

Introduction

Poverty continues to rise up the agenda of the development assistance agencies. The major emphasis in poverty analysis is often placed on low incomes. But, increasingly, it is recognised that other aspects, such as secure tenure, basic services and housing quality are also important.

This issue of *HiFi News* begins by discussing the role of revolving funds within the Poverty Reduction Strategy Papers (PRSPs). For both national governments and international development assistance agencies, the PRSPs are a catalyst for a renewed focus on poverty reduction. In the search for pro-poor growth strategies, there is considerable interest

in the potential of microfinance to support the development of small and medium-sized enterprises. Many of the Strategies recognise that housing is of unacceptably poor quality. In their efforts to improve the situation, they consider a range of approaches related to the more extensive use of loan finance.

The second contribution looks at the efforts of the Thai government to address housing needs at scale. The *Baan Mankong* programme (which means "secure house" in Thai) uses specific loans and grants to provide targeted support. It aims to improve the living conditions and security of tenure for 300,000 households in 2,000 low-income communities in 200 cities, within five years. This is an estimated 60 per cent of the country's urban poor pop-

ulation. In addition to providing the financial means, the programme seeks to bring together all of those working to improve the living environment, with a central role for the urban poor themselves.

News from Nepal and Ecuador offers complementary experiences in the extension of housing loans. In Ecuador, the loan system is integrated with a state subsidy to individual households. In Nepal, the revolving fund emerges from a savings group initiative. In this case, the initiative has been successful enough to secure the support of the mayor in Kathmandu. Finally, we include news of an earlier initiative, UCISV's *Programa de Vivienda* in Mexico, and some brief information about donor support to a Colombian programme.

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The Poverty Reduction Strategy Papers now provide an important orientation to the work of development agencies. Promoted by the World Bank, they are intended to be a comprehensive “country-driven” approach to poverty, financed by national and sometimes international development funds. They have emerged from the recognition that many development agencies have not supported programmes that are owned by the national government. The Strategies place considerable stress on “national ownership”. At the same time, they reflect the increasing priority that is being placed on poverty reduction by the international development assistance agencies.

Attention to housing needs is generally lacking, although a number of the PRSPs do include measures of access to basic needs as indicators to identify the poor. Many of the Strategies place some emphasis on basic services such as water and sanitation, reflecting the interest in the Millennium Development Goals.

When measuring poverty, emphasis is placed on income. But it is widely recognised that, for numerous reasons, income figures can be misleading. Basic needs indicators are used in many cases as a secondary measure of poverty. Such indicators may include indicators of housing quality alongside access to basic services.

The Strategies are generally interested in the strategies of microfinance. However, in most cases, this reflects their concern with pro-poor growth and microenterprise development. Many of the PRSPs recognise that economic growth targets have not previously taken into account the needs of the poorest citizens, and they have attempted to redress this balance. In rural areas, this may mean support for agricultural production. In an urban context, this generally means greater recognition of the role of the informal sector. In both cases, there is an acknowledged need for additional opportunities to access credit. For example, the PRSP for Bolivia discusses the need for more microfinance to support enterprise

development in both urban and rural areas. Ethiopia’s PRSP argues that microfinance institutions should be promoted in urban areas to facilitate access to working capital. It notes, particularly, the need to link such initiatives with community savings and loan cooperatives and with traditional support mechanisms.

In terms of addressing housing needs, a number of countries mention their intention to establish or strengthen revolving funds for housing. In general, these proposals are nested within broader strategies to strengthen access to land tenure and basic services. In Guyana, for example, the Strategy establishes three priorities: providing basic infrastructure in new settlements, accelerating the processing of land titles, and setting up a revolving low-income housing fund. The priorities themselves reflect the public consultations, the significance of housing and basic services for the poor, and the “value for money” assessment by those putting together the Strategy. In this particular case, a revolving fund is considered to be helpful in extending the market for private sector investment. It is intended that housing loans will increase demand for a number of low-cost approaches, including “shell units” that offer possibilities for incremental development.

