The age of cities and organizations of the urban poor: the work of the South African Homeless People's Federation and the People's Dialogue on Land and Shelter

Ted Baumann, Joel Bolnick and Diana Mitlin

IIED Working Paper 2 on Poverty Reduction in Urban Areas

The ten case studies demonstrate the important roles that local institutions have (or can have) in contributing to poverty reduction in urban areas. They show that:
- many aspects of poverty need to be addressed, including not only inadequate livelihoods, income levels and asset bases but also poor quality and often insecure housing, inadequate infrastructure and services, inadequate legal protection of poorer groups' rights and "voicelessness and powerlessness" within political systems and bureaucratic structures;
- there are often positive multiplier linkages as actions to reduce one aspect of poverty can help reduce other aspects;
- there are many possible entry points for reducing poverty (including some for which little or no external funding is needed) and many kinds of local organizations or institutions can contribute to this;
- the form of the local institution that can reduce poverty varies with context; they can be community organizations, federations of community organizations, local NGOs, local foundations, municipal authorities or, on occasion, national government agencies or local offices of international agencies;
- one of the critical determinants of the success of poverty reduction initiatives is the quality of the relationship between "the poor" and the organizations or agencies that have resources or powers that can help address one or more of the deprivations that poorer groups suffer; and
- sustained poverty reduction requires city and municipal government agencies and political structures that are more effective, more accountable and more able to work with low-income groups and their community organizations.

International agencies need to develop or expand funding channels to support local institutions that can deliver for low-income or otherwise disadvantaged groups (including the organizations, associations and federations formed by these groups as well as local NGOs and local government agencies) while also remaining accountable to them. This should also support the capacity of these institutions to widen the scale and scope of poverty reduction programmes and recognize the fact that much poverty reduction depends on new attitudes and actions by local government institutions.

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SUMMARY

Introduction

The South African Homeless People's Federation was established in 1994 to represent autonomous local organizations that had developed savings and credit schemes and were developing their own housing schemes. Its national character, active membership, autonomy and high level of participation make it one of the most significant housing movements in Africa. With over 80,000 households within its member groups, power and decision making are highly decentralized with individual organizations responsible for their own development activity and direction. The local organizations are based around savings and credit schemes and all Federation members are encouraged to save daily. By July 1999, there were 2,000 savings schemes, 70,000 active savers and 3.5 million rand saved. The Federation and the NGO that works with it – People's Dialogue on Land and Shelter – support member organizations to develop housing schemes and obtain official support for them. They also support the formation of new local organizations, largely through community-level exchanges.

Support for Housing

The housing subsidy: With the election of South Africa's first democratic (and non-racial) government in 1994, a new housing programme was set up which aimed to build one million houses within five years. A housing subsidy of up to 15,000 rand was available to low-income households, although they did not receive the subsidy direct but through a "subsidized" unit built by a commercial developer. Most of the units built under this scheme were very small – usually a single core room and a latrine. Many were badly designed and constructed and located on city peripheries, far from available job opportunities. One of the principal activities of the Alliance formed by the Homeless People's Federation and the People's Dialogue on Land and Shelter has been to change the housing subsidy scheme so that the subsidy is available direct to low-income households. Such households, through their savings schemes, can organize the construction of their own homes and the development of their own neighbourhoods. Many member groups within the Federation have shown how, with the support of this subsidy, they can build much larger, better quality housing than commercial developers but, to date, less than 1 per cent of the housing subsidies have been allocated to support low-income households directly. The Federation also supports member organizations who develop housing without receiving housing subsidies. To date, more than 8,000 housing units have been built by Federation members.

Funding: The Federation established the *uTshani* Fund, a revolving fund for housing and later micro-enterprise loans, to support its members' activities. This has received capital from the national government and from other donors. By October 2000, it had 45 million rand and a low-interest loan of 10 million rand. More than 5,000 loans have been approved. Most have been for the construction of four-room houses, through loans of up to 10,000 rand. Originally, the Fund was primarily meant to provide bridging finance to allow households in savings groups to build while they negotiated a housing subsidy – but many members have been unable to obtain the housing subsidy. By the end of July 2000, 3,906 houses had been constructed supported only by *uTshani* loans with another 1,250 built with support from housing subsidies and *uTshani* loans.

Land acquisition: Another problem with the housing subsidy is that it is only available to households who have legal tenure of a house plot. Thus, another major area of work for the Federation and the People's Dialogue is to help member savings groups to negotiate with municipal authorities or other government agencies for land. To date, the Federation has helped over 10,000 families to secure land for housing. Individual housing savings schemes have also resorted to land invasions when frustrated by the delays or the broken promises of local authorities to provide them with land. Some savings schemes have purchased land for their housing scheme on the market with loans from the *uTshani* Fund.

Income Generation

Although most savings and loan schemes are for housing, many include loans for income generation. The Federation has established regional funds to support income generation loans, which combine people's savings with capital from government and external donors. To date, 3.5 million rand has been lent to support 2,300 loans.

Supporting Change

The Federation and People's Dialogue support the development by communities of their own democratic organizations capable of setting up and managing savings and credit schemes and developing their own housing schemes. This also means supporting their capacity to negotiate with external agencies, especially the agencies within municipal authorities that control access to land, infrastructure and services and the state agencies that allocate housing subsidies. This also means developing schemes that do not exclude poorer households and that build alliances between savings groups, rather than savings groups having to compete with each other for external support. As the Federation has long emphasized, **the savings and credit schemes collect people, not money**. Communities need time to develop such organizations and to explore how best to develop and realize their own plans. They also need to develop the confidence to do so. The Federation and People's Dialogue often provide grant funding to communities to finance pilot activities through which they can seek to address a particular problem or test some solution.

The Federation also creates conditions for women to take lead roles in community processes, including being at the forefront of community negotiations with external agencies (a role usually reserved for men). Men are never excluded – but new leadership opportunities are for collective rather than individual actions and in many low-income communities, a collective approach has appealed more to women than to men.

Collective Learning

Collective learning is supported through exchange programmes between the community-based savings schemes. These have proved far more effective than training programmes, as community exchanges allow the members of the savings schemes to share their knowledge and experiences; or they provide inspiration and support for individuals who are considering setting up a savings scheme in their own community. Savings schemes that have already built their own homes and neighbourhoods attract visits from many other savings schemes and the visitors can see what has been achieved. Seeing how successful other poor people have been in building houses and in developing neighbourhoods with good quality infrastructure and services provides great encouragement for other urban poor groups. Most schemes have a community centre from which the building and liaison with external agencies is managed and these keep a careful record of costs so that visitors can learn exactly how much each aspect of the project costs. But community exchanges also support alliances between groups within any city or province, so that groups can work together to address larger obstacles.

Community-driven data gathering: The Federation and People's Dialogue support communities in undertaking their own surveys (shack counts) and in developing community maps. These are important, both to allow community organizations to mobilize support, develop their own plans and identify their own resources and to serve as the basis for negotiating with external agencies.

Changing roles for professionals: In all the above work, the Federation and People's Dialogue try to stop professionals from imposing their ideas, especially from taking control of decision making and the design of housing and settlements away from the members of the savings scheme. Professionals have to become facilitators of processes rather than implementors of solutions. They have to learn to support the experiential process through which communities learn to identify problems and develop solutions. The most effective solutions to poverty generally have their origins in the practices of poor communities, and their capacity is increased as these communities' confidence and organizational capacity are supported through experiential learning and community exchanges.

Addressing Constraints at Higher Levels

Achieving change beyond individual projects requires a critical mass of mobilized urban poor groups working together to demand change and demonstrate real alternatives. Recent changes in national government housing policy towards supporting "people's housing processes" and away from contractor-delivered "housing solutions" for the poor were certainly influenced by the Homeless People's Federation. But there are many constraints that still need addressing. For instance, despite the proven success of Federation schemes all over South Africa, many provincial authorities have given little or no support to Federation groups and still use housing subsidies to fund contractor-built schemes.

Most land for housing that Federation members obtain is in or close to existing low-income areas, which are far from central business districts or areas with a concentration of employment opportunities, so there is no change in the racist spatial organization of the former apartheid cities. And even where local politicians or bureaucrats are supportive, it is still difficult to get formal institutions to support informal solutions.

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This article is a reflection on nearly a decade of practical work by an alliance of two South African organizations, People's Dialogue on Land and Shelter and the South African Homeless People's Federation.

I. INTRODUCTION: THE CHALLENGE

The rapid integration of national economies – globalization – has widened the gap between wealth and poverty. On both a material and cultural level, an increased overall level of wealth and sophistication has been accompanied by an increase in the absolute number of the poor as well as in the gulf between their living standards and those of the rich. Recent instability in global financial markets shows how fragile this process may be. Swings in international currencies may bear little relation to economic fundamentals; rather they reflect perceptions among high-income countries of the dangers and risks of investing below the equator.

The South is urbanizing rapidly. From 1970 to 1995, the proportion of urban populations in the total population grew by 48 per cent in the developing countries of the South – 68 per cent in sub-Saharan Africa, 65 per cent in Southeast Asia, 58 per cent in East Asia and 40 per cent in South Asia. This is a qualitatively different urbanization process to that experienced by the (now-) developed countries in the nineteenth and early twentieth centuries. In the Southern countries, economic development has not matched the massive growth of urban populations. Although economic growth is often as rapid, if not more so, the nature of that growth is very different. Often export-oriented or speculative, contemporary economic growth is not providing urban populations of the South with formal jobs and millions of people now survive in the "informal" economy. Nor is it providing governments with the resources to ameliorate the effects of this uneven development.

Southern economic development in the late twentieth and early twenty-first centuries is occurring in a very different context from that of the late nineteenth and early twentieth century. Unlike Europe or North America during the period 1850-1950, today's developing economies exist in a highly globalized economy increasingly shaped by large multinational corporations and financial systems that are not constrained by government. Unconstrained flows of financial capital, in particular, limit national governments that fear that they will suffer capital flight, exchange rate collapse and economic crises if they adopt unconventional economic policies. It is increasingly difficult, if not impossible, for these governments to regulate economic development to ensure that it is more evenly distributed, or to redistribute its product when it is not.

The Opportunity

In spite of its substantive problems, globalization is not all bad news for the urban poor in the South. On a purely demographic level, it is swelling their ranks, both by accelerating urbanization and by forcing more people to the economic margins. But this change is not only quantitative but also qualitative. Processes of social liberalization and democratization, accelerated by globalization's imperative for stability no matter how flawed and incomplete, have enabled shack dwellers of the South to contest political space and struggle for resources as never before.

In this process, low-income communities have been pushed to explore and develop new systems of internal organization and governance. In some situations, economic and social changes to traditional practices mean that they are also under pressure to alter social relations within their communities, especially regarding the role of women and the poorest among them.

Significantly, the increased political and social openness brought about by globalization has enabled organized (and socially reconstituted) communities of the urban poor to engage the state and the

private sector in new and substantively different ways. Open conflict and impassioned contestation have given way to a new energy of critical cooperation. The stakes are high for both the governors and the governed. The globalized economy dislikes nothing so much as social and political conflict. This is an important opportunity for the urban poor to secure redistribution in return for pragmatic and effective strategies which will enable cities to compete in the global economy.

As importantly, the global economy – and rapidly advancing communications technology – has given organized communities of the poor similar opportunities to those available to politicians, corporate leaders and financiers. It has enabled them to forge links across international boundaries and to exchange knowledge and share resources. In the process, organizations of the poor have consolidated their knowledge and capital, assisting the growing number of the poor and excluded to move from the political and economic periphery to the centre of the modern city.

Like most social transformations induced by the global economy, this too is moving with stealth and intent. Globalized capital accumulation has spawned a dictatorship by money markets and, with the help of international regulatory agencies, has forced politicians in the South into ever-deeper compromises. However, it has also spawned the antithesis of this process, that is, self-managed local initiatives of the urban poor who link together by means of a loosely knit international Federation. It is to this low-key but profound development, and its local manifestations in the informal settlements of South Africa, that we turn in Section II.

II. BACKGROUND

South African Poverty and Homelessness

There are now an estimated 15 million people squatting in shacks in the towns and cities of South Africa. Across the country, there are huge inequalities in housing provision. In 1989, it was estimated that the median floor area per person in South Africa was 11 square metres; this ranged from an average of 33 square metres for each white person to between four and five square metres for the black population living within the informal sector. There is little to suggest that there has been any substantive change in the intervening period. In addition to the approximately 3 million housing units required to meet the existing deficit, it is anticipated that a further 150,000 housing units are required each year to meet household growth.

Whilst there is a long history of housing support for the better-off groups in South Africa, little has been and is being provided to the poor. At the beginning of the 1990s, government finance was made available to the better-off black and coloured urban residents, with some 175,000 households accepting loans. However, rising interest rates and civil unrest resulted in large numbers of the loans being in arrears or in default. During this period, a government-funded site-and-service programme for low-income households was implemented by a parastatal, but by 1994 only 65,000 sites had been prepared.

When the ANC government took office in 1994, it sought to implement the plans laid down in the Reconstruction and Development Programme (RDP). Recognizing that housing is a priority for those living formally and informally in South African townships, the programme promised to build 1 million houses within five years. In order for this to happen, they introduced a capital subsidy programme for low-income households with provision for land purchase, infrastructure and housing. The subsidy could be accessed through a number of different routes, but in every case only formal sector institutions were considered at this stage.

The programme has not achieved its goal by any means. Most of the 680,000 new houses produced so far have been built by commercial developers under a subsidized delivery process they designed. The small size of houses in many subsidy-supported schemes is notorious. Moreover, many of them are badly designed and constructed, and are located far from jobs or other income sources. In response, residents are selling their newly acquired "RDP houses" at bargain prices because they are simply not homes. This is creating a "new homeless" class in South Africa – those who have no (remaining) subsidy entitlement. They join those who cannot realize their entitlement to subsidies because of lack of

land. (To apply for a subsidy, a family requires a plot. Most of the developments to date have been consolidating existing settlements – both formal and informal).

