

Urban Poor Fund International 2001-2010

A decade of innovation





A large and growing number of urban dwellers live in poverty; 900 million live in overcrowded shelters in informal settlements lacking adequate provision for basic services such as water and sanitation. Many are at risk of eviction; most face serious health risks.

But even in the absence of adequate government or donor programmes, families work together to improve their lives. In many nations, organized grassroots communities have been supporting each other and, after a decade of innovation, their solutions are now reaching thousands of families. This booklet describes how they have achieved this.

About the fund

In 33 countries, women-led grassroots savings groups and the larger 'slum'/shack/homeless people's federations they form are engaged in initiatives to upgrade 'slums' and squatter settlements, secure land tenure, develop new housing that low-income households can afford and improve provision for infrastructure and services (including water, sanitation and drainage). Tired of waiting for external assistance that never comes or that will not fund their priorities, they decided to try their own strategies.

Fifteen years ago, some of these federations formed their own umbrella organization, Slum/Shack Dwellers International (SDI), to support their work and the growth of savings groups and federations in other nations.

In 2001, SDI and the International Institute for Environment and Development (IIED) developed a financial mechanism that allowed grassroots organizations to access flexible small grants to support them in community-led development. With initial support from the Sigrid Rausing Trust the fund has now channelled around US\$6.93 million (£4.5 million) to over 100 grassroots initiatives and activities. An estimated 84,000 women and men and 84,500 children have benefited from this support.

The Urban Poor Fund International works alongside national funds that these federations have set up. These national urban poor funds are operating in 16 countries to receive and manage monies from the international fund.

In 2008, the international fund established its own board of governors and secured additional financial support including a substantial commitment from the Bill and Melinda Gates Foundation.

The way it works

Supporting grassroots activities builds capacity through practice

The fund provides money to local savings groups to enable them to work out how to secure tenure, improve their basic services and address their shelter needs. The fund is flexible in how its support can be used, because there are different needs and different opportunities in each locality. As local groups draw on the fund, they build their own capacities, improving their financial management skills and negotiating abilities.

Building the network – recognizing the importance of solidarity

The fund supports the strengthening of the network of savings groups within each national federation, between federations and other community organizations, and across SDI. The federations know from experience that they have much to learn from each other. SDI is responsible, through its Management Board and Council of Federations, for the allocation of funds. Three members from each federation make up the Council.

A vision for all – inclusive, ongoing, integrated, city-wide improvements

The fund's investments focus on projects that address the needs of all, and particularly those with the lowest incomes and who are the most vulnerable. Strong savings groups ensure that the success of one project leads to another, and that local communities can maintain the investments that they make.



"I have been greatly honoured to serve as chairperson of the fund. This is an important milestone for organizations like Shack Dwellers International and governments ... It is also a great honour for us as South Africa. .. we hope to get many more African ministers buying into the idea of ensuring that government gives the necessary support to federations for slum dwellers."

Lindwe Sisulu, Minister of Housing in South Africa, 2009



**Channelling US\$6.93 million
Across 16 countries
To over 100 grassroots initiatives**

**170,000 people assisted
Secure tenure for over 30,000 families
Over 4,000 homes financed**

The development of the fund

1. 2001-2

Initiation. The first two years demonstrated the efficacy of small project funds on which the network of federations could draw. Following the initial £200,000 grant from the Sigrid Rausing Trust, SDI was able to prove how they could use funds more effectively. External funding goes much further when given directly to grassroots savings groups, in part because these groups leverage additional local resources.

2. 2003-7

Small grants – mostly projects of up to 100 households. Other donors, including the UK Big Lottery Fund, became interested in how they could add value to their funding through supporting this work. The scale of available funding increased and SDI federations accessed funds for a range of activities. These have included: tenure security (through land purchase and negotiation); squatter upgrading with tenure security; bridging finance for shelter initiatives; improved provision for water and sanitation in Cambodia, Sri Lanka, Uganda and Zimbabwe; enumerations and maps of informal settlements to provide the information needed for upgrading and negotiating land tenure; exchange visits by established federations to urban poor groups; community-managed shelter reconstruction after the 2004 Indian Ocean tsunami; and Federation partnerships with local governments in shelter initiatives.

