty and instability in impoverished communities. At the same time, a small group of "urban innovator" NGOs has emerged that has successfully promoted pro-poor policies (such as onsite slum upgrading) with the municipality. These urban innovator NGOs have helped broker land sharing schemes with the private sector and advocated on how to regularize informal housing in the proposed draft national housing law. This exceptional mix of evolving pro-poor policies and emerging civil society organizations within the context of a dynamic and rapidly growing post-conflict environment provides a singular opportunity for Urbis to leverage and scale up current efforts. Through a two-pronged capacity building strategy, Urbis will initially work closely with one or two urban innovator NGOs to strengthen their operational capacity. In a second phase, Urbis will promote greater communication and exchange among pro-poor organizations in Phnom Penh.

Most urban poor communities in the city exist on flood-prone land and suffer from a lack of adequate drainage and basic sanitation. Over one-third of these urban poor communities face the threat of eviction. Two-thirds lack basic infrastructure and, as a result, face flooding problems in the rainy season, have water supply problems, lack toilets, and do not have access to paved roads. Conditions in most of these settlements remain insalubrious and health problems are prevalent, especially among children and the elderly.

This haphazard and unregulated development environment largely leaves the city's low-income dwellers to fend for themselves. In many cases, they have built their own houses and organized their communities, often with the support of several community-based organizations. One of these, the Urban Poor Development Fund (UPDF), has emerged as a particularly effective advocate for the urban poor. UPDF has created relationships with communities across Phnom Penh as well as with government authorities. It has collaborated with

others in improving housing and infrastructure and has promoted the plight of the urban poor onto the policy agenda.

Phnom Penh provides an interesting opportunity for Urbis. While we can learn many lessons from UPDF's methodologies, its institutional capacity remains weak relative to the challenge of consolidating and scaling up its activities. There is also considerable scope to improve collaboration among NGOs working with the urban poor in Phnom Penh. To address these priorities, Urbis has designed a capacity building strategy with clearly defined goals, both for the institutional strengthening of UPDF as well as for building the grassroots political base for granting secure tenure to inner-city, low-income communities and expanding support for upgrading their infrastructure and services.

In taking up this challenge, with all its risks, there is a real possibility that Urbis support in Phnom Penh will lead to new commitments for secure tenure and to the engagement of citywide poor communities in planning and upgrading their living conditions.

B. Phnom Penh: An Urban Profile

1. BASIC COUNTRY DEMOGRAPHICS AND MACROECONOMIC PROFILE

The estimated population of Cambodia is 14.5 million people with an annual growth rate of 2.4%. Cambodia has a notably young population with a median age of 21.3 years. Approximately 80% of Cambodians live in rural areas, 10–12% in Phnom Penh, with the balance in other urban areas. Emerging from a war-torn society, Cambodia has consolidated peace and is making the transition from an isolated, subsistence-oriented economy to one integrated into international trade and capital flows. Over the last decade, Cambodia has attracted international investment and has established high rates of export-led economic growth with annual economic growth averaging 7.1%. The country's GDP is USD 7.3 billion, with a per capita GDP of USD 512. Inflation is in the low single digits. Located in the fastest growing region of the world, Cambodia's main engines of growth—export-oriented garment manufacturing and tourism—are both urban focused with strong foreign direct investment. For example, real GDP increased by over 10% in 2006, driven by roughly 20% growth in garment exports and tourism, mainly concentrated in Phnom Penh and Siem Reap.

Cambodia has made significant progress in reducing poverty during the past decade, with the poverty rate declining from 47% in 1994 to 35% a decade later. This decrease in poverty is a result of high economic growth, macroeconomic stability and improved access to services. Over the same period, however, there was a rapid rise in inequality. Poverty continues to be widespread with deep pockets in both urban and rural areas. Phnom Penh has the highest inequality levels in Cambodia.

2. SOCIO-POLITICAL CONTEXT

Located amid forests and farmlands to the north of the Great Lake near modern day Siem Reap, Angkor was the imperial capital of the Khmer empire from the ninth to the fifteenth century. Belying the myth of a rural culture, Angkor was the world's largest preindustrial urban complex and arguably the world's first megacity—a sprawling metropolis that covered 1,150 square miles (roughly the size of modern Los Angeles) with a population between half a million to one million people. Thai invaders sacked the Khmer capital in the 15th century, causing the Khmer population to migrate south to the Mekong River valley and settle in the area of Phnom Penh, built at the intersection of the Mekong, Tonle and Bassac rivers. Cambodia remained a battlefield repeatedly subjected to foreign invasions until it became a French protectorate in 1863. French rule lasted for ninety years (interrupted by Japan's occupation during World War II) until Cambodia's independence in 1953. Under King Sihanouk, the country became the Kingdom of Cambodia and its capital Phnom Penh expanded rapidly, doubling in population between 1950 and 1970 to 760,000 inhabitants.

The country's destabilizing civil war (1970–1975), and subsequent unprecedented policy of de-urbanization (1975–1979), followed by a decade of more war, isolation and poverty (1980–1990), brutally disrupted this process of urbanization. By early 1975, Phnom Penh's population had swollen to well over one million inhabitants due to the influx of refugees fleeing the ongoing civil war. During 1975–1976, the newly installed Khmer Rouge regime, led by Pol Pot, proclaimed a worker-peasant rural revolutionary state and ordered the evacuation of all cities and towns, leaving Phnom Penh almost deserted for the next five years. During this period, an estimated 1.7 million Cambodians died from genocide, torture, starvation and disease and the only inhabitants of Phnom Penh were Khmer Rouge soldiers who used abandoned buildings as barracks. War between Vietnamese forces and the Khmer Rouge began in 1978 and the Vietnamese occupied Phnom Penh from early 1979 until 1989. The UN-negotiated Paris Peace Accord was signed in 1991 and the UN operated a large-scale peace keeping force under the UN Transitional Authority in Cam-

bodia (UNTAC) starting in early 1992. During the elections held in 1993, a coalition government emerged and Sihanouk returned as monarch. Hun Sen, who had been Prime Minister during the Vietnamese occupation, won the elections in 2002.

