Analytical Perspective
of Pro-poor Slum Upgrading Frameworks

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UN-HABITAT

Cities Alliance
Cities Without Slums

Acknowledgements

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Abbreviations

ACHR	Asian Coalition for Housing Rights
ADB	Asian Development Bank
ARC	Area Resource Centre
BUDP	Bombay Urban Development Project
CLIFF	Community-Led Infrastructure Finance Facility
CBO	Community-based organization
CHLMO	City Housing and Land Management Office
CODI	Community Organizations Development Institute
CRZ	Coastal Regulation Zone
CSO	Civil society organizations
FSI	Floor space index
GCST	Global Campaign for Secure Tenure
GOI	Government of India
GOM	Government of Maharashtra
HPFP	Homeless People's Federation Philippines
IAS	Indian Administrative Service
IDS	Institute of Development Studies
MDG	Millennium Development Goal
MM	Mahila Milan (Hindi for "Women Together")
MOUD&PA	Ministry of Urban Development and Poverty Alleviation
MUIP	Mumbai Urban Infrastructure Project
MUTP	Mumbai Urban Transport Project
NGO	Non-governmental organization
NHA	National Housing Authority
NSDF	National Slum Dwellers Federation
NSDP	National Slum Development Programme
PHP	People's Housing Process
R&R	Resettlement and rehabilitation
SDI	Shack/Slum Dwellers International
SJSRY	Swarn Jayanti Swayam Rojgar Yojana
SPARC	Society for the Promotion of Area Resource Centres
SRA	Slum Rehabilitation Authority
SUF	Slum Upgrading Facility
SWOT	Strength, Weaknesses, Opportunities, Threats
UCDO	Urban Community Development Organization
UN	United Nations
UNDP	United Nations Development Programme
UN-HABITAT	United Nations Human Settlements Programme
UPDF	Urban Poor Development Fund
VAMBAY	Valmiki Ambedkar Awas Yojana
VMSDFI	Vincentian Missionaries Social Development Foundation Incorporated

1.0 Introduction

Introduction

The close of the last millennium saw the development of cities in the developing world being radically shaped by the intrinsically related processes of urbanization and globalization. Neither of these phenomena is new — what is unprecedented is their pace and scale. Indeed, urbanization processes in most developing countries are intensifying. This poses immense challenges for governments at all levels. These are rapid urban population growth and the urbanization of poverty. The latter is manifested most conspicuously in the proliferation and expansion of slums and informal settlements, which are home to a growing proportion of urban dwellers in developing countries. It presents a major challenge to the international community.

There is no internationally accepted definition of a slum. This is well-illustrated in Annex 1 which gives slum descriptions and definitions for the three cities in the countries that are the subject of this report — Mumbai, India; Manila, the Philippines; and Durban, South Africa. However, an Expert Group Meeting agreed on a generic definition, which it recommended for future international usage. In this definition (UN-HABITAT, 2002b:21), a slum is defined as

"a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. A slum is often not recognized and addressed by the public authorities as an integral or equal part of the city. It is an area which combines to various extent the following characteristics:

- insecure residential status;
- inadequate access to safe water;
- inadequate access to sanitation and other infrastructure;
- poor structural quality of housing;
- overcrowding.

This is the definition that will be used in this report. The terms 'slum' and 'informal settlement' will be used interchangeably and together in this context. Table 1: Population of slum areas in developing regions at mid-year 2001 shows the estimated slum populations in different regions of the world based on this definition.

The Cities Alliance is an expanding global partnership of UN-HABITAT and the World Bank and their development partners, launched in May 1999, in response to the above challenge. It aims to bring about unmatched improvements in the housing and living conditions of the urban poor in the developing world. In joining the Cities Alliance, four principal constituencies — the urban poor; local authorities and their associations; national governments; and bilateral and multilateral agencies — commit themselves to innovative ways of partnering. The

Table 1: Population of slum areas in developing regions at mid-year 2001

Region	Total population (millions)		Total urban population (millions)		Urban population as % of the total population		Slum population as % of the urban population	Urban slum population (millions)
	1990	2001	1990	2001	1990	2001	2001	2001
World	5,225	6,134	2,286	2,923	43.5	47.7	31.6	924
Developing regions	4,106	4,940	1,439	2,022	35.0	40.9	43.0	874
Africa	619	683	198	307	31.9	44.9	60.9	187
Latin America & the Caribbean	440	527	313	399	71.7	75.8	31.9	128
Asia (excluding China)	3,040	3,593	928	12313	30.5	36.5	42.1	554
Oceania	6	8	1	2	23.5	26.7	24.1	5

Source: UN-HABITAT, 2003c:31

objective is to improve the efficiency and impact of urban planning, development and management in two key ways (Cobbett, 2001):

- Supporting inclusive and participatory approaches by which local stakeholders define their vision for their city and establish priorities for action to tackle urban poverty and growing inequality as an integral part of a City Development Strategy; and
- Strengthening partnerships with local authorities and community-based organizations to support city-wide slum upgrading and nationwide scales of action.

In July 1999, the Cities Alliance formulated the Cities Without Slums Action Plan. It was launched by former South African President Nelson Mandela at the inaugural meeting of the Cities Alliance in Berlin in December 1999. The Action Plan challenges "donors, governments and slum communities to improve the lives of 5–10 million slum dwellers by 2005 and 100 million by 2020."(Cities Alliance, 1999:6). It was endorsed by the world's heads of state at the UN Millennium Summit in September 2000 which yielded the Millennium Development Goals (MDGs). It is reflected in MDG 7, Target 11, which is to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020. The five key dimensions of improving slums are summarized in Box 1: Five key dimensions of improving slums.

Slum upgrading is widely seen as the most proactive and effective way to achieve this target. Indeed, under Habitat Agenda (UNCHS, 1997: Para. 43(f)), Governments commit themselves to:

"Promoting, where appropriate, the upgrading of informal settlements and urban slums as an expedient

measure and pragmatic solution to the urban shelter deficit."

The overall goal of UN-HABITAT's Global Campaign for Secure Tenure is to contribute to the realization of MDG 7, Target 11. Adopted by the Seventeenth Commission on Human Settlements in 1999, it is

"an advocacy instrument of the United Nations designed to promote secure forms of tenure for the poorest populations, especially those living in informal settlements and slums in cities. Indeed, security of tenure is one of the most important catalysts for attracting large scale capital necessary for comprehensive slum-upgrading but also for the urban poor themselves to invest in their own dwelling and communities." [1]

The campaign thus advocates negotiation as an alternative to forced eviction. It encourages the establishment of tenure systems that minimize bureaucratic procedures and bottlenecks and the displacement of the urban poor by market forces. The campaign promotes dialogue between organizations of slum dwellers and supporting non-governmental organizations (NGOs) and Governments at all levels through a series of preparatory activities, consensus-building, high-profile launches, action plans, and operational activities, An effort is made to strengthen partnerships and build upon existing local initiatives such as legislative and regulatory reform pertaining to urban land, slum upgrading, civic education and capacity-building (UN-HABITAT, 2002c).

The campaign is expected to contribute to this target over a five-year period from 2002 to 2007 in the following ways (UN-HABITAT, 2002c:3-4):

Box 1: Five key dimensions of improving slums

Access to safe water	A household is considered to have access to improved water supply if it has sufficient amount of water for family use, at an affordable price, available to household members without being subject to extreme effort, especially for women and children.
Access to sanitation	A household is considered to have adequate access to sanitation, if an excreta disposal system, either in the form of a private toilet or a public toilet shared with a reasonable number of people, is available to household members.
Secure tenure	Secure tenure is the right of all individuals and groups to effective protection by the State against forced evictions. People have secure tenure when: ■ There is evidence of documentation that can be used as proof of secure tenure status; ■ There is either de facto or perceived protection from forced evictions.
Durability of housing	A house is considered as 'durable ' if it is built on a non-hazardous location and has a structure permanent and adequate enough to protect its inhabitants from the extremes of climatic conditions such as rain, heat, cold, humidity.
Sufficient living area	A house is considered to provide a sufficient living area for the household members if not more than two people share the same room.

Source: UN-HABITAT, 2003

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[1] Ms. A. Tibaijuka, Executive Director, UN-HABITAT, keynote statement: "The future of our cities", World Habitat Day, October 1, 2001 Fukuoka, Japan

(a) Promoting negotiation as an alternative to violent forced eviction and/or establishing secure forms of tenure in 12 to 18 cities in Africa, Asia and Latin America, resulting in security of tenure for slum dwellers;

(b) Promoting in the above cities, investments (by slum dwellers, local authorities and private investors) resulting from security of tenure, and reducing the costs (political, financial and human) associated with violent forced eviction, demolition and insecure tenure;

(c) Improving in the above cities, a combination of access to water and sanitation, shelter, savings, employment in micro-enterprises, public space, community centres and/or health clinics;

(d) Generating investment from and for slum dwellers through multiplier effects of related investments brought about by such improvements;

(e) Strengthening of federations of slum dweller associations and supporting non-governmental organizations in 12 to 18 cities in Africa, Asia, Latin America and the Caribbean through their direct involvement in the Global Campaign and Cities Alliance;

(f) Strengthening in the above cities, collaborative working arrangements between organizations of the urban poor and local authorities, resulting in cooperation agreements, models of engagement, joint action plans and the above improvements (security of tenure, investment and improvements);

(g) Establishment in 12 to 18 countries in Africa, Asia, Europe, Latin America and the Caribbean [of] national policy frameworks for urban upgrading, shelter strategy, and/or urban land management;

(h) Effective demonstration in 6 to 8 countries in Africa, Asia, Europe, Latin America and the Caribbean of the practical implementation of national policy frameworks for urban upgrading, shelter strategy, and/or urban land management (measured in terms of capacity-building programmes, awareness raising initiatives, and/or urban upgrading activities).

Background to the project

In 2001, Shack/Slum Dwellers International (SDI), the World Bank and UN-HABITAT secured a grant from the Cities Alliance to develop upgrading frameworks and city action plans. The project entitled, Slum Upgrading Frameworks: India, Philippines, and South Africa, was designed to enable federations of slum dwellers and their supporting non-governmental organizations (NGOs) to document their experiences on upgrading in three cities: Mumbai, India; Manila, the Philippines; and Durban, South Africa.

The *Three Cities Project* is a direct follow-up to the launches of the campaign in Mumbai, Durban and Manila in July, October and November 2000 respectively. The three were among the first cities in which the campaign was launched with direct organizational support of the urban poor. The Project provided federations of slum dwellers, support NGOs and local authorities in the three cities with an opportunity to document their experiences in urban upgrading. More specifically, local actors in each city were assisted to translate their experiences into models, frameworks and plans of action for citywide slum upgrading. The Project furthermore afforded opportunities for exchanges and horizontal learning[2] between the three cities and the project participants.

Evolution and structures of federations

Slum/Shack Dwellers International (SDI)

Slum/Shack Dwellers International (SDI)[3] is an international people's organization comprising member federations of urban poor and homeless groups from 11 countries in Africa, Asia and Latin America and their support NGOs seeking pro-poor urban development (notably secure tenure, basic services and housing). The foundations of SDI were laid between 1988 and 1991, when the Asian Coalition for Housing Rights (ACHR), a network of grassroots organizations and NGOs in the region,[4] began linking groups with each other and exploring community exchange methodologies. These foundations were strengthened by community exchanges between India and South Africa initiated in 1991. They were further developed by inter-African exchanges subsequently undertaken by the South African Homeless People's Federation (SAHPF) from 1991. In the Asian region, nascent national federations working with NGOs associated with ACHR became part of the SDI network, thereby linking ACHR into a regional support system for SDI (Patel and others, 2001).

Teams of grassroots leaders and NGOs subsequently began to visit and learn from one another, with the focus

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[2] Horizontal learning is a learning process based on the sharing of experiences and knowledge among peers. Horizontal learning methods have shown themselves to be "liberating, capable of embracing the emerging and unpredictable unknown, open to working with experience and narrative, and fostering learning relationships and responsibility." (Reeler, 2005)

[3] The term "slum" is more widely used in Asia, while the term "shack" is in more common use in (Southern) Africa. The name of the organization thus changes according to what the user prefers (Patel and others, 2001).

[4] The global advancement of non-governmental politics coupled with the manifold technological development of the last five decades have provided much energy to what has been called "cross-border activism" through "transnational advocacy networks". These networks provide new horizontal modes for articulating the deep democratic politics of the locality, creating previously unforeseen groupings (Appadurai, 2001:26).

being on urban poverty reduction. A number of explicit strategies were employed, including the following:

- formation of savings and credit groups of urban poor women to promote income generation, reduce households vulnerability to shocks and stresses (such as loss of income, ill-health, death in the family or other misfortune), and obtain loans for housing improvements. These strategies were inherently designed to build networks of grassroots organizations through financial transactions (savings and loans), creating the basis for federation-building.
- community-driven enumeration of slum dwellers, and survey and mapping of slums,
- negotiationswith municipalities and local governments for secure land tenure, infrastructure and housing.
- design and construction of model houses as a means of developing norms and standards that the poor themselves recommend to urban authorities (Patel and others, 2001).

These activities were intended to build community-based organizations (CBOs)[5] of the urban poor. A common objective of the CBOs was to develop leadership amongst the urban poor that would enable them to negotiate with the state and its agencies to gain recognition of their rights and obtain and extend entitlements. The local grassroots organizations progressively developed into networks or federations in their own countries. The exchange visits led to the strengthening of linkages between organizations and federations of the urban poor in different countries and a sharing and pooling of experience and knowledge (Patel and other, 2001).

One of the more radical aims of this approach was to make CBOs the driving force in the struggle against poverty. NGOs were to assume a supportive role of facilitating linkages between people's organizations and public, private, bilateral and multilateral institutions, and acting as researchers and fundraisers.[6] However, many NGOs have been set up by middle-class people whose vision of a just world often reflects their own social and economic backgrounds and perceptions. They are consequently ill-placed to determine priorities for a movement of the urban poor.[7] Within the network, NGOs were relegated to the "backseat", although their skills and opinions continued to inform the process. The CBO/NGO organizational configuration reflects the conviction that the voices of the poor should be heard directly rather than through intermediary institutions such as NGOs. After all, "[w]ho [is] better qualified and equipped to speak for the poor than the poor themselves?" (Patel and others, 2001:48). In relation to this, Satterthwaite (2001:135) holds that

"Perhaps the single and most important factor in the limited success or scope of so many housing and urban development projects supported by governments and international agencies over the last 40 years is the lack of influence allowed groups of the urban poor in their conception, location, design, resource mobilization, financing, implementation and management, and evaluation."

In 1996, a number of federations of the urban poor, which had been in existence for periods ranging from two to more than ten years, met in South Africa. Also present were the NGOs working with them. The meeting agreed to create an international network — Slum/Shack Dwellers International (SDI) — that now has representatives from four and six African and Asian countries respectively, and one from Latin America (see Table 2: Details of the SDI Federations, their support NGOs and their Fund). "[By] evolving in ways that are substantially different from other transnational civil society networks, organizationally and structurally, SDI [has] many useful lessons to teach" (Edwards, 2001:148).

In the last 15 or so years, grassroots federations in several countries have collaborated in helping other groups of the urban poor, and inspired them with some of the same principles, strategies and methods. The common 'rituals' are summarized in Box 2: The key tools or "rituals" which are common across the Federations. The outcome is a coalition of affiliates with both similarities and differences. They are comparable in that they are community and people oriented, and seek to:

- support a critical mass among the urban poor;
- create local knowledge and understanding through community exchanges;
- promote and maintain a culture of saving on a daily basis to strengthen grassroots organizations and community loan funds;
- support women to collectively take charge of the development process;

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[5] The classification 'CBO' encompasses a variety of types of group. It includes residents associations or societies; savings and credit groups; minority support groups; advocacy groups; child care groups; community theatre and leisure groups; clubs; and many more. They reflect the heterogeneity of slum populations and their diverse interests and needs. They can exist informally, be semi official, or have official legal status, with some members receiving government salaries. The vast majority are, however, non-profit-making organizations (UN-HABITAT, 2003b).

[6] There is considerable variation in the role played by NGOs in creating and supporting grassroots organizations. Some help form CBOs whilst others seek to support those already in existence. CBOs initiated by NGOs may be formed around a range of issues, e.g., savings and loans for land acquisition and housing improvement and development; income generation and micro- and small enterprise (MSE) development; infrastructure or services (Mitlin, 2001).

[7] Indeed, As the Spanish essayist and philosopher José Ortega y Gasset (1883-1955) advised, "[y]ou should avoid replacing the world of the others with yours."

Table 2: Details of the SDI Federations, their support NGOs and their Fund

Federation	Year founded	Membership	Support NGO/ /Federation-managed funds
Asia			
CAMBODIA: Squatter and Urban Poor Federation	1994	Active in 200 slums	Asian Coalition for Housing RightsUrban Poor Development Fund
INDIA: National Slum Dwellers Federation and Mahila Milan	1974 and 1986	c. 2 million plus members	SPARC (1984). Community-Led Infrastructure Finance Facility (CLIFF)
NEPAL: Nepal Mahila Ekta Samaj and Nepal Mahila Ekata Samaj (women's federation of savings groups)	1998		LUMANTI Nepal Urban Poor Fund
PHILIPPINES: Philippines Homeless People's Federation	2003	50,000 members	Vincentian Missionaries Social Development Foundation Inc (VMSDFI) Urban Poor Development Fund
SRI LANKA: Women's Development Bank	1998	31,000 households	JANARULAKAWomen's Development Bank Federation
THAILAND: Various regional and city-based federations	1990	**	CODI - Fund set up by the Government of Thailand
Africa			
KENYA: Muungano wa Wanvijiji	2000	c. 25,000 members	Pamoja Trust (2000) Akiba Mashinani
MALAWI: Malawi Federation	2003	3000 members	CCODE -Centre for Community Organization and Development
NAMIBIA: Shack Dwellers Federation of Namibia	1992	9,700 members	Namibian Housing Action Group (1997)
SOUTH AFRICA: uMfelanda Wonye (South African Homeless People's Federation)	1991	c. 100,000 members	People's Dialogue on Land and Shelter; The uTshani Fund (for housing), Inqolobane (The Granary) funds for employment/micro-enterprise
SWAZILAND	2001		Peoples Dialogue, Swaziland
ZIMBABWE: The Zimbabwe Homeless People's Federation	1993	c. 45,000 members	Dialogue on ShelterGungano Fund

Federations are also forming in Zambia and savings groups that have the potential to form federations are forming in many other nations including Uganda, Ghana, Lesotho, Tanzania and Madagascar.
** Thousands of savings groups, many regional and city federations.

Source: After D'Cruz and Mitlin, 2005.

- build capacities to dialogue with local officials through exchanges; and

- explore precedent-setting activities[8] to demonstrate what the poor are able to do (Patel and others, 2001).

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[8] Precedent-setting activities and pilot projects demonstrate better possible development alternatives for the poor, often initially on a small scale.

The SDI network encourages members of different communities to see and experience good practice implemented in other communities, cities and countries directly from their own socio-economic and cultural perspective and reference system. Seeing and observing through face-to-face meetings and horizontal exchanges are powerful experiences through which communities are able to gain valuable insights and new knowledge. Good examples are the visits by representatives of urban poor federations in Kenya to Zimbabwe and Namibia, which are described in brief in Box 3: The exchange visit to Zimbabwe and Namibia by community members from Kenya. Exchanges with peer communities build solidarity provide for a more efficient transfer of development experience from one poverty context to another (Gandelsonas with Erickson, 2002).

SDI is accountable to the many national federations that constitute it. Each national federation is, in turn, accountable to its members, the community-led savings groups (Satterthwaite, 2001). As an international people's organization, SDI member federations "stress grassroots democracy even as they challenge existing paradigms of development" (Patel and others, 2001:49). SDI differs from other trans-national citizen networks in that the locus of power and authority lies and remains with the communities themselves rather than intermediary NGOs at the national or international level. This is, in part, because SDI was not created to lobby international financial institutions or influence global policy — even though it now plays an increasingly important role in both these respects. Rather, SDI aimed to promote solidarity, mutual support and the exchange of knowledge and information about development strategies and feasible alternatives among its member organizations and groups (Edwards, 2001). Indeed, SDI's greatest strength and potential lies in its combination of local and global dimensions:

> "SDI is rooted much more solidly in real communities of shack and slum dwellers, who are just as concerned with problems and solutions at the local level as at higher levels in the system. The global activities of the movement are the "icing on the cake" so to speak – layered on top of local and national campaigns instead of displacing attention to distant international institutions" (Edwards, 2001:148-149).

In recent years, rights-based approaches have been gaining increasing prominence on the international development agenda (IDS, 2003). They have obtained endorsements and policy commitments in major United Nations conferences and summits on social and economic issues of international concern (UN Enable, 2003). NGOs and grassroots organizations, too, are embracing rights-based approaches (VeneKlasen, and others, 2004). In contrast to needs-based approaches which focus on securing additional resources for delivery of services to marginalised groups,

> "a rights-based approach calls for existing resources to be shared more equally, and assisting the marginalised people to assert their rights to those resources, thus making the process explicitly political" (Nyamu-Musembi and Cornwall, 2004:2-3).

SDI has, however, struggled to work within the rights-based approach. While its members believe in redistribution, social justice and people's empowerment, "they have been criticised by rights-based groups for being too close to the state" (Mitlin and Patel, 2005:6).

Still, SDI has made encouraging and notable progress in promoting access by urban poor groups and households to secure land tenure and adequate basic infrastructure and housing. The Three Cities Project thus aimed to build on the alliances and partnerships that have been created in India, South Africa and the Philippines under the auspices of SDI.

The Alliance in India

The Alliance in India comprises the Society for Promotion of Area Resource Centres, the National Slum Dwellers Federation and Mahila Milan (see Figure 1: The Alliance in India).

The Society for Promotion of Area Resource Centres (SPARC) was formed by a group of middle-class professionals in Mumbai in 1984. This was at a time when the policy of the Municipal Corporation of Greater Mumbai (MCGM) was to demolish the homes of pavement dwellers without notice. The founder-Director of SPARC had formerly worked in a traditional NGO that focused on health and education for the poor. SPARC aimed to address the fundamental crisis facing pavement dwellers, who are among the poorest and most vulnerable of the urban poor in India. This was the demolition of their rudimentary homes. Not knowing how exactly this was to be done, SPARC provided women

Figure 1: The Alliance in India

Nirman - a not-for profit development company

SPARC NGO

National Slum Dwellers Federation 750,000 households in 2004 72 cities in 11 states and union territories

Mahila Milan Women as the anchor
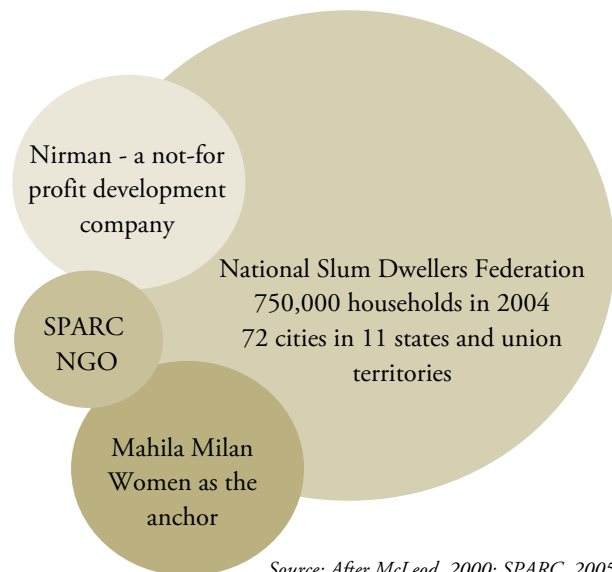
Source: After McLeod, 2000; SPARC, 2005

pavement dwellers with spaces where they could meet and deliberate their situation and possible actions — area resource centres (Patel and Mitlin, 2001; SPARC, 2003a). Because of the background to its formation, SPARC is open to questions about legitimacy, representation,

accountability and authenticity, as are other NGOs and civil society organizations (CSOs) similarly formed. Indeed, "as NGOs have become increasingly successful in lobbying for policy change both at the national and international level, so the targets of their actions have come to question their legitimacy and representation" (Lloyd, 2005:5).

SPARC has three main objectives (SPARC, 2005:3):

- To strengthen the capacities of its alliance partners – the National Slum Dweller's Federation (NSDF) and Mahila Milan (MM) - to expand and build community federations and assist them in developing proactive, collective solutions for land security, safe housing and basic infrastructure services.
- To help NSDF and MM to scale up solutions that work both for poor people as well as cities in general.
- To support its partners demonstrate – to city level authorities, national urban policy making bodies as well as the international funding community - the mutual dependence of overall city planning and development and creating settlement level development support mechanisms.

The National Slum Dwellers Federation (NSDF) was founded in 1974 by a group of community leaders. The leaders, most of whom were men with prior experience of working with NGOs, were activists fighting the demolition of their own settlements (Patel and Mitlin, 2001). Led by the President, A. Jockin, the predominantly male membership of NSDF was at the forefront of demonstrations and confrontations with city authorities in the name of the cause of the urban poor.[11] NSDF subsequently spread to more than 30 cities all over India and evolved into a loose coalition of local federations. NSDF's confrontational approach, however, met with little success (SPARC, 2003a) — which is not surprising. Confrontational relationships, either explicit or implicit, between governments and NGOs in developing countries are not uncommon. But, in many cases, the former possess coercive powers for outright repression and harassment, which they will, not infrequently, readily use (Najam, 2000). The principles of federating slum communities was adopted because NSDF rightly recognized that "work in one or two slums would not be taken seriously by government authorities and could not be undertaken at any scale" (Burra, 2005:75).

In 1986, NSDF began collaborating with SPARC. This led to a change in its approach to proactive demonstration of the ways in which poor communities could proficiently manage urban development processes. Since then, NSDF has successfully helped local federations of slum dwellers to forge effective partnerships with municipalities (McLeod, 2000). Indeed, it is now widely recognized that

"[b]uilding constructive partnerships among all development partners, while moving away from confrontation, seems to be in the interest of all parties, not least the poor, who can only gain from a better-coordinated and more focused war on poverty" (Leite, 2001).

In 2004, NSDF had a membership of 750,000 households in 72 cities in 11 states and union territories across India (SPARC, 2005). Its main goals now are to help slum dwellers gain security of tenure and to assist them to develop basic infrastructure such as water and sanitation. Within its alliance with SPARC and Mahila Milan, its primary responsibility is to organize, mobilize and motivate slum dwellers, and to help strengthen similar federations of slum dwellers and homeless people in other countries in Asia and Africa (SPARC, 2004).