Such an outcome repeats the familiar story of site-and-service schemes throughout the world. Many poor people value the cash they can get from selling an RDP house more than the poorly constructed and badly located structure itself.

In order to support community-driven, often self-build activities, the government developed a People's Housing Process policy. However, it remains marginalized within the Housing Department. It is hard to see why government has not taken the people's housing process more seriously, as a true people's housing approach is more effective as a means of creating housing. With an average subsidy per house of 10,000 rand, the South African Homeless People's Federation can consistently construct 50 per cent more living space than commercial developers, and there are also opportunities for families to add their own materials and other resources. Most Federation homes measure 50-60 square metres, and yet less than 1 per cent of the government housing subsidies have been allocated to people's organizations such as the Federation. The other 99 per cent have been handed over to private developers to spend on behalf of the poor. Whilst often ignored by government policies and programmes, the Homeless People's Federation has provided a people's-driven alternative for the communities that are ready to listen, and to bring together those who are struggling to find something different.

Origins of the South African Homeless People's Federation

There are an estimated 1 billion people in the South who are homeless as well as very poor,[1] and the numbers are increasing. These people are not only materially poor; they are also often deprived of basic knowledge about their rights as citizens and as city dwellers, and of their own capacities to change their situation. These two aspects of their poverty conspire to reduce the options they perceive as being available to them as human beings.

The Alliance of *uMfelandaWonye* (The South African Homeless People's Federation) and People's Dialogue (its NGO partner) are engaged in a process through which the urban poor **reclaim their power to choose**. By coming together and comparing their experiences, the poor are able to see that they have options and that their collective resources can help them make better use of those options.

This process started in March 1991, when the Southern African Catholic Development Association (SACDA) called a five-day conference for South African shack dwellers to be held on the outskirts of Johannesburg. Over 120 community leaders came together to share ideas and experiences. In South Africa, 1991 was a time of much agitation and expectation. The liberation movements had been un-banned in the previous year. Political prisoners had been released and exiles had begun to return. Everybody could smell the death of apartheid in the air. The historical moment enabled the organizers of the conference to extend invitations to well-known development practitioners from other Southern countries. After decades of sanctions, and with apartheid in its death throes, the foreign delegates were eager to participate. These visitors represented a broad spectrum of development practices: housing rights activists from the Philippines and Hong Kong; research professionals from Kenya, Zambia and Colombia; grassroots networkers from Thailand and Japan; community leaders from Zimbabwe and India. The cross-section tallied well with diverse interests reflected in the South African delegation.

It was clear that just as South Africa was on the cusp of a significant political transition, the South African People's Dialogue on Land and Shelter, as the conference was called, found itself on the edge of profound developmental change. The contributions by the overseas delegates clearly showed the differences between old development paradigms and practices and ones that, at the time, were struggling to be born. On the one hand, there were the service-providing NGOs, which mobilized communities around abstract rights and generally maintained confrontational postures towards

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[1] UNCHS (Habitat) (1996), *An Urbanizing World: Global Report on Human Settlements, 1996*, Oxford University Press, Oxford and New York.

government and the private sector. If they worked directly with poor communities at all, they tended to adopt a few settlements as pilots and worked painstakingly towards upgrading them in terms of their professional image of development. On the other hand, there were those who were struggling to re-invent their role. They saw their function as supporting organizations of the urban poor in their efforts to design and sustain their own institutions, through which they could determine development priorities and contest political space and city, regional and national resources.

This distinction was neatly replicated in the South African participants. The majority of the South Africans insisted that as soon as political rights were secured, a new non-racial government would deliver social and economic rights to the poor. They perceived any effort to organize autonomous institutions of the urban poor as reactionary and counter-productive.

A significant minority was less convinced that political liberation would spell social and economic emancipation. They felt that a democratic society would not guarantee a better life for the poor, it would simply open space for the poor to contest power and resources within broader society. For this minority, it was imperative to start thinking about an autonomous organization of the poor, one that would seek ways of working together with a democratically elected government to find solutions to poverty and deprivation. This viewpoint recognizes that **democratic rights are often given best effect though conscious organization and action based on the needs of a specific group** – in this case, South Africa's homeless poor. Box 1 outlines how the contribution of Jockin Arputham, then President of the National Slum Dwellers Federation in India, helped to provide a focus for this minority opinion.

Box 1: Who can you trust?

"The Indian Congress fought the British for independence and one person one vote. They promised the people that when the British were gone there would be milk and honey for all. The British have been gone for 44 years but all the poor get from their government is shit. A change in government does not mean a change for the poor and the homeless " – Jockin Arputham, President, National Slum Dwellers Federation

Jockin is a community leader in India. His experience in community action began during land tenure struggles for squatters in Mumbai (Bombay) in India during the 1970s. In the 1980s, Jockin was president of the National Slum Dwellers Federation when it formed an alliance with SPARC, an NGO that sought to work with the urban poor in ways that allowed more equal relations with grassroots organizations. SPARC and the National Slum Dwellers Federation now work together with a group of women's collectives, *Mahila Milan.* These three organizations have brought together hundreds of thousands of people living in shacks, pavements and what the Indian government designates as "slum" areas. Working organically to strengthen individual communities and federate them through community-to-community exchanges has enabled numerous new development alternatives to emerge.[2]

Building the strength of their movement through community savings schemes and savings and loan funds and using solutions that have been designed and tested by the poor, the Indian Federation has gone on to secure successful relationships with state agencies at all levels. These relationships are based on practical "win–win" solutions in which the poor realize their development needs and state officials reduce their problems of urban management such as refuse collection, transport provision and low-cost housing.

At the conference in 1991, the issue was put to the vote. Due in part to convincing interventions from the President of India's National Slum Dwellers Federation, the organizers from SACDA were "mandated" to sustain a network of those communities whose leaders wanted to explore different ways of working together. Consequently, People's Dialogue on Land and Shelter became a development

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[2] See Patel, Sheela and Diana Mitlin (2001), *The work of SPARC and its partners Mahila Milan and the National Slum Dwellers Federation in India*, IIED Working Paper 5 on Urban Poverty Reduction, IIED, London.

programme affiliated to the Southern African Catholic Bishops' Conference. The seeds of the South African Homeless People's Federation had been sown.

The networking process in South Africa's informal settlements started by the People's Dialogue conference has yielded some important results. All these are built on **a vision that recognizes that the cities competing within the global economy are largely being built and developed by the poor, with little support from competent authorities**. This points to an alternative vision and form of urban development practice, in which self-organized communities of the urban poor are given the space and scope to instigate change. Box 2 illustrates how the urban poor in Port Elizabeth learnt to solve some of their most urgent problems themselves. As later described in Box 9, their invasion catalyzed a joint development process between the poor and the state; but it started with the people themselves.

Box 2: Joe Slovo Village – Doing it ourselves

"We want the Prime Minister to come here. We want the government to come and see what we can do for ourselves" – Tombi, Eastern Cape *uFunde Zufe* member, South African Homeless People's Federation

Most professional interventions to develop low-income settlements immediately start off on "the wrong foot" by assuming that formal sector urban development processes will work for the poor. All too often, such interventions identify suitable land, install infrastructure and then try and draw together a community. At best, they help small numbers of families with high-cost solutions. The Federation seeks to work at scale through building on the approaches of the poor themselves. Squatters do not plan and build their settlements before moving in. First they build their houses, developing a community as they go. Second, they secure basic services and start the long struggle for land tenure. Even with land tenure, improvements are often partial – residents carry on improving their emerging neighbourhoods for years to come.

In the Eastern Cape, hundreds of families faced appalling conditions during the floods of 1996. Desperate for improved housing conditions and confident of their capacities, the Federation members decided that they could wait no longer. In November 1996, a group of women invaded a plot of land on the periphery of Port Elizabeth. They immediately built their shacks. After two months of negotiations, they were given a single water connection. Just two and a half years later, the land is home to 3,000 families. Land tenure has been secured, infrastructure is being installed and 200 of the shacks have already been upgraded to 60 square metre brick houses using the loan programme of the Homeless People's Federation (*uTshani* Fund) together with state subsidies.

The Alliance Partners

People's Dialogue is the NGO component of a two-organization Alliance. It is a registered voluntary organization established in 1991 as a vehicle for exploring ways for non-racial South African governments to work with poor communities through partnerships. Today, People's Dialogue has offices in Johannesburg, Cape Town, Queenstown and Durban. It is a small organization, preferring to support and facilitate the efforts of organizations of the poor rather than to deliver professional "solutions".

People's Dialogue has a technical staff of three building and finance specialists who work together with a small number of consultants. Together, these professionals have helped the Federation manage over 45 million rand in loan finance and build 8,000 houses. Operating this programme with a small professional team is possible because the vast majority of Federation activities take place without their support. People's Dialogue's role is:
- to facilitate the interface between formal institutions and the poor;
- to assist in designing and developing strategies and mechanisms that Federation members learn and put into practice; and

- to work with external agencies to create space for people's organizations.

The South African Homeless People's Federation (which calls itself *uMfelandaWonye* – "we die together") is a national network of organizations from informal settlements around South Africa. Community leaders who emerged during the networking process that followed the 1991 meeting set up the Federation in 1994.

The Federation provides communities with a feeling of ownership of development processes and a feeling of identification with a national programme. This creates confidence and reduces the sense of marginalization that poor communities feel when dealing with city officials to find solutions to their problems. The Federation process empowers communities to take charge of their lives, demand entitlements and find sustainable, sensible solutions to the problems they face.

Through the Federation, women's savings collectives are able to gain recognition in their settlements and are empowered to play key leadership roles. These collectives manage community processes in cooperation with the traditional male leadership in order to strengthen their joint capacity to face the outside environment. In this way, over time, women in communities are able to manage all the assets owned and controlled by the community. Eventually, they become empowered to renegotiate their relationships with other, more traditional, leaders. Box 3 shows how some of the women have grown in confidence and capacity through their contact with the Federation and Box 4 shows how Federation activities have demonstrated women's capacities and supported women's mobilization.

Box 3: The South African Homeless People's Federation – Learning by doing

The Federation learns new skills, analyzes problems, reflects on common experiences and develops a collective consciousness through community-to-community exchanges. Community-to-community exchanges bring together ordinary residents to tell their stories, share their experiences and develop new ideas. The benefits are immense. If savings provides the glue in bringing community members together, exchanges provide the confidence to overcome problems, the insight to abandon traditional solutions and the knowledge to address critical issues.

A common language: "When I asked the technician (who works with us in Dakar) to show us how layout plans are designed, he used such sophisticated jargon that I barely understood a word he said. In Protea South (Gauteng *uFunde Zufe*, South Africa), during our last evening, we asked a woman to draw us a plan. When she explained house modelling, I understood and felt that I too could do it." – Aminata Mbaye, Senegalese Savings and Loan Network communicating with the South African Federation through translation

The art of the possible: "I was so impressed with the houses. Now I really believe that women are doing it. It helped me see that this is possible. Of course, I knew the women did it but it was good to see it. As I said, now I really believe it is possible that we can do this. What really surprised me were the technical skills of the house plans. I brought one back, one of the house plans. It was drawn by one of the women." – Elizabeth, member of a new housing savings scheme, after visiting Protea South

Building each other: "We have to recognize our need to build one another. We all have problems, we are here to recognize them so that we can build one another through the Federation. We need to work together. Here we need to have leaders who lead by example, who can go and show their members their own loan books and let them see that the leaders do repay, and that their leaders are the first names on the yellow forms. We should build a leadership who understand how to manage in difficult circumstances, and who are willing to really support the Federation. Then we can all learn from them." – Susan, Federation leader in the North West on an exchange to strengthen loan programmes

Together we are strong: "The Federation is a university. Although we are uneducated, professionals and experts come to us to learn. Me, like many, I came for a house but I got an education." – B., Federation member in Gauteng

The Federation has its most experienced cadres in Victoria Mxenge, Cape Town; Piesang River, Durban; and Oukasie, Brits and Kleinskool, Port Elizabeth. Over the last five years, the Alliance has developed a wide range of leadership processes among men and women from shack communities. These men and women began their journey by taking initiatives within their own settlements. Exchange visits enable members of recently organized communities to meet leaders and/or visit established community organizations. They share their experiences and frustrations and begin a process of assisting the new settlement organizations. New leaders accompany seasoned ones into nearby settlements to begin a dialogue with each other's communities; this forms the nucleus of a city or a regional federation. Once these individuals are working well together, then problem solving, pilot projects, exhibitions, enumeration (local censuses) and other activities begin, and the learning spiral takes off.

Box 4: Victoria Mxenge Housing Savings Scheme – Women-controlled, not just women-centred

"In 1992, I heard about the Federation. At that time, no one trusted it in Khayelitsha. They all said it was those crazy women. Then they did not like the fact that they should make their own bricks. It was too hard they said. And it was all women. They did not trust it." – Member, Victoria Mxenge Housing Savings Scheme, Western Cape

"There are many organizations claiming that they are women-centred. But, you know, often it is just a desk. The ANC Women's League, it is autonomous but it is the framework of the ANC. The Federation, as far as we know, it is the only one that is truly controlled by women." – Patricia Matolengwe, National Chairperson, South African Homeless People's Federation

Patricia Matolengwe has been an active member of the ANC Women's League for many years. Together with her neighbours, she formed the Victoria Mxenge Housing Savings Scheme in 1991. At first, the other residents laughed at their efforts. How could the few cents that they were able to save result in new homes? When they understood that this was a self-build initiative, they mocked again. How could women build their own homes?

Just five years later, Victoria Mxenge Housing Cooperative is now a flagship housing development within the Western Cape, with visitors from all over the world. Most of the builders that have constructed the 140 houses in the settlement have been women and the development has been managed by women from start to finish.

For the Federation, the most important visitors to Victoria Mxenge are the local residents from the nearby settlements. Every day, poor women come to the community centre to find out how they can build their own homes. Working with Victoria Mxenge and other Federation groups, 78 housing savings schemes are now building houses in the Western Cape. Federation members have constructed over 1,500 homes in this province alone and the number is growing all the time. Every Tuesday, Victoria Mxenge's community centre is packed with conveners from housing savings schemes who come together to share experiences and report on progress. Almost uniquely in South Africa, women make up 85 per cent of the members and the leadership of these housing savings schemes.

