HiFi NEWS

The newsletter of the Working Group on Housing Finance and Resource Mobilisation for the Habitat International Coalition

May 2002 No.10

Introduction

The capacity of communities to find ways to secure and improve their lives, even in adverse circumstances, is remarkable. This issue includes a number of stories that demonstrate both the capacities of communities and the potentially valuable contribution of donor agencies and local government.

Despite a difficult economic and political situation for the urban poor in Zimbabwe, the Zimbabwean Homeless People's Federation has been successful in building a new relationship with local authorities. As a result, high standards that previously made urban land unaffordable for the poor are being reconsidered, and new models of incremental development are being tried. *HiFI* No. 10 begins with an account that describes the significance of community-managed funds in changing the relationship between the poor and the state. The second report, also from Africa, summarizes some of the benefits emerging from the uTshani Fund, a revolving loan fund used primarily for housing in South Africa. A common question asked of development interventions is "what are the benefits?" In this case, the benefits are estimated to be seven times the value of the initial investment. These benefits are the assets created for the members of the South African Homeless People's Federation, mainly low-income women.

The Department for International Development (the overseas development assistance programme of the UK government) has been anxious to find new strategies for addressing the needs of the urban poor. A Community City Challenge Fund (C3 Fund) has provided small grants (and sometimes loans) to urban poor communities in Uganda and Zambia.

Economic growth and urban redevelopment have long been associated with eviction and resettlement. The experiences in Phnom Penh offer a salutary reminder of how little progress has been made in securing equitable development. Communities in the central area of Bassac are being moved to the city periphery to make way for "beautification" and tourist-related investment opportunities. A locally managed revolving fund has provided credit for housing development to the urban poor. An emerging theme is the possibility of land loans, thus broadening the choice of potential resettlement sites.

Land, housing and infrastructure are only some of the needs of low-income communities – one further need is that for welfare services. Northern-style welfare services are generally too expensive for Southern governments. Community groups in Songhla Province in Thailand have long been active within the government-sponsored savings and credit programme of the Community Organization Development Institute. The community network is now using its own funds to offer welfare payments to those of their members who are in acute need. This highly localized welfare support service is receiving additional monies from the World Bank financed Social Investment Fund.

The move to democratization and decentralization in Latin America has resulted in many municipal innovations. Yves Cabannes from the Urban Management Programme explores some of the most interesting poverty reduction programmes. For example, savings and loan municipal funds in Peru are providing hundreds of thousands of families with access to small-scale finance. In Belem (Brazil), the Banco de Povo has been experimenting with community-led small-scale lending, and in participatory budgeting cities such as Porto Alegre and Belo Horizonte (also in Brazil), improved consultation has resulted in housing strategies that better respond to the needs of the poor.

Several of the reports in this issue are drawn from presentations at a recent workshop held by IIED and DFID considering experiences with community development funds. More information about this workshop together with other recent publications is given on the final page.

Contents

This newsletter is produced and published by IIED for the Housing Finance Working Group of the Habitat International Coalition.

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Zimbabwe: Land and opportunity

Whilst rural land struggles in Zimbabwe have been catching the headlines, emerging changes in urban land policies and practices have passed almost unnoticed.

For decades, the urban poor in Zimbabwe have found it impossible to obtain access to land. Local authorities have only been willing to allocate land to those with funds to pay for 300 square metre plots, two-room concrete block houses and full water and sanitation services. Priced at over Z$ 200,000 (officially worth US$ 4,000), houses are unaffordable to the urban poor who may earn as little as US$ 1 a day. With no legal alternative, these families rent a room or rent space to put up a small wooden shack in a legal resident's back yard. Access to services is poor, the accommodation is expensive (at Z$ 500-600 a month) and relations with the home owner are often tense. Some families living in Harare have chosen to locate in or adjacent to the "temporary" holding camps first set up during squatter evictions over ten years ago. In these holding camps, the cost of accommodation is low but services are virtually non-existent. Located more than 20 kilometres from the city centre, the cost of transport is a further problem.

In the last two years, councillors have woken up to the implications of electoral choice and political accountability. Anxious to secure votes that can no longer be taken for granted, they have started to re-examine their policies for the urban poor. As a consequence, the coordinated strategies of a small but growing number of community groups have had unprecedented success.

