

TREATING PEOPLE AND COMMUNITIES AS ASSETS

THE ROLE OF URBAN GRASSROOTS ORGANIZATIONS AND THEIR NATIONAL FEDERATIONS IN REDUCING POVERTY AND ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS

Celine d’Cruz and David Satterthwaite

Introduction

This article¹ is about the current and potential role of what the United Nations terms “slum dwellers”² and their own organizations, in achieving significant improvements in their lives and thus in contributing to Target 11 of the Millennium Development Goals (to achieve significant improvements in the lives of at least 100 million slum dwellers by 2020). This article is also about the role of these federations in reducing poverty. The work of the urban poor and homeless federations in Asia and Africa is perhaps the most significant initiative today in these regions in addressing urban poverty – both in terms of what they have achieved and in terms of what they can achieve, given appropriate financial and administrative support.

In at least 12 nations, these federations are engaged in many community-driven initiatives to upgrade slums and squatter settlements, to develop new housing that low-income households can afford, and to improve provision for infrastructure and services (including water, sanitation, and drainage). They also are supporting their members to develop more stable livelihoods, and working with governments to show how city redevelopment can avoid evictions and minimize relocations. Comparable federations are expanding in other nations. Many city governments, along with some national governments and international agencies, have supported these community-driven approaches, increasing the scope of what is possible.

The foundations for these federations are thousands of savings groups formed and managed by urban poor groups. Women are particularly attracted to these groups because they provide emergency credit quickly and easily; their savings also can accumulate and help fund housing improvements or employment generation. These savings groups are the building blocks of what begins as a local process and develops into citywide and national federations. These groups not only manage savings and credit efficiently, but their collective management of money and the trust it builds within each group increases their capacity to work together on housing and related initiatives.

Federations of the Urban Poor and Their Support Organizations

Table 1 lists the main urban poor or homeless federations and summarizes the work in which they are engaged. These organizations are formed by those who live in illegal and informal settlements, tenements, cheap boarding houses, backyard shacks, and on pavements. Most of these groups are supported by mainstream non-governmental organizations (NGOs). Regarding evidence of their importance, the two most obvious aspects are the scale and scope of their projects and programs within nations, and the links between the various groups – the ways in which they have supported and are supporting each other in a transnational movement that is active in over 20 nations.

Table 1: Details of the federations, their support NGOs, and their funds

Federation	Year founded	Number of members	Support NGO/ federation-managed funds
INDIA: National Slum Dwellers Federation and Mahila Milan	1974 and 1986	2 million plus	SPARC (1984) Community-Led Infrastructure Finance Facility (CLIFF)
SOUTH AFRICA: uMfelanda Wonye (South African Homeless People's Federation)	1991	c. 100,000*	Community Managed Resource Center The uTshani Fund (for housing), Inqolobane (The Granary) funds for employment/micro enterprise
ZIMBABWE: The Zimbabwe Homeless People's Federation	1993	c. 45,000*	Dialogue on Shelter Gungano Fund
NAMIBIA: Shack Dwellers Federation of Namibia	1992	13,000	Namibian Housing Action Group (1997) Twahangana Fund (for land, services and income generation) with state funds for housing (Build Together Program)
KENYA: Muungano wa Wanvijiji	2000	c. 25,000	Pamoja Trust (2000) Akiba Mashinani Trust
MALAWI: Malawi federation	2003	20,000	CCODE – Center for Community Organization and Development Mchenga Urban Poor Fund
SWAZILAND	2001		Peoples Dialogue, Swaziland
THAILAND: Various regional and city-based federations	1990	Thousands of savings groups	CODI – fund set up by the government of Thailand
PHILIPPINES: Philippines Homeless People's Federation	2003	50,000	Vincentian Missionaries Social Development Foundation Inc (VMSDFI) Urban Poor Development Fund
SRI LANKA: Women's Development Bank	1998	31,000	JANARULAKA Women's Development Bank Federation
CAMBODIA: Squatter and Urban Poor Federation	1994	Active in 200 slums	Asian Coalition for Housing Rights Urban Poor Development Fund
NEPAL: Nepal Mahila Ekta Samaj and Nepal Mahila Ekata Samaj (women's federation of savings groups)	1998		LUMANTI Nepal Urban Poor Fund
<p>A federation is also forming in Zambia, and savings groups that have the potential to form federations are being set up in many other nations, including Uganda, Ghana, Lesotho, Tanzania, and Madagascar. There is also interest in the urban poor federation model in several other nations, including several Latin American nations.</p> <p>* These are both maximum figures. Not surprisingly, activities in Zimbabwe have slowed considerably in the present climate. The South African Federation has been facing particular challenges in recent years, and membership has fallen.</p>			

Concerning the scale of their work, these federations are not small, isolated examples. Many of the federations have large-scale programs, including some that have improved housing or access to basic services for hundreds of thousands or even millions of people. The federations also work together to support each other – from community to community within cities, from city to city within nations, and internationally. During the past decade, they have formed a transnational movement of the urban poor and homeless, with millions of member households, to support the development of representative organizations of the urban poor in many other nations and to actively lobby international agencies for changes that will bring more resources for all such federations.

Many of the federations have changed the policies and programs of local and national governments with regard to slums, making public policies more “pro-poor.” Some have changed national policies towards being more supportive of urban poor organizations. In two nations, Cambodia and Thailand, the urban poor organizations and federations have negotiated very large-scale and ambitious government programs that work with them “to significantly improve the lives of slum dwellers.” In India, the federations have changed the way urban and national governments finance improved provision for toilets and washing facilities for slum dwellers. They also have influenced other changes, such as community management for resettlement programs and slum upgrading, which have had significant impact on a national scale. In many nations, including Namibia, Zimbabwe, South Africa, and the Philippines, the federations have changed the ways in which some city governments work with land and infrastructure, bringing many benefits to poorer households. And all of the federations are seeking to change how resettlements are planned, including putting those who are to be resettled at the center of decisions about where the resettlement will be and how it will be organized.

