Reducing Urban Poverty; Some Lessons from Experience

David Satterthwaite

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I. INTRODUCTION

This paper draws on seven case studies that document the experiences of initiatives that sought to reduce urban poverty.[1] The documentation of these cases was funded by the UK Government's Department for International Development (DFID) and the Swiss Agency for Development and Cooperation (SDC).[2]

The case studies were chosen to reflect diversity in terms of:
- the nations and cities in which they are located;
- the basis on which they are funded (ranging from those that rely on demand from low-income households or draw on community or local resources to those drawing on funding from national governments and international agencies); and
- the organizations involved in their formulation and implementation (see Table 1). As will be described in more detail later, they were also chosen to reflect diversity in those aspects of poverty they sought to address.

Table 1: The Seven Case Studies

Case study	Nation	Funding	Lead institutions involved in the initiative
Anjuman Samaji Behbood in Faisalabad	Pakistan	Local demand	Community organizations and a local NGO
El Mezquital, Guatemala City	Guatemala	International and community resources	Community organizations
Non-profit organizations in Cali	Colombia	Local foundations and local demand	Local foundations funded by local enterprises
Participatory Planning in San Fernando	Argentina	International	National agency, municipal authority, local NGO, community groups
Programme for Local Development - PRODEL - operating in eight cities	Nicaragua	International, municipal and community	National NGO, municipal governments, national bank, community organizations
The work of the South African Homeless People's Federation in different cities	South Africa	Community savings, local resources, national funds, some international funds	Savings and credit groups and their federations and local NGO
The work of SPARC-Mahila Milan-National Slum Dwellers Federation in different cities	India	Community savings, local resources, some international funds	Savings and credit groups and their federations and local NGO

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[1] This paper draws heavily not only on the descriptions of the case studies but also on their conclusions, so it might be considered more fairly as a paper co-authored by all the authors of the case studies, namely Salim Alimuddin, Florencia Almansi, Ted Baumann, Joel Bolnick, Julio D Dávila, Andrés Cabanas Díaz, Emma Grant, Arif Hasan, Ana Hardoy, Diana Mitlin, Cecilia Monti, Sheela Patel, Asiya Sadiq, Alfredo Stein, Ricardo Schusterman, Gastón Urquiza, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez.

[2] The documentation of three more case studies is underway and the findings from these will be incorporated into a later version of this paper.

These case studies were never intended as evaluations, but rather as the means by which those involved in the initiatives could describe what had been done, reflect on what had been achieved and consider what constrained a greater scale or effectiveness. For most of the case studies, the primary authors are staff from local organizations who were involved in the initiative, usually working with one external author. The other case studies were prepared by external researchers, drawing on visits to the initiatives and on interviews with those involved. The case studies were not chosen to represent "best practice", although there was a conscious decision to choose projects which were considered by those informants consulted at the outset of the research to have had positive outcomes with regard to reducing urban poverty.

Five of the case studies have now been published (see details at the end of the paper) and the others are being prepared for publication. Condensed versions of several of the case studies have also been published in *Environment&Urbanization*. Summaries of each of the seven case studies are also attached to this paper.

II. DRAWING SOME CONCLUSIONS

1. The many aspects of deprivation for which action is needed

The case studies show considerable diversity with regard to the measures taken to reduce poverty and they demonstrate both the potential and the limitations of local actions. On the one hand, they show the concrete improvements that were possible with modest external funding levels (or no external funding at all) - all the case studies show tangible improvements in living conditions and access to basic services for low-income groups, with many also bringing other important benefits. On the other hand, most also show the limitations, especially the limited possibilities for local initiatives and institutions to generate employment or increase incomes for those sections of the population with the lowest and/or least stable incomes.

These two different aspects - both the very tangible successes and the limitations - are illustrated in particular by the case study of El Mezquital in Guatemala City. This is a squatter settlement with more than 20,000 inhabitants, formed by a land invasion in 1984. The inhabitants managed to prevent government attempts to evict them; indeed, it was the only successful squatter invasion in the city during the 1980s. There have been great improvements since 1984 in provision for infrastructure and services (including provision for water, sanitation, drains, roads and footpaths, electricity, health care and schools), largely through the work of community organizations with some external support (principally from the World Bank that capitalized on an earlier initiative supported by UNICEF). The inhabitants also have secure tenure and no longer live in fear of eviction. A community-based integrated health programme, centred on health workers elected by households, was developed in El Mezquital and is a model that has been widely copied in other parts of the city. All this was achieved with modest levels of external funding and despite the lack of interest and support from the municipal authorities. Yet, much of the population still has to subsist on incomes that allow only one meal a day and the very low incomes of much of the population are still reflected in the poor quality of much of the housing. There are serious problems within El Mezquital with violence and drug abuse. Many inhabitants feel that the international agencies abandoned them after the project was finished. As one professional associated with the programme commented, the project could be seen as simply putting a roof over their poverty. The urban development programme within El Mezquital included measures to generate employment, some of which were successful, and the public works generated incomes for up to 1,000 people - but these were only short term.

This case study and many of the others show how much can be done to address many of the most serious deprivations faced by low-income households, often with modest resources, but also the limitations in terms of addressing the most immediate cause of their poverty - inadequate and often unstable incomes. Several of the case studies revealed successful income generation components and it is likely that all the

initiatives directly or indirectly increased real incomes for many low-income households, by lowering the costs of basic services or by reducing other costs (especially the income lost to ill-health, injury and premature death, and expenditure on treatment and medicines). Although this paper will emphasize the many aspects of poverty other than inadequate incomes that can be addressed by local actions, poverty reduction will always be limited if real incomes (in terms of being able to afford necessities and develop an asset base) do not increase. Thus, the key point for those who consider that poverty is only reduced by increasing the incomes of those with below poverty line incomes is that many aspects of poverty can be reduced by other means. The key point for those who focus on what local institutions can do to reduce poverty is to stress the limitations that such an approach can have, especially in cities or nations with stagnant or declining economic bases.

Table 2 outlines eight different aspects of poverty and Table 3 illustrates which of these aspects each of the case studies sought to address. We choose here to list these eight aspects of poverty rather than incorporate them into a framework that distinguishes between immediate and underlying causes and that makes clear the links between them. The reasons for this are related to the main findings drawn from the seven case studies, namely to show the important roles that local institutions have or can have in contributing to poverty reduction in urban areas; to emphasize that many kinds of local institutions can contribute to this; and to make explicit the multiple ways in which they can do so. Table 2 and its elaboration in Tables 3, 4 and 5 are not intended as explanatory frameworks but as lists of the different intervention points through which local institutions and actions can contribute to reducing poverty.

Table 2: The Different Aspects of Urban Poverty

1. Inadequate income (and thus inadequate consumption of necessities including food and, often, safe and sufficient water; often problems of indebtedness, with debt repayments significantly reducing income available for necessities).

2. Inadequate, unstable or risky asset base (non-material and material including educational attainment and housing) for individuals, households or communities.

3. Inadequate shelter (typically poor quality, overcrowded and insecure).

4. Inadequate provision of "public" infrastructure (piped water, sanitation, drainage, roads, footpaths, etc.) which increases the health burden and often the work burden.

5. Inadequate provision of basic services such as day care/schools/vocational training, health care, emergency services, public transport, communications, law enforcement.

6. Limited or no safety net to ensure basic consumption can be maintained when income falls; also to ensure access to shelter and health care when these can no longer be paid for.

7. Inadequate protection of poorer groups' rights through the operation of the law: including laws and regulations regarding civil and political rights, occupational health and safety, pollution control, environmental health, protection from violence and other crimes, protection from discrimination and exploitation.

8. Poorer groups' voicelessness and powerlessness within political systems and bureaucratic structures, leading to little or no possibility of receiving entitlements; of organizing, making demands and getting a fair response; and of receiving support for developing their own initiatives. Also, no means of ensuring accountability from aid agencies, NGOs, public agencies and private utilities and being able to participate in the definition and implementation of their urban poverty programmes.

NB. This table draws on a pyramid diagram in Baulch, B (1996), "The new poverty agenda: a disputed consensus", *IDS Bulletin* Vol 27, No 1, pages 1-10, which was developed for rural poverty; the categories and their descriptions have been modified to reflect the characteristics of urban poverty. It is included to illustrate different aspects of urban poverty; others could be added, especially related to key qualitative aspects, such as lack of low-income groups' right to greater self-determination in the definition of poverty and how it is addressed, and lack of resources to allow them to address their own problems. The table draws on Amis, Philip (1995), "Making sense of urban poverty", *Environment&Urbanization* Vol 7, No 1, April, pages 145-157; Chambers, Robert (1995), "Poverty and livelihoods; whose reality counts?", *Environment&Urbanization* Vol 7, No 1, April, pages 173-204; Moser, Caroline O N (1996), "Confronting crisis: a summary of household responses to poverty and vulnerability in four poor urban communities", *Environmentally Sustainable Development Studies and Monographs Series No 7*, The World Bank, Washington DC, 19 pages; Moser, Caroline O N, Alicia J Herbert and Rosa E Makonnen (1993), *Urban Poverty in The Context of Structural Adjustment; Recent Evidence and Policy Responses*, Discussion Paper DP #4, Urban Development Division, World Bank, Washington DC, 140 pages; and Wratten, Ellen (1995), "Conceptualizing urban poverty", *Environment&Urbanization* Vol 7, No 1, April, pages 11-36.

Of the eight different aspects of poverty listed in Table 2, there are several about which there is general agreement in the literature on poverty. All official definitions of poverty include some reference to inadequate income (or inadequate consumption as a result of inadequate income) and most are based solely on this. There is widespread recognition among governments and international agencies that lack of infrastructure and services are aspects of poverty, even if most do not incorporate indicators relating to these in definitions and measurements of poverty.[3] Table 2 also includes aspects that are rarely considered in the official discourses on poverty (and are less easily measured) such as lack of voice and power within political systems and bureaucratic structures, and inadequate protection of poorer groups' rights by the law.

Some of the aspects of poverty listed are not exclusive to poorer groups. For instance:
- In many societies, many of those with incomes that could be considered adequate in terms of paying for necessities lack voice within political systems and receive inadequate protection from the law (for instance, in terms of health and safety at work or protection from violence and other crimes).
- In many urban centres, it is not only low-income households that suffer from inadequate provision of "public"infrastructure and services, since large sections of the population with the capacity to pay for good quality infrastructure and services do not receive it; the deprivations they suffer, that arise from, for instance, inadequate provision for water, sanitation and drainage, are related more to the limitations and inadeqaucies within the institutions with responsibility for their provision.
- In many cities, there are large sections of the population who, according to government-defined poverty lines, are not poor but who live in poor quality, overcrowded housing that lacks basic infrastructure and services - but this is usually related more to the unrealistically low level at which the income-based poverty line is set in relation to the real costs of necessities in that city rather than to the fact that non-poor groups live in poor quality housing.[4]

However, in most instances, those with inadequate incomes also suffer from the other aspects of poverty listed above; their poverty can be reduced by acting to address these other aspects. The deprivations suffered by low-income groups are also generally the result of the inter-relations between these different

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[3] The criteria used by governments to define and measure poverty are reviewed in more detail in a separate paper by Jonsson, Åsa and David Satterthwaite (2000), "Income-based poverty lines; how well do the levels set internationally and within each country reflect (a) the cost of living in the larger/more prosperous/more expensive cities; and (b) the cost that the urban poor have to pay for non-food items", paper prepared for the Panel on Urban Population Dynamics, Committee on Population, National Research Council/National Academy of Sciences, Washington DC, 63 pages.

[4] This point is discussed in more detail later.

aspects. As Navarro (2001) describes, a five-person low-income household with only one income earner (who is illiterate), living in a rented room in an illegal settlement on a flood plain cannot be categorized as having five distinct problems - namely low-income, high dependency ratio, lack of education, insecure tenure and unhealthy housing - because they are all related.[5]

Some of the case studies are on institutions whose work addresses many aspects of poverty. For instance:

- the work of PRODEL, which includes small grants to support infrastructure and community works projects undertaken by municipal authorities and community organizations; credit programmes (with technical advice) to support house improvement; and credit to support the formation or expansion of micro-enterprises;
- the work in El Mezquital, which included new housing, housing improvement and improvements in a wide range of infrastructure and services;
- the work in San Fernando (Buenos Aires), which identified and developed a considerable range of projects working with young people, women-headed households with children, senior citizens and people with disabilities;
- the work of non-profit organizations in Cali, which included support for micro-enterprises, housing programmes, community services and recreational facilities.

In two of the case studies, namely the work of the South African Homeless People's Federation and of the Alliance of SPARC-Mahila Milan-National Slum Dwellers Federation, most of the eight aspects of poverty are encompassed. The work undertaken by these groups is difficult to categorize in terms of the sectors into which it falls, since the approach used combines concrete actions to address particular aspects of deprivation (especially inadequate, insecure housing and basic services) with changes in the relationships between urban poor groups and all other actors, including local political systems, local government agencies and international donors. This also helps emphasize the inter-relations between the different aspects of poverty set out in Table 2, especially the extent to which greater protection from the law and greater "voice" helps to support improvements in other aspects. In these instances, the role of the local NGOs is to support urban poor groups in creating their own institutional structures and their own strategies for changing their circumstances. Table 3 highlights the different aspects addressed by the different case studies in diagrammatic form.

Some case studies are of initiatives that focused more on particular aspects. For instance, the work of the Anjuman Samaji Behbood in Faisalabad is specifically about a community-driven model for improving water, sanitation and drainage in the informally developed settlements in which most of Faisalabad's low-income population lives; it is also a smaller-scale initiative than most of the others. Its importance lies in the fact that it demonstrates a way in which low-income communities can address the multiple deficiencies they face in the provision of water, sanitation and drainage, based on their own resources and in ways that are integrated within the larger institutional and infrastructural framework of Faisalabad (with all its constraints and deficiencies).