Over 2,500 homeless families have now been offered land in towns and cities throughout Zimbabwe. Nine local authorities have committed themselves to releasing land that they own to the urban poor, and seven have released plots. The first breakthrough occurred in 1999 in Beitbridge, a town bordering South Africa, when 56 families were offered land in Dulibadzimu, the neighbourhood where they had their shacks. In the same year, a second group B the Mavambo Housing Savings Scheme in Harare B secured land between the squatter/ holding camps of Dzivarasekwa and Hatcliffe Extension. Then, early in 2000, the Victoria Falls municipality responded to local demands from an organized group of squatters and renters living in the low-income area of Chinotimba, with an offer of 565 plots. Paul Joao (a resident of Chinotimba) explained: "For a long time the council were just not interested. Then they saw that we had done a good job building the community centre. They began to believe that we could do the development together with them."

In the last 12 months, there has been continued interest and other authorities have come forward. Local authorities in Bulawayo, Chipinge, Gweru, Gwanda, Kario and Mutare have committed themselves to providing plots for the poor, and the city authorities in Harare have promised to provide more sites. In smaller towns such as Gwanda, families have to pay Z$ 2,000-5,000 for unimproved plots and up to Z$ 20,000 for those with services already installed. (Serviced plots in the larger cities such as Harare and Bulawayo can cost up to Z$ 90,000.) For the first time, their inability to pay for concrete block houses and full services does not result in automatic exclusion from land allocation.

All these community groups have been working together as members of the Zimbabwean Homeless People's Federation. There are a number of emerging factors that offer some explanation for their success. First, the groups all encourage their members to save money. Pooling their scarce resources helps build unity and makes them a more effective campaigning force. These small revolving funds enable members to have immediate access to credit. As importantly, these savings have attracted donor assistance from overseas. The Gungano Loan Fund was established in 1998. To date, the Fund has attracted Z$ 10 million of donor money and Z$ 1 million in contributions from the urban poor themselves. With a loan fund able to offer development funds, the local community groups can go to the local authority and offer to be partners in developing low-income settlements.

The significance of the Gungano Fund in opening up land negotiations for the Federation is difficult to exaggerate. Authorities' traditional excuse for denying land to the urban poor has been that they cannot afford the development costs. The presence of the Fund ensures that local authorities take the urban poor seriously.

Once negotiations begin and construction follows, local community groups share ideas and experiences to speed up their learning and maximize potential benefits. New groups are supported by the more experienced communities in taking up the challenge of changing local government practices and procedures to make them more relevant to the poor. Their experiences show that it is much easier to do this around specific concrete practices than theoretical debates. Already, Beitbridge council are allowing people to build one-room houses, and Victoria Falls municipality is likely to follow. It does not take councillors and officials long to realize that this is all that is affordable to the poor. Once they have committed themselves to developing a piece of land, they have a lot to lose if the project fails.

However, both central and local government remain reluctant to commit any of their own resources to addressing the needs of the urban poor. When community groups met with a group of local authority officials and politicians in July 2001, they were told that, whilst concessions might be available, they would have to pay something for land. In the absence of effective redistribution through the tax system, and with inadequate donor support, the urban poor may have to bear the full costs of services and infrastructure themselves. As the economic crisis continues and annual inflation rises to 100 per cent, many families are struggling to afford food. With the level of HIV/AIDS infection estimated to be at least 25 per cent of the population, there is no short-term solution for many of these families. Rising fuel costs and more general economic uncertainties have reduced jobs and employment opportunities. As a growing number of families are living from one day to the next, again there are dangers that the poorest families will be left out.

Contact: Beth Chitekwe-Biti

uTshani Fund: Investments received, value Added, assets secured

People's Dialogue on Land and Shelter is an NGO working in South Africa. People's Dialogue works in close collaboration with the South African Homeless People's Federation, providing professional support in a number of areas including fund-raising for a revolving loan fund, the uTshani Fund.