For those who believe that civic participation is important, including the participation of the poorest groups and other groups facing discrimination, including women, the federations and the community organizations that make up these federations have set very high standards for participation and inclusion, and of community organizations’ accountability to their members. Community-managed savings and credit groups are the foundations of the federations. Membership is open to everyone, and is realized through becoming part of the savings schemes and being involved in other community activities. Perhaps as critically, the federations have also redefined their participation with other stakeholders, by negotiating the right to influence the form that their participation takes. In some instances, politicians have claimed that the federations are “unfair” because they are seeking to “jump the queue” in getting land for housing. But membership in the federations is open to all, and the federations and their local member organizations also seek to work with all political parties. This can pose serious problems for federations, as politicians and local political activists see the federations as a threat to their power base, or will not support them because they are not explicitly supporting their party.

Most federation programs are far less costly than conventional government programs, and many of them also include significant levels of cost-recovery. This has very significant implications for the scale of what is possible with limited funding.

The work of the federations is not to “replace” government or work outside government, but to make government more effective. Urban poor groups that are independent of government sometimes are criticized for not helping to address the multiple structural constraints that “bad,” “weak,” or “insolvent” governments create for achieving the Millennium Development Goals, including governments that do not have a political commitment to significantly improving the lives of slum dwellers. But this is not a valid criticism of the federations, because they all seek to work with government agencies and promote “better” governance. Setting precedents to demonstrate to governments the possibilities of working with the federations is a central part of the federations’ strategy for change. Thus, the work of the federations is entirely compatible with other important reforms, including goals and commitments by national and local governments to reaching MDG Target 11. Indeed, it is difficult to see how “good governance” is possible within urban areas without representative organizations of the urban poor, ensuring voice and influence for the 20-50 percent of the urban population that is low income.

Three other points need stressing:

1. *The contribution of each federation and their savings groups to the daily lives of federation members, which are not recorded as “tangible projects”.* Examples include the short-term, quick-disbursing small emergency loans managed by the community savings groups that are at the core of these federations, the relationships developed by federation members and their families with each other and with other community groups, the increased possibilities for individuals (especially women) to be involved in community discussions and activities, and the ways that community organizations (which are the foundation of the federations) manage things on a routine basis, such as resident committees, conflict

resolvers, facility managers, emergency support providers... . The help that savings group members give each other is a vital element of the federations' overall effectiveness.

2. *The possibilities that the federations provide for the urban poor and homeless to learn and teach.* These educational experiences involve learning about innovations undertaken by other groups and telling other groups about their innovations. Most of this teaching and learning is through exchange visits between savings groups in a nation or city. However, international exchange visits have also been very important for showing urban poor groups in other nations new possibilities, and bringing the experiences of these poor groups into the federations.

3. *Beneficial changes in the urban poor's relationships with government agencies and other external institutions.* Such changes have occurred not only in the conduct of official agencies responsible for housing, but also regarding relationships with police, schools, health centers, shops, politicians, other NGOs, and municipal authorities or private utilities providing water, sanitation, garbage collection, and electricity. Most of these changes are not easily measured, although they contribute much to the tangible success of projects. Improving relationships with external groups includes partnerships developed with city governments and national governments that change the way in which these governments relate to the urban poor.

Women have central roles in all of the federations – both at their base (since the foundation of all the federations are thousands of community-managed savings groups) and in their leadership. All the federations strive to ensure that the poorest individuals and households are included in their organizations and their work. And, perhaps unusually for grassroots federations, all recognize that they must work with local governments, because moving up to large-scale activities is extremely difficult without local government support. In addition, the federations know that partnership with governments must be on the basis of what the federations themselves design and develop, not what governments or other professional bodies plan to build for them. Many of these federations have been working for more than 10 years. In India, they have been working for over two decades and now have a project portfolio worth tens of millions of US dollars.

Thus, it is puzzling to find that these federations are invisible to most international aid agencies and multilateral development banks. They also have been ignored by most academics and development professionals – for instance, they rarely feature in the large and growing literature on new social movements. The reasons for this deserve some consideration. The way the federations interact with the governments, including their combination of autonomous organization (to give them strength and demonstrate what can be done), putting pressure on governments (including protests, but seeking constructive partnerships), avoidance of alignment with political parties, and engagement with governments on issues of infrastructure, services, and citizen rights falls outside conventional categories generally utilized in discussing urban social movements. So too do the tools and methods used by federations. Their transnational engagement (savings groups and federations in one nation actively support those in other countries) and what might be characterized as their unconventional means of addressing domestic issues such as housing and basic services gives them a different character than most other international social movements or networks. The National Slum Dwellers Federation in India originally had a more “conventional” focus – of protest, especially fighting evictions – but consciously moved to its present position of demonstrating to governments what they should do in partnership with its members, particularly in alliance with women slum and pavement dwellers' savings cooperatives like Mahila Milan. The federations cannot be seen as “anti-globalization”, yet they have played important roles in getting better deals for low-income groups in cities such as Bangkok, Mumbai, and Phnom Penh, where housing and land markets and pressures to evict those living in centrally located informal settlements are strongly influenced by the effects of corporate globalization on government policies.

Perhaps one reason why the work of these federations has received little attention is that they focus on housing issues in urban areas, since both “housing” and “urban” are relatively unpopular with many policy analysts and policy makers. But these federations focus on housing issues for sound strategic reasons: it enables them to obtain immediate and vital physical, economic, and social benefits. In addition, working

on housing is an entry point for renegotiating relationships with governments. As these relationships improve other aspects also can be addressed – including land tenure, water and sanitation, the rule of law, and political inclusion.

The Federations in Africa and Their Housing Activities

Federation-based activities have grown rapidly in Africa since the early 1990s. The oldest federation in the region, the South African Homeless People's Federation (which named itself uMfelanda Wonye meaning, literally, "we die together") is a national network active in all nine of South Africa's provinces. It includes 1,500 autonomous savings and credit groups whose size ranges from a minimum of 15 to a maximum of more than 500 members. It has an active membership in some 700 informal settlements, 100 backyard shack areas (households living in backyard shacks are particularly insecure as they have no legal protection from being evicted and are dependent on the goodwill of the property owners who sublet the back area of their plot to them), three hostels, and 150 rural settlements. The work of the federation has involved developing and renovating 12,000 housing units, providing incremental loans for a further 2,000 houses, building infrastructure for 2,500 families, securing land tenure for 12,000 families, offering hundreds of small business loans, obtaining three parcels of commercial land, and constructing and managing 10 community centers and several child care centers. It set up its own housing fund, the uTshani Fund, in 1994, in which savings are deposited and from which loans are made, including bridge finance for housing and infrastructure loans, access to grants through the government's housing subsidy program, and access to credit for small business loans. In addition, the federation has set many precedents for what the urban poor can do, has helped to change national housing policy, and has developed a partnership with the municipal government in Durban for an ambitious citywide program of slum upgrading involving more than 15,000 households. In Johannesburg, the local government is working with the federation on a major "people's housing process" program of new affordable housing. The South African Homeless People's Federation is also working with the Methodist Church in South Africa to identify vacant land owned by the Methodist Church and allocate it for housing projects to benefit homeless urban families, and, in rural areas, for productive economic activities. This initiative has importance not only for the additional land it can provide for housing low-income households, but also for encouraging more action from the government on land redistribution and tenure reform and in setting an example for other churches in South Africa to follow.

