

# EMPOWERING THE POOR THROUGH COMMUNITY BASED DEVELOPMENT

## **Disclaimer**

This is a draft of the Quick Guide on Empowering the Poor through Community-based Development. It was prepared by Mr. Peter Swan.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city, or area or of its authorities, or concerning the delimitation of its frontiers and boundaries.

The views expressed in this publication are those of the author and do not necessarily reflect the views of the United Nations.

This publication has been issued without formal editing.

## **Introduction**

Though it has taken many decades for the facts to sink in, it is now duly acknowledged that the poor in the cities and towns around Asia are the designers and builders of by far the largest amount of housing and services for themselves and for other urban poor. These informal sector efforts manage to do what hundreds of internationally funded or government housing projects and programmes have never been able to achieve. They provide places in the cities and towns for the poor to live in at prices that they can afford. And most importantly they provide low cost shelter now when people need it, not at some point in the faraway future. Though housing in slums and squatter settlements are far from ideal, usually illegal and often substandard in middle class terms, they are an effective compromise response to an urgent need for shelter and basic services which the formal state or private sector is unable to satisfy.

In the past, governments had tended to view slums and squatter settlements as blights on their urban landscapes and as direct challenges to their authority. Slums and squatter settlements were regarded as places that sheltered social deviants and criminals, with no redeeming social purpose or function. However, over the last two decades or so, many governments have begun to reassess the role of informal settlements and to work with the communities that live in them. The long history of low-income housing project failures, in which the goals, methods and resulting housing did not fit the needs and capacities of the supposed beneficiaries, has convinced most governments and international aid agencies of the need for a radical shift towards people or user driven solutions to inadequate housing, homelessness and poverty. Involving affected populations directly in defining the problems and developing solutions has become vital to effectively addressing many other urgent social, economic and environmental issues of our rapidly urbanizing world.

Governments of most developing countries now recognize that low-income housing projects and social development programmes prepared without the participation and support of the affected communities cannot succeed. In addition to the fundamental issue of how to make decent housing and services available to the teeming low income masses of Asian cities, community organizations of the poor are currently involved with central, state and local governments on a diversity of issues ranging from poverty alleviation to public health, from environmental protection and management to cultural conservation and adaptation, from post disaster relief and recovery to national welfare schemes and the promotion of ethnic understanding and peace.

**Box 1 Community Managed Post-Disaster Relief and Recovery, Phangnga, Thailand)**

Within a few days of the December 2004 tsunami, with the help of the Community Organizations Development Institute (CODI), an organization of the Royal Thai government, and networks of community based organizations and NGOs, the survivors from Nam Khem village, in Phangnga Province, Thailand, had begun to organize themselves to cope with the crisis that had devastated their families, livelihoods and communities. Over 2,000 people had been killed and 1,300 houses destroyed at Nam Khem village. Recognizing that their first priority was to bring scattered tsunami victims together, the first undertaking of the alliance between CODI and its four regions community networks, the NGOs and the local survivors was to set up the Bang Muang camp near the ruins of Nam Khem village. This was done by providing temporary shelter, toilets and other emergency relief services. It was achieved despite the initial lack of approval and support from the provincial government officials.

Community organizers helped each group of 10 survivor families to select one leader and to inform him or her of all their concerns and problems like missing family members, serious injuries and health problems, lack of shelter, food, water and clothing, etc. The group leaders then attended nightly meetings in the camp where all the responsibilities for caring for the survivors and victims and were divided up among committees of community members. So there were committees for water supply and food deliveries, tents, toilets and bathing spaces, communal kitchens, managing donations, posting information on missing persons and unidentified bodies, liaising with government agencies and so on.

In the early days many of the committees had their hands full managing the inflow and distribution of relief items and cash donations so that they would reach and benefit all of the victims equally (not just the most visible ones), and not cause conflicts among them. Instead of allowing organizations and benefactors to hand out cash and goods on an *ad hoc* basis, the relevant community committees kept thorough records of what came in each day and announced the details at the nightly meetings where they discussed how the donations could be best distributed to those most in need. Because it was well organized, the Bang Muang camp quickly became the largest tsunami relief camp in Thailand sheltering over 850 families or 3,500 people. For many months there were more than 60 aid agencies, charities and organizations offering various kinds of help such as medical services, children's care, shelter provision, counseling, funeral arrangements and so on.

Very soon after the tsunami the survivors from Nam Khem village, who had never organized collectively before, began to link up with other survivors from more than 400 tsunami affected communities scattered along the Andaman coast in 6 provinces. They made exchange visits, conducted surveys and organized workshops to discuss what was happening to them and how to regain control over their lives. Within a few months this linking process enabled the survivors to form various networks and issue committees that were capable of negotiating with the authorities on longer term issues like government rehabilitation policies, housing options and land tenure issues.

The community organizations at Nam Khem village also began to work on longer term issues like rebuilding their houses and villages and recovering their livelihoods. They started savings groups and used some of the donor money to set up a revolving fund from which groups which had lost their former livelihoods could borrow start up capital to initiate new income generating activities. These small enterprises which ranged from food stalls, transportation services and handicrafts production to boat building and fish farming, enabled even traumatized survivors to gradually overcome their despair and to begin building a more secure future for themselves and their children.

## **2. Poor rural and urban communities have always had to fend for themselves**

From the dawn of history, humans have organized and built their own shelter and settlements according to their own physical, socio-economic and cultural needs. More often than not, this was achieved without any assistance from some external provider like a monarch or government, both of which are relatively recent institutions. This self-reliant tradition is still alive today in the majority of rural and littoral settlements in Asia and the Pacific.