In one way or another, all the case studies are examples of attempts to change the relationship between government and low-income communities. At the community end, they encouraged a more proactive role for low-income households and for their own organizations, both in negotiations with official agencies and in terms of becoming involved in projects. At the government end, they sought to demonstrate the advantages for government agencies of supporting community-based improvements. As described in more detail later, all the case studies recognized the importance of developing more productive and more equal relationships between urban poor groups and external agencies, although with considerable differences in the way in which this was done and in the relative importance given to this.

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[5] Navarro, Lia (2001), "Exploring the environmental and political dimensions of poverty: the cases of the cities of Mar del Plata and Necochea-Quequén", *Environment&Urbanization* Vol 13, No 1, pages 185-199.

Table 3: The Different Aspects of Poverty that the Different Case Studies sought to Address

	Inadequate income	Inadequate unstable or risky asset base	Inadequate shelter	Inadequate provision of public infra-structure	Inadequate provision of basic services	Limited or no safety net	Inadequate protection of poorer groups' rights through the operation of the law	Poorer groups' voicelessness and power-lessness
Anjuman Samaji Behbood (Pakistan)				***				
El Mezquital (Guatemala City)	*	*	**	***	***		*	*
Non-profit organizations in Cali (Colombia)	***		**	**	**			
Participatory Planning in San Fernando (Argentina)				**	**			**
Programme for Local Development PRODEL (Nicaragua)	**	*	**	**	**			*
South African Homeless People's Federation	*	**	**	**	**	**	*	**
SPARC-Mahila Milan-National Slum Dwellers Federation (India)	*	**	***	**	**	**	*	***

NB. This table is only intended to highlight how the seven case studies included different components, and is not meant to be a precise analysis of the relative priority given to each of these aspects of poverty reduction. It is also difficult to distinguish with any precision between these various aspects, since successful actions in one can spill over into others.

2. The importance of increasing incomes but with the recognition that local institutions have limited possibilities to do so

If urban poverty is viewed as being caused by inadequate income levels (and the inadequate consumption that results from this, including inadequate nutritional intake), with all the other deprivations listed in Table 2 being directly or indirectly caused by inadequate income, then the scope for local action to reduce urban poverty is inevitably limited. Local institutions generally have a limited capacity to change economic circumstances in ways which produce real income increases for significant sections of the urban poor, especially for those groups with the least assets or lower educational attainments or those who face discrimination in the labour markets. This is especially so where the national or regional economy is stagnating or in crisis. In many nations, there are also the impacts of macro-economic policies that were intended to make the national economy more competitive but which

have contributed also to increased unemployment and falling real incomes for large sections of the urban population.

This does not imply that there is no role for local institutions in supporting measures to increase incomes among low-income groups. Several of the case studies include successful employment-generating or income-generating components, for example:

- the micro-enterprise loans for 2,400 enterprises in the cities in Nicaragua where PRODEL operated (with most enterprises taking on more than one loan), for which good levels of cost recovery and low default rates were achieved;
- the 24,500 small-scale enterprises in Cali, Colombia which received training and/or credit from the Carvajal Foundation;
- the expanding income generation loan programmes now integrated into the savings and credit schemes of the South African Homeless People's Federation and of the SPARC-Mahila Milan-NSDF Alliance in India.

One important influence on incomes for many low-income groups is the attitude of local government agencies to the ways in which they develop their homes and make a living. One key element in avoiding increased poverty is local government agencies that do not engage in anti-poor policies and practices which can reduce incomes or destroy livelihoods or assets - for instance, evicting low-income groups, unjustified controls over informal enterprises and informal housing development, and onerous pricing or taxing policies or penalties (such as fines, bribes and goods confiscation for informal traders).[6]

Those local institutions that could have some influence on income levels (especially local governments) often lack the resources and knowledge to support increased incomes or more employment opportunities for low-income groups. And even in cities where the economy is expanding, there are many factors that limit the extent to which economic growth can bring real benefits to much of the low-income population since, they lack the skills, contacts or influence to obtain better paid employment or take advantage of new economic opportunities.

In general, the institutions whose work is described in the case studies have focused on other aspects of poverty reduction. Although it is difficult for governments and international agencies who are used to equating poverty with inadequate income to accept a broader view of urban poverty, and it is difficult to incorporate some of the aspects listed in Table 2 into quantitative measurements, the case studies help highlight why official definitions of urban poverty need to be widened.

3. Reducing urban poverty does not depend only on increasing incomes

The case studies show how the deprivations associated with low income could be reduced without increasing household incomes, through increasing assets (especially access to land and housing), or improving basic infrastructure and services, or through political changes or changes in attitude by government agencies, which would allow low-income groups to negotiate more support (or less harassment). Regarding voicelessness and powerlessness (or its obverse, the right to make demands and get a fair response), some of the case studies show how organizations or federations formed by the urban poor and supportive local NGOs were able to successfully negotiate resources and/or room for autonomous action from government institutions and/or a halt to harassment. This has often been achieved with little or no foreign funding. The case study of SPARC in India, and its work with

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[6] Amis, Philip (1999), *Urban Economic Growth and Poverty Reduction*, Urban Governance, Partnership and Poverty Working Paper 2, International Development Department, University of Birmingham, Birmingham, 45 pages.

cooperatives of women pavement and slum dwellers (Mahila Milan) and the National Slum Dwellers Federation, shows a great range of activities involving hundreds of thousands of urban poor which have received little foreign funding. The same is true of the work of the South African Homeless People's Federation and its support NGO, the People's Dialogue on Land and Shelter. Thus, it is important to recognize that reducing many aspects of poverty depends only in part, or not at all, on increasing real incomes; Table 4 highlights this point.

Table 4: Links between the Different Aspects of Poverty and Income Levels

Aspect of poverty	Relation to individual/household income	Notes
Inadequate food intake	*Obvious direct relationship to income*	Need to consider intra-household allocations
Inadequate, unstable or risky asset base	*Obvious direct relationship to income* (although many low-income households build asset bases through self-help and social relations)	
Inadequate and/or insecure shelter	*Obvious direct relationship to income* (although many low-income households will trade off housing quality for the possibility of owning their own home - which then forms their most valuable asset - for instance occupying land illegally and developing their own home in the hope that their tenure will be legalized).	Government management of land a major influence on price, availability and appropriate location of housing
Inadequate provision of infrastructure to homes: piped water, sewers, drainage, paved roads and paths	*Some relationship to income* (as public, private or community provision depends on individuals' capacity to pay) but also strong influence of government willingness to provide these, and the efficiency of providers (which influences cost and quality of provision)	Efficient providers often able to reach lower-income groups with better provision, and get cost recovery
Inadequate provision of services: • Education • Emergency services (including rapid treatment for acute illness and injury and ambulance service, fire-fighting.....)	*Should be independent of income;* much more influenced by the capacity of government to provide than by income of household (although government provision inevitably influenced by its capacity to raise revenues which, in turn, is linked to per capita income levels within the nation)	In many instances, inadequate public support means that low-income households have to pay for education
• Health care • Solid waste collection	*Some relationship to income* (as public, private or community provision generally depend on individuals' capacity to pay) but also strong influence of government willingness to provide these, and the efficiency of providers (which influences cost and quality of provision)	
• Public transport	*Some relationship to income* (as provision depends on individuals' capacity to pay) but also critical influence of efficiency of providers and quality of government management	
Inadequate law enforcement to ensure rule of law in low-income areas No, or inadequate, safety net Inadequate protection of poorer groups' civil and political rights	*These are aspects of poverty that are related to governance failures; the rule of law, provision of safety nets, protection of civil and political rights, and responsive and supportive political systems and bureaucratic structures should be available independent of income* (although government provision inevitably influenced by its capacity to raise revenues which, in turn, is linked to per capita income levels within the nation)	

Voicelessness and powerlessness within political systems and bureaucratic structures		

4. The importance of local action to address those aspects of poverty that are rooted in the failure of local government institutions to meet their responsibilities

Most of the eight aspects of poverty listed in Table 2 (and in Table 4 above) are linked to the failure or limited capacity of local government institutions to meet their responsibilities. Most of the eight aspects depend on local action and local institutions to reduce them. Even if some are the responsibility of state or national governments (for instance, if responsibility for schools and health care fall under state or national governments), it is still the quality and capacity of local branches of such agencies that are the main influence on the quality and extent of provision. As noted already, the inadequacies in provision for many forms of infrastructure and services are often more the result of the limited capacity or disinterest of government institutions than of individuals or households with incomes too low to allow payments to be made. This is evident in many of the case studies, as improved provision for infrastructure and services or loans to micro-enterprises or housing improvement have recovered their costs. If costs are fully recovered from the users, it demonstrates that the key issue was not the inadequate incomes of the population (in terms of their incapacity to pay) but the inadequacies in local infrastructure, service or credit providers.

The case studies show how local institutions, including those formed by low-income groups, have considerable potential to address many of the dimensions of poverty other than inadequate incomes, and can do so with modest levels of external funding. All seven initiatives discussed here sought to make limited funding go as far as possible, in part because of the recognition that external funding will always be limited, in part because the less external funding that is needed, the greater the possibility of scaling up the initiative. All initiatives relied on active contributions from low-income households and community organizations. Many consciously sought to demonstrate approaches to poverty reduction that were more realistic, given the limited powers, competences and funds available to city and municipal governments. This was especially the case for many of the private foundation-funded initiatives in Cali, in the work of the Anjuman Samaji Behbood in Faisalabad, and in the work of the South African Homeless People's Federation and the SPARC-Mahila Milan-NSDF Alliance in India.

The case studies suggest that the scale and scope of poverty reduction interventions should be related to local circumstances and local capacities. In effect, they have to be guided by what is possible on the ground. Obviously, all poor households want higher and more stable incomes - but in many locations, there may be little scope for boosting these households' incomes whereas there may be considerable local capacity to work with urban poor groups to extend basic infrastructure and services, support improvements to housing and, for those in illegal settlements, provide more secure tenure. The problem of what to prioritize is reduced if local authorities and other agencies involve urban poor groups in discussions on what to prioritize and why. Most of the case studies document measures taken to ensure that urban poor groups themselves have more influence on what is done and how it is done.

5. An understanding of urban poverty that recognizes its many different aspects suggests that many different agencies play important roles in poverty reduction

Many public agencies and private institutions have some influence on one or more of the eight aspects of deprivation listed in Tables 2, 3 and 4 - and thus have some capacity to contribute to poverty reduction. Table 5 shows the range of actions that can address the eight different aspects of poverty that were listed in Table 2. The range of interventions listed draws from the case studies - and from other experiences. The table is included not as an attempt at a comprehensive list but as an example of the many ways in which one or more aspects of poverty can be reduced.

Table 5: Different Aspects of Urban Poverty and the Range of Local Means to Address Them

ASPECT OF POVERTY	LOCAL MEANS TO ADDRESS THIS
Inadequate income (and thus inadequate consumption of necessities including food and often safe and sufficient water; often problems of indebtedness with debt repayments significantly reducing income available for necessities)	- *Better paid job opportunities* (linked to educational attainment and contacts) *and more possibilities to work* (linked to good health, less discrimination against women in labour markets, tolerance of informal activities and, for households with children, access to day care/schools) - *Greater possibilities of self-production* (linked to adequate space within home for informal activities and/or land/space for urban agriculture, access to credit, wholesale suppliers and markets) - *Access to safety net or emergency credit or to a public works programme which also seeks to provide a minimum income for those without work* - *Government land use and business regulations and practices* that do not unnecessarily inhibit poorer groups' income-earning opportunities - *Cheaper housing and basic services* (so existing incomes go further) - *Availability of relevant training/skill development*
Inadequate, unstable or risky asset base (non-material and material, including housing) for individuals, households or communities	- *Income level* that allows some savings in inflation-proof assets - *Access to emergency and asset-building credit*, including community-based savings and credit schemes that make savings possible or easier - *Social relations* that provide access to resources, services or capital (including those provided through rural-urban links) - *Access to education/training* (to enhance income-earning capacity) - *Asset "safety nets"* such as forms of insurance for property or health
Inadequate shelter (typically poor quality, overcrowded and insecure)	- *Income level or credit* that allows more to be spent on buying, building or improving housing - *Access to suitable land sites* on which housing can be built through invasion, purchase or negotiation with local agencies - *Measures to cheapen the costs of building* (cheaper materials, sites, fixtures and fittings ..... better control of external contractors)
Inadequate provision of "public" infrastructure (piped water, sanitation, drainage, roads, footpaths ....) which increases health burden and work burden	- *Adequate income* providing more capacity to pay for infrastructure - *Access to credit* (to help pay connection charges or for investments in these) - *Access to land* (or tenure) that gets public provision of infrastructure through political or bureaucratic structures and processes - *Increased capacity of local government or other (private, NGO, CBO) institution* to provide these more cheaply and efficiently
Inadequate provision for basic services such as day care/schools/vocational training, health care, emergency services, public transport, communications, law enforcement	- *Adequate income* (to allow more to be spent on services, especially for private provision) - *Greater public provision* (linked to local political structures, attitudes and capacities of local government institutions) or *greater capacity of other institutions or enterprises* to provide affordable services efficiently - *Access to land* (or tenure) that gets public provision of services through political or bureaucratic structures and processes
No safety net to ensure basic consumption can be maintained when income falls, and also access to shelter and health care when these can no longer be paid for	- *More competent, adequately resourced local institution(s)* capable of providing safety net and with funding to allow them to do so (including public works programme which also seeks to provide a minimum income for those without work) - *Food/nutrition and other programmes* targeted at poorest and/or more vulnerable groups (e.g. pregnant mothers, infants, children)
UNDERLYING CAUSES OF INADEQUATE GOVERNMENT RESPONSES	
Inadequate protection of poorer groups' rights through	- *Legal/judicial system* to which poorer groups have access and which functions to protect/promote their rights and entitlements (including protection from forced

the operation of the law, including laws and regulations regarding civil and political rights, occupational health and safety, pollution control, environmental health, protection from violence and other crimes, protection from discrimination and exploitation	eviction from homes or work sites) - *Effective measures and public agencies* for ensuring/promoting occupational health and safety and pollution control - *Effective policing* in poor areas with emphasis on crime prevention, uncorrupt police and good liaison between police and the inhabitants - *Strengthened capacity of disadvantaged groups to organize to demand legal protection* (for instance, support for women's groups, immigrant groups....) - *New codes of practice for local government agencies to allow more scope for informal enterprises*
Poorer groups' voicelessness and powerlessness within political systems and bureaucratic structures leading to little or no possibility to receive entitlements, organize, make demands and get a fair response. No means to ensure accountability from public/private/NGO agencies	- *Accountable political structures* with transparent decision-making and publicly audited collection, allocation and use of revenues/resources - *Representatives of citizen groups* in public agencies and supervisory bodies of private utilities - *Decentralization of decisions to accountable sub-municipal groups* - *Measures to support community-driven processes and organizations of urban poor groups* to get adequate responses to their demands and support them in identifying problems and developing solutions - *Public funds, over whose use poorer groups have a more direct say* (including participatory budgeting and locally based funds for community initiatives)
Limited power and resources available to local government agencies to address the above - as control of resources is concentrated at state/provincial or national level	- *Decentralization and democratization* (which has eased this constraint in some countries) - *Regional and national federations of urban poor* groups with the capacity to negotiate with supra-local agencies