III. WHAT HAS BEEN ACHIEVED

In recent years, development practitioners have done much to try to ensure the effective participation of poor people. This is reflected in the language of "participation", "empowerment" and "governance".

Nevertheless, within most participatory methodologies and programmes, the **teaching** (a critical part of the learning and synthesizing processes) remains in the hands of professionals.

The South African Homeless People's Federation has taken its cue from its Indian sister organizations, *Mahila Milan* and the National Slum Dwellers Federation, to root experiential learning processes and the development strategies this learning informs within the homes, communities and organizations of poor people. These learning processes are consolidated within the settlements through grassroots savings and loan organizations, and between settlements, and the Federation learns and shares experiences through community-to-community exchanges.

The successes have been evident in a number of areas both inside and outside conventional development processes. In land, housing, infrastructure and services, and poverty reduction, the Federation has sought to innovate new approaches and then to sustain their going to scale. This section looks at their success in savings and loans, housing, land and infrastructure, and income generation and employment creation. In each of these areas, the Federation has challenged conventional practice in order to secure a process of social, political and economic change that benefits the poor. The following sub-sections discuss the strategies that have been used to secure these processes, and some of the implications of these strategies for current development practices.

Savings and Loans

The organizations that are members of the South African Homeless People's Federation share a common mobilizing strategy around savings and loan activities. All members of the Federation are encouraged to start saving daily. In the early days of Federation activities, this was a difficult process. Now there are hundreds of groups who can visit new members and explain how to save and why it is important. The number of savings schemes has risen from just 58 about 18 months after the Federation started organizing to over 1,000 by July 2000 (see Table 1). These savings schemes are spread throughout the country, but are mostly concentrated in areas where the Federation began its organizations, in the cities of Cape Town, Durban, Johannesburg and Port Elizabeth.

Table 1: Savings activities

	July 93	July 94	April 95	April 96	Jan 98	July 98	July 99	April 2000
Savings schemes	58	137	198	316	1000	1100	2,000	1288
Active savers	2178	7002	9627	17280	40000	50000	70,000	80600
Total savings	R34,000	R165,000	R272,000	R453,000	R2.5 million	R3.0 million	R3.5 million	R5.2 million

Housing Development (Subsidies and Loans)

As explained earlier, the government introduced a capital housing subsidy programme to support improvements in accommodation for the homeless. Whilst Federation members were eligible for the housing subsidy, they did not wait for housing to be delivered to them by contractors. In June 1994, whilst government officials were still drafting the details of the subsidies, Federation members had their first meeting with Joe Slovo, then Minister of Housing. They introduced him to some of the principles and practices of the housing saving schemes. In particular, they asked him to make a contribution to the *uTshani* Fund, a revolving fund for housing loans that the Federation had established to assist them with their developments.

Several months after this first meeting, in October 1994, the Minister responded with a commitment of 10 million rand to the *uTshani* Fund, to enable innovation around people-controlled development strategies for housing. Despite an evident need for these funds (the Federation had about 8,000 active savers at the time), there were long delays before they were finally received in January 1996. Their

advance was not helped by the death of Joe Slovo and his replacement by Sankie Mthembi-Mahanyele. However, the major reason for the delay appeared to be the reluctance of the South African state administration to give an open financial commitment to a process that they perceived as lacking professionally determined financial controls.

Following persistent and public requests, the money was finally passed to the Federation. However, this was only on condition that it remained within the jurisdiction of the *uTshani* Trust, especially established for this purpose. The four trustees are appointed in equal number from the government and the Federation, and any release of Trust funds to the Federation must be approved by a majority of the trustees. The Trust is audited and its records are open to inspection by the government at any time. Once the 10 million rand has been drawn down (and repaid), the Trust funds will be passed over to the Federation and the only remaining obligation to the government will be an annual audit and report on activities.

The *uTshani* Fund is supported by government funds and donor contributions. By October 2000, total capital invested in the fund was 45 million rand, together with a low-interest loan of 10 million rand with LandBank (a parastatal lending for land purchase). Housing construction has been undertaken with a combination of loans and subsidies. Table 2 outlines the total number of loans given each year and as a cumulative total.

Table 2: Loans from the *uTshani* Fund (year ending 31 March, except for the last figure)

Loans for housing	1995	1996	1997	1998	1999	2000
Annual	8	110	688	1067	1130	1354
Cumulative	8	118	808	1873	3003	4357
Annual value (Rand)	100,000	1,677,702	5,886,939	9,248,531	10,039,749	13054847

Table 3 reports on total housing construction with and without subsidies. By the end of July 2000, over 5,000 loans had been given out. Most (3,906) were full loans that were used to finance a completed house. In some cases, members augmented the loan finance with existing materials (doors, windows or corrugated iron roofing sheets taken from their shacks) or with new materials that they purchased with their savings.

Table 3: Housing construction with loans and subsidies (as of 31 July 2000)

	Houses built with loans and subsidies	Houses constructed with loans only	Houses built with subsidies only	Total houses built
Eastern Cape	226	392	839	1,457
Free State	70	141	30	241
Gauteng	0	978	0	978
Mpumalanga	0	60	0	60
Natal	99	1,537	432	2,068
North West	81	96	62	239
Western Cape	774	702	1,507	2,983
Total	1,250	3,906	2,870	8,026

The maximum loan given by the *uTshani* Fund is 10,000 rand, which built a four-room house at one time but which now is barely sufficient for a three-room house. Table 3 reports on housing financing at the provincial level, which is the level at which government housing subsidies are managed. It indicates clearly that different provincial administrations have differing attitudes towards supporting people's self-managed housing. As Table 4 indicates, by July 2000, over 47.7 million rand had been released by the *uTshani* Fund in loan finance. But for many members, subsidy funds have not been forthcoming.

Despite continuous attempts by the Federation and the People's Dialogue to obtain the capital subsidies to which its members were entitled, these have remained out of reach in some provinces. The subsidy system was designed to support houses constructed by developers completing greenfield developments, which would then be allocated to low-income households. The Federation did not fit neatly into the "not-for-profit" categories developed by the Housing Ministry: they neither wished to be a housing association (renting properties to those in need) nor a housing cooperative (with collective ownership of land and housing). When multiple individual applications for subsidies were required, the bureaucracy was immense. Early in 1996, one of the housing savings schemes in Cape Town succeeded in obtaining the subsidies because they were willing to undertake a greenfield development. The People's Dialogue had to arrange for a photocopier to be taken to the site to ensure that the correct personal documentation was obtained.

The absurdity of this situation, whereby the subsidies cannot be obtained directly by the primary beneficiaries of the scheme, was recognized by those with national responsibility for the housing subsidies scheme (and by others in the government). The government launched the People's Housing Process to assist self-build initiatives such as the Federation. However, their ability to help Federation members was limited because, although they established the broad policy within which subsidies were distributed, the actual distribution takes place at a provincial level.

It was not until August 1996, 28 months after the election of a representative government and more than a year after Federation members started repaying the costs of their housing loans, that the first substantive advance was made. The Provincial Minister for Housing for the Eastern Cape pledged 1,600 subsidies to Federation members. As Table 3 indicates, not all of these have been drawn down, as some were allocated to specific settlements. Subsidy releases in the Western Cape took longer to be put in place. However, the Provincial Housing Development Board have shown themselves willing to support the Federation with a substantive and continuing commitment, as demonstrated by the releases shown in Table 3. Subsidy funds are now being made available in the Free State and Kwa-Zulu Natal, although numbers are small. In the North West, there was little enthusiasm for the Federation until a meeting in July 2000 provided an opportunity for the responsible Member of the Executive Council (MEC) and Member of the Provincial Legislature to visit the Federation. During this visit, and as a result of earlier lobbying, the MEC pledged to release 1,000 subsidies. The greatest problems have been in Gauteng, where the MEC responsible had a strong preference for the commercial sector approach. However, a change in MEC has brought new hope to the Gauteng Federation groups.

Table 4: Members repayments and subsidy-related repayments (as of 31 July 2000)

	Total loans	Federation repayments	Subsidy repayments related to loans	Total repayments
Eastern Cape	R 5,951,659.37	R 2,002,586.89	R 1,742,084.56	R 3,744,671.45
Free State	R 1,479,218.48	R 359,919.13	R 686,000.00	R 1,045,919.13
Gauteng	R 8,929,209.14	R 2,274,118.09	R 0.00	R 2,274,118.09
Mpumalanga	R 499,534.40	R 148,980.00	R 0.00	R 148,980.00
Natal	R 14,997,675.57	R 2,907,334.47	R 977,345.74	R 3,884,680.21
North West	R 1,426,673.37	R 462,026.93	R 595,350.00	R 1,057,376.93

| Western Cape | R 14,392,751.57 | R 2,788,296.88 | R 7,255,736.83 | R 10,044,033.71 |
| Total | R 47,676,721.90 | R 10,943,262.39 | R 11,256,517.13 | R 22,199,779.52 |

In some cases, *uTshani* loans are used to bridge finance subsidies. Families take loans which are then either mostly or fully repaid when the subsidies are released. Table 3 indicates how many members currently have a subsidy with a small loan remaining.

Table 4 summarizes the repayments to the *uTshani* Fund that have been made both by members directly and through the receipt of subsidy funds. There is, of course, a considerable on-going burden to members who are unable to receive the subsidies to which they are entitled, due either to bureaucratic delays or a dislike of self-help initiatives on the part of the politicians or provincial officials.

One of the major problems faced by Federation members in obtaining subsidies has been the condition that subsidies will only be made available to those with legal tenure. (In all the areas that are now being offered subsidies, land title has been secured.) During 1996 and 1997, the Federation and People's Dialogue were in discussions with the Department of Land Affairs to try to address the issue of urban land tenure. Eleven test sites were identified where it was agreed the Federation would try to obtain security of tenure through existing channels. The Department would seek to learn from these experiences, and better understand the obstacles within the current system that are preventing legal tenure from being secured. In return for this action research, the Department gave a commitment that they would act to ensure that these pilot communities obtained legal tenure. However, one year on, not one of the sites has received title deeds and the projects have been abandoned gradually because the scale of bureaucracy appeared insurmountable. The following sub-section looks in more detail at Federation efforts to undertake land and infrastructure development.

Land and Infrastructure

Federation groups that are in need of land have four choices open to them:
- they can build on land for which they have no title;
- they can invade land (public or private) and negotiate for a title;
- they can buy land on the private market; or
- they can buy state land.

In a network of community groups as varied as the Federation, all these strategies have been used, sometimes to good effect. In some cases, the Federation groups have been a small and perhaps relatively insignificant part of local decision making; in other cases, the Federation has catalyzed the search for secure tenure.

Whilst most of the groups that build houses can show land title, this is not required by the *uTshani* Fund. Building without land title can take place if the housing savings scheme applying to *uTshani* can demonstrate either that tenure is reasonably secure or that building will help the local community to negotiate for more secure tenure.

However, the millions of people in South Africa who are backyard shack dwellers have no possibility of building where they currently live. They live in the yards of those with legal tenure, either renting a wooden shack or renting land on which to place their own shack. They generally share water and toilet facilities with the landowner. All they can do is look for alternative land. The Federation is clear that land invasion is a last option. They have a 24-point plan for land development that requires groups to seek state and private alternatives and to negotiate prior to confrontation. In Box 5, Agrinette Hills tells why one group decided that their only choice was invasion.

Box 5: Agrinette Hills – A people's alternative

"We started to plan to invade. On the 19th of March (1997), we had a meeting. I spoke to the people. By then there were 516 members. I asked them if we should wait. All the members said no, we should not wait. I asked the Federation leaders and People's Dialogue. Mama asked me if I was scared. I said I was only scared of God. Then they said I should do it.
So on the night of the 20th (March) I moved onto the land. My boyfriend said that he should stay behind with the children. So it was just me and the plastic. I put up a plastic. This first night, there were three women and four children. Just us alone. The next day some others came. There were maybe 20 of us. The others, they were scared that the police would come with guns and dogs. Although there were many members they waited to see what would happen.

The council came to see us. They said that we should get our things and go to Everton where they have sites. We said that we would not go there because the houses they are too small. Then I told them that I would not go back to a shack. My mother had died in a shack. There was a fire. All the shacks were burnt. I lost my family. Then they were silent. They had nothing to say." – Agrinette Hills, convenor, Housing Savings Scheme, Gauteng

All the housing savings schemes within the Federation are autonomous groups. The Federation respects their right to make decisions for themselves whilst seeking to strengthen their effectiveness through collective action. Agrinette Hills and other members of the savings scheme moved onto their land just in advance of a national Federation initiative to secure land. Federation groups that participated in this initiative had all worked through a 24-point plan that included negotiation for land, preparation for land development, including site location and building costs, and daily savings to strengthen savings schemes. In this case, the local government (council) tried to persuade the squatters to accept an alternative site that was being developed through commercial contractors at Everton. The community refused to go there. The land is poorly situated and the houses are much smaller than those that the Federation can build for themselves. The strength of the community convinced the council that they should be allowed to stay.

Only strong local groups can resolve the many and varied internal disputes that emerge as any development process gets underway. There are members who are nervous, those who are self-interested and those who are misled. **Savings provides a means of reconstructing the social relations that exist within a community as savings activities bring people together to collectively manage their finance**. Women's participation in savings groups is high and women leaders emerge. Local organizations become more representative and grow in capacity. Through their own efforts, Agrinette Hills' community secured well-located land.