In the last ten years, People's Dialogue has received 79 million Rand (to end 2000) (US$ 6.8 million) on behalf of the Federation (31 million Rand to fund community activities and 48 million Rand as uTshani capital). A recent assessment indicates that these "investments" have created assets, including the present and future value of community savings funds, the market value of houses that have been built (over and above the subsidy received) and the future value of the loan fund. Taking a conservative view and figuring-in only those assets the can easily be quantified, this 79 million Rand investment has generated a present value of 540 Rand million (US$ 47 million)! In just eight years, the uTshani process has created assets worth seven times the value of the original investment. With average incomes for Federation members being 700 Rand a month, these assets have directly contributed to adding to the well-being of some of South Africa's poorest urban citizens.

The overwhelming bulk of the "value added" as a result of Federation activity can be attributed to housing. In contrast to most privately developed state housing in South Africa, a Federation house is worth 3-5 times more than the resources put into it (based on offers from potential buyers) because of free labour, bulk material purchase, recycling shack materials, and collective construction and quality control. Families that have secured houses through Federation membership have received an asset that will benefit them for years to come. Moreover, although only 9,870 families have taken uTshani loans to buy land and build houses (or got their subsidies through uTshani), the process has created opportunities whereby another 20,000 very poor people have secured land, by stimulating them to come together, organize, strategize and negotiate access or purchase land.

uTshani Fund has recently experienced problems that are rooted in more fundamental contractions in South Africa. Simply put, uTshani Fund is supposed to be a bridging finance mechanism for the national housing subsidy, an entitlement for all low-income South Africans who have never had a "formal" house. In practice, the Federation and People's Dialogue have been much more successful in mobilizing low-income households into taking up housing opportunities via the uTshani Fund than in recovering subsidies. Encouraged by their own success and, to some extent, even by government, Federation members have been quick to take Utshani loans and build houses, but government has been slow to approve and release the subsidies that would retire the loans. Some subsidies are still outstanding after five years. The South African government is now Utshani Fund's main debtor, with over 32 million Rand in subsidies outstanding. Part of the problem is that the South African subsidy system is poorly designed. Its processes are set up for private developers rather than the people's housing process, particularly with respect to land for new development.

Many Federation members who justifiably expected these loans to be retired by subsidy releases stopped repaying their uTshani loans in frustration. This combination of slow subsidy recovery and poor loan repayment led to a major cash flow problem for the Fund in 2000-2001.

In response, People's Dialogue and the Federation have embarked on a wide-ranging process of internal restructuring. Grassroots leaders have been discussing the activities of the Fund and how practices can be improved. Federation members throughout the country have been involved in considering what they want from uTshani and how it can help them address their needs. During this restructuring process, certain key lessons have been embedded in new lending practices:

- **Fewer bridging loans:** uTshani bridging loans will now only be disbursed when subsidies are expected soon.
- **Smaller loans:** Fixed loan amounts (10,000 Rand) for fully built houses encourages the Federation to target households who can afford to "keep up with the Jones's" by adding their own individual savings and building three or four-roomed houses. This may exclude the very poor. uTshani's focus will be on small loans for incremental housing.
- **More focused lending practices:** It is tempting for leaders of a people's shelter movement like the Federation to mobilize new members with promises of housing loans. But this contradicts the Federation's goal of mobilizing people to gain access to their entitlements – in this case, the housing subsidy. Decisions about loans are now to be mediated by grassroots fieldworkers who will ensure that proper procedures are followed and that ordinary members take the lead in initiating loan applications.

- **Addressing priority needs:** Access to land is the single most important issue facing the urban poor. uTshani will focus on using its resources to get land for development by the Federation.

The overall lesson from uTshani Fund's first eight years is that there is no substitute for a revolving fund controlled by a poor people's organization. Had donor considerations or professional micro-finance experts dominated uTshani Fund during its formative years, the Fund would not have created so many assets in the form of houses and community revolving funds. Moreover, it is unlikely that the Federation would have learnt any useful lessons for itself and the community organizations that it works with in and beyond South Africa.

The independence and freedom to experiment have led to a different balance sheet to that of conventional micro-finance programmes. These would have put more stress on high levels of repayment and on creating a viable financial institution. But they would have done less to multiply the assets of the very poor, and they would not have been interested in supporting learning and knowledge development with grassroots organizations, in this case the South African Homeless People's Federation. The savings schemes in South Africa know that the uTshani Fund is ready to help them address their needs and their agenda for the twenty-first century.