Many of the case studies suggest that there can be powerful complementarities between actions to address the different aspects of poverty - for instance, improved infrastructure and services improves health, reduces fatigue (for instance, water piped into the home replaces a long trek to fetch water from a standpipe) and increases income (for instance, reduced incidence of illness and injury means less time off work and lower costs for health care and medicines). But there can also be trade-offs - or perhaps, more seriously, the fact that poverty reduction interventions do not benefit many of the poorest groups. Again, one returns to the importance of allowing urban poor groups (and all those within the "urban poor" to have more influence on what is done and what is prioritized.

6. The importance for urban poverty reduction of effective local institutions that can work with low-income groups and their community organizations, be guided by their needs and priorities and be more accountable to them.

The case studies suggest that one of the critical determinants of the success of poverty reduction **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 aspects of the deprivations they suffer. This holds true whether these organizations or agencies are local NGOs, local government agencies, agencies from higher levels of government, or international agencies. Obviously, the extent of success also depends on the extent to which such organizations or agencies have resources or decision-making powers that can support urban poor groups, and on the space given by such organizations to urban poor groups in defining priorities and developing responses - or, more fundamentally, as the SPARC-Mahila Milan-NSDF case study points out, in actually conceptualizing participation. The quality of this relationship is influenced by the transparency and accountability towards urban poor groups of the agencies or organizations who work with them.[7] **But what the case studies on which this paper draws show is how much urban poor groups and their community organizations can achieve with relatively**

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[7] See, for instance, Anzorena, Jorge, Joel Bolnick, Somsook Boonyabancha, Yves Cabannes, Ana Hardoy, Arif Hasan, Caren Levy, Diana Mitlin and others (1998), "Reducing urban poverty; some lessons from experience", *Environment&Urbanization* Vol 10, No 1, pages 167-186.

limited resources, where they have good relationships with local (and other) organizations and appropriate support for their actions. Some case studies also suggest that the capacity of low-income groups to form their own representative organizations and to work together is enhanced by supportive, accountable local institutions. In the case studies in South Africa and India, one of the key roles of the local support NGOs is to help develop more equal and productive relationships between the urban poor organizations and local government (and other external) agencies.

The case studies also suggest that the form of the local institutions that can "deliver" for poorer groups in terms of resources and a satisfactory relationship varies considerably with context. They can be community organizations or federations of community organizations (as in South Africa and India); local NGOs working with municipal authorities (as in Argentina); local NGOs (as in Pakistan); local foundations (as in Colombia); international agencies (as in Guatemala); or a national NGO set up by an international agency working with community organizations and municipal authorities (as in Nicaragua). In other instances, the institutions may be national government agencies (as in the case of the Urban Community Development Office in Thailand)[8] or municipal agencies.

What these institutions actually deliver, the form in which it is delivered (and paid for) and the role of low-income groups in the planning and delivery also varies greatly with local context but it always includes a more detailed and context-specific understanding of the needs and priorities of different low-income groups. Most of the institutions whose work is documented in the case studies are also much more accountable to low-income groups than is the norm.[9]

7. **The need for local NGOs to recognize that their work must strengthen the bargaining power of low-income or otherwise disadvantaged groups and their capacity for organization and action**

This includes a greater capacity to negotiate for resources and to get more appropriate responses from local agencies (for housing, land for housing, water, sanitation, drainage, garbage collection, emergency services, schools, electricity, police..........). It also includes a greater capacity to successfully oppose anti-poor measures and to have their civil and political rights and rights to "public goods and services" and to unpolluted environments respected. This point is particularly evident in the case studies from India and South Africa, where the local NGOs recognized from the outset that poverty reduction requires more than an official recognition of the poor's needs. *It has to include a renegotiation of the relationship between the urban poor and the state (and its political and bureaucratic apparatus at district, city and higher levels), and also between the urban poor and other stakeholders*. Such a renegotiation requires not only an effective dialogue but also more equality within the dialogue; the way in which state structures exclude the urban poor from a dialogue or limit its scope makes this difficult. This is why the local NGOs in South Africa and India have always sought solutions that are developed by the poor, that work for them and that give them a more equal relationship with other groups.

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[8] Urban Community Development Office (2000), "UCDO update", Urban Community Development Office Thailand, Bangkok, 32 pages. UCDO is now part of the Community Organizations Development Institute (CODI).

[9] One aspect that is particularly challenging for NGOs is transparency concerning their costs, including the salaries paid to their staff. This can cause difficulties as NGO staff are challenged by the community groups with whom they work about the size of their incomes, even when these may be low in view of their professional competence or in comparison to what they would earn working in government or in the private sector. In addition, where poverty reduction programmes require large amounts of staff time from professionals - for instance, in negotiating with local agencies or developing consensus among diverse groups as to what is to be done - the cost of such staff time can appear excessive in overall project budgets. This is especially problematic for projects with international funding, since many international funders (or their supervisory bodies) see high staff costs or high proportions of project budgets going on staff costs as "inefficient"). The case studies in South Africa and India have sought to overcome this problem by supporting urban poor groups to take on many of the tasks that are usually reserved for professional NGO staff.

8. Scaling up with civil-society driven strategies

Mitlin (1999) suggests that the orientation of NGOs working with the urban poor can be classified in order to highlight the different ways in which they interact with urban poor groups:[10]

- *A market orientation* - with initiatives to increase low-income groups' incomes or assets or to pay for improved housing, infrastructure and services seeking full cost recovery or being implemented through local entrepreneurs. Credit often plays an important role, since it allows low-income households to make larger payments to cover the capital costs of equipment and/or materials necessary for enhancing their incomes, or of improved infrastructure (or connection to it), or for improving their own homes, with the repayments being spread over time. The great advantage of a market orientation is that if significant improvements for low-income households are possible at a cost they can afford and which they are prepared to pay for, there are great possibilities for sustaining the improvements and for greatly expanding the number of people reached. The large impact and the very large scale of the community-developed sewer system in Karachi, supported by Orangi Pilot Project, was achieved in this way. The Anjuman Samaji Behbood's initiative in Faisalabad sought a comparable achievement and it drew on the Orangi Pilot Project model and staff for advisors. While the scale of the Anjuman Samaji Behbood's operation may be small in relation to the need in Faisalabad, it has demonstrated a way in which water, sanitation and drainage could be greatly improved for large sections of the low-income population despite the weakness and lack of funds available to the local Water and Sewerage Authority. Similarly, PRODEL's credit programmes for micro-enterprises and for household improvements can increase their impact and be sustained after the programme finishes, as good repayment records allow returned funding to be used to provide further loans. The savings and loans programmes of SPARC-Mahila Milan-NSDF and of the South African Homeless People's Federation also seek to sustain themselves by ensuring good cost recovery records. One of the most important aspects of the hundreds of savings and credit schemes set up by urban poor groups in India for emergencies is their capacity to be effective without the need to negotiate external funding.
- *Welfare provision* - with NGOs offering services or particular forms of assistance to those in need, often fulfilling a role that government agencies should provide - for instance, provision of water or garbage removal or health care or support for centres for particular groups (such as centres for street children) - with no measures to recover costs through user charges. This is the most conventional role for local NGOs.
- *Claim-making on the state* - with the NGO active in the advocacy of citizen rights and in putting pressure on local authorities or other state agencies to provide infrastructure or services to the poor. (This usually concentrates on reducing the "voicelessness and powerlessness" of poorer groups and, to some extent, on the inadequate protection of poorer groups' rights through the operation of the law).
- *NGOs active in developing what can be termed "civil society-driven alternatives"* - through programmes which involve a combination of community and state support to provide housing, infrastructure and services in non-traditional ways. This approach is of particular interest in that, for NGOs, it combines direct action, working with low-income groups to improve conditions, with a strong interest in improving local governance. This is also the approach that explicitly recognizes and seeks to act on most or all aspects of urban poverty described earlier. NGOs working in this recognize that they must strengthen the bargaining power and capacity for organization and action of low-income groups and their organizations.

Many creative measures to improve housing, infrastructure and services (and address other aspects of deprivation) have been initiated by local NGOs working with organized urban poor groups, based on

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[10] This section draws heavily on Mitlin, Diana (1999), *Civil Society and Urban Poverty*, Urban Governance, Partnership and Poverty Working Paper 5, International Development Department, University of Birmingham.

scaling up self-help solutions. They rely on community-level mobilization, action and management and, in so doing, usually greatly reduce the need for external funding. Most such initiatives start outside formal government structures but develop with the explicit intention of changing the way that government operates.

Most such initiatives are relatively small but two of the case studies, in India and South Africa, show how these can scale up because of their capacity to negotiate (mostly local) resources and support a rapid expansion in the number of local initiatives (often underpinned by community savings and credit groups), combined with a supportive institutional environment and new partnerships with state agencies.

The methodology developed by the Indian NGO SPARC has particular relevance, and is one that has been followed (with local adaptations) by the South African Homeless People's Federation and by many other NGOs. This involves two components:

- support for low-income groups and their community organizations in developing pilot projects to show alternative ways of doing things (building or improving homes, setting up emergency credit schemes, developing emergency credit schemes into savings and credit schemes for housing, setting up and running public toilets, organizing community-determined and managed resettlement[11].........); and
- engaging local and national officials (and staff from international agencies) in a dialogue with communities about these pilot projects and about how they can be scaled up (or the number of such initiatives multiplied) without removing community management.

Negotiations with government agencies can be undertaken with constant reference to what has already been achieved, and an important part of this involves taking government officials and politicians to visit the pilot projects and talk to those who implemented them. This approach inevitably includes "claim-making on the state" but, by also being able to demonstrate solutions, the engagement with the state is usually much more productive.

The community-developed pilot projects also serve as learning experiences. They begin when communities identify their own needs and priorities and, through discussions within the SPARC-Mahila Milan-NSDF Alliance develop strategies to address them. One or more communities agree to try out this strategy and so become a living laboratory of how change can occur, from which the Alliance can learn. Once a solution is developed, many community exchange visits stimulate the next generation of volunteers to try it out and to refine it to suit their local circumstances. The refined solution is explored within the city on a larger scale and again shared through community exchanges. The Alliance builds a core team from those who implemented the strategy, who visit other cities to demonstrate how it worked and expose more communities to the innovations. They also put pressure on local officials and politicians for change to support more community action.

The case studies from India and South Africa describe the importance of these community exchanges, as they have become the means through which learning is spread and shared. The constant interchange between those involved in different community initiatives stimulates other urban poor groups into initiating comparable actions. This can lead to work on changing local institutional constraints on community initiatives - for instance, as in the work of SPARC, changing building regulations to enable housing developments to better suit the needs of low-income groups; participating in the design and realization of a new state policy for legalizing and improving housing for the poor in Mumbai; developing community designs for toilet provision and then implementing them on a large scale; and proposing and implementing schemes for the resettlement of urban communities in which the resettled people play a key role in determining the location, timing and form of their relocation. Community exchanges also serve to stimulate and support initiatives in other cities and even in other nations.

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[11] See Patel, Sheela, Celine d'Cruz and Sundar Burra (2002), "Beyond evictions in a global city; people-managed resettlement in Mumbai", *Environment&Urbanization*, Vol 14, No 1, pages 159-172.

Box 1: Community Exchanges

One important support for increasing the scale of community-driven initiatives has been community exchanges. SPARC began supporting these in 1988, with community leaders or organizers visiting other organizers in different settlements within Bombay/Mumbai and, subsequently, visiting groups in other cities. This was not an exchange of professional staff but of, for instance, the women among groups of pavement dwellers or the inhabitants of illegal settlements who managed their local cooperative savings and credit schemes. *Exchanges work when people who want to learn share their experiences with others who face similar problems or who seek to implement similar initiatives*. The exchanges focus on a shared attempt to solve problems. This direct interchange between community organizers has proved to be a very powerful way of developing and spreading knowledge and of supporting the formation and development of new community initiatives. Community members exchange ideas not only about what they do and how they do it but also about the strategies that they found useful in negotiating with government and other external agencies. From these discussions, all the groups involved develop insights into how external factors affect opportunities and constraints within their settlement and city.

