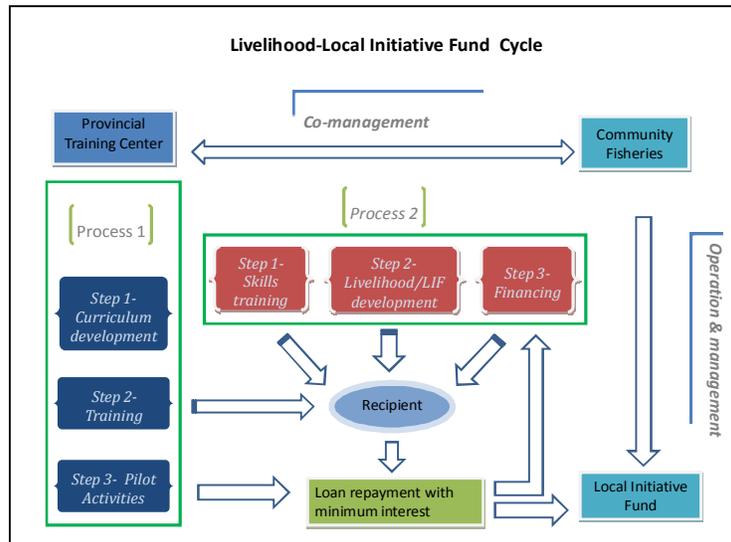


Local Initiative Fund: Financing livelihood activities in Coastal Cambodia

Background

The Local Initiative Fund (LIF) is both a mechanism and a tool for building capacity of local communities in Coastal Cambodia. It triggers their participation in the various resource management activities through financing their livelihood activities.

LIF provides safe and convenient savings and loan opportunities for poor and low-income households, who would have no opportunity to access financing for their small-scale businesses in rural areas. It enables these groups to sustain their livelihood activities. Along with the implementation of livelihood activities, the LIF was integrated as a mechanism to support the local community's activities to improve their quality of life. It is not a separate micro-financing activity on its own but linked to livelihood development and capacity-building.



CORIN-Asia, together with other local institutional partners, have gone beyond traditional approaches to micro-financing by introducing the Local Initiative Fund, which provides a greater range of services for villagers and creates a stronger financial infrastructure that once only existed for middle class citizens through established banks.

LIF Process

A necessary component of livelihood activities implemented by WAP local partners, facilitated by CORIN-Asia, is the creation of LIF from which livelihood groups draw funds for activities. The fund is seeded by them with support from the Wetlands Alliance Program (WAP). It is managed by the community themselves.

The process of establishment of the fund include the following: (i) creation of a livelihood group; (ii) capital build-up for the livelihood group from their individual contributions; (iii) setting up a micro-credit and savings system for its members; and, (iv) establishment of production and marketing facilities to improve livelihood of local communities. The WAP local partners are backstopping the LIF by monitoring the livelihood groups and ensuring that practice supports the objective.

Guidelines and regulations for LIF implementation including mechanisms for saving and micro-credit were developed within each livelihood group.

LIF implemented in Cambodia

In Coastal Cambodia, declining fish catch has prompted fishermen to find alternative sources of livelihood. Through consultation with community fisheries, CORIN-Asia and Wetlands Alliance has supported crab bank as a resource management tool and as an alternative livelihood. Crab banks were

piloted in Kep Thmei and Kdat, Kampot in the first half of 2008. CORIN-Asia provided the necessary assistance to community fisheries in undertaking their activities, which include crab bank construction, organizing a steering committee within the community, creation of by-laws and regulations for membership and determining suitability of the area for crab production. The LIF was used as a tool to support crab bank activities in terms of fund management, benefit-sharing and ensuring sustainability of their livelihood. Positive results of crab bank in Kampot were further replicated in Kep and Koh Kong province.



Aside from crab bank, LIF's were also established to support other livelihood activities in the area such as small engine repair, integrated farming, fiberglass boat-coating, batik painting, and sewing, among others. These activities are linked to existing government system and programs. LIF was also established in Koh Kapik, Koh Kong province to support shrimp paste processing association, which is being managed by the local community. They have established mechanisms to facilitate working in groups, sharing of technical information, market communication, product development, and micro-credit system at the local level.

In order to build capacities of the community, Kampot Provincial Training Center (PTC) provided a skills training for LIF management, in collaboration with the Cambodia-India Entrepreneurship Development Center (CIEDC). The training provided skills on budget management, book keeping and accounting, and micro-credit management to CFi committees from Kampot and Koh Kong.

Results

Results showed an increasing number of fishermen joining the livelihood groups, and more members are involved and deriving benefits from the LIF. In addition to financing livelihood activities, the fund has also contributed to social development and indigent needs in the area, e.g. contributed to poor fishermen who encountered fishing accidents, among others. LIF groups testified that they have seen the difference between previous micro-credit practices and the current mechanisms and strategies of the new LIF approach, in terms of livelihood development. Community members mentioned that their skills and capacity in LIF management have improved, enabling them to respond to issues pertaining to the implementation of their livelihood activities.

The establishment of the LIF has supported the policy of Cambodia's Fisheries Administration (FiA) and other policy-makers in relation to fisheries resource management and poverty reduction initiatives. To date, LIF has already developed and improved the livelihood of marginal and poor groups who often gain less attention from society. Activities are currently being maintained while waiting for additional funding.

For more information please contact:

Mr. Khov Kuong

CORIN-Asia Cambodia

8C, Tuol Sangke, Reussey Keo, Phnom Penh, Cambodia

Tel.: +855-12211-655

Email: kuong.k@corin-asia.org

Website: <http://www.corin-asia.org>

Dr. Somsak Boromthararat

CORIN-Asia Secretariat

AIT, Khlong Luang., Pathumthani, Thailand

Tel.: +66818404720, +66-2-524-6644

Email: secretariat@corin-asia.org

somsak.b@corin-asia.org