Estimating how many landless in the Federation have obtained land though invasion and/or negotiations with local authorities is difficult because Federation activities have grown both in scope and complexity. Federation groups act autonomously, asking for assistance where necessary, and the broader Federation may never have heard of some of the land tenure struggles. The following is a list of all those known to the regional and national Federation up to October 2000:

Richmond Farm (KZN)	300 families
Newlands West (KZN	150 families
Dunbar Rd (KZN)	500 families
Kwa-Mamba (KZN)	120 families
Nomzamo (Queenstown E.Cape)	600 families
Liberty (Port Elizabeth)	100 families (now grown to 600 families)
Noxolo Village (Port Elizabeth)	100 families initially; now regularized by PEM with 5,000 families
Walmer (Port Elizabeth)	70 families
Kanana (Vaal, Gauteng)	2,000 families
Agrinette Hills (Vaal)	500 families
Randfontein (Gauteng)	500 families
Oukasie North (Brits, North West)	150 families now regularized by the Brits Town Council with 2,000 families

Fisantekraal (Durbanville, West Cape)	350 families
Hazeldean (Western Cape)	220 families
VukuZenzele (Western Cape)	235 families
Zenzeleni (Gauteng)	800 families
Amalinda (East London)	150 families
Ruo Emoh (Cape Town)	50 families
Kimberly (Northern Cape)	400 families
Moseleki (Gauteng)	400 families
Kuyasa (Western Cape)	350 families

In a number of places, savings schemes have turned to the market to buy land. The *uTshani* Fund now has dedicated loan finance for land purchase. In Cape Town, three sites have been purchased by the Federation which, together, have plots for 500 families. An option to buy has been taken out for a further 14 hectares, with space for more than 1,000 families, and this land will be bought as soon as the required subsidy funds are secured. In Gauteng, housing savings schemes frustrated by the slow pace of government action have also been looking to buy land.

In conclusion, Federation-related activities have helped or are helping to secure land for over 10,000 families who are some of South Africa's poorest urban citizens. However, the Federation, along with many other groups concerned with equitable urban development, have failed to address the issue of the distribution of land within cities. Their attention has been on localized successes rather than on changing the shape of the apartheid city. In the absence of such lobbying, land for low-income housing development is invariably located around existing concentrations of the urban poor, which are poorly located. They never obtain better-located land, close to the central business districts or to wealthier suburbs, with their multitude of employment prospects.

Income Generation and Employment

The Federation and People's Dialogue have long sought to respond to the needs of their members for better incomes and employment opportunities. Lending for income generation in South Africa began with the initiation of housing savings schemes in 1992. From 1992-95, the major emphasis was on consolidating activities, with the spread of housing savings schemes and the introduction of housing construction. For the most part, housing savings scheme lending was slow and generally for emergencies and consumption purposes. From 1995 onwards, housing investment took priority with the *uTshani* Fund providing additional capital. However, many housing savings schemes continued to rotate their own savings and gain experience of small-scale lending.

In 1998, the Federation leadership turned its attention once more to income generation. Whilst housing savings schemes had continued to give loans, it was agreed that something more was needed. In the first quarter of 1998, the South African Homeless People's Federation members agreed to establish regional funds. These are called *Inqolobane* (the "granary") and savings schemes are encouraged to contribute a proportion of their savings capital (generally in the region of 50 per cent). The purpose of *Inqolobane* is to enable larger income generation loans to be given. Individual housing savings schemes have limited funds and therefore they are reluctant to give out loans for income generation larger than 1,000 rand. The growing experience of Federation members with income generation lending has resulted in a demand for larger loans.

Inqolobane enables external capital (either from foreign donors or the government) to combine with people's savings, resulting in a high level of local ownership, a stronger management contribution from the beneficiaries, and new innovations in how financial institutions can address local development needs. Whilst the initial loans are financed through savings, the *Inqoloabane* funds can recapitalize their monies through borrowing from *uTshani*.

During 1998, loan funds were released for income generation from *uTshani,* in the early stages of *Inqolobane*. To date, funding through *uTshani* has been provided to both the Western Cape and Kwa-Zulu Natal, with very small-scale and limited resources (150,000 rand and 250,000 rand each). Individual loans of up to 3,000 rand have been made for a range of enterprise development. At the

same time, *uFunde Zufe* members have sought to provide support to borrowers by linking up successful entrepreneurs with those who are struggling to manage businesses. The *uFunde Zufe* are the Federation's regional centres, which bring Federation members together in formal and informal meetings, visits, discussions and exchanges.

Although *Inqolobane* was started in 1998, it took some time for the regional federations to build up enough confidence to use these monies. Lending figures for January to September 2000 indicate that in those nine months, the regional federations released approximately 3.5 million rand from accumulated savings – see Table 5. The average loan size was about 1,500 rand, which means around 2,300 loans over the nine-month period.

Table 5: Loan funds released for income generation, January-September 2000

Kwa-Zulu Natal:	R1.8 million
North West:	R500,000
Gauteng:	R500,000
W Cape:	R400,000
E Cape:	R180,000
Free State:	R 85,000
Other regions:	R 50,000
Total:	Approximately R3.5 million

Box 6 gives some examples of what Federation members have managed to do with these funds. These are people who would never have been reached by conventional micro-finance programmes or by the commercial lending sector. They are undoubtably among those who are the poorest. Several hundred of these larger-size loans have now been provided to Federation members. *uTshani* is now seeking additional donor funding in order to expand its support for the *Inqolobane* funds.

Box 6: Experiences in income generation

Kwa-Zulu Natal

Viera Madonda is a member of Sezesasebona Housing Savings Scheme. She borrowed 3,000 rand on 26th June 1998. In April 2000, there was still some 853 rand remaining. Her loan was spent on a deep freeze (1,700 rand) and stock (1,300 rand) of frozen chicken pieces. She sells about 300 rand of chicken pieces each week with a profit of between 50–100 rand. She spends 50 rand each month on electricity, which is sufficient for her lights, TV, iron and freezer. She cooks on paraffin, as electricity is too expensive. She has to spend a further 20 rand each month on petrol as she uses a friend of a friend to drive to town to collect the meat. Viera has a stipend of 500 rand from the *uFunde Zufe*. She suffers from high blood pressure and is a diabetic. She is currently building her house and hopes that it will be finished soon.

Antony Mabaso is a member of Patrick Hunsley Savings Scheme. He started a tuck shop some years ago. In February 1999, he borrowed 3,000 rand to increase his stock. He takes between 300-350 rand each week day and 400-600 rand at weekends. His shop is in a plastered room in a cement block house. A small room adjacent to the shop provides a space for men to sit and drink beer. There are wooden benches for them to sit on. He makes between 1,000–1,500 rand each month. He finished paying off his loan in December and now wants to take out another one, as he needs more stock.

Esther Nzama borrowed 1,500 rand in June 1999. She now has an income of 450 rand a week from the sale of beer, vodka and meat. Each week she buys ten cases of beer and one case of Smirnoff plus a tray of sausages and a box of chicken. She buys the cases (each with 12 bottles) of beer for 42.50 rand and sells each bottle for 4.50 rand. She buys each case of Smirnoff for 108 rand and sells it in "nips" for 10

rand. Each bottle contains 3.5 nips. She buys the sausages for 50 rand for a tray of 200 and sells them for 0.50 rand a sausage. The chicken is bought for 105 rand and sold for 120 rand. Previously, her income consisted of a monthly stipend of 500 rand – now she makes about 500 rand a week from income generation.

Vivian Khuzwayo is a member of Vukuzale Housing Savings Scheme. She borrowed 2,000 rand from *Inqolobane* in August 1999. She makes repayments of 150 rand a month. She sells beer, cold drinks, cigarettes and groceries. Her daily income is about 160 rand on weekdays and 240 rand on weekends. She finds it difficult to work out how much profit she makes. The profit on cold drinks and cigarettes is 20 per cent and 25 per cent of the selling price respectively, which suggests an income of 800 rand. Her shop is more sparsely stocked than Mr Mabaso's and less well located. It is up a hill in a shack.

Gladys Nkabana is a pensioner and a member of Patrick Hunsley Savings Scheme. She borrowed 3,000 rand in April for a deep freeze (2,000 rand) and for stock. She has paid 150 rand each month since then. She sells small plastic bags of frozen milkshake to children, the innards of animals, and a soup made from the meat plus other ingredients. She sells the goods from her kitchen in her Federation house. She also finds it difficult to work out how much profit she makes. "When my grandchildren come, they help themselves", she tells us. Each month she buys eight packets of milkshake mixture and makes 60 bags to sell from each packet. She buys the mixture for 13 rand a packet and each bag sell for 30 cents. From the soup, she makes between 20–40 rand each day. The soup sells for 3 rand a bowl. When it is cold, sales are better. She estimates that the cost of each saucepan of soup is about half of what she sells it for. Her meat sales are about 50 rand a day and she pays 21 rand for that quantity of meat. In total, she makes about 1,200 rand a month before paying for the electricity that she uses for cooking and for the freezer.

Gauteng

Jane Masimula belongs to Sebanzani A Housing Savings Scheme. She borrowed 3,000 rand to purchase a container to expand her business. Containers are metal storage boxes commonly used for transporting goods. They measure about 25 square metres and are very secure – ideal for a shop. Previously she was selling cold drinks, beer and charcoal. The loan was spent on a container (1,700 rand), a fridge (1,400 rand) and 600 rand worth of stock. An additional 100 rand was spent on a counter, which someone in the settlement made for her. The extra money came from her savings. The electricity supply in the container is illegal and therefore free. Her sister provides transport for supplies and charges her nothing – she also has a shop. In her new business, she sells frozen meat, which she *braais* (barbecues) for no additional charge, and cold drinks. Her sales are 120 rand during weekdays and 200+ rand at weekends. Sausages are indicative of the margins on the meat; they are purchased for 120 rand and sold for 224 rand. Cold drinks are purchased for 43 rand a case of 12, and they sell for 5 rand each. Jane estimates that she makes 800 rand a month.

Tilly Ngubeni received 3,000 rand in March for additional supplies to her tuck shop. She is repaying the loan at 100 rand a month. The loan was used for items such as cold drinks, frozen meat, bread and beer. Her electricity is free and she spends 60 rand on petrol to collect supplies twice a week. The loan almost doubled her stock. On weekdays, she takes between 150-180 rand, and on Fridays, Saturdays and Sundays she takes 200–300 rand. Tilly does not know how much she makes. Her margins on bread are 12 per cent and on meat, cold drinks and snacks, 20 per cent, 40 per cent and 49 per cent respectively. It is difficult to calculate income as the children help themselves to food but the profit margins suggest it is likely to be between 1,000–2,000 rand each month.

North West

Susan Mweti received a 3,000 rand loan in January 2000 to print savings books. Repayments are 150 rand a month. The first 1,000 were printed at a cost of 1,200 rand and soon sold out. The second 1,000 were printed in March 2000. The rest of the money is in the bank. Susan would like to sell other stationary items such as pens, paper, exercise pads and posters.

Anna Ramotsho borrowed 3,000 rand to sell coats, jackets, skirts and blouses. She spent about 1,000 rand on clothes. She bought skirts for 70 rand and sold them for 120 rand, and blouses for 80 rand and

sold them for 120 rand. Business was good but many sales were made on credit and it was hard to collect the money. Now she hopes to work with her mother-in-law, who lives in the rural areas, buying for societies and getting immediate payment. (Groups such as funeral societies often decide to purchase similar clothes – blue skirts and red tops, for example.) When it became difficult to obtain the monies owed, Anna branched out into fruit and vegetables. Every Thursday she buys supplies for about 200 rand which she sells over the weekend for 320–350 rand.

In 1999 and 2000, job creation and income generation activities took a further step forward, as greenfield developments enabled the planning of both residential and commercial activities. Several of the larger greenfield sites have had areas designated for such developments, with a combination of formal and informal sector activities. Factory houses (with space for workshops and retail outlets) and informal markets will aid Federation enterprise development. The informal markets will assist those living in the residential developments but they will also be open to other Federation members who are looking for a place to sell their goods.

To further support individual loans and greenfield commercial developments, two pilot programmes for enterprise development with government departments are now in place. These programmes were in response to interest by government departments in working with the Federation. In the first of these schemes, seven Federation housing savings schemes have together received 4 million rand from the Department of Welfare to explore the role of savings and loans in poverty reduction. These savings schemes are using these funds in three mutually supportive activities:
• small-scale loans for micro-enterprise development (a continuation of present *Inqolobane* lending of up to 3,000 rand);
• large loans to groups of Federation members, which are specifically targeted at those in need of income support and with ideas for larger-scale commercial activities;
• commercial areas with retail units and market areas, to help create trading opportunities and to consolidate informal trading and production in one area with obvious benefits to producers and consumers alike.

The group loans are targeted at the poorer members, some of whom are too vulnerable to risk taking on individual loans. The group component will enable direct skill sharing within the group and will reduce the likelihood of any particular family crises damaging the emerging business. The location in the commercial centre will facilitate Federation support. Once a first round of businesses have been established, these groups will provide the training ground for the expansion of the model through community-to-community exchanges (as is common Federation practice.)

The commercial areas will enable the development of market areas in existing settlements and will complement Federation developments in greenfield areas. Local Federation groups will manage the centres and the provision of essential services to users of the centres. Employment opportunities will be used to support those in need, providing job creation opportunities for those members with no alternative options. In this work, the South African Federation is drawing on the experience of the National Slum Dwellers Federation in India where community-managed toilet blocks are staffed by women with no alternative source of income.

The first of these centres is at Piesang River in Kwa-Zulu Natal. Eleven containers have been placed in one well-located area. The area was previously at risk from flooding but community members helped to landfill the area so that they could use it for the commercial centre. The containers are surrounded by a concrete block wall and there is a further retail unit made from blocks within this secure area. At night, the centre is used for car-parking, providing a further service for residents and helping the centre to be self-sustaining.

The second pilot programme is with the Department of Water Affairs. People's Dialogue and the Federation have been hired as social development advisers to the Department's national Working for Water programme. The Working for Water programme is an employment programme that recruits workers to clear alien vegetation (trees and bushes) with the aim of raising the water table and

reducing the need for dams. Federation groups have been working for some time in forest clearance. The role of the Federation is now to support the development of cooperative associations responsible for organizing the labour forces that clear the vegetation. A further task is to help develop a range of secondary industries using the timber and other wood products that are a by-product of the programme. Workers are encouraged to save and join the Federation.