Twenty provinces and four province-level municipalities make up the administrative divisions in Cambodia. They are led by governors and vice governors appointed by the government. In Phnom Penh, seven districts (Khans), four of which are central urban districts and three of which are suburban districts, make up the municipality. The governor appoints the district chiefs. These districts further divide into 76 wards (Sangkats).

3. URBAN CONDITIONS AND PREVAILING URBAN DYNAMICS IN PHNOM PENH

A. Demographics

Phnom Penh is the commercial and political capital of Cambodia. The city's current population is between 1.4 and 1.7 million with an annual growth rate of 4%. A "primate" city, Phnom Penh is nearly ten times more populous than Cambodia's next largest city and its population accounts for close to half of the urban population of the entire country.

After the forced depopulation of Phnom Penh in 1975–76, the first migration back to the city began in 1979 following the overthrow of the Khmer Rouge by the Vietnamese. The government installed by the Vietnamese declared all land throughout the country state land. Authorization to occupy buildings was provided on a first-come-first-served basis for returnees to the city. By the end of the 1980s, the majority of properties built before 1975 were occupied. Many of the new owners began to sub-divide properties to rent or sell without having any formal title to monitor or validate the transactions, while at the same time, people built shacks on vacant land unhindered. In the early 1990s, the Paris Peace Accord allowed internally displaced persons to return in large numbers from the refugee camps along the borders. In 1994, 1.9 million people or 19.4% of the total population of Cambodia migrated, with several hundred thousand of them moving to Phnom Penh. Overcrowding became common and vacant land in and around the city began to fill up.

Phnom Penh's continued rapid population growth is a combination of natural growth due to the exceptionally young age of its population and to migration from the countryside. Rural-urban migration is increasing, as landlessness and access to common property resources such as forests and fishing waters is declining for the rural poor. The manufacturing sector is growing rapidly in

Phnom Penh. The capital has become a magnet for foreign investments from Asia and elsewhere. Its central location also means that 80% of all transportation in the country leaves from or goes to the city. The energy of building, trading and growth fills Phnom Penh. Consequently, for those with nerve and resources, it offers many opportunities to make money in a relatively unregulated environment.

B. Economic activities of the urban poor

Today, Phnom Penh symbolizes hope and employment for Cambodia's young population. Investments in manufacturing and services located in Phnom Penh are driving national economic growth. In addition, Phnom Penh continues to draw ever-increasing numbers of poor migrants from the provinces looking for work and rightly believing that after decades of upheaval, Phnom Penh offers them hope to improve their lives. The estimated urban population of Phnom Penh municipality is 450,000 people.

For the poor, the climb to prosperity in Phnom Penh is not easy. The city needs the poor, whose cheap labor is the backbone of its economic life and vital to its current economic growth, but it is slow to acknowledge—let alone to accommodate—their needs. Poor people account for one-third of the city's population, yet they often find themselves isolated, and without any formal support to help them find employment or affordable housing. Those who cannot find jobs improvise to make a living, earning in the informal economy as construction workers, taxi drivers, and small-scale street vendors. Others work informally in restaurants, waste recycling, or as domestic workers, while an increasing number of mainly young female rural migrants work in the rapidly growing garment industry.

The poor also have worse rates of educational attainment, health and malnutrition than the already low national averages. Illiteracy, morbidity and malnutrition are prevalent. Health problems such as diarrhea, vomiting and acute respiratory diseases are common for people living in the poorest settlements. Elderly people with no support are among the most vulnerable and often depend on other people's solidarity. While the poor are very conscious of the value of education, the imperatives of short-term household survival often prevent them from attending school and hence perpetuate poverty from one generation to the next. Indeed, children make a significant contribution to the incomes of poor households in Phnom Penh, often working as waste pickers, shoe cleaners or beggars on the city's streets. The average amount of schooling for the poorest quintile is 2.8 years.

C. Where the urban poor live

From the late 1980s to early 1990s, nearly all low-income settlements in Phnom Penh were located in the city center. Rural migrants fleeing the countryside for a better livelihood in the city, returnees from refugee camps in Thailand and Vietnam, and internally displaced persons created the settlements. These people came to Phnom Penh for economic reasons and settled close to markets where they could earn a living, along main roads, next to train lines, in alleys, on rooftops, and in the most flood-prone parts of the city. The intensification of competition to live in a central location led to the establishment of some low-income settlements near refuse sites and along sewer lines.

Based upon surveys initiated in 1997, the number of people living in these settlements more than doubled. Between 1999 and 2003, there were already 375,000 people living in 569 low-income settlements in Phnom Penh. These settlements are getting denser and larger and a burgeoning low-income room rental market has emerged.

Compounding the increasing densification of the low-income settlements in the city center was the city's need to invest in the rehabilitation of public infrastructure and various urban renewal projects. Rehabilitating these public networks, including widening roads and improving the city's environmental infrastructure, often involved displacing the communities living along these rights of way. During the 1990s, these urban renewal projects established the precedent of large-scale relocations of poor communities living in the city center to peri-urban areas.