Contact: Diana Mitlin

DFID Support for Community Development: the City Community Challenge Fund

The City Community Challenge Fund (C3) is a DFID-funded programme to catalyse new approaches to urban poverty reduction in Uganda and Zambia. There is a need for more donor programmes in Africa that work effectively with local initiatives and which have strong local ownership. Many development programmes have not continued beyond the funded activities and, moreover, few have been in urban areas. Whilst rural development needs remain great, there is a growing problem of urban poverty. The City Challenge Funds contribute to ongoing development efforts by providing small grant and loan capital for community-owned and managed improvements in low-income urban settlements. Total funding is UK£ 1 million and the programme management has been sub-contracted to the Local Government Management Bureau in the case of Uganda and Care International UK in the case of Zambia.

In Uganda, the C3 fund is being piloted in two of the poorest urban locations, Kawempe (one of the five divisions of Kampala city council) and Mpumudde (one of three divisions within Jinja municipality). Kawempe has 150,000 residents in high-density, low-lying areas, many of which do not have sanitation. Only 25 per cent of garbage is collected, there are few clinics and water is only available through privately managed standpipes. Mpumudde has a population of 15,000 and the highest unemployment levels in Jinja. Residents also have to pay for basic services, including water.

The funds in C3 Uganda are disbursed by local committees that include representatives from local authorities and central government, the private sector, NGOs, academics and the local municipalities involved in the programme. A wide range of different community groups has been supported. All groups that receive support are expected to provide resources of their own, with common contributions being land and labour. Among these groups is the Mpumudde Housing Association in Jinja, which has 35 members and which is constructing 74 houses. Loan finance has enabled the members to access funds for housing construction. A micro-enterprise development programme is assisting community members to manage the funds and develop their business skills, to assist with affordability and, more generally, to improve livelihoods. Many development agencies have contributed to the development programme. The roads and electricity are provided by local government, the school and access to water have been given by a local church, and the municipality and the private sector have helped to make land available.

In Zambia, C3 is working in Lusaka and Ndola. Local advisory groups in each city support Care staff and have decision-making authority for grants up to US$ 10,000. There is also a national committee responsible for the implementation of the programme, chaired by the town clerk of Lusaka and with representation from public, private and community sectors. The funding is divided into four streams, each of which provides only grants. One part goes to the city councils for activities that are complementary to the broad objectives of the fund. Three parts are for local communities and are divided according to the size of the grant: less US$ 1,000; US$ 1,000-5,000; and more than US$ 5,000. The managers seek to be more flexible and more open than other C3 funds.

A wide range of different activities have been supported, including skills-training for young people; market garbage bins and improved market security; support for a public garden managed by prisoners; community-led solid waste management; and income generation.

C3 is still considered by all parties to be in its early stages and major challenges remain. How can the poorest families be included effectively in the programme? How can expectations be managed so that groups do not get frustrated? How can existing activities be deepened and scaled up?

Contact: Michael Mutter

The Impacts of Housing Loans in Phnom Penh

Fires in Bassac, an urban poor settlement in the centre of Phnom Penh, demonstrate some of the difficulties faced by the urban poor as a result of speculation in urban land and forces related to globalization. Cheap air travel has encouraged an expanding tourist market and Cambodia is an increasingly popular destination. The demand for well-located urban land has placed urban poor settlements in which people have been living for many years under threat. During the last year, fires have become commonplace in some central city squatter settlements. In the search for development opportunities, many of the poorest families in the city have lost all their possessions and have suffered death and injury.

In 2001, more than 3,000 families were forced to leave Bassac. The local authority has done little to respond to the allegations that the fires have been started deliberately. Rather than address the need for the poor to find well-located land, they have provided alternative sites, many kilometres from the city. Toul Changruk is one such resettlement site that was opened in May last year. Over 1,000 families have now settled on the land with very limited services. Water has been provided but it is too salty to drink and many families purchase additional supplies from private water vendors. A one-way journey to town on the back of a motorcycle (the only form of transport) costs 60 per cent of a daily labourer's wage. Many wage earners are now renting small rooms closer to the city, leaving their families behind to secure the plot. The municipality has provided cement posts and zinc sheets to assist with housing but for those with neither income nor assets, it is hard to rebuild. Many are living in shacks and tents.