Mahila Milan (MM), which means "Women Together" in Hindi, is a decentralised network of groups of women pavement and slum dwellers. Their central activity is the operation and management of credit and savings activities in their communities. MM was set up in 1986 when 500 women pavement dwellers, with the support of SPARC, organized themselves to prevent the demolition of their homes. MM aims to promote recognition of the critical role that women play in improving the lives of their communities. To this end, MM conducts informal trainings for women's collectives to enable them to play a greater role in community management and participate effectively in key decision making processes. MM currently has accumulated total savings worth approximately 30 million rupees.[12] It has extended loans totalling about 40 million rupees[13] to some 15,000 poor women across the country.

MM and NSDF have strong links. Indeed, NSDF originated as an organization of male slum dwellers, but the number of women members has grown substantially, and more than half of its community leaders are now women (SPARC, 2004). The two networks work together to enable urban poor women and men to share

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[11] Some observers have raised concerns that community leaders dominate the organizations that they belong to, reinforcing a belief among residents that they have little control or influence over their lives and their local organizations (Mitlin, 2001: 156).

[12] Approximately USD 667,200.00.

[13] Approximately USD 889,822.00.

experiences through exchanges; train one another in financial management, appropriate building technologies and other relevant skills; and develop the confidence and opportunities to assume leadership roles within poor communities. MM and NSDF also work together on broader policy issues at city and state levels, and seek to forge partnerships with local authorities, in order to implement larger scale development initiatives in slums.[14]

In 1998, the Alliance of SPARC, NSDF and MM founded Samudaya Nirman Sahayak (SSNS or Nirman for short), a non-profit company. Its role is to support the Alliance's building and construction projects. Nirman was created to fulfil the need for more sophisticated legal,

financial, and technical expertise that has arisen as the Alliance's projects have grown in scale and complexity. Based in Mumbai, Nirman is also a partner of Homeless International[15] in implementing the Community-Led Infrastructure Finance Facility (CLIFF), which is discussed in more detail later in this report.

The Homeless Peoples' Federation Philippines

The Homeless People' Federation Philippines (HPFP) is the newest of the Federations in the Three Cities Project, having been formally established in September 1998. However, the activities and engagement of its member

Figure 2: Organizational structure of HPFP

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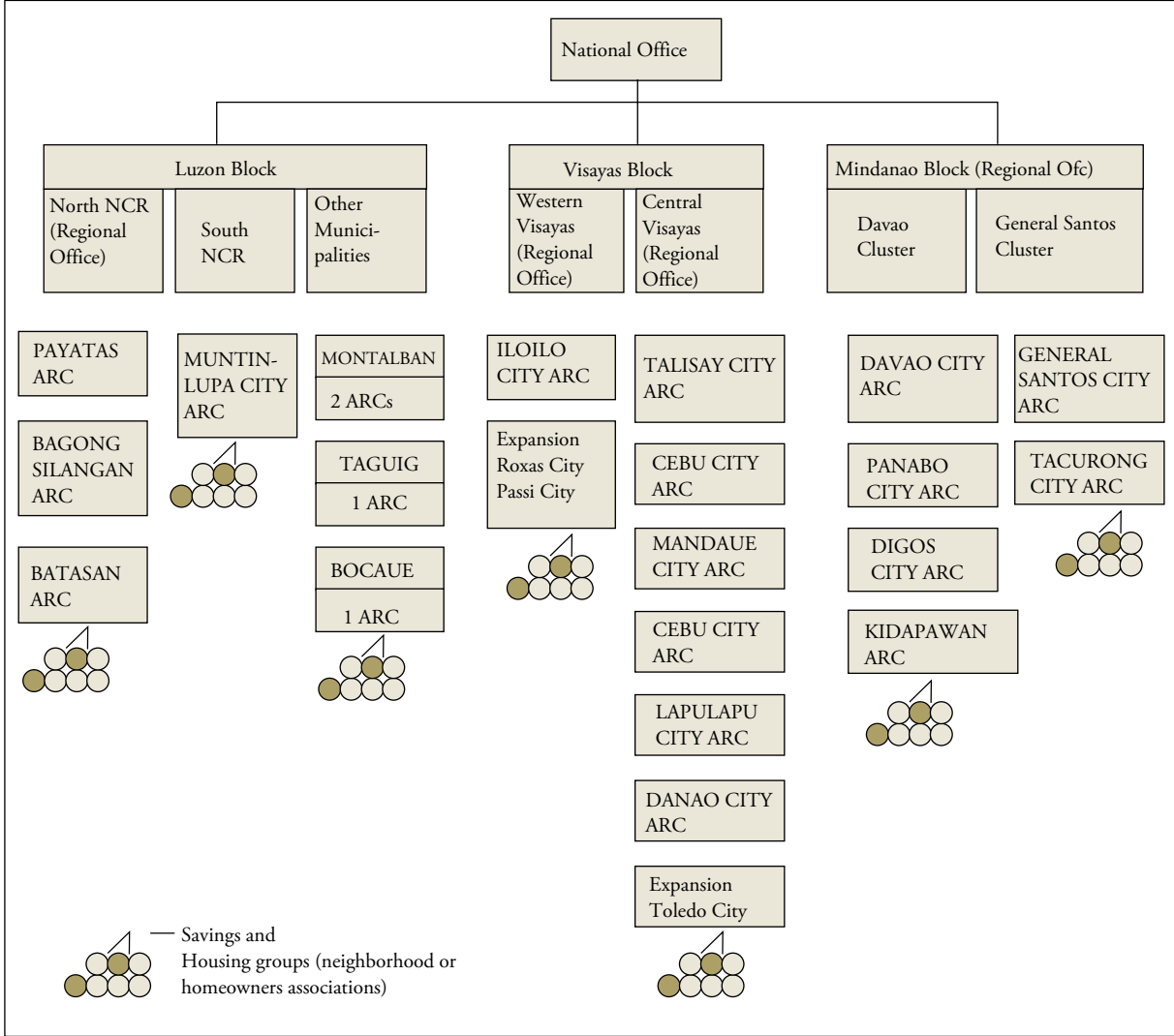
[14] See SPARC website <http://www.sparcindia.org/>.

[15] Homeless International is a UK charity (NGO) that supports community-led infrastructure and housing development and improvement in partnership with local partner organisations in Africa, Asia and Latin America. The initiatives that it lends support to are all led, developed and managed by local community groups themselves. See Homeless International website <http://www.homeless-international.org.>.

communities, with the support of the Vincentian Missionaries Social Development Foundation (VMSDFI), date back to as early as 1992 (HPFP, n.d.; VMSDFI, 2001).

Prior to the formation of the Federation, communities in several cities had been running savings schemes for a number of years. There had, however, been little contact between them. Community leaders were concerned about the pace of change and the narrow focus. The idea of merging these disjointed into a larger and more cohesive body came about in around 1997. This followed visits to federations of the urban poor in India, South Africa and Thailand which demonstrated the potential of large-scale community federations. Since then, with the support of VMSDFI, the Federation's NGO partner, strong ties have been forged between groups in ten cities, with diverse local strategies, operating structures and working styles (VMSDFI, 2001).

HPFP thus brings together poor community organizations in cities across the country seeking to find solutions to the problems they face with regard to access to secure land, infrastructure, housing, health, welfare, income and access to affordable credit. Some groups are new while others are being revived; some are faith-based and others secular; and some are mini-federations in their own right. The common denominator in all these groups is that they use savings and credit programmes, which they themselves manage, as the central means of improving their livelihoods, strengthening their communities and securing land and houses.[16]

HPFP is thus rooted in the savings and the housing groups, which collect savings and initiate development in their communities (see Figure 2: Organizational structure of HPFP).

- The community-based Area Resource Centres (ARCs) or their satellites receive the savings collected, maintain records, and manage savings and loan activities. The ARCs are linked regionally through the regional offices.
- The regional offices consolidate financial reports and provide technical support in different aspects of HPFP's work. These are mainly savings, land acquisition procedures, and participation in local development councils and other forms of public sector engagement.
- The National Office supports regional activities and coordinates tasks which are national in scope. This includes surveys of high-risk communities, community exchanges, learning activities, guidance on monitoring and policy advocacy.

All the above levels — from savings groups, through the ARCs and regional offices, to the national office — are managed by community leaders (HPFP, n.d.).

Building strong local community leadership capacity is a key aspect of community empowerment and the SDI approach. This is discussed in more detail in Section 2 of this report.

The Alliance in South Africa

At the time of the Three Cities Project, the Alliance in South Africa was a partnership between uMfelandaWonye WaBantu BaseMjondolo — known in English as the South African Homeless People's Federation (SAHPF) — and People's Dialogue on Land and Shelter. The latter was the NGO component. The former has become "one of the most significant housing movements in Africa" (Baumann and Bolnick, 2001:103). SAHPF advocates a "people-driven housing process…[emphasizing] that the poor are the foremost experts in building their own houses and that their latent capacities should be captured in housing strategies"(Millstein and others, 2003:463).

The origins of SAHPF lie in a grassroots conference organized in 1991 by the South African Catholic Development Association, and "The South African People's Dialogue on Land and Shelter". The conference, held in Broederstroom, in North West Province, brought together over 100 informal settlement residents and backyard shack dwellers from South Africa's major cities and towns, and representatives of the major land and shelter NGOs in the country. High-profile housing NGOs from Asia, Latin America and other parts of Africa also attended. The overseas participants included slum dwellers and housing activists, amongst them the NSDF President, A. Jockin (People's Dialogue, 2003b).

SAHPF is based on the two Indian organizations, NSDF and MM. It is a network of autonomous savings and loans groups or CBOs, each of which has its own decision-making structures, and which are legally regarded as voluntary associations (Bolnick, 1996). The SAHPF similarly has always been a voluntary association under South African law, and has never been registered as a formal legal entity; nor does it have a constitution (Baumann, 2005). Individual member organizations subscribe to and follow the guiding principles and related rituals of mobilizing common across SDI and organisations affiliated with SAHPF. A common development approach, which has the following characteristics, unites them:

- all member organizations are rooted in shack settlements, backyard shacks or hostels;
- all organizations are involved in savings and credit, managed at grassroots level by the members themselves;
- while men are not excluded, the vast majority of Federation members are women;

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[16] See < http://www.achr.net/philippines1.htm>.

- all organizations are involved in struggles for security of land tenure and affordable housing;
- self-reliance and autonomy are hallmarks of Federation groups. Power and decision-making are highly decentralized, with individual organizations responsible for their own development activity and direction. (Bolnick, 1996:156-157)

However, most have their own informal practices and rituals of meeting and election (People's Dialogue, 2003b).

Like the Federations in India and the Philippines, the SAHPF network is rooted in the saving schemes. These operate at the settlement level and are hierarchically networked at the settlement, city, regional and national levels (see Figure 3: Structure of the South African Homeless People's federation (SAHPF) below). The 'Group of Five', elected from SAHPF's national facilitators, has overall responsibility for the operational management of SAHPF, including its programmes and activities and related costs (People's Dialogue, 2003b). There are, however, some problems with this formation: "[]rigid hierarchical organizational structures prevent the sharing of knowledge and undermine existing "natural" communities" (Denning and others, forthcoming). Moreover, there are also questions regarding representation. This is of concern because

"stakeholders will increasingly avail themselves of the "exit" option if their demands for a voice are blocked by hierarchical organizational structures or manipulative management practices" (Saxton, 2004:22).

SAHPF has regional branches in all of the country's nine provinces and is active in over 700 informal settlements nationwide. Over 90,000 of its more than 100,000 members are women[17] (People's Dialogue, 2002). SAHPF

has helped in the formation and expansion of urban poor federations in several other African countries, including Kenya, Malawi, Namibia, Swaziland, and Zimbabwe (see Table 2: Details of the SDI Federations, their support NGOs and their Fund).

At the time of the project, SAHPF was supported by the NGO People's Dialogue. SAHPF and the People's Dialogue came together in May 1996 at a conference to reflect on the first five years of the former's existence as a social housing movement. The conference was attended by 150 SAHPF leaders from as many informal settlements from around the country. They were joined by eight support personnel from People's Dialogue and 40 grassroots leaders from organizations of the urban poor from other African, Asian and Latin American countries. The conference thus replicated the form of the earlier conference held in May 1991, which gave rise to the People's Dialogue and, later, SAHPF (Bolnick, 1996).

People's Dialogue was the NGO component of the South African Alliance. It was established in 1991 to explore ways in which non-racial South African governments could work with poor communities through partnerships. People's Dialogue chose to remain a small organization, whose function was "to support and facilitate the efforts of organizations of the poor rather than to deliver professional 'solutions'" (Baumann and others, 2001:5). Its role was thus:

- to facilitate the interface between formal institutions and the poor;
- to assist in designing and developing strategies and mechanisms that Federation members learn and put into practice; and
- to work with external agencies to create space for people's organizations (Baumann and others, 2001:5-6).

Figure 3: Structure of the South African Homeless People's federation (SAHPF)

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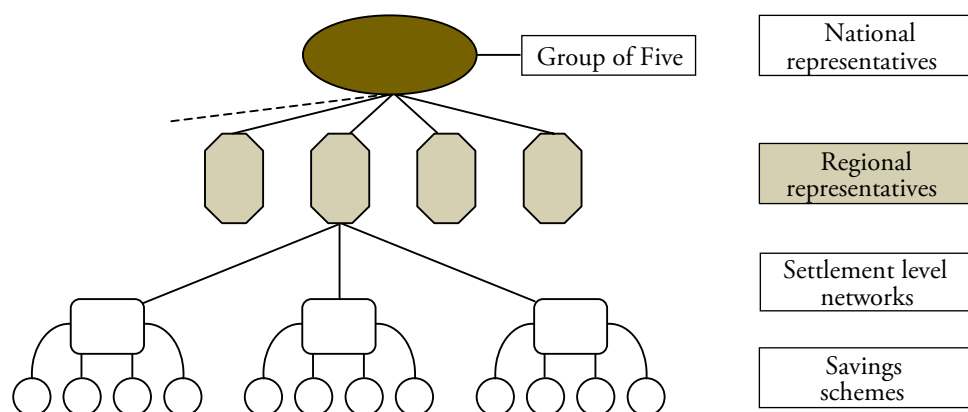
[17] This number includes non-savers. The SAHPF figures for November 2002 showed 60,149 active savers.

People's Dialogue's core technical team comprised three building and finance specialists working with a small number of consultants through offices in Johannesburg, Cape Town, Queenstown and Durban. This team helped SAHPF manage over 45 million rand in loan finance and build more than 8,000 houses.[18] Achieving this with only a small professional team was possible because the vast majority of SAHPF activities were carried out without their support (Baumann and others, 2001).

The *uTshani* Fund was established by the SAHPF and People's Dialogue in recognition of the fact that whilst the homeless poor possess energy, initiative, skill and experience in abundance, they lack the material resources to transform their situation. Access to affordable credit is, therefore, of paramount importance. In 1993, the two parties agreed that the only way around this problem was for People's Dialogue to assist SAHPF establish its own finance scheme. Following a period of capacity building, the *uTshani* Fund began operations in January 1995 (Bolnick, 1996). The Fund was set up for three primary reasons:

- To make finance available to the poorest: There was (and still is) no other source of affordable, accessible housing finance for the very poor. The uTshani Fund was set up to respond to Federation members' desperate need for better housing.
- To mainstream people-driven development: SAHPF and People's Dialogue wanted to demonstrate the effectiveness of people-driven housing, particularly in the context of the new democratic government in South Africa, hoping that the government would mainstream the grassroots systems that were being pioneered.
- To make room for innovation: The experimental fund offers room for the Federation and People's Dialogue to innovate without being dominated by donor priorities and restrictions. (ACHR, 2002:14)

The *uTshani* Fund was thus established by the SAHPF as a revolving fund for housing and later micro-enterprise loans, to support its members' activities. It was created to obtain, consolidate and deliver finance, on a collective basis, to saving schemes affiliated to SAHPF. *uTshani* serves to protect and expand the assets of SAHPF and its allies, and is operated on a not-for-profit basis.

uTshani is SAHPF's primary partner in their land, infrastructure, housing and economic development activities, and jointly with People's Dialogue partnered SAHPF's in its savings activities. It is responsible for the management of the financial aspects of members' savings.

Working in close partnership with SAHPF and People's Dialogue, *uTshani*'s priorities are to:
- Leverage resources for development
- Promote development for the most marginalised and most vulnerable groups within [SAHPF] and its allies
- Promote integrated development
- Promote the eradication of poverty by the poor themselves
- Promote innovation and best practise
- Achieve results at as large a scale as possible (People's Dialogue, 2003b:16)

uTshani is managed on a day-to-day basis by staff, but its decision-making structure comprises a Board on which SAHPF members and independent finance and development professionals sit. The establishment of provincial boards, like the restructuring of SAHPF, was aimed to facilitate the SAHPF's participation in the management of the Fund at as localized a level as possible and feasible (People's Dialogue, 2003b). This is in line with basic normative rules and principles of good governance.

The *uTshani* Fund is the institutional inter-face between local SAHPF groups and the state. The Fund was originally supposed to provide bridging finance to enable households belonging to savings groups to build homes while they negotiated a housing subsidy. A large

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[18] A growing number of intermediary NGOs have become "'professionalized — more policy oriented, their employees more educated and less interested in grassroots organizing" (Murdock, 2003:507). This has raised doubts about their democratic credentials and capacity. Indeed, while the NGO sector in overall "may be doing 'good' because some NGOs are doing 'great'" (Wagle, 1999:535), there is considerable debate as to whether or not NGOs are 'doing good' (Fisher, 1997; Murdock, 2003).

2.0 Slum Upgrading Frameworks

number of members have, however, not managed to get the housing subsidy (Baumann and others, 2001)

Slum upgrading, as stated earlier, is widely seen as the most proactive, pragmatic and effective way to achieve MDG 7, Target 11 — to improve significantly the lives of at least 100 million slum dwellers by the year 2020. Slum upgrading characteristically involves physical, social, economic, organizational and environmental improvements to existing slums and informal settlements. It is generally carried out by residents, community groups, local authorities and external agencies working

Table 3: Components of selected slum upgrading projects in Latin America

	Chile	Columbia	Argentina	Brazil	Brazil	Brazil	Bolivia	Brazil
Infrastructure								
Potable water								
Sanitation solution								
Drainage								
Road system								
Public lighting								
Electricity								
Urban services								
Garbage collection								
Housing solutions								
Sanitary core								
Home improvement								
Resettlement								
Equipment and social services								
Community services								
Public squares and sports fields								
Child care facilities								
Services for vulnerable groups								
Health clinics								
Income and job creation								
Environment								
Aborization and reforestation								
Environmental recuperation and mitigation								
Property regulations								
Reordering based on land use								
Property titling								
Community development								
Sanitation and environmental education								
Community organizing								

Abbreviations
PMB: Programa de Mejoramiento de Barrios, Chile
MVE: Programa Mejoramiento de Vivienda y Entorno-Red de Protección Social, Colombia
PROAP I y II: Programa de Regularización de Asentamientos Populares Favio-Barrio, etapas I y II, Rio de Janeiro, Brasil.
PROMEBA: Programa Nacional de Mejoramiento de Barrios, Argentina
PBV: Programa Baixada Viva/Nueva Baixada, gobierno estadual, Brasil

Source: Ferguson and Navarrete, 2003:210

in partnership at the local level. The actions carried out in implementing slum-upgrading initiatives typically include:

- regularization of tenure/provision of secure tenure
- installation or improvement of basic infrastructure, e.g., water reticulation, sanitation/waste collection, rehabilitation of circulation, storm drainage and flood prevention, electricity, security lighting, and public telephones
- home improvement
- removal or mitigation of environmental hazards
- construction or rehabilitation of community facilities such as nurseries, health posts, community open space
- improvement of access to health care and education as well as social support programs to address issues of security, violence, substance abuse, etc.
- building of social capital and the institutional framework to sustain improvements
- enhancement of income-earning opportunities through training and micro-credit
- provision of incentives for community management and maintenance
- relocation/compensation for the small number of residents dislocated by the improvements

Table 3: Components of selected slum upgrading projects in Latin America shows the components of selected slum upgrading projects in some countries in Latin America. This is the region of the world where slum upgrading is perhaps most advanced. For these actions to be carried out efficiently and effectively, an enabling environment and pro-poor slum upgrading frameworks are necessary.

Engagement Strategies

Meaningful community participation is increasingly universally recognised as fundamental to development. This is evidenced in successful upgrading programmes in which slum dwellers are partners contributing significant resources. The implementation of decentralization reforms at national and local levels has greatly facilitated

improved engagement between local communities and public authorities. There has also been a dramatic change in the approach of many NGOs and CBOs over the past two decades. This has entailed a shift from a confrontational approach to the formulation and establishment of engagement strategies and partnerships with various levels of government and the private sector (Cities Alliance, 2003).

Engagement strategies need to be targeted to be effective. It is also important to know what tactics to use with which target populations and when. The alignment of engagement objectives, target populations, and engagement tactics is central to this process. Strategies to increase engagement — by broadening it, deepening it, intensifying it or diversifying it — will differ from one context to another (McCarthy and Jinnett, 2001)

Purpose of engagement

In all three countries, engagement takes place at two levels: with communities and with the State and other agencies. The over arching purpose, though, is the same at both levels. It is to bring about sustainable, pro-poor slum upgrading. However, the immediate objectives at each level are different.

Engagement with settlements and communities

Community engagement can be difficult to define. However, in the context of pro-poor slum upgrading it can be said to refer to activities designed to give the local community an opportunity to contribute to decision making on issues related to the improvement of conditions in the slums in which they live. Engagement can range from 'consultation, which may simply mean the provision of information to a community, to 'empowerment' and 'development', which may involve the community creating a vision of its own and actively participating in working towards its realization (Effective Interventions Unit, 2002b). The different levels of engagement that

Figure 4: Levels of engagement

CONCEPT	LEVEL OF ENGAGEMENT
Community consultation	
Community representation	
Community involvement/participation	INCREASING
Community empowerment	
Community development	
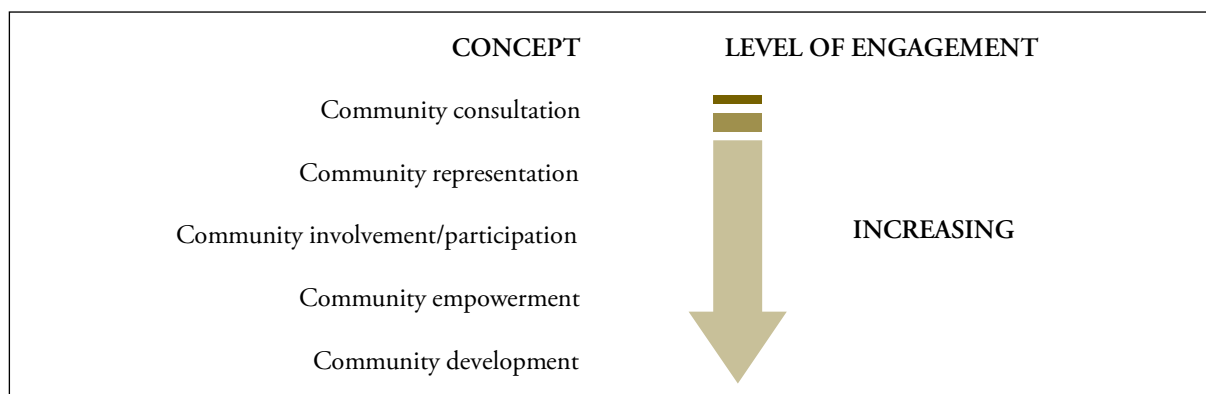
Source: After Effective Interventions Unit, 2002a:8

can be distinguished are illustrated in Figure 4: Levels of engagement.

Recent research has identified a number of benefits of engagement. For the community, engagement (Effective Interventions Unit, 2002a:9-10):

- Involves those who might not normally be included through traditional routes, ensuring that everyone has a voice.
- Identifies the needs of the community, sets priorities for the future and shares control of the local agenda.
- Encourages greater acceptance of the responsibility that communities have towards identifying important issues in their communities and formulating effective solutions.
- Builds community spirit and co-operative working.
- Empowers individuals, ensuring they do not have to accept situations passively.

At settlement and community level, the immediate objectives of engagement are to mobilize local poor communities; to build their capacity and their creditworthiness; and to empower them so that they are able to engage with government, at various levels, to demand access to land and adequate housing and security of tenure, and improved conditions and development overall. The approach and criteria for selecting communities to work with will differ in each case. Community engagement requires continuous work and creative communication, and different stakeholders require different engagement strategies.

India

There are two ways in which the Alliance of SPARC/NSDF/MM engages with urban poor communities in India. The first is though a group of households from the same slum approaching the Alliance; and the second is if the authorities request the Alliance to assist with resettlement of communities.

In the first case, the Alliance expects the urban poor to organize and form groups at the settlement level. In any particular slum, a given number of households seeking to improve their lot must come together before they and their respective slum can join the Federation. On beginning daily savings collections, the slums are networked with others (SPARC, 2004).

Communities do not all respond to this strategy in the same way. Some will become very involved after they are introduced to the Alliance and take on many activities. Others, in contrast, will not become as involved, and their activities will be few and far between, with some remaining dormant for a long time. However, the Alliance's philosophy is that "the impetus for change must come from within communities and federations if they are to be truly participatory and sustainable" (SPARC, 2004:14). While this may well be true, this strategy is likely to exclude the poorest and most vulnerable households who do not have the capacity to save, or organize themselves into groups.

In the second case, the Alliance works closely with communities at the request of government authorities, having developed considerable credibility in the eyes of the latter. The Alliance is engaging with communities in a number of resettlement and development projects in Mumbai. These are in line with Commission on Human Rights Resolution 1993/77 on "Forced evictions" which urges Governments to

"adopt all necessary measures giving full protection against forced eviction, based upon effective participation, consultation and negotiation with affected persons or groups."

They include the following:

- Mumbai Urban Transportation Project (MUTP II) where the Alliance has effectively operationalized its enumerations strategy in carrying out a socio-economic survey and assisting in the resettlement of households living along the railway track. This World Bank financed project will eventually incorporate resettlement of 32,000 households. Some 12,000 households have, thus far, been voluntarily resettled in either permanent or temporary accommodation (4000 and 8000 households respectively). The Alliance has constructed 2,500 tenements under this initiative. This has precipitated an unprecedented increase in federation membership, as poor communities across the city who hear about this resettlement approach the Alliance, eager to participate and benefit.
- The Mumbai Urban Infrastructure Project (MUIP) in which the Mumbai Metropolitan Regional Development Authority contracted the Alliance to resettle 35,000 households. The process includes baseline socio-economic surveys and community mobilization. As project implementation proceeds, more and more communities are joining the Alliance — seeing it as a means to address their basic needs.
- The Slum Redevelopment/Pavement Dwellers projects in which they constructing some 1500 tenements.
- The Slum Sanitation Programme in which local communities have actively participated in the construction of 4,000 toilet seats in slums in partnership with provincial governments, local authorities, NGOs and community organizations. An estimated 200,000 slum dwellers are expected to benefit from this initiative. The World Bank provided funding of $ 10 million for the project.
- The Rajiv Indira Suryodaya project, which is being implemented in Dharavi slum, the largest slum in Asia and home to an estimated million people. This is the first community-led rehabilitation initiative to be implemented within the framework of the

Slum Rehabilitation Act (SRA) of the Maharashtra Government (McLeod, 2000; SPARC, 2003b; 2004).