Community self-reliance also underpins the formation of poor urban communities in semi-legal slums where house owners pay ground rents, and in squatter settlements where no legal arrangements such as written permissions or formal leases, exist for occupying the land. Such urban settlements are formed as a result of various levels of participation on the part of their residents, often over a number of years. Some families have achieved their housing by paying others to build for them, others by building it themselves. In other cases households have helped one another to construct their houses and some basic infrastructure, like drainage, water supply and sanitation systems, on a mutual-aid basis. Some households build additional houses to rent to those who cannot afford to build or buy houses for themselves. Provided that such communities manage to evade eviction over the years, many have shown a considerable capacity to organize and collaborate and thereby further develop their settlement's physical and social infrastructure.

Most of the community organizations that emerged in urban settlements in the 1960s and 1970s, were formed without the interventions or the support of local authorities or government agencies. On the contrary most authorities refused to negotiate with such community organizations for fear that doing so would give the latter some level of legitimacy. In those days, neither local government nor national government agencies offered their assistance, enlisted the community's cooperation or organized the community to carry out tasks in keeping with the agency's goals. Whatever was

achieved by the communities to improve their living conditions was usually done in isolation from, or in spite of the existing laws and government housing agency's goals.

### **3. From reactive to proactive community organizations**

The most widespread cause of the formation of spontaneous community organizations in urban areas has been the threat of eviction. Throughout the developing countries but especially in Asia and Latin America, the immediate threat of slum demolition and eviction has prompted individual families and disparate ethnic and socio-economic groups within slum and squatter communities to come together and get organized to protect their settlements. This communitywide confrontation with the authorities and landowning elites often helps to increase grass roots awareness of common needs and interests. Struggles against eviction also improves community members' knowledge of the law and their rights and brings community members into contact with a wider network of individuals and organizations sympathetic to their cause. It also helps them to develop effective decision-making structures and to generate capable and responsible leadership within their community organizations. Most importantly these struggles to defend their homes and livelihoods help to build trust, commitment and cooperation among the members of a community.

With this enhanced capacity, eviction-threatened communities can campaign creatively and bargain effectively with the authorities and the landowners for compromises of various kinds. However, eviction struggles are often protracted, persisting through successive city administrations and national or state governments. Positive outcomes, in terms of eventual access to legal tenure, infrastructure and services, have been very significant as they set precedents, although the actual number of communities that have succeeded in resisting evictions has been relatively small in most cities.

Though ever larger scale evictions have continued right up to the present, more and more popularly elected governments have become increasingly inclined to avoid politically costly confrontations with and bloody assaults upon the poor women, children and men living in squatter settlements. Instead, aware of the fact that the urban poor are more numerous than other urban population segments, elected national and local governments are now more willing to sit down with community leaders and seek land and housing solutions on a collaborative basis.

A precondition for collaborative solutions is that the communities are sufficiently organized to have a decision making structure which reliably reflects the interests of all its members, house owners and renters, the better off and the very poor. When governments have initiated policies and programmes which create access to land or housing finance in a manner which is sensitive to the time and resource constraints as well as the habitat needs of low income groups, organized communities have shown an impressive willingness and capacity to upgrade the housing and environmental conditions in their settlements.

Non governmental organizations (NGOs) have played a pioneering role in helping many poor communities in many Asian countries organize themselves to deal with all kinds of problems ranging from land and housing issues, to access to services

especially health and education, to better livelihoods and employment opportunities. In earlier decades during the cold war, many NGOs faced off with repressive regimes to advocate for better living and shelter conditions for the poor. Even now in 'one party system' countries and in other undemocratic countries, many NGOs risk reprisals by governments for helping poor communities form independent organizations that genuinely represent their interests.

Where ever autonomous community organizations are perceived by a government to constitute a threat to national stability, the degree of genuine participation in a community organization and its activities is usually very low. Entrenched top-down patterns of decision making are maintained and community roles are confined to activities of priority to the government authorities. Whatever has been achieved in social or physical terms through such token community organizations cannot be expected to be sustained for very long or developed further by the communities themselves.

In the last decade or so NGOs have been increasingly accepted as *bona fide* intermediaries through which governments and local authorities can reach out and communicate with community organizations on various issues, in particular on poverty alleviation, housing and services improvement and social development. Nevertheless it is vital that NGOs and the authorities ensure that the community organizations speak up for their members' interests and are not pressured to become puppet institutions for external actors and institutions. Further it is important that communities are empowered to think and act for themselves without waiting for the guidance and approval of officials or NGO staff otherwise they will become passive and dependent on outsiders.

### **Box 2 The Community Mortgage Programme in Cebu City, Philippines**

Informal settlements in Cebu City, in the southern part of the Philippines are rarely evicted any more. A growing range of practical and innovative alternatives to eviction have been tested out and over time become established options for ensuring people's access to decent shelter. These include land-sharing, land-swapping, buying back land for low-income residential use, voluntary relocation and on-site upgrading. How did this come to be? For over thirty years an NGO, the Pagtambayayong Foundation, has worked directly with poor communities on land issues, housing construction and finance, building strong community organizations in the process. Over that time, the community organizations and their growing number of NGO supporters gained the trust and collaboration of the Cebu City Municipality by demonstrating that when the housing needs of the poor are properly met, it is good for the poor and good for the city as well. A major outcome of the alliance between the Pagtambayayong Foundation and the Community organizations in Cebu City has been the Community Mortgage Programme (CMP).