In Mauritania, the Strategy recognises that lack of security of tenure is a major obstacle to improved housing in urban areas. The government recognises the particular need to invest in the periphery of larger towns and secondary cities to address the problems of urban poverty. The Strategy suggests that housing loans should be targeted towards the middle class, while those living in squatter areas should be encouraged to expand the scale of self-construction (with infrastructure improvements by the state).

A number of other countries also specifically mention the need to strengthen loan markets for housing investment. There is little commonality about these strategies, reflecting the different context in which the Strategies have been designed and are

being implemented. In Honduras, a feasibility study is planned that will consider how the secondary mortgage market can be strengthened to increase the supply of loan finance. The Sri Lankan Strategy notes the need to provide affordable housing finance for both low- and middle-income households as a part of the urbanisation component. The government recognises that the need is acute: between 2002 and 2010, they are anticipating a growth in the housing shortage from 400,000 units to 650,000 units. The Strategy goes on to note that the “...basic strategy of public housing programmes is to support a self-help system in which the NHDA or other organisations provide a maximum loan of Rs 50,000 to build or upgrade their house” (page 84); the Strategy plans that the poorest groups will be able to benefit from a grant programme. Vietnam’s Strategy notes the importance of providing for savings and community credit, to encourage the development efforts of the urban poor. Multiple benefits are identified, including investment in housing and essential infrastructure such as water, sanitation and electricity.

Turning to Africa, several countries specifically mention the need to expand opportunities for borrowing, to increase the scale of housing investment. In Mali, the government wishes to enable low-income citizens to improve their housing. It is currently developing an urbanisation and housing policy with a number of measures. One strategy is to increase and diversify modalities and sources of housing finance. The programme also includes the promotion of building techniques using local materials, and assistance to develop a local industry for construction materials. With respect to lending for housing, the government intends to strengthen the promotion of housing and credit cooperatives, and to stimulate the creation of mutual savings and credit societies for housing.

The Strategy for Rwanda notes that in urban areas, the standard of housing is low – possibly lower than in rural areas. The Strategy is uncertain about the causes of this under-investment, however, it suggests that the use of

subsidised credit to improve housing should be considered in addressing such problems. The Strategy for Burkina Faso also recognises the poor state of housing, particularly in the context of rapid urbanisation. One of the planned strategies is to create a housing bank that will enable the poor to access housing.

Hence, the need for improved housing and the potential offered by microfinance is recognised in at least some of the Strategies. However, not all are this progressive. In Niger, for example, the strategy to improve housing relies mainly on building small numbers of low-cost houses (1,500 in Niamey and 500 elsewhere). As has been shown elsewhere, this is clearly too little to address need and will do little to systematically address the housing problem. Citizens will continue to live in poor conditions and struggle to raise the finance for improvements.

Finally, a number of the Strategies also recognise that there are widespread economic benefits from encouraging investment in shelter. Mali's Strategy suggests that the highly labour intensive nature of housing construction means that it is a sector offering good job creation potential for the poor. Burkina Faso's Strategy notes that investment in housing and sanitation is one potential source of income-generating activity for the poor.

PRSPs can be downloaded from the World Bank's website at: www.worldbank.org/poverty/strategies

Thailand

For housing finance watchers, there's big news in Thailand. A nationwide slum-upgrading programme has been launched that puts finance to use in ways that are burning up all the old rules about how poor people's housing and living conditions are improved and secured. The *Baan Mankong* programme (which means "secure house" in Thai) is a government programme being implemented by the Community Organizations Development Institute (CODI). The programme channels government funds in the form of infrastructure subsidies and soft housing loans directly to low-income communities, who work in close partnership with their community networks (groups of local organisations), local governments, academics and NGOs. Together, they plan and implement city-based plans that will attempt to resolve the housing, infrastructure and security of tenure problems of all the informal settlements in every city.