Over the last five years, as security and conditions for foreign investments have improved, land speculation has become rife in and around Phnom Penh. While foreigners cannot buy land, they can easily acquire a Cambodian passport or purchase property through a business venture with Cambodian nationals. Historical ambiguities regarding land ownership, the absence of property taxes, the lack of oversight, and transparency issues in the transfer and purchase of both public and private land have led to rapidly rising property values, effectively crowding out the urban poor. As a result, over the last five years, forced or coerced evictions have become widespread in Phnom Penh, disrupting the lives and livelihoods of tens of thousands of urban poor and creating a climate of uncertainty and instability in poor communities.

According to the most recently available data, well over 85,000 people have been resettled from the city center to 41 relocation sites in the peri-urban areas of Phnom Penh. Most of these resettlement sites, accommodating half of the evicted population, are fifteen to twenty-five kilometers from the city center.

This resettlement process began in earnest in 2000–2001 to accommodate city center rehabilitation and infrastructure improvements. Since then there have been a number of efforts to support onsite slum upgrading. Over half of the targeted population was resettled in the last five years (over 30,000 people last year alone). This process, which disrupts the lives and livelihoods of the affected communities and often vitiates their legal rights, is increasingly driven by collusion between large-scale private developers and vested interests of politically powerful elites.

Most urban poor communities in both the Phnom Penh city center and in peri-urban areas have been established on flood-prone land and suffer from a lack of adequate drainage and basic sanitation. Over one-third of these urban poor communities face the threat of eviction. Two-thirds lack basic infrastructure and, as a result, face flooding problems in the rainy season, have water supply problems, lack toilets and lack access to paved roads. Conditions in most of these settlements remain insalubrious, while conditions in the resettlement sites pose additional problems, which negatively affect the livelihoods of their residents since they are obliged to commute to work in the city center. On average, they commute twenty-six to forty kilometers per day, which costs them from one-quarter to one-half of their daily wages.

4. PLANNING AND DEVELOPMENT PRACTICES IN PHNOM PENH

A. Official planning and development practices for public and private development

Phnom Penh's haphazard development is largely due to its tortured history, but its current anarchic redevelopment is also a function of a lack of planning and enforcement. This is, in turn, partially a result of the weak institutional capacity at the local and national levels, but also a direct function of the absence of land use plans and transparent policies, which enables those in power to benefit from the rampant property market speculation currently driving the city's development.

The municipality of Phnom Penh falls under the authority of the Ministry of the Interior. The departments in the municipality are in fact departments of the line ministries. While the government's introduction of the Sangkat Act that provides for decentralized planning with representatives from local communities at the ward level shows potential, until now this promise has not been realized. A draft of a national housing policy was finalized in 2004 and there has been a major donor-led effort over the past decade to help develop a master plan for Phnom Penh. However, the results are still in draft form and have not

been promulgated. Moreover, while the master plan exercise has helped the government begin to understand and address the critical sewage, wastewater and flooding problems facing the city, the authors have neither conceived a land use plan for the city nor have they engaged with the public, let alone with low-income communities. If anything, the master plan helps to perpetuate the belief that only foreign assistance can deliver solutions to the city's problems.

B. Laws and regulations

Cambodia includes some protections in its constitution and laws that safeguard the interests and property rights of the urban poor. For example, Cambodia's 2001 Land Law stipulates that "people who had open, uncontested possession of land in good faith for a minimum of five years prior to passage of this Law may qualify for private ownership." While this law should protect many low-income squatter communities from eviction, the government largely ignores and rarely enforces this and other pro-poor laws. Cambodia's unique classification of state public lands and state private lands has also created ambiguities that the powerful can exploit, often to the direct disadvantage of poor communities. In addition, in the current hyperactive property market, more than half of new private sector developments are constructed without permission. Rapidly rising land values in this volatile environment combined with the regime of informal taxes demanded at the local level also put the poor at a continuous disadvantage in the development process.

C. Influence of the poor on urban planning and policy

In response to these challenges, several CBOs and NGOs have had a major impact in putting the plight of the urban poor at the forefront of the policy agenda. A number of urban poor communities have become self-reliant and the assistance of these CBOs and NGOs has promoted self-help and community organizing schemes, providing some continuity to this process. The groups have succeeded in promoting onsite slum upgrading with the municipality and national government, and have helped to broker land sharing schemes with the private sector. The proposed draft national housing policy responds in a large measure to their advocacy work on how to formalize the informal housing development process. These organizations also systematically provide the only reliable, detailed information on the urban poor, the conditions of their settlements, their infrastructure and services priorities, and how evictions affect them.

An important policy impact for the pro-poor NGO community was the announcement by Prime Minister Hun Sen of his support for the upgrading of a hundred poor communities in Phnom Penh. This announcement was made in 2003 on the fifth anniversary of the Urban Poor Development Fund (UPDF), which used this occasion to promote the strategy of onsite commu-

nity improvement as an alternative to the costly and impoverishing practice of eviction and relocation to remote sites. Ironically, the inability of government to provide secure tenure to these and other communities has hampered ongoing efforts to implement this new policy. The continued process of evictions described above therefore still threatens the urban poor.

While the capacity and support received is limited, it is nevertheless fair to observe that several of Phnom Penh's CBOs and NGOs have emerged as effective advocates for the urban poor and have developed a reasonable ability to channel ideas to policy makers. This, it should also be noted, is taking place in an environment where donors largely focus on the growth and productivity of the agriculture sector and on rural poverty reduction.