The CMP targets squatter communities occupying public and private land and encourages interested households to organize themselves into community associations. These associations then apply for a loan to the government's National Housing Mortgage and Finance Corporation (NHFMC). Each application must be supported by an NGO, a unit of local government or the national housing agency that is prepared to take responsibility for ensuring that all documentation is in order and that monthly repayments are made. Individual association members may obtain loans

for land acquisition, house construction and improvements.

The CMP is the only scheme that allows legalization of the status of squatters without requiring them to provide collateral. Between 1991 and 2001 CMP helped over 100,000 poor families in 854 communities to secure rights to housing and tenure while achieving the highest repayment collection efficiency rate of all government housing loan programmes. With an average loan amount of \$665 per household, it is also relatively cost-effective.

Investment in social housing has had ripple effects. Access to housing has increased community participation and strengthened solidarity among the poor. Gender relations have been transformed as women have managed housing and livelihood schemes, liaised with state agencies and highlighted planning issues of concern to women and children. Housing associations have addressed such non-housing community needs as income generation and launched schemes to mobilize resources to finance day-care and health centers, nurseries, parks and sewerage systems.

Although recent devolution of housing and land-use functions to local governments is presenting new opportunities for civil society actors and local government agencies, major challenges remain. Some say that since CMP supports *real community initiative* and not patronage, nobody gets any political mileage out of the program. And since the extremely low-budget, community-managed projects involve neither contractors, nor developers, nor middlemen, nobody gets any cuts or makes any money on it. Pagtambayayong has been *originator* for dozens of CMP loans. Together with a strong consortium of NGOs and community organizations, Pagtambayayong has struggled hard over the years to keep CMP alive - campaigning, demonstrating and finding ways of improving the programme's administration and expanding its lending to reach more poor families in need of housing.

#### **4. The quest for strong, democratic and sustainable community organizations**

Following a number of success stories involving collaboration between community organizations and government projects and programmes in the 1970s and early 1980s, community participation became a buzzword in development circles. As a consequence more and more projects and programmes in Asia were formulated on the precondition that community organizations had be formed in order for the project to be implemented. In very many cases these community organizations proved to be token in nature as they were only intended to ensure the compliance of the community with the executing agency's stipulations and to ensure that the members of the community organizations would make their contributions in cash and kind to the project. Needless to say most of the projects failed miserably and the communities involved were blamed for being selfish, uncooperative and ungrateful.

But these failures really resulted from the fact that the officials and professionals executing the projects had no real interest in, or understanding of the priority needs and capacities of the participating communities. The project's professionals and civil servants never really involved the communities in the design, planning and implementation of the project or programmes. As a consequence the project managers

simply imposed their designed project or programme on the community members without any real flexibility to accommodate the users' priority needs or their physical and financial capacities. Instead of adopting open ended and flexible implementation and repayment schedules linked to the fragile and limited capacities of very poor households, such projects were rigidly linked to strict procedures and schedules of the centralized construction and financial management structures of the programme. Similarly, excessively high standards were imposed for land sub-divisions and house and infrastructure construction which were usually beyond the affordability of most members of the community concerned.

Complementary partnerships between national or local government agencies and communities is a relatively new approach. Under such approaches the roles and capacities of government agencies complement the roles and capacities of the community and the individual householder. In other words, government agencies do what communities and people cannot do by themselves. However, this approach requires significant adjustments in administrative attitudes and processes among both the government and community organizations.

Without building an appropriately structured and responsive institutional capacity from the national to the local level, such partnerships have been difficult to optimize on a single projects let alone on an ongoing sustainable programme basis. In most countries very centralized administrative systems have been developed and these are not well suited to task of developing partnerships with communities at local levels. Though commitments to decentralization and the devolution of decision making to local levels have been made in many countries, very few have been able to translate the rhetoric into reality. Consequently many programmes that were based on community-agency partnerships have foundered or fizzled out because they were not accompanied by real commitments from either side or by the arrangements and procedures needed to sustain the social, financial and physical processes involved.

Over the last four decades community organizations have been the subject of an enormous amount of study and evaluation. While a lot of the research that looked at communities and their organizations through the biased lenses of middle class academics and government officials, has been very one sided and therefore misleading, some more conscious and careful research has managed to capture the perspectives of the poor community members themselves. Most of the latter has been participatory research which has involved communities directly in the analysis and assessment of their respective community organizations.

One cautionary finding was that, despite their important role in people's survival, poor urban communities should not be naively romanticized. Unrelenting poverty and appalling physical squalor can generate fear, uncertainty and despair. Most of the time, very poor people are struggling to make enough to make ends meet and to stay out of trouble with the police, petty officials and local thugs that can often make their lives hell. A minority are so ground down by poverty that they are in poor physical and psychological shape. On top of this, slum and squatter communities are not usually uniform or united in social, economic or political terms. Sometimes there are tensions which flare up between various interest groups or religious or ethnic factions. Very poor families often ally themselves with a powerful and influential leader who might resent losing power to a democratically elected community organization. Sometimes

some residents are co-opted by local politicians who want to manipulate a community for their own political purposes. Corrupt officials, land developers and local *mafias* all have a variety of means of dividing and intimidating members of community organizations

Therefore, for a community to develop a genuinely representative community organization with an ethical leadership, it needs to undertake continuous action on various issues and survive challenges over a period of years. Communities learn to become organized around a shared vision and for a common purpose not simply by learning from books and formal training courses. They learn by coming together and doing things for their collective benefit. They also learn from making mistakes and by resolving conflicts together. By doing so, they are building a mutual identity which strengthens their sense of belonging and increases their confidence to act effectively on their own behalf.