3. 2008-10

Bigger grants – 1,000 or more households. Since 2008, the fund has grown substantially. There are new challenges for member federations, new opportunities to acquire more substantive finance, and a ministerial-level board of governors. The impacts of these changes are shown on the pages that follow.

SDI and IIED

From commitments to realization

Ten years ago, SDI and IIED recognised that the success of the fund required buy-in and investment from several groups. Neither SDI nor IIED by themselves were able to get development assistance agencies to support community-led activities. In practice, five different kinds of agencies have a particular contribution to make:

International donor agencies – motivated to support community-led development and willing to explore new approaches.

IIED – recognised that it could extend its long-established support for SDI beyond documenting and disseminating the federations' pro-poor approaches, and help to develop alternative pro-poor financial mechanisms.

SDI – committed to scaling up community-driven approaches and wanting to prove the effectiveness of new financial mechanisms.

National federations of 'slum'/shack dwellers and the homeless and landless – needing flexible responsive finance for community-led approaches.

Squatters and shack dwellers – joining SDI-affiliated savings schemes in their thousands, investing their time and scarce income in collective efforts to acquire tenure, improve homes and provide or access basic services.



The innovations in development financing that led to the establishment and expansion of the fund have been based on trust and transparency. All of these agencies want to achieve more pro-poor and inclusive cities. All know that development aid often fails but they recognise that investment capital is critical to innovation. Each of them is willing to trust, and demonstrate that they can be trusted, through the open provision of information about the strategies they are trying and the success of their efforts. Each of them needs the partnerships with others if pro-poor approaches to urban development are to be secured and much increased in scale.

Together they have produced a new way of financing community-led development. Since the beginning of 2008, projects financed by the Urban Poor Fund International have secured 443 plots of land free of charge with an additional US\$7.6 million worth of support from governments.

“SDI has proven that they can actually provide basic services for the poor, people living in slums, they have a model that works. They do that in a way that mobilizes a social movement. This is interesting for me to see coming from a country that usually deals with large global institutions.”

Morten Wasstøl, Norwegian Junior Minister for Environment and International Development

Major fund investments since 2008

Thousands more families reached

The first six years of the fund enabled over 50 individual projects across SDI's network to be carried out. With the success of these, the ambitions, capacities and reputation of SDI federations have all been raised.

By 2008, SDI federations were ready to implement much bigger projects in some areas where they have worked for many years. These are being implemented alongside the smaller initiatives, which are still needed as the federations and their savings

groups spread into new neighbourhoods and new urban centres.

Since 2008, the fund has supported investment in land development, housing and basic services in over 22 towns and cities. In India, Kenya, the Philippines and South Africa, the fund has provided finance for developments involving thousands of people who were renting or squatting in shacks without secure tenure.



Homes financed by the Urban Poor Fund International 2008-10: completed and ongoing projects