IV. UNPICKING THE CHANGE PROCESSES

The People's Dialogue/Federation Alliance experience has not achieved these successes by accident. Their experience has shown them the importance of three distinct but linked change processes.

Organization for Empowerment

The **first change process** focuses on **creating organizational capability within poor settlements, and linkages between the community and their peers**. This change process is realized primarily through the Federation network and through savings and loan activities.

Community groups need to evolve democratic internal organizational capabilities. They need to explore relationships based on equity, which ensure inclusiveness. These features are essential for sustaining the participation of the poor in demanding change, both within their communities as well as from the broader environment. For too long, grassroots organizations have been neither representative of the poorest and most vulnerable members of their communities nor have they been accountable to their members. An investment to strengthen democratic organization has many long-term implications and, if undertaken with care and patience, is the most powerful legacy of any developmental intervention. It also becomes a crucial element in ensuring the long-term sustainability of any process that is introduced. Box 7 illustrates just some of the consequences of this alternative form of organization.

Box 7: Hazeldean community – Inclusive development

"We explained to (the architect) that we did not want different-sized plots. We are all the same in the Federation. We should all have the same size piece of land." – Mama Mgedezi, Western Cape Landless Committee, South African Homeless People's Federation

Mama Mgedezi is leader of the Landless Committee in the Western Cape. Four months ago, the Federation purchased Hazeldean Farm in Philippi, Cape Town. The Federation is now developing an integrated urban community with both homes and jobs. Part of the land will be retained for urban agriculture in order to support income generation; the remaining portion will be used to provide houses for 200 families. The purchase was enabled by the *uTshani* Fund (the Federation's loan fund) and the residents are paying the financing cost of the land prior to receiving government subsidies that will cover the costs of land purchase, infrastructure and (part of the cost of) housing construction. The Federation allocated this land to members of ten savings schemes living in the vicinity of Hazeldean Farm. Need and participation in Federation activities were the two criteria used to determine allocation. The community has started to work with an architect to develop the layout for this land. When the architect proposed different plot sizes in order to ensure that the development fitted with the adjacent land use, the community were quick to correct him. "We are all the same here. All the plots will be the same size. Of course, some people are richer. But we want a neighbourhood that brings us together, not one that emphasizes our differences. *uMfelandaWonye* – we die together."

Community-based Problem Solving

The **second change process** is to **build skills and locate and build resources within and outside communities to solve problems**. The People's Dialogue and Federation experience has shown that the

problems poor communities face often require them to reflect collectively on both deconstructing the problem that they face and identifying solutions. Communities need time and space to explore all the possible choices. They need to examine the feasibility and implications of the available options and to understand the degree of control which they, as communities, can have over these solutions. It is therefore important for communities to examine the internal resources they can use when they design alternatives at the initial phase of the problem-solving process.

The People's Dialogue/Federation Alliance often provides grant funding to communities to finance pilot activities through which they can seek to solve problems, develop innovative decision-making and resource-allocating processes, test their solutions, and even fail and try again, if necessary. Even mistakes and failures are viewed by the Alliance as sound investments in the evolution of sustainable change processes and are considered more effective learning mechanisms than workshops or study tours. As described below, community exchanges provide a critical supportive context in which this learning can take place.

Learning to Negotiate

The **third change process** relates to the **development of communities' abilities to negotiate with cities, states and other actors with whom dialogue is essential in order to arrive at long-term solutions to the problems they identify**. The Alliance operates under the assumption that cities can solve larger problems if they deal with the problems faced by poor communities. Often, institutions such as municipalities, state institutions and even developmental organizations do not know how to work with poor communities to arrive at solutions. The usual approach is to get communities to "do something" which they – city officials – believe poor people need to do. The experience in South Africa has shown that this does not work. Communities have to redesign government programmes if they are to be useful in poverty reduction – negotiations are an essential part of that strategy.

As Box 8 shows, communities do not learn to negotiate overnight. Moreover, the negotiation process itself cannot be quick. Successful negotiations are about getting to know the government and its priorities, about building personal relations, and identifying and developing possibilities. Box 8 describes how a community took a confrontational stance in order to be listened to. This confrontation proved to be the beginning of a new relationship both with the city council and the provincial government. Although, apparently, the community was forced to draw back, the event drew officials committed to poverty reduction and the Federation closer together. A year on, the Federation in the Western Cape is benefiting from a recognition within these agencies that they have to find a means of making land available to the poor. A particular strength of the Federation, illustrated indirectly in Box 8, is that the decentralized nature of activities means that the savings schemes initiate and the regional Federation supports (together with People's Dialogue). This enables such activities to be easily replicated. Savings schemes obtain courage and knowledge from each other.

Box 8: Negotiation is more than sitting at a table

"We built the house to be a practical statement. Of course, we knew that it was illegal. We knew that we would have to suffer the consequences. We did not try to break negotiations (with the council); every time we were ready to talk. All we wanted was to make a statement. To ask them to come and look at the house on national women's day. To see that the people's process is better than the SPV." – Janap Oosthuizen, team leader, Ruo Emoh Housing Savings Scheme

For more than three years, Ruo Emoh Housing Savings Scheme in Cape Town had struggled to find land. Most members were mainly renting backyard shacks and rooms in the coloured areas of Mitchell's Plain. Conditions were often appalling and rents often high. The 300 members were promised land twice by Cape Town City Council, only to find those promises withdrawn as staff changed jobs. In 1999, their frustration reached boiling point when they realized that the council was allocating land to their own new programme, the SPV (Special Purpose Vehicle). This council programme draws on the Federation's experience with saving. All applicants are required to save a monthly amount, but the requirements are

high for the Federation, whose members have an average income of 800 rand a month. Furthermore, applicants are not allowed to miss one month's saving if they wish to remain in the scheme, a condition almost impossible for those working in the informal sector.

In order to show what they could do, Ruo Emoh illegally built a house on council land that was awaiting development with SPV houses during the weekend before Women's Day on 9th August, 1999. The members started building on Thursday night and by midday on Monday (Women's Day) a three-bedroom brick house had been completed and roofed. When the council staff and officers returned to work after the bank holiday on Tuesday, they had before them a demonstration of what the Federation could build. But they demanded that the police demolish the house because it was built without plans. "Just agree to meet regularly with us to discuss our need for land" pleaded the Federation members. "Please come and see what we can do. We can be partners with you." The council refused to make any such agreement and nor would they visit to see the house the members had constructed.

The police told the community that they would have to demolish the house. But, sympathetic to the needs of the homeless and anxious to avoid confrontation, they offered to let the Federation take down the house that they had so recently constructed. By midnight on Tuesday, the house had been taken down by Federation members and the building materials stacked and stored away.[3]

Patricia Matolengwe is a national leader of the Federation who is working in the Western Cape. She phoned the provincial Minister of Housing and asked for his assistance. Like many others, he had heard of the demolition. Within three days, he had convened a meeting with the Federation and the city council. When the Federation proposed that a small group made up of Federation members and city officials meet regularly to discuss the issue of land for Ruo Emoh, the Minister gave his support and pledged the participation of provincial officials. Through his intervention, the city council also agreed that they would take part. The Federation had to build a house in 72 hours and take it down in less than 12 hours, but they secured negotiations for land.

One year on, after countless discussions and meetings, the Federation was offered small pieces of land by the city council. More significantly, the provincial government is also prepared to sell them larger pieces of land at 50 per cent below the market valuation.

V. LOCATING THE ALLIANCE'S APPROACH

The philosophy and practice of the Alliance's approach can be contrasted with the more "conventional" development approach to both housing development and urban poverty reduction programmes. This comparison is important because it highlights some of the distinctive differences about the Federation way of working.

Development as Delivery

Whilst the change processes discussed in Section IV focus on the delivery of tangibles, they are actually entry points for mobilization rather than organizational goals in themselves. This is an important distinction that needs to be explained in order to understand fully the Alliance's approach. Many development organizations (especially government agencies) seek to produce things that help address the problems people face because of their poverty. These can be material things, such as piped water, housing or improved sanitation, or non-physical things, such as a knowledge of rights or improved skills. What they have in common is that the development organizations seek to produce and deliver, and gear themselves to achieving these goals in ways that, from their perspective, appear to be efficient and effective.

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[3] For more details of this story, see People's Dialogue on Land and Shelter (1999), "Negotiating for land: the construction and demolition of Ruo Emoh's show house in Cape Town in August 1999", *Environment&Urbanization* Vol 11, No 2, pages 31-40.

Along with many modern organizations, their measure of success is their efficiency in converting a given quantum of inputs into so much output. This is so even if one includes people as part of the measure of output (i.e. the number who have "changed" in some way because of a certain input). This strategy, in the experience of the Alliance, is usually an ineffective way of **addressing poverty.** Many housing programmes (for example) have delivered hundreds of structures that do not help to address poverty but which increase the consequences of poverty through concentrating areas of deprivation. Dealing with poverty requires interventions that are multi-faceted and adaptive. Producing skilled micro-entrepreneurs, for example, is of little value if some other factor which skills-training NGOs cannot "produce" – such as the repeal of restrictive trading laws – continues to restrict people's chances of business success. Box 9 describes the frustration of women in one low-income settlement in Durban when faced with a conventional upgrading programme in their settlement. These women built on their frustration to become one of the strongest groups in the Federation.

Box 9: Piesang River – From projects to homes

"I thought the government wanted to develop people. Now, I find that all they want to do is develop roads." – Housing Savings Scheme member, Piesang River

Piesang River is a settlement of 1,600 households on the outskirts of Durban. In the early 1990s, a local NGO started an upgrading process using government finance. The improvements were designed and planned by professionals and concentrated on infrastructure. Community leaders were consulted about what should happen but their involvement was restricted to commenting on proposals rather than on determining the content of the programme.

The local residents knew that they did not want this upgrading programme. Roads were not a priority for them. What they wanted was better houses, safer and more secure homes. But they did not know how to change the minds of those who had been put in charge of the resources and they had little idea that they could themselves control their own development.

When the women of Piesang River heard about savings schemes they decided to set up their own. Gradually, the savings scheme in Piesang River grew in numbers and in confidence. As women came together to save, they found themselves with a forum to discuss their priorities and needs. They went to visit other communities, and then better understood their frustration with what was going on in Piesang River; they began to realize that there was an alternative. When they challenged the NGO and the community leaders about the development that was taking place, they received an angry response. But the women were determined that the government funds to improve their neighbourhood would not be wasted. They succeeded in stopping the upgrading programme.

The women learnt how to build their own houses and how to manage loan finance. In Piesang River today, there are over 600 Federation houses, all built from brick and measuring more than 50 square metres.

The "delivery" approach can be profoundly disempowering for communities. Given the emphasis on "producing outputs" and its implicit quantitative measures of efficiency, addressing the problems of poverty is seen as a job for technically skilled, specialized professionals. Designing houses, installing infrastructure, managing credit – **these are products people need, not things they necessarily need to know how to do**. Poor people may be consulted about their problems, but perceiving, conceiving, organizing and implementing the solutions are left to the professionals.

Development professionals have become increasingly concerned about the inability of these activities to have long-term impacts on poverty. Increasingly, development agencies have talked about "sustainability", by which they mean some indication that improvements will be maintained and will carry on in some form when the external intervention has ended. Unfortunately, when traditional

"delivery" interventions have tried to achieve this, they have usually failed in some of their objectives. Micro-finance is a good example. Many NGOs that extend credit to micro-enterprises used to do so at subsidized interest rates, which implied the need for regular topping up of funds by donors. When donors insisted on "sustainability", the NGOs raised their interest rates and sought to reduce their operating costs. In many cases, the NGOs themselves, aware of the problem, had already introduced measures to increase their financial efficiency. Increasingly, it has been recognized that many of these programmes do not work with the poorest members of the communities. Whilst they help those who are living in low-income settlements, they often work with those who are slightly better off.

An excellent example of an organic solution is revolving savings and credit associations, or ROSCAs, which have emerged separately in many parts of the world. ROSCAs are the basis for organization in the South African Homeless People's Federation. Once they live in a money economy, poor people quickly begin to save communally because access to credit for emergencies and other needs is both essential and unavailable from formal banks. Without credit, poor households have to meet unexpected costs from current income, risking shortfalls for essential items, or turn to usurious moneylenders. ROSCAs are so important to communities that use them that, despite their vulnerability, criminals rarely target them, except in situations where social order has nearly broken down. Communities protect them and resist outside interference. Despite their importance to low-income communities, it is extremely difficult to get governments to support innovative micro-finance programmes based on this method. They are often smothered by regulations derived from financial practices that make sense to middle-class experts.

The main alternative to "delivery" approaches to development is a "process" approach. Rather than stress the acquisition of material objects, emphasis is placed on the development of local capacity for knowledge, skills and practices of the poor themselves. It is vital that in the long run, communities of the poor, as the main group seeking social justice and equity, own their development process and become central to its expansion and growth. Such processes are hard to replicate but it is better to invest in replicating such processes than to reinvent them continually. People's Dialogue, as an NGO, emerged when a group of development workers decided that this is what they wanted to do.

Development as Claim Making

Some process projects focus on "claim making". Such approaches focus on strengthening social activities in order to make claims on the state and hold government agencies accountable. In an urban context, typically claims are made around issues such as land tenure, water supplies and garbage collection. Communities are organized around campaigning to secure these rights. On some occasions that might be lobbying and petitioning, on other occasions it might involve more direct action to achieve what is needed. But the major focus of the process is on acquiring what is needed from the state, either through the use of existing legislation or the enactment of new rights.

People's Dialogue decided against this approach for many reasons. Such interventions seek, for the most part, to bring formal sector solutions to development closer to the people. Local communities do not have a chance to design water systems, ration cards, education or health services in ways that work for them. The emphasis within their campaigns is on ensuring that formal conventional approaches to urban development are accessible by the poor. However, in many cases, these do not work for the poor, especially for the lowest-income families. Because of their design and because they do not work well for the poor, often even success does not strengthen and support community activities. In many cases, both success and failure bring about a diminution in social organization. At the same time, the often confrontational approach to government tends to appeal to the better organized and sometimes better off among the urban poor. Women and the poorest members are often not involved, either because they cannot afford to risk what they have or they do not believe the efforts will be successful in improving their lives.