A reflection on what community exchanges have achieved among the various groups involved suggests that they:
- increase the confidence of the community organizers, as they see what others achieve and reflect on their own achievements. They recognize that they can play a role in their own development;
- enable learning and knowledge both from those who present what they have done (elaborating on one's own experience helps one draw lessons from it; the exchange of experience about tactics and strategies with governments helps all groups learn how to access land for housing more quickly or avoid eviction);
- strengthen organizational capacity;
- improve relations with other groups (particularly government agencies);
- support the acquisition of skills (for instance, in building, in building design, in the use of materials, and in other aspects important for reducing deprivation);
- build solidarity between different groups within a city, which helps them work together to negotiate with a higher level of government and stop them competing with each other for external resources (and stop government playing one community off against another);
- spread a greater sense of equality; the sharing of ideas puts in place building blocks for a movement of the urban poor.

Among the groups who have made widespread use of such interchanges are the SPARC-Mahila Milan-NSDF Alliance, the South African Homeless People's Federation and the Asian Coalition for Housing Rights. Although most community exchanges are local (for instance, between groups within a city) or regional (intercity), an international dimension has also developed. For instance, the visits of community organizers from India were important in helping the development of the South African Homeless People's Federation, while community organizers from this Federation have helped develop comparable community initiatives and federations in Zimbabwe and Namibia. International exchanges have also proved useful in that they attract the attention of politicians and civil servants and draw them into discussions about goals and the work being undertaken. Different organizations involved in developing civil society-driven alternatives (including those also involved in supporting local, regional and international community exchanges) have formed an international umbrella organization, Shack Dwellers International, to help support their work.

SOURCES: Patel, Sheela, Joel Bolnick and Diana Mitlin (2001), "Squatting on the global highway" in Edwards, Michael and John Gaventa (editors), *Global Citizen Action*, Earthscan-UK/Westview-US; also Asian Coalition for Housing Rights (1999), *Face to Face*, Newsletter of the Asian Coalition for Housing Rights, Bangkok.

Although most of the case studies emphasize the importance of participation and local involvement, the South African and Indian examples are the ones that best illustrate the civil society-driven approach, as they centre on building local capacity to improve and install services (both for civil society organizations and government institutions). To make a civil society-driven approach effective requires a basic capacity at community level in building and financial management, infrastructure maintenance, conflict resolution (to deal with disputes within the community) and negotiation (with the range of

government departments that are involved). It also requires a recognition of the heterogeneity within low-income settlements. The community organizations and NGOs within the case studies in India and South Africa make provision for ensuring that the needs and priorities of the poorer, the less organized and the less articulate groups within "low-income groups" are addressed. In addition, in all of them, women have a central role, from the lowest level (for instance, in the organization and management of savings and credit schemes), through to being elected settlement representatives, right up to being on the staff of the federations and support NGOs.

9. Addressing the broader constraints that inhibit local action

One common criticism of poverty reduction initiatives that focus on local projects is that they only act "within their project" and do not address broader city-wide or national constraints. They may also be criticized for having no strategic perspectives. But this is not the case for most of the seven case studies presented here. Five had clear strategic goals while all seven had influences well beyond their project boundaries. The Indian and South African initiatives have long had clear strategic goals which include the intention to remove legal, institutional or political constraints that inhibit community-driven development. For the PRODEL programme in Nicaragua, from the outset, its intention was to develop and institutionalize a participatory model for the provision of infrastructure and services and for the support of housing improvement and micro-enterprise development that could be sustained in all urban areas of Nicaragua. For the Anjuman Samaji Behbood's initiative in Faisalabad, the intention was to demonstrate a way of improving provision for water, sanitation and drainage that could be widely implemented within Faisalabad, without external support. For the participatory planning in San Fernando, the intention was to demonstrate new ways through which the municipality could engage with and work with low-income groups. For El Mezquital in Guatemala City, it is not clear whether there was any intention of developing a new model (and the complex and dangerous political circumstances at the time and an unsupportive municipal government make such an intention difficult to conceive) but many aspects of the El Mezquital experience influenced other initiatives within the city. Similarly, in Cali, the initial intention of the programmes funded by local foundations was probably not to set precedents for local government but, over time, this did happen.

NGOs that invest in developing community capacity and in helping other communities to learn from these experiences contribute to the institutional change that is required to secure improvements. The experiences in South Africa and India suggest that NGOs can contribute to the links between the formal agencies and community-based organizations. One of the aspects that government agencies struggle with in their dealings with low-income communities is the informal nature of their activities and approaches. The NGO may be an important interlocutor, explaining to the community the nature of state regulations and to the state the objectives that the community is trying to achieve. Such a role increases the chances of successful government-community partnerships.

NGOs can also help to change the nature of grassroots organizations and make them more able to support and manage local improvements. Many NGOs have turned to savings as a way of strengthening local networks of trust and reciprocity. Community-based savings and credit schemes are particularly important in the community organizations within the SPARC-Mahila Milan-National Slum Dwellers Federation partnership that is active in many cities in India. People's Dialogue on Land and Shelter supports a network of autonomous savings schemes that make up the South African Homeless People's Federation and seeks to represent the needs of their members, primarily black low-income women. The schemes are held together by regular (daily) saving among members. The Federation has developed strategies for self-build housing and land acquisition and, currently, 300 groups are building; 8,000 houses have already been built, about two-thirds of them partly funded by credit.

III. SOME IMPLICATIONS FOR DONORS

1. Setting new models for donor support

Many of the case studies emphasize two points of particular relevance to international donors:

- how a growing scale of impact was largely the result of local institutions having the capacity to support a constant programme (or process) through which the success of one initiative or programme supported and stimulated other initiatives or programmes; and
- part of the reason for the growing scale of impact was the capacity of the local initiatives to change the way in which local government agencies operated and interacted with urban poor groups.

This has enormous implications for donors in that it suggests that a different model of external support is needed from that of conventional project cycles with exit strategies. It is instructive to return again to the case of El Mezquital, where the externally funded Programme for the Urban Development of El Mezquital was widely judged to be successful, yet interviews with residents showed how much they felt let down. It also highlighted what the programme had promised and failed to deliver and how it had, in a sense, abandoned them when the project finished. Here, there was a need for continued support for initiatives which would allow the low-income communities to build on their successes and tackle other issues. In this instance, the need was particularly acute because of the incapacity or unwillingness of the local government to do so. Again, one returns to the point that low-income communities need local institutions from which they can obtain advice and support for their own initiatives. Given the multiple deprivations suffered by most low-income groups, "moving out of poverty" is a slow process which not only has to build the capacities and asset bases of low-income groups but also of local institutions.

The case studies emphasize the importance for poverty reduction of local initiatives and (government and non-government) institutions that:

- respond to the urban poor's own needs and priorities;
- support the organizations formed by the urban poor themselves;
- develop greater accountability to urban poor groups as well as to external funders; and
- have a continuous programme of support so that success can build on and learn from success.

An institutional structure for official development assistance that is dominated by the donor agency-national government relationship makes it difficult for international agencies to engage in what are perhaps the two most important long-term processes for reducing urban poverty, namely:

- supporting the development of accountable, effective city and municipal local governments (and their agencies) that are able to undertake or support the many different local interventions that can reduce different aspects of poverty (as illustrated in Table 5); and
- supporting the organizations formed by lower-income groups both in their capacity to act and in their capacity to influence the resource allocations, policies and practices of government agencies and the political systems that oversee them.

2. New funding channels

New funding channels need to be found:

- to engage with and support local government staff, where government agencies have the potential to become more effective; and
- to amplify funding channels that go outside government to ensure that funding reaches low-income groups and their organizations. More support is also needed for the work of local non-government institutions that have the capacity to work with the urban poor and that are accountable to them, which may also imply a more careful evaluation of the relationship between local NGOs and urban poor groups before providing support through NGOs.

Most international agencies already channel some funding to each of these but this represents only a very small proportion of total funding flows. However, there is an increasing recognition among many international donors of the need to set up local funds in cities in low- and middle-income nations, or to provide funding to local institutions to allow them to support local initiatives. Sida's support for PRODEL and for other similar initiatives in Central America was based on this recognition. This shifts the decision-making process about what is to be funded, and most of the administrative burden and transaction costs to the place where the proposals originate. From there, it is much easier, quicker and cheaper to check on proposals and monitor their implementation, using a network of people with local knowledge. It can minimize the need for expensive ex-patriate staff; all international agencies who have expanded their offices in low- or middle-income nations with international staff face difficulties with staff costs. But it is a big step for any international donor to entrust the funding it manages (and for which it has to be accountable) to local institutions or local funds.

The growing interest shown by international donors in local funds can be seen in the many local funds managed by NGOs that have received donor support and in DFID's support for the C3 Funds to support municipal and community initiatives in two cities in Zambia and Uganda.[12] These all recognize the need to make funding available to support local initiatives through institutions located in each city that can respond rapidly, that can fund community organizations directly and that can fund a large and diverse range of initiatives, including those requiring very small grants or loans. Most of these local funds have sought to strengthen community-local government partnerships.

3. Resolving the potential conflicts between supporting local processes and donors' own institutional structures[13]

It is always difficult for international donors who have most of their senior staff in head offices in Europe or North America to make sense of the complex and often rapidly changing local context within which each of their projects is inserted. They also need to spend their money (or, for multilateral development banks, lend large sums) and they are judged positively by the people and institutions that supervise them if they can spend the funds allocated to projects rapidly. Within conventional donor logic, they also want to avoid a long engagement in each locality and to have a clear exit strategy.

This conflicts with the fact that, in most urban areas, what is needed is more long-term support, less money and less pressure for rapid implementation, at least in the initial stages. The best development course is often to minimize the amount of external funding needed. For instance, in Faisalabad, if a local organization, the Anjuman Samaji Behbood, can support community-managed provision for water,

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[12] For more details, see "Local funds - and their potential to allow donor agencies to support community development and poverty reduction in urban areas" - the report of an international workshop on "Reducing Urban Poverty through Innovative Local Funds; Sharing Donor Experiences", *Environment&Urbanization* Vol 14, No 1, 2002. This workshop, held on February 28-March 1, 2002, attracted staff from 23 international donors - and was sponsored by the UK government's Department for International Development (DFID) and the Swiss Agency for Cooperation and Development and organized by IIED's Human Settlements Programme and the London School of Economics. This highlighted the range of experiences with local funds to date – including many that are funded by local governments and some by national governments (the Thai government's Community Organizations Development Institute being the largest and best documented). See also the special issue of *Housing by People in Asia* published by the Asian Coalition for Housing Rights on Community Funds - available from ACHR, 73 Soi Sonthiwattana 4, Ladprao 110, Bangkok 10310, Thailand; e-mail: achr@loxinfo.co.th; web site: www.achr.net

[13] This is discussed in more detail in Satterthwaite, David (2001), "Reducing urban poverty: constraints on the effectiveness of aid agencies and development banks and some suggestions for change", *Environment&Urbanization* Vol 13, No 1, pages 137-157.

sanitation and drainage that can integrate into the official water mains and trunk sewer system and where costs are covered by user payments, it has far more potential for reducing the huge city deficit in terms of such provision than any expensive, donor-funded programme. In El Mezquital, despite the considerable achievements of the donor-funded programme to improve housing, infrastructure and services, the desire to get the job done led to the setting up of a parallel community organization which created resentment and, when the programme finished, there was no provision for supporting a continuing programme to address poverty. El Mezquital, like most low-income neighbourhoods and communities, needs a constant process through which different aspects of the deprivation and exclusion suffered by its inhabitants are addressed, with each "success" helping to encourage and support further work. Ideally, as much funding as possible should be internally generated. In most urban centres, there needs to be less emphasis on large project funds available for a specific short-term project and more on more modest sources of external funding constantly available to fund and support community and municipal processes.

There is also a need to avoid external funding that damages or competes with local development processes that require no external funding. Again, there is the potential conflict between donor agencies needing to spend their budgets and the need to avoid subsidizing those projects or programmes that should be generated, funded and managed with local resources. Donors seeking to spend their budgets can fund local initiatives in ways that create unsustainable programmes dependent on external funding, and which destroy local processes that are not.

Complex and changing local contexts in each city also mean that effective donor agencies either need an intimate knowledge of local context and local possibilities or they must support local institutions that can provide them with this. This is a point recognized by the Swedish International Development Cooperation Agency (Sida) in its urban programmes in Central America since, in each instance, its funding has been channelled through a local non-profit institution that it helped to set up, with staff drawn from the region. In Costa Rica, this was through FUPROVI;[14] in Nicaragua, it was through PRODEL.

Each of the case studies describes the efforts of local institutions that have a constant local presence - which also means a greater capacity to adapt to changing local circumstances - for instance, to change or adapt an existing programme to respond to a particular crisis (a flood, a sudden rise in food prices.....) or a particular opportunity (a local election which brings a new mayor into office who is more committed to addressing urban poverty). The case studies have also highlighted how the form of the local institutions that have demonstrated a capacity to meet the needs of low-income or otherwise disadvantaged groups varies considerably with context.

Relatively little official development assistance goes towards supporting the work of these kinds of institutions and the low-income groups with whom they work. In part, this is because of the reasons noted earlier - the fact that most official development assistance is channelled through national governments who, in turn, do not direct such funds to these kinds of institutions. In part, it is because many international agencies (and most national governments) still identify and measure poverty through income-based poverty lines and fail to recognize the need for poverty reduction programmes to act on the other aspects of deprivation listed in Tables 2, 3 and 4. As such, they fail to see the great potential role of local institutions to address the many non-income aspects of deprivation. They also fail to recognize that addressing these other aspects of deprivation can often contribute to increased income.