The Kenyan Urban Poor Federation (Muungano wa Wanvijiji) has 137 savings groups in over 60 settlements in nine different urban or peri-urban areas; it now has more than 25,000 member households. Although initially focused on Nairobi, many of the new savings groups are in other urban areas, including Nakuru, Kisumu, Mombasa, Kitale, Meru, Thika, and Kiambaa. Working with the local support NGO, Pamoja Trust, the federation is involved in many upgrading projects. It is also negotiating with the railway authorities to develop an alternative to the mass evictions planned for households living on the authority's land close to the railway tracks. Several senior Kenyan government officials visited Mumbai in India to see how the Indian National Slum Dwellers Federation and Mahila Milan worked with the railway authorities to design and implement a large scale community-managed resettlement initiative for "squatters" living near the railway tracks, which kept the number of people resettled to a minimum. In Nairobi, at present, there is an agreement to resettle 3,000 residential and 3,000 commercial structures during the first phase of implementation. The railway authority has provided resettlement land to construct 800 new houses, and another 500 houses will be redeveloped adjacent to the railway site.

The Kenyan federation has also undertaken a citywide survey of slums in Nairobi, with highly detailed household enumerations in several of the surveys. From these enumerations, and the intense community discussions that are part of the enumeration process, an upgrading program has been initiated in Huruma to serve 2,500 households, with both landlords and tenants supporting the upgrading process. This outcome is of particular importance because it demonstrates the potential of negotiating agreements between landlords and tenants – thus overcoming a major barrier that has prevented significant improvements in most of the informal settlements which are occupied by half of Nairobi's total population. The federation manages its own fund to help federation members acquire land, build homes, and

generate incomes. It lends to savings groups, which then in turn lend to their members. Various additional projects in other locations are being developed by the federation.

The Zimbabwe Homeless People's Federation is a network of 1,600 community-based housing savings groups in urban and peri-urban settlements. Most members live in holding camps, squatter settlements, backyard shacks, hostels, or other lodgings. The federation seeks to encourage every household to save daily and grow a loan fund to finance land purchase, infrastructure development, emergency funding, and income generation. Loans are available for basic housing units. The federation is supported by a small local NGO, Dialogue on Shelter, and manages its own fund, the Gungano Fund, to which members contribute savings and from which loans are made. By November 2003, the Gungano Fund had made 1,763 loans for land, 2,197 loans for services, 197 loans for housing, and 252 loans for small businesses. The federation also has many housing projects under construction, working in partnership with local authorities in Harare, Mutare, Victoria Falls, and other cities and communities. These efforts demonstrate the potential for local public-private partnerships involving the urban poor to produce decent quality housing and infrastructure at much reduced costs. Before the current political crisis and mass eviction program, the federation was involved in building houses and infrastructure with 10 local governments.

In Namibia, by June 2004, the Shack Dwellers Federation of Namibia had 312 savings groups covering 41 urban areas (15 municipalities, nine towns, seven villages, and 10 settlements), active in all 13 regions of the country. Some 12,350 households are members (of which 56 percent are women) most living in informal settlements or backyard shacks. More than 70 savings groups have started operating in rural areas. The federation is supported by a local NGO, the Namibia Housing Action Group. By May 2004, 49 of the savings groups, involving 2,300 households, had acquired land for infrastructure and housing development. The federation has worked with city government authorities to greatly reduce the costs of obtaining formal, legal ownership of housing plots so that they are affordable to low-income households and still allow local governments to recover their costs. Many government officials and federations from other nations have visited Namibia to see how these favorable results have been accomplished. The federation has a national loan fund – Twahangana (meaning “united”) – which combines savings deposits with additional funding provided by the Namibian government and external donors. The fund offers its members loans for infrastructure, housing, and income-generating activities. Thus, once members have secured land, they can borrow money to improve infrastructure, services, and housing.

In several other African nations, there are federations, or savings groups with the potential to become federations, that have been stimulated and supported by visits from similar federations in Africa and Asia. In Uganda, savings groups have formed in three slums, and land has been secured from the government for demonstration projects to install toilets and build houses. In Ghana, 11 savings groups have formed, including several facing serious eviction threats, and negotiations are underway with local and national government agencies to initiate a pro-poor settlement upgrading and housing relocation program. One of the newest federations is the one formed in Malawi in 2003, which works in Lilongwe, Blantyre, Muzuzu, and Mzimba. There are now over 60 savings groups in Lilongwe and 20 more in Blantyre, and a support NGO, the Center for Community Organization and Development (CCODE) has been formed. The federation in Malawi is planning two projects: the management of an educational kiosk about water (to demonstrate the possibilities of community management and of reducing water costs), and a pilot housing development for tenants. Discussions also are underway with the city government of Blantyre on issues of upgrading for the Mbayani settlement and land for new housing construction. In Lilongwe, there are plans to upgrade existing settlements and provide sites for new housing.