This ambitious programme was launched at the beginning of 2003 and has set a target of improving the living conditions and security of tenure for 300,000 households in 2,000 low-income communities in 200 cities, within five years. That adds up to about 60 per cent of the country's urban poor population. To accomplish this, the programme has four principal components to help communities upgrade their own settlements:

- **Infrastructure subsidy:** This allows communities to upgrade their infrastructure and environment according to priorities they set, using budgets they manage themselves and using technical assistance that they select. The size of each community's subsidy is calculated by multiplying the number of households by fixed per-family infrastructure subsidies, for different kinds of upgrading. The infrastructure subsidy is 25,000 Baht (US\$ 625) per family for communities

upgrading their settlements *in-situ*, 45,000 Baht (US\$ 1,125) per family for communities "re-blocking" their settlements or rebuilding them on a portion of the land they now occupy under a land-sharing agreement, and 65,000 Baht (US\$ 1,625) per family for communities relocating to other land. A community of 200 houses, for example, which is upgrading on the same site, will have a total upgrading budget of 5 million Baht (US\$ 125,000) to work with. Now that the *Baan Mankong* programme is well underway, CODI and the Thai community networks are aiming at a community improvement process that is much broader than physical infrastructure, and which includes environment, social facilities and welfare.

- **Low-interest housing loans:** For households wishing to improve their existing houses or build new houses after redeveloping their settlements or relocating to new land, low-interest loans will be made available, some via CODI and some directly from national banks, with annual interest rates subsidised by the government so that loans are made to households at 2 per cent. In this way, the programme is also exploring ways of using the interest subsidy to persuade existing financial institutions to be more accessible by communities. CODI can play a bridging role between low-income communities (and their residents) and the banks, rather than being a direct finance provider.
- **Secure tenure:** The programme will support communities and community networks in their own negotiations with a variety of private and state landowners for long-term secure land tenure, on a case-by-case basis, through a range of options, including cooperative land purchase, land-swapping, long-term lease contracts or user rights. The main emphasis will be on obtaining collective ownership.
- **Administrative support grant:** A grant equal to 5 per cent of the infrastructure subsidy will be made

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available under the *Baan Mankong* programme to whichever organisation (or team of organisations) the community networks choose to assist, and support their local upgrading process. This could be an NGO, a community network, a local university, a group of architects, an agency of the local government or a commercial organisation.

The *Baan Mankong* process is centred on local partnerships where the network of low-income communities in each city is at the core; the networks work closely with the municipality, academics and NGOs to first survey all the communities in the city and then plan an upgrading process that should try to include the communities in that city, within three or four years. CODI facilitates the process and, once the plans are finalised, channels the budget (both infrastructure subsidies and housing loans) from the central government directly to the communities.

However, the *Baan Mankong* programme didn't fall out of the sky or emerge spontaneously from an unusually populist government. Both CODI and Thailand's community networks lobbied hard to persuade the government to support this community-driven upgrading model (in which communities, rather than the government, provide the solution and do the work). The programme represents a massive extension and scaling up of the hard work they've been doing over the past ten years, building their national network of community organisations, managing both their own and external resources, carrying out a variety of development activities, collecting and analysing their own information, and exploring collaborative strategies for solving their housing and land problems. Through all these initiatives, joining of forces and preparations, Thailand's urban poor have ceased to be the passive recipients of someone else's idea of what they need. Instead, they have become core actors in a process of large-scale change: change in their own lives, security and living conditions, and change in the way the poor and the city relate to each other.

The *Baan Mankong* programme introduces an array of major innovations involving participation, partnership, control of money and how state finance is used as a tool, not only to improve a certain number of slums but also to create locally based mechanisms for resolving housing problems in the future, as a matter of course. Perhaps the most radical innovation in the programme is that the money (and it's a big chunk of money, with a five-year total budget of about 20,000 million Baht – US\$ 500 million!) actually goes directly to communities to manage once they've developed and budgeted their upgrading plans and negotiated their land tenure status. By putting the money directly into people's hands, the programme makes communities the core actors of the upgrading process, instead of a single, central government agency, as in the past.