Strong and effective Community organizations have also proven difficult to sustain over the long term. It has been frequently found that individual community organizations which were very united and strong when confronting a problem like eviction, disasters like fire or flooding or police harassments, became divided and weak when the problem was solved or had gone away. Solidarity strengthened in dire situations and weakened when things improved and people went back to bickering and quarreling with their neighbours. Similarly many community organizations that worked successfully while a slum improvement or house building project was underway, often fell apart when the project was completed. Community organizations often thrived on challenges and when there was hard work to be done but petered out when there was no common purpose to pursue.

Another factor limiting the development and sustainability of community organizations was that they were usually preoccupied with bettering the lot of their own members, sometimes in competition with and at the expense of other communities. Moreover, by entering into negotiations with local or national authorities as a single community organization they were seldom able to bargain and work with their government counterparts on an equal footing. In a sense community organizations were lacking in practical long term relevance so long as they restricted their concern, thinking and action exclusively to matters within their own communities. Part of the reason for their gradual decline was that they lacked larger scale lateral linkages with other similarly disadvantaged communities in urban and in rural areas.

## **6. How community savings groups revolutionized community organization in Asia**

In the late 1980s, inspired by the hugely successful women's and village savings groups programmes in Bangladesh that were pioneered by the Grameen Bank and BRAC, a number of professionals working on urban housing and land issues in Thailand and India began to experiment with savings and loans groups as a means of deepening the community development process and strengthening community organizations so that they could be more effective and sustainable. By the early 1990s it had become clear that community based savings and loan groups added a number of

practical and important dimensions to community organizations that would help to bring them and their members into a new level of developmental action capable of tackling more long term structural issues that lay at the root of their poverty and powerlessness.

### **Box 3 Why Community Savings and Loans Groups?**

Community based savings and loans activities draw people together on a regular and enduring basis. Whether the members save and repay on a daily or weekly basis, the savings collection and loan repayments processes bring people together to listen to each other and take decisions together. Because they have to operate in the context of poor people's busy and economically fragile daily lives, the saving and lending procedures must be quick, simple and directly related to the actual daily needs of the poor as perceived and defined by the poor themselves.

Savings and loans activities empower the rural and urban poor by providing them with a source of finance to meet their own basic needs and to cushion them from emergencies which characterize their lives. Equally importantly, the savings and loans activities generate an ongoing learning process for all the members about each other's lives and about how to cope collectively with the challenges to their community. This also helps members to learn how to relate to external systems, whether in rural or urban contexts, from a stronger social and financial position in order to deal with more than just day to day needs.

This gradual learning progression provides each member of the community and the collective community itself with the capacity and confidence required for a genuine and comprehensive self-development process. As a result the poor can take pride in being the prime movers of their development rather than merely being passive and dependent recipients waiting on the benevolence of others.

Savings and loans groups are not only meant to improve the financial standing of their poor members. Even more importantly they are intended to strengthen community solidarity, awareness and mutual support processes so that people can work together to meet their many different needs. If a community can raise funds through its savings and if it can manage its funds, it has become empowered to act on its own behalf.

Experiences to date in several Asian cities show that small scattered savings and loans groups that are encouraged to learn from each other with appropriate support are likely to link up with other groups and form networks. Networks provide the individual savings groups the opportunity to combine their savings capital into a common capital fund. At the same time the networks provide groups with access to greater financial resources and greater legitimacy when negotiating for support from external agencies. The stronger status of larger networks makes it possible to for the poor to deal with the more substantive structural issues that underlie their problems-issues that were previously beyond their capacity to identify, analyze and tackle.

Community savings groups had a fundamental relevance to all slum and squatter communities, especially the very poor, because they tackled the primary problems of poverty of money and lack of affordable credit. When people begin saving together, even on a very small scale, they are taking the first psychological, social and financial

step towards building assets and getting out of debt and, eventually, out of poverty. Joining together to form a savings group that is owned and managed by the members themselves, marks their first step out of individual isolation and resignation into collective mutual interest and a shared commitment to changing their situation in life. By encountering their fellow savings group members to contribute their savings and through meeting regularly together to manage their savings and decide on how they are to be allocated to their members as loans, the group members begin to develop their solidarity and self esteem. By saving together on a regular basis the members are gradually able to overcome their social isolation and develop a growing range of knowledge and skills that have previously been unavailable to them.

#### **Box 4 The Daily Savings Approach**

**The daily savings system** was first developed by networks in India and South Africa as a strategy to support and strengthen very poor and vulnerable communities. Some of the key benefits of the daily savings system are set down below.

**Daily savings reaches out to the poorest.** For the desperately poor whose income varies from day to day, daily savings makes sense and makes it possible them to participate. It helps them develop very close ties to their poor neighbours because of the daily financial transactions involved.

**Daily savings matches the lifestyles of the very poor.** When the savings cycle is weekly or monthly, it is difficult for the poorest families who depend on informal daily earnings to participate because they live from day to day.

**Daily savings helps the very poor to cope with repayments problems.** Daily savings and daily repayments help to make loan repayments manageable: members can see their debts shrinking day by day.

Community savings groups, by their very nature, require widening networks to expand their capital base. This is achieved through the creation of new savings groups so the development of lateral connections to savings groups in other communities is a natural progression. The larger their network of savings groups, the more attractive their savings groups networks and federations of networks become to other communities as well as to external sources of capital such as government agencies, aid donors and others. When these savings and loans enhanced modes of community organization and development are able to link up with *bona fide* sources of loan capital, savings based community organizations are able to access and manage the financial resources they need to support their own people centered development process.