The Federations in Asia and Their Housing Activities

In India, the alliance of the National Slum Dwellers Federation, Mahila Milan and SPARC (Society for the Promotion of Area Resource Centers) are working in some 70 cities, with around 2 million slum dwellers. The National Slum Dwellers Federation was established in 1974 as a membership organization for slum dwellers, and its initial focus was on organizing urban poor communities to fight demolitions/evictions; it has more than 700,000 member households. Mahila Milan (“women together”) is made up of collectives of women slum and pavement dwellers; set up in 1986 by Muslim pavement dwelling women in Byculla in

Mumbai, it now has over 300,000 members. In Mumbai alone, seven housing projects have been built, including a large resettlement program involving some 20,000 households. The new houses constructed and the resettlement houses together will provide dwellings for more than 50,000 households. These include the Rajiv Indira Housing project, which is constructing apartment buildings within Dharavi, a very large and dense centrally located slum, to demonstrate that it is possible to provide better quality housing without forcing slum dwellers to relocate. Other projects include the Milan Nagar housing project, the first designed and managed by homeless women “pavement dwellers,” and the Oshiwara housing project for 800 households. These are important precedent-setting efforts that demonstrate what urban poor organizations can do. The federations have also managed a relocation initiative of 22,000 households that were living close to the railroad tracks, demonstrating that community-managed relocation is indeed possible. The railway relocation project also included provision of new housing for 20,000 households. Work is currently in progress for the community-managed resettling of another 35,000 households. Smaller-scale new housing and upgrading programs are underway in many other cities and smaller urban centers to support local learning and set precedents on which larger initiatives can be based.

In India, as in other nations, large-scale programs develop when governments see the potential presented by pilot projects initiated by the federations. For 10 years the federations in India have been demonstrating their capacity to design, build, and manage community toilet facilities in settlements where there is insufficient room or funding for indoor household plumbing. Very large-scale community toilet construction programs developed first in Pune and then in Mumbai, when local government staff saw that the community-designed, built, and managed toilets worked much better than the private contractor-built public toilets. The federations and SPARC, their support NGO, have been responsible for around 500 community-designed and managed toilet facilities that serve hundreds of thousands of households in Pune and Mumbai – with comparable indoor flush toilet provision accelerating in other cities such as Vijaywada, Hyderabad, and Bangalore. These actions may serve as the catalyst for much larger urban toilet and sanitation actions. SPARC and the federations also have been asked by the Maharashtra Housing and Area Development Authority to work with them in redeveloping deteriorated government-owned apartment buildings involving 10,000 households. At the core of this process is the creation of strong, effective, representative tenant groups to help manage the redevelopment efforts.

The National Slum Dwellers Federation and Mahila Milan are also heavily involved in a partnership with the Commissioner of Police in Mumbai to establish police stations in hundreds of low-income settlements. This partnership provides the inhabitants of these slums with a police station in their community, and police who they know and who are accountable to them. Each police station is supported by a committee of community volunteers consisting of seven women and three men.

In Thailand, there is a long-established partnership between the national government and community-based organizations and federations formed by the urban poor. During the 1980s, the Thailand government’s National Housing Authority supported various initiatives for housing and land for the urban poor, including land-sharing arrangements in which squatters receive secure tenure and decent infrastructure if they agree to share the settlement site with the landowner, who is then able to develop part of the site for commercial purposes. In 1992, the Thailand government set up the Urban Community Development Office (UCDO) to support community-based organizations, with US\$50 million as its capital base. The UCDO provides loans, small grants, and technical support to community organizations. It also encourages community organizations in a particular city or province to join together and form a network of community organizations in order to negotiate more effectively with city or provincial authorities, to influence development planning, and to collaborate together on common problems of housing, economic development, and access to basic services. There are networks based around occupations (for instance, a taxi cooperative), pooled savings groups, and housing cooperatives. There also are community networks based on shared land tenure issues, such as networks of communities living along railroad tracks or under bridges, with similar tenure insecurity or other landlord concerns. The Urban Community Development Office increasingly provides funds to networks rather than to individual community organizations, with the networks then providing loans directly to community groups. This approach decentralizes the decision-making process to make it more closely to individual communities, and thus is better able to respond rapidly and flexibly to opportunities identified by network members. By 2000, 950

community savings groups were active in 53 out of Thailand's 75 provinces. Housing loans and technical support had been provided to 47 housing projects involving 6,400 households, and grants had been made to communities for small improvements in infrastructure and living conditions, benefiting 68,208 families in 796 communities. In 2000, the Urban Community Development Office was merged with the Rural Development Fund to form the Community Organizations Development Institute (CODI), and this Institute is now implementing an ambitious national program for upgrading settlements and securing tenure. CODI recently has set a target of improving housing, living conditions, and tenure security for 300,000 households in 2,000 poor communities in 200 cities in Thailand within the next five years.

In Cambodia, the Solidarity for the Urban Poor Federation (SUPF) was established in 1994 by women and men living in informal settlements in Phnom Penh, and today it is active in more than half of the city's informal settlements. This federation also operates in 10 other cities and towns, and is currently working in 200 slums throughout Cambodia, mainly with community-based savings and credit initiatives. The federation has helped poor communities come together within their districts, pooling their own resources and finding their own solutions for problems of land security, substandard housing, toilets, basic services, and access to credit for livelihoods and housing. Federation members utilize tools that are widely used by all urban poor federations: savings and credit, slum enumeration, model house exhibitions, and community exchanges. Federation groups are implementing many pilot projects to serve as educational examples and to establish precedents. They also are intimately involved in an ambitious program in Phnom Penh, launched by the Prime Minister, to upgrade 100 slums per year over the next five years.

In the Philippines, the Homeless People's Federation is a network of community savings groups that work towards upgrading housing and settlements, increasing incomes, and securing tenure for their members. It was formed in 1997, bringing together communities in several cities that had been operating savings programs for years, but who had had little contact with each other and were frustrated at the general lack of progress in working with governments. The federation is active in 22 cities and municipalities. By 2003, the federation had 50,000 members, whose total savings were equivalent to US\$700,000, and had housing projects underway involving several thousand households. The federation, with support from a local NGO, Vincentian Missionaries Social Development Foundation Incorporated (VMSDFI), mobilizes communities, encourages savings-based financial strategies, and engages with government. For instance, members of the Lupang Pangako Urban Poor Association run a thriving daily savings program with over 7,000 members, who have borrowed and repaid over 62 million Philippine pesos (US\$1.16 million) in loans from their own savings, to be used for emergencies, daily needs, and income generation. The federation prioritizes settlements in high-risk areas, such as dumpsites, riverbanks, alongside railroad tracks, on low-lying land subject to flooding, under bridges, and areas at risk of eviction, and works with their inhabitants to build the financial and technical capacities to enable community organizations to identify needs and address them by preparing for upgrading or resettlement. The federation is also working with various city governments to engage in census enumerations. These community-based surveys provide an opportunity for dialogue with government officials regarding their views of the urban poor and the potential for forging partnerships with them, along with serving as a catalyst for community discussions about addressing their needs. The federation has set up the Philippine Action for Community-led Shelter Initiatives (PACSII), a financing and technical assistance facility designed to support community investments that are not being aided by mainstream financial institutions. Currently the PACSII's national program is being localized.