Some of those displaced by the fires have joined the Squatter and Urban Poor Federation. The Urban Poor Development Fund in Phnom Penh was set up in March 1998. The Fund has been capitalized by the urban poor themselves (through their savings), the municipality, the prime minister's office (following a visit he made to the settlement) and international development assistance agencies (through the Asian Coalition for Housing Rights).

In the last four years, the Fund has lent to five communities with a total of 545 families. The average loan size for housing has been US$ 386. Housing loans cannot exceed US$ 500 per member and 8 per cent interest is charged. Repayments must be completed within five years. Each community member must contribute 3,500 riel (about US$ 1). The Fund has also given income generation loans, one loan to improve water suppliers and has assisted some communities who lost part of their savings when a commercial bank collapsed.

Recently, Community 271 made a new request to the Fund. Might the members borrow for land purchase? The community had been displaced, not as a result of fires but because of road widening in the city. They had rejected the land that the municipality had offered. After some time, they found an alternative site, closer to the city and with good schools and facilities, including transport. The site was large enough for the community's 87 families and the cost was US$ 24,000. They could fund half themselves, from their savings. Despite an initial refusal, the municipality eventually agreed to contribute US$ 7,000. Now the community would like to borrow the remainder from the Urban Poor Development Fund to complete the purchase.

As thousands of families find their inner-city locations under threat, the Urban Poor Development Fund is working at present with the Squatter and Urban Poor Federation to develop new strategies to more effectively address the housing and tenure needs. These new strategies will almost certainly include lending for land purchase, continued lending for housing, and lending for enterprise development in order to consolidate the local economy of the resettlement areas.

Contact: Urban Poor Development Fund

CODI (Thailand): Loan-funded welfare support

Recent developments in Thailand demonstrate some of the advantages of combining savings and loans with welfare activities, despite conventional thinking that micro-finance should concentrate on lending for enterprise development with no additional services or subsidies. In Songhla, more than 7,000 savings schemes members have benefited from welfare payments, in part generated by surpluses from lending activities.

The Community Organization Development Institute (CODI) is a new Thai institution that brings together the Urban Community Development Office (UCDO) with a long-established rural fund. For many of the savings schemes established under UCDO, activities continue as before. For the last five years, the Office has been active in encouraging individual schemes to join together into networks. These networks help to reduce vulnerability and enable better financial planning. They also enable the Office to save on administration costs through decentralizing management. Following the Thai financial crisis of the late 1990s, networks have been used as a conduit for special poverty reduction measures, including welfare measures for the very poor. In Songhla, the networks have been eager to take advantage of these opportunities.

Songhla is a province in southern Thailand. The long-established Songhla networks have been active in housing projects, income generation

ASIA

lending and environmental improvements with savings and loan groups.

The networks worked together to establish their own welfare scheme through the savings fund and the interest earned when funds were lent. CODI carries on UCDO's practice of lending at a relatively low interest rate to networks. The Institute simply tries to compensate for inflation and cover its own administration costs. It estimates that this should not be more than 7 per cent of the capital fund each year and hence the Board aims to have an average 7 per cent return on capital. Networks borrow at relatively low rates of interest and then on-lend to savings schemes at a slightly higher rate to provide monies for their own administration and management costs. In the case of Songhla, these funds have been used to address some of the more acute needs of individuals in their membership organizations. Strong financial management skills enable network level administration costs to be kept low and the size of the welfare fund to grow. The contributions of the government and the Social Investment Fund (grant financed by the World Bank) have enabled further welfare activities to take place.

The welfare fund is managed by a provincial-level network of networks. Twenty-one member networks come together for a monthly meeting to assess how much is available and to allocate the monies. Networks put forward proposals by the membership savings and loan schemes, and explains who needs assistance and why. Last year, the scheme gave out 4.1 million Baht (US$ 102,500) to 7,000 people. Grants can be for school fees, health costs and emergency payments for such necessities as food and transport. In some cases, the welfare fund even pays for holidays.