Savings and loan groups or other mechanisms like community cooperatives can help to bridge the huge gap between informal and formal systems- the informal system inside the community and the formal system in the outside domestic and world marketplace -so that money can flow back and forth in a more balanced way to allow the informal community system to strengthen and better benefit its members. When external capital is loaned to the poor without the bridging mechanism that savings groups and practices provide, poor people are more likely to become further indebted

than they were at the outset. (Possibly include box on the failure of 2001-2006 village funds in Thailand).

Savings and loans groups also empower poor communities to enter into more equal partnerships with government agencies, donors and NGOs. When they have their own capital as a cushion against sudden disasters, communities can become more effective in preventing development projects that will harm them from being imposed upon them. By the same token, when they have their own financial resources to contribute they are able to demand a greater role in the design and decision making of assistance projects that will really benefit them.

## **7. How communities have helped national and city authorities to alleviate poverty and promote social and economic development**

### **Communities have been developing new skills**

Community organizations in many countries in Asia, especially over the last two decades, have identified or developed a variety of valuable strategic tools to help them develop themselves and their federations. In the process of learning and undertaking these activities, communities increase their legitimacy and acceptability to the authorities and develop their capacity to improve the environmental and living conditions in their communities. The acquisition and application of these skills are vital steps in empowering poor communities and in encouraging them to be their own development agents.

### **Enumeration Surveys**

A basic but most useful activity is the community based surveying of poor settlements in sections of a city or citywide. One of the first such self enumeration surveys was conducted in 1985 by the Society for Promotion of Area Resource Centres (SPARC) and Mahila Milan, a federation of pavement dwellers' women's savings groups in Mumbai, India following the Supreme court's ruling that the city had the right to evict pavement dwellers. The first survey revealed that, contrary to popular belief, the vast majority of pavement dwellers were hard working people whose cheap labor and services made substantial contributions to the city's well being. However, unlike slum dwellers, street dwellers were not recognized as an economically disadvantaged "category" so they were denied most of the entitlements or assistance normally provided to the poor like ration cards, basic services, loans or access to rehabilitation schemes. The survey also pinpointed the fact that repeated demolitions of their shacks only further impoverished them and forced them to move to other pavements in the city.

When poor communities or their federations undertake city wide enumeration surveys, they are usually gathering vital information on the social and economic circumstances and physical living conditions of large segments of the urban population that have never been assembled before. By so doing they help the poor communities in their city to see that they are a critical mass and not just isolated victims or socially dysfunctional 'losers'. Both the process of collecting information and the subsequent discussions on what that information implies for community-based improvement plans helps to educate and empower the poor communities concerned. The surveys also help the local authorities, national governments and other relevant local and international agencies and NGOs (most of whom have only an abstract idea of who

the poor are and how many they number) to have a clearer understanding of how many poor are living where, how poor and socially disadvantaged they are, what resources and capacities they have and what their most urgent problems are.

Up to date quantitative and qualitative information can be extremely helpful to community organizations and their federations as well as government authorities and other external agencies in identifying what possibilities there are for useful interventions with sustainable benefits. These self enumeration surveys help to dispel false impressions as to who the urban poor are and to replace them with more constructive perspectives on the livelihoods, living conditions and aspirations of the poor. Finally when community organizations and their federations undertake enumeration surveys with some 'user friendly' technical assistance from government or NGO professionals, or volunteer academics, they quickly develop a variety of vital new skills ranging from social and communications skills through to data collection and validation, data analysis and reporting skills.

#### **Box 5 Enumeration Surveys in Phnom Penh, Cambodia**

Since 1993 the Squatter and Urban Poor Federation (SUPF) with the support of the Asian Coalition for Housing Rights (ACHR) had been setting up community based savings and loans groups in Phnom Penh, Cambodia. SUPF, a federation of poor urban communities, also began conducting surveys or enumerations of "squatter settlements" within the city, in particular those facing evictions. But what was still missing from these surveys was more comprehensive picture of all the poor settlements in Phnom Penh with details on the specific problems that each of them faced- lack of basic physical and social services, poor housing conditions, threats of evictions, vulnerability to fires and floods, etc.

In December 1996, with some modest financial assistance from UNCHS (Habitat) and ACHR, SUPF conducted a comprehensive survey of all the poor settlements in Phnom Penh, collecting detailed information about each settlement's history, size and the livelihoods of its population. Information was also gathered on existing amenities and the main problems confronting each of the communities as perceived by the residents themselves. Though far from technically perfect, the survey results quickly became the most comprehensive data-bank on the poor settlements, their populations and the problems they faced for the Municipality of Phnom Penh (MPP). It also provided much more reliable and up to date information for other interested organizations like bilateral donors, international agencies and NGOs that were committed to helping to alleviate urban poverty in the city.

The community based survey triggered a breakthrough for SUPF and deepened the MPP's understanding of the scope and scale of land and housing problems in Phnom Penh. The process of SUPF conducting the survey and sharing it with the MPP, catalyzed an increasingly positive relationship between them. For SUPF, the enumeration survey sharpened its participating members' social and technical skills, enhanced their self confidence and armed them with a tool for negotiating with the MPP and other organizations for improved basic services or reasonable resettlement alternatives. (Also see Box 7 on the Urban Poor Development Fund in Cambodia)

#### **Community mapping**

Another practical activity that community organizations often undertake is community mapping. Usually this is done with a view to upgrading some of the community's infrastructure like access roads, walkways or drainage either by the community using its own resources or by external projects and programmes funded and implemented by others. As with the survey activity, community mapping enables the community to better understand its overall composition as well as its spatial and topographical potentialities and limitations. The participatory mapping process also enables the community organization to explain its settlement's spatial characteristics, physical conditions and infrastructural needs very clearly to the authorities as well as to other actors who might be willing to provide help for short or long term improvements.