The potential of this approach — partnerships between community organizations, NGOs and government — is widely acknowledged and, indeed, has been clearly demonstrated.

The Philippines

While HPFP works engages with urban poor communities in cities across the Philippines, assisting living in high-risk areas is given high priority. These include relocation sites lacking amenities and security of tenure, and other areas under threat of eviction; river banks; low-lying sites prone to flooding; shorelines; dump sites; along railway tracks and highways, and on land under bridges. Many of these households are facing a grave risk to their properties and lives, or imminent eviction. HPFP works with them to build the technical and financial capacities that will enable them to identify needs and prepare for different upgrading or resettlement options. Communities are, thus, empowered to initiate and carry out their own solutions with the support of the nationwide HPFP network (HPFP, not dated, c; UN Millennium Project, 2005a; Yu and Karaos, 2004).

HPFP carries out regular surveys of high-risk communities on a continuous basis. The survey exercise has manifold benefits. It is able to achieve the following:

- identify and list households living in high-risk locations that are commonly disregarded by official surveys and censuses.
- take into account all affected households, including renters and sharers. Typical government enumeration processes, in contrast, count only housing structures (regardless of the number of households within) or the voting population.
- draw the attention of communities and government officials to the great risks the formers' living conditions pose, and to consider possible solutions
- provide the opportunity for dialogue with government officials and for them to make known their views on the urban poor and partnership formation
- offer a means to introduce savings, generate discussion on security of tenure, and exchange information and ideas about how the community

could avoid forced eviction and prepare for resettlement.

Sound technical know-how is critical to taking an informed and principled position in dialogue and negotiation with regard to slum upgrading. If community groups cannot express their concerns, interests and ideas effectively in operational terms, they will be unable to go beyond general statements of intent. They may, consequently, be taken advantage of by unscrupulous parties able to conceal their intentions behind convoluted terminology, legal jargon, complex numerical data, and unverified documentation. With reference to Brazil and Mexico, Box 4: Technical versus popular language in Brazil and Mexico illustrates how different parties understand and use terms in ways that reflect their different interests and perspectives. Knowledge and information sharing and transfer is thus a key aspect of HPFP's approach to community engagement with empowerment (Yu and Karaos, 2004).

South Africa

The strategy followed the Alliance in South Africa from 1991 to 1998 was broadly one of non-collaboration. At the time, non-collaboration was significant as it enabled mobilization around a sense of shared identity and belonging and the emergence and consolidation of the SAHPF as a movement of the urban poor. By 1998, the strategy sifted towards partnerships with other agencies in order to address larger scale needs and demands and address poverty reduction more effectively in the future (People's Dialogue, 2003b)

When the Federation was restructured between 1998 and 2002, the emphasis shifted to housing — despite earlier successes in mobilization and delivery. This had a significant impact on its core objectives. This focus, coupled with an unexpected injection of substantial resources, led to a very inward-looking and exclusionary approach. The federation consequently started excluding groups of urban communities that did not comply with federation rules and procedures or follow its pragmatic strategies. However, by 2001, the Alliance recognized that SAHPF was not a housing delivery agency and needed to refocus on its primary goal of building a people's movement. The restructuring brought about a far clearer focus on community mobilization, involvement and participation, and capacity building through savings and

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Box 4: Technical versus popular language in Brazil and Mexico

The city planners and technical experts use terms to describe informal and low-income housing developments that are not used, or even understood, by the people living in them. In addition, different actors often use the same terms, but apply different meanings or connotations to them. For instance, the people themselves invest the term 'community' with a social and political content, using this as a negotiating tool and as a way to describe their collective identity. For their part, the international agencies often harness the term to a top-down or managerial view of social realities.

Source: Rivière d'Arc, 2002:321

a willingness to attract diverse groups into the network. Becoming more inclusive and returning to savings as the primary mobilizing strategy, has created new opportunities for engagement. This is evidenced by the current trends towards engaging with communities as well as the state. By adopting a non-party political stance, SAHPF is able to forge practical partnerships that serve the interests and needs of urban poor people (People's Dialogue, 2003b).

SAHPF and People's Dialogue support communities develop their own democratic organizations which can set up and manage savings and credit schemes and develop their own housing schemes. They also support and enhance communities' capacity to negotiate with external agencies, especially local authorities that control access to land, infrastructure and services and the state agencies that allocate housing subsidies. They also develop schemes that do not exclude poorer households and build alliances between savings groups so that they are not competing with one another for external support. Indeed, the Federation has long emphasized that "the savings and credit schemes collect people, not money" (Baumann and others 2001:6). Developing such organizations and exploring how best to realize their own plans requires time on the part of communities, which must also develop the confidence to do so. SAHPF and People's Dialogue often provide grant funding to communities to finance pilot activities through which they test a potential solution before it is implemented or address a particular problem (Baumann and others 2001).

Engagement with the State and other institutions

At state level, the primary objectives of engagement are to steer national and local level policies in a pro-poor direction and to bridge the gap between formal and informal processes. The experiences of SDI emphasize that the only way that pro-poor community-driven development can succeed is if there is effective engagement with the state. Indeed, many of the needs of the urban poor cannot possibly be addressed without this. Strong local organizations within a federating structure can engage with, and attract, the interest and resources of governments at various levels (D'Cruz and Mitlin, 2005). Government attitudes towards NGOs and organizations of the urban poor will, however, be key in this respect,

as will the reverse — NGOs and local organizations' motivations, attitudes and approaches towards the state.

NGO engagement and relationships with the State generally fit into the 'Four-C's Model' (Najam, 2000) depicted in Figure 5: The Four-C's of NGO-Government relations.

The potential for conflict is moderated by the federations seeking constructive engagement with their respective governments. Indeed, they often invite politicians and senior government staff to accompany their representatives to international conferences, to underline their desire to work with governments and to explain how they do so (D'Cruz and Satterthwaite, 2005). SDI groups in a number of countries have, however, been criticized by some who see their dialogue with the state as cooption. They, however, reject this contention, and maintain that their strategies are better at addressing the needs of the urban poor and securing their rights than more confrontational one (Mitlin and Patel, 2005).

India

The relationship of early urban NGOs in India to the State was one of confrontation, as explained in Box 5: Urban NGOs in India. In contrast, the Alliance of SPARC/NSDF/MM has all along pursued engagement with the State in tackling issues of urban poverty, housing, infrastructure and services (SPARC, 2003a). In this regard, the Alliance is very clear as to the purpose of engagement with the State. It is

> *"to renegotiate and reorient the roles and responsibilities of State agencies, NGOs and CBOs and to influence the policy and programme of the State to become pro-poor." (SPARC, 2004).*

The practical reason underlying engagement with the State is that it owns, controls, regulates or produces almost all the goods and the services of which the urban poor are in urgent need. This includes land, infrastructure, services and housing finance. The ideological reason is to remind the State of its responsibility and obligation to the urban poor, and to ensure that the latter are not left totally vulnerable to the dynamics and imbalances of the market. While the model of engagement adopted is one of partnership, the Alliance rightfully guards its autonomy. Recognizing that "'State-bashing alone is

Figure 5: The Four-C's of NGO-Government relations

		Goals (Ends)	
		Similar	Dissimilar
Preferred Strategies (Means)	Similar	Cooperation	Co-optation
	Dissimilar	Complementarity	Confrontation
			Source: Najam, 2000:383.

simply not an effective way to change its policies and practices" (SPARC, 2003a:46), the Alliance refrains from confrontational strategies. However, it does not unquestionably agree with the State (SPARC, 2004).

In the initial years of the Alliance, it was the NGO SPARC that initiated engagement with the State. However, as leaders of NSDF have become increasingly familiar with government bureaucracy, procedures and officials, their confidence has gradually grown, and they have progressively taken over this function. Government officials, on their part, have come to trust the NSDF leaders more, and also now better appreciate the work that the latter have been doing on the ground (SPARC, 2004).

A significant way in which the Alliance has developed linkages with government is through its involvement in public sanitation. The Alliance has overseen the successful implementation of a large programme of community-designed, built and managed toilet blocks in Mumbai and Pune (Burra and others, 2003). As a result, the Alliance was invited to present its approach to the minister for urban development. This led to the establishment, in

2001, of a public sanitation scheme offering a 50 per cent subsidy to state governments and local authorities for construction costs (Burra, 2005). The Alliance's other precedent setting activities and pilot projects have also helped it gain credibility and legitimacy in the eyes of the State. Consequently, the State itself has itself initiated engagement with the Alliance on a number of occasions for various reasons. Some examples of this are presented in Box 6: Examples of State-initiated engagement. It is noteworthy that the Founder/Director of SPARC and Founder/President of NSDF continue to play a prominent role when it comes to engagement with the State at the highest level.

The Alliance also makes a point of inviting government officials from other cities to visit Mumbai and Pune where it has substantial presence. When bureaucrats from other states visit initiatives implemented by the Alliance, they discuss key issues with their counterparts and go back with new ideas and possibilities in their minds. More importantly, it improves their understanding of the critical issues affecting the lives of slum dwellers, and the innovative measures that are being tested and implemented

to address them (SPARC, 2003a). "Integrated exposure visits" have also been particularly effective in other SDI countries, as the example of Cambodia in Box 7: Integrated exposure visits shows.

The Alliance sees the role of civil society to be that of both challenger and partner of state agencies. In this regard, it distinguishes the State into elected representatives of the people at the various levels — local, State and national — and the bureaucracy. Because of its apolitical stance, the Alliance focuses on engaging Indian Administrative Service (IAS) officers. These are an elite cadre of the bureaucracy with substantial power at all levels. Building, and more importantly maintaining, good relationships with IAS officers is strategic as they are regularly transferred to other posts, many of which have a bearing on urban concerns. The Alliance consequently often interacts with the same officials in various different capacities, and in so doing is able to forward its agenda. The Alliance has found that there are many honest and committed officials who, despite their best intentions, are constrained from delivering results through the traditional mode of public goods and services provision.[19] But in India, as in many other Southern countries, inconsistencies in governance and "[political leadership and a corrupt lower bureaucracy combine to thwart

the best designed schemes to reach the poor" (SPARC, 2003a:46). This is well illustrated by the large-scale forced evictions and demolitions programme described in Box 8: Large-scale forced evictions and demolitions in Mumbai that was started in Mumbai in December 2004. Such action serves to confirm that

> *"[the urban poor's over-reliance on social networks for security and support results in part from the erosion of their trust in government, which is usually warranted. It is born, for example, of evictions, demolitions and removals, as well as patronage and corruption, which have all served, over time, to undermine the establishment of robust urban governance. Together with rising land prices, and poor quality and crumbling services, they have given rise to a sense of insecurity and social exclusion, which can erode social connectivity" (Beall, 2001: 1017).*

The Philippines

In the Philippines, informal settlements were deemed enemies of the state by the regime of the late Ferdinand Marcos, but have been largely ignored in the post-

[19] In Zimbabwe, the savings schemes were initially sceptical about the local authorities' readiness to listen to what they had to say. They however found that state agencies were not homogeneous, and that officials and politicians who recognized the inadequacy of the existing arrangements, were interested in what they had to say (Chitekwe and Mitlin, 2001).

[20] A barangay is the smallest local government administration unit in the Philippines and is very similar to a village or a town.

Marcos era despite "the pro-poor rhetoric of successive administrations" (Shatkin, 2004:2477).

HPFP is, however, increasingly engaging government from within its own system, and seeking to work from within public institutions. The Federation is especially keen to be recognized as a partner of barangays,[20] which constitute the first line of engagement with communities, followed by the city or municipality. The barangay development council,[21] where the barangay's physical, economic and social development plans and budgets are prepared and approved, is a particularly important mechanism available to people's organizations and NGOs. It ensures the participation of civil society groups in decision making about development projects and in the appropriation and use of funds, so that these are not left entirely to barangay officials. Indeed, barangay plans and projects have a direct impact on communities. For example, a road project may lead to forcible relocation of some communities, or health-related interventions may undermine, rather than complement, community initiatives (Yu and Karaos, 2004). Very importantly, links to the barangay help HPFP ensure that its activities are led by local community groups and are, thus, pro-poor.

Having lobbied successfully for the establishment of a barangay development council in Quezon City, HPFP leaders now sit on it as HPFP representatives. They are also members of the city development council of General Santos City. However, the experience of the federation is that these councils may not operate effectively and exist only nominally if there is no local pressure. HPFP also participates directly within the local government's executive branch, for example, in the City Housing and Land Management Office (CHLMO) structure of General Santos City, illustrated in Figure 6: Organizational structure of the City Housing and Land management Office (CHLMO), General Santos City. In this case, it assumes a strategic role in supporting local government-initiated land-acquisition projects by undertaking the social and organizational preparation of the affected communities. CHLMO affirms that this arrangement, has increased the efficiency and effectiveness of their projects (Yu and Karaos, 2004:115)

South Africa

In South Africa, the democratic transition radically transformed the system of formal and informal political

Figure 6: Organizational structure of the City Housing and Land management Office (CHLMO), General Santos City
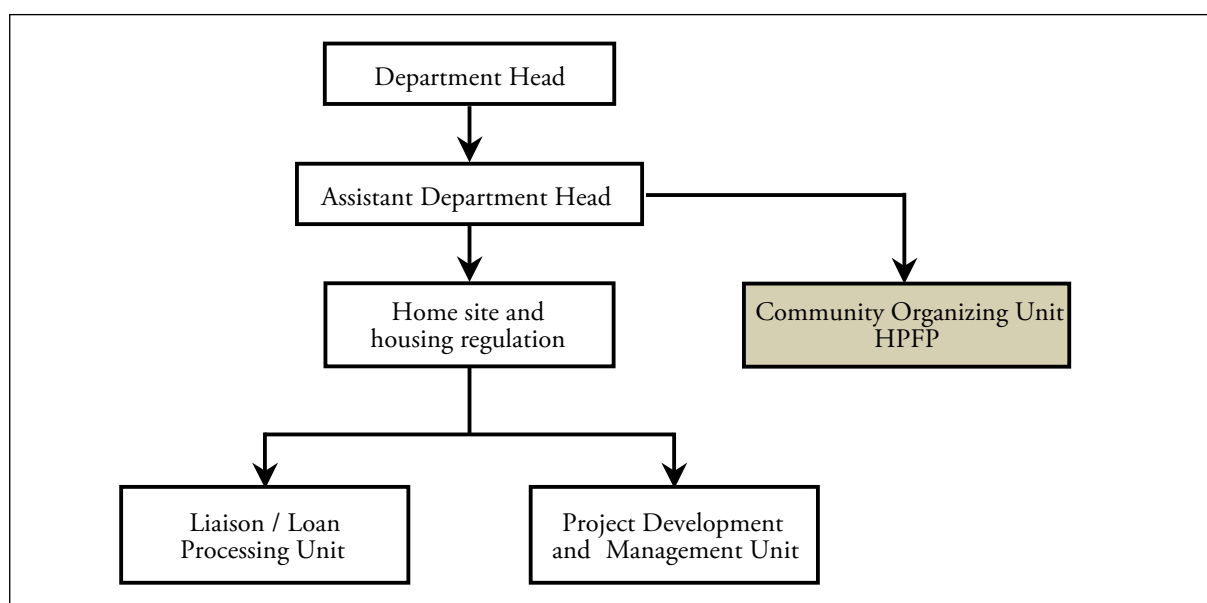
Source: Yu and Karaos, 2004:116

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[21] Local development councils are, in general, mandated at all levels, from the barangays up to the cities and provinces. They were created to encourage people's participation in governance and thereby to promote transparency and accountability in all local government transactions (Yu and Karaos, 2004).

channels that were available to popular movements. Prior to the first multi-racial democratic elections in 1994, the apartheid state operated with a high degree of political autonomy vis-à-vis state institutions and government, and was generally opposed to civic engagement. The democratisation process has created new opportunities for access to, dialogue with, and strategic alliances with political elite groups (Millstein and others, 2003).

As stated above, the strategy pursued by the Alliance from 1991 to 1998 was broadly one of non-collaboration. At the time, this enabled mobilization around a sense of shared identity and belonging, as well as the emergence and consolidation of SAHPF as a movement of the urban poor. This situation, however, started to change by early 1998, when the Alliance began pursuing a strategy of partnership with other agencies. It did so in order to address larger scale needs and demands and to play a more substantial role in poverty eradication. Partnerships are now at the top of the Alliance's agenda. Its engagement with local government in several cities is growing in strength while new relations with organisations of the poor are emerging. SAHPF has adopted a non-party political stance, which the Alliance likes to refer to as "politics without parties". Unlike more confrontational social movements, the Alliance pursued strategies of accommodation, negotiation and continual pressure aimed at the long-term transformation of poverty by the poor. This vision requires persistence and engagement, building up cumulative success and long-term asset growth (People's Dialogue, 2003b).

The Alliance's focus on land, housing and finance was strategic in the historical context in South Africa in the early nineties. It spawned appropriate engagement processes, such as engagement with national Government and alignment with its resource allocation process, and then gradually shifting the locus of struggle for access to resources away from the State and toward the *uTshani* Fund. The more inclusive position of the Federation and the reinstatement of savings as the primary mobilising strategy have created new opportunities for engagement (People's Dialogue, 2003b).

Direct contact between SAHPF and the State was first made in June 1994 following the establishment of the national Housing Ministry in the wake of the April 1994 democratic elections. In 1996, the National Housing Board, which was then responsible for managing the national housing subsidy funds, approved an agreement that recognised *uTshani* Fund as an approved conduit for housing subsidies to SAHPF members. The Federation has since been instrumental in shifting the People's Housing Process (PHP) — the primary vehicle for the state's engagement with organisations of the urban poor in the human settlement arena — to the fore of government housing policy. The PHP can be seen as "government's institutionalised approach to people-led housing" (People's Dialogue, 2003b:23). The Alliance's key concern in general, but in particular with respect to the PHP, was for an equal partnership in which all the

stakeholders set the terms for engagement and support and sustain the partnership. The Alliance was consequently invited to the national task force that was reviewing the performance of the PHP and developing implementation guidelines. However, there was some concern within the Alliance that engagement with the State at national level was reverting to an old version of 'consultation' (People's Dialogue, 2003b).

The Alliance's relationship with national government has declined with the implementation of decentralization and local democratic governance processes and devolution of power and decision-making to local authorities. These developments are in line with the global norms and principles being developed and promoted in UN-HABITAT's Global Campaign on Urban Governance. The role and importance of national and provincial departments has consequently diminished, which has led to greater emphasis being placed on local authority engagement. Although the devolution embeds some of the contradictions at national level into local processes, the Alliance's experience is that engagement with the state has greatest potential at the local level. The direct and more accessible interaction that is possible at the local level enables real engagement and partnerships between communities and government. Thus, current trends are towards engaging with local authorities and urban poor community groups. Furthermore, by adopting a non-party political stance, SAHPF is able to build practical partnerships that work towards meeting the needs of the poor (People's Dialogue, 2003b).

At the international level, large-scale urban development projects have a tarnished record and have received bad press. Infrastructure and housing development projects have been delayed or entirely derailed by patronage driven in-fighting within government. Top-down projects imposed and funded by external agencies have impacted adversely on the lives of the poor and have often been associated with mass forced evictions. "Technical assistance" from Northern development "experts" has not fared much better. This has led lenders to some such projects – notably the World Bank in India – to the decision that "genuine people's participation in urban development is not just a good idea but essential to success" (Baumann, 2001:141). Some bilateral and multilateral finance institutions have lately insisted on community organizations being full partners in the planning and implementation of projects, and tripartite agreements between development financiers, local and national governments, and community organizations have been a precondition for development finance. Not all governments, though, are prepared to accept the poor as development partners. The SDI network, however, is well positioned to help overcome such reluctance by providing both a platform for experimentation and learning and an institutional framework for sharing of lessons learned. It is in respect of the power of grassroots organizations mobilization and the significance of partnerships that UN-HABITAT invited SDI to be partners in the Global

Campaign for Secure Tenure. (Baumann, 2001; Patel and others, 2001). It is also for these reasons that the Cities Alliance supported the engagement of SDI in the Three Cities Project, as explained in more detail in Box 9: Learning from Slum-Dwellers.

Mobilization Strategies

Mobilization of local resources is fundamental to sustainable pro-poor slum upgrading, and the greatest local resource that any country has at its disposable is its people. This fact is recognized in the Cities Alliance Action Plan (Cities Alliance, 1999:4)

> *"Cities with slums often have significant fiscal resources at their disposal, opportunities to mobilize private investment, technical knowledge and indigenous entrepreneurial talents. In the slums themselves, there is both nascent and active organizational dynamism and powerful self-interest coupled with unrecognised or under-utilized talent. Meeting the future growth in demand for services will require significant strengthening of urban management and financial performance, coupled with more effective partnerships with the private sector and the communities themselves."*

Community mobilization, capacity building and empowerment

Community mobilization is a proven development strategy that has helped people the world over identify and tackle pressing poverty-related problems. It can be defined as

> *"a capacity-building process through which community individuals, groups, or organizations plan, carry out, and evaluate activities on a participatory and sustained basis to improve their health and other needs, either on their own initiative or stimulated by others"* (Howard-Grabman and Snetro, 2003:3)

Community mobilization can not only help people better their living conditions and lives in general. It can also build and strengthen the ability of the community to work together for any goal that its members deem important. The outcome of a successful community mobilization effort "is not only a 'problem solved' but the increased capacity to successfully address other community needs and desires as well" (Howard-Grabman and Snetro, 2003:2).

The main instrument that all three Federations use for mobilization is savings. Sceptics of this approach will be quick to point out that this will exclude the poorest of the poor who live from hand to mouth and cannot possibly afford to save. Still, according to the reports from the Federations involved in the Three Cities Project, the approach has met with great success. The experience of daily saving in Thailand summarized in illustrates well some of the reasons for the success of the approach. Box 14: Examples of urban poor federation funds also provides evidence that substantial sums of money have indeed been raised through daily savings.

Community empowerment is one of the stated objects and claimed achievements of the Alliances in India and South Africa and, also, of HPFP. Community empowerment is a complex issue, and there is no one correct or universally applicable model. Every community is characterized by a plethora of complicated socio-economic, cultural, political and gender relations and has unique features. Annex 2 presents a methodological approach that has been used to evaluate the process of empowerment of selected communities, and which could also be adopted for purposes of this report.

India

The SPARC/NSDF/MM alliance aims to create the institutional arrangements that will facilitate the mobilization of large numbers of the urban poor and to support and strengthen their organizations. The ultimate goal is to turn these community-driven organizations into an important part of the city system so that they

can have a direct say in how the city is run and managed (SPARC, 2003b).

Community-driven processes have been criticized for allegedly absolving national or local governments of their responsibilities. In other words,

"urban governments and urban development institutions may come to rely on the social resources of urban poor communities, which may provide them with the justification and the means to abdicate responsibility for social development" (Beall, 2001:1021).

The UN Millennium Project (2005a:31), however, affirms that this is not the case:

"a key feature of the work of urban poor organizations and their federations is to show the potential of partnership between government and community organizations. These groups do not lighten the pressure on political and bureaucratic systems, they show how bottom-up pressures can promote pro-poor changes in government. The work of such groups and networks also reduces dependence on international aid, as they mobilize local resources (including their own resources), keep down unit costs, and demonstrate solutions that require far less international funding."

The Alliance in India mobilizes urban poor communities to drive city-wide initiatives to access to land and adequate housing and infrastructure. The

mobilization strategy is premised on the notion that "it is only when large numbers of the poor are networked as an organized collective with clear strategies and goals that their demands are taken seriously by the state" (SPARC, 2004:11). The membership thus expands within and between settlements; within and across cities; and within and across states. To ensure that the urban poor, and not middle-class professionals and groups, lead the process, considerable time is rightly invested in building negotiation, organizational, financial and managerial skill and capacities of both communities and their leadership (SPARC, 2004). The mobilization strategies adopted by the Alliance in India include the following:

Area Resource Centres

Each settlement has an area resource centre (ARC) — a physical meeting space which is a focal point for interaction between community members and with other communities and organizations. ARCs are also where savings are collected and disbursed (SPARC, 2004). Their location within the settlements makes them readily accessible to community members, and more importantly women.

Daily savings and credit groups and women's involvement: Mahila Milan

Savings and credit groups are the cornerstone of the SPARC/NSDF/MM Alliance mobilization strategy. Their formation is the first step the Alliance takes on entering

a community. Savings and credit are the core activity of MM, whose presence in an area helps strengthen the entire Alliance. MM leaders collect savings on a daily basis, which strengthens the organization through the bonds it creates. As members affirm, "daily savings is a ritual that is not just about collecting money, it is about collecting people, about collecting information about their lives and about learning how best to support them" (SPARC, 2004:12).

In addition to encouraging savings, MM provides crisis, consumption and income generation loans. This meets the urgent need of the urban for affordable credit who, because they are excluded from the formal financial market, are often driven to borrow from moneylenders at extortionate rates. They consequently end up in a vicious cycle of debt, from which they cannot escape. No minimum savings requirements are imposed and there are there no rules dictating what loans can be used for. The only condition is that "the need is genuine and legitimate and it enables a person to slowly come out of his or her poverty" (SPARC, 2004:12)

There are also no fixed repayment instalments or schedules — but there must be a daily repayment. The process is entirely geared towards trust building and strengthening community ties. There are no penalties for lateness in repayment or defaulting on repayments. Rather, renewed attempts are made to lift defaulting borrowers out of poverty (SPARC, 2004). This is significant because most urban poor women and men are employed, or underemployed, in the informal sector which generally provides very low and irregular incomes and highly unstable employment to those who work in it.

Another central aspect of the Alliance's daily savings and credit strategy is that women are entirely responsible for the day-to-day running and management. This includes daily visits to members' homes. As a result, the loan proposal, vetting and sanctioning of loans, and collections are all dealt with through a highly decentralized approach, with a view to maximizing participation in the savings and credit schemes. Furthermore, the strategy recognizes women's triple role in society: (i) reproductive (childrearing and household management); (ii) productive (income generating); and (iii) community management (voluntary community work including distribution of resources and care giving) (Moser, 1993). The strategy develops their ability and confidence in operating and managing such crucial initiatives.

