I. COMMUNITIES DEVELOPING FEDERATIONS

In a growing number of countries, federations formed by groups of the urban poor are demonstrating new ways of developing programmes that are transforming the lives of thousands of their member households. They have done so at a unit-cost that is far lower than the conventional programmes of governments or international agencies. Many of their initiatives also recover costs, with the money returned to fund further community-level programmes. The federations also arrange exchange visits between cities, both nationally and internationally (through which the longer-established federations have helped set up new federations).

II. COMMUNITY SAVINGS AND LOANS; THE GLUE

Community savings and loans schemes draw people together. Women in particular are drawn to such groups as savings and lending are quick, simple and related to their daily needs. The savings groups reduce their individual vulnerability by providing an immediate lending facility that is easily accessed. They strengthen community processes which help their members address other key issues such as developing plans for housing and negotiating with external agencies for land, infrastructure and services. Savings groups also allow people in low-income communities to develop their strengths gradually, through making collective decisions. From managing savings to influencing policies and priorities of international agencies through their own international organization, Slum/Shack Dwellers International.
Savings groups, working together, form stronger social organizations. Experience in several Asian and African nations shows that savings and loans groups that are supported to learn from each other through community exchanges develop networks, creating stronger, larger groupings of the urban poor. Larger groupings are valuable in negotiations with governments. Since the urban groups and their organizations can demonstrate cheaper, more effective ways of addressing problems of housing and lack of infrastructure and services – problems that are generally the responsibility of local government agencies – there is huge potential for collaboration with local government.

Savings groups often develop new livelihood opportunities. The skills and capacities that savings groups acquire can help them make use of existing, mainly market-based, opportunities for development. For example, in Thailand, local networks of women seamstresses are winning school uniform contracts, which provides them with regular paid employment. In Zimbabwe, stallholders in Harare’s main market have found a way to manage a small revolving fund, enabling members to access scarce investment capital. In Mumbai and Pune, community federations have successfully been contracted by local authorities to construct community toilets.

Savings from community-based savings groups have local multiplier effects. When money goes into community savings, it circulates many times – helping build houses and start small businesses; helping people in crisis; paying school fees and doctor’s bills – generating more assets and options for people’s future. When development comes from people’s savings, it is their development, they own it and use it very carefully. Experience from different federations suggests that a dollar in community savings has hundreds of times the development impact of a dollar of external funding.

Savings provide bridges to formal systems. Community savings and loans provide a bridge between the informal systems from which most of the poor draw their living and formal political and financial systems, thus reducing their exclusion from these formal systems.

From risk limitation to development. Community-based savings schemes that began as a form of

Thus, savings groups provide a way of strengthening local groups’ capacities and of deepening members’ participation. When low-income people invest their scarce funds in savings groups, their active participation is encouraged. In many of the federations listed in Box 1, each member of a savings group deposits a small sum every day in the group’s savings. Daily savings establishes strong social bonds between neighbours, making it more difficult for leaders to dominate local activities and helping savers to understand and empathize with each other’s needs.

Five characteristics of the savings groups need emphasis:

- **Savings groups, working together, form stronger social organizations.**
- **Savings groups often develop new livelihood opportunities.**
- **Savings from community-based savings groups have local multiplier effects.**
- **Savings provide bridges to formal systems.**
- **From risk limitation to development.**

Collectively, they learn how to manage their own collective resource base and how to relate to external systems with greater financial strengths.
III. FROM SAVINGS TO HOUSING

IN MOST CITIES, the only possibility for low-income households to acquire good quality housing is to organize its construction themselves. But doing so is a long and complex process, involving negotiations with many different agencies. To succeed, they have to find a suitable land site that they can afford and, in most instances, they have to occupy this land illegally or purchase an illegal sub-division because legal plots are too expensive. To obtain infrastructure and services, they need to negotiate with government agencies, and the agencies that are responsible for such provision often refuse to provide it to sites that are illegally occupied or sub-divided. So the occupiers need to negotiate for tenure and, even if successful, this generally takes many years. The inhabitants usually have to take responsibility for plot registration, site development, managing the installation of infrastructure and the provision of services, the negotiation of loan finance, . . . . Savings groups make this complex process much cheaper per house and per household. They become the management process through which affordable housing can be obtained – as can be seen in the homes and neighbourhoods that have been developed by community savings groups in South Africa, India, Thailand, Cambodia and Zimbabwe.