**Box 6 Consolidating Secure Tenure through Environmental Initiatives, Chiang Mai, Thailand**

The ancient city of Chiang Mai is divided into four districts, each having a different nature and confronting a different set of problems. In some districts people living in informal settlements enjoy secure land tenure, while in others they are mostly squatters under the constant threat of eviction. Chiang Mai's two community networks divide themselves up along these lines, one focusing on savings and credit, the other on land tenure and community improvement.

The once vital transportation and drainage canals or *khlongs* as they are known in Thailand, had become open sewers filled with garbage and industrial pollutants from factories. Typically the poor settlements which border them are often blamed for causing the pollution rather than formal sector residents or industries. In the 1999-2000 period, following a city wide community mapping process, canal-side settlements along *Khlong Maekhaa* in Mengrai District undertook serious efforts to clean up the heavily polluted canal they lived beside. The communities made various improvements in their settlements including the construction of proper walkways and drainage lines. Using a small community environmental improvement grant from Urban Community Development Organization (UCDO), the network of squatter communities contributed their local knowledge, ideas and labour to the high profile canal cleaning project to show the city authorities that they, the poor were the canal keepers. As a result they have consolidated their right to stay where they were.

In some communities the residents voluntarily moved their houses back from the edge of the canal to make way for the city's de-silting barges to operate without obstruction. The communities also developed the banks of the canals as linear parks and access walkways. The clean up and protection processes also included reducing upstream pollution through negotiations with municipal and private sector polluters, exploring community based 'green' water filtering systems and making trips to communities in other Thai cities that have taken over the management and protection of their canals in order to learn from them.

**Community Contracts**

When communities are able to tap small and intermediate scale funds to upgrade their settlements' infrastructure, they are able to utilize another tool, community contracts, to carry out the construction work. Instead of hiring outside construction contractors to install amenities and construct water supply, sanitation or street systems, organized groups of appropriately skilled community members from within a community itself

are contracted to carry out the work, usually with some technical support and supervision from relevant national or local government agencies or NGOs. Community contracts not only benefit those skilled and unskilled workers from the community who physically carry out the work under the contract, but also the community as a whole. Under a community contract the financial investments in infrastructure upgrading provide employment for community members rather than for outsiders. Further there is no profit margin going to the contractor and, because under the community contract, the project workers live and buy many of their basic needs within the community, there is a flow of money to other small community businesses like food sellers and building material makers.

#### **Box 7 Community contracts in Wanathamulla, Colombo, Sri Lanka**

The idea for community contracts first emerged in Colombo, Sri Lanka under the national government's Million Houses Programme (MHP) in the late 1980s. Under the MHP, the low income housing development process was led and managed by the poor communities with the government and national and local levels only providing what the communities could not obtain themselves like access to land with secure tenure, housing construction loans and basic physical infrastructure and amenities.

The community organization (called a Community Development Council under the MHP) was very unhappy about the quality of a well and some public toilets that had been built by a private sector contractor under the supervision of the Colombo City's Common Amenities Board. At a community meeting with officials from the National Housing Development Authority (NHDA), the people expressed the view that the contractor had cheated on the materials used and that his masons had done very slipshod work. One of the householders suggested that it would have been better if some of the skilled masons in the community had been given the contract because, that way, the quality of materials used and construction work done would have been better, the cost would have been cheaper and the construction would have provided work for people inside the community rather than outsiders. The NHDA took up the idea and after testing it out in Wanathamulla and several other settlements, began to apply it in many of the slum and shanty communities that were being regularized under the Million Houses Programme. Since then it has been taken up and applied in many other countries in Asia including Bangladesh and Cambodia.

#### **8. How community savings group networks have increased the scale and pace of community development**

As a community savings group network prospers, it becomes a more viable development partner for local and national government agencies and for NGOs and foreign donors. Federations of communities that adopt the savings group approach have shown strong potential for tackling larger issues like land tenure, house improvement and/or construction as well as better access to better services. Community networks in many Asian countries have demonstrated a capacity to work with municipalities and other organizations on a variety of issues that seriously impact upon the well being of their members such as homelessness, secure tenure, social welfare, community enterprises and community environment and health. In countries like India and Thailand, where the level of organization among community networks is very advanced, such innovations have been on an unprecedented scale

Community networks have emerged as *the* key collaborative development mechanism for the poor which belongs entirely to them and which can develop solutions to the seemingly intractable problems that they face. As noted above, networks have initiated innovative collaborations with other urban stakeholders in city wide development programmes. They have also joined forces with other civil groups to influence broader city development policies and directions. Community networks have come a long way in bridging the gap between the poor and the formal system and in balancing this crucial political relationship in several ways.

In the network model, individual communities are the smallest structural unit and represent the most local constituency. However, once communities link into networks at city, provincial, regional or national levels, they become a real social and political force. Without these two components- the smaller individual community on the ground and the larger collective community with the force of numbers – it is impossible to achieve structural change at any level on any fundamental social or economic issue.

A network can negotiate on behalf of a community for the things that a single community cannot obtain on its own. The network accelerates the change process. The broad collective nature of a network is perhaps the most powerful element to lift the community development process above the activities of micro-credit and small scale, short term settlement improvements. In a strong network process savings and credit activities serve as a tool for enhancing community members' capacity to think collectively and for encouraging them to make constructive changes as a group.