The network of networks has benefited from the World Bank grant-funded Social Investment Fund, which has provided additional funding for welfare activities. Now the network of networks has made a new proposal to CODI, involving a joint venture to better address need. The plan is to increase the 4.1 million Baht by 20 per cent to about 5 million Baht. The network of networks would pay one-third and CODI would pay two-thirds. The following year, the network of networks would cover 60 per cent and CODI just 40 per cent. Gradually, CODI's contribution would fall away, and the networks would finance their additional share through increased lending.

Contact: Somsook Boonyabancha

SOUTH AMERICA

Overview of community finance in Latin America

There is an increasing breadth of community finance-related experiences in Latin America, with many schemes offering funds for housing and neighbourhood improvement. Repeated innovations in the last three decades have resulted in a number of new directions for savings, loan and subsidy activities, many of which have been directed at improving housing. In Peru, there has been a rapid growth in self-reliant savings and loan funds in 14 departments. In Brazil, in particular, municipal funds have emerged in some cities, in part from participatory budgeting programmes. Income-generating programmes have also developed alongside the Banco de Povo – usually trust funds drawing on local government resources and drawing on a number of different groups and sectors in a few Brazilian cities, together with a number of decentralized housing loan programmes in central America. (See, for example, the report on FUPROVI in the last issue.) Some of these initiatives draw on and complement longer-standing traditions of savings and loan activities among the poor.

These innovations and experiences can be exemplified by experiences in a number of cities.

Savings and loan municipal funds in Peru have been established with the united commitment of the private sector, the church, and local and national governments. They were set up to offer development opportunities to the lower-middle class and are gradually reaching the poor. Whilst there is little external funding for such institutions, enabling legislation from central government has been helpful. These funds offer little direct lending for housing although the scale of their activities suggests that they have a major impact on the financial choices of many of the residents.

There are now 14 such funds throughout the country, with total deposits of US$ 200 million and an annual growth in deposits of US$ 40 million. In one city, Arequipa, the total population of 300,000 families has benefited from 57,000 loans (worth US$ 76 million), which have been given out since the inception of the fund a few years ago.

Belem provides an example of how the Banco de Povo can address the needs of the poor. Collaboration between the municipality, civil society, the bank and the community itself has resulted in a flexible loan programme offering loans of up to US$ 500 for a variety of activities. Loans are repayable within two years, with a subsidy being provided through the interest rate. By 2000, 4,000 loans had been given out in a process that had involved 27,000 people (through meetings and reviews). The programme seeks to further assist an inclusive and effective development process by encouraging accountability and transparency in the allocation and management of loans. More recently, housing loans have also been made available through a new programme. Over 500 loans have been given, more than two-thirds of these to women. One quarter of borrowers have improved their sanitation provision, a reflection of the urgent and pressing needs in the low-income neighbourhoods. All groups in the city are increasingly conscious of the need for integrated support, with loan programmes that offer several lines of credit.

At the opposite end of Brazil, in the south, a long-standing participatory budgeting process in Belo Horizonte has extended outwards from infrastructure and services to address housing need. Up to 2002, the municipality had built 1,600 units, just under half as a result of consultations from the participatory budgeting process. As the quality of consultation has improved, so municipal housing strategies have begun to reflect the priorities of the poor, moving away from medium-rise construction towards land titling in squatter and informal areas. Another impressive example is the well-known case of Porto Alegre. In total, there are now some 130-150 cities in Latin America which have experimented with participatory budgeting processes. However, few have a consolidated experience, meaning that it is only in a very few cases that the participatory budgeting mandate has gone beyond one or two municipal mandates. In the years to come, it is likely that more housing programmes will emerge from a more consultative style of government.

In Venezuela, Brazil and Ecuador, city governments have been exploring how they can use their funds to set up savings and loan activities with local people. In Maracaibo (Venezuela), the plight of the poor has continued despite oil wealth. Recognizing the need to address poverty, a new municipal programme has offered loan finance; additional funds were then offered by a local NGO, Nuevo Amanecer. A first round of 50 loans demonstrated the ease of the process. The municipality, NGOs and grassroots organizations are committed to expanding this fund and making it available to other neighbourhoods. They are currently struggling to obtain resources (including loans) from central government. In Fortaleza (Brazil), experiences of the last decade with home improvement loans have been built on with a new municipal fund for socioeconomic development And in Quito, a small fund for savings and micro-enterprise lending was established two years ago. The activities have demonstrated the importance of savings and loans although they remain small, in part because of a reluctance by the local authority to commit itself to this process.