Federating and land ownership

Slum communities are mobilized and connected according to the ownership of the land on which the slums in which they live have developed. This is particularly important as it recognizes that their circumstances and negotiation needs will vary according to which agency or authority has ownership and control of the land. For example, in Mumbai there is an Airport Slum Dwellers Federation, a

Railway Slum Dwellers Federation, a Bombay Port Trust Federation, a Pavement Dwellers Federation, etc.

Enumeration, mapping and slum surveys

Enumeration, mapping and surveys of slums are key instruments for community mobilization. Communities are trained in their use and then encouraged and supported to utilize them to collect demographic data and details related to housing, water, sanitation and housing at the individual, household and settlement level. The fundamental intention is that communities themselves, rather than third party professionals and development practitioners, collect information about their situation. They then use it to explore solutions and negotiate with relevant authorities. The process helps them appreciate that a collective effort is needed to effectively address many of their problems. Furthermore, and very importantly, as the detailed information that they collect is not otherwise available, "they are in a much stronger position to negotiate for their rights with the government" (SPARC, 2004:15). However, as the Alliance underscores,

> "the mobilization of the knowledge of the poor into methods driven by the poor and for the poor is a slow and risk-laden process; this premise informs the group's strong bias against "projects" and "projectization" that underlies almost all official ideas about urban change."
> (Appadurai, 2001:34)

Indeed, poverty reduction cannot be seen solely as an agglomeration of discrete projects, and increased projectization of external assistance results in problems of coordination. Furthermore, projectization constrains systematic development of institutional capacity for governance, which is essential if the impact of anti-poverty initiatives and programmes is to be sustainable (Suphaphiphat, 2000).

Exchanges

Experience shows that face-to-face exchanges are the most powerful mode for grassroots groups to learn, enrich and upscale their practices and build their movements. Findings in the lifelong learning field also show that "80% of learning does not happen as classroom and textbook learning but as learning in informal settings" (Jaeckel, 2002). Horizontal learning between peers is a natural mode of sharing and learning. There is also a qualitative difference between learning through formal training programmes and through peer exchanges. The latter has been shown to be effective in capacitating local communities to engage with the state and to negotiate on issues such as land, infrastructure or housing. Exchanges with other groups similarly placed enable communities to better understand the political and other dimensions behind these issues. In addition, they learn the importance of persisting even if it appears impossible

to influence those making the decisions (Baumann and others, 2001).

In contrast, if professionals are the agents of change, the locus of learning is either taken away from the community or is never invested within it. This has three adverse consequences:

(i) communities are unable to advance their own strategies and approaches to address their own problems.

(ii) the ability to create genuine federations and networks of poor urban communities that can have a voice in city affairs is denied, along with the empowerment and solidarity that this can build; and

(iii) the solutions to urban poverty are driven by the understanding of professionals and, consequently, are often too expensive and inappropriate to the needs of poor people (Baumann and others, 2001).

Community exchanges are the main methodology that the SPARC/NSDF/MM Alliance, and indeed SDI, uses to share information, ideas and learning between communities of the urban poor. They involve members of one urban poor community visiting another or others in their own city, in other cities in their own country, or in other countries to learn about the conditions they face and how they are addressing them (SPARC, 2004). The model of community exchanges is based on "seeing and hearing rather than on teaching and learning" (Jaeckel, 2002).

Exchange visits have been continually developed for the following reasons. They:

■ "are a means of drawing large numbers of people into a process of change, supporting local reflection and analysis, [and] enabling the urban poor themselves to own the process of knowledge creation and change;

■ enable the poor to reach out and federate, thereby developing a collective vision and collective strength;

■ help create strong, personal bonds between communities who share common problems, both presenting them with a range of options to choose from and negotiate for, and assuring them that they are not alone in their struggles" (Patel, 2004:4-5).

Exchanges have a number of political effects and impacts. They include the following (Jaeckel, 2002):

■ Choices of local groups to address practical and strategic issues are expanded.

■ A pool of community skills, ideas and solutions is built.

■ Local breakthroughs inspire international confidence and linking.

■ Dependency on professionals and external agents is reduced.

■ More negotiating power, more resources come to the communities.

■ More opportunities to involve institutional partners.

■ More influence on the larger debate, gaining a voice in the global arena.

Community exchanges, however, require significant resources, which can be difficult to raise (Patel and others, 2001). As a result, many of those who stand to gain most from taking part in such exchanges are unable to do so.

The SPARC/NSDF/MM Alliance has a well-developed process of building capacity at community level and investing in pilot demonstration projects. The Alliance then works in partnership with the state, usually at city level, to scale up the pilot projects. This process is summarized graphically in Figure 7: An overview of the Alliance process.

To create a strong information and knowledge base, the Alliance has adopted a strategy of self-enumeration and self-surveying. This involves instruction of members in a range of methods of gathering reliable and complete data and information about households in their own communities. In organizing and presenting these techniques in the form of a series of practical tips that enable easy use by its members, the Alliance has created a innovatory approach that could be called "governmentality from below"[22] (Appadurai, 2001:34).

The Alliance is aware of the power that knowledge and ability of this nature gives it in its dealings with local and central state organizations, as well as with bilateral, multilateral and other agencies. The leverage presented by such information is especially great in cities like Mumbai, where the authorities mandated to upgrade slums have no idea of how many slum dwellers there are, where they live or how they can be identified. This reality is central to the politics of knowledge in which the Alliance is continually engaged. State-sponsored slum policies typically target abstract populations. As slum populations are socially, legally and spatially marginalized, they are, all too often, uncounted and neglected. By making them statistically visible, the Alliance is able to influence policy processes (Appadurai, 2001).

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[22] "Governmentality refers to a historically specific economy of power. It refers to societies where power is de-centered and its members play an active role in their own selfgovernance." Source: <http://en.wikipedia.org/wiki/Governmentality>

CHANGING POLICIES AND REGULATORY FRAMEWORKS
Policy makers are invited to own the precedents, the Alliance helps policy makers to formulate new policy that enables scaling up of the demonstrations that have worked. Bi-lateral and Multi-lateral donors are also asked to join the partnership. If it works everyone wins.

SETTING PRECEDENTS – MAKING THE IMPOSSIBLE POSSIBLE
The Alliance uses its financial, information and knowledge resources to create demonstration projects that challenge the operating frameworks of the state. The projects show how resources can be used more effectively. The state and financial institutions are invited to become partners. Donor partners assist with financing.

CREATING THE INFORMATION & KNOWLEDGE BASE
Communities carry out surveys, mapping, enumeration and housing design activities. They use this information to plan internally and then to negotiate with the state which often lacks any comparable database. They share their knowledge with state officials and with other Federations through exchanges and housing exhibitions. Donors help with grants.

CREATING THE FINANCIAL BASE
Mahila Milan sets up savings groups which provide short term loans. Over time the groups begin housing savings. Savings are eventually pooled and leveraged providing the basis for housing loans.

Source: After McLeod 2000

Philippines

Community mobilization is the most important element in all HPFP initiatives for a number of reasons, including the following:

- "it is critical in creating new possibilities for the poor in relation to local government, thereby opening up spaces for participatory governance;
- community activities enable groups to work out the most effective ways of meeting their needs for secure land tenure and basic services – hence, they know what they want local government agencies to do; and
- large-scale mobilization attracts the interest of politicians, and hence an interest in collaboration on the side of local government." (Yu and Karaos, 2004:110)

Savings-based community mobilization and the resultant network of learning communities are the underpinning of HPFP's slum upgrading and poverty alleviation initiatives. The savings scheme affords poor people an opportunity to address their common needs, be they safeguarding their assets, purchasing land, growing their businesses, securing their children's future or insuring against eventualities. The savings programme also helps to instil in them the confidence to make decisions about their own future. Furthermore, it equips them with the means to move towards realizing their aspirations such as land acquisition and engaging constructively with the government (HPFP, not dated, a).

HPFP's community mobilization efforts are strengthened by the following strategies and factors:

- *Community-based fund management.* Managing the savings and loan scheme within the community helps reassure members that their savings remain "in their own backyard" and are revolved to fund their needs.

- *Responsiveness to community needs.* Seeing community initiatives produce the intended results helps strengthen mobilization. Addressing other related community needs further increases the momentum.
- *Affordability of the services.* As the programme is run by community members themselves, it has a more intimate knowledge of the target groups and end-users. It is, consequently, better suited to their needs and capabilities.
- *Community exchanges:* Community exchanges — inter-settlement, inter-city and inter-country — provide members with an opportunity to learn and internalize new ideas and approaches. They are subsequently able to put these into practice and replicate the same in their own communities (HPFP, not dated, a).

If the interest and commitment of a community that has been mobilized around a certain goal is to be sustained, there must be some measure of accountability within the organization and its systems. The HPFP system incorporates the following different levels of accountability:

- *Accountability to minimum standards of operation.* By maintaining high standards of fund management, communities are able to protect, control and enhance their assets. Conforming to procedural and technical standards in land acquisition and site and housing design and development enables them to secure definitive and indisputable land title and habitable environments.
- *Accountability through transparency.* To ensure integrity in the financial system and the community's sustained commitment, all activities are carried out transparently and accountably by community members. They also comply to a high standard of fund management and financial reporting (HPFP, not dated, a).

South Africa

The main instrument that SAHPF uses for mobilization is savings. Community enumeration, mapping, surveying, life-size house modelling and exchanges for lateral learning are additional mobilization strategies. The fundamental purpose of mobilization is to foster "people-controlled development" — the cornerstone of the Alliance's approach — "which aims to create sustainable, cost-effective systems of development to identify, develop

and harness the capacities already present in poor communities"[23] (People's Dialogue, 2003b:5).

People-controlled development is considered to promote potentially self-replicable and self-reliant development practices, that are not dependent on outsiders, to sustain ongoing development. Supportive mechanisms for people-driven development, as SAHPF maintains, "need to be flexible and informal to encourage experiential learning, [localized] problem solving and the bottom-up formulation of development procedures" (People's Dialogue, 2003b:5). Processes that are modelled closely on those developed generically by the people themselves have consequently been evolved (People's Dialogue, 2003b). The approach contrasts with conventional practice, which, at best, aims to make formal, institutionalised development processes more accessible to the poor. The Alliance holds that

"collective 'grassroots' leadership and ownership of the development process, initiatives and opportunities is the primary way to democratize development and promote social transformation" (Khan and Pieterse, 2004:10).

The first step in mobilization is the identification of settlements for 'training'. This involves a settlement count, an assessment of the potential of the settlement to respond positively to a Federation process, and awareness raising among local community members. The next step is the establishment of linkages with the community leadership in order to facilitate access to the settlement. This occurs as Federation 'trainers'[24] make contact with settlement leadership and familiarize them with the history and culture of the Federation. At this stage, members of the beneficiary community are identified for 'training' (People's Dialogue, 2003b). This approach may, however, result in the poorest and most vulnerable communities being excluded, as they may be deemed not to have the potential to respond positively to a Federation process.

As stated above, SAHPF member organizations share a common mobilizing strategy around savings and loan activities. All members are encouraged to begin saving on a daily basis. This was an especially difficult process in the early days of SAHPF activities. Table 4: Savings activities shows how the number of savings schemes rose from 58 about 18 months after the Federation started organizing to over 1,000 by July 2000. There are now several hundred groups that can engage in exchange visits and explain to new members the importance of saving and how to do

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[23] This is consistent with the sustainable livelihoods approaches.

[24] The term trainer is not conceptualised in the traditional sense of the term as training is hands-on with the 'trainers' (members of the Federation) and recipient community members working side by side in the subsequent stages.

Table 4: Savings activities

	Jul 1993	Jul 1994	Apr 1995	Apr 1996	Jan 1998	Jul 1998	Jul 1999	Apr 2000
Savings schemes	58	137	198	316	1,000	1,100	2,000	1,288
Active savers	2,178	7,002	9,627	17,280	40,000	50,000	70,000	80,600
Total savings	R34,000	R165,000	R272,000	R453,000	R2.5 million	R3.0 million	R3.5 million	R5.2 million

Source: Baumann and others, 2001:8

so. Savings groups can now be found throughout the country. They are, however, more highly concentrated in the cities of Cape Town, Durban, Johannesburg and Port Elizabeth, where SAHPF began its activities (Baumann and others, 2001).

SAHPF uses community-to-community exchanges to bring together urban poor residents to share their experiences and develop new ideas. Through these exchanges, SAHPF members learn new skills, analyze problems, reflect on common experiences and develop a collective consciousness. There are reportedly enormous benefits to be gained through this approach:

"If savings provides the glue in bringing community members together, exchanges provide the confidence to overcome problems, the insight to abandon traditional solutions and the knowledge to address critical issues." (Bauman and others, 2001:6)

Another of the Alliance's mobilization strategies is to involve the urban poor in the exploration of ways to resolve their needs through projects, which are focal points of delivery at community level. In contrast to the traditional project approach to development, in which the poor are marginalized and learning and self-reliance are limited, the Alliance's approach to project preparation is one of learning and empowerment (People's Dialogue, 2003b). However, it is important to remember that

"empowerment is a relationship established by expertise, although expertise is constantly contested… it is a democratically unaccountable exercise of power in that the relationship is typically initiated by one party seeking to empower another…it is dependent upon knowledge of those to be empowered…relations of empowerment are simultaneously voluntary and coercive…" (Pugh, 2005:317, citing Cruikshank, 1994:71)

The Alliance sees people-controlled housing development as part of a longer-term process of community empowerment. The poor themselves make and own decisions on housing (People's Dialogue, 2003b). It also creates enabling conditions for women to assume leadership roles in community processes and housing development, as illustrated in Box 11: Victoria Mxenge Housing Savings Scheme – Women-controlled, not just women-centred. This includes being at the forefront of community negotiations with external agencies — a role that has traditionally been the preserve of men. However, men are never excluded.[25] This is significant as an increasing number of poverty reduction strategies and interventions are centred around women, and men are effectively being marginalized. On the other hand, new leadership opportunities are for collective rather than individual actions. In many urban poor communities, such an approach appeals more to women than to men (Baumann and others, 2001).

It is worth noting that there have been limited experiences with community savings and loans in Latin America, the region of the world where slum upgrading is perhaps most advanced. However, where the approach has been used, the results have been very positive. It has been particularly effective in helping democratize relationships between leaders and local communities. The former are generally preoccupied with policies and advocacy and far removed from practical problems. Housing has provided a good entry point for mobilizing and strengthening community organizations. In the past, leaders have argued, and continue arguing for subsidies, but have met with little success. This strategy has, in practice, "offered not very much to a very few" (Mitlin, 2004:11).

Networking

A network can be defined as "any group of individuals or organizations who on a voluntary basis exchange information or undertakes joint activities and who organize themselves in such a way that their individual autonomy remains intact" (Starkey, 1998:14, cited in Smith and Jenkins, 2002:163). 'Networking' may be considered the main function of the network, and can

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[25] All Federations have a large percentage of leaders who are women. Men are, however, encouraged to participate positively in the development processes and hence to recognise the equal role of women (McLeod, 2003).

Box 11: Victoria Mxenge Housing Savings Scheme – Women-controlled, not just women-centred

"In 1992, I heard about the Federation. At that time, no one trusted it in Khayelitsha. They all said it was those crazy women. Then they did not like the fact that they should make their own bricks. It was too hard they said. And it was all women. They did not trust it." – Member, Victoria Mxenge Housing Savings Scheme, Western Cape"There are many organizations claiming that they are women-centred. But, you know, often it is just a desk. The ANC Women's League, it is autonomous but it is the framework of the ANC. The Federation, as far as we know, it is the only one that is truly controlled by women." – Patricia Matolengwe, National Chairperson, South African Homeless People's FederationPatricia Matolengwe has been an active member of the ANC Women's League for many years. Together with her neighbours, she formed the Victoria Mxenge Housing Savings Scheme in 1991. At first, the other residents laughed at their efforts. How could the few cents that they were able to save result in new homes? When they understood that this was a self-build initiative, they mocked again. How could women build their own homes? Just five years later, Victoria Mxenge Housing Cooperative is now a flagship housing development within the Western Cape, with visitors from all over the world. Most of the builders that have constructed the 140 houses in the settlement have been women and the development has been managed by women from start to finish. For the Federation, the most important visitors to Victoria Mxenge are the local residents from the nearby settlements. Every day, poor women come to the community centre to find out how they can build their own homes. Working with Victoria Mxenge and other Federation groups, 78 housing savings schemes are now building houses in the Western Cape. Federation members have constructed over 1,500 homes in this province alone and the number is growing all the time. Every Tuesday, Victoria Mxenge's community centre is packed with conveners from housing savings schemes who come together to share experiences and report on progress. Almost uniquely in South Africa, women make up 85 per cent of the members and the leadership of these housing savings schemes.

Source: (Baumann and others, 2001:7)

be defined as "the act of creating and/or maintaining a cluster of organizations for the purpose of exchanging, acting, or producing among the member organizations" (Alter and Hage, 1993, citied in Hill, 2002:16). The SWOT (Strength, Weaknesses, Opportunities, Threats) presented in Table 5: SWOT analysis of networks summarizes some of the pertinent lessons that have been learned with respect to establishing and running sustainable networks.

A key strategic lesson that has been learned from five years of experimentation with networks, which is pertinent here, is the following:

Table 5: SWOT analysis of networks

Strengths	Weaknesses
Bring diverse people and experiences together. Have the potential of pooling resources for greater Impact. Can bring about better coordination and efficiency. Good opportunity for policy dialogue. New ideas are generated in such forums. Help to increase understanding and clarify ambiguities.	May bring diverse people with no common vision. May be dominated by the more strong/elite. Could be used by vested interests, dominant institutions groups or individuals. May be too ambitious and without impact. May suffer from lack of resources. May become donor driven and collapse when donors lose interest.Members become inactive. Network secretariat could become bureaucratic and centralized. Secretariat acting independent of members. Expectations of direct benefit cause some to lose interest.
Opportunities	**Threats**
Can attract donors and other stakeholders. Can easily link up with other networks. Visibility and collective strength.	Legal registration may prove difficult. Informal networks may not attract donors. End up creating another dysfunctional institution.

Source: EBDSN http://bds-ethiopia.net/approach3.html

"Communications and engagement strategies are essential. From the beginning, network members must build relationships with those they seek to inform, influence, and work together with for change. The network must constantly look at how it will move its knowledge not just outward to broad audiences, but directly into practice" (Creech and Willard, 2001:2).

Experience in implementing the Habitat Agenda confirms that

"[n]etworking and the exchange of information, expertise and experience on successful informal settlements upgrading initiatives can be an effective means of assisting city governments and their partners create an enabling framework for promoting security of tenure, formulating/revising legislation, and to institutionalise effective administrative arrangements" (UNCHS, 2001:5)."

Figure 8: How CODI links groups together illustrates how the Community Organizations Development Institute (CODI) is helping network urban poor communities in Thailand. The emphasis in this case is very much on decentralizing to communities and community networks, and was developed by the Urban

Community Development Organization (UCDO), from which CODI evolved.

India

As stated earlier, the SPARC/NSDF/MM mobilizes communities of the urban poor to take a leading role in city-wide initiatives for safe and secure housing and infrastructure. The mobilization strategy is based on the notion that "it is only when very large numbers of the poor are networked as an organised collective with clear strategies and goals that their demands are taken seriously by the state" (SPARC, 2003b:11).

As the support NGO in the Indian Alliance, SPARC has from the outset allocated funds that it has raised from abroad primarily to community networking and exchange.

Philippines

HPFP's slum upgrading and poverty alleviation initiatives are founded on savings-based community mobilization, and the resulting network of urban poor communities. This network enables continuous learning among communities. This in turn develops the capacities, instruments and innovations that are manifested as community exchanges, and community-led shelter

Figure 8: How CODI links groups together
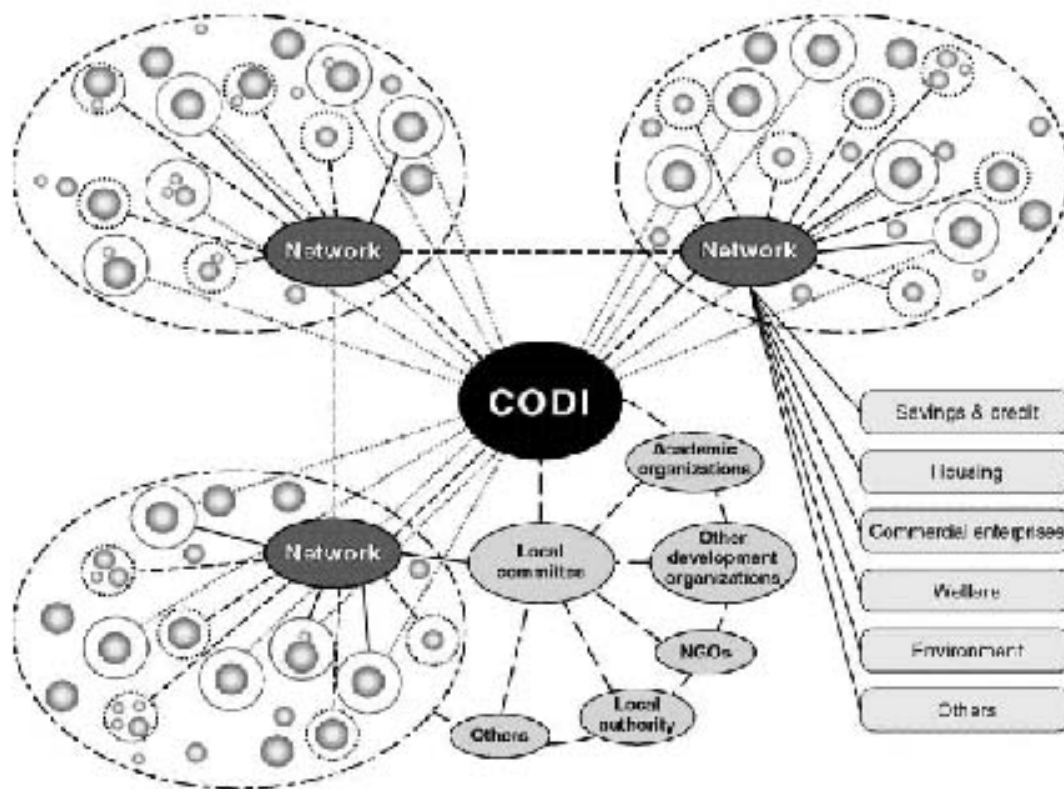
Source: Boonyabancha, 2003:25

provision and housing finance. Learning takes place through the following:

- *Community exchanges.* Leaders and volunteers learn the technical and organizational details of the savings and land acquisition programmes through community exchanges. They also benefit from the social processes and the collective confidence underpinning their initiatives.

- *Regional offices.* These offices and their personnel (all of whom have worked in ARCs and are, thus, familiar with community-based systems) help provide technical assistance to groups within the region. This set-up facilitates cross-fertilization among communities as they are able to share learning from different communities and cities.

- *National core group meetings.* Made up of key regional and city-based representatives, the national core group facilitates learning and mutual support among different regions. It does so by convening regularly to exchange experiences, report their status, and troubleshoot emerging problems (HPFP, not dated, a).

National support to particular city-level issues is provided by holding core group meetings in different cities within the network. When government authorities are involved in these issues, the nationwide presence of HPFP serves to leverage government support (HPFP, not dated, a). As is emphasized continually throughout this report, government support is fundamental to effective implementation of pro-poor slum upgrading initiatives.

South Africa

SAHPF is itself a network of autonomous CBOs or savings and loan collectives with independent decision-making powers. The Federation network is rooted in the saving schemes, that operate at the settlement level, and which are grouped into networks. These are, in turn, networked at the city level and then at the regional and national levels, as illustrated above in Figure 3: Structure of the South African Homeless People's federation (SAHPF). Constant networking has created strong linkages throughout South Africa's informal settlements. This helps sustain a solidarity born of shared experience. It also increases the impact of this experience by making the knowledge and capacity of one community available to others in the Federation. In the process, it engenders self-belief and self-reliance among the urban poor. This reduces an incapacitating dependence on external agents such as NGOs, professionals, government agencies and politicians (Bolnick, 1996).

The networking process in South Africa's informal settlements has yielded significant results. These outcomes are based on "a vision that recognizes that the cities competing within the global economy are largely being built and developed by the poor, with little support from competent authorities" (Bauman and others, 2001:5). This points to an alternative conception of urban development practice, in which organizations of the urban poor are given the space and scope to initiate, and play a leading role, in bringing about change (Bauman and others, 2001).

Indeed, as one commentator has suggested, a more just handling of the informal settlement situation in South Africa will only be achieved through organized political pressure from a constituency that has the informal settlement experience at heart. This will require

"networking between organized informal settlement communities, collective analysis of the informal settlement situation, popular formulation of intervention strategies and the clear articulation of demands in the formal process of policy-making. In these areas there is need for progressive intellectual and academic support" (Huchzermeyer, 2003:606).

This assertion holds true for the vast majority of countries in which growing numbers of the urban poor are living and working in proliferating and expanding slums and informal settlements. One of the main reasons why slums continue to exist is the lack of political power in most urban poor communities. The interaction between slums and local politics is well demonstrated by the success of upgrading interventions where significant political power and effective negotiating capacity has been generated through community-based networks and partnerships. In the absence of political mobilization, slum dwellers may be forcibly evicted and slums demolished, or they may be neglected in a perpetuation of the status quo (UN-HABITAT, 2003c).

Financial Strategies and Models

The financial strategies employed by the Alliance in each country fall broadly into three categories:

- Strategies for strengthening community financial assets and capacity
- National or state level financial policies and strategies
- Partnerships and Levering External Financing

Each of these categories is discussed below in relation to each country.

Strategies for strengthening community financial assets and capacity

Innovative strategies to enhance shelter finance based around the strengthening of savings and community-based savings organizations have the potential to transform conventional finance into a catalyst for empowerment and development. Savings and loans increase local community development options by providing financial assets, building confidence and self-efficacy, and securing recognition from state agencies. In such programmes, money ceases to be simply a means of exchange that enable the poor to participate in financial

markets. Rather, it becomes a unifying force that enables poor people to enhance the assets and resources that are readily available to them and develop their collective skills (IIED, 2005)

In many cases, the most significant and sustainable investments come from slum dwellers themselves. However, the nature and the extent of these critical investments of time, organization, and finance are not captured. This is because most monitoring systems have not yet devised an appropriate mechanism to do so. Still,

"[a]necdotal evidence from a number of regions in the world suggests that the assets generated by the slum dwellers themselves meet, and often exceed, the formal investments by public and private sector agencies" (Cities Alliance, 2003:7)

The figures presented in Box 14: Examples of urban poor federation funds shows that the urban poor are indeed able to generate substantial amounts through savings.

Cities Alliance members are, consequently, investing more and more in empowering slum dwellers by leveraging their investments and community assets within the framework of citywide upgrading strategies (Cities Alliance, 2003).