Some Characteristics of Their Work

Partnerships with government while protecting their autonomy: All federations seek partnerships with governments, especially local governments. Large-scale programs are not possible without government support and without obtaining secure tenure, because most of the houses and settlements in which federation members live are informal, and in many cases, illegal. Most citizen entitlements, including the right to vote and access to schools, typically depend on having a legal address. All of the federations encourage their savings groups to develop initiatives for settlement upgrading, housing construction, and improved services, in order to demonstrate to governments and other donor agencies what they can produce, and to develop the best practices upon which larger initiatives can be based.

Most federation initiatives have much lower unit costs than conventional government or international agency projects, and the federations also draw far more on local community resources. Other federation groups learn from these model programs and follow similar courses of action. As these best practices spread, federations can grow to become national movements supported by other national federations and by their own international umbrella organization, Shack/Slum Dwellers International (SDI).

Poverty reduction and the Millennium Development Goals: Federations provide national governments and international agencies committed to reducing poverty and meeting the Millennium Development Goals (MDGs) with representative organizations of the urban poor with whom they can collaborate. These federations are currently contributing to the efforts to significantly improve the lives of millions of slum dwellers, under MDG Target 11. Their work also helps reach the other MDGs, including reducing infant and child mortality, preventing major diseases, improving provision for water and sanitation, and promoting greater gender equality.

From clients or beneficiaries to active agents: For governments, working with federations helps to positively alter their previously negative perceptions about low-income people and their organizations. Government staff, and staff from international agencies, often view the poor as “clients” or “beneficiaries”, not as the active agents, whose individual and community processes can, with appropriate support, really make a difference in improving their own lives. It is difficult for politicians to shift from patron-client relationships, and for professionals to not dominate the planning and management of public sector initiatives. Working with federations enables government officials to learn better and more inclusive means of engaging in public service.

Urban poverty reduction funds and the NGOs that support them: In 10 nations, federations have established urban poverty reduction funds to help members acquire land, build homes, and develop livelihoods (see Table 1). These funds are also where members’ savings are deposited and where external funding from governments and international agencies is managed. Such special funds permit external support to be more flexibly managed by the federations, rather than being required to adhere to rigidly imposed restrictions. In addition, they provide accountability and transparency for national and international donors. Often, a contribution to the federation fund from a national or local government signals a change in political attitudes and the beginnings of a fruitful partnership.

Lowering costs and increasing cost-recovery: There are obvious advantages to initiatives that lower unit costs and increase revenues, because this approach helps stretch limited funding to reach many more low-income households. For community-driven developments, it is important to minimize the ever-substantial gap between the costs of “significant improvements” and what poor people actually can afford to spend. Federation experiences indicate that:

- Upgrading is better than moving to new locations, in part because it is normally less costly, and partly because it avoids disrupting people’s livelihoods and social networks.
- If upgrading is not possible, the next best option is to build new housing nearby, and to use all possible means to reduce unit costs – for instance, through supporting “self-help” work by the residents, allowing incremental development of housing and infrastructure, permitting smaller lot sizes, and maximizing community participation in installing basic infrastructure.
- It is often possible to obtain inexpensive land for new housing in convenient locations near informal settlements that are being relocated. Government agencies frequently own or control such land.
- If subsidies are available for new housing developments, they should be directed to support community-driven residential construction, rather than spent on houses built by private for-profit contractors. Community-based initiatives generally produce larger and better quality houses at lower unit costs.
- It is important to avoid the excessive use of credit wherever possible because this always imposes financial burdens on low-income households. Good practices should include minimizing the size of loans made to poor people, either by helping them build up sufficient savings to pay for

housing without borrowing, or by minimizing the amount of funds loaned by reducing the cost of housing through efficiencies and subsidies. Credit provided by savings plans managed by federations is more sensitive to the real needs of poor people than are other types of lenders. However, when used appropriately, credit can help support improved livelihoods and better housing, while also making strategic use of limited resources.

Water and sanitation: Many federations have improved and extended provision of water and sanitation facilities and services to thousands of low-income households through settlement upgrading and housing construction and renovation. Federations also have pioneered community-designed and managed public toilets where space limitations or financial constraints have prevented installing indoor plumbing in each household. This community-based approach was first developed in India, where the federations have supported hundreds of public toilet facilities serving millions of people. A similar strategy is now being implemented by federations in Kenya, Uganda, Zimbabwe, South Africa, and Sri Lanka.

Moving to larger scale: Individual community organizations find it extremely difficult to convince governments to change public policies, even if they sometimes are able to negotiate some modest concessions. Federations with thousands of community organizations generally have greater success in reforming public policies and programs. Changes in government practices are usually required for federation initiatives to “go to scale”, and this has been achieved in many places by a combination of strong community organizations, effective models that generate precedent-setting projects, federation capacity building, community-managed surveys and enumerations providing the data needed for large-scale programs, and a willingness to develop partnerships with government authorities. This combination has produced citywide changes in Phnom Penh, Mumbai, Windhoek, Durban, Bangkok, and many other cities. Some federation programs are truly of national significance. For example, the upgrading program of the Cambodian federation received the support of the national government, while in India the community-managed toilet initiative stimulated the national government to create a special fund for investing in comparable programs throughout the nation. The work of the South African Homeless People’s Federation has influenced national housing policies in support of grassroots participation through the “people’s housing process.”

Tools and methods: All the federations use savings and credit groups, pilot projects, community-driven surveys and maps, local exchanges, and other tools designed to strengthen the federations (including supporting a continuous learning cycle among its member groups), and to change the attitudes and approaches of governments and international agencies. Pilot projects enable federation groups to experiment with new initiatives. If they work well, they are visited frequently and discussed extensively by other groups, many of whom return home and attempt similar initiatives.