It is also common to find cities where different international agencies (both official agencies and international NGOs) are busy funding "their" projects, with no coordination between them and with

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[14] Sida (1997), "Seeking more effective and sustainable support to improving housing and living conditions for low-income households in urban areas: Sida's initiatives in Costa Rica, Chile and Nicaragua" *Environment and Urbanization* Vol 9, No 2, pages 213-231.

little attempt to work together to help strengthen the capacity of local institutions. For the official bilateral agencies and development banks, it may be that this is not so much by choice but rather, is more related to the lack of local staff who know how and when to support local processes.

4. Channelling official funds outside governments

There is also the obvious political difficulty faced by any official multilateral or bilateral agency in being able to channel funds directly to organizations formed by the urban poor and the local NGOs that work with them. Most recipient governments seek to limit the extent of such funding; no national government in Africa, Asia or Latin America is going to sanction an increase in funding to institutions over which they have little control, or approve of external agencies steering funding to citizen groups or NGOs that do not support them or might even oppose them.

International NGOs usually have fewer constraints on their capacity to channel support directly to local NGOs or, through them, to urban poor groups than official bilateral or multilateral agencies. This is one reason why certain international NGOs have long been particularly important in urban poverty reduction despite funding programmes that are far smaller than those of the large official donor agencies. International NGOs such as MISEREOR in Germany, Cordaid in the Netherlands and Homeless International and WaterAid in the UK provided modest funding for some of the case studies reviewed here. This does not imply that support from official multilateral and bilateral agencies is not needed, but such agencies are generally less able to identify and support new community-based initiatives which draw most support from local resources or local demand. Perhaps there are two key roles for official donors: first to fund intermediary institutions that can support new community-based initiatives - for instance, through international NGOs or local NGOs or local Funds for Community Initiatives (as supported by DFID in urban areas in Zambia and Uganda[15]); and second, to support the scaling up or multiplication of these initiatives, as the possibility for greatly increasing their scale and scope becomes evident. Civil society-driven alternatives such as those described here will need more external funding when they develop to the point where they have engaged the interest and support of local governments (and higher levels of government) and seek to greatly expand the scale and scope of their work.

One final point regarding income generation. Although this paper has stressed the importance of paying far more attention to addressing those aspects of poverty other than inadequate incomes (and the positive influences that these can have on real incomes), there is also a need for more creative thought and experimentation on how to support more adequate incomes for low-income groups, especially for those people with the least possibility of finding adequately remunerated work and for those unable to go to work. One way to do this would be to support urban poor groups and the NGOs that work with them and that have been successful in addressing other aspects of poverty in expanding employment-creating or income-enhancing initiatives within their work programmes. As in their work in other aspects of poverty, success will often depend on changing local contexts, removing local constraints and developing the capacities of local institutions.

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[15] Kiyaga-Nsubuga, John, Raphael Magyezi, Sarah O'Brien and Mark Sheldrake (2001), "Hope for the urban poor: DFID city community challenge (C3) fund pilot in Kampala and Jinja, Uganda", *Environment&Urbanization* Vol 13, No 1, pages 115-124.

ANNEX: SUMMARIES OF THE CASE STUDIES

1. *Participation and Sustainability in Social Projects: The Experience of the Local Development Programme (PRODEL) in Nicaragua* - **Alfredo Stein**

Introduction

The Local Development Programme (PRODEL) in Nicaragua provides small grants for infrastructure and community works projects, and loans and technical assistance for micro-enterprises and for housing improvement. The Programme also helps to develop the capacity of local institutions to implement these. Its immediate goal is to improve the physical and socioeconomic conditions of families living in poor communities. Between 1994 and 1997, it was active in five municipalities and, from 1998, it became active in three more. At the last census in 1995, these eight municipalities had 650,000 inhabitants and 32 per cent of Nicaragua's urban poor.

By the end of 1998, more than 38,000 families had benefited from the US$ 10.5 million programme - 48 per cent of the total population of the eight towns. Just over half this funding was provided by the Swedish International Development Cooperation Agency (Sida) with the rest being mobilized locally, mostly from the households taking part and the municipal authorities. Between 1994 and 1998, the infrastructure and community works component supported 260 projects (up to US$ 50,000 per project) in 155 neighbourhoods with a total investment of US$ 4.4 million. Among the works funded were piped water supplies, sewers and drains, treatment plants, roads and footpaths, electrification and street lighting, health centres and day care centres, playgrounds, sporting facilities, and sites for the collection, disposal and treatment of wastes. The communities contributed 132,000 days of work (volunteer and paid).

Housing improvement loans of US$ 200-1,400 were provided to 4,168 households to enlarge and improve their homes, including funding for indoor plumbing, the construction of additional rooms, the upgrading of kitchens and the repair or replacement of roofs. Loans of US$ 300-1,500 supported 2,400 enterprises (most of which had more than one loan). Both loan programmes were serving low-income households - for instance, 70 per cent of the households receiving housing improvement loans had monthly incomes of US$ 200 or less. Both achieved good levels of cost recovery (and low default rates) despite the economic difficulties within Nicaragua. The funding recovered through loan repayments went to support new loans. More than 60 per cent of the housing improvement loans and 70 per cent of the micro-enterprise loans were taken out by women.

Institutionalizing Development

PRODEL's ultimate goal is to develop and institutionalize a participatory model for the provision of infrastructure and services and for the support of housing improvement and micro-enterprise development that can be sustained in all urban areas of Nicaragua. Thus, it sought to increase the capacity of local institutions to work with low-income groups and their community organizations. The infrastructure and community works projects were developed and implemented jointly by community organizations and municipal agencies. These only received support if there was community participation in the identification, execution and maintenance of the work and a commitment of resources by the municipal council. For each project, micro-planning workshops allowed community representatives to work with municipal staff to develop draft proposals which were presented and discussed at general assemblies. These assemblies formed a Community Project Administrative Committee, which was to review the design and the planned use of resources, and was to manage the stocks of building materials, equipment and labour during the execution. This Committee also took part in periodic progress reviews and in the financial audit and physical inspection of projects. This helped to keep down costs - thus allowing more physical works to be done with the available funds.

PRODEL recognized from the outset the need to institutionalize the means by which the newly constructed infrastructure would be maintained. For the new water, sewer and electricity connections, maintenance could be funded by the service payments made by the communities, who also contribute labour to the maintenance of schools, health facilities, recreational facilities and parks. PRODEL developed maintenance funds to which both municipalities and communities contribute.

The housing improvement and micro-finance loans were made available through an existing bank which had branches in all eight cities, with municipal agencies providing technical assistance to the households taking out housing improvement loans. NGO loan programmes were supported in neighbourhoods where the bank did not operate. Each housing loan is provided with technical advice on the works to be undertaken and on their implementation.

Lessons Learned

Programmes such as these can improve the relationship between local governments and communities. They are based on concrete alliances founded on tangible plans rather than on community demands that are often unrealistic in terms of what municipal authorities can deliver.

Limited resources go further and are used more efficiently when improvement programmes are developed through negotiations between communities and external agencies. This means that they are more likely to reflect the priorities of the communities and the actual capacities of the municipal authorities (with communities gaining a better understanding of the limitations of municipal agencies).

There is a need to work with existing local institutions since they are closest to the demands and the needs of users and can develop a participatory engagement with them. But the programme had to support them in developing new habits and procedures of control, reporting and joint responsibility in order to improve accountability and transparency. As Manuel Maldonado, Mayor of Somoto noted:
> *"We previously had an erroneous idea of what community participation was. We knew that it was a key element with a great deal of economic and human potential for municipal development but, in fact, we were not providing any space in which it could take place. We are now convinced that it is essential to have community participation in all possible processes and all stages of the project. This participation has facilitated the creation of coordinating committees and the identification of opportunities between the communities and the local government which has been beneficial to both sides. Involving the communities has given the 'barrios' greater confidence in the management and transparency of the funds by the municipal government. There is now improved communication and understanding between the members of the communities and the municipal government, and a higher level of satisfaction on the part of the population with the projects which have been carried out."*

It is possible to reduce the influence of political change on programmes such as these if clear rules are set regarding incentives and sanctions in the use of external resources that the funding agency channels through the recipient government. There is a need to recognize from the outset the different interests of those involved and to ensure that these are met - for instance, the fact that the bank needed to charge commission as a means of meeting the costs of loan supervision, and the need for the municipality to get co-finance for maintenance.

Programmes such as these must avoid creating unrealistic expectations among external agencies as to what community participation can do. It is often difficult to get communities involved in design and preparation. Community enthusiasm for infrastructure and community works projects declines if there are delays in getting the projects approved and executed. It is difficult to get a good match between the time frames of communities, PRODEL and the municipal authorities. Community

participation needs supporting - for instance, to provide families with new options, capacities and skills in identifying problems, project planning and financial management.

There is a need for training and for the development of methodologies to make municipal technicians support participation. Technical and financial officers of the municipal government think that training and empowerment is something done by social workers; they do not become involved in transferring know-how to communities.

It is difficult for any agency to provide technical and financial advice to hundreds of households which are developing and implementing housing improvement plans simultaneously, especially when these households are scattered over a wide geographic area in a wide variety of site conditions. It is also difficult for any agency to administer a portfolio of thousands of small loans to these same households.

2. *Poverty Reduction in Action: Participatory Planning in San Fernando, Buenos Aires* **- Ricardo Schusterman, Florencia Almansi, Ana Hardoy, Cecilia Monti and Gastón Urquiza**

This paper describes an initiative to support community-directed development projects in low-income neighbourhoods in San Fernando, one of the poorer, peripheral municipalities in Buenos Aires. This was part of a national programme for "vulnerable groups" in low-income areas which sought to facilitate access to social services, increase participation and promote transparency in the use of government resources at local level. Funding was available to support community initiatives that served the following groups:

- young people aged between 14 and 24;
- female-headed households caring for children;
- senior citizens; and
- people with a disability.

The initiative received a US$ 38 million loan from the Inter-American Development Bank and US$ 22 million from the Argentine national government; it was managed by the National Department of Social Development. Five neighbourhoods were chosen with some 20,000 inhabitants. Each had been developed informally, largely through the efforts of the settlers, through self-help and collective efforts, on privately developed sub-divisions. Many households had incomes below the poverty line (with little prospect of improvement, given high unemployment rates) and high levels of overcrowding. A long history of top-down municipal action also meant considerable scepticism among many inhabitants as to whether their involvement in a participatory process would produce any change. A series of public workshops and meetings in each neighbourhood encouraged ten civil society organizations (three religious organizations, two community development societies, two senior citizen centres, two women's groups and one youth group) to develop projects. An Argentine NGO, IIED-América Latina was responsible for organizing these forums and workshops and for seeking to ensure collaboration and cooperation between the various groups. In doing so, IIED-América Latina drew on its long experience of supporting a community-driven development programme in Barrio San Jorge, a low-income informal settlement also in San Fernando. The participatory planning processes involved three stages:

- diagnosis: forums to identify the vulnerable groups and their problems;
- prioritization: forums and workshops to translate the problems identified into responses; and
- design of neighbourhood schemes, including the definition of projects and of the institutional structures needed to implement and manage them.

Positive Aspects

This created an opportunity for community organizations to identify their problems and develop responses to them. This is very different from the conventional "welfare-oriented", top-down social policies in which "recipients" play no role in defining needs and how these are to be addressed. Many projects were developed without modification by the municipal authorities. Since all groups were to get funding, the different community organizations did not view each other as competitors and collaborative links were established between them.

The programme set the conditions for bringing changes to the nature of the relationship between community organizations and the municipal authorities, although it remains to be seen whether these conditions are sustained. The involvement of the municipality as implementing agent for certain projects in this programme added new lines of work to its repertoire of social activities. Also, there was far more flexibility in the kinds of projects that received support, with a shift away from welfare-oriented delivery programmes and towards development projects.

Difficulties and Limitations

It proved difficult to get much participation from members of the vulnerable groups themselves.

Existing community organizations within the neighbourhoods had not involved vulnerable groups, especially youth, women-headed households and people with disabilities. One of the greatest challenges of working with such "vulnerable" groups is to go beyond the implementation of projects and towards meeting their needs and involving these groups in the development and management of these projects - which is also a critical part of reducing their isolation and exclusion.

This initiative also faced the same limitation that confronts virtually all efforts to reduce poverty, namely the very limited capacity to generate employment and/or increase incomes.

It was difficult for many civil society organizations to meet the legal requirements necessary to receive official support, especially within a time frame that required rapid implementation. It was also difficult for such organizations to develop project proposals within the framework and criteria set by the programme. It takes time to develop the capacity to assess the feasibility of projects; all groups tend to prioritize projects on the basis of need rather than on their capacity to undertake the project.

In some instances, it was difficult to prevent the imposition of a professionally driven agenda on the community organizations, especially with regard to programmes for disabled people and their families. Community development societies that had been effective in each neighbourhood during the 1960s and 1970s in obtaining basic infrastructure and services had scaled down their role; most community organizations were weak and reliant on volunteers, many of whom lacked formal education. It takes time to develop the capacity of community organizations to work and to develop proposals in a participatory way. Few of those involved had taken part in a participatory process. The women's and youth groups were more able to develop their ideas into proposals.

3. *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**

The South African Homeless People's Federation was established in 1994 to represent autonomous local organizations that had developed savings and credit schemes and that 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 for Land and Shelter - support member organizations in the development of housing schemes and in obtaining official support for them. They also support the formation of new local organizations, largely through community-level exchanges.