This is not to say that the state does not have responsibilities. The Federation and People's Dialogue believe that the state does have a redistributive responsibility and, as described in the next section, there are many ways in which the urban poor need to engage the state. The Federation and People's Dialogue believe that if the solutions are to work for the poor they need to be redesigned and

redeveloped by them. The Federation seeks to use processes that enable the poor to be involved in designing solutions that work for them, and then to negotiate with the state to obtain support where this is applicable. Such solutions seek to strengthen long-term community capacity to determine direction and, where appropriate, to implement. Prior to claim making, community processes need to be concerned with asset building, with developing a knowledge of community priorities and how they can best be met, accumulating resources for independent activities, and establishing community confidence and capacity in their own endeavours. Central to the process of asset development is strong, local organizations able to carry out a local development agenda and linked together to successfully engage the state.

VI. WORKING WITH THE STATE

The Federation seeks to build the self-reliance of the poor in order to better enable them to address their needs. An important component of this process is to engage with the state in order both to improve policies and practices towards poverty and to ensure redistribution. The Alliance works with government at all levels to demonstrate an alternative practice and to encourage them to support pro-poor community approaches.

The Federation works in all the provinces of South Africa and in many towns and cities. The depth and range of activities and the maturity of its work (and the support provided by People's Dialogue) is different in each city or region. Communities are encouraged to work together to better address their needs. In most cities, the Alliance is able to get at least 10–15 settlements to work together through participation in exchanges. Interventions are made at several levels.

First, starting with each micro-community, **city-level federations** have to be established, which grow and mature into federations that represent the needs of their constituency.

Second, once federations that are active at the city level have been formed, the city's **municipal administration** is drawn into a discussion about the group's interests and how these can be met. In general, the Federation and People's Dialogue need to work with both the politicians and government officials in order to enable a local development process to be supported. Access to land is one area where city authorities are often able to assist. Greenfield developments require support around re-zoning and building regulations. Innovations in building design may require further assistance. The areas of potential collaboration are substantive.

Third, this process is replicated in the **state government** and, finally, in the **central government**. These various departments need to recognize, and begin to dialogue with, these community groups. Experience in South Africa suggests that there are numerous resources that can be an important component in supporting a people's-led process (see, for example, the discussion on income generation activities in Section II.)

Fourth, there is the **international development community**, which contributes resources for development and creates the multinational language and legitimacy for our interventions. The Federation (together with other like-minded groups) needs to engage with the donors in order to ensure that support is given to community-driven programmes. Without donor funds, using national government monies is much more difficult. Donor funds give the flexibility that is needed to ensure government funds can be used effectively.

Unless the Federation has the scope and range that allows it to link and dialogue with such a wide range of organizations, it cannot hope to bring about change. All levels of government can usefully be actively involved in local development, as Box 10 shows.

Box 10: Joe Slovo Village – State resources for a people's agenda

"Grassroots organizations and NGOs that are serious about poverty reduction do not have a choice about working with the state. If grassroots organizations and NGOs are to have a significant role, they must increase the scale of their work. There are millions of people living in unacceptable levels of poverty. Donor funds will always be small in relation to the scale of need. NGOs that recognize this reality have both to work with government and be able to do so in ways that ensure that the poor themselves determine both the policies and the practices." – People's Dialogue, September 1999

State resources are available for poverty reduction activities. But all too often, finance from international donors is also required. The main reason is that government funds rarely have sufficient flexibility to respond to the people's agenda. There is a need for further resources to enable an innovative exploration of possible options prior to implementation and to respond to urgent needs that may not be state priorities. However, blended with donor finance, state resources provide the support that enables civil society initiatives to reach scale.

At Joe Slovo Village in Port Elizabeth, Federation support has enabled community exchanges between the squatters and numerous other communities. The savings schemes have grown in skills and knowledge. *uTshani* loan finance has enabled the community to undertake housing and to pre-finance infrastructure development. As a consequence of this assistance, the squatters have been able to demonstrate their skills and capacities and thereby negotiate a positive response from government. The settlement arose from a land occupation of privately owned land when families living in Veerplus (Port Elizabeth) were threatened with flooding in November 1996.

City council: Once the community had occupied the site, the municipality at Port Elizabeth provided the first water connection. The municipality has since worked with the community to modify infrastructure standards, helping to ensure that infrastructure costs are low. It has also supported the settlement through the planned provision of bulk services.

Provincial government: The Eastern Cape Provincial Housing Development Board has provided subsidy funds to the housing savings schemes to enable them to develop the land. (The Federation first secured subsidies in the Eastern Cape after Federation groups had demonstrated what they could do through a building programme.) The Federation agreed that Joe Slovo would be a pilot programme for community infrastructure development. Current cost estimates are 3,000 rand per site for water, sanitation and gravel roads. This is half what it would have cost had a commercial contractor been employed to install infrastructure.

National departments: The Department of Land Affairs provided pre-financing to enable the community to purchase the land on which Joe Slovo Village is located, prior to the release of subsidy funds. This provided a critical supportive intervention soon after the land invasion. Earlier funds from the Department of Housing contributed to the *uTshani* Fund, enabling it to give housing loans in Joe Slovo Village.

The Federation helps housing savings schemes to negotiate with the different levels of government. At all three levels, earlier networking by the Federation meant that the housing savings schemes in Joe Slovo Village could build on existing relations in their struggle to secure state support.

International development assistance: Donor funds have helped to fund the community exchanges that have played a crucial part in strengthening the group and in enabling it to hold onto the land and strategize about the directions to take. They have also assisted in pre-financing the infrastructure costs, enabling the group to employ an innovative engineer able to demonstrate how costs can be reduced. Special grants have resulted in a community centre at Joe Slovo that acts as a building materials yard and a creche, further ensuring the inclusion of the poorest members and those most in need.

VII. PRACTICAL APPROACHES

This section describes some of the core practices used by the Federation and People's Dialogue.

Problem Solving

Communities solve their problems in dynamic and complex ways. It is essential to create a mechanism of communication which allows all the interested groups to express their priorities and aspirations. Only then can the community work with its leaders and People's Dialogue staff to identify the problems and seek solutions.

When initiating the problem-solving process, the focus of People's Dialogue and the Federation leaders is to create conditions where people feel in control of the process of solving their problems. Communities often feel they have no right to "own" the solutions because they do not have the financial resources to solve the problem. There is a tendency to suggest solutions to communities from outside, and call their acceptance of such solutions "people's participation". Such an approach destroys a community's capacity to engage in dialogue and search for their own solutions. In the end, they do not feel they own the solution. The Federation helps communities by providing them with skills and some resources, as well as facilitating learning from other groups, so that they can design their own solutions. As a result, communities can demonstrate to NGOs and state agencies that they have ideas and strategies. Often, the attitude of the others towards them changes dramatically.

Getting resources to communities is only part of the challenge. Making sure that the resources are used equitably by all is vital to ensuring that the process contributes to the democratization process within communities as they get mobilized. This is important because communities initially reflect the exploitation and inequality that is part of the larger environment in which they live. Patronage, access to political leaders, patriarchy and so on create leaders who can exploit community resources. Therefore, the Alliance helps communities to determine how resources will be allocated once they become available to the community – not the leaders.

Focusing on Women

The Alliance puts women at the centre of the process of change and transformation (see Box 4). Transformation within communities requires women to take a leading role. In many countries, this means breaking down barriers to women's participation in community issues. Patriarchal discrimination is a feature of South African society as well, but in recent decades South African women have asserted their right to a powerful role in decision making. A traditional South African liberation slogan was "You strike the women, you strike the rock". The Federation has built on this empowering aspect of South Africa's recent past.

One of the first aspects of the Alliance's intervention is to build on activities that create conditions for women to take lead roles in community processes. In South Africa's case, this means going beyond basic organizational issues, to put women at the forefront of community dealings with outsiders, a role that is often traditionally reserved for men. For example, when Federation leaders come to share ideas, the Alliance ensures that there are more women representing the Federation than men. Encouragingly, male Federation leaders promote this concept vigorously, and often demand it within settlements. New strategies are shown to local women. Men are never excluded but the process is developed to ensure that in aspects such as the timing of meetings and venues, the processes are developed to suit women rather than men. Most importantly, new leadership opportunities are provided to **collectives** rather than **individuals**. In many low-income communities, a collective approach appeals more to women then men.

Any transformation is difficult, however, and must be managed carefully at the local level. Women's participation cannot be taken for granted. It needs to be encouraged and facilitated, as women often face violence in their homes and within their communities if it is not properly managed. Superficial participation of women, which does not include a real transfer of decision-making power, will not really change what is going on. The Federation and People's Dialogue seek to use the presence of the

larger Federation and the involvement of sympathetic men in the community and in the larger Federation to mitigate any potential backlash.

Exchange Programmes

At any one time, there are several communities within the Federation that are taking part in community-to-community exchanges. Sometimes, these are just within cities, often they are between cities, on occasion they are between countries. The Federation and People's Dialogue seek to bring together communities that are doing similar work in order to exchange experiences. At the same time, communities that are involved in different processes are also encouraged to meet. When they do, the learning process initiated at the community-specific level deepens and helps develop the confidence and determination necessary to seek out city officials, government departments and other resource-providing organizations. It helps communities to initiate a dialogue on how solutions can be undertaken jointly. Exchanges inspire and support local groups; peer exchanges or horizontal exchanges between communities of the poor bring about learning between communities (see Box 3). There is a qualitative difference between learning through peer exchanges and through a training programme. The former has been shown to be effective in equipping communities to deal with the state and to negotiate on issues such as land, infrastructure or housing finance. Through exchanges with other groups similarly placed, communities understand the political and other dimensions behind these issues; they also learn why they must persist even if it appears impossible to influence those making the decisions.

Where professionals are the agents of change, the locus of learning is either taken away from the community or is never invested within it. Consequently, three problems arise. Communities are unable to advance their own strategies and approaches to address their own problems. Second, the ability to create genuine federations and networks of poor urban communities that can have a voice in city affairs is denied, along with the empowerment and solidarity that this can build. Third, the solutions to urban poverty are driven by the understanding of professionals and, consequently, are often too expensive and inappropriate to the needs of poor people.

Box 11 describes how exchanges put communities at the centre of development processes – in this case, through a visit by the South African Federation to Zimbabwe. It also shows how exchanges have grown from city and region to country, with international exchanges providing further support.

Box 11: Mbare, Zimbabwe – Globalization from the bottom up

"A very powerful aspect is to learn from someone who is doing it. The Zimbabweans learn a lot from people coming. Maybe we are at a stage … It is powerful for people to visit South Africa but we always seem to get more when people come to Zimbabwe. (In this case) a lot more people are exposed. It also mobilizes people. We need these two aspects together, people's understanding and mobilization." – Beth Biti, Dialogue on Shelter

In April, the South African Federation visited Zimbabwe for the opening of the enumeration (census) in Mbare, an inner-city neighbourhood in Harare that is home to thousands of Zimbabweans, most of whom earn little more than the minimum that they need to survive. In April 1999, the Zimbabwean Homeless People's Federation started an enumeration of the people living in Mbare. After six weeks, they had surveyed 4,500 families and had gained information about their living conditions and their housing needs. But, as importantly, they had talked about the Homeless People's Federation to anyone who would listen. By the time they had completed the first phase of the survey, nearly 40 new savings schemes had been started.

The savings schemes started to consider what they could do to help their members get housing. Meanwhile, the results of the enumeration were analyzed, to be presented to government officials who knew little about conditions in Mbare. Federation members were eager to show what they had learnt about current living conditions and what could be done to improve them. They designed three houses that the

Federation could afford to build and they planned a public exhibition with life-size house models in wood and cloth for June 1999.[4]

In putting together the exhibition, the Zimbabwean Federation was able to draw on members of Indian and South African federations who offered their experience in house modelling and strategies for managing relations with the state. A group from Namibia also took part to help prepare themselves for their first house modelling in the following month of July. Just by being there, the international groups attracted the interest of the media and they helped to give "legitimacy" to this people's event.

The exchange process builds upon the logic of "doing is knowing". The demand for exchanges between communities is sustained because they serve many ends. Exchanges are a means of drawing large numbers of people into a process of change:
- they enable the poor to reach out and federate, thereby developing a collective vision;
- they help create strong, personalized bonds between communities who share common problems, both presenting them with a wide range of options to choose from and negotiate for and ensuring that they are not alone in their struggles; and
- they help communities to stand back and learn from their experiences.

Savings Groups

Savings groups form the basis of community participation and ensure that women participate centrally in the process of change. Women are particularly attracted to this activity and soon find that it can transform their relationships with each other, with their family and with the community as a whole. Community members find that communication processes developed through the organization of savings become a vital channel linking the whole settlement. Because women control these channels, they become centrally involved in the community development process.

Savings and credit is the basic element in the development strategy. The process starts with a consumer, production and crisis credit fund established from the small change available to most households. Treasurers visit each member daily to collect their contributions. Women who are interested are drawn into the training process and shown how such crisis credit funds work in other communities. Within three months, most settlements are able to understand, agree and manage the rules and regulations that make the crisis credit fund operational.

The savings groups are encouraged to be comprehensive and to cover as many residents as possible in the settlement. If many women in each settlement wish to be involved, it is proposed that they divide into groups of about ten households. Within each of these groups, one woman is identified as treasurer and the savings groups are linked to one another through these treasurers. Although most of the women are illiterate, they have very good oral memories. Through working with school children, the treasurers learn sufficient skills to be able to keep written records of savings and loans.

Within the Federation networks, there are three kinds of savings schemes: the crisis savings and credit schemes, the income generation schemes, and the housing savings schemes. Each community begins with crisis credit. Women save very small amounts of money, kept from the change from daily purchases. The poorest women in the community often set up this process.

