



European Union



*Poverty reduction among subsistence rice farmers through the promotion of sustainable livelihood systems*

## Successes of CEDAC in Promoting Local Capital Mobilization

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In order to address the poverty and food security issues of rice farmers in Takeo and Kamong Speu provinces, CEDAC has been implementing an agriculture and rural development project entitled **“Poverty Reduction among Subsistence Rice Farmers through the promotion of Sustainable Livelihood System” (PRS)**. The project, which is funded by the European Union (EU) through the Evangelischer Entwicklungsdienst (EED), began implementation on January 01, 2010 and will continue until December 31, 2010. As of October 2010, the project had covered 270 target villages across 25 communes in four districts (Samrong and Barti of Takeo province and Borseth and Kong Pisei of Kampong Speu province). The project closely cooperates with 1,350 farmer representatives, 134 school teachers, and 731 local authorities and other stakeholders. In total, there are around 22,880 families who have benefited from the project to date.

Promoting Village-based Savings Groups (VSG) is one of the major activities of the project. This activity supports Village-based Farmer Associations (VFA) in managing community-led savings and credit activities. By September 2010, the project had supported 533 saving groups with 11,992 members, including 7,468 women. Additionally, the total capital mobilized by all saving group members reached 6,823,262,100 KHR (equal to \$1,624,586 USD). These saving groups operate in 241 villages across 25 communes in all four of the project’s target district.



Picture 1: The saving group organizing monthly saving

Since the saving groups were established, CEDAC has noticed some positive changes in the villages, including: members and villagers are easily able to borrow money with low interest rates and save time; cooperating in savings groups leads to a reduction in the flow of money outside the villages; increase in unity among participants and establishment of a mutual help/trust through borrowing money from the groups; increase in opportunities for creating new businesses/jobs; increase in the implementation of technical innovations, such as System of Rice Intensification (SRI), chicken raising, etc; wide dissemination and information exchange of general and technical information during meetings; ability of villagers who have faced with health issues and natural disasters household including a collapsed home to receive help; and good cooperation in the constructing and rehabilitation of village roads and pipes, etc. Additionally, some members of the saving groups have enough money to send their children to schools of higher education such as university.

Overall, the local capital mobilization through the creation of the savings and credit groups does help farmers to change their lives, especially their perceptions, attitudes, ease with which they can borrow money with low interest rates, and ability to save time so that they can work on agricultural production and small business investments. Moreover, farmers have been responsible for taking action with other farmers to improve their own situations rather than waiting and depending on outside material assistance.