In the traditional and still dominant model of development, the state, development agencies or NGOs have control over the relatively scarce resources for such purposes. As a consequence, the poor have little choice but to do what they are told, regardless of whether they believe it to be useful or not, otherwise they will receive no access to those resources. But with community networks the poor themselves have the opportunity to explore alternatives, make their own choices and develop other ways of improving their situations that make sense to them. Community networks provide a powerful platform for larger scale development and involve a synergy of learning new skills and ideas, sharing experiences, nurturing solidarity and developing hope and self confidence. It is no wonder then that community savings group networks have generated a broader acceptance of community led development processes in their own constituencies and on a broader national scale with the public at large.

Community based savings group networks change the way in which communities relate to each other. In traditional microfinance organizations the primary links were between the microfinance institution itself and the scattered individual community savings groups. When problems came up it was up to each group to figure out a solution among its own members or for the microfinance institution to intervene and instruct them on what measures to take. The lack of horizontal linkages for communities and their savings groups to help each other meant that the community people would remain dependent on the institution for help. As an information channel, networks allow people to learn continuously from each other and to avoid repeating the same mistakes. Whenever one community has developed an approach that worked, all the others in the network will learn about it as a matter of course.

The network system has also provided communities with new tools to resolve internal problems and to sustain an equitable and balanced community led development process. Without this there is always the danger of some community leaders taking advantage, monopolizing power and channeling benefits from the development process in corrupt and selfish ways. In the past, if a community organization came under the leadership of a dictatorial type, it tended to stagnate at that level. But when the community organization is part of a network, its members are able link up and consult directly with members of other communities in many ways. As a result disruptive and divisive issues like flawed leadership and corruption come out on a larger platform. Inevitably those manipulative and corrupt leaders will have to face outside scrutiny and criticism. When communities get to know each other and meet often, there is always a lot of talk and it is hard to hide things. Airing such issues becomes a vital restraining mechanism, a way of balancing things, of diffusing tensions and sorting things out.

### **9. Multiplying the impacts of saving groups through community development funds.**

A particularly effective tool that has emerged in the 1990s to augment the development action potential of savings group based community organizations and their federations is the community development fund (CDF). CDFs are a simple and effective means of directly supporting community development and settlement upgrading activities either in partnership with local authorities or other agencies or organizations or solely as an initiative of the community itself. CDFs are not the only way of getting funding to poor communities and not all CDFs provide finance to the poor in the same way, but as a mechanism for doing that, CDFs have a number of identifiable advantages.

#### **Box 8 The Urban Poor Development Fund (UPDF) in Phnom Penh, Cambodia**

By 1998 more and more poor communities in Phnom Penh were becoming organized around their savings and loans groups and were collaborating with fellow communities through either the Squatter and Urban Poor Federation (SUPF) or the Urban Sector Group (USG). Many communities had carefully mapped their settlements with a view to improving the infrastructure and housing. Others which were facing eviction had negotiated to be relocated to other viable locations with the support of the Municipality of Phnom Penh (MPP). What was lacking was an accessible source of finance for housing and income generation. That was when the Asian Coalition for Housing Rights (ACHR) and SUPF came up with the idea of setting up an Urban Poor Development Fund (UPDF) for such purposes. In March 1998, a unique partnership agreement between SUPF, the MPP and ACHR was formally signed, bringing the UPDF into being as a citywide community development fund. The initial capital of the fund was US\$75,000 comprising: \$5,000 from SUPF, \$10,000 from Slum Dwellers International (SDI), \$35,000 from ACHR and \$25,000 from the MPP.

The UPDF enables communities to obtain loans for housing and settlement improvement through their savings groups and community federations. Such loans have strengthened the capacity of communities to manage their own development process and facilitated and supported the fledgling partnership between the MPP, poor communities and NGOs as well as other external actors. UPDF funds can only be

made available to settlements that are actively involved in community savings groups and loans are made to the groups, not to individual borrowers. Communities and their federations of savings groups can become participating members in the fund and thereby gain access to UPDF loans. Initially, yearly membership for each community was set at one dollar per household of each community per year which formed the urban poor's direct contribution to the fund.

The fund is managed by a 'mixed' governing board which is comprised of a majority of community leaders as well as representatives from the MPP, ACHR, other local NGOs and international development agencies. The budget for all of the UPDF's administrative costs, staff salaries and development support activities are subsidized by an annual grant of US\$20,000 from ACHR. The Governing Body has developed rules and policies for the fund's operation and has continued to raise financial contributions to the fund. Already more than 30 communities in Phnom Penh, comprising a total of more than 1000 families, have received housing loans through the UPDF. Since late 2003, the UPDF has also been working in other cities around the country. As of the end of 2006 the UPDF had supported upgrading activities in 130 communities in 14 cities and towns around Cambodia.

In the CDF approach money is drawn down through the system to a settlement improvement activity that is determined by the community people's needs rather than to an activity that is imposed by the development agendas of external agencies. Most of the CDF mechanisms are natural extensions of the organizational and financial assets of community savings groups and their federations. The upgrading and other activities that they finance are decided and designed by the people. It is the same community people who do the work and manage the money. While professional and technical assistance can come from local and national government agencies and NGOs, the process is generated and managed by the communities. This in turn means that community members are more willing to protect and maintain the specific improvements constructed under a CDF grant or loan.

CDFs provide a more flexible and efficient means of making development finance directly available to poor communities. Unlike the top heavy conventional development projects that often spend more money on approving and monitoring expenditures than on the delivery of the physical improvements themselves, the CDF mechanism enables a much more efficient and creative improvement delivery process through maximizing the use of available skills and minimizing costs and delays. Additionally, the revolving fund methodology that underpins most CDFs allows different communities to use precious funds many times over.