5. PRIVATE SECTOR

The informal sector produces virtually all low-income housing in Phnom Penh. As is noted above, there is also a thriving informal room rental business. Still, despite the high demand for housing, no private sector developers exist to create subdivisions of small affordable plots for low-income families to build their own housing (along the lines of the Saiban Company in Pakistan), which could reduce both overcrowding and new squatter settlements. Formal private sector developers are mainly preoccupied with producing up-market units for sale and/or rent. Three interesting experiences in low-cost housing development do, however, show a path towards promising involvement from the private sector:

- The successful city-center land sharing project at *Borei Kiela* where a private sector developer is building apartments behind his commercial development for low-income tenants (nearly 10,000 residents) that occupied the land.
- The *7-NG* development company, which has invested in city center commercial developments, is luring low-income communities off the property by providing them with basic one-room units in subdivisions on the periphery of the city.
- *First Home*, a one-year-old “social enterprise mortgage company,” is hoping to develop and finance affordable housing solutions targeting factory workers and other relatively low-income groups with steady employment.

6. MAIN URBAN CHALLENGES

Phnom Penh faces significant physical and socio-economic challenges. Built on a floodplain on the banks of the Mekong River, which rises eight meters during the annual monsoon season, the city's main infrastructure challenge is to reduce flooding and manage its storm water drainage and sewage networks. No less daunting is the problem of managing the city's rapid growth and rising inequality. Government authorities were somewhat caught off guard by the major private investments flowing into the city and by the continued influx of low-income people. This resulted in the city's current haphazard and unregulated development environment as well as the rise in squatting, overcrowding and the creation of largely unserviced and unsuccessful relocation sites.

Within this context, the city's low-income dwellers have largely provided for themselves. In many cases, they have built their own houses and organized their communities. While their key daily challenge is the struggle to earn enough income, they perceive their lack of secure housing tenure as an overriding threat to their livelihoods and wellbeing. As low-income communities organize and grow more resilient, many of them make investments in upgrading their infrastructure and housing. Without secure tenure, however, these investments remain vulnerable. Moreover, the relationships they have established with local and national authorities remain tenuous as they ponder the threat of eviction.

From the perspective of pro-poor urban organizations, key challenges emerging from the Urbis assessment appear threefold:

1. To hold government accountable to accept and protect low-income settlements in the city by providing residents with secure tenure and support for upgrading infrastructure and services.
2. To ensure accountability for the resettlement rights of communities that have been or will be resettled.
3. To strengthen the ability of communities and CBOs to plan and invest in the upgrading of housing and neighborhoods and to negotiate with the authorities for policy and material support.

C. Overview of Organizations and Potential Urbis Activities in Phnom Penh

Cambodia provides a unique opportunity for Urbis, as most NGOs and CBOs are relatively new. Decades of war, political upheaval, and the legacy of genocide from the 1970s have torn communities and the sense of “community” asunder on many levels. In the mid-1990s, as the political situation settled down considerably, bilateral and multilateral aid agencies, including international NGOs, flooded into the country and Cambodia became largely aid-dependent. There are recent signs that donors are beginning to tackle the problems related to the uncoordinated approaches that characterized much of their assistance—although donors still remain almost exclusively focused on rural development and rural poverty reduction. NGOs and CBOs in Phnom Penh, therefore, play a critical advocacy role for the city’s urban poor.

Looking through the lens of Urbis, very few NGOs in Phnom Penh started from grassroots/Khmer leadership. Instead, international NGOs created most local NGOs over the past decade, and in many cases have just recently transitioned or are currently transitioning into full Khmer-led organizations. Many still rely (heavily in some cases) on international advisors for leadership and technical assistance. This strong influence of the international community has left little space for allowing the urban poor to build their own organizations organically. Over the last decade, there has also been some infighting among NGOs, although more recently several networks have emerged to coordinate and capitalize on their differing strengths and methodologies. Indeed, Cambodian NGOs/CBOs increasingly contribute to national development, both as partners in service delivery and in channeling ideas to government policy makers.

1. ORGANIZATIONS WORKING WITH URBAN POOR

The following section provides an overview of some of the organizations the Urbis team visited during the Phnom Penh diagnostic.

- **Urban Poor Development Fund (UPDF):** Phnom Penh’s strongest community-based organization, proposed for Urbis support.
- **Sahmakum Teang Tnaut (STT):** A recently established NGO emerging as a potentially effective urban resource and information center, also proposed for focused support from Urbis.

(We describe UPDF and STT in detail in Section 2: Proposed Selection of Organizations.)

- **Community Education and Legal Center (CLEC):** A local NGO providing legal services to the poor urban communities regarding their land rights—primarily focused in Phnom Penh. CLEC was formed in 1996 as a legal resource center, to promote the rule of law, justice and democracy in Cambodia. From 1996 to 2001, CLEC operated as an arm of the University of San Francisco School of Law, funded by USAID. In December 2001, CLEC became a locally registered NGO. USAID is still its major funding source but CLEC also receives funding from the Asia Foundation, the Canadian International Development Agency (CIDA), NZAID, the Open Society Institute, the International Labor Organization (ILO), NPA, and the National Endowment for Democracy. CLEC is large, with approximately forty full-time staff. CLEC hosts the secretariat of the Housing Rights Task Force. It has been successful in helping one community receive USD 3 million for its land prior to its relocation.

One of the main projects of interest to Urbis is the Public Interest Legal Advocacy Project (PILAP) that works with communities facing land eviction. Currently, PILAP has Cambodian leadership but also relies heavily on expatriate advisors (primarily funded through USAID and the American Bar Association) for leadership and strategic planning. PILAP started in 2004 and has successfully defended over 465 families facing forced evictions, unlawful expropriation of land, and illegal alienation of indigenous lands. PILAP's approach consists of using the legal system to assert and protect citizens' rights as well as encouraging governmental and private sector transparency and accountability. To accomplish this, PILAP selects legal cases with strong potential to generate publicity and debate, and that promote broader respect for legal norms.