India

The strategy of the Alliance in India for strengthening community financial assets and capacity focuses on two aspects:

(i)   building the financial assets and capacities of its members; and

(ii) building the financial management skills of federation leadership

Building these financial capabilities is important. They strengthen the ability of the urban poor to engage in meaningful partnerships with city and state authorities, as well as formal financial institutions, when it comes to in situ upgrading or resettlement (SPARC, 2004).

The financing strategy of the Alliance is centred on encouraging Federation members to save on a daily basis and to provide loans for various needs. These needs include consumption purposes, income generation initiatives and to overcome crises. This accomplishes two main objectives:

(i)   it builds community asset bases, and savings can eventually be used as a downpayment or as collateral for a housing loan; and

(ii) it implants a regular habit of savings which is evidence of creditworthiness and financial reliability is a prerequisite when applying for a loan and acceptable to a growing number of formal financial institutions (SPARC, 2004).

There are two kinds of accounts into which members can deposit their savings. These are:

Regular savings accounts. People can withdraw from whenever they need or want too. They are, however, encouraged to take loans which they can repay over a period of time rather than deplete their savings.

Housing savings accounts. Members are expected to save larger amounts which will eventually serve as a downpayment to secure a housing loan when land becomes available, or, in the case of upgrading or resettlement, towards meeting maintenance costs once they have moved into their new (more expensive) tenements. These are long-term deposits and people are discouraged from withdrawing from them.

Three kinds of loans (described below) are offered by the Alliance. To date, tens of thousands of loans amounting to tens of millions of rupees have been disbursed through the different loans schemes. At the same time, an equivalent amount has been collected in savings.

Crisis, credit and consumption loans. This product recognizes that if a credit programme is to be truly beneficial, the loan portfolio must include credit for personal as well as emergency needs. Indeed, readily accessible credit for emergencies or religious festivities is just as important for poor communities as loan finance for a entrepreneurial venture. A service charge of 12 per cent per annum is levied on this loan.

Income generation loans. Income generation loans provide valuable working capital to start, operate or grow micro- and small businesses. Vegetable and fruit vending, waste recycling and running small roadside cafes and tea shops are examples of informal sector enterprises which could, and do, benefit from a cash flow injection. Most loans range from Rs. 2,000 to Rs. 5,000 (from US $45 - 110), but bigger loans of up to Rs 10,000 (about US $220) are sometimes granted. An interest rate of 12 per cent is charged on these loans, and to this is attached a compulsory savings of 12 per cent. Experience shows that a number of loans of this nature (more than two) have to be taken, over time, before a significant change in income status is seen. The Alliance provides for this.

House repair loans. In general, no distinction is drawn between income generation loans and the other two types. This makes good sense, because most entrepreneurial undertakings by the poor, and in particular women, are home based. Loans for house repair are, therefore, as much for the home-based enterprise as they are for personal reasons. These loans are for minor repairs (such as water proofing against the rains) rather than substantive upgrading as households do not have security of tenure.

Philippines

The HPFP financial model is based on mobilization of savings by its members. It was first introduced in 1995 when a small group of community members in Payatas, Quezon City, agreed to test the idea of a savings programme with the local parish priest. A micro-finance programme already existed at the time, but it was highly

dependent on staff resources and was generating little savings among its members. This was despite programme staff going from house-to-house to introduce and explain the programme. The new initiative, on the other hand, attracted community members, and many groups began approaching the parish wanting to put up savings. Within one year the programme had 2,000 enrolled savers compared with the micro-finance programmes' 300 members in three years. Soon, communities from other cities and provinces wanting to replicate the schemes in their own localities began approaching Payatas. They subsequently established savings groups in their own settlements while maintaining their links with Payatas. By 2001, there were over 8,000 registered savers in Payatas, and a total of 27, 915 individual belonging to federation of savings groups nationwide, with an accumulated savings of P35 million[26] (HPFP, not dated, b).

HPFP's financial model offers a range of financial programmes and savings products that have evolved over the years. These are aimed at helping members to realize their aspirations of acquiring land with secure tenure, achieving decent living conditions, and rising out of poverty. They are summarized in Box 12 HPFP's savings products and discussed in brief below.

- *Compulsory savings* – for groups intending to secure business or providential loans (from 1.2 to 1.8 times the amount of their savings).
- *Voluntary savings* – for individuals who want to save money which they can withdraw at anytime.
- *Land and housing savings* – for communities that have bought or are planning to purchase property and wish to save for equity contribution and monthly amortization.
- *Health insurance* – For individuals and households who want to avail of free medical consultation and check-ups, medicines, and hospitalization
- *Mortuary fund* – For individuals who want to ensure that, upon their death, financial assistance will be provided to their beneficiaries. Members contribute a nominal amount each month in exchange for P10,000 (US$ 200.00) in mortuary support that their beneficiaries will receive.
- *Urban Poor Development Fund* – For associations that want to secure loans to fund proposed or ongoing infrastructure development in their communities such as a water distribution system, drainage construction or road construction.

The HPFP financial model has evolved from being simply a microfinance facility into a community support system — "a source of protection among those who normally have no social security to fall back on when faced with life's contingencies" (HPFP, not dated, b:4).

The HPFP model recognizes that the design of a financial model, including its delivery mechanisms and reporting requirements, must be appropriate to the profile of the community that it is intended to serve. Furthermore, as it is the HPFP communities themselves that run the programmes, the design must be suitable for members both as users and operators. This process is facilitated by the fact that community members have responsibility for design, implementation and improvement of the systems. The HPFP model also addresses the following issues (HPFP, not dated, b):
- accessibility of the services — delivery mechanism;
- transparency of the operations;
- simplicity of the operating systems; and
- cost effectiveness of the entire system.

Accessibility of the system – delivery mechanism:
Accessibility is measurable in terms of the physical, financial and procedural aspects of the delivery mechanism. The location at which financial services are provided will determine their accessibility in physical terms. The actual cost of accessing services (e.g., deposits, interest rates), eligibility requirements and the extent to which they match the affordability levels of the target groups will determine their financial accessibility. Procedural and documentary requirements are additional determinants of cost.

Physical accessibility
The HPFP financial model increases physical accessibility as far as possible though its delivery channels, which are the following:
- Peer groups, which are the basic organizational unit for collecting savings and guaranteeing loans.
- Collectors, who collect savings from members and remit them to ARCs and satellite offices. By also acting as co-guarantors for borrowing members, they also make information more accessible to the ARCs and satellite offices.
- Satellite offices which are established in communities that are relatively distant from ARCs and bring the funds collection and disbursement facilities closer to members.
- ARCs which are responsible for managing and safeguarding the funds, including recording transactions and preparing daily and monthly reports. Where satellite offices exits, they will have this responsibility, and the ARCs consolidate their reports.

The use of peer groups and collectors brings the collection mechanisms closer to members who are unable to leave their workplaces to remit their savings as this may affect their earnings. Women, in particular, benefit greatly from this "doorstep banking" as they are able

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[26] Approximately US $656,000 (1.00 P (Philippines Peso) = US $ 0.0187441).

Box 12: HPFP's savings products

HPFP communities generally make six types of savings products available to their members. These are listed below along with the typical policies that are put in place. It must be noted that all of the ARCs follow similar policies although each is given the freedom to modify these according to their conditions

Compulsory Savings
- done in groups of 5-10 individuals
- provides the basis for loans, which range from 1.2 to 1.8 times the total amount of savings, depending on repayment performance
- interest rate for loans is 18 per cent per annum*
- maximum savings of P250-500 (US$ 4.83-9.65) per week (or maximum savings amount per week eligible as basis for loanable amount; the ceiling serves to prevent disproportionately large loan amount issued to any one individual – as the loan amount is a multiple of the savings – denying others of the same borrowing privilege)·

Voluntary Savings
- done individually
- not loanable but can be withdrawn anytime
- no maximum savings

Land and Housing Savings (also referred to in some areas as Contractual Savings)
- maintained by groups preparing for land purchase
- withdrawable only for housing and land acquisition payments
- members may save:
    - before a land is identified, in which case, the land savings facility helps them accumulate the funds required to pay the equity once they have identified a land and thereafter made a purchase agreement
    - after having identified a land or after having locked a deal with a landowner so that they can gradually accumulate funds for the equity
    - in addition to paying monthly amortization so that members would have some funds to withdraw when incomes are volatile and insufficient for the monthly amortization (as beneficiaries run the risk of being ejected if unable to pay for three consecutive months, based on typical contract terms)

Urban Poor Development Fund
- P40 (US$ 0.77) monthly savings requirement per individual
- contributes to a pool of funds to which national government, donor agencies and local government agencies also contribute
- the accumulated fund from different stakeholders bridge-finances community projects involving land purchase, site development, house construction, basic infrastructure, microenterprise support
- interest rate is 9 percent per annum applied on a diminishing balance

Mortuary Fund
- P1 (US$ 0.02) monthly savings requirement and advance payment for 2 years, totalling P24 (US$ 0.46) per individual
- provides benefits upon death of member of up to P10,000 (US$ 193) in funeral expenses
- open only to active members, that is, those who are active savers and repaying loans consistently
- open to family members, including children, who make the same contribution of P1 (US$ 0.02) monthly and 24 months' advance payment, and whose parents or principals are active savers
- capitalizes on the presently large number of membership of the HPFP, estimated now at nearly 30,000 individuals and expected to grow to 200,000 in a few year's time especially with the introduction of this benefit

Health Insurance
- involves regular contributions of P130-150 (US$ 2.51-2.90) per family for pre-paid health services, which include hospitalization, medical consultations, and medicine
- unlike other pre-need insurance schemes which avoid high-risk groups this insurance scheme includes even the most vulnerable, including scavengers (waste pickers) people with disabilties and the elderly.

*average bank lending rates was between 10 and 15 percent in 2001 and between 7.9 and 11 percent in 2002 (a high rate of 21 percent was posted in 1998)

Source: Community-led Slum Upgrading Framework: Experience of the Homeless People's Federation Philippines

to carry out their household tasks and responsibilities without interruption (HPFP, not dated, b).

Costs incurred by members in remitting or withdrawing or taking loans has been reduced through the establishment of conveniently located satellite offices (HPFP, not dated, b). Minimizing such costs is important in attracting prospective savers who have limited disposable income and can ill-afford to incur any extra costs.

Financial accessibility

The savings and loans programme is made more accessible financially, i.e., in terms of the actual costs to members, through the following policies:

■ Affordable interests rates (18 per cent per annum) on loans.
■ No mandatory minimum savings requirement.
■ Flexible repayment terms that allow for daily, weekly and monthly repayments according to the financial circumstances of individual members.
■ Consolidation of multiple account contributions into a single account to minimize payment 'fatigue' associated with repeat charges for different accounts.

The physical and financial accessibility of the financial

services means that they are available to a diverse profile of savers. This includes women, the elderly, the young, people with disabilities, and, very importantly, also "those believed to belong to the poorest of the poor" (HPFP, not dated, b:7).

South Africa

In South Africa,

"Daily savings are regarded as a starting-point for SAHPF activity as well as an end in itself. The Federation model…stresses building self-managed financial institutions for and by the poorest members of society in order to encourage and empower them to participate more actively in development processes that affect them" (Bay Research and Consultancy Services, 2002:42).

The SAHPF model therefore does not stress internal financial equilibrium. Rather, it recognises the many social development benefits of self-managed savings and credit activity (Bay Research and Consultancy Services, 2002:42).

Figure 9: SAHPF savings/loan structure

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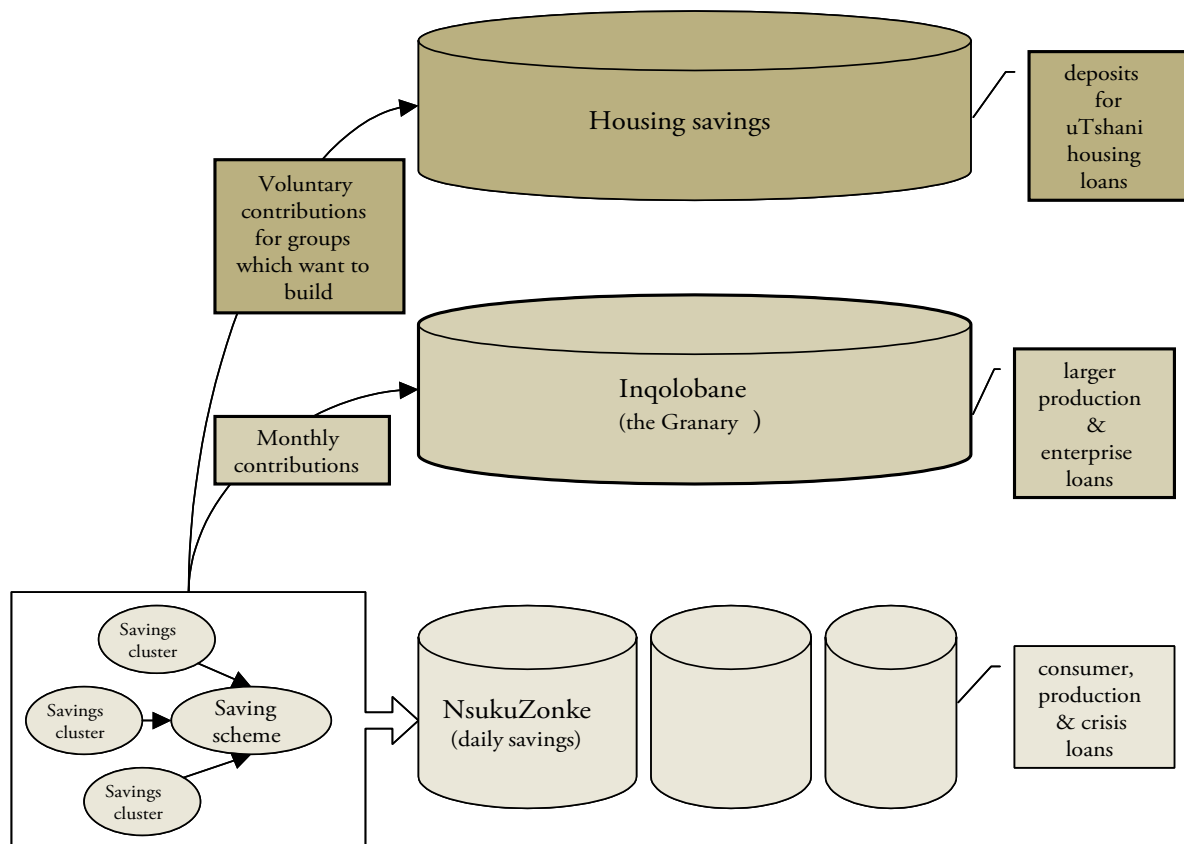
27 Every Day' in isiZulu.

There were, until recently, three savings/loan structures (see Figure 9: SAHPF savings/loan structure:

■ NsukuZonke[27] (daily savings): for consumer, production and crisis loans, granted to savings collective members. For purposes of daily savings, each group is divided into smaller clusters. Collectors visit members and collect whatever amount they have to save — from one cent upward. Members' contributions are recorded in both their own savings books and savings scheme record books. Savings are banked regularly, but at the same time withdrawals are permitted.

■ Inqolobane:[28] for larger enterprise and production loans. These are regional funds, initiated in 1998, to which all groups make monthly contributions. Having been slow to take off, they were targeted for phasing out during the restructuring process.

■ Housing savings: which are transferred to *uTshani* Fund as deposits for *uTshani* housing loans, and which act as a form of collective insurance against low repayments. The terms under which *uTshani* makes loans available to SAHPF members is variable, so savings towards land and infrastructure and housing are treated differently. Savings in

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Box 13: New loan products

Project preparation loans: uTshani will prioritise designing finance packages available to Federation members (and perhaps in future other community organisations affiliated with the Federation) that focus on project preparation. This focus is based on more effective risk management. The thinking is that improved project preparation should ensure that subsidies are secured timeously and minimise the need for pre-financing. For some time a key concern within the Alliance has been that project preparation costs are borne by the poor. It is hoped that, with the introduction of this loan product, the extent to which this cost is borne by the poor could be reduced and *uTshani* and the Federation could focus on the poorest of the poor. A loan would be awarded to a project once those championing it have taken the project to a stage where *uTshani* can gauge its viability. In other words, the Federation group must have gone through or driven a kind of preliminary appraisal of their proposed project, met with key role players, investigated the background and constraints to the proposed project etc. Project preparation loans are currently being implemented. In practice these project based loans do not earn interest and are not re-payable, although they are claimable against the subsidy once the project has been approved.

Land and infrastructure loans: In future *uTshani* will also focus on land and infrastructure loans. The Alliance's recent emphasis on building strategic partnerships with government and service providers means that land availability agreements could be negotiated, instead of *uTshani* making outright purchases (as has been the case in the past). Neither new land nor infrastructure loans have been made available yet as many projects are still obtaining subsidy approval – a pre-requisite before funds can be made available in the new regime.- but are likely to be tested in the short term. *uTshani* Fund sees land and infrastructure loan products as a pre-financing mechanism. Repayment on interest will be required and, where there is no subsidy approval to retire the loan, capital will also be repaid.

House loans: uTshani will make available housing bridging finance until subsidies have been obtained to retire the house loans. House loans are only likely to be made available if there is a formal commitment from the state that subsidies will be forthcoming, and time and budget are the only immediate constraints to their receipt. Once subsidy commitment is secured, house loans will then be made in an incremental fashion and repayment will be on interest. People's Dialogue and the Federation leaders will assist members in formalising agreements with the provinces and municipalities or the developers in cases where verbal promises have been made. *uTshani* is also considering making top-up loans to subsidy beneficiaries or where members have repaid their loans.

Income generation loans: uTshani will also prioritise income generation loans in future. While these have been available in the past the concomitant support needed for groups who are initiating income generation ventures has not been available. Although income generation is on *uTshani*'s agenda for exploration and investigation, implementation is a longer term priority.

Business loans: These will be conditional on approved business, marketing and financial plans which link to track record and capacity and training. Equipment purchase will be considered where approved business plans are in place and work has been guaranteed or secured.

Venture capital: This is an area of uncertainty as there are mixed feelings about pursuing this product. For one thing, independent evaluation would be a requirement.

Source: People's Dialogue, 2003b:18-19

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[28] 'Communal Granary' in isiXhosa

general, and savings towards land and infrastructure in particular, are increasingly important as evidence of *uTshani* members' capacity to manage financial resources and contribute towards their own development. They may be used as deposits or collective guarantees. Savings towards housing may be used to secure loans for new house construction, or for improvement of existing houses (People's Dialogue, 2003b).

The *uTshani* Fund traditionally made bridging finance available to savings groups on the basis of affordability assessments and organisation capacity. The emphasis on the collective means that groups rather than individuals hold loans. This reduces the cost of finance considerably. The Fund is able to issue loans at significantly lower interest rates than formal lending institutions, primarily by relying on the organization, capacity and social collateral of the communities. The requirement that the poor themselves, rather than salaried employees working to meet the profit imperatives of shareholders, undertake administration and financial management, further reduces associated costs. *uTshani* Fund has not made finance available to groups that are not affiliated to SAHPF, but it may do so, in settlements where the Federation is active, in future (People's Dialogue, 2003b).

uTshani is increasingly seeking to diversify its loan products to respond to the needs, opportunities and priorities identified by SAHPF and its affiliates. The new loan products are presented in Box 13: New loan products.

One of the early lessons of the South African experience on integrating micro-finance into housing policy is to do with the contribution that community savings can make towards housing development. This includes (Baumann and Mitlin, 2003:37):

- Strengthening links between members of the community, enabling them to work together both in construction and in negotiations with local authorities and other state bodies.
- Developing and spreading financial management skills.
- Enabling small and regular amounts of money to be put aside to add to the government subsidy investment.
- Building self-confidence and collective ambition.
- Creating a basis for federating and networking between communities.

The work of the South African Alliance has been characterized by risk-taking and the rejection of formal risk-assessment systems, particularly those relating to housing finance. *uTshani* Fund has been deliberately used as a mechanism for exploring opportunities and for generating knowledge about what works and what does not for both loan finance and housing delivery for the very poor. Three major lessons have been learned through this approach (Bolnick and Baumann, 2001:14):

(i) An individualized revolving fund model [does not] work well in a capital subsidy environment.

Individuals really [cannot] be expected to regard finance as a "loan" when they know they are legally and morally entitled to a subsidy. Trying to "exhort" people to repay such loans is, ultimately, a lost cause.

(ii) A revolving fund that absorbs the failure to secure subsidies with continuing loan releases detracts from the Federation's efforts to achieve a more equitable flow of resources to the poor. If bridge financing is not linked in some concrete way to subsidy flows, eventually people may ignore the subsidy altogether.

(iii) In such an environment, the challenges facing a movement of the poor are largely political. Any "under-recovery" of loan finance relative to what is expected by formal financial models can be seen as the cost of learning this way.

National or state level financial policies and strategies

If pro-poor slum upgrading is to be sustainably achieved and at scale, effective financial policies and strategies need to be in place at national or state level, as appropriate.

India

Given that between 30 and 55 per cent of the over 300 million urban dwellers in India are poor, the amount of money targeted towards improving their housing and living conditions is insignificant. India is not, however, unique in this respect.

There are three main schemes at the national level that address the needs of the urban poor in India. These are the following:

(i) The Valmiki Ambedkar Awas Yojana (VAMBAY) a housing subsidy scheme established in 2001 with a relatively small budget. It also includes a component the provides subsidies for public sanitation.

(ii) The National Slum Development Programme (NSDP), offering a modest grant to states to provide basic services and amenities in slums.

(iii) The Swarn Jayanti Swayam Rojgar Yojana (SJSRY), a bank-related self-employment programme for the urban poor with a subsidy component.

In addition, there are a few other schemes that provide subsidies for particular groups of workers in specific occupations ((SPARC, 2003b; Burra, 2005).

There are three other key problems with these schemes that the Alliance in India highlights. Firstly, as mentioned above, the amount of money earmarked for the urban poor under the schemes in relation to their number grossly inadequate. Second, "VAMBAY allocations are used by politicians to benefit their supporters and do not involve the participation of the poor in any way" (SPARC, 2003b:26). Thirdly, because VAMBAY has strict quotas linked to class and caste, rather than working with communities as a whole, there is unmethodical

upgrading of individual units. This approach is neither desirable nor sustainable in the long-term. But what is perhaps most disconcerting is that "[e]ven the limited funding under these programmes is not usually spent" (SPARC, 2003b:26).

National public financial institutions have not worked in any substantial capacity with the urban poor, neither has the private sector. For example, the Housing and Urban Development Corporation of India (HUDCO) is the primary Government agency through which the major portion of public investments in housing is channelled. However, despite having a specific mandate to improve the housing conditions of lower-income groups and the homeless, it has had little impact. Indeed, in spite of HUDCO's efforts, the contribution of all the public housing programmes together amounts to no more than 16 per cent of the total housing stock in the country as a whole (Sivam and Karuppannan, 2002). Moreover, owing to the lack of successful financial and institutional precedents, formal private sector financial institutions remain disinclined to lend to the urban poor (SPARC, 2003b). This point is underscored also by the Cities Alliance (2004:51).

"Financial institutions still view low-income communities as inherently risky, with high transaction costs, small margins, and low turnover. Private sector involvement in slum upgrading programmes is constrained by this risk assessment, yet without the active engagement of both slum dwellers and the private sector, slum upgrading programmes are unlikely to achieve scale or sustainability."

This was a key reason that led to the development of the Community-Led Infrastructure Finance Facility (CLIFF).

CLIFF is a financial model that aims to demonstrate the creditworthiness and effectiveness of community-led slum upgrading to sceptical city authorities and conservative private sector financial institutions. The expectation is that the model will ultimately be adopted and form the basis for the large scale and long term entry of private finance into slum upgrading (SPARC, 2004).

The key objectives of CLIFF, as identified in the project implementation plan, are (Jack and others, 2005:8):

1. To develop a financing facility mechanism for assisting organisations of the urban poor to carry out successful community-driven infrastructure, housing and urban services initiatives at city level, in conjunction with municipalities and the private sector.

2. To develop a sustainable financing vehicle (CLIFF1) in India to continue the provision of specialist financial services to the urban poor after the conclusion of the project stage.

Figure 10: The scaling up process and how CLIFF supports this
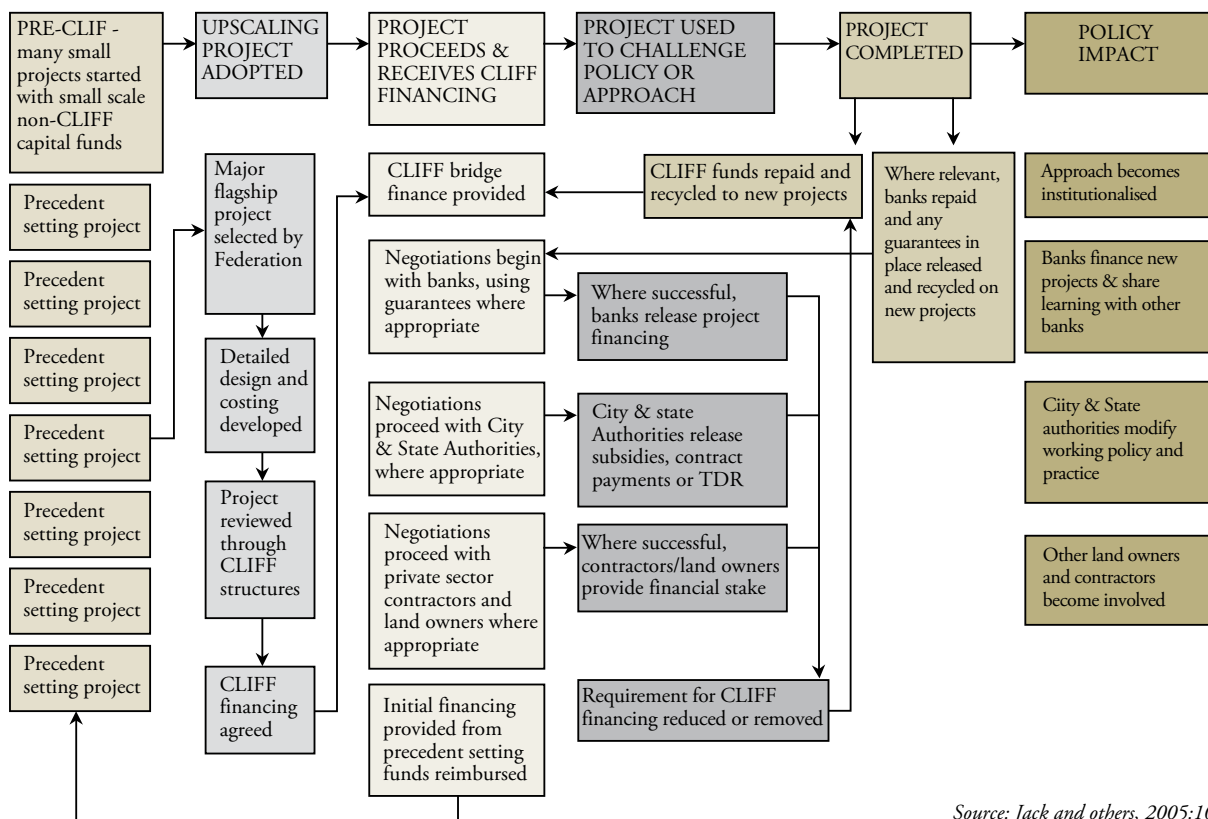
Source: Jack and others, 2005:10

3. To develop a sustainable in-country financing vehicle (CLIFF2) in at least one other country to replicate the concept in a different institutional setting and to benefit additional communities/cities if further funds can be attracted.