Housing exhibitions: Many urban poor groups use housing exhibitions to demonstrate their capability to build better and cheaper housing than governments and international agencies (or the contractors they commission). House designs are developed collectively: first, different households develop house models and discuss them; then a consensus is reached as to the most appropriate designs; then full-size models are built together (for instance, using wooden frames with cloth to show where walls would be) and again they are discussed and adjusted. The full-size models are then displayed as examples of what savings groups can build – to be shown both to other urban poor groups and to politicians, civil servants and staff from donor agencies – and they are often accompanied by detailed costings, showing what each unit will cost to build. The model houses illustrate feasible ideas, backed up with resources and many people (which is especially important where governments or donors view poor people as having no ideas or skills and when politicians are coming up for re-election). One model house exhibition in Payatas (the Philippines) attracted 15,000 people. When the secretary of the government agency (the Housing and Urban Development Coordinating Council) was invited to see this model house, she was afraid she would face angry crowds and student demands. Instead, she was welcomed with presentations of detailed land acquisition and house-building strategies which urban poor communities had worked out themselves. The model house exhibition made clear how urban poor groups could build more cheaply than official agencies. In the Philippines, it costs the government 250,000 pesos to build a 22-square metre dwelling house exhibition made clear how urban poor groups could build more cheaply than official agencies. In the Philippines, it costs the government 250,000 pesos to build a 22-square metre dwelling in a relocation colony; the Philippines Homeless People’s Federation can build a dwelling twice this size for 60,000 pesos. The Federation can also install roads, drainage, electricity and water supply for 50-100 pesos per square metre compared to the 550 pesos per square metre charged by developers.

IV. FEDERATING AND GOING TO SCALE

Keeping savings groups democratic: The groups that make up the urban poor federations try to avoid the tendency of grassroots organizations to be neither democratic nor progressive. Too many civil society organizations are dominated by personal interests and/or by political dictates. Such tendencies are not inherent in community organizations but reflect past experiences and on-going politics both inside and outside grassroots organizations. There is a further problem generated by external funded projects, whereby the community organization is created for the project but dissolved when the project is over.

Sharing experiences; building federations: Strong local organizations provide the foundations for a broader social movement able to press government institutions (and other powerful organizations) into redressing the injustice and discrimination that the poor experience, and to secure some redistribution of resources (especially land and provision for water, sanitation, drainage and basic services). The savings groups acquire more political significance as they work together, sharing experiences, learning from each other and, finally, networking (or federating).

Community-to-community exchanges: One of the earliest examples of groups coming together was the National Slum Dwellers Federation in India, working with cooperatives formed by women pavement dwellers and the local NGO, SPARC. SPARC began supporting exchange visits between community organizers in 1988 and such exchanges have become commonplace in all the federations. This was not an exchange of professional staff but of, for instance, the women among groups...
of pavement dwellers who managed their local savings and credit schemes. Exchanges work when people who want to learn share their experiences with others facing similar problems or seeking to implement similar initiatives. Community members exchange ideas not only about what they do but also about the strategies that they found useful in negotiating with government and other external agencies.

Community exchanges:
• increase the confidence of community organizers as they see what others achieve and reflect on their own achievements;
• support the acquisition of skills (for instance, in building, in building design, in the use of materials, and in other aspects important for reducing deprivation);
• enable learning both from those who listen and from those who present (elaborating on one’s experience helps one draw lessons from it; the exchange of experience about tactics and strategies with governments helps all groups learn how to negotiate – for instance, to access land for housing more quickly or to avoid eviction);
• improve relations with other groups (particularly government agencies);
• build solidarity between different groups within a city, which helps them work together to negotiate with a higher level of government and not compete with each other for external resources (and stop government playing one community off against another);
• spread a greater sense of equality; the sharing of ideas puts in place building blocks for a movement of the urban poor. A breakthrough in one city belongs to the whole federation and one city’s struggle becomes a learning opportunity for groups in other cities.

International exchanges: Although most community exchanges are local (between groups within a city) or regional (inter-city), an international dimension has developed. The visits by community organizers from India were important in helping develop the South African Homeless People’s Federation, while community organizers from the South African Federation have helped develop community initiatives and federations in Zimbabwe and Namibia. The Asian Coalition for Housing Rights has helped support new federations through exchange visits. International exchanges have also proved useful because they attract the attention of politicians and civil servants and draw them into discussions about the goals and the work being undertaken.

Federating: Exchanges build national federations. This federating or networking addresses the isolation of civil society organizations. It is isolation that makes them too weak to negotiate successfully with government – and also makes it easy for a leader to dominate, for mis-information to be commonplace and for groups to give up when their negotiations with government authorities for land or services are unsuccessful. Governments find it easier to ignore the demands of individual isolated communities; it is much more difficult to do so when dozens of community organizations are making their demands through their own federations.

Setting precedents to influence policies: The federations use projects that they have implemented as precedents. This is “show and tell”: government officials or donors are shown the public toilet that the community has designed, built and are successfully managing; or the housing development with several dozen houses, based on a collectively developed house design, which is far cheaper and of better quality than those built by public agencies or private contractors. This provides a way of negotiating between the legalities of the formal government and the illegal arrangements to which the poor resort – so the (often illegal) ways through which the poor develop their livelihoods, homes and neighbourhoods become legitimate precedents. Getting government or donor support for a project which then demonstrates its effectiveness provides the basis for negotiating support for further projects and for changing policies (so new “legal” solutions are developed on the poor’s own terms). It also protects all forms of grassroots activism from the risk that the needs of the funders will obliterate the needs of the poor.