Another innovative aspect of the programme is that communities and the local actors – not the government nor CODI – have the freedom to select which persons, NGOs, institutions, universities or organisations they would like to assist them in the process of developing their community improvement plans. Whichever group they select to assist them will then receive an "administrative support" subsidy to cover their expenses. The total amount that each city receives for administrative support is 5 per cent of the total upgrading budget. In many cities, partnerships between communities, local governments and other organisations have been established, and have opted to use this support subsidy more flexibly as a communal budget for all aspects of the programme's management.

The *Baan Mankong* programme allows communities to determine their priorities and implement the improvement projects themselves, according to the needs and priorities they identify through an extensive process of surveying, discussion and horizontal sharing. Hence, the programme creates a "demand-driven" approach to community upgrading rather than the conventional "supply-driven" or "institution-driven" approach. As in so many countries, the Thai govern-

ment's past efforts at dealing with urban housing problems has involved mostly state-run construction of housing units or resettlement sites, or standardised community infrastructure improvements planned and built expensively by contractors, according to fixed standards. In these programmes, the government has taken on the role of planner, implementer and construction manager, leaving communities with little room for participation and almost no role except as passive *beneficiaries*. The process leaves no room for communities to grow or learn, no opportunity to change relationships, no scope for other social developments to be sparked off the process. In the *Baan Mankong* model, it is communities who make all the decisions and do all the work, while government takes on the role of facilitator. This is an important turnaround.

In this way, the *Baan Mankong* programme uses finance to promote a much broader, more holistic kind of upgrading – beyond the standard drains and walkways of the old National Housing Authority style of improvements. For example, if a community of 200 families has 5 million Baht for community improvements, besides laying walkways, drains and water supply systems (using their own labour, their own contractors and according to their own plans), they are bound to have plenty of budget left over to build a day-care centre, to paint their houses, plant trees, clean out their canal, plant organic kitchen gardens or develop internal waste recycling systems – any projects which have to do with environmental and physical improvements in the community.

The community improvement process that the *Baan Mankong* programme is promoting does not occur in isolation. The process has been designed to promote a city-wide housing development process that can eventually solve all the housing problems of the poor in the city – not just isolated projects in isolated communities. Within the *Baan Mankong* programme, all projects are related, all are part of the larger whole, and each provides a learning opportunity

for all the people in the city. An important precondition to taking part in the programme is that communities within each city must come together, think together, prioritise, work together and share ideas with one another. In these ways, all the training and all the learning come through actual implementation of upgrading projects.

Besides linking together horizontally, communities and their networks also come together with local authorities, NGOs, architects and academics in their cities to discuss issues, to build a common understanding of the city's housing problems and to develop plans to resolve these together, working in partnership, with their combined resources and expertise. The idea is to use the upgrading process not only to strengthen communities but also to build stronger and more workable working relationships between groups that can help create an ongoing joint mechanism to resolve housing problems in the future, as a matter of course, making as much use as possible of local resources available within the city, such as land, technical expertise and finance.

This strategy of using communities – and city-based partnerships – to solve the problem of housing Thailand's urban poor represents an important milestone for the process of decentralisation in Thailand. It also offers a concrete way of developing local capacities to resolve problems that central government agencies could not, and to broaden the participation of local actors in the process.

In addition, because this upgrading model makes communities the implementers and gives them control over the finances, it gives them the opportunity to make much more efficient use of these precious resources. Giving community people the room to sit and plan together and decide how to use the budget, people suddenly get very thrifty and very creative: a thousand variations and innovations occur naturally, bringing out all the untapped resourcefulness, thrift and ideas that exist in poor communities. When the same amount of

money that is spent to construct conventional government improvements is passed directly to communities rather than to contractors, the former can build as good a walkway for a fraction of the cost, thus having money left over for other things.