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 with the aim of building 1 million houses within five years. A housing subsidy of up to 15,000 rand was available to low-income households, however, they did not receive the subsidy directly but, rather, through a "subsidized" unit built by commercial developers. 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 directly to low-income households who, through their savings schemes 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. More than 5,000 loans have been approved. Most have been for the construction of four-roomed houses, with loans of up to 10,000 rand. The Fund was originally seen primarily as providing bridging finance to allow households in savings groups to build while they negotiated a housing subsidy - but many members have been unable to obtain this subsidy. By the end of July 2000, 3,906 houses had been constructed supported only by uTshani loans, with another 1,250 having been 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 they have become 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 and the uTshani Fund provides loans to help them do so.

Income generation: Although most savings and loans schemes are for housing, many include some 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 competing 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 appeals 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 or individuals who 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. Most schemes have a community centre from which building and liaison with external agencies is managed, and a careful record of costs is kept 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 they can work together to address larger obstacles.

Community-driven data-gathering: The Federation and People's Dialogue support communities in undertaking surveys and in developing community maps. These are important activities because they not only allow community organizations to mobilize support, develop their own plans and identify their own resources but also serve as the basis for negotiating with external agencies.

Changing roles for professionals: In all the above work, the Federation and People's Dialogue seek to stop professionals from imposing their ideas, and especially from taking control of decision-making and taking away the design of housing and settlements 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 is 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 demanding change and demonstrating 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 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 at great distances from central business districts or areas with a concentration of employment opportunities, so there is no change to 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.

4. *Urban Poverty Reduction Experiences in Cali, Colombia: Lessons from the Work of Local Non-profit Organizations* - **Julio D Dávila**

This paper discusses the role of local non-profit foundations in poverty reduction within Cali, Colombia's third largest city, and how these pioneered interventions on which the municipal government could build after it had been strengthened by decentralization and democratic reforms.

Cali has long been a relatively prosperous city, although its economy has been much affected by the economic downturn from the mid-1990s. By 1998, one-fifth of its economically active population was unemployed and more than a quarter of households fell below the poverty line. Much of the poverty is concentrated in particular areas, especially in Aguablanca (with one-fifth of the whole city's population) and Siloe.

The city is unusual in having a long-established, large non-governmental sector, mostly funded by local businesses. This sector has been active in social programmes since the 1960s and these programmes have reached a significant proportion of the city's low-income households. The private foundations have been particularly active in three areas:

Housing and settlement upgrading: The Catholic Church initiated community action in the rapidly growing informal settlements in the early 1960s, and the Carvajal Foundation (funded by the printing house of the same name) provided funds to build, equip and manage parish centres in these settlements. The parish centres provided health care, primary and secondary schools, stores with basic foodstuffs and household items, basic sports facilities and community meeting halls. By the late 1960s, these provided more than 20 per cent of the city health services. They were staffed by priests, nuns and Foundation personnel but much of their costs were covered by fees charged. Over time, the municipal government and other agencies have taken over the management of these centres.

During the 1980s, the Carvajal Foundation concentrated on supporting housing programmes, community service centres and specialized services in micro-enterprise development in Aguablanca. These helped bring down the price of housing through support for self-help and construction materials banks. The community service centres also concentrated a range of services such as telephones and post offices.

Here, as in earlier initiatives, there was a concern that these become self-financing, although managed by non-profit organizations. Many other foundations in Cali and in other cities developed similar programmes, including Foundation Holguines which replicated the Carvajal self-help support on a much larger scale, until it went bankrupt in 1998.

Social services and recreation: The Carvajal Foundation pioneered the provision of primary health care to low-income populations although, over time, this was taken over by official institutions. FES Foundation also supported primary health care programmes in Aguablanca and other poor settlements in Cali (and in other cities), along with support for education.

Local foundations also helped to develop and fund Cali's Corporation for Popular Recreation. Originally set up by the mayor in 1978, this is a mixed enterprise with 70 per cent private and 30 per cent public funds, which sets up and manages parks and recreational units. It has helped establish 43 parks and has advised other municipalities. The core is a 15-hectare site built in the early 1980s on land donated by the municipality and funded by the association of sugarcane producers. A more direct contribution to low-income groups is the 26 sports and recreational units in low-income areas.

Income generation, training and entrepreneurship: Since 1977, the two main programmes have been support for micro-enterprises (which includes training, advice on business development and access to credit) and a small shopkeeper programme (which includes training and access to the Foundation's

wholesale stores). Between 1977 and 1996, 24,500 small-scale entrepreneurs were trained and the Foundation served as the intermediary for US$ 12.5million worth of loans.

Positive Aspects

Cali's private foundations have a remarkable record of innovation, hard work and effectiveness in providing the kinds of support and social services that an inflexible, underfunded state was incapable of doing from the 1960s to the 1980s. They had considerable influence through the political and moral weight they carried in outlining directions and in setting social agendas which, since the late 1980s, local and provincial government agencies have picked up. They demonstrated how to provide schools and health care, support self-build and micro-enterprise development and develop recreational facilities in informal settlements where government agencies would not enter, and did so on a scale that reached a significant proportion of all low-income households. They developed models of service provision that minimized their dependence on continuing subsidies through user fees long before this became a policy pursued more widely in the interests of "sustainability". They also contributed to changed attitudes - for instance, from the public perception of micro-enterprises as being backward to a recognition of their contribution to the city's economy.

The experience highlights the advantages that private foundations have for innovation as, unlike government agencies, they are not burdened with high expectations, unwieldy bureaucracies and cumbersome procedures.

Difficulties and Limitations

The success of the private foundations is due, in part, to the fact that they are run by members of a small, closed élite. Their social welfare programmes are dependent on the good will and management capacity of private organizations, with little or no public accountability - although, as noted above, their policies also served as models which were subsequently adopted by municipal and provincial authorities who are accountable through elected governments (and one former executive director of the Carvajal Foundation was elected mayor).

The privately funded social welfare programmes also depend on the generosity and viability of the businesses that fund them - and their vulnerability was demonstrated when one major foundation had to suspend operations after the company that funded it went bankrupt.

The various programmes of the different foundations reached a very large section of the low-income population but did not reach those with no stable income and of no fixed abode.

The foundations may have changed many people's lives but they never sought to change the structural conditions that generate and help perpetuate poverty.

5. *Community-driven Water and Sanitation: The Work of the Anjuman Samaji Behbood and the Larger Faisalabad Context* - **Salim Alimuddin, Arif Hasan and Asiya Sadiq**

This case study describes the work of a local NGO, the Anjuman Samaji Behbood (ASB) in Faisalabad, which demonstrated the capacity to support community-built and financed sewers and water supply distribution lines in the informal settlements in which most of Faisalabad's population lives. It also suggests a model by which provision for water, sanitation and drainage could be much improved in Faisalabad, despite the deficiencies in the existing infrastructure and institutions, and the limited availability of local resources.

Faisalabad is one of Pakistan's largest cities, with close to 2 million inhabitants in 1998. There has long been a large gap between the growing population's need for land for housing, with provision for piped water, sanitation and drainage, and the capacity of the government agencies responsible for their provision. Two-thirds of the population live in areas with little or no official provision for services, and most new housing and land developments take place without official approval. Less than half the population have piped water and less than one-third have connections to the sewer system.

The Faisalabad Development Authority is the main policy-making body and the one responsible for supervising development; the Water and Sewerage Authority comes under it. Funding shortages have meant that projects to improve water and sanitation have consistently not been completed. The Water and Sewerage Authority has a serious financial crisis and large deficits. Its very limited investment capacity also means that many uncoordinated investments in water, sanitation and drainage are made. Most new housing developments are undertaken informally (outside of any master plan) and each neighbourhood seeks to get improvements in water, sewers and drains. But they often seek funding and develop projects independent of the Water and Sewerage Authority.

The investments that are made in water, sanitation and drainage often get some funding from the projects that politicians are able to fund. Each national and provincial assembly member has "grants-in-aid" that they can spend, which are funded from government revenues. They identify and fund schemes that are implemented in their constituencies on an *ad hoc* basis, without reference to any larger plan nor coordinated with larger public works programmes. Municipal councillors also have similar funds, although smaller in scale. The different grants-in-aid controlled by different politicians support many investments in drains and water supplies, but the work is often of poor quality, with drains that do not work and with water supplies that do not reach the outer areas of the settlement. There is little coordination between the Water and Sewerage Authority and the different projects supported by the grants from national, provincial and municipal politicians.

The Faisalabad Development Authority is not elected and comes under the provincial government. The Faisalabad Municipal Corporation is headed by an elected council and mayor. The Municipal Corporation has little link to the Development Authority and is subservient to the provincial government executive (which has the power to overrule the decisions of the council). Revenue collection is greatly deficient and revenue shortfalls make the city increasingly dependent on provincial government funds, which have proved unreliable.

This provides the context where there has been a search for models for improving water, sanitation and drainage that can serve the settlements that develop informally but that can also integrate into the system of water mains and trunk sewers managed by the Water and Sewerage Authority.

In Dhuddiwala, one of the many informal settlements in Faisalabad, a local welfare organization called the Anjuman Samaji Behbood (ASB) developed, both to undertake some modest local development work and to arrange receptions for political representatives and influential government officials. It constantly generated requests for water supply, sewerage, drainage, electricity and social facilities but, even when promises of support were obtained, these were never fulfilled. The organization, like many

others, came to depend for its functioning on funds from politicians.

The organization increasingly began development work using community funds, including solid waste management, the cleaning of streets and the construction of drains. But the development work was often faulty and expensive and the organization lost support. It ended up spending most of its time organizing political rallies.

Nazir Wattoo, an electrician working in an automobile workshop, played a central role in developing the ASB. He came into contact with the work of the NGO Orangi Pilot Project and began to consider the possibilities of using their model, which supported the community-managed installation of water and sanitation with full cost recovery. This model meant that each lane within a settlement which wanted improvements had to organize and work out how to pay for the cost of the infrastructure and connection charges. The ASB was responsible for the survey, for documenting and mapping the existing water and sewerage facilities in the areas in and around Dhuddiwalla and then for investing, with households taking out loans to help them pay. A study in Hasanpura found that, every day, the inhabitants were spending large sums on purchasing water, and this showed the scale of "effective demand" that could pay for better quality provision. However, acting on this proved difficult and time-consuming. Negotiating with the Water and Sewerage Authority for permission to connect to its water supply network took a long time. One reason was the bureaucratic procedures necessary to get permission for the connection to cross a road. The situation was finally resolved by making the connection at night. The case study also documents the difficulties facing any non-subsidized initiative for low-income groups - many households made illegal connections to the pipelines or did not pay the charges, or informally purchased or obtained water from neighbours who were connected. There was also some political opposition to the scheme from politicians who were worried that a scheme such as this undermined their support.

The case study also describes the difficulties of developing better sanitation where there is a high water table and no slope. The sewers they developed had to connect to the trunk sewer that was a considerable distance from the settlement; but despite the difficulties, 1,300 houses were connected. Now, the ASB is being asked by many communities for technical assistance in laying sewage lines and is also being offered more donor support (most of which it is refusing). It is also having to re-evaluate its role, given the demand for its advice, shifting to working more as a trainer.

Some Lessons from the Case Study

- It proved possible to develop good quality provision for water and sanitation in low-income settlements in Faisalabad that were funded by what low-income households are able or willing to pay.
- It was possible to draw on the Orangi Pilot Project model developed in Karachi but this needed adapting to local circumstances.
- Time was necessary to develop the solution and to work out how to overcome local difficulties (including those posed by households in the community who were seeking to obtain water free of charge).
- The local NGO was able to develop and fund secondary sewers (it is often assumed that they are unable to do so).
- Obviously, solutions that do not depend on donor funding (especially grants) are more suitable and sustainable; however donors have obvious difficulties with these as they do not spend their money.

6. *El Mezquital - A Community's Struggle for Development* - **Andrés Cabanas Díaz, Emma Grant, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez**

Background

El Mezquital is a large informal settlement in Guatemala City, with over 20,000 inhabitants. Externally funded, community-based programmes have brought considerable improvements in housing, infrastructure and services since its formation by a land invasion in 1984. This paper considers both the positive and negative experiences of the settlement's development process from its formation, growth and consolidation up to 1999. It assesses the interventions of external agencies (local government, national agencies, international NGOs and official donor agencies including the World Bank and UNICEF) including their impacts and their relationships with community organizations. It draws primarily on interviews and focus group discussions with the inhabitants of El Mezquital, and with staff from agencies that have supported programmes within the settlement.

El Mezquital was formed in 1984 by an invasion of some 1,500 families who moved onto a 35-hectare site next to an existing residential settlement. They succeeded in resisting attempts by police and local residents to evict them and this was the only successful land invasion in Guatemala City at the time. Many families who came to El Mezquital had also taken part in land occupations in 1982 and 1983 but had been evicted. When attempts to evict the invaders failed, the settlement attracted more settlers, and expanded and consolidated, with management boards set up in the different sub-divisions. Each management board had representatives in a settlement-wide association and there were various other community organizations for sectors, streets or micro-zones. The government provided no support and the settlers had to rely on illegal connections for water and electricity. Support was received from a range of national and international non-governmental groups, in part in response to a typhoid epidemic in 1985-86. There were often tensions and conflicting goals between the many different community organizations within El Mezquital.