- **Urban Support Group (USG):** The Asian Coalition for Housing Rights (ACHR) originally created USG in 1993 to address urban squatter issues. Funding sources include USAID and ILO. Though semi-active in the housing networks, its focus has shifted primarily to HIV/AIDS issues over the past few years. This shift is a result of donor priorities, funding levels, and the perception that the new governor did not consider housing a priority for the city. In USG's view, one of the biggest problems with forced resettlements is a lack of access to employment opportunities for the poorest citizens of Phnom Penh. USG has twenty full-time staff and many volunteers who work with health programs.

- **Habitat for Humanity (HFH) Cambodia:** HFH Cambodia has been active in Phnom Penh for five years and is working in nine resettled communities. HFH has built 270 houses using incremental housing models. The houses cost on average USD 1,500 and the client must pay 25% of the total cost. HFH is looking to move towards community and housing in-situ upgrading, while its current focus is on housing in resettlement sites. Although HFH is active in the Housing Rights Task Force, it primarily focuses on providing housing and services, leaving advocacy issues to other NGOs.
- **Solidarity for Urban Poor Federation (SUPF):** Established in 1995 to protect land and housing rights of the urban poor, SUPF was linked to ACHR until a few years ago. SUPF, along with ACHR and the municipality, created UPDF in 1998 as a revolving loan fund to provide credit to poor communities.
- **Housing Rights Task Force (HRTF):** The HRTF brings together twenty NGOs and INGOs to defend the housing rights of the urban poor in Phnom Penh. The core committee members of the HRTF are CLEC, the NGO Forum of Cambodia, STT, Bridges across Borders, and USG. It has six strategic roles:
 - Empower threatened communities to prevent forced evictions
 - Quickly respond to threats of forced evictions and actual forced evictions
 - Support community networks that focus on land and housing rights
 - Coordinate the work of NGOs working on land and housing rights
 - Legally represent and defend threatened communities and community leaders
 - Gather and disseminate information

The HRTF's priority is to empower vulnerable communities to defend their housing rights, which it does successfully by leveraging the work of NGOs in Phnom Penh on housing and land tenure issues. The HRTF receives funding from Center on Housing Rights and Evictions (COHRE), NPA, and a Korean NGO. The organization employs two full-time staff and three full-time volunteers. The Community Education and Legal Center (CLEC) hosts its secretariat. It receives heavy support and guidance from international advisors.

- **Resettlement Action Network (RAN):** The Resettlement Action Network (RAN) formed in 2002 and is hosted by the NGO Forum for Cambodia. A steering committee of eight NGOs, including STT and UPDF, leads the activities. The group has had some considerable success in training NGOs in how to support resettled communities and in seeking justice for resettled people. RAN focuses specifically on resettlement issues. RAN has expanded its focus to include housing rights and questions of tenure security in informal settlements to protect poor people from eviction. There is considerable overlap between RAN and the HRTE.

There are two main forums for NGOs in Cambodia:

- **NGO Forum of Cambodia:** This membership-based organization recently transitioned from international leadership to Khmer leadership. It is the oldest forum for NGOs, and it started in the 1980s in response to the international embargo on the country. Currently, the NGO Forum has 73 members (predominately local NGOs with some international NGO members). In addition to hosting the secretariat for the Resettlement Task Force, its activities focus on the following:
 - The National Strategic Development Plan (Cambodia's Poverty Reduction Strategy Paper) and government budgets.
 - The Environment Program, which deals with environmental awareness and protection, pesticides reduction and sustainable agriculture, and the impacts of dam developments in the Mekong Basin.
 - The Land and Livelihoods Program, which deals with specific land and environmental issues. The Forum facilitates advocacy with regard to land titling and land grabbing, indigenous minority land rights, resettlement and housing rights, and forest livelihoods and plantations.
- **The Cooperation Committee for Cambodia (CCC):** Also membership-based, the CCC focuses on coordinating international NGOs. It produces an annual directory of NGOs in the country and provides links to funding sources on its website. The website provides direct links to all international NGOs and donors operating and providing funding in Cambodia.

2. PROPOSED URBIS PARTNERS

Urban Poor Development Fund (UPDF)

In 1998, ACHR and the municipality of Phnom Penh set up UPDF to support community-led development activities. UPDF, though working closely with the local government on all levels, operates under the belief that poor people cannot afford to wait for government to solve their problems or provide them with funding. UPDF uses multi-tiered savings groups so that the urban poor can build trust within communities, address internal leadership issues, create a record of financial management and leverage outside loans and/or grants. Most importantly, UPDF aims to prevent the urban poor from depending on others to improve their living situations. The organization believes that only strong communities can affect change from within and demand action from the government. By successfully networking these communities, UPDF also helps the urban poor develop and strengthen their collective voice in shaping local plans and government policies.

- **Legal Status:** UPDF operates under a Memorandum of Understanding (MOU) with the municipality of Phnom Penh. It chose not to register as an NGO with the Ministry of the Interior, as it is trying to develop a separate legal registration process to become a legal community-based organization. UPDF is a hybrid service delivery/advocacy organization.
- **Substantive areas of focus and current activities:**
 - **Revolving Loan Fund:** The UPDF loan fund provides affordable loans to saving networks (never to individuals) for housing finance, income generation, agriculture improvement, and land security (land purchase). Savings groups typically consist of ten members, but there can be several groups depending on the size of the community. UPDF's current outstanding portfolio is approximately USD 1 million with USD 200,000 available for lending. Loan amounts vary considerably depending on requests and savings within the community groups, and require 10% of the funds requested as loan collateral. The average monthly interest rate is 8% (5% goes to UPDF and 3% goes back to communities for a welfare fund for the elderly and disabled or emergencies for families in the savings group). UPDF has 211 savings groups with a total of 12,000 members in Phnom Penh.
 - **Grant Fund for Upgrading:** Using the same proposal methodology as the loan fund, savings groups can apply to UPDF for grants funds for community/infrastructure upgrading. To date UPDF has funded

115 upgrading projects in 37 separate wards (there are 74 wards in Phnom Penh), benefitting 13,514 families.