Even when the savings fund is very small, women begin to borrow small amounts. This could be for medicines, to purchase a bus ticket to find work, or to give to children for schoolbooks. These small loans are repaid very quickly. Women are encouraged to make their own rules about the fund; this consolidates the women's collectives. Although small, the fund fulfils crucial crisis needs, and women get community acknowledgement for having created these resources.

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[4] Chitekwe, Beth and Diana Mitlin (2001), "The urban poor under threat and in struggle: options for urban development in Zimbabwe, 1995-2000", *Environment&Urbanization* Vol 13, No 2, pages 85-101.

The Federation uses this "record" of successful savings and credit transactions to seek external credit lines through the *uTshani* Fund. The Fund was first capitalized by funds from Misereor, a German NGO. *uTshani* is now able to extend a credit line of almost 50 million rand to Federation members, and is used to offer credit for income generation, housing, land purchase and infrastructure.

The management of the credit process serves many purposes. Most importantly, it creates conditions that ensure that women are central to the process. After starting with very small amounts, women gradually work with larger amounts. The Federation's involvement and the collective strength of the network ensure that women remain in charge. The financial management skills they have acquired and the increased access to financial resources have changed the role of women within the community and has increased their status. In addition, as more and more communities participate in and refine this decentralized, highly accountable and transparent process, they become attractive organizations to which to lend. This is because they absorb much of the administrative cost that financial institutions claim prevents them from serving the poor. In return for this "community input", communities can demand interest rates that suit them. Finally, in order to effect large-scale changes, very large numbers need to participate. Such a multi-tiered, decentralized savings and credit process creates the basis for such wide participation.

Data Gathering

Surveys are an important tool in educating communities to look at themselves and in creating a capacity for communities to articulate their knowledge of themselves to those with whom they interact (see Box 11). The Alliance assists communities in undertaking surveys on various levels: listing all the settlements in a city, household enumeration and intra-household surveys. In all instances, questionnaires and other survey methodologies are discussed with communities and people are given an explanation of why data is being gathered. Initially, crude single-frequency tables are prepared with communities, and families check registers of households. Later, a database is created out of the information collected.

The most important aspect of the surveying process is to help communities understand how the aggregation of information becomes the basis of choices that policy makers use to decide entitlements. Once communities understand this fact, they can begin to use the aggregate information they have created in their negotiations with state institutions. They also begin to understand the importance of data gathering when others come to do it.

Data gathered for one purpose is often later used as the basis for entitlement allocations by the authorities. By participating in the process of data gathering, communities ensure their inclusion in the entitlement lists and understand the role of data surveys and the monitoring of such lists. Hence, the ultimate goal of the Alliance is to train communities to participate in the data-gathering process, to negotiate for inclusion and proper entitlements, and to become the creators and managers of information about and for their communities.

Mapping

The Alliance also works with communities to build their skills in creating maps of services, settlements, resources, problems etc., so that they can get a visual fix on their situation and understand how the present physical situation relates to them. This is part of the qualitative aspects of the surveying and data-gathering process and becomes especially useful in building community skills to deal with physical developmental interventions, where they have to look at maps and drawings prepared for improving their settlement.

Needs Assessment

Traditionally, the needs expressed by local communities have not been synonymous with those planned for by external agencies. Poor communities often find that their priorities are not the priorities of those who plan project interventions. This phenomenon has distorted the way in which communities assess

their own needs when external intervention is involved. It has also led to disappointment among project managers who find that their projects develop slowly or are not adequately supported or managed by local communities.

The Alliance seeks to address this problem by assisting communities to assess their needs holistically, to understand how external interventions can benefit them, and how they can use external interventions, resources and partners as leverage to ensure the fulfilment of their most vital needs. Mapping and socioeconomic surveys are good places to start in such an assessment.

VIII. IMPLICATIONS FOR PROFESSIONALS

People's Dialogue's approach to development begins by recognizing that very few existing approaches work for the very poor. Recognizing this, the agency has sought to look at and do things in a different way. At the same time, People's Dialogue has recognized that, over time, poor people generally find the options that work best for them. Indeed, even a superficial study shows that impoverished communities have innovated systems and processes that help them to survive in a hostile environment. Similar solutions emerge in many places independently. Conversely, solutions that do not make sense to the poor do not emerge or are not adopted when the project intervention is ended. When external solutions do work for the poor, they spread without further external support.

The poor also tend to commit to solutions they know and trust because these are less risky and costly. With scarce resources, multiple survival threats and few opportunities, the poor seek to make the most of what they have. Hence, People's Dialogue started its development strategies by recognizing that the most effective solutions to the problems of poverty are likely to have their origins in the practices of poor communities; the challenge is to improve them and scale them up. This implies that, all things considered, the **revealed practices** of the poor are the best source of effective, sustainable solutions to poverty. The key to the best solutions lies in what poor people do already.

This contrasts with many professional approaches to development that assume that the only way to survive is through formal systems or jobs, and thus accordingly seek to "produce" more of them for the poor. Professionals tend to see development as a process of "upliftment", in which the poor "develop" by making their lives more like those of the middle class. However, this ignores that fact that the majority of the world's population survives through strategies, systems and processes that are not part of the formal world. As noted above, the "delivery" approach to development not only fails to capture this resource but also often actively undermines it by leading poor people to devalue their skills or by dividing their communities.

Moreover, the approach assumes that the formal world can be expanded without any recognition of structural constraints. An analysis based on an assessment of current pressures within globalization suggests that this is unlikely. Looked at another way, an approach based on integrating the poor into the formal world suggests that some people will fail – thus creating a class of chronic poor. An example of how this approach exacerbates poverty can be seen in the ways in which the "informal settlements" regulate construction and other practices that affect the whole community. All organized communities know the cost of some activities (such as unsafe use of open fires, anti-social activity or certain kinds of commerce) and develop a means of regulating them that suits the reality of their circumstances. That these regulations are uniformly less stringent and codified than those of the broader municipalities within which poor people live does not mean that they do not exist. Most municipalities, however, insist on their own standards, whilst many aid agencies refuse to support programmes that do not entrust the task of setting standards to professionals. But such standards cannot be enforced. Building regulations, for example, result in the homes of the poor being illegal rather than legal. They do not achieve their intention, which is to raise standards.

However, as noted above, simply using the existing solutions that communities have developed is not sufficient. Community-based solutions on their own have not dealt adequately with poverty. Hence, their solutions need to be improved. One reason for the inability of low-income groups themselves to address poverty is that they are not only materially poor but also socially and politically disempowered.

This leads to an important conclusion: **to achieve lasting poverty reduction, people must be organized, confident and determined**. They need to develop solutions that work for them, drawing on a knowledge and experience beyond their immediate boundaries. They need to innovate again as the context changes, as other opportunities become available and as other threats emerge.

Hence, an important part of the development process is to identify, try out and further develop new solutions. Where existing solutions are inadequate, there is a need for further innovation. As importantly, identifying and trying out new solutions is the indispensable starting point for organizing communities and creating situations in which they can recognize and tap into their capacity to take control of development.

With the focus on solutions that emerge from those generated in practice, it is important that communities **experience** the process of "discovering" and trying them out rather than relying on outsiders ("training"). Mastering the art of "kick-starting" the experiential process in a variety of contexts is the principal challenge that is needed for scaling up. The challenges are multiple and communities need to learn how to innovate in new ways that secure substantive benefits that can be maintained.

To see why it is important to place poor communities at the centre of the solution process, consider what makes their "organic" solutions so successful. The similarity in the solutions to the problems of poverty that have emerged more-or-less simultaneously in poor communities around the world are a common response to a common experience, namely the process of globalization. Such solutions did not spring into existence fully formed. They emerged gradually, through **practical experimentation** and **experience sharing** in similar circumstances. Low-income communities see these solutions develop before their very eyes. They accept the solutions, make them manageable, and develop ways of passing them on from generation to generation and from place to place without outside help. In this way, three of the most important conditions for development – "buy-in", "transparency" and "replicability" – are established organically.

People's Dialogue divides this experiential community process into three categories: **innovation, acceptance** and **diffusion**. Although powerful, this organic process, if unaided, is naturally slow and faces great obstacles (especially given the global hegemony of the "delivery" development paradigm). The core role of professionals, they believe, is to understand this process holistically, to add value to it, speed it up and diffuse it across boundaries that cannot easily be overcome by the poor alone. Accordingly, one of the most important tasks of the development professional is to work out how, in a variety of contexts, to **induce** and **guide** the experiential process through which communities learn to identify problems and achieve sustainable, rational solutions based on their own needs and capacities. Generally, this involves compressing the processes of priority setting and option identification, by constructing situations in which a larger pool of experience is available to the poor in a form they can easily understand.

A powerful mechanism to do this is for professionals to **facilitate direct interaction** between those communities who have been through the solution process and those who have not. Nothing is more powerful than the experience of sharing experiences, options and solutions.

This has an important implication. The capacity to share experiences, options and solutions suitable for the poor is necessarily restricted to those who have had such experiences, which excludes the middle-class professional. The best vectors, therefore, are the poor themselves. No matter how expert one may become or how keen one is to succeed, by its very nature, **this methodology relegates professionals to the role of facilitators of processes rather than implementers of solutions**. Because the solutions are organic and experiential, "training" by outsiders cannot diffuse them successfully. Processes can be encouraged but not reproduced by outsiders.

Communities must set Development Priorities

No solution can be maintained unless those who have to manage the solution in the long run are intrinsically involved in identifying and implementing it. Communities of the poor will support

development that makes sense to them. When the resources needed to address poverty have to be put together, the human resource investment is vital. The Alliance begins its problem-solving process with this in mind.

Professionals are only involved in the background of priority setting and leadership identification. They are not visible or present in this phase of the activities although they do liaise with leaders of local and national federations as and when necessary. This process is owned and managed by local federations.

Professionals are only brought into the process once priorities have been defined. Although such a hands-off approach has frustrated some government officials and NGOs that the Federation is working with, this is one fundamental criterion to which the People's Dialogue and the Federation adhere in their involvement in new projects and settlements. The advantage of an approach that puts a strong emphasis on strengthening local leadership is that it establishes lasting and effective organizations in settlement communities. Furthermore, this approach is useful when the process has to multiply. Community leadership reproduces itself faster than committed activism; community leaders, because they belong to their respective communities, remain in place long after project implementation is complete.

The benefits of this emphasis are many:
- communities of the poor take time to study their own problems and identify priorities for themselves;
- they develop the skills and capacity to articulate the solutions they are looking for to resolve their problems;
- they develop the capacity to identify, strengthen and demonstrate the resources that they hold within their communities. They can use these resources to leverage additional contributions from the state and/or development assistance agencies;
- they are confident enough to work with professionals without risking losing their own perspective;
- they have the strength and internal accountability to ensure equity and a proper distribution of the resources that they have obtained through their negotiations;
- once they know something, they will encourage, assist and train their peers into being able to do the same.

If strategies based on direct experience are more effective and have greater buy-in, transparency, replicability and sustainability, then it makes sense for those who have developed them – the poor – to set priorities. Indeed, there is little point in moving on to option identification and experimentation if the problems that the solutions address are not those that are most important to the community.

People's Dialogue believes that when poor people examine their priorities, they are in a better position to decide what is needed. No one can tell a person what their most pressing needs are, since individual assessments of needs are subjective.
At the level of the collective, however, they believe it sometimes takes an outsider to "see the forest for the trees". As with choosing solutions, sometimes it is important for external professionals to add value. The argument is therefore not absolute: although community priority setting is **necessary** for effectiveness, it is not always **sufficient**. Professionals have an important role to play in facilitating the process by virtue of their (hopefully) holistic point of view – as do more experienced communities, via horizontal exchanges.

The fundamental reason why poor communities must set priorities is not that they are always right. It is, rather, that the poor are much more **committed to the solutions** if they see that change is possible using their own strategies and processes, aimed at priorities they have set themselves.

Judicious facilitation and presentation of a range of new options may be a helpful intervention by professionals. Adding to the pool of available practical options is a key benefit and a role of multi-community exchanges. This presents certain opportunities to short-circuit and guide what is otherwise an uncertain historical process by carefully constructing learning situations. However, the goal is to facilitate **processes** that generate solutions rather than to generate **specific** solutions. At some point, one

has to draw a line between facilitation and the implementation of a pre-determined solution which is tantamount to "delivery". Implementation of a pre-determined solution is unlikely to succeed and People's Dialogue believes that the only option is to walk away and try again later. Without the commitment that comes from both experience and real control, communities are unlikely to develop transparent, democratic, replicable and sustainable solutions.

The most important complication, however, involves community "leadership". There are always people in every community keen to get involved in development projects, and it is tempting to see them as "leaders" and to rely on them. Such a course of action is useless if the reliance is inappropriate or too great. Ultimately, the entire community must be involved in the prioritization and planning process. This is one reason why horizontal exchanges are so important: involving other poor people in a facilitating role in the solution process, even from outside, is effective since they are more readily trusted and better able to identify potential community problems.

Beyond a Reliance on Government Delivery

Achieving widespread change requires a critical mass of mobilized poor people both demanding it and demonstrating practical alternatives to the status quo.

Having solutions is only part of the answer. In order to implement them, poor communities also need the support – or at least the acquiescence – of those in power. Yet no matter what they may achieve, micro-communities cannot often demand resources and/or policy changes effectively. As noted earlier, the Federation and People's Dialogue work with government at multiple levels. They seek to be proactive in setting up working relationships and demonstrating alternatives that also address the problems local government faces. In most cases, public authorities do not have the tools, the inclination nor the interest to deal with poor communities, and may even regard them with suspicion if they claim to have solutions.
The Federation, as a national movement, provides a critical component to a people's-centred approach to priority setting, option identification and practical experimentation.