The Philippines

The Community Mortgage Programme (CMP)

A further example of a government loan programme is the Community Mortgage Programme in the Philippines which provides subsidised loans for land purchase and housing development to community groups facing eviction. In this case, NGOs and other professional groups including local government are given a distinct role and are entitled to be "originators", ie. groups that provide technical support to communities benefiting from the programme (p.4.).

The Community Mortgage Programme emerged directly from an NGO's programme experience. The Community Mortgage Programme has assisted 140,000 families to secure tenure through offering loans for land purchase and, sometimes, related housing development. This demonstrated a third option, in which NGO innovations are adopted by state agencies. However, this experience has been mixed. Although the programme has been beneficial, the host agency has not always been supportive (p.7), and funding has been limited. This is partly because the subsidised interest rate means that the venture is not perceived as profitable, although collection rates exceed those for individualised middle-income home lending with higher interest rates. There is no simple answer as to where the fund should be located. The question is being reconsidered actively in the Philippines, as the government is proposing to establish a Social Housing Finance Corporation (p. 8). (IIED, 2005)..

South Africa

Access to alternative sources of credit has always been a priority issue for the SAHPF as members cannot obtain housing finance from formal sources institutions. Despite the fact that most Federation members are entitled to government subsidies, the funds have commonly been found to be insufficient and are normally received after the project is started or the houses are built. Access to bridging finance is therefore of great consequence. The establishment by the Federation of its own revolving fund, *uTshani* in 1994/1995 was thus an important breakthrough. The *uTshani* fund grants small loans for housing to members. National and provincial governments have also used it as a channel to release subsidies and other resources to local Federation groups. The institutionalisation of the Fund and subsequent agreements with the national or provincial state have made it possible for the Federation to control vital economic resources that they can use to enable local people-driven housing processes (Millstein and others, 2003).

Partnerships and Levering External Financing

SDI federations, unlike banks, do not aim to achieve financial equilibrium whereby "[c]ash out equals cash in over time" (Baumann, 2001:142). Ensuring that borrowers repay the exact funds loaned to them, plus interest, administration costs and a growth premium, is not their primary objective: "They are not in the business of creating banks, people's or otherwise" (Baumann, 2001:143). Rather, they generally seek to achieve 'macro' equilibrium, whereby funds lent out or otherwise spent are matched by incoming funds received from diverse sources (Baumann, 2001). Community capital funds have, to varying degrees, effectively used the saving reserves and track records of the Federations to leverage additional external funding in a variety of forms (McLeod, 2003).

The Urban Development and Housing Act (1992) sought to encourage greater investment in social housing. Even before that legislation, the Government had established a nationally-financed Community Mortgage Programme (CMP), implemented by a wide range of different institutions, providing subsidised loan finance to regularise and improve low-income squatter settlements. In the Philippines it has assisted 100,000 families to legalise their land tenure - not much in relation to the scale of need but nevertheless substantial for a government intervention (Devas and others, 2001:49).

The Community Mortgage Programme aims to secure land tenure for the landless poor by giving financial assistance to residents of "blighted/depressed" areas (slums and squatter settlements) or areas required for priority developments, to allow them to own the lot they occupy or the land where they can resettle. Residents have to form homeowner associations which coincide with all or part of a "slum" or squatter settlement and these vary in size from five to 1,000 or more households.

"The better-off among urban poor families have accessed the Community Mortgage Programme for lot acquisition" (p. 72)

Etemadi, F.U. (2001) "Civil society participation in city governance in Cebu City", Environment and Urbanization, Vol. 12, No. 1, pp. 57-72.

Constantino-David, K. (2004)" Unsustainable Development: The Philippine Experience", in D. Westendorff (Ed.) From Unsustainable to Inclusive Cities, Geneva, United Nations Research Institute for Social Development: 127-144.

Table 6: Funds of Federations within the broad SDI network

Name of fund	Country	Started
Orangi Charitable Trust Rural Development Trust	Pakistan	1987
Community Organisations Development Institute	Thailand	1992
UTshani Fund	South Africa	1994
Twahangana Fund	Namibia	1995
Gungano Fund	Zimbabwe	1998
Urban Poor Development Fund	Cambodia	1998
SPARC Samudhaya Nirman Sahayak	India	1999
Philippines Urban Poor Development Fund	Philippines	2000
Pak Ngum Fund	Lao PDR	2000
5 Provincial Cities Funds	Vietnam	2001

Source: After McLeod, 2003:19

Many of the national federations within SDI have established small and larger-scale funds through which communities are able to access loans. These are summarized in Table 6: Funds of Federations within the broad SDI network below, and some are described in more detail in Box 14: Examples of urban poor federation funds). The funds have been established to help members acquire land, build homes and develop livelihoods. They allow for collective investments in accordance with the stated priorities of the poor. In addition, they allow flexibility in the determination of which precedent setting initiatives should be developed, and can help cover the risks associated with these (McLeod, 2003; D'Cruz and Satterthwaite, 2005).

These urban poor funds have received the support of various donors, including international donors (both bilateral and NGO), national governments, and the community members themselves (Patel and others, 2001;

Mitlin, 2003). Members' savings are deposited into and managed by these funds, as is external funding from governments and international agencies. The federations are thus better able to manage and use the external support and are not obliged to conform to inappropriate externally imposed conditions. The funds also improve transparency and accountability for funders. In many cases, a contribution from central or local government to a federation fund is indicative of a change in government attitude and the start of a partnership (D'Cruz and Satterthwaite, 2005)

The capital funds share a number of common characteristics. However, there are important variances between them, as there also are between them and other funds aimed at providing financial services to the urban poor. In looking at the various funds, it has been found useful to ask a number of questions:

Box 14: Examples of urban poor federation funds

■ In Cambodia the Urban Poor Development Fund was set up with $103,000 contributed by the federation, the municipal government, the Asian Coalition for Housing Rights and MISEREOR, a German NGO. It now has $365,000, including funds from the Prime Minister's fund.

■ In Namibia the Twahangana Fund has $300,000 in member savings and support from government and international donors.

■ The Urban Poor Development Fund in the Philippines has $700,000 in federation members' savings and $1.7 million in funds from the Philippine government and international agencies.

■ The *uTshani* Fund in South Africa was initially capitalized with a R4 million grant from donors, followed by a grant of R10 million from the South African government's Department of Housing ($1 = R6.15). It currently has R48 million and has generated an estimated R350 million worth of net benefits.

■ In Zimbabwe the Gungano Fund has $242,000 in member savings, a loan from a South Africa federation, and grants from donors.

■ In India and Thailand much larger funds support community-driven development. In Thailand this is a combination of savings and government support ($13.8 million); in India, it is a combination of savings and international donor support.

Source: UN Millennium Project, 2005a:79

- What are the sources of capital and the conditions of provision?
- Who controls the allocation process?
- What is the cost of access?
- How/where does the capital circulate and where does it end up?
- Who takes the major risk?
- Whose institutional capacity, political clout and knowledge base is strengthened?
- What broader impact does the capital provision have on further access by the poor to local capital?
- What broader impact does the capital provision have on the capacity of organisations of the poor to take an active role in urban governance? (McLeod, 2003:20).

A typology of existing financial mechanisms that has been developed is provided in Annex 3.

The experience of the Shack Dwellers Federation of Namibia provides a good example of how organizations of the urban poor can effectively leverage resources from local and national governments.

"For the first time in Namibia people have their own information about themselves collected by themselves. Combined with their savings they have strengthened their power to bargain with the local and national governments. The government recognised the new dynamics generated by the Federation and responded with a positive contribution of matching each dollar saved by the members with N$2 from the government" (Muller, 2000:4).

The importance of partnerships and leveraging external financing cannot be overemphasized. At the same time, the adverse consequences of over-reliance on external support cannot be understated. Indeed,

"The World Bank has recently emphasised the need for the development of financing options which help to mobilise local contributions, credit and private investment, in order to better leverage scarce public finance resources and to scale up community driven programmes" (McLeod, 2000:22).

India

With the Alliance's membership expanding and the Federation's aspirations rising, a combination of community resources, state support through sensible policy and subsidies, and loans from mainstream financial institutions is needed to take possible solutions to scale. Although the formal finance sector is now comfortable with typical micro-finance loans, offering larger housing

loans to the poor is an, as yet, uncharted area. The Alliance is thus trying to help banks understand and access this enormous potential market. It is doing so in the following ways:
- Creating space for financial experts to understand the federation processes.
- Demonstrating how the enormous scale of the federation makes them a very large market which should be taken seriously.
- Sharing precedents set so far to link process and financial implications.
- Demonstrating the non-financial "capital" of the alliance's organisational ability to leverage finances (SPARC, 2005:24)

The Government of India has asked a number of smaller donors to leave the country claiming that there are now domestic resources available to address poverty. While this has decreased the amount of external funding available to local NGOs, the Alliance also believes that if poverty is to be addressed effectively, the overall resources must come from domestic sources. The challenge is to unlock those resources, develop systems for their delivery and create the capacity to use them efficiently. The Alliance currently strategically uses its core funding, which is mostly external assistance, to leverage domestic finance. (SPARC, 2005)

The Philippines

The Urban Poor Development Fund (UPDF) was established in 1999 in response to the inadequacy in institutional finance for shelter development. It is a longer-term financing facility for shelter-related purposes, towards which members, as stakeholders, contribute. However, it also leverages contributions from other stakeholders to finance more substantial investments such as purchase of land, infrastructure development and housing construction. HPFP members' savings have been able to leverage some P 85 million[29] from other stakeholders for shelter-related financing, including the following:
- National government, which account for 15 per cent of the funds;
- International donor agencies, which account for 15 per cent of the funds; and
- Multilateral agencies (through ADB's Japan for Poverty Reduction), which account for 60 per cent of the funds.

Municipal governments have also shown some interest in participating as well (HPFP, not dated, b).

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[29] Approximately US $1.7 million.

[30] Approximately US $1,655,000.

South Africa

As stated earlier in Chapter 1, a main priority of the *uTshani* Fund is to leverage resources for development. In June 1994, the, then newly established, national Housing Ministry, agreed to provide a grant of R 10 million[30] to leverage the SAHPF housing loan fund. The grant was only handed over to the Federation's *uTshani* Fund in 1996 owing to the death of the Housing Minister. The first of several thousands of housing loans was, however, issued in February 1995, using funds from a German funding agency, Misereor, which had supported the People's Dialogue in the past. In the same year, the National Housing Board, the authority mandated to manage the national housing subsidy funds, signed an agreement with the *uTshani* Fund recognizing the latter as an approved conduit for housing subsidies to SAHPF members. The Fund's equity has been obtained from a combination of contributions from the South African government and overseas donors. This is in line with the Habitat Agenda's call for the international community to "[m]obilize national and international financial resources from all sources for shelter provision and sustainable human settlements development" (UNCHS, 1987: Para. 202). The organizational structure of the financial systems in illustrated diagrammatically in Figure 11: Organogram of Alliance Finance Systems.

The *uTshani* Fund makes group housing loans to nsukuzonke, which then distributes the loans to its members in accordance with their internal systems —but it does not collect savings from nsukuzonke. The capital base of the Fund has grown to about R70 million.[31]

(Bay Research and Consultancy Services, 2001; People's Dialogue, 2003b).

The priorities of *uTshani* Fund are to (People's Dialogue, 2003b:16):

- leverage resources for development
- promote development for the most marginalised and most vulnerable groups within [SAHPF] and its allies
- promote integrated development
- promote the eradication of poverty by the poor themselves
- promote innovation and best practise
- achieve results at as large a scale as possible

Figure 11: Organogram of Alliance Finance Systems

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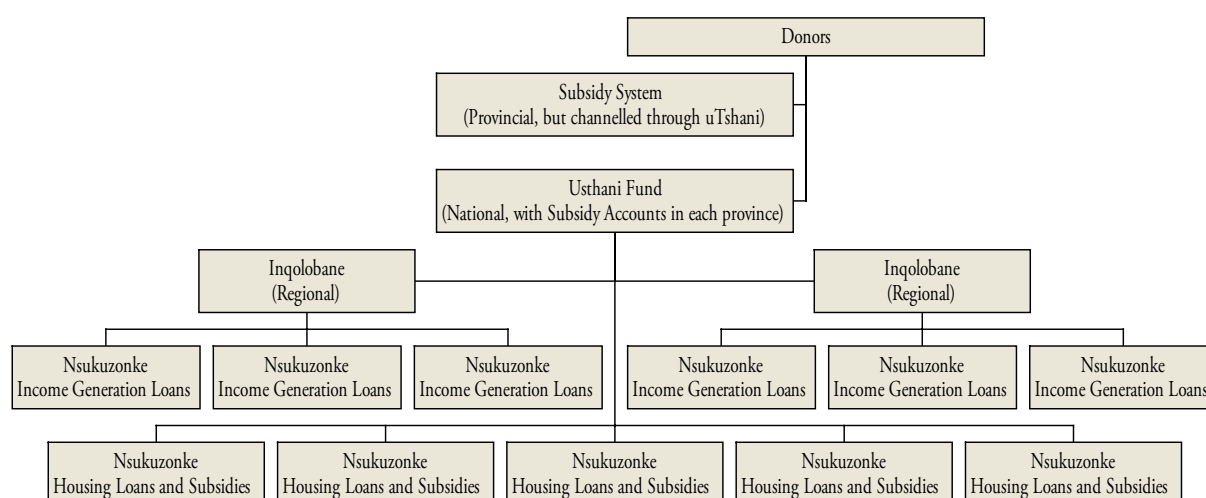
[31] This figure includes property assets, an allocation by the European Union, subsidies held in reserve as well as funding from the Department of Social Development.

3.0 Policy/legal/regulatory context and tenure issues

The high and increasing proportion of slums and informal settlements in developing country cities and towns is irrefutable evidence that existing policy, legislative and regulatory frameworks have failed to achieve the objective of planned urban growth (Payne and Majale, 2004). Indeed, existence of slums and informal settlements point to the urgent need for policy, legislative and regulatory reform.

Policy/legal/regulatory frameworks and reform

For shelter and upgrading programmes to be pro-poor, sustainable, attain scale, and optimize environmental and quality of life benefits, a favourable policy environment, supported by an appropriate legal and regulatory framework, needs to be in place (Imparto and Ruster, 2003). Thus, as the Cities Alliance Action Plan (1999:4) emphasizes:

"Reforming regulatory and policy regimes for housing, land and infrastructure markets should remove obstacles and disincentives to access for the poor. Pro-poor regulatory frameworks will eliminate inappropriate standards of provision that raise costs, encourage entry of new technologies and small-scale and other competing suppliers, make subsidy policies more effective and better targeted, establish more equitable tariff and cost recovery systems, and facilitate active partnerships among private investors and utilities, community groups, NGOs and local governments to create practical solutions responsive to the needs of the urban poor."

India

The Alliance in affirms that any organization seeking to create city-wide slum upgrading models must simultaneously employ the mobilization, engagement, financial and policy/legislative/regulatory reform strategies that are discussed in this report (SPARC, 2004).

There is a key instrument available for slum upgrading and resettlement in Mumbai. All efforts are, however, underpinned by the law guaranteeing security of tenure to all those who can establish they were on a piece of land as of 1st January 1995. The key instrument is the Floor-Space Index ratio (FSI), which is used to cross-subsidize housing for the urban poor. This instrument is applicable to both in situ slum upgrading and public infrastructure projects like MUTP and MUIP (SPARC, 2004). It is also the key element in the Slum Rehabilitation Act (SRA) of the Maharashtra government, which is explained in more detail in Box 15: How the SRA policy works. The Alliance is implementing its most capital intensive projects within the framework of the SRA.

According to the Alliance, if slum upgrading and resettlement are to be implemented at scale, "the two most important reforms are to do away with the concept of 'free housing' and to provide housing finance for the urban poor" (SPARC, 2004:38).

The Government of Maharashtra has already taken the decision that households should pay at least Rs. 25,000[32], but it has yet to be effectively enforced. The problem of housing finance for the urban poor is more intractable as the formal housing finance sector is still uncomfortable with the idea lending to the poor. There has been some discussion about this concern with the largest private housing finance company in India, the Housing Development Finance Corporation (HDFC) Limited. The matter has also raised with the Government of Maharashtra in discussions of the Sub-committee on 'Housing for all' (SPARC, 2004).

Government subsidies for housing are grossly inadequate in relation to the magnitude of the problem. The SRA scheme is wholly dependent on market forces and will thus attract only capital in locations that are favourable. Hence, "[t]he savings of communities and their conversion into down payments for housing loans from financial institutions is the only long-term, sustainable solution" (SPARC, 2004:38).

Philippines

South Africa

The post-apartheid government of national unity in South Africa has promulgated and enacted a host of new policies and legislation since the first democratic elections in 1994. Of particular importance to the present report is the housing policy, which is embodied in the White Paper on Housing. This introduced a state discourse on people's power, participatory development and empowerment that has been central to housing policy formulation in post-apartheid South Africa. This discourse has been

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[32] Approximately US $570.

characterized by a firm belief in a non-conflictual process of negotiations, compromise, consensus building and social compacts involving all relevant stakeholders, including the private sector (Millstein and others, 2003). The White Paper affirms that provision of security of tenure is central to the government's approach to providing housing to people in need (Royston, 2002). The housing policy also establishes government strategies in respect of housing as stabilizing the housing environment, mobilizing savings and credit for housing, providing subsidies, and facilitating the expeditious release of land.

Three key pieces of legislation aimed at securing tenure for vulnerable households have been passed since 1994. These are summarized in Box 16 Noteworthy post-1994 tenure and urban reform legislation. They are, however, limited in application to areas occupied by tribes on State-owned land and are not applicable to privately owned land or the majority of urban tenure situations of informal settlement upgrading. On the other hand, there have been four other legislative initiatives in the land occupation, land development and planning arenas that have a bearing on urban tenure security. These are also summarized in Box 16 Noteworthy post-1994 tenure and urban reform legislation.

While the original strategies of the White Paper are still considered relevant, new directions in housing policy emphasize integrated land development, medium density housing, rental housing, social housing, emergency housing, urban renewal, informal settlement upgrading, promotion of the role of women in housing development, the needs of vulnerable groups, the PHP, and savings-linked subsidies. Added emphasis has also been placed

on the following strategic concerns (People's Dialogue, 2003c:6):

- maximising the value of housing as an asset to the resident household (as a usable support for a sustainable livelihood and as a bankable or saleable asset) and to local government (as a component of a well performing city or town with a strong rates base), and improving its value with the financial and other sectors (linked to stimulating the emergence of a secondary housing market);
- promoting demand-defined (by households according to their needs, and through local government-based processes such as the Integrated Development Planning process), and supply-negotiated housing development which results in well-located, quality housing environments;
- building human settlements which go beyond the production of houses and ensure the integrated delivery of a wide range of social and economic amenities and infrastructure that ensure a supportive context for sustainable livelihoods and a strong civil society; and
- improving resource management where viable partnerships are established between local government, communities (sometimes through mediating organisations), and the private sector, and in which risks and resources are more evenly spread and mechanisms are developed to mobilise and distribute resources efficiently and equitably.

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[33] The method for calculating TDR is shown in Annex 2.

(a) Post-1994 tenure legislation

The following three laws are indicative of how security of tenure has been addressed under the land reform programme. They are primarily aimed at preventing eviction and legitimating urban poor people's right to a say in access to, and use of, the land they occupy.

Extension of Security of Tenure Act, 62 of 1998: This law provides occupiers of rural or peri-urban land (i.e., land that is not in a proclaimed township) with a legal right to live on and use land and protects them from eviction.

Land reform labour Tenants Acts, 3 of 1996: The Act provides for the protection of labour tenants against arbitrary evictions and makes provision for the acquisition of land for existing labour tenants who will be able to access a land reform grant for this purpose.

Interim Protection of Informal Land Rights Act, 31 of 1996: This law protects people who live on, use, have access to or occupy land, particularly in the formal homelands, against eviction. It gives people who reside predominantly in areas under traditional leadership the right to be heard regarding the administration of the land that they occupy. The law is intended to lapse once more permanent protection is enacted by law (Royston, 2002:174).

(b) Post-1994 urban reform legislation

The following four laws address land occupation, land development and planning:

The Restitution of Land Rights Act, 22 of 1994: applicable in both rural and urban areas, this law addresses the restitution of land rights lost be any South African as a result of a racially discriminatory law passed since 1913. It provides three forms of redress for people who can demonstrate a right to restitution: restoration of land lost, an award of alternative state owned land or financial compensation.

The Development Facilitation Act, 67 of 1995: was seen as an interim measure to establish and test a series of changes to the system of land development and planning. Important characteristics of the law which impact on tenure are 'fast track' procedures administered by provincial development tribunals for dealing speedily with important development projects and a section which empowers the minister to make regulations for the upgrading of tenure and services in urban informal settlements.

New provincial planning laws: Several provinces have begun to draft their own planning laws, led by the two non-ANC provinces of KwaZulu-Natal and the Western Cape. Legal rationalization, the management of land use and development and the determination of roles and responsibilities at the three spheres of government ate among the issues addressed in these laws. The law reform challenge arises from the numerous overlapping and contradictory laws still in place in each province. Although planning and development control laws and regulations in Bantustans and urban black townships were only minimally effective, their links with land tenure and land administration make it extremely difficult to simply repeal them.

The Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 19 of 1998: This law introduces procedures for dealing with illegal occupation of land that are 'just and equitable' and aims to ensure that eviction takes place in accordance with the law. It also outlaws the practice of individuals charging landless people a fee for the opportunity to settle on land that is not that individual's land to offer (Royston, 2002:175).

Land acquisition and securing tenure

Strategies for acquiring land and improving security of tenure are central to pro-poor slum upgrading. Improving access to land and secure tenure often requires reform of policy and regulatory frameworks governing land-use and tenure, as well as legislation to prevent forced eviction. Attention must be paid, in particular, to ensuring equal access to land tenure and titling rights by women. Improving security of tenure needs to be tailored to local contexts and needs, as preferences for and the feasibility of a particular tenure regime can vary widely within cities, as well as between countries or regions. A high degree of participation and decision making by slum dwellers themselves is also necessary. Their organizations should, therefore, be recognized as critical partners in any

initiatives to improve access to land to land and security of tenure (UN Millennium Project, 2005b).

While it is widely acknowledged that urban poor households need more secure, better quality housing and that this usually means the need for access to secure land, there is little consensus as to the best strategies and approaches towards this end. It was for this reason that, in 2001, the International Institute for Environment and Development (IIED) received a grant on which members of SDI could draw to help them in their negotiations for legal tenure of the land they already occupied or for land on which to build their homes. National federations and their support NGOs were invited to apply for funding to help them secure land, but on condition that they specify the strategies they considered most appropriate to achieve this and the activities that required funding. In the end, the strategies and activities of community groups in six countries (Cambodia, Colombia, India, Namibia, South

Africa and Zimbabwe) were supported (Mitlin, 2003). Two of these — India and South Africa — were also involved in the Three Cities Project. The activities and numbers of households that benefited from the support are summarized in Table 7: Different initiatives for acquiring land and housing.

India

As elsewhere in the developing world, the urban poor in India are highly disadvantaged with respect to legitimate access to land and land development rights. An estimated 55 million urban dwellers live without tenure rights, in very poor conditions, on public land. The Government has in this regard undertaken a number of measures to improve the tenure situation of the poor. These include regularization of land tenure and improvement of basic infrastructure in informal settlements (Banerjee, 2002).

There are two main ways through which tenure regularization has been introduced into policy. The first is the functionalist approach, which sees secure tenure as a means to achieve definite objectives. These could be compensation for relocation pavement dwellers and squatters; incentives for poor households to invest in shelter improvement and development; credit worthiness for housing finance; and poverty reduction. This contrasts with second, the rights-based approach, which emphasizes the right of every citizen to a secure place to live. Political manifestos, courts and activist groups have tended to follow the latter. There are, however, significant differences between states and cities as far as the question of security of tenure is concerned (Banerjee, 2002).

The alliance in India encourages poor communities that are told by city authorities that there is no land available for them in the city, which is a common occurrence, to verify this by searching for land themselves. For example, in 1986 pavement dwellers in Mumbai who were told that there was no land acquired a city development plan and visited all the available land to see what it was being used for. They found that there several thousand hectares of land that had been reserved for public projects but had not been used as required. They then persistently approached the authorities with this information. However, land for pavement dwellers' housing was only allocated more than a decade later (SPARC, 2004).

The launch of the Global Campaign for Secure Tenure in Mumbai by UN-HABITAT in 2000, which was organized by NSDF, was attended by representatives of all three levels of Government. It thus provided an ideal opportunity for the Alliance to interact with and influence both the Government of India and the Government of Maharashtra over the issue of secure tenure. It was also witnessed by 5,000 slum dwellers from 23 Indian cities and towns, federations of slum dwellers from nine countries in Asia and Africa, and representatives of the diplomatic community and international agencies.