Community-directed surveys are important in helping low-income people to examine their own situations individually and collectively, in order to more effectively consider their priorities and plan their actions more strategically. In addition, survey results can provide government and other donor agencies with the maps and the detailed data needed for supporting projects. Government agencies usually have little or no detailed data about informal settlements. Community-directed surveys have indicated how to obtain and analyze necessary information about each household, each house, each piece of land, and each settlement.

Exchange visits between savings groups and other community organizations interested in learning more about the federations are important, because they spread knowledge about how urban low-income groups can do things for themselves. They also help attract large numbers of activists into the process of change, encouraging savings groups to collaborate and build federations by fostering strong personal bonds between communities. This enables community groups to learn to work with each other, rather than seeing each other simply as competitors for government resources. Although these exchange visits are primarily aimed at community organizations, government officials also are invited to participate, and these visits often have taught governments about ideas and practices. For instance, many professionals have visited Windhoek in Namibia to see how the city government’s reforms in minimum lot sizes and infrastructure standards have made land and housing more affordable for low-income households.

Similarly, Kenyan officials visited Mumbai to see how the Indian government supported community-managed resettlement for those living along the railroad tracks.

All the federations use new models successfully demonstrated by their members to help convince governments to change their policies and practices. It is much easier to negotiate with government officials when they can see the results of a new house design, a functioning community toilet, or a detailed slum survey. When one local government has agreed to change its approach, other officials can be more easily persuaded to implement comparable reforms and improvements.

Changing the process: The tools and methods outlined above seek to create a more equitable power relationship between low-income communities and government agencies in identifying problems and developing solutions. They also help educate government officials about the genuine capacities of urban community organizations and the numerous and varied human resources they can contribute to making government initiatives far more successful.

Federations typically avoid formal alliances with politicians and political parties. This can occasionally be problematic, because politicians often steer government largesse to supporters from their party, and prevent assistance from being provided to communities that do not vote for them. However, being politically non-partisan keeps federations open to everyone and protects their capacity for independent action. It allows them to negotiate and work with whoever is in power, both locally and nationally. Federation politics have been called “the politics of patience” that is primarily based on extensive negotiations and mobilizing long-term pressure, with direct confrontation used only as a last resort. As noted earlier, any large-scale success depends on support from government. Many public officials eventually recognize the value of federation work, and frequently are invited by federations to address them at local, national, and international events.

The role of international agencies: The resources of official aid agencies and development banks are committed to reducing poverty, thus in theory serving the needs of people and communities who are members of the federations. Because aid agencies and development banks are primarily designed to work with national governments, they find it more difficult to support the activities of federation members. If international aid and development entities want to support community-driven initiatives, they first must change the way their support is provided. Some already have done so, either by directly funding federation activities or in the case of the Community-Led Infrastructure and Finance Facility (CLIFF) supported by the UK and Swedish governments, by providing a national financing facility from which the federations in India can obtain funds. Most external funding for the federations has come from international NGOs and foundations, however, because official bilateral and multilateral agency structures and processes are ill-suited to providing financial support for community-driven development.

Conclusion

This article describes some of the community-driven processes that have brought major benefits to millions of slum, shack, and pavement dwellers in developing countries of Africa and Asia. Most of these initiatives were undertaken by community organizations that are part of larger urban poor or homeless federations. The scale and scope of their work has increased considerably during the past decade, in large part because the different federations have supported each other's activities. The increasing scale and scope of work also is partly due to the growing recognition of and support for federation-led programs by city governments, national governments, and international agencies. Some federations have demonstrated the capacity to influence on government policies, and others have the potential to do so.

Community-driven processes have sought to demonstrate feasible, implementable, and cost-effective methods for governments and international agencies to work in partnership with slum or shack dwellers' organizations, in order to ensure significant improvements in their lives. Basing cost estimates for the amount of international funding required to meet the Millennium Development Goal Target 11 on the track record of community-driven initiatives yields substantially lower projections of resource needs compared

to conventional government-directed, international agency-funded interventions. Not only are there sizable cost savings in shifting support from government-directed processes to community-driven processes, in community-based programs low-income people and their organizations are the key actors, which offers the considerable bonus benefit of “upgrading” social and economic systems and political structures, in addition to housing and infrastructure.

These community-driven processes have demonstrated degrees of participation by slum dwellers that are far beyond what is achieved in most conventional government or international agency-funded initiatives – including involving the poorest groups and providing scope for women to take on leadership roles at local, regional, and national levels. The best of these efforts allow the slum dwellers not only to participate, but to genuinely affect both the nature and the extent of their participation. Even if the tangible results of these initiatives were less impressive than the current reality, it is difficult to question the legitimacy of these representative community organizations and federations, and their rights as citizens and human beings to have a greater voice and more resources.

Do community-driven processes have a downside?

Do they absolve national or local governments from their involvement and responsibility? There is no evidence that they do, as one of the key features of community-driven processes is demonstrating to governments that there are more effective ways of acting, especially through partnerships between governments and community organizations.

Do they reduce the pressure on political and bureaucratic systems to change for the better? Very unlikely; indeed, they tend to be among the most effective means of generating grassroots, bottom-up pressure to reform government policies and programs. When community organizations and federations are well organized, with clear goals and methods, it is difficult for governments to ignore their actions, demands, and offers of help.

Do they increase dependence on international aid? They do the opposite, as they actually demonstrate solutions that may require significantly less international funding.

Do they introduce a new “elite” within the urban poor that can be divisive? There is a danger of this, but it is something that all federations explicitly guard against by making membership open to everyone, regardless of religion, ethnicity, political orientation, and other categories. The federations’ main organizing principle is to be inclusive for all, especially for the poorest, and in general, any strategy or action that excludes members is not permitted.

Are they beneficial or harmful to other aspects of poverty reduction? It would seem that they are very beneficial, as the representative community organizations in which the poorest are involved, and their federations, focus on a wide variety of issues in addition to improving community infrastructure, housing, basic services, and livelihoods. These issues include involvement of the federation groups in HIV/AIDS prevention, in addition to community policing like the model program being developed by the National Slum Dwellers Federation together with the Mumbai police, and many other initiatives to assist people and communities in being healthier and more prosperous.