Development Initiatives

The settlement-wide community organization sought support from the government's National Reconstruction Committee to develop the first programme for urban improvement. Relatively little support was received and progress was slowed down by the dissatisfaction among many residents with what the government offered. The residents developed their own cooperative (COIVEES) which organized the construction of the first well and two large water tanks, with support from UNICEF and the Swiss government. This cooperative also developed a piped water distribution system. The Catholic Church, which had supported many community initiatives, provided the land for the well and the tanks. COIVEES also received support from the Inter-American Foundation to build 65 new houses. In 1994, support was provided by the World Bank, UNICEF and the National Reconstruction Committee for a Programme for the Urban Development of El Mezquital (PROUME), and this included the following components:
- Infrastructure, including sewers and sewage treatment plants, rainwater drains, pavements for pedestrians, the introduction of electricity and the creation and maintenance of green areas. Community members contributed to the implementation.
- Drinking water: to continue the COIVEES water project and to extend it to one of the unserved sub-divisions. This included sinking two new wells.
- Support for the construction of 1,000 new houses and the improvement of 500 houses, to be funded through a loan system.
- The creation of a main road through the settlement, with access to the market.
- The relocation of families who lived in areas which impeded development to areas with similar conditions within the settlement. Three hundred and fifty families were selected for moving and two fully urbanized new sub-divisions were developed for them, which were integrated into the settlement.

Designs and plans for basic social infrastructure were developed, including an integrated centre for women's needs (FUNDAESPRO); a fire station; a primary school; a basic education institute ; and four multi-purpose halls. The total cost of the project was US$ 6,654,160, with 73 per cent coming from the World Bank, 22 per cent from the government, 3 per cent from the community and 2 per cent from UNICEF. Not all the planned projects were carried out.

Today, after 15 years of community work, almost all the families in El Mezquital have access to good quality piped water supplies. The settlement's cooperative supplies a much better, cheaper and more reliable service than that provided in most residential areas in Guatemala City. Ninety-five per cent of families have electricity in their homes and virtually all houses have sewers and drains.

El Mezquital is also well-known for its community-based Integrated Health Programme. This was based on the work of elected community health workers, called *reproinsas*, within each micro-zone (each of which had around 50 families). They worked part-time and were trained to provide basic health care, including immunization, oral rehydration for diarrhoeal diseases, health advice and support for groups with particular health needs (including children and pregnant mothers). The *reproinsas* also supported other initiatives, including literacy programmes . This served as a community-based health care model that was expanded into other informal settlements in Guatemala City.

The Role of Government

Although, in theory, government agencies should have played a major role in infrastructure and service provision, they were actually the least significant in supporting the interventions that improved conditions, and the interventions that were carried out were often done in a clientelistic fashion.

The main reasons for this were:
- The incapacity or unwillingness of government agencies to respond to the needs of the community (for instance, the state water agency refused to supply water because the settlement was "illegal").
- Government agencies' underestimation of community capacity, which included opposition from the state-run health centres to the work of the community health workers and a lack of support from government employees for community development processes. Government attitudes were shaped by a long-established fear of and lack of trust in community organizations.
- The political manipulation or exploitation of the community's organizational capacity by successive governments. Two governments tried to use El Mezquital as a showcase to legitimize themselves.

The Role of Other External Agencies

The support from international agencies and NGOs allowed considerable improvements in infrastructure and service provision. It also supported important processes of community empowerment, including greater status and possibilities for women. Among the international agencies, UNICEF's Urban Basic Services Programme played an important role both before PROUME and in influencing the form that PROUME took (although UNICEF funding formed a small part of the total funding, as most external funding came from the World Bank).

However, there were also limitations in most of the international support, including:
- The limited scope provided by many international agencies for community participation, especially in project design. Most external agencies' strategies have been top-down and non-participatory, with no transparency in terms of how decisions were made and resources allocated. PROUME provided little scope for community participation and showed little awareness of internal processes and power relations within the community. It set up its own community organization rather than working with existing organizations, which caused

- Some projects were planned but never implemented (including the fire station, the four multi-use halls and the creation and maintenance of green areas).
- The problems that the international support failed to resolve, especially regarding the very limited employment possibilities. PROUME was regarded by its principal funders as an infrastructure project An employment survey was carried out with the intention of seeking ways of supporting employment in partnership with the community, but its proposals were never considered.

considerable dissension within other community organizations.

There are also the different perceptions between the external agencies who regard their work as done (because the project is finished) and the inhabitants who still face many deprivations. In the absence of effective, accountable local government institutions able to provide continued support, the inhabitants feel abandoned. Seeing poverty reduction in terms of a single project-based intervention fails to recognize the importance of supporting long-term processes within low-income settlements that allow one success to stimulate and support others.

Replicability

The processes of community organization such as COIVEES and the community-based health promoters have stimulated innovations in other areas. By 1999, there were more than 700 *reproinsas* working in 16 areas of Guatemala City and the COIVEES model was being tried in two other settlements. The Slum Improvement Programme which was created in 1997, and which is working in various low-income settlements within and around Guatemala municipality, is based on the PROUME model.

Thus, the history of El Mezquital shows both the potential and the limitations of community-based, externally supported interventions. After 15 years of struggle, the community organization has achieved much - legalization of the land (underway), water, sanitation, electricity and housing improvement. However, many still live in precarious, overcrowded housing, and employment opportunities are very limited. There are many street children and there are serious problems of violence and drug addiction. Although the role of women within the community has developed and changed, principally due to the work of the community health workers, the power structure within the household remains male-dominated. There is a need for external agencies to support a participatory redefinition of development objectives in El Mezquital and to support the development of a new community agenda that would address the principal social and economic problems, including violence, drug addition, unemployment and the lack of educational opportunities.

7. *SPARC, the National Slum Dwellers Federation and Mahila Milan* **- Sheela Patel and Diana Mitlin**

Introduction

This paper describes the work of an Indian NGO, SPARC and its alliance with the women's cooperatives (Mahila Milan) formed by pavement dwellers and the National Slum Dwellers Federation. This Alliance has shown how work in many different areas such as community-based savings and credit groups, pilot projects, housing construction, the development of toilet blocks and the management of resettlement can contribute to poverty reduction, as long as these are based on what communities can do for themselves and the communities retain control. This implies the need for changes in the relationship between urban poor groups, government and international donors. The Alliance has also demonstrated the need to work at different levels, including securing policy and institutional changes through mass mobilization, based on precedents that are developed by the poor.

The Alliance's Evolution

1984-86: SPARC's early work was with women pavement dwellers in Mumbai, providing them with space to meet and to discuss their problems. They sought an organizational form that invested knowledge with collectives of savings and credit groups formed by pavement and slum dwellers (Mahila Milan - "Women Together"). New strategies and tools were developed to bring them out of isolation, including:
- the pavement dwellers' enumeration ("We the Invisible"*)* that they undertook themselves;
- developing ways of dealing with common crises, including eviction, police harassment and obtaining water and ration cards (which gave them access to subsidized food). As one women's group developed an approach that worked, so, through meetings and community exchanges, others would learn from them;
- exploring the constraints on obtaining a secure home, and from this developing a housing strategy, starting with their own savings. While SPARC's work has widened beyond the pavement dwellers, new strategies for change are tested by the pavement dwellers, and the leaders of the pavement settlements remain among the main trainers of other groups.

1986-88: To enable pavement dwellers to get land for housing, wider support was needed. An Alliance was formed with the National Slum Dwellers Federation (NSFD), a loose coalition of local federations active in many cities. Up to this point, the Federation had not found working with NGOs very useful, as community members were not allowed to choose issues and influence resource use. NSDF offered advice and shared experiences with SPARC and Mahila Milan and, as the relationship grew, male leaders in NSDF recognized that Mahila Milan could provide women with space within its local federations; women now make up almost half the NSDF membership. The slowly emerging Alliance developed an educational and organizational strategy for community-learning, with pilot projects and expanding learning through exchanges between low-income settlements; this has been at the centre of its work ever since.

1988-90: A growing interest in the work of the Alliance during the UN International Year of Shelter for the Homeless in 1987 led to many international contacts. SPARC used this to increase the exposure of community leaders to other experiences, through community exchanges within cities, between cities and, finally, internationally. Although most community exchanges are local, community leaders from India also developed exchanges with low-income communities in South Africa, Thailand, Cambodia and Laos.

1990 onwards: The Alliance felt it had the strength to start building homes, borrowing money and undertaking larger programmes with its base community organizations retaining the central role. They began negotiating with government and international agencies, but for resources on their terms. By

1995, a number of core activities had developed, including savings and credit groups, a learning cycle through pilot projects, community exchanges, house-building and resettlement.

The Alliance's Core Activities

Savings and credit groups: Pooled savings have been developed by hundreds of community groups to finance a capital fund for crisis loans. As groups learn to manage this, so savings for housing can develop. Women in particular are attracted to these. Savings groups can transform savers' relationships with each other and with their families and the community. There are now hundreds of thousands of urban poor with access to emergency loans, and more than 25,000 households who save for housing.

House-building: Initially, support for housing was slow because of the difficulties faced by urban poor groups in getting land or in negotiating tenure of the land they occupied. "Shack-counting", through community-initiated and managed surveys and maps, helped communities to identify their problems and develop their priorities. This also produced a visual representation of their situation, which helped the development of physical improvements and helped in the negotiations with external agencies. Community members learn how to develop their own homes - how to get land, to build, to keep costs down, to manage professionals, to develop new materials, to install infrastructure and to negotiate with government agencies. They develop designs through collective house-modelling, which usually includes developing full-scale models which are discussed through community exchanges. There are now over 3,500 houses built with permanent collective tenure, and 5,000 borrowers. The Alliance also has the capacity to draw on funds from external agencies to support this process.

A constantly expanding learning cycle through pilot projects which demonstrate new ways of addressing problems based on what communities can do for themselves.
- Communities identify needs and priorities and, through discussions within the Alliance, develop a strategy to address them. One or more communities agree to try out this strategy and so become a living laboratory of how change can occur; the Alliance can then learn from this. There are many failures at this initial phase.
- Once a solution has been developed, many community exchange visits stimulate the next generation of volunteers to try out the strategy and refine it to suit their local circumstances.
- The refined solution is then explored on a larger scale within the city and, again, is shared through exchanges. The Federation builds a core team from those who implemented the solution, who visit other cities to demonstrate how it worked and to expose more communities to innovation. They also put pressure on local officials and politicians for change to support more community action.

Community exchanges build upon the logic of "doing is knowing" - and they may include concrete actions such as house-modelling. They develop continuously because they serve many ends, including:
- Drawing large numbers of people into the process of learning and teaching, especially women who previously were excluded and, over time, exposing more communities to innovation.
- Supporting local sharing of experience, and reflection and analysis, enabling the urban poor to own the process of knowledge creation and to federate, developing collective vision and action.
- Helping create strong, personalized bonds between communities who share common problems, presenting them with a wide range of options through which they can address their problems.
- Creating grassroots organizations able to take up new possibilities if there is a change in policy. If the Alliance succeeds in promoting changes in policy, there are many grassroots organizations who are able to use this. Growing numbers of organized communities also means more pressure for policy change.
- Breaking down national boundaries. International links help stimulate new ideas and attract interest from local governments, creating space for negotiation.

Building toilet blocks: The only provision for sanitation for pavement dwellers and most slum dwellers

is from public or communal toilets. These are often poorly maintained and, for most users, distant and difficult to access. In Mumbai, the Alliance saw that they could work within a Municipal Corporation Slum Sanitation Programme and develop community-managed toilets. Building and managing shared toilets can unite communities and build their capacities and confidence. It can also help develop a relationship with the local authorities.

Resettlement: For more than a decade, the World Bank and the government of Maharashtra have sought to improve Mumbai's suburban railways, but tens of thousands of people have developed their homes on the land each side of the tracks, including huts within a metre of passing trains. The Alliance and the Railway Slum Dwellers' Federation have worked with the inhabitants to develop a resettlement programme in which people move voluntarily and get good quality housing in sites of their choice. The Alliance supported the same community processes that had worked elsewhere, in which the residents were fully involved in both design and implementation.

Changing Roles and Relationships

Most poor groups survive by being adept at being passive, making themselves invisible and not offending leaders. Local, national and international systems which "support" development rarely work to strengthen poor groups' capacity to develop their own projects. Bureaucratic rules and procedures exclude effective participation. The Alliance recognized that community involvement in conceptualizing participation is as important as taking part in projects. Effective participation means that an individual, group or community can choose to become involved, to understand options and to understand the impact these will have on their lives and environment.

The challenge for SPARC was to find ways of strengthening the capacity of poor women and men to participate at all levels. This meant enabling urban poor groups to create their own institutional arrangements and strategies for change and finding external support which allowed urban poor groups to retain control in the execution, monitoring and management. The much expanded roles for women also evolved at a pace that was selected by women in low-income settlements.

Since resources should belong to community organizations and, ultimately, be managed by collectives based around savings schemes, SPARC moved from being an implementor to being a supporter, as local organizations and federations took over the implementation. It had to ensure that all activities became embedded within the Federation, while supporting new local federations. Then, it had to retreat from supporting new community organizations and federations as the leadership of NSDF and Mahila Milan took over this role.

SPARC's main tasks became fundraising, financial management, research and liaising with state and international agencies to obtain external resources, and keeping NSDF members informed about possible sources of external support. It also helped represent the importance of people's organizations in development to the external world, and critically reviewed government proposals. As NSDF became more experienced at dealing with government and international agencies, and as SPARC became more experienced working within community processes, they could substitute for one another in meetings.

Relations with Donors

SPARC's fundraising strategies have had to protect the community processes that are at the centre of the Alliance's work. Donors often think that they know best and that they can impose their perspectives and move funding away from community control. The Alliance needed funds from abroad primarily to support learning and exchanges, in order to develop communities' capacity, confidence, knowledge, skills and negotiating abilities to initiate and manage their own development process. Some Northern NGOs recognized the need for this. As community-based solutions develop, more resources are needed but, at this point, these can often be negotiated from Indian government sources, although international

support can be valuable for bridging funds, as government resources are often delayed.