Location	Homes	Services provided
Ghana, Tema, Amui Dzor	40	Water, electricity to dwelling, two storey buildings.
India, Bhubaneswar	73 to date, 554 planned	Inner-city rehabilitation, single storey and ground floor plus one. Construction began in April 2010.
Kenya, Nairobi, Mukuru Sinai	2,000	Complete houses with on-site water and sanitation and roads. Designs currently being finalised.
Malawi, Lilongwe,	20	First community-led central-city low-income housing development.
Malawi, Blantyre and Mzuzu	100	Houses in Blantyre and Mzuzu on new peri-urban areas with land provided by the state.
Malawi Home Improvements	80	Home owners currently finalising their plans.
Namibia, Gobabis	54	Housing on greenfield development with land purchased from the state. Communal facilities.
Philippines, Mandaue	90	Upgrading in high-density inner-city squatter area. 9.2 hectare site with federation group on part of the land.
Philippines, Guinobatan	177	Construction of houses in greenfield areas following disaster and need for relocation.
South Africa, Standerton, Kwandebele, Delmas, Joe Slovo, Lethabong Duzuza, Doornkop, Orange Farm,	977	Construction of permanent houses on sites where members have title deeds. Bridge finance to support work until government support comes.
Sri Lanka, Morotuwa	50	Construction of permanent houses, provision of infrastructure. Land sharing on existing site.
Tanzania, Dar es Salaam, Chimazi,	100	New housing following relocation after eviction for port expansion. Boreholes for water.
Zambia, Kitwe	50	Single-storey new units on greenfield sites. Communal services.
Zambia, Choma	53	Greenfield housing development on well-located land. Communal toilet block and tap.
Zimbabwe, five towns	352	Water provision including boreholes in Epworth and Chinhoyi. Water reticulation for 71 households in Gweru.

In addition to these major capital investments supported by the fund, smaller grants are given to SDI federations to support their work.

Work in the Philippines

- 1: LTHAI federation savings and fund plans
- 2: Temporary housing built on landfill site
- 3: Drawing in the other families, houses yet to be moved to the safer landfill site
- 4: Planning for new housing



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How daily savings of a few cents can lead to a new home!

When savings schemes begin, many residents ask how saving a few cents each day can lead to a home. This is how it works...

Local residents agree to begin saving together and follow SDI approaches. This means that they agree to manage their own activities, setting their own rules so as to ensure that anyone can participate regardless of income.

Savings scheme members or potential savers are visited every day by the savings group treasurer or another designated member.

Savers can put any spare change they have into their savings account and most members do so every three or four days.

These savings form a pool of money. Some savings groups also provide emergency and income-generation loans to their members.

As savings group members work together to manage their funds, they increase their financial skills and build trust between each other. When they meet, they talk about their problems and their needs.

Together they begin to think about how they can address larger issues of housing and basic services.

Savings schemes form the federations. Federations are strengthened as their member savings groups visit other groups, in their own city and in more distant settlements and cities. These exchanges catalyse an attitude of 'can do' – on each visit they see what others have accomplished and have a chance to talk about their own experiences.

Working together, savings schemes survey their settlements – performing their own census as they map and survey their neighbourhoods. They discuss priorities among themselves.

Backed by their savings and the maps and household data from the enumerations, savings schemes talk to the authorities about how they can address their need for land tenure, access to water and sanitation, improved housing, and many other issues.

Using their own national urban poor funds and support from the Urban Poor Fund International, community members negotiate for state resources. They demonstrate to outside groups their capacity and discipline (all savings groups keep careful records), and their commitment to development. Many local government officials and politicians have something to offer; they can often provide land free or at low cost, equipment such as graders and tractors, and sometimes a financial contribution.

With their own savings, local government contributions and loan capital, savings schemes raise the money they need. Working with the fund pushes communities further, requiring them to develop new capacities in order to manage several donors and be involved in complex long-term construction projects.

National urban poor funds and other state contributions to federation activities – 2009

Country	Fund established	Total capital in national fund (US\$)	Formal secured tenure for households
Brazil	2005	30,000	150
Cambodia	1998	1,920,000	5000
Colombia	2001	6,000	60
Ghana	2004	200,000	120
India	*	23,100,000	35,000
Kenya	2003	500,000	4,320
Malawi	2005	1,000,000	3,159
Namibia	1999	1,810,000	4,062
Nepal	2004	313,847	44
Philippines	2000	5,600,000	26,166
South Africa	1995	12,220,000	20,000
Sri Lanka	2004	909,000	120
Tanzania	2005	34,135	500
Uganda	2004	1,000,000	300
Zambia	2006	210,000	1,048
Zimbabwe	1998	1,320,000	4,035

* There is no single fund in India: capital monies are held for designated activities.