The politics of patience: All the federations give a central place to negotiation and consensus-building. They avoid being co-opted by political parties and place emphasis on compromise, negotiation and long-term pressure rather than on confrontation. This makes sense in cities where housing and associated entitlements are entangled in an immensely complicated web of projects, procedures, legislative precedents and administrative codes that can be interpreted differently and enforced unevenly.

Community-generated knowledge base: Many federations use the innovation pioneered by the Alliance of SPARC-Mahila Milan-National Slum Dwellers Federation in India of generating the information base about “the poor” that governments and international agencies need and often cannot obtain. Modern government structures use censuses and household surveys as the information base for many policies but most lack information about informal settlements, even though it is common for such settlements to comprise 30-50 per cent of a city’s population. Federations undertake their own “shack” or “slum” surveys and maps. These provide a powerful information base for action and for dealings with external agencies. Undertaking these surveys also allows federation members
to talk to residents and learn about their priorities. Community organizers and staff from support NGOs walk through the settlements, talking to each household while mapping houses and other settlement features. They also talk about what they are doing and the surveys often stimulate the formation of many new savings groups.

V. INTERNATIONAL SUPPORT

OFFICIAL AID AGENCIES and multilateral development banks were never set up to support the organizations formed by the urban (or rural) poor. They were set up on the assumption that “development” would be achieved through capital and technical assistance channelled through national governments. Most have recognized the limitations of this model and the need to support civil society organizations directly. However, only a very small proportion of development assistance goes this way, and most of this is channelled through international or local NGOs. All official agencies face serious political and institutional constraints on their capacity to support the programmes and innovations of urban poor groups and their federations. Yet, unless they develop ways of doing so, it is difficult to see how they can achieve the targets they have set themselves for reducing poverty.

VI. FORMING SHACK/SLUM DWELLERS INTERNATIONAL (SDI)

EVEN SUCCESSFUL NATIONAL federations have little power to influence the policies and priorities of large, international aid agencies and development banks. The urban poor federations and the local NGOs that work with them formed their own international organization in 1996 – Shack/Slum Dwellers International (SDI) – which grew out of the international exchanges between national federations. It is sustained by a shared vision of grassroots development, of strong need-centred representative organizations of the urban poor that have the capacity to use local resources to create new development options and the capacity to negotiate with government institutions. SDI’s formation reflects an acknowledgement of the many potential benefits that global activities can offer the urban poor.

- International exchanges enable achievements in one country to catalyze changes in approach in another, through exposing community leaders, professionals and state officials to practical examples of how it can be done.
- Formalized international links offer an opportunity for coordinated lobbying of development assistance agencies whose policies and programmes in Southern cities often impact negatively on those who are most in need of support.
- An international organization provides opportunities for channelling financial support from stronger groups to those who are less strong in order to maximize learning and success.

An increasing number of international agencies are seeking to work with Slum/Shack Dwellers International, including the Cities Alliance (a joint venture of the World Bank, the UN Centre for Human Settlements and the largest official bilateral agencies). The challenge for these agencies lies in whether they can modify their funding and support structures in ways that support the grassroots activities that are the foundations for the federations and for SDI itself.

VII. DEVELOPING DEEP DEMOCRACY

THIS BRIEF HAS highlighted the many benefits to the urban poor of the work of their own community groups and broader federations. The work of the federations to date suggests that once mobilized and empowered, the poor themselves can reduce poverty more effectively than the market, the state or international donors. But none of the federations’ achievements came easily and every gain had to be negotiated – often over many years. Many were contested. Many of the federations’ initiatives were hampered or destroyed by governments. Democratic, local, autonomous processes are in continual danger of being undermined by the broader society and economy in which they are located. This is particularly true when urban poor groups seek to acquire urban land, a highly contested sphere of market activity in which the gains from acquisition can be very large for rich and poor alike. In addition, it is no coincidence that the federations that have had the greatest impacts are in countries with democratic governments. Although democracy provides little guarantee that poorer groups’ needs will be addressed, it does provide greater possibilities for poor groups to organize and to influence governments. To be able to scale up the impact of their work, federations also need local governments that are prepared to work with them. In South Africa, the scale of the impact of the Homeless People’s Federation in different cities is strongly linked to the willingness of local and provincial authorities to work with them.

Subsidized solutions are often necessary. Although there are hundreds of remarkable projects...
implemented by the groups that make up the different federations, in which all or nearly all of the costs were recovered, it is misleading to think that the needs of the households with the lowest incomes and the least assets can always be met through non-subsidized solutions. This is especially so in cities because one of their characteristics is that access to virtually all goods and services is highly commercialized. What the experience with the federations shows is how much can be achieved with modest support from governments and international agencies who are prepared to work with and support the priorities and pace of the different federations. Individually and collectively, these federations “...seek to demonstrate to governments (local, regional, national) and international agencies that urban poor groups are more capable than they are at poverty reduction. They also provide those agencies with strong community-based partners through which to do so. They are or can be instruments of deep democracy, rooted in local context and able to mediate globalizing forces in ways that benefit the poor. In doing so, both with nations and globally, they are seeking to redefine what governance and governability mean.”[16]

16. See the paper by Arjun Appadurai listed below.

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