Table 7: Different initiatives for acquiring land and housing

Name of group and/or place	Activity and numbers assisted	Cost
Tres Fronteras, Leticia, Colombia	Land purchase: 80 families	£25,000
Squatter and Urban Poor Federation, Toul Chungrouk and Rd 271, Phnom Penh, Cambodia	Development to secure land: 130 families benefit immediately; 1,000 to benefit in total	£39,000
National Slum Dwellers' Federation, Sholapur (India)	Bridge finance for land and housing development prior to subsidies; 350 households helped already: 1,610 to benefit	£25,000
National Slum Dwellers' Federation, Bangalore (India)	Bridge finance for land development prior to subsidies: 20 households helped already; 996 to benefit	£25,000
Shack Dwellers' Federation of Namibia	Lobbying and negotiating to increase access, reduce standards and therefore the cost of acquiring land	£10,000
Vusi Nsuntsha, South African Homeless People's Federation, Cape Town	Bridging finance for land purchase prior to subsidies being secured: 800 households to benefit	£25,000
Zimbabwe Homeless People's Federation, Mutare	Deposit for land: land purchased with plots for 1,600; land development planned	£7,000
Zimbabwe Homeless People's Federation, Harare	Deposit for land: 150 to benefit; land acquired for 1,000 families: tenure being negotiated	£5,000
Zimbabwe Homeless People's Federation, Gwanda	Deposit for serviced land and units: 20 to benefit; families on site	£1,000
Zimbabwe Homeless People's Federation, Victoria Falls	Site development: 565 to benefit; 300 families now on site	£7,000
Zimbabwe Homeless People's Federation, Karoi	Plots with services purchased for 20 families: housing construction in progress	£1,000

Source: Mitlin 2003: 186

"In his inaugural address, the Chief Minister of Maharashtra, Shri Vilasroa Deshmukh, committed his Government to the introduction of legislation to provide secure tenure to all slum dwellers that registered prior to 1 January 1995" (UN-HABITAT, 2002c: Paragraph 10).

However, the very same Chief Minister, announcing the "development and beautification plan" for Mumbai, launched a massive demolition drive of slums that had developed after 1 January 2005. This move rendered 250,000 people homeless by December 2004 (Tukdeo, 2005).

An important precedent of giving tenure of land to cooperative societies of slum dwellers was set in the World Bank-funded Bombay Urban Development Project (BUDP) implemented in the mid-1980s project. Some 20,000 households in 400 slum pockets were granted secure tenure of land on an 'as is – where is' basis, the expectation being that they would upgrade their houses through savings and loan finance. The BUDP also included upgrading of infrastructure, and while land tenure was given virtually free of charge, a 20 year loan to meet infrastructure costs was to be recovered from each household. The policy precedent of granting tenure of land thus already exists and, indeed, is currently used in various slum redevelopment and slum relocation projects. It is not, however, being applied to existing slums that can be upgrading in-situ , or slums built on pavements, on lands belonging to public agencies (e.g., the Airport, the Railways, the Port Trust), in hazardous locations, or on lands designated for some developmental purpose (e.g., roads, parks, schools, etc). The Alliance, recommends that this policy instrument be revived and used as it was in the BUDP (SPARC, 2004).

Philippines

Land market problems are particularly acute in the Philippines. This is clearly reflected in the high cost of urban land. Prohibitive prices have meant that the great majority of the population cannot afford to buy commercial plots and housing (Moser and McIlwaine, 1997). The lack of affordable land and housing options for the urban poor means that between one-third and one-half of their number are forced to live in informal settlements, "in conditions that are illegal, insecure and environmentally degraded, without access to toilets, water supply or electricity and in ever-present danger of eviction" (VMSDFI, 2001:73-74). Under such circumstances and conditions, they use the greater part of their limited resources to simply survive. Indeed, many are placed in an impoverishing cycle of squatting and eviction and prevented from improving their lot. Land tenure is, therefore, on of the major problems confronting the urban poor in the Philippines (VMSDFI, 2001).

In the Philippines, as in a majority of other developing countries, security of tenure is still associated with being in possession of legal title to land. This belief is as prevalent among the urban poor as it is in the rest of Philippines society. This is because urban poor households see a legal document as the only guarantee against forced eviction and relocation. In its efforts to secure tenure for urban poor communities, the HPFP has worked within the legal system of land registration and development. This has involved understanding the system and its policies and regulations, complying with its legal, procedural and technical requirements, negotiating with the public agencies and landowners, and recommending exemption form requirements that are either too demanding or too costly (Yu and Karaos, 2001).

THE HPFP brings together urban poor community organizations from cities across the country seeking to solutions to problems they face with respect to access to secure land, housing, income, infrastructure, health, welfare and affordable credit (VMSDFI, 2001). The communities themselves are involved in and undertake a range of activities as shown in Box 17: What HPFP has been doing towards getting land and housing. An important outcome of this approach is that

"HPFP communities have…become familiar with the legal and technical processes of land acquisition and development, having learned from actually handling these tasks as well as from exchanging experiences within the national network. They are now at a a stage where they are recommending technical revisions to regulations that have proven superfluous or difficult for community-led processes" (Yu and Karaos, 2001:113).

Although the government formally committed itself to granting tenure to urban poor groups in the 1986 Constitution and the 1991 Urban Development and Housing Act, little progress was actually made in the ensuing years (Moser and McIlwaine, 1997).

The signing of a Memorandum of Understanding (MoU) aimed at providing secure tenure for all the urban poor in the Philippines on 26 November, 2000 by groups involved in the launch of the federation's Security of Tenure Campaign in Manila was thus a landmark development. The parties which signed the MoU included the HPFP, the president of the Philippines, the secretary of the Housing and Urban Development Coordinating Council (HUDCC),[34] UN-HABITAT, local NGOs and the League of City Mayors. The MoU was drafted during a period of considerable political upheaval in the country and is not binding. However, it was a clear public declaration of government support for the ideas and initiatives of HPFP and provided a framework for negotiations with the state for secure land (VMSDFI, 2001). The full text of the MoU is presented in Box 18: Memorandum of understanding.

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[34] The Housing and Urban Development Coordinating Council (HUDCC) is responsible for co-ordinating the activities of several agencies dealing with land use regulation and housing finance, as well as the National Housing Authority (NHA). The latter is the main government agency engaged in the direct provision of housing. Its role has, however, been significantly reduced to primarily assisting in relocating settlements from hazardous areas and those displaced by government infrastructure projects (Shatkin, 2004).

South Africa

SAHPF groups that are in need of land on which to build their houses have a number of options open to them. They can:

(i)   build on land for which they have no title;

(ii)   invade land (public or private) and then negotiate for title;

(iii)   purchase state land or negotiate for access to state land, e.g., through land availability agreements; or

(iv)   purchase land on the private market (Baumann and others, 2001; SAHPF, 2003b).

In a network of community groups with membership as varied as in the case of SAHPF, all the above strategies have been used, sometimes with positive results. The Federation is, however, clear that "land invasion is a last option" (Baumann and others, 2001:11).

A major area of work for the SAHPF and the People's Dialogue is to assist member savings groups to negotiate with municipal authorities or other government agencies for land. To date, more than 10,000 households have been helped to secure land for housing. A number of savings schemes have purchased land on which to build houses on the market with loans from uTshani Fund. Individual housing savings schemes have also, when frustrated by delays or unfulfilled promises of local authorities to provide them with land, resorted to land invasions (Baumann and others, 2001).

In the absence of a policy framework on the integration of informal settlements and slum upgrading, current informal settlement intervention is structured through the capital subsidy scheme. This entitles low-income households to a standardized serviced plot with freehold tenure and core housing stricture, in a formalized township layout. This approach, in which informal settlements are replaced by standardized townships developed on inexpensive land, and usually involves relocation, perpetuates the existing structure of the South African city (Huchzermeyer, 2003). It has, however, been concluded that "the standardized approach of imposing individual freehold titles through a standardized capital subsidy intervention in informal settlements is inadequate" (Huchzermeyer, 2002:191). Moreover, the intervention framework "does not lend itself to a flexible approach that may be managed by representative community-based organizations" (Huchzermeyer, 2002:192).

4.0 Precedent setting and pilot initiatives

Pilot projects are universally accepted as experimental learning tools that can be used to test possible solutions, strategies and management systems. The "pilot projects" that the Alliance sets up are activities which a particular community wants to undertake to solve one of its problems. For the wider membership, the pilot can demonstrate a new alternative with the potential to address a problem. The focus is squarely on "what communities can do themselves and not on what can be done for them" (Patel and Mitlin, 2001:6). Once a pilot project has been completed, it is possible to calculate what it would cost to scale it up.

Pilot projects help set precedents that can be used to promote changes in official policies, practices or standards. The learning is shared with other federation groups and other city officials through exchange visits (Patel, 2004). Investments in precedents should be made in parallel with dialogue with the state authorities to help secure the support of the latter. This will be vital when it comes to extrapolating from pilot projects, scaling up lessons to mainstream macro-policy and programmes, and forging alliances among partners (Sohail and Cavill, 2003).

India

Most NGOs seek to influence and bring about change in government policy through lobbying and advocacy. The alternative policies to government that they campaign to have accepted are generally based on consultations with communities. Although the policies they propose are often good and much needed, they seldom influence government policy. Even when they do, most communities are unable to take advantage of them owing to lack of exposure, capacity or training (Patel, 2004).

It is for this reason that the Alliance in India adopted an alternative approach — that of "setting precedents and using these precedents to negotiate for changes in policies and practice" (Patel, 2004:5). Precedent setting is based on the premise that the strategies used by the poor are probably the most effective starting point but may need some improvement. Precedents are set through the Alliance supporting community organizations in trying out pilot projects and then in refining and developing them. Having emerged from the poor's existing practices, they make sense to other grassroots organizations, gain widespread support and can be more easily be scaled up. However, it is often the case that these precedents do not conform to official rules and standards. A good example of this is the houses designed and developed by the Federation that have a mezzanine floor, which provides households with more space and flexibility in their homes but is substantially cheaper than a two-storey unit. As the design was not legally permissible, the Alliance first demonstrated that it could be done and worked well before negotiating its approval. The design is now being used in a new housing development for pavement dwellers and in housing being built in Dharavi, so as to provide the inhabitants with better quality accommodation (Patel, 2004). Community-directed house modelling, which is described in more detail in Box 19: House modelling has produced precedents showing how particular designs are more appropriate to the needs of urban poor households, as have the community-designed and managed toilets described in Box 20 Precedent setting with community toilets.

There are a number of forms of finance that the Alliance could usefully explore for use in scaling up of precedent-setting and pilot projects. They include (McLeod, 2000:22):

Box 19: House modelling

House model exhibitions are large, open-air events attended by housing professionals and government officials and politicians. Communities gather to show life-size house models designed and constructed by them. These house models are life-size and not miniature modules. These life-size house model exhibitions allow the poor (especially the women) to discuss and debate-housing designs best suited to their needs. The women furnish the house model with beds, stoves and some basic storage. This gives them an idea of real space as they compare it to the space they presently live in. This is the public face of SDI membership in which the identity of the Federation comes to the fore as communities present their alternatives for their neighbourhoods.

This is the point at which federations of the poor dialogue with professionals about affordable construction materials, construction costs and basic services. This process allows communities to redefine their relationship with professionals in their city. The exhibitions enable the community to explore what adequate space and affordable cost means to them. Significant technical and design innovations have been developed through this process. In many cities, local governments now recognize that the urban poor can play a significant role in creating housing stock for low-income communities.

Source: D'Cruz and Mitlin, 2005:11

- State Finance Institution loans, particularly from HUDCO
- Commercial Bank Loans
- Regional Development Bank loans
- Bilateral loans
- Multilateral Financial Institution Loans
- Syndicated Loans
- Municipal Bonds
- Project Bonds
- Pension and Mutual Fund Loans

Philippines

Exhibitions of life-size house models have helped set precedents in the Philippines, as indeed they have done in many other places. For example, a model house exhibition held in Payatas, Manila in 2000 attracted more than 5,000 community members from around Manila and other cities. It provided a forum for discussion and debate on affordable house designs and settlement layouts. House design workshops were also used to explore cost saving building materials and construction technologies. The waste pickers in Payatas subsequently developed a two-storey, 40 m2 starter house costing US$ 800. This is one of several house designs developed by the Federation that are substantially cheaper than government-designed and built houses (D'Cruz and Satterthwaite, 2005)

House modelling has also been very effective in other SDI countries. A good example is Kenya, where the construction of the first model house by the Federation, Muungano wa Wanavijiji, and the support NGO Pamoja Trust, paved the way for negotiation with the authorities in the capital city of Nairobi. The model led to the Federation being given the task of building 2,500 houses in the informal settlement of Huruma. It was also to begin construction of the first 800 houses

for households relocated from railway land in a recently agreed resettlement process. The latter was an outcome of an exchange visit to Mumbai when houses along the main railway line in Nairobi were being demolished (D'Cruz and Mitlin, 2005).

South Africa

The Alliance in South Africa has been involved in a number of pilot initiatives. It has also provided grant funding to communities to finance pilot activities through which "they can seek to solve problems, develop innovative decision-making and resource-allocating processes, test their solutions, and even fail and try again, if necessary" (Bauman and others, 2001:18). The Alliance sees mistakes and failures as sound investments in the evolution of sustainable change processes and considers them to be more effective learning mechanisms than workshops or study tours (Bauman and others, 2001).

A notable pilot initiative in South Africa is the partnership between the Alliance and The eThekwini Municipality (the 'Metro') and the Federation, with the support of People's Dialogue, on slum upgrading. The partnership seeks to replace the Government's approach to housing delivery which emphasizes "bigger houses for which the magic formula is degraded to sweat equity while all the other aspects of the development process is retained by the state and the contractor" (People's Dialogue, 2003a:5). It is looking for a change to a "tested means of people-centred delivery that builds people at the same time as it builds bigger houses and that builds pro-poor cities at the same time as it satisfies the government's need to deliver entitlements to its largest constituency" (People's Dialogue, 2003a:5).

The origins of the present day partnership between the alliance and the Metro lie in the preliminary encounters between the two. Having recognized that they needed to end their impasse, the Alliance wanted to demonstrate what could be achieved by working together. The Alliance thus undertook to deliver the infrastructure and the "top structure" (the houses) through people-centred planning, capacity building, sweat equity and communal safety nets, with a view to demonstrating (People's Dialogue, 2003a:56):
(i)   what financial savings could be made through a people-driven process;
(ii)   what social gains could be achieved through a people-driven process;
(iii) how a city and its citizens could be built simultaneously;
(iv)   how democracy could be deepened.

The launch of the Global Campaign for Secure Tenure in Durban on 1 October 2000 had a notable impact on the non-collaborationist context as it set the stage for dialogue between the two parties. An MoU was signed between the Alliance, the Minister of Housing and the City of Durban that paved the way for the collaboration shift and the Newlands West Project (People's Dialogue, 2003a).

The pilot is noteworthy for its role in developing the partnership the Metro and the Alliance, even though it met with mixed success. Two ostensibly unsuccessful outcomes, in particular, are worth highlighting.
(i)   The Alliance's process for the installation of its own infrastructure was effective for sanitation, but it did not work for water and roads. This, the Alliance admits, was because water and roads installation was a lengthy process, and the local community only provided labour rather than leading the process. They, therefore, did not learn enough about driving and managing projects. Sanitation provision, through the construction of shallow sewers, on the other hand, was Federation-led, and is an exemplar of a successful people-driven service delivery process.
(ii)   Although SAHPF was generally successful in mobilizing the community, a faction within the latter challenged its leadership in the settlement. As a result, the Alliance was unwelcome in the area for a period of time.

The community has, however, lately sought to renew ties with the SAHPF, while the Metro has continued to acknowledge the role of the Alliance. The Alliance currently helps the Metro gather information from the settlement. The Metro, on its part, is committed to assisting the Alliance recover the bridging finance made available by uTshani Fund People's Dialogue, 2003a).

The success of the pilot lies, therefore, in its enabling the Alliance and the Metro to work together, and to learn about and from one another. The first half of 2002 saw the Metro and the Alliance opening dialogue about collaboration on additional projects. The relationship between the two was, by this time, relatively well developed and robust, but was still limited in scope to the pilot partnership and initial engagement in a number of other settlements. In mid-2002 an opportunity arose to strengthen the partnership and to further expose Metro officials working with the Alliance in Durban to the work of the Alliance and its international partners. Moreover, the Newlands West pilot partnership opened up the possibility of the additional five projects (People's Dialogue, 2003c).

5.0 Action Plans

The Cities Alliance Action Plan aims to improve basic municipal services for 100 million people by the year 2020. The Plan focuses on upgrading the most underserved (with regard to basic infrastructure), squalid, environmentally hazardous, unsanitary and vulnerable slums and informal settlements around the world. It commits interested parties in the international community to "an ambitious, yet highly targeted effort to change the lives of slum dwellers worldwide" (Cities Alliance, 1999:6). It calls for a coherence of priorities, programmes and organizational arrangements within each international development organization; coordinated allocation, mobilization and deployment of recourses; and long-term commitment. It further calls for engaging committed local and national partners prepared to respond to the slum challenge in a concerted, results-driven manner (Cities Alliance, 1999).

The success of the Cities Alliance Action Plan is contingent upon a coherent effort to improve the living conditions and livelihoods of the urban poor by the international development community. It is founded on successful community-based upgrading programmes, but, more importantly, addresses the broader policy and institutional issues that have constrained their sustainability. The Action Plan aims to mobilize a global response that will transform the lives of the poorest, most marginalized and vulnerable urban dwellers by supporting national and local authorities that are prepared to develop city-wide and nation-wide upgrading programmes. The Action Plans calls for:

- "challenging donors, governments and slum communities to improve the lives of 5–10 million slum dwellers by 2005 and 100 million by 2020;
- increasing Bank investments aimed at provision of basic services to the urban poor as a central thrust of its new Global Urban and Local Government Strategy;
- leading a worldwide effort to move from pilot projects to upgrading city-wide and nationwide and to generate the required resources to do so; and,
- investing in global knowledge, learning and capacity in slum upgrading, and for reducing the growth of new slums" (Cities Alliance, 1999:6).

Achieving this goal will require influential leadership, strong political will and commitment, and ownership at the local level, as well as broad-based partnerships at all levels—local, national and international. A highly targeted effort by all partners to support the provision of basic services for the urban poor within the framework of country and city development strategies will also be needed. (Cities Alliance, 1999)

Six key actions are also necessary to meet the goal of the Cities Alliance action plan (Cities Alliance, 1999:7):

1. Strengthening In-Country Capacity by restructuring policy, regulatory, operating frameworks, and legal/ technical constraints to upgrading at scale; overcoming institutional bottlenecks; encouraging local commitment and resolve, including political understanding and buy-in; and, strengthening learning and training.
2. Preparing National/City Upgrading Programmes by helping committed countries design upgrading programmes to scale.
3. Supporting Regional and Global Knowledge and Learning that capture and share the varied approaches and local practices to get the job done better with the full involvement of the affected communities; organizing networks of practice; fielding specialists to help countries and cities move to scale.
4. Investing in Slums with appropriate basic infrastructure and municipal services identified, implemented and operated with the community.
5. Strengthening Partner Capacity to focus attention on the task, with emphasis on the resources, knowledge and tools to help governments and communities do the job well and at scale.
6. Leadership and Political Buy-in by the partners of the Alliance to prioritize slum upgrading.

India

As has been highlighted earlier in the course of this report, the Alliance in India is involved, on a significant scale, in slum upgrading and resettlement in Mumbai. For example, it has been involved in the resettlement and rehabilitation of 20,000 and 35,000 households respectively under the MUTP and the Mumbai Urban Infrastructure Project. It has also resettled, in collaboration with the Airport Authority of India and the State Government, about 2,000 households living on airport lands. Other projects in which the Alliance has been involved include resettlement of 1,500 pavement dweller households and the Rajiv Indira Suryodaya upgrading initiative in Dharavi slum being implemented within the framework of SRA. In addition, the Alliance has several more projects 'in incubation' (SPARC, 2003b:39). Thus, the changes to policy, legislation and programmes, and the actions that the Alliance is recommending are based on its practical experience and lessons learned.

In August 2003, the Government of Maharashtra made a presentation to the Prime Minister of India suggesting initiatives and policy and legislative changes needed for Mumbai's revival, including large-scale slum upgrading in the city. Soon afterwards, in September 2003, Bombay First, a citizen's initiative representing

commercial and industrial interests, in collaboration with a private consulting company, McKinsey, produced a report called 'Vision Mumbai: Transforming Mumbai into a world-class city'. The report led to the setting up of a Task Force up, which includes a sub-committee on "Housing for All", of which A. Jockin, NSDF President is a member (Kumar, 2005; SPARC, 2003b; 2004). The Alliance has welcomed these initiatives, which it sees as indicative of "a genuine will to improve the face of Mumbai, of which making the city slum-free is an important component. However, [they] are top-down approaches, and…unless the urban poor are organised, they will be unable to benefit from policy and legislative change in any significant way" (SPARC, 2004:4)

The McKinsey report contained a comprehensive plan to transform Mumbai into a 'world-class' city by 2013. The plan focused on six key areas: economic growth, transportation, housing, other infrastructure, financing and governance. The report also identified access to land and housing as Mumbai's most contentious problems. The report has, however, been severely criticised by several urban planners, environmentalists and civic activists (Kumar, 2005).

The many stakeholders in urban development in India have divergent interests, viewpoints, values and priorities. Indeed, the Alliance's viewpoint differs from that of both government and corporate (SPARC, 2003b). There are, however, a number of issues over which there is general agreement and many areas of overlapping consensus, as shown in meetings of the sub-committee on 'Housing for all' (mentioned above and in Box 6: Examples of State-initiated engagement). The specific actions that the Alliance recommends should be taken, some of which are also proposed by the GOM and 'Vision Mumbai', are

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Box 22: Specific actions to be taken

1) The Government of India (GOI) should relax the Coastal Regulation Zone (CRZ) regulations and if the State Government relaxes No Development Zone (NDZ) regulations, 1363 hectares of land could be released for slum rehabilitation.

2) Vacant lands under salt pans should be released by the GOI for public housing after relaxing CRZ. More than 70,000 households could benefit.

3) All lands occupied by slum dwellers in areas belonging to the Airport, the Railways, the Port Trust, the Navy and other Central agencies should be cleared of slums by redevelopment and resettlement through cost-sharing and land-sharing.

4) All pavement families (about 23,000) should be resettled using the SRA scheme.

5) The Slum Rehabilitation Authority schemes should be made flexible so that different options are available depending on contexts and circumstances. Today, there is an insistence upon high-rise structures, the maintenance of which may not be affordable to the urban poor.

6) The practice of free housing should be stopped and some payment should be compulsory for all, though the extent of payment could be linked to affordability.

7) All communities seeking benefit of the SRA scheme need to be mobilized organized and educated so that community-driven development becomes the norm rather than builder-controlled development.

8) The Rent Control Act needs to be amended to promote more rental housing.

9) The Urban Land Ceiling Act needs to be repealed (in its present form) but some legislation is needed to prevent concentration of ownership in the hands of a few. Transparent procedures need to be adopted to avoid patronage and corruption.

10) The tool of FSI must be flexibly used to bring more land into the market.

11) Instruments need to be devised such that funds become available from the market to finance the infrastructure that will be needed as more land enters the market.

12) Regulatory authorities should be set up by law to regulate land markets and must be free from political control or bureaucratic manipulation.

13) Some public or semi-public agencies that hold huge vacant tracts of land – that they are unlikely to need for several decades – must be compelled to surrender them for housing for the poor.

14) The GOI and GOM should invest more money in the construction of transit housing which is in short supply.

15) Ways and means must be found to restore dilapidated buildings by giving incentives to tenants' associations and transparent procedures followed.

16) Public financial institutions must provide long term, low interest loans for housing to the poor.

17) Urban poor funds need to be created for loans for income-generation and crises through partnerships between government, NGOs and CBOs.

18) Initiatives to upgrade slums or resettle them must always be channeled through partnerships: of the organized poor, the market and the State.

Source: SPARC, 2003b:39-40

summarized in Box 22: Specific actions to be taken. The issues and actions on which there is a general consensus, albeit not as yet formalized, are further developed and summarized — and classified as short, medium and long-term measures and categorized according to type of activity — in Box 23: Action Plan for Mumbai. (SPARC, 2003b; 2004).

The Alliance forecasts that if the Action Plan is implemented, "at least 100,000 households will be upgraded/resettled in the next 3 to 4 years and about 2 million households can be given collective security of tenure in well-settled slums" (SPARC, 2004:43).

Philippines

The General Santos City Action Plan introduces unprecedented collaboration between the HPFP and the city government in terms of levels of policy, institutionalisation and consolidation. The broad objective of city action plan is "to develop and institutionalise policies and bodies that reinforce the enabling role of government in shelter provision." These policies and institutions relate to:

■ setting of standards of decent shelter in resettlement,
■ providing a more responsive and accessible financing scheme and
■ creating proactive and mutually supporting partnerships especially with people's organizations

The specific objectives of the General Santos City Action Plan are summarized in Box 24: Objectives of the General Santos City Action Plan

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Box 23: Action Plan for Mumbai

Short – term measures

1) The Government of Maharashtra must give up the free housing policy and every family to be upgraded/resettled must contribute at least Rs.20,000 – Rs.25,000 towards costs. (Policy Reform)
2) The Government of Maharashtra must suitably amend the No Development Zone regulations to bring more land into the market for public housing. (Policy Reform)
3) The Government of Maharashtra must give tenure of land to the 30% of slums which are well-settled. (Policy Reform)
4) The Government of India should appropriately transfer salt-pan lands to the Government of Maharashtra for resettling slum dwellers on the lands of different public agencies. Central agencies like the Airport, the Railways and Port Trust must agree to land and cost sharing. (Operational Activity)
5) The scheme of the Slum Rehabilitation Authority should be made more flexible so that there is a 'cafeteria' of options rather than an insistence upon high-rise development and its procedures made transparent and efficient. (Policy and Procedural Reform)
6) The approvals procedure of the Municipal Corporation of Greater Mumbai for building plans must be tightened to eliminate delay and corruption. (Procedural Reform)
7) 23,000 families living on pavements must be resettled along SRA principles in partnership with NGOs/CBOs. (Operational Activity)
8) All land and housing should be in the joint names of women and men. (Procedural Reform)

Medium – term measures

1) The Government of India must amend the Coastal Zone Regulations to bring more land into the market. (Legislative Reform)
2) The Government of Maharashtra must repeal/amend the Urban Land Ceiling Act and the Rent Control Act, both of which have inhibited supply of land as also rental housing. (Legislative Reform)
3) The Government of Maharashtra should invest in more transit housing stock. (Operational Activity)

Longer - term measures

1) The island of Mumbai should be linked to the mainland by building a road and rail link, thus increasing land for housing stock. (Operational Activity)
2) The Government of Maharashtra should provide incentives for the large-scale provision of housing for the poor. (Policy and Programme Reform)
3) Where possible, developers can be given larger floor space indexes (FSIs) provided they increase social and physical infrastructure in a particular area and secure the interests of the poor. (Policy and Programme Reform)4) Ways have to be found to involve housing finance companies to loan to the poor for housing. (Institutional charges)

Source: SPARC, 2004:42-43

The General Santos City Action Plan has the following specific objectives:

(a)   Partnership with the HPFP institutionalized
  ■   institutionalize the collaboration between HPFP and the local government, particularly HPFP's role in the structure of the City Housing and Land Management Office, through an ordinance that will safeguard the partnership throughout changes in administration
  ■   endorse similar partnerships in other levels of the local government, e.g. the Barangay and City Development Council
  ■   undertake census of high-risk communities and explore possibilities of integrating these in the Geographical Information System which the city government will develop

(b)   Resettlement guidelines drafted and institutionalized
  ■   draft working guidelines for relocation and resettlement, consistent with the provisions of the UDHA
  ■   institutionalize through a city ordinance an improved version of the guidelines, informed by the lessons learned from their application and implementation in actual projects.