- **Exchange Activities:** Through funding from ACHR, UPDF frequently uses “horizontal exchanges” for urban poor and government officials. These exchanges take place both within Cambodia and internationally with other urban poor communities, and illustrate concrete examples of poor communities and government tackling poverty together.
- **Representation of Communities:** UPDF is a community-led organization. UPDF hires an overwhelming majority of its staff directly from the poor communities of Phnom Penh where they previously served as volunteers for their communities’ savings-credit networks. Two community members sit on the UPDF Board of Directors and are the most active members along with ACHR representatives and the vice-governor (deputy mayor), who chairs the board. Individual savings groups first propose all loans and grants requests to the larger community savings group leaders. They subsequently present them to the Sangkat and Khan (ward and district) leaders prior to being presented by community leaders to the UPDF Board of Directors.
- **Funding Sources and Funding Level:** Immediate future funding is currently unclear. Two grants from UPDF’s largest funder, Misereor International (a German NGO), expired in December 2007 and UPDF is currently in the process of applying for new grants from the organization. Other current funding sources include ACHR (USD 5,000–6,000/month for senior staff salaries), and communities, which give 10% of their annual savings to buy in as stakeholders of UPDF. UPDF’s current office is rent-free and provided by the municipality.
- **Operational Capacity:** UPDF has 18 full-time staff, 52 community volunteers, and four young professional volunteers. The staff is divided into the following departments: Community Upgrading (4), Community Information (2), back office (4), and Saving and Credit Network (8). ACHR directly pays UPDF’s senior management staff. UPDF is very proud of its horizontal management structure, though it also recognizes the need to build its internal senior management capacity, specifically by hiring Cambodian professional staff. It has recruited in the past year without success.

- **Impact on urban poverty public policy:** This is one of the strongest aspects of UPDF. Working in cooperation with local and national government officials and often in partnership with other NGOs, it has been successful in:
 - Strengthening the capacity of poor communities to prepare and implement their own upgrading plans and to negotiate with authorities, donors and NGOs.
 - Achieving government acceptance of resettlement rights for evicted communities.
 - Changing government policy to accept low-income settlements in the city by obtaining the prime minister's commitment in 2003 for the upgrading of one hundred poor communities in Phnom Penh.
- **Capacity building goals:** UPDF has no specific training budget, but the majority of its funds focus on strengthening savings networks.
- **Constraints:** DIG has identified the following two constraints:
 - Heavy dependence on ACHR for documentation, marketing, advocacy, management support and, most importantly, strategic leadership.
 - Housing and infrastructure investments made by UPDF in many communities remain tenuous and vulnerable because of insecure land tenure.
- **Organizational development and strategic plans:**
 - UPDF is currently expanding savings networks to a national level by starting to work in seven provinces outside of Phnom Penh.
 - UPDF's ten-year anniversary was in May 2008. UPDF used the event as an opportunity to secure commitments for land tenure security from the prime minister to guarantee the property rights of low-income communities in the city center.
 - UPDF is considering how to mobilize more government budgetary support for upgrading low-income communities.

- **Institutional partnerships:** ACHR provides links with other regional networks. On the city level, UPDF participates in the Housing Rights Task Force and Resettlement Action Network (although UPDF is not a very active member in either due to differences in approach and time constraints).
- **Outreach and effectiveness:** UPDF has achieved significant scale and is currently working in 37 of the city's 74 wards. Of all the NGOs and CBOs DIG met with, UPDF is the most effective organization focused on changing public policies for the benefit of the urban poor and working in cooperation with government for greater impact. There is also considerable scope to expand its outreach across the city.

SAHMAKUM TEANG TNAUT (STT)

Founded in 2005 after the demise of the Urban Resource Center, STT is a local NGO working with urban poor communities in Phnom Penh. STT assists communities to develop their own ideas for development, giving technical assistance and management advice when required. STT also believes in the power of information and plays an important, if embryonic, role in the public policy debate by providing accurate information on Phnom Penh's low-income communities, evictions and relocation sites. Its mapping and comprehensive monitoring reports compile information generated by UPDF and others at the community level into a citywide information base for Phnom Penh's low-income communities. This information is powerful, although more effective dissemination to both the urban poor and policy makers could help realize its full impact.

- **Legal Status:** STT is a local NGO registered with the Ministry of the Interior.
- **Substantive areas of focus and current activities:**
 - **Community infrastructure:** STT provides technical assistance and support for small scale, community-based upgrading, ranging from mapping and surveying, to construction of clean water supply, wells, and sanitation.
 - **Housing Rights & Advocacy Unit:** STT supports community initiatives to prevent evictions and housing rights abuses, and advocates on behalf of communities to government and international bodies.

