Abstract: Saving for Change (SfC) Baseline Assessment

With the wide income disparity between the haves and have-nots in Cambodia, most rural dwellers are unfortunately situated at the strata where access to financial resources from banks and other formal financial services to leverage financial dearth is almost impossible. The poorest of the poor generally lacks education and have neither stable income nor possessions to secure their borrowings, hence, they remain deprived of any means to edge their way to ameliorate life. Saving for Change (SfC) is a new intervention to help these piteous groups heave themselves from the quagmire of perpetual impoverishment.

This baseline assessment prepares the implementation of Saving for Change (SfC) - a new approach in addressing poverty and health. The study locale was confined in 2 Operational Districts of P.Net Preah and Tbeng Meanchevy covering 24 Health Centers and 240 villages. A total of 412 villagers were made respondents of this study. There were 166 males and 246 females. They were young adults, majority were married, with 5-6 family members and have attained primary education. Family income is relatively low despite having 2-3 members earning for the family. Sources of income were rice farming, animal raising and working as farm laborer.

Women were found to be dependable income providers of the family who made significant contribution to the total household earnings. The respondents have the propensity to save despite their meager income. In terms of assets and material well-being, more than half of them have small savings which they kept in their house. Majority of the respondents were not considered extremely poor as they own a house and have small piece of land for subsistence farming. They also own basic durable goods, crops and livestock. There were, however, few respondents who neither possess any durable goods nor a piece of land to farm.

Borrowing money was common among the respondents. The ACLEDA bank, relatives and friends, and private lenders were their common sources of credit. They borrowed funds not only to finance farm expenses, gardening, and purchase of animals, but also to pay for medical expenses and to buy food for the family. Majority of those who borrowed money from private lenders have existing debts which they cannot pay.
Although majority indicated that they have no problem in accessing any credit, some respondents find it difficult to comply with some conditions of borrowing like filing of legal documents, property mortgage, and applying for a loan in group. Other common problem indicated was the unwillingness of the lender to extend loan for fear that the borrower cannot pay.

Rice shortage and lack of food were widespread among the respondents especially during the months when rice planting is over and leading up to the harvest season. Access to health messages, to clean water, and to sanitation facilities was very low. Incidence of illness among the respondents and among their family members was significantly high. Family health expenditure was appalling and has claimed a considerable slice of their loan proceeds.

In times of emergency treatment, most of them borrowed money from private lenders who charged them exorbitant interest amount; others sold their rice, or even sold their land. Borrowing money at high interest rates or selling property to buy food and medicines tend to endlessly trap the poor in powerlessness and economic hard-luck. Extreme need for money has blinded the poor from realizing that borrowing from loan sharks could often do them more harm than good.

Lack of money, preference to save at home, and dislike of being involved with other people were the identified constraints to group membership. This is indicative of some attitudes that counter the tenet of Saving for Change scheme which has to be addressed by the SfC implementers.

The awareness level of the people about Saving for Change (SfC) project was very low. Despite this low awareness, more than half of the respondents indicated that they are interested in joining the SfC project. With Saving for Change, they expect to have money to start small business, to earn some interest from their money and to help each other in the community. More than half of the respondents also reported that they have business idea that they cannot implement because of lack of capital.

RACHA SfC would be a probable mechanism to address both poor health and poverty at the grassroots. The savings group members are potential channels of health messages in the community. It will afford the poor people in the villages, particularly women, to have a forum in which they may address their problems. This will enable them to recognize the power of unity and hope in bonded arms. Only the poor can truly understand the needs of the poor and remedy their common plight by mutual support. Saving for Change SfC is expectantly one of the community-based antidotes to extreme poverty germane to the resource-scarce situation in rural Cambodia.

Disclaimer
This study is made possible by the generous support of Bill & Melinda Gates Foundation through OXFAM America- Cambodia and the American people through the United States Agency for International Development (USAID). The contents are the responsibility of RACHA and do not necessarily reflect the views of USAID or the United States Government.