As Thailand has crept out of its economic crisis, the government has been vigorously promoting construction – and particularly housing construction – as a time-tested strategy for boosting economic growth. As a result, there is a tremendous amount of market-rate housing being built across the country at present. Housing construction in slum areas, however, is not usually thought of as part of this economy-boosting activity. But through the *Baan Mankong* programme, Thailand's current government has clearly acknowledged that investment in poor people's housing construction is as much of an economic booster as any other kind of construction and, like all construction, it generates investment and spending that is worth at least three or four times the cost of construction itself. And this does not include the other social, developmental and political assets that the programme generates through its learning and its fostering of relationships between various development actors in the city.

Targets: Almost everybody involved does not view the short time frame and the giant scale of the *Baan Mankong* programme as obstacles to success but, rather, as inducements to creating the capacities and the linkages within communities and within cities to bring about change on a very large scale. This is a deliberate strategy of putting the era of small, individual projects in individual isolated communities behind. Below is a brief look at the schedule of targets.

- **First year (2003):** Ten pilot community upgrading projects (1,500 units in total) and a national preparation process starts in 20 cities, covered by a first year budget of 146 million Baht (US\$ 3.65 million).
- **Second year (2004):** Plan to upgrade about 15,000 units in 174 slum communities in about 42

cities, while city preparation goes on in 100 cities. Everyone agreed to keep the targets modest for this second year, which enables the second-round pilot upgrading projects to be carefully selected and carried out in such a way as to provide maximum learning within – and between – the various cities, and to demonstrate to communities and city governments as broad a variety of upgrading options as possible (i.e. land-sharing, re-blocking, upgrading, relocation). This is a way of using the second year's projects to organise communities and to bridge the relationship between communities and the city, as upgrading possibilities become more real and more evident. The second year's budget of 1,000 million Baht (US\$ 25 million) has now been approved by the government.

- **Third, fourth and fifth years (2005–2007):** Target of 285,000 units in 200 cities. During the third and fourth years, things should accelerate, with a scaling up of the process. In the final year of the programme, the process will be consolidated and everyone will be working to find ways of transferring the upgrading process to the city processes, so that the withdrawal of CODI's intervention will not stop the upgrading process. By the end of 2007, the *Baan Mankong* programme should have upgraded and secured *at least half the urban poor communities in Thailand*.

Contact: Asian Coalition for Housing Rights

ASIA

Nepal

Savings groups affiliated to Shack/Slum Dwellers International in Nepal have agreed to set up a fund to provide themselves with loans for investing in land, infrastructure and services.

The long-term intention is to set up a National Community Fund with state support for community-led investments. However, due to political uncertainties in the country, it was agreed to start with city-level funds. The first Fund, in Kathmandu, was due to be launched in February 2004. The mayor of Kathmandu has offered US\$ 100,000 and the Asian Coalition and Shack/Slum Dwellers

International will provide a similar amount as matched funding.

The mayor is very enthusiastic about the Fund's potential to reduce urban poverty. He has some experience of "land-pooling", in which the informally occupied plots on the periphery of Kathmandu are reorganised so as to enable improved urban development. This offers good prospects in a city where land and infrastructure have been mismanaged and where it is difficult for the poor to obtain security of tenure and to gain access to essential services.

Several principles for the operation of the Fund have been agreed. Notably, the Fund will come under the umbrella of the municipality but will be a separate, independent entity; the gov-

erning body will have representatives from communities, local government, NGOs, local government and academics; and the Fund will give loans for income generation and housing. Savings groups are still discussing whether or not to put savings into the Fund; the alternative is to pool their savings but to keep them separate from the Fund.

Lumanti is the support NGO to *Basobas Basti Samrochan Samaj* (the Nepalese Federation) and *Mahila Ekta Samaj* (the more recently established counterpart Women's Federation of Savings Groups). It is anticipated that *Lumanti* will play an important role in providing administrative services to the Fund.