- **Research & Training Unit:** STT researches and documents informal settlements and trains young Cambodians to volunteer and get involved in these issues. STT has begun to set up a simple system of collecting media articles about land, eviction and other issues affecting urban dwellers, especially the poor. STT has a very proficient website and effectively communicates its efforts to international donors and activists. It uses Geographical Information Systems (GIS) mapping of resettlement sites that it feels could prove vital in future negotiations and agreements for land security. The mapping builds on but does not replace the community-made maps, as STT aims to complement them and provide greater accuracy.
- **Representation of Communities:** STT views its role as providing opportunities to strengthen communication and coordination among local communities. STT believes that how communities want to organize and how they protect themselves from evictions depends on the communities themselves.
- **Funding Sources and Funding Level:** Funding comes from Norwegian People's Aid, Borderlands (an Australian NGO), Interchurch Organization for Development Co-Operation (ICCO), Dutch and EU funds, and German Development Service (DED). STT's budget is small and it heavily depends on volunteers.
- **Operational Capacity:** STT is very small, with four full-time Cambodian staff and an advisor from Pakistan. STT is not interested in expanding its staff size. It aims, instead, to be an association with a small core team but a large number of contacts and volunteers working as associates. This means creating a pool of non-salaried volunteers linked with the organization and invited to assist with new initiatives or housing rights problems as they arise.
- **Impact on urban poverty public policy:** STT affects policy indirectly by compiling comprehensive information on low-income settlements and evictions and by using public and media pressure.
- **Capacity building goals:** It is unclear whether STT maintains a training budget. Most of its expressed capacity building needs revolve around strengthening its ability to provide better information to communities, NGOs and the public (for example, through GIS mapping and documenting forced evictions/media documentation).

- **Constraints:** Strategic leadership comes from international advisors (though senior local staff does seem to be strong).
- **Organizational development and strategic plans:** STT provides “low-key” interventions and deliberately aims to focus on small-scale and simple approaches to “catalyzing” projects within poor communities. STT advocates for settlements through research and debate, and tries to cooperate wherever possible with government policies, but it also brings rights issues and abuses to the attention of local and international media. STT plans to increase its focus on using the media for action.
- **Institutional partnerships:** Internationally, STT works with the Centre on Housing Rights and Evictions (COHRE), a group that also maintains Asian headquarters in Phnom Penh. STT works with other local NGOs and their land and housing rights networks, such as Housing Right Task Force (HRTF) and Resettlement Action Network (RAN), on emergency eviction issues in Phnom Penh.

D. Proposed Capacity Building Strategy

Urbanis will be most effective in Phnom Penh by addressing two complementary capacity building strategies with clearly defined goals:

- Concentrated capacity building for UPDF and targeted support for STT’s information activities.
- Supporting a strategic dialogue among NGOs working with the urban poor to strengthen their collective ability to affect government policies as well as the coherence of their dialogue and work in low-income communities.

1. CAPACITY BUILDING FOR UPDF:

UPDF is facing three strategic challenges:

- Strengthening its Cambodian leadership and expanding the capital base for its revolving loan and grant funds;
- Developing ward (Sangkat) plans for upgrading to create the grassroots political base for granting secure tenure to clearly-identified inner-city slums; and

- Determining how best to institutionalize its relationship with government in order to leverage government policy and budgetary support for city-wide upgrading.

Based on our findings, Urbis capacity building support can best help UPDF achieve these three goals:

- The first of these is the broadest. As stated by Somsook Boonyabancha, ACHR's Director, UPDF needs "systematic strengthening." UPDF works extremely well with communities and in setting up savings groups. However, its local leadership has requested assistance, as its back office and systems need to be strengthened to allow wider impact within its existing savings groups, to expand its reach to new urban poor communities, and to raise its capital funding base. Based on observations and discussions with UPDF, Urbis can assist it in achieving this goal by:
 - Improving its basic accounting and finance systems as well as loan and grant tracking systems, including accountability and cash management procedures.
 - Developing a human resources system, including job descriptions, formal salary structure, and training programs for professional development.
 - Strengthening its board of directors. Of the eight official members, only four are active. Consideration could be given to include the local representatives of future UPDF funders on the board.
 - Creating leadership and management training for UPDF's senior Cambodian staff. The Cambodian staff particularly needs strategic planning assistance from ACHR.
 - Developing the staff's communication and documentation skills for presentations with communities, donors, and government. This includes dealings with the local media, as well as basic presentation and computer skills.
 - Augmenting fund-raising skills and developing a strategy to target international donors, the Cambodian government, and the Cambodian private sector. This would include developing and strengthening skills in proposal writing, budget development, and presentation.

- Exploring other measures to increase UPDF’s revolving loan and grant funds by assisting with technical assistance (TA) for projections on potentially increasing interest rates, analysis and stronger enforcement of timely loan repayments, and strengthening UPDF’s ability to leverage private funds at the community level.

This support could come from a combination of DIG staff TA, a local accountant in Phnom Penh, and, potentially, a local Cambodian consultant based in UPDF.

- The second goal emerged in our discussions with UPDF leadership and the chairperson of UPDF’s board, the vice-governor (deputy mayor) of Phnom Penh. Supporting this goal is critical to both scaling-up and consolidating UPDF’s community-based upgrading by identifying sites where the authorities should grant secure tenure. It would involve mobilizing UPDF and other community leaders to conduct comprehensive community surveys of existing slum areas, and working with Sangkat leaders to jointly develop plans and secure their grassroots political support.

This will require limited but punctual, substantive TA to help frame the city-wide strategy, monitor its implementation, and overcome bottlenecks.

- The third goal also emerged out of our discussions with UPDF’s leadership and the chairperson of the board. The challenge is to determine how best to institutionalize UPDF and its relationship with the government. Both UPDF leadership and the chairperson of the board mentioned Thailand’s Community Organization Development Institute (CODI) as a possible model. CODI is responsible for carrying out Thailand’s nationwide slum upgrading program using a similar strategy in organizing communities and in mobilizing their contributions and the support of local authorities, but leveraged with large-scale budgetary support from the government of Thailand.

2. TARGETED CAPACITY BUILDING FOR STT’S INFORMATION ACTIVITIES

Urbis should sharply target and limit its support to strengthening STT’s capacity to develop and disseminate information on the conditions and development experience of all of Phnom Penh’s slums and low-income communities. To some degree, STT is doing this by drawing on UPDF’s community surveys and other sources, but as previously mentioned, this information needs to be made more accessible for use to both policy makers and the communities themselves.

