

## Rethinking finance for development: the Asian Coalition for Community Action (ACCA)

1. The term “slum” usually has derogatory connotations and can suggest that a settlement needs replacement or can legitimate the eviction of its residents. However, it is a difficult term to avoid for at least three reasons. First, some networks of neighbourhood organizations choose to identify themselves with a positive use of the term, partly to neutralize these negative connotations; one of the most successful is the National Slum Dwellers Federation in India. Second, the only global estimates for housing deficiencies, collected by the United Nations, are for what they term “slums”. And third, in some nations, there are advantages for residents of informal settlements if their settlement is recognized officially as a “slum”; indeed, the residents may lobby to get their settlement classified as a “notified slum”. Where the term is used in this journal, it refers to settlements characterized by at least some of the following features: a lack of formal recognition on the part of local government of the settlement and its residents; the absence of secure tenure for residents; inadequacies in provision for infrastructure and services; overcrowded and sub-standard dwellings; and location on land less than suitable for occupation. For a discussion of more precise ways to classify the range of housing sub-markets through which those with limited incomes buy, rent or build accommodation, see *Environment and Urbanization* Vol 1, No 2, October, available at <http://eau.sagepub.com/content/1/2.toc>.

2. See the paper on “Urban poverty reduction: learning by doing in Asia” by Somsook Boonyabancha and Diana Mitlin listed on the back page.

3. The statistics on the number of initiatives were supplied by ACCA.

4. ACCA builds on previous work of the Asian Coalition for Housing Rights and on the experience with funding community organizations within UCDO and CODI – see Boonyabancha, Somsook (1999),

**SUMMARY:** This Brief describes the work of the Asian Coalition for Community Action (ACCA), which supports community-driven slum upgrading in more than 165 cities in 19 Asian nations. This work is also undertaken to catalyze the interest of local government in extending support to the upgrading and in becoming partners to increase its scale and scope. ACCA illustrates a working finance system in which urban poor organizations have the power to decide what is funded, and where decisions are accountable to both them and external funders; also a finance system that helps build needed linkages between those living in informal settlements and local government. This Brief examines different aspects of ACCA – how it evolved, how it uses finance to unlock the potential for community action and engagement with local government, what it supports on the ground and how this contributes to larger-scale change. It also discusses how these initiatives and changes are being assessed and the roles of community architects and other professionals.

### I. INTRODUCTION

There is much discussion of the need for funding for development but much less discussion of who this funding should be available to and to whom its allocation and use should be accountable. Very little international development assistance is available to and accountable to the billion or so urban dwellers who live in poor quality and usually insecure and overcrowded housing that lacks good provision for basic services.

One initiative launched in 2009 – the Asian Coalition for Community Action (ACCA) – is active in 19 Asian nations and it has set up a model of finance for community-driven “slum”<sup>(1)</sup> upgrading where funds support the initiatives that low-income communities choose. It seeks to show that it is possible to upgrade slums or informal settlements in all Asian nations at scale by supporting the initiatives of the residents and their community organizations,<sup>(2)</sup> and from this to support them to work together at city scale and bring in local government as partners. The catalyst for this is small grants of up to US\$ 3,000 each for community-driven upgrading initiatives, with different communities choosing to use this for, for example, the construction of water supply systems, drains, paths, sea walls or a playground.

Safe, all-weather paths are popular because they make getting around the settlement easier and greatly improve the connection to the formal city. Since ACCA began, it has supported 950 small upgrading projects in 165 cities.<sup>(3)</sup> In each of these, it was the residents and their community organizations that chose what should be done, how it should be implemented and how the finance should be managed.<sup>(4)</sup>

A grant of US\$ 3,000 may seem very small and not sufficient to address all their pressing issues. But it is funding that is available quickly, for choices that community organizations make – and almost all of them use it to leverage additional support locally. It is often the first time that there is funding that they control.<sup>(5)</sup> ACCA support is available for different community initiatives in each city and this encourages more community organizations to take initiatives. With these organizations visiting each other to see what each is doing and with many initiatives in a city underway, this gets the attention of local government. This often leads to local government support – and the development of a citywide platform in which representatives from grassroots organizations sit as equals with local government officials and other stakeholders. It often leads to the development of a city development fund (CDF) in which all the active community organizations have a stake by pooling financial resources, and through which larger-scale initiatives can get support. ACCA supported the setting up of 107 CDFs and also 110 larger housing-related initiatives, for which up to US\$ 40,000 is available per city. The development of this new finance system was supported by US\$ 11 million over three years from the Bill and Melinda Gates Foundation.