Do they have limited impacts? They certainly are not limited in what they seek – which is to reach all slum dwellers. Where local and national circumstances permit, the federations also try to reach everyone else with their fundamental message of reform. But what already has been achieved is indeed quite impressive in terms of a substantial range of measurable outcomes, and when presented with wider opportunities, the federations have demonstrated creative innovation and considerable success in “going to scale.” In those nations where they have had limited impacts, it is primarily due to a lack of support from governments, NGOs, and donors at the local, regional, national, and international levels.

Do they have failures or limited successes? Certainly no large-scale movements such as these, which are made up of those who have the least income and influence and that encourage their member organizations to try out new initiatives, can avoid facing numerous difficulties. Most informal settlements and other low-income communities also contain very powerful vested interests that strongly oppose grassroots organizations, especially where there are many renters and the local or absentee landlords fear that they will demand and fight for security of tenure. Many politicians fear the federations because they will not officially support their election campaigns, and many contractors dislike the federations because they threaten their profitable and often corrupt relationships with local governments. There are always projects that fail, community organizations that cease to function, repayment schedules for loans that are not maintained, and lots of other disappointments, mistakes, and failures. One of the key roles of the federations is to learn from their errors and how to cope with such problems and obstacles, in order to avoid them and perform more effectively in the future.

What general lessons can be learned from these experiences?

- That supporting community-driven processes initiated and managed by slum dwellers in every community enables them to be effective developmental forces at all levels – in their own locality but also at the level of the district, the city, the region, the nation, and the world.
- The foundation of these community-driven processes is community-based organizations that are representative and accountable to their members; most are formed around small, informal savings and loan groups created and managed by women.
- The combination of community-driven processes at the neighborhood level, linked together at the city level, has demonstrated a capacity to promote reforms in government to address the most difficult structural issues such as the allocation of land, security of tenure, infrastructure provision, changes in official norms and standards, and encouraging governments to work with poor or homeless groups. This may be the single most important aspect of the federations' work in terms of achieving large-scale results. Most of the more than one billion slum dwellers will not be reached without these kinds of changes. The ability to make positive changes at the urban level, especially in major or capital cities, can help get changes at the national level. This was evident in the response of the Cambodian government to community-driven innovations in Phnom Penh, and the response of Thailand's government to the urban poor organizations and federations.

Six themes

Finally, it is worth recalling six themes evident in the work of all the urban poor federations and in many other community-driven processes that have significance for the achievement of MDG Target 11:

1. The 'rights plus' approach; the right to housing and to influence how this is done. These community-driven processes are formed and managed by the urban poor themselves, and they help build the confidence and the capacity of their members to save, manage funding, develop tangible and replicable responses to their poverty, make demands on political and bureaucratic systems (which should be the right of all citizens), and negotiate with all external agencies (from the local to the international).

From the outset, these approaches strengthen the knowledge of urban poor groups and build group solidarity enabling them to determine development solutions and negotiate with government agencies. Census enumerations and surveys provide the detailed information about each settlement and its residents, and form the basis for planning improvements and obtaining support from government agencies. The process of undertaking these surveys also strengthens community organizations, and helps new savings groups to form and develop. This membership expansion builds capacity among savings groups and helps the federations gain influence within the formal political process.

A distinctive and significant element of most community-driven processes is that the objective is not simply to secure state resources for poverty reduction. Rather, it is first to develop and articulate their own solutions and then push for the external support needed for large-scale implementation. Through

developing new solutions to urban poverty, for which they seek government funding, federations promote a “rights plus” approach – citizens’ rights for a citizens’ agenda. And as this article has explained, the costs for governments and international agencies in supporting community-driven processes is much lower than for conventional government or international agency-initiated projects.

2. Transforming local organizations: The urban poor and homeless federations and their member organizations are more accountable to their members than most community-based organizations, especially in encouraging women’s involvement. Most federation members are women – for instance, women make up more than 80 percent of the South African federation and 85 percent of the Zimbabwean federation. The community-managed savings groups help build trust in community organizations (and in the federations of which they are part) as well as developing a collective capacity to manage finances and undertake initiatives. The involvement of women in managing collective savings and loans, which includes involvement in housing development, is being successfully promoted despite the paternalistic structure of most African and Asian societies.

The federations also work hard to support their poorest and most vulnerable members, through, for example, special provisions made for the poorest groups in housing projects in India, for the elderly and disabled in Thailand, and for elderly people with HIV/AIDS in Zimbabwe. This work is challenging and not easily achieved. The Zimbabwe federation recently agreed to limit the size of housing loans to one concrete block room. While some members wanted more, the federation reasoned that larger houses were not affordable for its poorest member-borrowers.

3. Supporting learning and securing solidarity: Horizontal learning and interchange between communities allows different community organizations to learn from each other, thus generating a developmental process that collectively can be influential at the urban and national levels.

Somsook Boonyabancha from Thailand, drawing on her long experience supporting community organizations, federations, and networks, recently prepared a working paper for the International Institute for Environment and Development identifying how and why horizontal learning among community organizations can change the nature of what is possible. This is particularly the case with regard to how urban poor groups can become involved, what they can negotiate, and what they can do for themselves. She notes three critical steps in building any citywide action program.

The first step is building an information base about conditions in all of the urban areas with poor quality housing, in ways that fully involve community residents. This provides an understanding of the scale and range of problems within the city, and it also:

- Establishes linkages between all the urban poor communities.
- Clarifies the differences between the many low-income settlements and explains what causes these differences. These distinctions facilitate solutions being tailored to each group’s and settlement’s needs and circumstances – as opposed to the usual “standard” upgrading package that governments try to apply to all settlements.
- Enables urban poor communities to decide which settlements will be upgraded first. If urban poor groups are not involved in these decisions, those settlements that are not selected will feel excluded and often resentful.

The second step is pilot projects. These are frequently criticized for not moving beyond the pilot phase into large-scale implementation. When managed by external agencies, this is often the case. But if they are planned within citywide processes involving urban poor organizations, they become models of experimentation and learning that serve as precedents and catalysts for large-scale initiatives. Observing the first pilot projects can encourage other urban poor groups to start savings programs, to develop their own surveys, to undertake a housing construction project – because they see “people like them” taking similar actions. For instance, in India, the large-scale government support for community toilet facilities

and community-managed relocation programs started as pilot projects developed by urban poor groups demonstrating new ways of doing things.