Contact: *Lumanti*

LATIN AMERICA

Ecuador

Housing lending to the poor in Ecuador is being encouraged by current government policy. In total, an estimated 60 per cent of the housing stock has been generated informally, the housing deficit is an estimated 800,000 units, and every year there are an additional 60,000 families in need of housing. During the 1980s, a conventional housing programme offered subsidised loans, but the programme was criticised for benefiting the middle class disproportionately. Subsidised public housing was also offered.

In the early 1990s, approaches were modified to be more effective. A Housing Incentive System was intro-

duced that particularly sought to address the housing needs of the poor. It offers grants and loans, combined with a savings contribution, to low-income households.

By 2001, 70,000 families had registered with the programme, 38,600 grants had been approved and 20,700 grants had been paid out. About 65,000 new housing units have been started by the private sector and about US\$ 23 million has been saved by families to ensure their participation in the programme. Broadly speaking, applications fall into the first (lowest-income) to third income quintile; however, it appears that the poorest 20 per cent may be struggling to participate under current economic conditions. Repayments are broadly similar to the market rents that they are expected to pay for accommoda-

tion. The problems faced by the lowest-income families are particularly great in the larger towns. The cheapest dwellings are now priced at around US\$ 2,400 in smaller towns and US\$ 4,500 in the larger cities. Families who own a plot are generally better off and can afford to purchase a housing unit for US\$ 1,500.

Loans for housing are more likely to be secured by the better-off families who have a regular income. The average income of those awarded grants is lower than the average income of those applying, which reflects the government's concern to assist the poor. At the same time, the housing lending institutions are interested in increasing their lending to those who are a good risk. Inflation of 50 per cent between 2000 and 2001 has increased the problem of affordability for the

State housing assistance for low-income urban households

Component	Price of the house	Savings from the family	Housing grant from government	Housing loan from private institution
New housing	US\$ 2,400–8,000	At least 10 per cent	US\$ 1,800	Variable with market interest rates
Housing improvements	US\$ 900–3,500	US\$ 100	US\$ 750	Optional

urban poor. This is especially true if they do not own land.

One of the goals of the programme is to bring formal financial institutions closer to the poor. A total of 19 formal financial institutions are registered to collect savings within the scheme: five are banks, five are savings and loan associations, and the remaining nine are cooperatives. Some 93 institutions are involved in lending a total of US\$ 12–13 million to 5,000–6,000 households. Cooperatives are the biggest single group of lending institutions, however, the size of their loans is small and, hence, they are not the largest institution in terms of volume of funds. Cooperatives have tended to serve the needs of the lower-income households by offering smaller loans. Builders are also a significant group in terms of lending money, with an interest in lending to increase the volume of sales. Traditionally, most loans have been for less than two years and have only been made available to selected clients. The largest volume of loans is managed by banks and savings and loan institutions. They are more comfortable dealing with higher-income families at the top end of the market.

Generally speaking, banks have not been as interested in extending other financial services to those taking housing loans under the scheme. For the most part, their participation has been secured because they wish to be seen as having a “social orientation” rather than for strictly commercial reasons. Savings and loan institutions have a more committed interest in the sector as they have also been involved in building houses for sale. It is anticipated that they will maintain this interest.

Present concerns include delays in the processes relating to applications and the release of funds. It takes about six months from application to grant awarding, and then an estimated 11 months to disburse the awarded grant. Such a long delay obviously creates difficulties for the poor.

Interest rates are partly regulated, however, they vary significantly. Banks, savings and loan institutions

and cooperatives all charge about 18 per cent, close to the regulated maximum. At the other extreme are building companies, one of which does not charge any interest as part of its marketing strategy.

The programme has generated a number of interesting conclusions concerning risk. The risk-related costs of servicing loans to low-income borrowers are similar to or lower than those for higher-income borrowers. There are two reasons for this. First, lower-income clients usually live in the houses that they finance and have no alternative housing possibilities. Second, lower-income households usually build their homes in an incremental manner. This means that loans are only for one or two improvements and the loan-to-value ratio is lower. However, despite this, the higher costs of administration (against loans) for smaller loans has resulted in commercial financial institutions increasing the size of loans. Some now have a minimum loan size of US\$ 3,000.