This Brief draws on the Editorial in the October 2012 issue of *Environment & Urbanization* on “Addressing poverty and inequality; new forms of urban governance in Asia”. E&U Briefs are funded by UK aid from the Department for International Development and allow the Journal’s main findings to reach a wider audience.

"The Urban Community Environmental Activities Project, Thailand", *Environment and Urbanization* Vol 11, No 1, pages 101–115; also Boonyabancha, Somsook (2005), "Baan Mankong: going to scale with 'slum' and squatter upgrading in Thailand", *Environment and Urbanization* Vol 17, No 1, pages 21–46; and Boonyabancha, Somsook (2009), "Land for housing the poor by the poor: experiences from the Baan Mankong nationwide slum upgrading programme in Thailand", *Environment and Urbanization* Vol 21, No 2, pages 309–330.

5. ACHR (2010), *107 Cities in Asia; Second Yearly Report of the Asian Coalition for Community Action Programme*, Asian Coalition for Housing Rights, Bangkok, 48 pages, downloadable from <http://achr.net/>.

6. See the paper on "A conversation about change-making by communities: some experiences from ACCA" by Ruby Papeleras, Ofelia Bagotlo and Somsook Boonyabancha listed on the back page.

7. See reference 6.

8. See the paper on "How poor communities are paving their own pathways to freedom" by Somsook Boonyabancha, Fr. Norberto Carcellar and Thomas Kerr listed on the back page.

## II. ADDRESSING INEQUALITIES IN VOICE

Statistics on inequalities are usually on incomes or assets, living conditions or health outcomes (such as infant and child mortality rates). But one of the most profound inequalities is rarely mentioned – how those living in informal settlements have no influence on local government or service providers (who ignore them and their needs) and no influence on decisions about development investments and priorities. Bilateral aid agencies and multilateral development banks are finally beginning to see the scale and depth of urban poverty; but they do not engage the billion or so people living in informal settlements (or what may be termed "slums") in determining responses. Even if the residents of an informal settlement get some improvement – for instance, a school or communal water taps – they are not consulted about whether this is their priority or how the funding is best used. As noted by Ruby Papeleras, a community leader in the Philippines Homeless People's Federation, "*Because we're poor and because we live in slums, nobody trusts us, nobody believes in us. We don't have money, our jobs are illegal, our communities are illegal, our connections to electricity and water are illegal.*"<sup>(6)</sup> She also notes how donor agencies never treat urban poor communities as equals and never trust them to make decisions about how best to use limited funding. Meanwhile, as she notes, NGOs who work with the residents of informal settlements compete with each other, while activists want to draw them into their agenda, not the residents' agenda.<sup>(7)</sup>

## III. FROM SMALL PROJECTS TO CITYWIDE PROCESSES

The ACCA programme seeks to channel the energy, resourcefulness and motivation evident within the inhabitants of most informal settlements into a larger more focused and more collective force to address larger problems of housing, access to land and basic services and finance. With the small grants available to community organizations, this choosing, planning and implementing draws in people from their settlements as a particular initiative is chosen that will benefit the settlement – building a road or walkway, a drain, playground or toilet... As several initiatives are supported in a city, this encourages and supports each community to visit each other and learn from what the other is doing. This forms or strengthens a network of community organizations that can begin to work at a city scale – for instance, gathering the information needed to assess the scale and nature of citywide problems through citywide surveys. As this takes place, so the isolation of those living in informal settlements is reduced as they learn how many others share their difficulties, and so they begin to consider what causes them all to have such problems. The many community-driven initiatives in a city get more visibility, often surprising local government as different community organizations build roads, bridges, schools... that are meant to be their responsibility. But this has often supported the engagement of each community, and of the network of which they are part, with local government (and other key stakeholders). Many aspects of poverty reduction at scale are not possible without collaboration from local government. As community organizations demonstrate their capacity through these small projects, networks or federations of urban poor groups are seen as viable development partners by local government and other groups so a platform for negotiation and partnership is built at city scale. As local government comes to work with them, they are no longer seen as illegals but, rather, as citizens with legitimate claims and relationships with local government.<sup>(8)</sup> This also opens up more possibilities for addressing the issue of access to land, and larger-scale ACCA funding (up to US\$ 64,000) is available to support this, but as loans not grants. Here, more ambitious or larger-scale initiatives begin – for instance, negotiating for tenure for the land they occupy or purchasing land for housing.