(c)   City-level fund designed and initiated
  ■   design a city-level fund which will house the investments to be mobilized for the resettlement activities and to which beneficiaries will repay over a specified number of years
  ■   institutionalize annual budgetary appropriations from the city for shelter related purposes, to be implemented within the framework of the city fund.

(d)   Pilot or test case implemented
  ■   implement resettlement of high-risk communities in the 35-hectare lot, guided by the:
    -     resettlement procedures and requirements as set out in (a)
    -     policies and structures of the city-level fund that will be designed, also utilizing budgetary allocations of the city plus contributions from communities and other stakeholders
  ■   cull lessons for collaborative partnerships in view of developing frameworks and working models of multipartite partnerships.

(e)   City-wide collaborative frameworks developed, documented and disseminated
  ■   develop frameworks for collaborative partnerships among people's organizations, non-government organizations and local governments wherein relative competencies of each stakeholder are tapped to produce a scaled-up response to the problem of homelessness in the city
  ■   document the experience, focusing on the strategies, policies and structures that were developed and tested-   disseminate the experience through various forums, including the Good Urban Governance and Secure Tenure Agenda which were launched in the Philippines.

The strategies that are aimed at realizing the above objectives are represented graphically in Figure 12: Graphical representation of the General Santos City Action Plan

Figure 12: Graphical representation of the General Santos City Action Plan
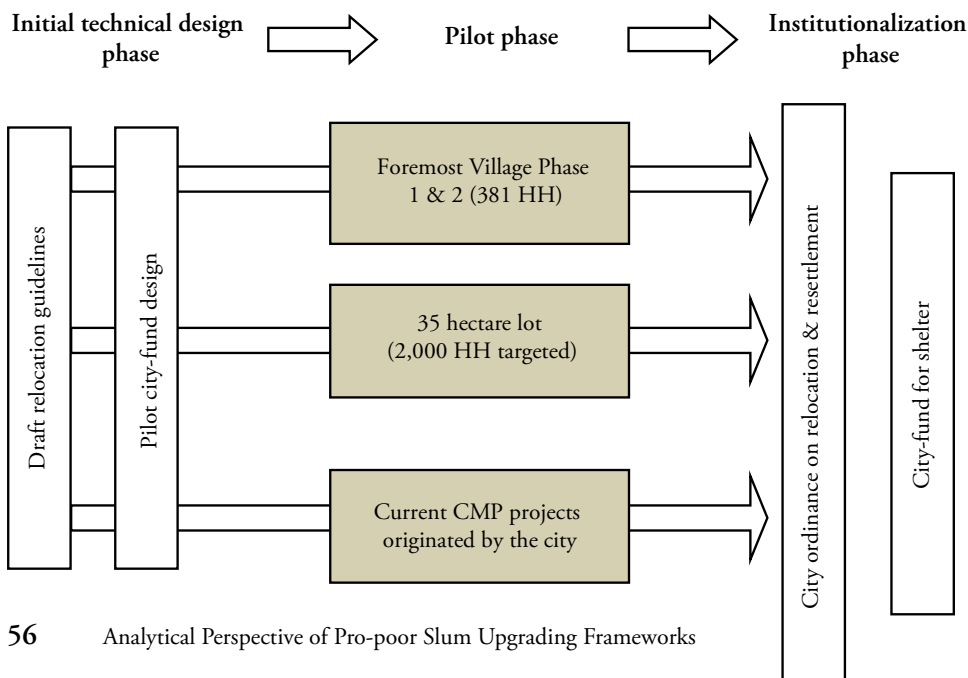
Table 18: Summary of City Action Plan

Concern	Strategy	Immediate output	Key Players	Time Frame
Objective A: Partnership with the HPFP institutionalized				
Institutionalization of partnership	Issuance of ordinance specifying HPFP's role in the structure of the City Housing	Ordinance	CHLMO	Nov 2003
Identification and validation of beneficiaries	Citywide survey of high risk communities	Memorandum required	HPFP CHLMO CP	6 months
Identification of high-risk areas	Explore integration of data in GIS	Research possibilities and training on GIS		
Slum upgrading in BIP and AIP	Participation of HPFP	Recommendation from the city of the HPFP's participation in BDC	HPFP CPDO Barangay Mayor's Office through CHLMO	1 yr
Objective B: Resettlement guidelines drafted and institutionalized				
Institutionalization of resettlement policies	Issuance of ordinance on resettlement policies	Ordinance Training on paralegal and paratechnical skills	CHLMO HPFP Land Use Committee of CDC	1 yr
Objective C: City-level fund designed and initiated				
Urban Poor Development Fund	Design of city fund	Design of the administrative, financial, legal, technical aspects of the fund	HPFP CHLMO Local Finance Board	1 yr
Annual appropriation	Annual appropriation for land acquisition and infrastructure (onsite and offsite)	Ordinance	CHLMO	1 yr
Objective D: Pilot or test case implemented				
Resettlement project involving 35 hectares	Test case for all of the above (except BIP/AIP item)	Contract between landowner and federation	HPFP CHLMO	
Objective E: City-wide collaborative frameworks developed				
Consolidation of GUG/ST Agenda			HPFP League of Cities	

AIP   - Annual Investment Plan
BIP   - Barangay Investment Plan
GIS   - Geographic Information System
CHLMO - City Housing Land Management Office
CPO   - City Planning Office
GUG/ST - Good Urban Governance / Secure Tenure
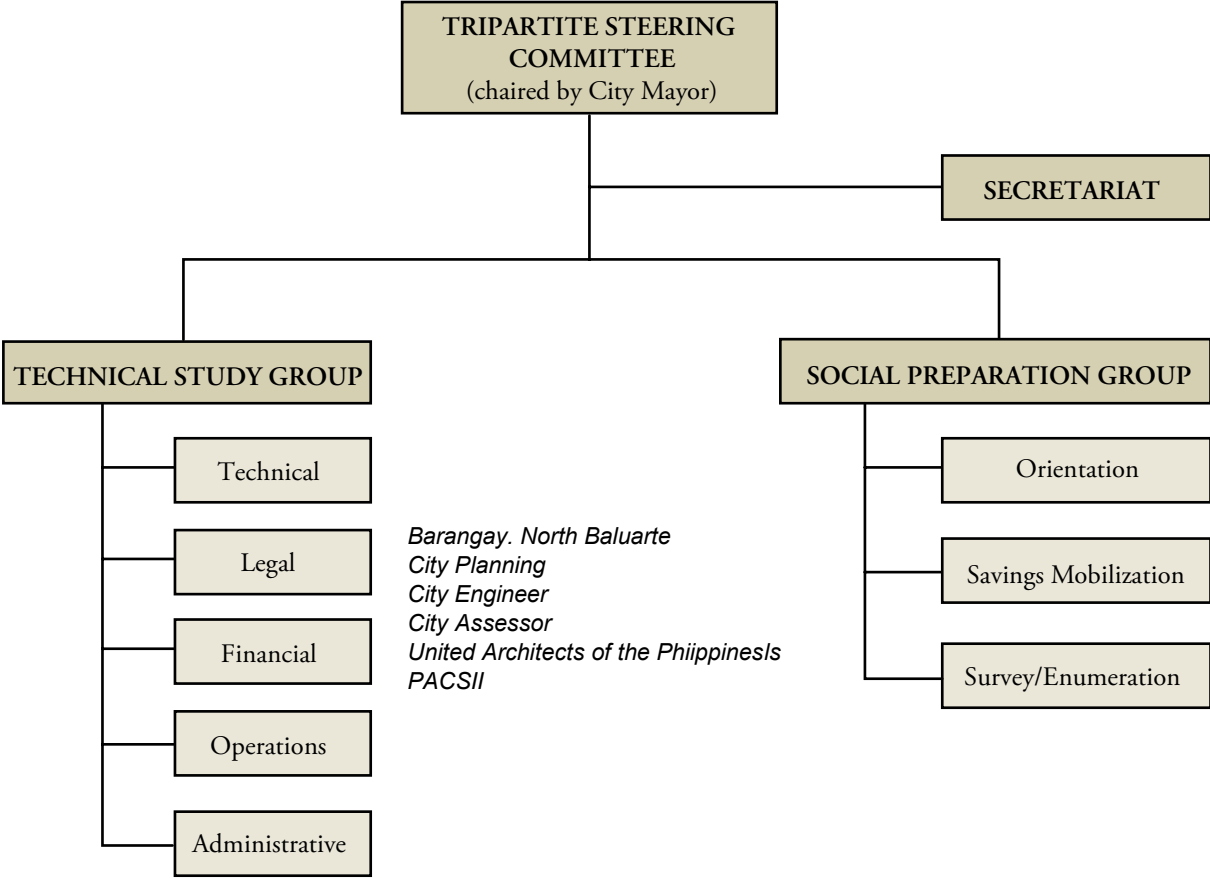
South Africa

The "action plan" presented by the South African Alliance is based on slum grading activities already undertaken and planned in the city of Durban by a partnership between the Alliance and eThekwini Municipality. As the partnership and activities were already relatively well developed, the action plan is "more a reflection of what has been and is currently happening than a driving force itself", and only outlines broadly the anticipated future activities (People's Dialogue, 2003:3). Although the partners have a clear, shared sense of future direction, activities, indicators and timeframes are only indicative. Furthermore, the focus of the partnership is to define the scope of the action plan. Somewhat surprisingly,

"National policy reform is not an arena in which the partnership engages, other than through the indirect, albeit significant, precedent setting objective" (People's Dialogue, 2003:3).

The partnership does, however, have four broad goals which have evolved over time as a result of a more programmatic focus and formalised approach. These are the following (People's Dialogue, 2003a):
■ A city wide slum profile through enumeration;

■ A city-wide slum upgrading programme, following enumeration and production of the city-wide slum profile;
■ The establishment of an urban poor fund, jointly by the social movement and the metropolitan government;
■ Continual learning through participation in exchanges.

These goals have a very important and fundamental underlying purpose:

"to build a partnership between the state and the poor that creates the space for slum upgrading at scale in which the organised poor in which the organised poor seek engagement with the state in a way that leads to a partnership of shared responsibility and equality" (People's Dialogue, 2003a:3).

The partnership has progressed through three main phases: from exploration, through consolidation to formalization (People's Dialogue, 2003. These are discussed in more detail below.

The key performance indicators of the Action Plan, both in the past and in the future, are presented in Table 9: Action Plan, which also whether or not they have been achieved.

Table 9: Action Plan

Phases / Performance indicator	2002	2003	2004
A. Exploration			
✔Metro & Alliance co-operation piloted in Newlands West	1▲		
B. Consolidation			
✔Metro & Alliance agree to scale up to 6 projects	2▲		
✔Metro exposed to Alliance's approach & mutual trust built: India exchange			
C. Formalization			
✔Agreement to enter into Memorandum of Understanding		4▲	
✔Urban poor fund jointly established		5▲	
✔Amaoti enumeration undertaken		6▲	
Ongoing learning through exchanges			
✔3 Cities exchange in Durban		7▲	
✔Exchange to Uganda: enumeration			8▲
✔Sao Paulo / Durban exchange in Durban			9▲
Exchange to India: sanitation			10▲
New areas of collaboration identified and undertaken			
Sanitation project pilots			11▲
City wide slum profile produced			
City wide slum upgrading programme agreed to			
Policy reform?			

6.0 The way forward

Slum Upgrading Facility

The Slum Upgrading Facility (SUF) of UN-HABITAT, established in 2004, is a technical advisory facility and bridging finance vehicle designed to assist national and local governments and community organizations in the development of their own slum upgrading, low cost housing, and urban development projects.

There should be increased investment in the SUF and affordable housing and infrastructure as called by the world leaders at the United Nations World Summit 2005 (UN-HABITAT, 2005 Press Release). If adequately resourced, the SUF can enhance slum-upgrading in developing countries

Financing Facilities for Slum Upgrading and Infrastructure Provision

See Resources: OverviewOfFacilities_Draft__0504

Networking

Networks of people committed to improving the lives of slum dwellers need to be developed and strengthened

For example, the Fifth Bangkok Metropolitan Development Plan (1997-2001) states explicitly that

"the focus in slum development must be on establishment and networking of community organizations, reengineering of community and official administrative structures, and development of information systems."
(Hamid and Villareal, 2001:109)

"In the case of Thailand, it is largely the activities of CBOs that have led the government to consider establishing a nationwide upgrading programme. The strength of the Thai community organisations comes not only from their organisation around savings and credit, but also through their networking approach, linking different communities with each other in order to strengthen their development capacity and learning." (Cities Alliance, 2003:31)

Advantage should be taken of the unprecedented opportunities for national, regional and global networking and alliance-building that recent advances in information technology, particularly the internet, have made possible (Brown, 2000).

Gender

Given their triple role in society, women have an important role to play in slum upgrading. Therefore, all efforts to support gendered governance for slum upgrading must also recognize the various forms of organizing, networking and alliance-building in which women are engaged—even though they may be transient and informal. These will be interventions that provide for women's organizing, as well as their alliance-building (Baden, 2000).

Twin track approach

Current estimates have it that there are nearly 1 billion people living in slums worldwide, and project this number to increase to 1.5 billion by 2020 — an increase of 500 million — and to 2 billion by 2030. The policy imperative for governments and the international community, therefore, is to considerably exceed, and not just meet, MDG 7, Target 11.

"[]Improving the lives of 100 million slum dwellers today through upgrading and providing for adequate alternatives to slum formation for the projected 570 million people who would otherwise become slum

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Local action and international knowledge can be strengthened by the support of networks of actors at all levels, including slum dwellers and their organizations, local governments and their organizations, national governments and their regional affiliations, international agencies and their coordinating mechanisms, and the private sector. Networking helps ensure that lessons learned in one place can be applied to advantage in other places.

Achieving target 11 will depend on the strength and effectiveness of local actions — but local actions taken in isolation from the experience of others who share the same challenge at the same level will invariably be less efficient and effective than might otherwise be the case. This is true for local organizations, local and national governments, and international organizations. There is a need for all networks to be supported and strengthened, so that the centerpiece of local action — the efforts and strategies of the poor and their organizations — can be brought to scale. International support needs to be directed at specific local poverty reduction strategies, and local authorities need to assume leadership of a worldwide partnership of "Millennium Cities," defined as cities, towns, and local authorities committed to the realization of the Goals through local poverty reduction strategies.

(UN Millennium Project, 2005a: 97).

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dwellers by the year 2020" (UN Millennium Project, 2005b:9) can possibly best be achieved through the adoption of a twin-track approach. Innovative approaches to improving tenure security in existing slums and pro-poor slum upgrading frameworks can improve living conditions for current slum dwellers, while revising regulatory frameworks can forestall the development of new slums by significantly improving access to legal land and housing (Payne, 2005).

Mainstreaming of upgrading

Table 10: Mainstreaming of upgrading: a new paradigm for sustainability

Element	Old	New
Poverty reduction objective	Ad hoc	Poverty Reduction Strategies (PRSPs)
Policy framework for upgrading	None	Enabling Policies in place
Institutional context	Centralized state	Decentralization and Private Sector Participation (PSP)
Implementation	Project Implementation Unit (PIU) of the World Bank	Municipalities, utilities, urban poor communities
Time horizon	Short	Long, multiple phases
Context	Separate activity	Part of municipal development programme
Design	Complex, numerous objective	Primary focus on infrastructure for the poor
Capital financing	One-off project	Part of local government finance mechanisms and sector investment strategies
Operation and maintenance	Project-specific	According to sector policies
Cost recovery	Special arrangements	Equitable, according to local government and sector policies
Community participation	Central government resistance	Local government collaboration
Gender issues	Absent	Explicit

Source: After Carroll, 2002

Political will

Box 25: The importance of political will

The most important factor that limits progress in improving housing and living conditions of low income groups in informal settlements and slums, is the lack of genuine political will to address the issue in a fundamentally structured, sustainable and large scale manner. It is widely acknowledged that political will in addressing problems associated with informal settlements and slums usually surfaces and strengthens before elections or at the verge of an important event that may affect a specific location or project. After the event the political interest tends to revert to the previous status quo situation. There is no doubt that political will, long lasting and structured interventions with local ownership and leadership, and the mobilization of the potential and capacity of all the stakeholders, particularly the people themselves, constitute the key to success. Lessons from several countries, underscore the importance and the fundamental role of sustained political will and commitment. The role of non-governmental organizations in promoting political will and advocacy is quite significant in many countries.

Source: UN-HABITAT, 2002 Para. 16

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Annex 1: Slum descriptions and definitions from three cities of Durban, Manila and Mumbai

Durban, South Africa

Types of slums	Official 'slum' definition(s)	Unofficial definition(s)
	The provincial Department of Housing defines slums as both "erstwhile formal settlements that have degenerated to such an extent that there exists a need to rehabilitate them to acceptable levels" as well as being "loosely used to refer to an informal settlement". While there is no definitive statement of what an informal settlement is, factors taken into consideration when "classifying" an area as such comprise an evaluation of the nature of the structure, land-ownership, tenure situation, size of structures, access to services and land use zoning.	The Zulu popular term for an informal dwelling is "umjondolo" (plural "imijondolos"). Although the term slum has recently gained new currency in some political circles, it is politically problematic in the South African context because successive waves of Apartheid social engineering have, over the years, been justified in terms of "slum upgrading". The term slum tends to represent something that devalues the foothold that the poor have achieved in the urban economy and provides the justification for the external or technocratic forms of intervention rather than the socio-political solutions – informal settlement preferred.

Manila, the Philippines

Types of slums	Official 'slum' definition(s)	Unofficial definition(s)
	The Housing and Urban development Coordinating Council (HUDCC) defines slums as buildings or areas that are deteriorated, hazardous, unsanitary or lacking in standard conveniences. These were also defines as the squalid, crowded or unsanitary conditions under which people live, irrespective of the physical state of the building or area. Presidential Decree 772 was the legislation that criminalized squatting and gave birth to an official definition for another breed of illegal occupants. Professional squatters are referred to as individuals or groups who occupy lands without the express consent of the landowner and who have sufficient income for the legitimate housing. The term also applies to persons who have been previously awarded home lots or housing units by the government but who have sold. Leased or transferred the same and settled illegally in the same place or in another urban area as non-bonafide occupants and intruders of land for socialized housing. The term shall not apply to individuals or groups who simply rent land and housing from professional squatting syndicates.	Slums have no direct equivalent in the local language. These are better referred to in terms of descriptive words, such as: · "Iskwater" (Tagalog version of squatter referring to a physically disorganized collection of shelters made of light and usually unappealing materials where poor people reside).· "Estero" (narrower than sewers and associated with bad smell).· "Eskinita" (refers to alleys that fit only one person at a time).· "Looban" (meaning inner areas where houses are built so close to each other and often in a manner not visible to the general view of the city).· "Dagat-dagatan" (for areas frequently flooded).

Types of slums	Official 'slum' definition(s)	Unofficial definition(s)
"Chawls": rental tenements constructed in Mumbai by factory and landowners for low-income workers between 1920 and 1956. One-room tenements with a cooking place and shared common lavatories were provided and meant to house mostly single men for nominal rents. With consolidation of male migrants in the city, their families joined them. Consequently, densities of these single room tenements increased phenomenally and structure began to deterioarate very fast."Patra chawls": consist of mainly semi-permanent structures which are both of authorized and unauthorized types. Zopadpattis"Lsquatters) These are the most predominant low-income informal settlements falling under the category of slum. Pavement Dwelling: Pavement dwellers are households, dominated by single male migrants living in hutments built on the footpaths of Mumbai's roads close to places of employment. Not eligible for improvement schemes and often faced harassment and demolition.	Although pavement dwellers and chawls have poor slum-like conditions, these do not fall under the legal definition "slum"	

Source: UN-HABITAT, 2002b:64,68,70
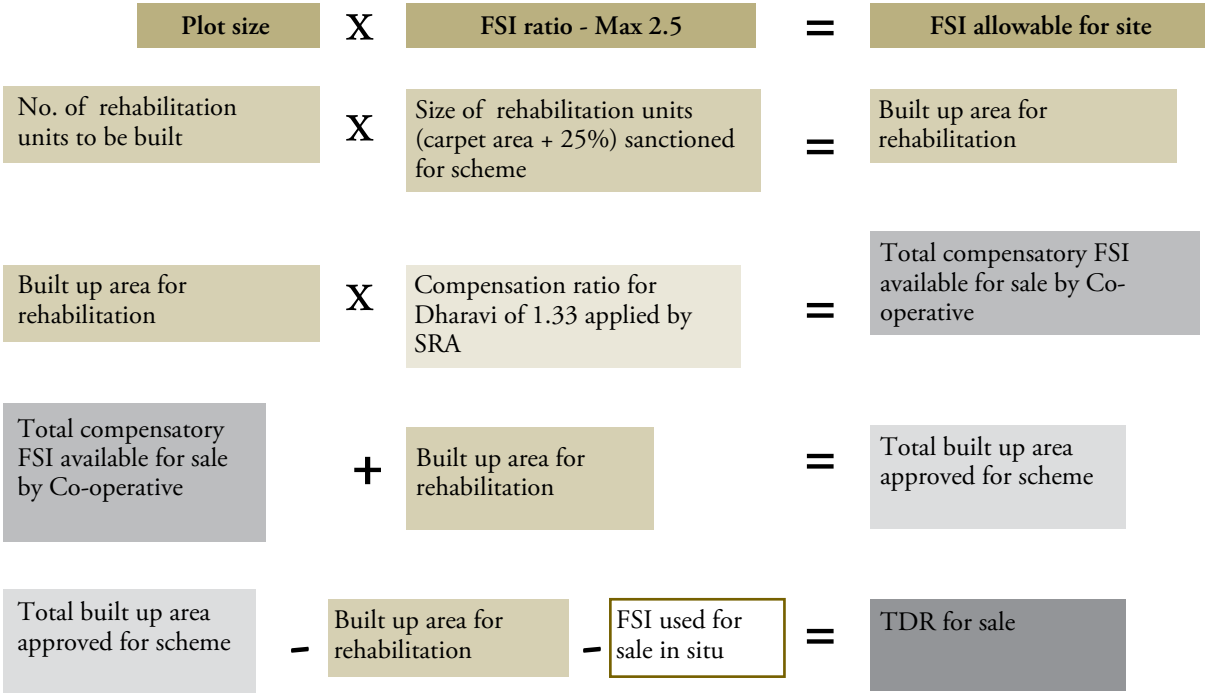
Annex 2: Empowerment indicators

Indicators	External agent(s) involvement		
	Before	*During*	*After*
1. Self confidence among community members Sense of being in control of their own lives Confidence to make demands Courage to act on their own behalf Feeling of being respected			
2. Ability of the community to organize itself Existence of organized groups Existence of local leaders Acceptance by community of organization as a way of mobilization Access to physical resources: meeting places, stationary, communications, etc.			
3. Residents ability to understand and reflect about the reality of the environment in which the community is living Awareness of problems Awareness of local needs Existence of discussion meetings			
4. Ability of the community to set goals for the future Ability to define goals for the future Who defined the goals?			
5. Ability of the community to develop plans Ability to pursue goals by themselves Preparation of alternative plans Access to physicals resources Access to human resources Level of acceptance by official bodies			
6. Ability of the community to put its plans into practice Ability to gather forces to:- implement self-mutual-help projects- Make demand for improvements			

7. Ability to build networks
Involvement with other communities
    - in the neighbourhood
    - in the city
    - in the country
    - in the region
    - internationallyInvolvement with other groups			

8. Ability to communicate effectively Ease of expression Understanding of outsiders' speech Feeling confident to speak in public			
9. Capacity of the community to evaluate the outcomes of its activities Promotion of evaluation meetings			

Source: After Lopes and Rakodi, 2002:127-128

Annex 3: Typology of funds

	Local saving & credit groups	Northern NGO Grants	Local Development Funds	Challenge Funds	Local Bridge Funds	SDI International Bridge Funds	Guarantee Funds	CLIFF	Formal credit agencies
Source of funds	Daily savings within local savings groups	Charitable giving, statutory grants, trust & foundation grants	Bilateral and multilateral grants & soft loans. Debt forgiveness allocations. Corporate giving, Sate allocations.	Bilateral grants	Northern NGOs, local savings groups contribution to pooled saving, local NGO reserves, state allocations.	Northern NGOs	Local NGO reserves, NNGOs, corporate depositors, bilateral & multi-laterals	Bi-lateral and Northern NGOs	Government allocations, Bilateral & multilateral grants & soft loans.
Allocation	Controlled by leadership of savings groups	Controlled by funders	Controlled by funders	Controlled by representatives of key stakeholder groups	Controlled by communities & local NGOs	SDI co-ordinators & Board	Funders	Controlled by representatives of key stakeholder groups	Controlled by Management & Share holders
Examples	MM, savings groups in Federations belonging to SDI	All Northern NGOs providing grants for urban work, Trusts and Foundations	Social Investment Funds, KRC Trust Fund, Corporate Philanthropy Funds, CODI, Social Housing Foundation	DFID Civil Society Challenge Funds, C3 Challenge Funds, Country & sectorally specific Challenge Funds	uTshani, CODI, Gungano, Twahangana, Phnom Penh UPDF, NACHU, OPP, Payata UPDF	SDI Central Funds	Homeless International Guarantee Fund, USAID Loan Guarantee Fund, Women's World Banking		HUDCO, HDFC, commercial banks, building societies
Individual credit	X			X					
Building CBO capacity & mutual support networks		X				X			
Small pilots		X	X	X	X	X		X	
Local learning & knowledge sharing		X	X	X	X	X			
Promotion & new alliances		X				X		X	
Risk mitigation & management		X				X	X	X	
Demonstration of scaling up								X	
Refinancing									X

Source: McLeod, 2003:27

Annex 4: Method for calculating TDR available for sale

Plot size	X	**FSI ratio - Max 2.5**	=	**FSI allowable for site**

No. of rehabilitation units to be built	X	Size of rehabilitation units (carpet area + 25%) sanctioned for scheme	=	Built up area for rehabilitation

Built up area for rehabilitation	X	Compensation ratio for Dharavi of 1.33 applied by SRA	=	Total compensatory FSI available for sale by Co-operative

Total compensatory FSI available for sale by Co-operative	+	Built up area for rehabilitation	=	Total built up area approved for scheme

Total built up area approved for scheme	-	Built up area for rehabilitation	-	FSI used for sale in situ	=	TDR for sale

Cities Alliance
Cities Without Slums