Many donors find it difficult to support community-directed processes because their procedures require outputs to be defined at the outset and achievements to be monitored during implementation. They are unwilling or unable to support processes whose objective is to transform the interaction between the state and the poor. They cannot see how support for local processes can strengthen poor communities' capacity to secure their own and external resources. But the process supported by the Alliance has brought larger, more secure and more sustainable improvements to the lives of far more urban poor groups than any donor project. Hundreds of thousands of urban poor have access to emergency loans. Over 3,500 houses have been built with permanent collective land tenure and community management, and far more poor households have secured land tenure. Savings for housing now exceed 25 million rupees a year. Thousands of households each year access loans for emergencies. More than 8 million rupees have been lent to support income generation, with much of this money revolving. All this is controlled and managed by communities, thus increasing financial management skills and capacities. Over 2 million rupees of community savings are now in high-interest accounts, as the Alliance's collective weight allowed it to negotiate a group scheme. Several hundred Mahila Milan women have been trained in construction and have increased their earnings. There are many other benefits that are not so easily measured, including improved health, reduced expenditure on medical bills, more regular employment and greater access to basic services; also a reduction in social exclusion and an expansion of life choices affecting tens of thousands of people.

Conclusions

Creating knowledge for action: The solutions that best serve the urban poor usually emerge from their initiatives and their learning and community exchanges. Needs are identified, priorities refined, and solutions tested and modified through replication. This develops a set of practices that meet the needs of many communities. "Going to scale" in terms of moving beyond individual projects is through ever-expanding numbers of community-based projects supported by community exchanges. When the poor have collectively identified problems, designed alternatives and experimented with solutions, they begin to design solutions that are good for cities as well as for themselves.

Representation and inclusion: Community-based savings schemes based on accountability and trust help change the range of options open to those in low-income settlements; individual members become less vulnerable and collective activities become possible. The urban poor are no longer isolated; they work in groups or federations to address needs which cannot be resolved at the level of their settlement.

Federating: Through federations, all savings schemes members become part of a movement of the urban poor that can pressure government at local and higher levels, in order to secure the changes they need to advance their livelihoods, acquire a secure home and obtain basic services. They also learn from each other about negotiating with national and international agencies. A movement rooted in a multiplicity of group savings schemes cannot easily be co-opted or destabilized by government promises or self-interested leaders.

Changing government approaches: Engagement with government is critical to scaling up poverty reduction. The Alliance's capacity to do so is due to its being composed of people's organizations. But to negotiate effectively with government requires demonstration projects which communities have developed for themselves. These show city officials (and staff from other government agencies and donors) what urban poor groups can do. Because they emerge from poor groups' existing practices, they also make sense to other grassroots organizations. These precedents focus attention on what the poor are already doing and can do for themselves. The poor are not "beneficiaries" as they can articulate their demands and show their solutions. They can also choose to work only with government and international agencies who respect their right to participation.

Implications for donors: Donors need to learn how to support long-term organizational investments in communities that help develop their capacities and give them more options, including more possibilities to develop projects. Poverty reduction requires more than an official recognition of the poor's needs; it has to include a renegotiation of the relationship between city and residents, between state and civil society, between poor and other stakeholders. An effective dialogue requires more equality; the long history of excluding the urban poor from a dialogue makes this difficult. This is why the Alliance has always sought solutions that are developed by the poor, that work for them and that give them a more equal relationship with other groups.

**PUBLICATIONS - THE CASE STUDIES AND OTHER BOOKS
AND PAPERS ON URBAN ISSUES**

a. The Working Papers series on poverty reduction

Alimuddin, Salim, Arif Hasan and Asiya Sadiq (2001), *Community-driven Water and Sanitation: The Work of the Anjuman Samaji Behbood and the Larger Faisalabad Context*, IIED Working Paper 7 on Poverty Reduction in Urban Areas, IIED, London.

Baumann, Ted, Joel Bolnick and Diana Mitlin (2002), *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*, IIED Working Paper 2 on Poverty Reduction in Urban Areas, IIED, London.

Dávila, Julio D (2001), *Urban Poverty Reduction Experiences in Cali, Colombia: Lessons from the Work of Local Non-profit Organizations*, IIED Working Paper 4 on Poverty Reduction in Urban Areas, IIED, London.

Díaz, Andrés Cabanas, Emma Grant, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez (2001), *El Mezquital - A Community's Struggle for Development*, IIED Working Paper 1 on Poverty Reduction in Urban Areas, IIED, London.

Patel, Sheela and Diana Mitlin (2002), *The Work of SPARC and its Partners Mahila Milan and the National Slum Dwellers Federation in India*, IIED Working Paper 5 on Poverty Reduction in Urban Areas, IIED, London.

Schusterman, Ricardo, Florencia Almansi, Ana Hardoy, Cecilia Monti and Gastón Urquiza (2002), *Poverty Reduction in Action: Participatory Planning in San Fernando, Buenos Aires*, IIED Working Paper 6 on Poverty Reduction in Urban Areas, IIED, London.

Stein, Alfredo (2001), *Participation and Sustainability in Social Projects: The Experience of the Local Development Programme (PRODEL) in Nicaragua*, IIED Working Paper 3 on Poverty Reduction in Urban Areas, IIED, London.

During 2002, three other case studies will be published:
- *The Children's Council and Other Innovations in Barra Mansa, Brazil*
- *The Work of Development Workshop in Luanda, Angola*
- *Lessons of Experience From CARE PROSPECT's Urban Poverty Reduction Programmes in Lusaka, Zambia*

HOW TO OBTAIN THESE: Printed versions can be obtained from http://www.earthprint.com/ for US$ 9 each plus postage and packing (for the UK, US$ 5 for first item, US$ 2.50 for additional items; for Europe, US$ 6 for first item, US$ 3 for additional items; for elsewhere, US$ 10 for first item, US$ 5 for additional items).
        Electronic versions may be obtained at no charge from IIED's web-page: www.iied.org. If you have any difficulties obtaining these, e-mail us on humans@iied.org with details as to which working paper you want.

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b. Other publications from this research programme

Satterthwaite, David (2002), *Reducing Urban Poverty; Some Lessons from Experience*, University of Birmingham, Birmingham.

This is available for £10 from the Publications Office, School of Public Policy, University of Birmingham, Birmingham B15 2TT, UK; e-mail: C.A.Fowler@bham.ac.uk The paper may also be viewed on http://www.bham.ac.uk/idd/activities/urban/urbgov.htm

Shorter versions of the working papers on PRODEL and on El Mezquital have been published in IIED's journal *Environment&Urbanization*:

Stein, Alfredo (2001), "Participation and sustainability in social projects: the experience of the Local Development Programme (PRODEL) in Nicaragua", *Environment&Urbanization* Vol 13 No 1, pages 11-35.

Díaz, Andrés Cabanas, Emma Grant, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez (2001), "The role of external agencies in the development of El Mezquital in Guatemala City", *Environment&Urbanization* Vol 13, No 1, pages 91-100.

Díaz, Andrés Cabanas, Emma Grant, Paula Irene del Cid Vargas and Verónica Sajbin Velásquez (2000), "El Mezquital - a community's struggle for development in Guatemala City", *Environment&Urbanization* Vol 12, No 1, pages 87-106.

HOW TO OBTAIN THESE: These papers may be obtained electronically from the web at www.catchword.com; http://www.catchword.com/titles/09562478.htm takes you straight to *Environment&Urbanization On-line*. Access to the paper in the April 2000 issue is free; access to the two papers in the April 2001 issue costs US$ 6 each.

c. Other publications on urban poverty

Rethinking Aid to Urban Poverty Reduction: Lessons for Donors: The April 2001 issue of *Environment&Urbanization* includes evaluations of urban projects or programmes funded by US AID, the World Bank, DFID, Sida, NORAD and UNICEF, along with papers considering the constraints on donor effectiveness. There are also papers on participatory budgeting in Brazil, a fund for community initiatives in Uganda, poverty-mapping in Argentina, mapping infrastructure deficiencies in Salvador, community-based watershed management, and links between poverty and transport.

Poverty Reduction and Urban Governance: The April 2000 issue of *Environment&Urbanization* includes 12 papers which examine the links between poverty and governance in particular cities. Among the interesting points of commonality or contrast are: the great range of political structures, with some cities having governments that are clearly more accountable and responsive to urban poor group than others; the very limited powers, resources and capacities available to urban governments to raise revenues; the complex political economies within all the cities that influence who gets land for housing, infrastructure and services; and the capacity of anti-poor local government policies and practices to harm the livelihoods of many low-income groups within their jurisdiction.

HOW TO OBTAIN THESE: The printed version of these two issues can be obtained from http://www.earthprint.com/ for US$18 plus postage and packing (for the UK, US$ 5 for first item, US$ 2.50 for additional items; for Europe, US$ 6 for first item, US$ 3 for additional items; for elsewhere, US$ 10 for first item, US$ 5 for additional items).
        The papers from both issues may be obtained electronically from the web at

www.catchword.com; http://www.catchword.com/titles/09562478.htm takes you straight to *Environment&Urbanization On-line*. Access to the papers in the April 2000 issue is free. Access to individual papers in the April 2001 issue costs US$ 6 each (or US$ 30 for the whole issue). See also the later section on *Environment&Urbanization* for details of subscription prices.

Urban Governance, Partnerships and Poverty: A research programme undertaken by the University of Birmingham, IIED, The London School of Economics and Cardiff University in collaboration with teams in ten cities in the South has produced a great range of theme papers, case studies, cross-city analyses and other studies - see http://www.bham.ac.uk/idd/activities/urban/urbgov.htm for more details.

d. Urban publications with Earthscan

McGranahan, Gordon, Pedro Jacobi, Jacob Songsore, Charles Surjadi and Marianne Kjellén (2001), *The Citizens at Risk: From Urban Sanitation to Sustainable Cities*, Earthscan Publications, London, 200 pages.

Hardoy, Jorge E, Diana Mitlin and David Satterthwaite (2001), *Environmental Problems in an Urbanizing World: Finding Solutions for Cities in Africa, Asia and Latin America*, Earthscan Publications, London, 470 pages.

Bartlett, Sheridan, Roger Hart, David Satterthwaite, Ximena de la Barra and Alfredo Missair (1999), *Cities for Children: Children's Rights, Poverty and Urban Management*, Earthscan, London, 305 pages.

Satterthwaite, David (editor) (1999), *The Earthscan Reader in Sustainable Cities*, Earthscan Publications, London, 472 pages.

Satterthwaite, David, Roger Hart, Caren Levy, Diana Mitlin, David Ross, Jac Smit and Carolyn Stephens (1996), *The Environment for Children*, Earthscan Publications and UNICEF, London and New York, 284 pages.

Hardoy, Jorge E and David Satterthwaite (1989), *Squatter Citizen: Life in the Urban Third World*, Earthscan Publications, London, UK, 388 pages.

HOW TO OBTAIN THESE: These are available from Earthscan Publications, 120 Pentonville Road, London N1 9JN, UK; e-mail: earthinfo@earthscan.co.uk; web: www.earthscan.co.uk; also available in bookstores. In USA, they are available from Stylus Publishing LLC, PO Box 605, Herdon, VA 20172, USA; e-mail: StylusMail@PressWarehouse.com. In Canada, they are available from Renouf Publishing Company, 1 - 5369 Canotek Road, Ottawa, Ontario K1J 9J3, Canada, e-mail: orderdept@renoufbooks.com. The Earthscan web site also has details of Earthscan representatives and agents in all other countries.

e. Other Working Papers series

There are three other Working Papers series in addition to the Series *on Poverty Reduction in Urban Areas*:
1. Working Papers on *Rural Urban Interactions and Livelihood Strategies*, with case studies from Tanzania, Mali and Nigeria and briefing papers which will be available after August 2001.
2. Working Papers on *Urban Environmental Action Plans and Local Agenda 21s*, with case studies from Colombia, Ghana, Indonesia, Malaysia, Namibia, Peru, Senegal, South Africa, Uganda and the UK.
3. Working Papers on *Urban Change*: By late 2001, this will include papers on: Bangladesh, Colombia, Egypt, Ghana, Mexico, Pakistan and South Africa.

HOW TO OBTAIN THESE: Printed versions can be obtained from http://www.earthprint.com/ for US$ 9 each plus postage and packing (for the UK, US$ 5 for first item, US$ 2.50 for additional items; for Europe, US$ 6 for first item, US$ 3 for additional items; for elsewhere, US$10 for first item, US$ 5 for additional items).
        Electronic versions may be obtained at no charge from IIED's web-page: www.iied.org. If you have any difficulties obtaining these, e-mail us on humans@iied.org with details as to which working paper you want.

f. Other IIED publications on urban issues

Environment&Urbanization: Now in its 14th year, this is one of the most cited and widely distributed international journals on urban issues. Each issue has a special theme and includes: 9-14 papers on that theme; a guide to the literature on the theme and profiles of innovative NGOs (in some issues) and Book Notes (summaries of new books, research reports and newsletters, and how these can be obtained (including those in Spanish, French and Portuguese)).

Frequency:	Twice yearly (April and October of each year)
Volume numbers:	Volume 12 (2000), Volume 13 (2001), Volume 14 (2002)
Subscription prices:	One year: institutions - £60 or US$ 100; individuals £26 or US$ 44 Two year: institutions - £102 or US$ 170; individuals £44 or US$ 74 Three year: institutions - £148 or US$ 246; individuals £64 or US$ 108

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World Wide Web: The contents page of the latest issue and the summaries of all papers in French, Spanish and English, the editorial and the Book Notes section are on http://www.iied.org/eandu/. This site also includes details of subscription prices and the price of back issues.

Environment&Urbanization On-line: The full text of the current issue and many back issues are available on the web at http://www.catchword.com/titles/09562478.htm. Institutional subscribers get free access to all on-line issues; to do so, they must register at www.catchword.com.