## IV. FINANCE ACTIVE IN ON-THE-GROUND DEVELOPMENT

The ACCA programme seeks to use money to allow the urban poor to be the key agents of change. The way that any financial system is designed and structured obviously defines (and limits) what can be funded and who has power to decide what gets funding. It is also influenced by who it is accountable to. ACCA challenges us to see a working finance system where urban poor organizations have the power to decide what is funded and where decisions are accountable to them as well as to external funders; also a finance system that helps build needed linkages with local government; and a finance system that manages to work in more than 160 cities in 19 nations without a large staff. How rare it is for funding to be available to support what urban poor groups and their own organizations prioritize. Yet every city with a proportion of their population living in informal settlements needs mechanisms to improve conditions there and to get local government engagement in supporting this. ACCA is an example of a finance system that does reach the poorest groups – and that supports the building of a citywide financing system, the CDF, that is accountable to them.

This is one of the most important and most neglected aspects of development – not a focus on how much funding is available for development but for whom it is available and to whom it is

**PHOTO 1:** The new paved road in the Nesarth community in Khemara Phoumin, Koh Kong province, Cambodia



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**Khemara Phoumin:** The 180-metre paved road in a seafront settlement in Khemara Phoumin, in Koh Kong province was managed entirely by young women in the savings group, who used a grant of only US\$ 1,075 from ACCA to leverage another US\$ 50 from the community, US\$ 115 in materials from the local government, US\$ 138 from private donors and a strip of donated land for the road from a shopkeeper who lives in the community. The road used to be covered with garbage but residents are now in the process of negotiating secure tenure.

9. This discussion of finance draws on a conversation with Somsook Boonyabancha in June 2012.

10. See the paper on “Finance as the key to unlocking community potential; savings, funds and the ACCA programme” by Diane Archer listed on the back page.

11. See the papers in the April 2012 issue of *Environment and Urbanization*; also see the paper on “Why enumeration counts” by Arjun Appadurai listed on the back page; and Solo, Tova Maria (2008), “Financial exclusion in Latin America or the social costs of not banking the urban poor”, *Environment and Urbanization* Vol 20, No 1, pages 47–66.

accountable. This has particular importance for the discussions of what comes after the Millennium Development Goals. These Goals were clear about what they wanted to achieve (mostly by 2015) but very unclear about what institutional changes were needed to do so. The importance of local government and of grassroots organizations and other civil society organizations in meeting the goals got little attention. **If large, centralized development assistance agencies cannot work direct with urban poor groups and their community organizations, can they learn to work with and through intermediary institutions on the ground that finance, work with and are accountable to urban poor groups?**<sup>(9)</sup> Where are the funding agencies that can support these kinds of financial systems that work with and are accountable to the very people whose needs legitimate the existence of aid or development assistance agencies?

ACCA is unusual in that it provides finance to community organizations to address collective needs<sup>(10)</sup> – unlike microfinance or cash transfers that focus on individual/household needs. ACCA also supports existing community savings groups and encourages new ones – and then supports them to move beyond local projects to working at scale at city and national level through the establishment of CDFs.

Urban poor groups almost always have difficulties accessing formal finance. For instance, they lack the documentation needed to open a bank account or the proof of income needed to get a loan.<sup>(11)</sup> They often form savings groups and the savings group members help identify needs and help organize what is required. Small grants from ACCA for the initiatives they choose often lead to the establishment of CDFs. These are made up of contributions from different sources, including community savings, ACCA seed funds and contributions from local or national governments or other actors. They are revolving funds and create bridges between community processes, local government and formal finance systems. They encourage collaboration between communities and

increase the scale of what communities can do, especially where local government comes to support the process; this includes more ambitious housing projects financed by loans. CDFs engage local government in joint management committees so local government staff engage in these funds, even if they do not contribute finance; some local governments may instead provide equipment or materials. Most CDFs have a range of funds – loans for house repairs, disaster funds, insurance funds in case incomes fall or for disasters or welfare. They can also operate at different scales – for instance, between groups of communities with shared problems or goals, on a citywide scale, or at a national scale as in the Philippines, Cambodia and Sri Lanka. The eagerness of community groups to set up CDFs shows their desire to have their own independent financial system; it does not provide large amounts of money but it supports them in organizing and helps leverage support for larger initiatives from other sources.