The programme is still at an early stage. It demonstrates that financial crises can also be associated with opportunities because of the willingness of individuals and organisations to look at things in a new way. The Housing Incentive System was introduced to address the lack of commercial financing for housing at a time of acute need. The programme has encouraged formal financial institutions to extend into new markets. Early indications are that at least some of these institutions would continue to lend even without the grant assistance, to expand the market; however, some are more reluctant. Perhaps one of the most significant measures is the encouragement of savings, both with regard to households and their financial management and in order to increase their reputation with formal financial institutions that are hesitant to lend to the poor.

Contact: For a longer discussion of this programme, see the paper by Daphne Frank in *Environment and Urbanization* Vol 16, No 1 (April 2004) (contact IIED).

Mexico

UCISV's *Programa de Vivienda in Mexico*, which was introduced in an earlier issue of *HiFi News*, goes from strength to strength. By the end of 2003, 684 families had been assisted through lending both for new homes (32 per cent) and for improvements and extensions to existing houses (68 per cent). The average loan size is US\$ 77. The programme has now grown from one district in Xalapa to eight other neighbourhoods in the city and to nine other cities in the state of Veracruz.

UCISV is *La Union de Colonos, Inquilinos y Solicitantes de la Vivienda – Veracruz* (the Union of Settlers, Renters and Housing Applicants of Veracruz). It is a longstanding and independent grassroots organisation led by women, whose main objective is to improve the living environment in the low-income areas of cities in the state of Veracruz. The housing deficit in Veracruz is more than 250,000 units, and only 33 per cent of households have tap water inside their houses. The assessment of the quality of private dwellings in the official 2000 census noted that 26 per cent have earth floors and 30 per cent have walls made of temporary materials such as cardboard, palm leaves and

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<http://www.iiied.org/urban>

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

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

corrugated materials. In Xapala, the capital city of the state, 18 per cent of houses are roofed with cardboard or laminate.

The programme is based around a traditional savings and loan scheme called TANDA. (This is a group savings scheme where each woman contributes the same every week, and every week a different member of the group receives the funds until the cycle is complete.) Those receiving loans through this programme have been organised into groups of seven women (who appoint one leader). One hundred such groups have now been organised. A socioeconomic study of beneficiaries shows that the majority work as domestic servants, builders, office workers and housewives. (This latter group may be misleading as many women do not report their paid work activities and term themselves "housewives".) Most of the participants are women (although men can join the programme) and 83 per cent of the group leaders are women.

Between 1997 and 1999, subsidies were provided by the state government. Housing improvements were financed by a combination of grants and loans but, in recent years, there has been no support – primarily for

political reasons relating to the past presidential election. Additional assistance in the form of capital to the revolving fund has been provided by international development organisations. With an end to the subsidies, loan recovery has been more problematic.

Technical assistance has been provided by CENVI, a Mexican NGO. Among other support, 25 housing design "prototypes" have been developed, which are suitable for plots measuring approximately 7 x 15 metres.

Although it is a housing finance programme, the design seeks to end the political clientelism that has characterised local relationships in Mexico. The programme actively seeks to promote equal relations between the different actors (communities, NGOs and local authorities), and promote individual and collective responsibility. Equally, the benefits extend beyond housing improvements, and it is notable that women's self-esteem is very positively improved as they extend their activities to housing improvements.

Contact: Urban Management Programme – America Latina and the Caribbean

Colombia

The Inter-American Development Bank (IDB) has approved a US\$ 150 million loan to Colombia to strengthen and expand a government programme that assists disadvantaged groups in buying and improving their homes.

This is finance for subsidies to purchase homes and for housing improvements. In total, it is estimated that over 70,000 households will benefit. As a part of this support, microlenders will receive training and management tools to enable them to become active in financing low-cost housing solutions on a pilot basis.

Contact: Inter-American Development Bank

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