Municipal support for housing activities is also growing in Mexico, where there have been innovative programmes for over 20 years. In Mexico City, four programmes have merged to enable finance to be used more effectively. Five thousand loans for housing improvements were given in 1998. With federal district support, the programme has been expanding steadily and it is now expected to reach 15,000 households in 2002 (see *Hifi News* No. 8).

The Urban Management Programme in Latin America has been strengthening a number of these interventions through city consultations, documentation, advice and support to those committed to addressing the financing needs of the poor. In a number of cities, the programme has provided a catalyst around which other groups can come together to consider new options for addressing urban poverty. In a number of cities, initial activities have grown and consolidated. In the experience of the Urban Management Programme, local government has a key role in bringing together funds that combine savings, subsidies and loans. But municipalities do not have an easy task. Grassroots organizations have to be integrally strengthened through the programme, not just used to meet narrow financial management objectives and save the municipality administration costs. Another further lesson is that for the funds to be effective in reducing poverty, they need to offer a multiplicity of opportunities in economic development, land, infrastructure and housing, and in addressing emergencies.

It is now necessary to strengthen these experiences and to spread innovation. There are 16,000 municipalities in Latin America but there are programmes such as those described here in only 30-50 cities. A realizable challenge for the next ten years would be to multiply such activities, so as to reduce poverty in Latin America by 10 per cent, through scaling up of existing initiatives and by transferring experiences through exchanges among those involved (the people themselves and local government staff and politicians).

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Copies of this newsletter are available on: http://www.iied.org

If you have any news about interesting programmes in financing housing, land and infrastructure, please send to Diana.Mitlin@iied.org.

If you would like your name to be added to the mailing list, please email to Diana.Mitlin@iied.org.

Publications

The Asian Coalition has recently brought out a special issue of *Housing by People* on "Community Funds". The newsletter provides rich details and comparative information on funds throughout Asia and southern Africa as well as information on conceptualizing and establishing community funds. The funds described include traditional micro-finance approaches, alongside loan/subsidy funds, bridging funds, and savings and loan activities. Fund details included in the newsletter are for initiatives in Cambodia, India, Lao PDR, Pakistan, the Philippines, Thailand, Vietnam, South Africa, Namibia and Zimbabwe. Copies of the newsletter are available from the Asian Coalition for Housing Rights in Thailand, who will happily put you on the mailing list to regularly receive *Housing by People*.

A recent workshop held by IIED with DFID and the London School of Economics provided an opportunity for donors to share and review experiences with funds, together with a group of Southern experts. The workshop provoked intense interest, reflecting the growing experiences with community and development funds, and an interest in innovative strategies to finance housing and infrastructure development. Many of the presentations drew on experiences that have been documented through the IIED Working Paper Series on Urban Poverty. For more information, including a complete list of available publications, see IIED's web site or contact David Satterthwaite.

Anyone interested in housing finance in the UK may find a recent volume by Peter King to be of interest. This book offers a succinct and clear understanding of changes to the system of providing housing finance in England. Whilst it concentrates particularly on the last 20 years, the discussion provides an historical sweep of changes in the provision of owner-occupied and rental housing during the twentieth century. The author seeks to use a political approach, focusing on changing policies towards institutions and financing strategies, rather than a description of simply financial systems. Through describing the various components of the current housing system in England, including local authorities, housing associations (voluntary organizations that have become alternative providers of social housing), the private rental market and owner-occupation, the author seeks to explain the financing strategies used by the government to ensure adequate housing, and the success of the strategies that have been used. One chapter concentrates specifically on the housing benefit system, the subsidy that is currently being used to ensure that the poor have access to housing. King argues that there is little difference between the present Labour government and the previous Conservative administration. He suggests that housing provision in the UK has been characterized by four persistent (but not always consistent) themes: owner-occupation and people's capacity to afford their own housing; centralization and the unwillingness of central government to enable local authorities to make their own choices about housing provision and management; liberalization and the importance of supporting housing markets; and, finally, individualization, with support for the increasing ability of households to make their own choices concerning housing provision.

King, Peter (2001), *Understanding Housing Finance*, Routledge: London and New York. www.routledge.com

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