3. STRATEGIC DIALOGUE WITH PHNOM PENH'S NGOs TO FACILITATE CITY-WIDE UPGRADING

Facilitating strategic dialogue would help NGOs and CBOs working with the urban poor in Phnom Penh collectively address the following three challenges:

- To hold government accountable to accept and protect low-income settlements in the city by providing its residents with secure tenure and support for upgrading their infrastructure and services.
- To ensure accountability for the resettlement rights for those communities that have been or will be resettled.
- To strengthen the ability of communities and CBOs to plan and invest in the upgrading of their housing and neighborhoods, and to negotiate with the authorities for their political and material support.

Organizations will not achieve these goals without greater coherence of effort among the key NGOs working with Phnom Penh's urban poor communities. While they all have different methodologies, particularly with regard to housing rights, they do have common goals, and the objective would be to support a strategic dialogue so that they could work together with communities and speak to the government with one voice.

E. Potential Challenges and Opportunities to Implementing Urbis in Phnom Penh

Overall, we believe that Phnom Penh will be a strong Urbis city. Potential challenges and opportunities for the program are as follows:

SNAPSHOT OF CHALLENGES

General for Phnom Penh:

- Rising value of land in Phnom Penh could increase pressure for more forced relocations.
- All authority falls under the prime minister, and local government staff have little influence over policies or ability to resist pressure from well-connected investors.

- The city needs large infrastructure investments, yet the Asian Development Bank is the only international financing institution currently investing in the city's trunk infrastructure.
- Despite the city's key role in driving the nation's economic growth and the continued migration of rural poor to Phnom Penh, Cambodia's donors, for the most part, have yet to focus on urban poverty reduction.
- Even though legislation provides land security for the urban poor, these laws are not strictly enforced. Therefore, it is unclear if advocacy for changes in enforcement will be effective.

Specific to NGOs:

- The tensions between NGOs may be too strong for sustained cooperation.
- It may be difficult to find highly qualified professional staff to assist Urbis or to work for UPDF.
- UPDF is expanding to other Cambodian urban centers, which could potentially dilute its focus or capacity in Phnom Penh.
- The aftermath of the general elections in July 2008 may see changes in the current governor and vice-governor of Phnom Penh. As the current vice-governor is chairman of UPDF's Board, his continued role would be unclear.
- UPDF's current administrative grant from Misereor International ended in December 2007. UPDF is applying for a new grant but this funding is still not secure.

SNAPSHOT OF OPPORTUNITIES

General for Phnom Penh:

- Due to the relatively small size of the city and its urban poor population (app. 450,000), and given that UPDF is already working in half of the city's 74 wards, Urbis has an opportunity to support the program's expansion city-wide.
- There will be a major flow of poor rural Cambodians moving to Phnom Penh in the coming years for economic opportunities, and Urbis support could help catalyze the engagement of at least some of Cambodia's major donors to focus on urban poverty reduction.

- Local and national government officials have shown active interest in participating in South-South learning exchanges accompanying representatives from urban poor communities.
- There is a strategic opportunity for Urbis, via these NGO partners, to assist the government in integrating the needs of the urban poor into their policies, plans and programs.

Specific to NGOs:

- ACHR is committed to strengthening UPDF and would welcome stronger local leadership.
- There is a proven and strong record of urban poor communities organizing themselves to improve their living conditions (for example, by establishing saving groups and coordinating with local government).
- May 2008 was the ten-year anniversary for UPDF, providing an opportunity for UPDF to lobby the prime minister for land security commitments linked to citywide slum upgrading.
- Phnom Penh has a strong mix of advocacy and service organizations focusing on urban problems. They all have different points of entry but they desire the same outcomes, specifically land security for the urban poor and onsite upgrading to improve living conditions and minimize the need for resettlement.

F. Conclusion

Phnom Penh's selection as a core city for Urbis rests on the following argument:

- One of Asia's poorest and fastest growing capital cities, Phnom Penh provides a unique opportunity for Urbis, as decades of war and the legacy of genocide have torn communities and the sense of "community" apart at many levels. Urbis can contribute to rebuilding the social fabric within Phnom Penh's poor neighborhoods.
- Phnom Penh's urban poor are the backbone of the nation's current rapid economic growth, but the city has yet to accommodate their basic needs and many of them face the threat of eviction.

- Civil society organizations in Phnom Penh have become effective advocates for the urban poor, who perceive their lack of secure tenure as an overriding threat to their livelihoods and well-being.
- UPDF in particular has strong relationships with communities and government authorities, and has been instrumental in pushing the plight of the urban poor onto the policy agenda.
- There is a remarkable alignment between Urbis’ learning goals and programmatic priorities and UPDF’s experience—accordingly, UPDF is receptive to strengthening its capacity in the areas identified by Urbis as key to the strategic growth and development of urban NGOs.
- UPDF meets all of the Urbis selection criteria and is truly an “urban innovator.” Thus, working with UPDF in Phnom Penh provides a significant learning opportunity regarding:
 - The linkages between UPDF’s community-level actions and its approach to advocacy, which effectively integrates the urban poor into the planning and development process.
 - UPDF’s methodology, programmatic and political capacity, which have been developed drawing on South-South learning largely facilitated by ACHR and modeled after Thailand’s unique, community-led, nationwide slum upgrading program (*Baan Mankong*) (CODI).

Phnom Penh currently suffers from a critical urban and housing policy vacuum, which led to the eviction of over 30,000 urban poor from the city-center last year alone. In taking up this challenge with all its risks, there is a real possibility that Urbis support to UPDF could lead to new commitments for secure tenure and to city-wide actions, and could successfully engage the city’s poor in the planning and upgrading of their communities.