Another commonly observed advantage of CDFs is that they enable participating communities to strengthen their community organizations and community solidarity by providing an incentive to households within the settlement to organize and do constructive things for their community together. In some cases the fact that the community organization has some core funding for a proposed improvement enables it to leverage additional funding and technical support from state or local government sources or from international agencies and/or NGOs. This partnering with other agencies and groups allows people to bring their needs to the table, to negotiate what should be financed and for what costs, to prioritize and to plan implementation in such

a way as to make positive impacts on people's lives. CDFs trigger a decision making process that strengthens solidarity and networking at many levels - in the specific community, in the network of communities in the city, province or region and countrywide.

CDFs also help to build transparency and accountability in the use of financial resources within communities themselves and within local authorities and other partnering agencies and organizations. In conventional slum upgrading projects and programmes the community people do not really know where the money is coming from and precisely how much is involved. On many occasions the external actors like the local authorities or the donor agency or NGOs involved take control and reduce the community people to passive recipients or beneficiaries. This skewed relationship automatically robs the community members of their right to raise queries and objections as to how the money is being spent. When everybody involved knows how much is available and where it is being expended, the whole relationship changes. The people are empowered to look critically at and take responsibility for the way funds are managed. This is a vital part of how communities can develop through the control and management of finances for such activities.

**Box 9: The Community Organizations Development Institute (CODI), Thailand).**

The Community Organizations Development Institute (CODI) which serves as a development fund and a government public institution, has managed over the past 14 years to attract substantial amounts of public resources and to channel them directly to Thailand's poor communities. CODI's wide ranging experiments in decentralizing control and management of the resources to communities and to large networks of community savings networks, have served as a laboratory for exploring various kinds of community managed social initiatives and development funds on a national scale, for the whole region to learn from.

CODI's predecessor, the Urban Community Development Office (UCDO) was set up in 1992 by the Royal Thai Government as part of a new strategy to address urban poverty. The government granted the UCDO a revolving fund of Baht 1,250 million (about US\$34 million) through the National Housing Authority (NHA) and established the UCDO as a new autonomous institution to address urban poverty on a national scale. UCDO's goals were to improve the living conditions and increase the organizational capacity of poor urban communities through the promotion of community managed savings and loan groups and the provision of integrated loans at favorable interest rates to community organizations. The revolving fund or Urban Poor Development Fund was accessible to all urban poor groups who organized themselves and applied for loans for their community development projects. Though technically under the NHA, the UCDO had much greater independence and flexibility than other government organizations. Eight years later, over half of Thailand's 2000 urban poor communities were UCDO members, linked together in 120 community networks and involved in a wide range of community development initiatives like housing, environmental upgrading, income generation, community enterprises and social welfare.

In October 2000, the UCDO was merged with the Rural Development Fund to become CODI. The royal decree that created CODI allowed development activities launched under the UCDO to continue but greatly expanded the organization's range

of activities. By making CODI an autonomous legal entity with the status of a public organization, the decree gives CODI greater access to both government and external donors' resources, more independence and much wider scope for supporting collaboration between community groups in urban and rural areas. CODI can now apply directly to the budget bureau for government funds, as other government departments do, and can direct these resources rapidly, flexibly and directly to community development activities around the country without having to go through long bureaucratic procedures. CODI itself is not making plans and implementing projects. It is the communities that make their plans and implement their own projects. CODI provides whatever resources and institutional supports that are needed. Because CODI's funds are not tied into the national fiscal budget system it can prioritize according to changing needs and adapt its operations to suit whatever communities are doing.

## **9. Integrating community development with sustainable national development**

Community organizations have come a long way over the last four decades or so. As we have seen there is much that communities can do for themselves when they become sustainably organized, networked and federated with other communities like themselves. There is still much more that can be achieved when Community organizations and their federations develop the capacity to work on an equal footing with government and city agencies, as opposed to being passive, uncritical and ever grateful recipients of government aid and welfare approaches. But it is also clear that the full potential of Community organizations and their citywide and national federations will not be realized until the state and city authorities take key steps to reform and realign their policy formulation and administrative practices, especially with regards to financial disbursement, so that they are able to link up effectively and efficiently with community initiatives and aspirations

Some of central steps that policy makers and city managers can take to facilitate and strengthen the role of community organizations and federations are:

- Always consult with the poor and their organizations first before formulating policies, plans, and infrastructure programmes or projects that are intended to help them
- Do not treat the urban poor as a homogeneous entity – urban poverty affects men, women and children differently
- Recognize their community organizations, savings groups and federations both legally and through consulting and undertaking activities with them
- Engage directly with Community organizations and their federations in the provision of vital social programmes like housing, health and education
- Facilitate and support collaborative initiatives and activities between other actors like civil society, academic and technical institutions and the private sector that respond to the self defined needs of poor communities
- Create national forums and bridging institutions that can promote Community organizations, community based savings groups and federations and COMMUNITY ORGANIZATION partnerships with other actors for social and economic development

- Provide Community organizations and their federations with access to mass media like radio, television and internet to enable them to reach their members efficiently
- Include Community organizations and their federations directly in the development and implementation of programmes for Public Administrative Reform
- Facilitate exposure tours and exchange programmes between different Community organizations and relevant officials to enrich the learning process between communities and authorities in different cities and regions of the country, as well as globally
- Initiate orientation programmes for elected representatives at national, state and city levels as well as senior civil service officials that bring them into direct contact with the living conditions of the poor and with successful approaches that the poor have undertaken to improve those conditions