This table shows the capital of SDI federations in their own national loan funds and the scale of their successes in securing tenure. The negotiating ability of the women-led savings schemes, and the way they use their funds to leverage additional resources, ensures that they make the most of the capital they have and that the investments supported by the fund are affordable for the lowest income households.

Work in Zambia

- 1: Visiting the town hall to negotiate for land, Kitwe
- 2: Mapping out the plots, Choma
- 3: Making blocks for building
- 4: Federation houses



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Community innovations show governments how to change policy, programmes and practices to have inclusive pro-poor cities

The federations engage their local and national governments both to secure the redistribution of resources needed for the lowest-income households to afford tenure, services and shelter improvements, and to secure changes in land use and building rules and regulations.

The support from the fund helps savings schemes to show the government what they can do and to negotiate. As soon as the government displays interest, the federation draws them in.

The communities explain how they have found ways to improve informal settlements and upgrade the city. They also show what is wrong with the present building standards and development regulations. Inappropriate quality standards and regulations make development much too expensive for the lowest-income groups and prevent communities from addressing their own needs. At the same time, state contributions (finance and/or land) are critical to ensure that improvements are affordable for all.

A first task is building better relations with government authorities, ensuring that they come to the informal settlements to visit the savings schemes and see the work of active citizens. In many countries, politicians and senior civil servants, having visited these settlements, become advocates for their approaches.

“My dream is to have a nice house that no one can evict us from. I want that security. I want to have a business to grow, to go to sea and get fish. Open a fancy food shop selling more than tomatoes! Through the federation I can talk to ministers directly, I can go to the City Assembly and talk freely. I can go anywhere. The federation has given me this confidence... The federation has opened many doors for me. It has even opened a door to the minister, but it has opened many more house doors for the poor!”

Sarah Malenjeka, Tandile, Malawi

Federation-led changes in policies, rules, regulations and distribution of state finance

Improvements that SDI federations have achieved in city or national building rules and regulations (improvements related to fund investments in bold)

Reductions in minimum plot sizes	Kenya, Namibia, Philippines, Tanzania, Zambia, Zimbabwe
Changes in building regulations to enable low-cost materials and/or designs	India, Kenya, Malawi, Namibia, Tanzania, Zambia, Zimbabwe
Land sharing with original land owner	Sri Lanka
Ability of community groups to build for themselves with state housing subsidies	Namibia, India , South Africa
Federations invited onto joint committees to improve one or more informal settlements	Ghana , India, Kenya, Malawi, Namibia, the Philippines, Tanzania, South Africa, Zimbabwe
Other significant policy changes	
* Contribution to SDI federation's fund in the national budget	Namibia
* Emergency relief provided to urban communities for the first time	Malawi

State contributions to Urban Poor Fund International projects

Provision of land at no cost	Malawi, Philippines, Sri Lanka, Zambia
Provision of technical support	Namibia, Philippines, South Africa, Tanzania, Zambia
Subsidy finance	Ghana, India, Namibia, South Africa, Sri Lanka, Tanzania, Zimbabwe

Work in Zimbabwe

- 1: Saving schemes develop, despite the economic crisis
- 2: Borehole providing reliable and clean water supply
- 3: Eco-San Toilet
- 4: Affordability: families share plots to reduce costs



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Closing comments...

“Poor people in every city and every country have to unite and determine their own solutions if they are to break the chains that shackle them. The rest of us can and must help urban poor in this huge task... but they must be the driving force, because this is not about housing alone it is also about dignity and a quest for true humanity. Slum Dwellers International... are the forerunners for this global movement for the poor without which poverty and homelessness will never be overcome.”

Archbishop Tutu, patron of the Urban Poor Fund International

To get involved, learn more about the projects and partners, or keep up to date, visit: www.iied.org
or www.sdinet.org





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