## V. COLLECTIVE PROCESSES

ACCA initiatives are planned and undertaken by the residents of informal settlements as collective processes:<sup>(12)</sup> collective information collection (settlement mapping, citywide surveys;<sup>(13)</sup> collective definition of problems and search for shared solutions; bringing together networks of savings groups to establish collective funding systems that they manage (the CDFs); building collectively a platform for negotiation and partnerships at city level with local government and other key stakeholders; and collective claiming as citizens. Also, as land is obtained or tenure negotiated for land already occupied, collective land tenure. All these are important for poverty reduction, yet so few funding agencies have recognized this. They also provide the means through which the urban poor see their capacities to address their development needs – the needs that their societies have never provided for them.

## VI. COMMUNITY ARCHITECTS

Community architects can support these upgrading processes: working with urban poor groups in the process of mapping communities, and designing infrastructure and housing that meets their needs within their budget constraints. Architects can help residents to visualize possible housing designs and develop creative site layouts that take into account the lifestyles and needs of the residents within the limited land available, and do so in ways that engage all community groups, from children to the elderly. At the same time, architects learn from and incorporate the local knowledge of the urban poor and engage their artisan skills in construction processes.<sup>(14)</sup>

## VII. LEARNING FROM AND ASSESSING COMMUNITY-DRIVEN PROCESSES

The ACCA programme has an assessment process that is in keeping with its core principles – a continuous process of assessment and learning that involves the key actors (those engaged in community action). In this way, urban poor groups are assessed by their peers – that is, other urban poor groups.<sup>(15)</sup> Assessments or evaluations of community-led initiatives are never subjected to peer review, yet peer review is central to the assessment of any academic journal article or book manuscript as it is reviewed by academics with expertise on that topic and who are best placed to understand that work and judge its suitability for publication. But development projects that are meant to benefit urban poor groups are not assessed by their peers (community groups and NGO supporters). They are assessed by outside (usually foreign) professionals who visit the project briefly and who have no expertise in living in informal settlements on very low incomes or in avoiding eviction or negotiating with local government. External evaluations so often involve only a check to see whether what was done matches what was specified in the project proposal. ACCA developed an assessment programme whereby ACCA-supported community initiatives are assessed by their peers. This sought to build a more horizontal system for assessing, learning from and refining the hundreds of projects ACCA supported in different countries. Teams of community leaders and their partner NGOs who are actively implementing their own ACCA projects assess the work of their peers in other cities and nations through visits to ACCA projects and discussions with the people who are implementing them. This assessment method also opened up a large new space for two-way learning, sharing and building mutual assistance links across Asia and also helping expand the range of what community people see as possible.

What these discussions also show is how each community-driven initiative is hands-on training for residents for agreeing on what should be done. And it is more than this – it provides learning on how their cities and governments function and what they must do and how they can deal with rules, regulations, different agencies and departments. Community organizations are also able to see places where their peers have negotiated key changes with local government – for instance, over lower standards for floor space or getting tenure of the land they occupy – and this helps them consider how to get comparable changes in their cities.

12. See the paper on “How poor communities are paving their own pathways to freedom” by Somsook Boonyabancha, Fr. Norberto Carcellar and Thomas Kerr listed on the back page.

13. See the April 2012 issue of *Environment and Urbanization*, which included 10 papers on community-driven surveys, mapping and enumerations.

14. See the paper on “The role of community architects in upgrading; reflecting on the experience in Asia” by Chawanad Luansang, Supawut Boonmahathanakorn and Maria Lourdes Domingo-Price listed on the back page.

15. See the paper on “Assessing the ACCA programme: turning Asia’s community upgrading initiatives into an open university” by Fr. Norberto Carcellar and Thomas Kerr listed on the back page.

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## VIII. NETWORKS

Networks can reduce the isolation of low-income and disadvantaged communities and can build their confidence – and through the ACCA programme, the finance to support their priorities.<sup>(16)</sup> This helps people gain skills, capabilities and the confidence to negotiate – and as noted above, allows the formation of joint working groups or platforms with local government and other groups. When asked about the changes that have accompanied the ACCA projects in Newara Eliya (Sri Lanka), one of the women leaders replied:

"Oh, many big changes! Before ACCA, we didn't know each other. Now the women in all the settlements in the whole city, we know each other very well and visit each other all the time. Now there is a very strong relationship between the municipality and the people. Before the ACCA started, we all kept our distance. Those chairs you are sitting on were loaned to us by the municipality! The mayor is very aware now of our work and our struggles and he supports us – not because he has suddenly become a good man but because we are now working together as a force. We used to be afraid to go to the municipality for any work but now it is like our home."

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