The third step is citywide consultations, data-gathering, and pilot projects that strengthen the horizontal linkages between urban poor communities, so they can work together with governments to develop large-scale initiatives. Rather than restricting interaction to discussions between particular urban poor groups and public officials responsible for their community, it allows the kinds of negotiations that can address the urban poor's problems of land tenure, infrastructure, housing, and services throughout the city and urban region. This is very difficult to achieve. City governments and urban professionals find it difficult to see urban poor organizations as key partners. Local officials prefer to act as "patrons" dispensing benefits to their constituents. However, community-driven processes led by federations allow a jump in scale from isolated upgrading projects to citywide strategies, and builds the partnerships between urban poor organizations and local governments to support continuous improvement.

4. Transforming professionals: The most appropriate roles for local NGOs are as supporters of community-driven processes. By emphasizing the centrality of low-income people in defining and implementing solutions to lift them out of poverty, the development process is turned around, with the urban poor groups taking the lead, and the NGOs providing technical, financial, legal, and political assistance. Community-driven processes demonstrate new roles for professionals, enabling them to adjust these roles as the federations gain in strength and capacity.

5. Transforming local and national governments: The federations form the best hope for urban poor groups to be able to influence local and national governments to change their policies so that they are more pro-poor. Federation organizing methods actively promote the transformation of traditional relationships with governments. No single community organization is able to convince governments to change their policies. Federations that represent a substantial number of community organizations drawn from many different settlements and different urban areas have far more legitimacy to speak "on behalf of the urban poor" and, as their membership expands, they are likely to be taken far more seriously by all levels of government.

6. Changing donors' approaches: The various national federations learn from each other and support each other, thus helping speed the formation of additional federations. All of the federations use similar tools and methods, which they learn mainly from other federations, although these tools and methods are modified to fit local circumstances. In doing so, each national federation knows that it is part of an international movement building more accountable and effective community organizations to address their members' specific needs, but also seeks policy changes by international donor agencies to ensure financial support for their members.

What does this imply for international agencies?

If the logic and learning cycles of the federations are applied to international agencies, this suggests that they should:

- Support innovation and pilot projects for community-driven processes in all nations, especially where representative organizations of slum dwellers are ready to try new approaches.
- Support learning from such initiatives throughout each country, and adjust policies and funding accordingly.
- Achieve greater scale of activities and impacts without diminishing strong community-driven processes, and encourage urban governments to support community-driven approaches.
- Ensure that City Development Strategies, Poverty Reduction Strategy Processes, and other international donor-funded initiatives involve the federations. Despite the claim that international donors support community participation, in reality few donors have recognized federations as potential partners in truly promoting effective community involvement.

- Spread learning and shared experiences among the international agencies. Most international agencies find it very difficult to support community-driven processes because their structures and procedures are not organized to do so. There is a need for international donors to better understand the requirements of community organizations and federations, for both project and non-project support. This includes recognizing the necessity to change their procedures in support of locally determined solutions, rather than imposing externally defined programs. They should be encouraging the increased use of locally generated resources because developing accountable, effective community-driven processes can be a slow and controversial process that must not be subjected to intense pressures to spend donor funds too quickly. However, international funding requirements can rapidly increase if circumstances dictate moving to much larger scale interventions.

Thus, both bilateral and multilateral donor agencies should develop new ways to support community-driven processes of settlement upgrading and housing development, including support for the urban poor federations that already exist, as well as new federations that are being formed. These changes in international funding procedures require special attention to supporting community-driven processes that develop strong and effective partnerships with local governments. This usually implies the need for intermediary funds within low-income and middle-income developing countries, from which community organizations and federations obtain resources. These intermediary funds provided by international donors should be made politically and financially accountable downwards to urban poor community organizations and their federations, as well as upwards to the governments of upper-income nations.

This article places great emphasis on how governments and international agencies need to change the ways in which they work with and support representative organizations and federations of the urban poor. Without such changes, increases in international funding to “significantly improve the lives of 100 million slum dwellers” and all of the other Millennium Development Goals (MDGs) are not likely to be effective. The article also focuses much more explicitly on “good local governance” than most of the MDG literature, whose emphasis on good governance and development is mainly targeted at national governments.

Celine d’Cruz is Associate Director of the Society for the Promotion of Area Resource Centers (SPARC) in Mumbai, India, a leader of the National Slum Dwellers Federation and Mahila Milan in India, and a Global Coordinator of Shack/Slum Dwellers International. She served as a Visiting Fellow at the International Institute for Environment and Development in London, UK. **David Satterthwaite** is a Senior Fellow at the International Institute for Environment and Development in London, UK, Editor of the journal *Environment and Urbanization*, and a member of the Advisory Board of *Global Urban Development*. He recently was awarded the Volvo Environment Prize. His books include *Empowering Squatter Citizen*, *Environmental Problems in an Urbanizing World*, and *The Earthscan Reader in Sustainable Cities*. Their article is adapted from a background paper originally prepared for the UN Millennium Project Task Force on Improving the Lives of Slum Dwellers.

¹This is drawn from a longer paper: d’Cruz, Celine and David Satterthwaite (2005), *Building Homes, Changing Official Approaches: The work of Urban Poor Federations and their contributions to meeting the Millennium Development Goals in urban areas*, Poverty Reduction in Urban Areas Series, Working Paper 16, IIED, London. This paper can be downloaded from the web at no charge from <http://www.iied.org/pubs/pdf/full/9322IIED.pdf>.

²Before the term “slum” was re-introduced into the international development discourse in the mid-1990s, its use had been diminishing because it is not appropriate to give a single term to the diverse housing forms used by those with limited incomes or capacities to pay, which provide inadequate shelter and tenure – for instance, tenements, cheap boarding houses and dormitories,

overcrowded, poorly maintained public housing, squatter settlements, poor quality housing built on illegal sub-divisions, “backyard” shacks, pavement dwellings, roof shacks... . The term has also been widely used by governments and real estate interests to classify neighbourhoods they want to clear and redevelop and so legitimate this clearance. The term “slum” has also gained more legitimacy as, in some nations, organizations formed by those living in poor quality and often insecure accommodation referred to themselves as “slum dweller” organizations and federations, although this was in response to governments who classified their homes or neighbourhoods as slums.