

# Community Financing Programme is Helping Farmers Adapt to Climate Change.

**SIEM REAP:** A new financial savings group in Chea Sman village, Prasat Bakang district, is encouraging farmers to save money, invest in climate mitigation agricultural tactics, and increase their capital. The newly formed group from Mean Chey commune in Siem Reap has been selected as a case study to demonstrate successful programme development. Prasat Bakang is one district among five targeted districts in Siem Reap Province (SRP). The ongoing project supports district and commune officers by helping to mainstream and integrate *Climate Change Adaption* priorities into the sub-national investment programs. The primary aim of the project is to assist vulnerable rural Cambodians through the development of several different groups, including the Livelihood Improvement Groups (LIGs), Saving Groups (SGs), and Water User Groups (WUGs).

Most people in Chea Sman earn a living by farming, fixing fishing nets, fishing, or raising livestock (chickens, duck and cattle). In the past, farmers found it difficult to borrow money to support and sustain their rural livelihoods. To address this problem, the project *Strengthening Resilient Livelihoods (SRL)*, met with the Chea Sman community to assess whether they would be eligible for the implementation of a SG. An SG is comprised of 25-30 farmers, and members agree to save a certain amount each month to contribute to group capital. In addition, the project grants additional capital—at least a one-time payment of \$2,000—and the funds are dispersed among members. Essentially, the system works as a sort of community bank for farmers to access funds to buy new farming equipment, fertilizer, seeds, etc. Interest rates accumulate on borrowed funds, but they also heighten member capital. Therefore, farmers are encouraged to save more and pay down their debts faster.

Established on September 17<sup>th</sup>, 2018, the Chea Sman SG is comprised of 34 members, 97 percent of whom are women. The SG was implemented by CADTIS Consultant Co Ltd—a specialised service provider hired by SRL to provide extension services on climate resilient agricultural livelihood activities to farmer groups in Siem Reap and Kampong Thom.

After forming, the group contributed an initial capital of 10,000 riels per member. Group meetings take place on the first of every month, where updates are provided, and member fees are collected. As agreed upon by the group, the monthly interest rate is one percent and borrowers are required to pay down their interest on a monthly basis. Members are permitted to borrow between 200,000-600,000 riels at one time for a maximum of six months. They are required to pay off their loan before borrowing more money; however, a two-month grace period is provided for families who fall ill or suffer injury. Thus far, farmers are saving up to 10,062,000 riels, and 27 members have borrowed money from the group.

Forty-seven-year-old Eourn Sakhorn, and her husband 45-year-old Thlang Sokun, are both members of Chea Sman's SGs. In Siem Reap there are 11 SGs, with a total of 309 households (237 women representing 76.7%) claiming membership.

Mrs. Sakhorn was elected as a group leader. Being a group leader is quite challenging because sometimes it is difficult to gather members for the monthly meetings. Also, sometimes members are late on their payments and she must go to their homes to collect the fees.



Before the group formed, families used to borrow money from private money lenders and microfinanciers. High interest rates and expensive service fees were attached to these loans.

“Since the group formed, my family living condition has gradually improved and we are able to engage in a number of livelihood improvement activities, which help to promote food and income stability,” said Sakhorn.

“Being a group leader, I have raised some concerns, such as being afraid of making a mistake in doing reports. I’m also worried that some members won’t return all the money on time, or that some won’t participate in the monthly meetings,” added Sakhorn.

Despite her fears, Sakhorn was excited to talk about the progress the SG has made in her community.

“Even if the project ends, my group will not end here. I will lead the group and continue to save and support members with at least \$1,000 USD each,” concluded Sakhorn.

Borrowing money from the SG improves livelihoods by growing family businesses and developing agricultural initiatives, such as buying extra chickens for the farm or buying new fishing equipment.

Mrs. Sakhorn has shared her own experience, stating that since the project has started in her village, most families have improved their living condition and her family has improved too.

“My family is really happy to become a member of this saving group because I can borrow money with lower interest rates. Even though the capital from project is a bit small, it is helpful to villagers,” said Sakhorn.

“I used the money to enlarge livestock cages and buy extra chickens to raise. Since I started raising chickens, I can earn \$100 from selling chickens. I can support my kids at school, fill the land in my backyard, and if possible, I want to have a bigger cage and raise more chickens,” added Sakhorn.

Besides raising chickens, her family has also been busy with annual farming, home gardening, cattle raising, and work around her house (cook for foreign visitors at school).

Challenges are on the rise for farmers, as they are facing increasing temperatures between the dry season and heavy rains in the wet season. Heavy rains drown out livestock, whereas hot temperatures prevent healthy chicken hatchings. Sakhorn added that during this year’s dry season, she lost 50 chickens from hot weather.