Throughout the post-colonial world, political parties have sought to gain state power in order to achieve their strategic goal of transforming society. Almost invariably, once in power, such political movements – heavily dominated by the middle class and often educated in the West or the former Communist countries – adopt a "delivery" approach to development. They see their mission as delivering what the previous state government had denied, as quickly and as "efficiently" as possible. Because they see themselves as **comprehensive** liberators, however, successful political movements do not regard empowerment of the poor as something that needs to be supported; it is assumed to have been achieved by virtue of the **party's** ascendancy
This is a common experience in much of the post-colonial world. The wholesale attempt to "implement" development usually peters out soon enough, to be replaced by a more gradualist approach in which failure to deliver can be blamed on lack of money rather than will (or on élitist political systems). Over time, however, under pressure of reality, spaces emerge within which organized communities of the poor can advertise their success in meeting their needs using their own systems. These demonstrations can be very attractive, especially to mid-level bureaucrats who seek new ways of meeting their development targets, as well as a popular constituency. Without local support, they cannot persuade more senior staff to adopt more radical policies. All too often, forces for change within the bureaucracy are ignored. Sometimes, alliances form between low-income communities and their local bureaucratic benefactors in order to make the formal systems work better. All too often, these solutions are more oriented to the self-interest of those in charge rather than to the needs of the low-income citizens.

Whatever the quality of the solutions, they remain fragmented and restricted in scope as long as there remains widespread acceptance of the state's claim to be the sole authentic arbiter and implementer of development. Even in the face of the state's obvious failures, many people cannot imagine an alternative and tend to accept that lack of money is the problem, and their mobilization is based on demands for **improved delivery**. This may lead to a "second phase" of development efforts in which there are renewed attempts to find new agencies to implement development.

As long as communities practising organic solutions remain few, isolated and unaware of the existence of similar communities, they tend to remain unsure of themselves, and therefore unable to demand resources and policy changes which could help them scale up their efforts. The alternative is to mobilize the poor into grassroots networks (or federations) of empowered communities practising similar options. Where there is weakness in isolation, there is strength in numbers. Developing a sturdy and self-aware network of organized communities engaged in similar activities is essential if these processes are to be deepened and maintained.

First, community explorations can be undermined by bureaucratic interference unless the community has strong confidence in itself and in its solution. Often, government officials who become enthusiastic about community innovations try to adapt the community process to their **own** thinking and strategies. In so doing, they undermine community involvement and eventually this results in the undermining of the process as it becomes just one more improvement dominated by groups located outside of the community. Linkages to a strong network of similar communities provides individual communities with both self-confidence and a reference point against which externally imposed adaptations can be judged.

Second, it is both difficult and impractical for many communities (and their professional supporters) to seek support from the state independently, even if they are all practising similar solutions. The transaction costs are high for each community and the state is unlikely to improve its activities in order to support this process. A network of communities is in a much better position to meet these transaction costs. They share their knowledge of supportive politicians and officials, they identify helpful legislation and existing loopholes, and they find sources of funds that can support their work. Here too, professionals can assist.

Third, even if it can be shown that individual community organizations can manage support systems from the state, in most cases government officials and politicians are unlikely to offer substantive support unless these organizations have achieved a significant public presence. To achieve an effective presence at scale, community networks must be strong and self-expanding. The alternative is one or two "showcase" communities, with little being provided for the rest. Of the many competing demands on state resources, those emanating from low-income communities are unlikely to be taken seriously at scale unless they are widespread, deeply rooted, tenacious and capable of maximum self-expression. Low-income communities may be at a further disadvantage because it is assumed that middle-class professionals are the appropriate managers of and spokespersons for their efforts. Hence, communities that are without these spokespersons may find it even harder to be listened to.

The experiences of the South African Homeless People's Federation show some of the benefits that the poor can achieve if they have a truly self-organized presence **in the political sphere**. The Federation decided not to operate as a political party although they do want a political presence. Of course, this approach brings its own difficulties. Politicians may see it as a threat. Professionals may also feel threatened, particularly those who have built their careers on the assumption that they are the experts in solving poverty. Both groups may feel that having to deal with a confident, assertive people's movement is a complicating obstacle rather than a liberating opportunity and development goal in its own right.

A further threat, and one of the biggest problems, is the dynamic of political power itself. With the emergence of "leaders" from among the poor, there may be individuals who see themselves as a privileged élite. The Federation and People's Dialogue seek to institute mechanisms of accountability and transparency to reduce these problems. But with a decentralized style, there are always some groups that remain dominated by a small number of individuals.

Mobilizing poor people into effective grassroots networks to address their poverty requires staying power, as change is invariably very slow. Creating a network of communities practising similar solution processes requires large numbers of people who **want** to change the situation and who **believe** in their own capacity to do so. This cannot be achieved, however, until the poor have tangible evidence that change is possible. This evidence is strongest and most convincing when presented by people like

themselves. Even with such evidence, however, the process is long and slow because of the obstacles and contradictions identified in the previous section.

In many ways, this is one of the strongest of all arguments for exchange programmes. A methodology that simultaneously facilitates the solution process, links communities on a regular basis, provides a platform for resolving the inevitable problems, and reinforces confidence and vigour in the face of inevitable challenges is a powerful support to communities.

Many community leaders and professionals who have experienced or observed exchange programmes note two consistent characteristics. First, they can be instrumental in helping the host community to break deadlocks through injecting new ideas and because the presence of "visitors" encourages face-saving cooperation between strong local power blocks. Second, they are an extremely powerful means of motivating people that remains effective long after the exchange is over. Exchanges are useful for more than just kick-starting and guiding the solution process. Sometimes, exchanges are between experienced communities who have become tired or who otherwise face challenges that they cannot resolve in isolation. As is the case with other groups, low-income communities also need the help of a broader network of people, both "expert" in the life problems they face and able to discuss them in a manner and context which is comfortable for everyone.

Community-based development processes must have dual content: they must simultaneously **educate** and **mobilize**. The powerful characteristic of exchange programmes is that they both educate and mobilize. To achieve community self-discovery and community action based on chosen solutions to self-identified problems requires both educative and organizational aspects to the process.

There are a number of reasons for this, some of which are obvious and some less so. First, it is very costly to be poor and the poor's time is as precious as anyone else's, perhaps even more so. Hence, "training" without a demonstration of how the promised results can be realized is not attractive; some people may be interested but most will be indifferent at best. The evidence of potential success is best borne by other poor people in the form of direct exchanges rather than presentations by professional "outsiders". Second, and with the previous point in mind, poor people are unlikely to **remain** committed to the solution process unless they regularly see people like themselves practising viable options for change in a variety of situations. This provides encouragement and the "topping up" of energy levels of hard-working communities.

To achieve the political presence discussed above requires a constant emphasis on the mobilizing aspects of the networking process that is manifest through exchanges. Just as the solution process cannot be effective in isolation or ignorance of its broader context, the need for collective strength means that every solution must contain a corresponding emphasis on community organization, commitment, democracy and transparency together with an awareness-raising element of the broader context. In the experience of the Alliance, it is the inseparable duality of education and mobilization that implies the need for networks of empowered communities practising similar options, and for horizontal exchange programmes as the principal method of both building them (mobilization) and diffusing information throughout them (education).

Advocacy efforts – such as meetings with politicians, bureaucrats or other development agents – are rarely effective if professionals take the lead. Professionals sometimes need to be present in order to present arguments in terms that officials find easy to accept. What is needed is a flexible approach that enables different groups within the Alliance to lead in areas and at meetings where they have a comparative advantage.

A powerful technique for influencing external power holders is to combine important meetings with exchange visits from other communities, particularly internationally. Time and again, it has been shown that the mere presence of "visitors", even if they are poor, can have a profound impact on the perceptions and attitudes of officials and politicians who have been asked to attend meetings. If it were just their own squatters, the authorities would ignore the meetings. But with the presence of international guests, they are willing to attend and discuss state policies and practices.

The Rituals that transmit and embed Ideas and Practices

The experience of the Federation and People's Dialogue suggests that professionals and community activists who adopt the solution process face a variety of challenges and obstacles, some external (unsympathetic power holders, other professionals, rules and regulations) and some intrinsic to their own practices. One of the most significant of the latter is ensuring consistency and focus to achieve a sustainable, effective and manageable network of community groups.

If the content of exchange programmes is to be more than just training conducted by other poor people rather than middle-class professionals, the pedagogy must be different, community based and replicable. One of the most important tools for achieving this is to develop **rituals** from poor people's development practices that help to **transmit** and **embed** ideas and practices in an easily understandable and memorable way. They also help establish the required staying power, diffuse community knowledge effectively and achieve sustainable mobilization. For example, many micro-finance programmes struggled when they trained community members in decision making, record keeping and reporting to a central coordinating body. The community members seemed to understand and accept what was being presented at the time, only to discover later that it had merely created confusion. When NGOs worked with particularly committed community members to develop simple, easy to use practices and materials that the communities could present to each other directly, with an emphasis on strict adherence to the methods in question, they found this worked very well.

Hence, communities have, over time, refined the core activities described earlier, to produce rituals that are repeated over and over again. Communities "copy" processes such as savings scheme management. They have space to modify these as they wish and require but they have the advantage that they can adopt a tried and tested practice, much of which will fit their needs. As they become more familiar with the process, they may change the way it is working; but while they are learning how it works, they can adopt a practice which has all the necessary steps.

IX. CONCLUSIONS

The process of Federation building at local, city, national and international levels has enabled organized communities of the urban poor to recognize that they are part of an urban reality that stretches across a globalizing world. It has helped them to recognize that their condition presents them not only with crises, conflicts and problems but also with opportunities to intervene successfully in micro and macro poverty reduction programmes. The Federation model gives communities of the urban poor many more options and opportunities. It also gives them a critical ingredient to ensure long-term viability: a constant capacity to replicate and self-generate.

As opposed to most development strategies, the capacities that are developed are rooted primarily in the practices, knowledge and experience of poor communities. The revealed practices of the poor are the single best starting point and a constant guideline in the search for solutions to poverty.

Ultimately, any assertion about the relative merits of development solutions depends on an understanding of what "effectiveness" means, as well as poor people's subjective feelings. One thing is clear: even by supposedly "objective" standards such as the Human Development Index, poverty has increased in Africa over the last decade. As a result, many development agencies have recognized the need to change. If existing solutions are inadequate, it makes sense to look for alternatives. The Federation model turns this process of identifying and trying out new solutions into the indispensable starting point for organizing communities. In turn, these organizations learn from one another how to create situations in which they can recognize and tap into their latent capacity to take control of development.

This means that the heartbeat of good development programmes is a constant focus on the organic solutions that are generated in practice. International networking of organizations of the urban poor extends this process outward, beyond national boundaries. Like multinationals and speculative capital

before them, the urban poor have recognized that national boundaries are merely constraints to information flow, opportunities and growth.[5]

Box 12: 100,000 life stories

There are 100,000 members in the Federation. Eighty-five per cent of them are women. About 6 per cent have secured improved housing through the Federation. A further 10 per cent have secured legal land tenure. There is no single life story that can represent what the Federation offers to its members, but these three women speak for many others when they recount what the Federation has meant to them.

"I joined the Federation in 1992. What is important is that now I have my house. You have seen it. It is up the hill. When I slept the first night in my house, I could not sleep. I touched by husband in our bed: this is our house, this is our house – I told him. I was too excited. I lay awake all night. Then the next day, the next night, I went to sleep knowing this is my house.

You see, I had a shack, down here on this land. Just here, close by. There was a toilet outside. In that shack, when it rained, the water came in under one side and went out under the other. I have a boy, with a chest, you know, no not asthma, just an infection, he could never stop coughing. This is all gone now. When I left the shack, I let someone else take it. It is not worth much. I just let them have it.
Now I spend all day with the Federation. One day, you know, I was too tired to come and do this stuff. I just stayed in my house. But they came to get me, you must come to the *uFunde Zufe*, they said. There are people waiting who need you to explain how housing loans work to them. I do the bookkeeping, you see, I explain the books. So then I came down the hill and then I carried on." – Angelina, Win Housing Savings Scheme, Kleinskool

"I joined in 1996. In 1985, we had left Gugulethu. I could stand it no longer. We moved to Khayelitsha. I was on the same road as Maso (a leader in Victoria Mxenge Housing Savings Scheme). In 1992, I heard about the Federation. At that time, no one trusted it in Khayelitsha. My husband, he did not let me join. He said why do I need a house. He will buy me a house in Tempani where his brother is living. Then, in 1994, I divorced him. [The violence] …it was just too much.

After my husband, I was for the Federation. I was Federation. Then I went to Maso and she said find ten others and I will come to talk to you. That was December 1995. That is when I joined. In February last year, I started building. The house, it took a long time. A lot was stolen. We were the first houses to build in this part. I had to buy it all again. We finished it, just the outside walls, in May.

So, in August, I took an income generation loan. It was for 2,500 rand. I spent 1,000 rand on the machine, the rest on materials. I had made money sewing before. Now, my daughter, she has also joined the Federation." – Kofie, Housing Savings Scheme, Cape Town

"Before the Federation, I belonged to the congress, the ANC. My husband, he belonged to the congress. We worked together there. Now I belong to the Federation. The Federation, it means more to me than the ANC. Here are my sisters. Now take Nongazi. She is a sister to me – we are here to help each other. She brings me her problems, then she is like a daughter. Sister, daughter, I do not know what she is.

They really helped me you see. When my son sold my home, the house I was living in, I went to a friend. Join the Federation they told me. So I did. And I got my loan. I built my house, I was there mixing concrete.

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[5] The South African Homeless People's Federation is one of the founding members of Slum//Shack Dwellers International, an international umbrella organization of Urban Poor Federations that represents its member federations at international level (for instance, in negotiations with international agencies) and supports exchanges between them – see Patel, Sheela, Sundar Burra and Celine D'Cruz (2001), "Shack/Slum Dwellers International (SDI); foundations to treetops", *Environment&Urbanization* Vol 13, No 2, pages 45-59.

It is hard at my age [76] but I wanted a house. Now you see...I am for the Federation. It is more than the house. Now we are together. I still carry on saving. This pill container, it has all my change. The cents that I bring home, I put them there for the *ntsuka zonke*.

I tell the others, my neighbours, about the Federation. They do not want to work hard. They see me laying the bricks, they think it is too hard. They do nothing. But they will come to the Federation, wait and see." – Mama Jonga, Housing Savings Scheme, Queenstown