

# HIFI NEWS

The newsletter of  
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on Housing  
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## Introduction

The growing significance of and maturity in innovative housing finance was evident in June of this year when researchers from four countries came together to conclude on what had been learnt from a number of innovative programmes. The meeting took place in Brazil, itself a country in which the housing sector is undergoing considerable change. Fortaleza (in the north-east) played host to a retrospective on innovative national government housing programmes in three countries, namely, Fonhapo in Mexico, the Community Mortgage Programme in the Philippines and the Urban Community Development Office in Thailand. Reviews of housing finance programmes in the state of Ceara (Brazil) and India gave a broader perspective offering further insights into experiences. Some of the conclusions emerging from these studies are highlighted in the later sections of this newsletter.

This newsletter highlights some of the recent developments in the market for low-income housing in Mexico, the Philippines and Thailand. In Mexico, commercial companies are now providing loans to lower middle-income households. In Thailand, the Urban Community Development Office has merged with a rural fund to form the Community Organization Development Institute; and, in the Philippines, the Community Mortgage Programme continues to increase in scale although doubts are being raised about its capacity to reach the poorest families.

In an entirely different context, the effectiveness of savings and loan processes were demonstrated by recent events at the garbage dump in Payatas, (Quezon City, Manila). Heavy rain resulted in catastrophic mudslides and loss of life but the demonstrated development capacities of the squatters were put to good use when Jockin Arputham, the President of the Indian National

Slum Dwellers Federation won the Magsaysay award, a Philippine prize renowned throughout Asia. Working together with Jockin, the squatters ensured that the publicity and exposure associated with the prize-giving resulted in a promise of legal land tenure and loan finance from the President of the Philippines.

This newsletter also reports on a loan scheme for infrastructure investment in Faisalabad, Pakistan. Community residents are willing and able to pay for improvements but without main drains and mains water supplies small-scale improvements are to no avail. A community organization (the Anjuman Samaji Behbood) is using a revolving fund from Northern donors to pre-finance this investment, thereby enabling residents to invest in sanitation and water pipes in their own lanes and to connect to the mains, paying their share of the cost as they do so. Over 2,000 homes have now received sanitation and almost 300 have improved water supplies.

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## News from Thailand: Community Organization Development Institute (CODI)

On 27th July 2000, the Urban Community Development Office (UCDO) merged with a Thai government rural fund to become a new public organization called the Community Organization Development Institute (CODI). The Urban Community Development Office is a savings and loans programme offering investment finance for housing, neighbourhood development, land purchase, enterprise development and community managed emergency loan funds.

This merger means that CODI will have immediately available a budget of 3,100 million Baht (about US\$ 77 million) from the pooled resources of both funds. Additional support of 500 million Baht has been provided by the government. The merger contests the separation of rural and urban development, recognizing that the livelihoods of the poor are diverse and

inter-connected. It is hoped that it will also allow more learning and integration among community organizations in rural and urban areas within the same provinces. An even wider range of different groups will be able to find and share a development process with the support of CODI.

The Fund does not need additional external resources at this time, in part because it will benefit from the boost to community savings and credit activities as a result of new lending opportunities. Financial support is just one of the tools and elements for development. CODI will strategically link communities to enable them to collectively address their structural development needs such as land, housing, welfare services, community enterprises, environmental improvements and poverty reduction. The Fund and associated processes can also act as bridges to other larger

financial sources. All the best processes of UCDO will remain the same, only their implementation will now be broader.

CODI is a new kind of public organization in Thailand and it has been placed directly under the Ministry of Finance. The new organization will be administered by a Board made up of government appointees (four members), social experts and NGOs (three members) and community representatives (three members). The organizational structure will be highly decentralized and will be managed and operated from each region by communities and other development groups. There will be a very limited central staff to facilitate the operation of CODI.

For the first three months, from August to October 2000, Somsook Boonyabancha (director of UCDO) will be director of this new organization.

**Contact: Somsook Boonyabancha**

## Revolving funds for infrastructure investment in Faisalabad

Anjuman Samaji Behbook is a community organization working in Faisalabad to improve water and sanitation services. Working with the Orangi Pilot Project, the organization has encouraged local residents to address inadequate provision through self-help, and residents have been installing water and sanitation in the lanes immediately outside their houses. In the pilot area of Hasanpura, where there was no potable water, each house was purchasing 35 litres of drinking water a day at a total cost of Rs. 5, and the annual cost for drinking water incurred by the 1,000 households without water was Rs. 1,800,000. Additional costs were incurred through the use of electric pumps to secure saline ground water for washing, and in the health costs associated with the lack of adequate water supplies. Total costs (direct and indirectly) were estimated at Rs. 9,292,000 for the 1,000 households.

The organization has established two revolving loan funds to assist in the installation of "secondary" water and sanitation pipes. 'Primary' lines are those laid by the people themselves in the lanes immediately outside their houses and the local community organizations raise the necessary funds directly from the families. 'Secondary' lines are those that link the lines in each lane and provide the water/sanitation circulation through the settlement. The community can afford to pay for these secondary lines but there is a problem with timing. The secondary lines have to be installed first in order to enable the primary lines to receive water or deposit sewage and leaders cannot motivate their members to participate in programmes if immediate benefits are not forthcoming.

ASB is using the revolving funds to install the secondary lines. Thereafter, individual lanes put in their invest-

ment into the primary water and sanitation services. Local lane committees collect the additional amounts required to connect to the secondary lines, pay these funds over to ASB and make the connection. As ASB recover their investment, they move on and assist in infrastructure improvements in another area. In some cases, it can take up to two years for this process to be fully complete and the initial investment funds to be returned. (To date, interest has not been charged but this is now under discussion.) Table 1 shows the growth of community-installed sanitation in Faisalabad, Table 2 reports on water supply investments in one region of the city and Table 3 reports on the use of the loan funds to date.

### Problems encountered and overcome

ASB has been working with the Water and Sanitation Authority (WASA) of the city of Faisalabad. However, non-

documented and incomplete schemes by the Authority have prevented the expansion of sanitation work in particular. In a number of settlements where the community had contacted ASB and said that they were interested in investing in improvements, lane sewers could not be laid because there was no way of ensuring that the waste water would be removed from the area.

In addition to using the revolving loan funds to assist with community improvements, ASB's own success in urban improvements has resulted in them being recognized by the provincial government. In appreciation of the work done by ASB, the government of Punjab has recently selected Nazir Ahmad Wattoo (coordinator of ASB) as a member of the District

Development Committee (DDC) for Faisalabad, formed by the government of Punjab. He has been invited to present ASB's work to a range of government officials, donors and community groups at various national and international seminars and workshops.

As a member of this Committee, the coordinator has been able to obtain government funds of Rs 2.7 million for the rehabilitation of a disposal works close to low-income settlements in the city. With this disposal system functioning, five low-income areas, with a population of 0.4 million, will be able to build their sewage lines with ASB assistance.

#### Impact of ASB's work

ASB's success in helping communities

in low-income settlements to develop water and sanitation systems is "snow-balling". Community-based organizations from different areas of Faisalabad, as well as from all over Punjab, are visiting ASB to study the work and develop an understanding of it. Requests have been received from various community groups asking ASB to provide technical assistance. In communities where adequate disposal of sewage exists, ASB has responded by providing designs and estimates.

Having seen what it can do, government functionaries are trying to understand the philosophy and approach of the work undertaken by ASB and are thinking of adopting this approach in government policies and development programmes. ASB, through the presentation of its programmes, has been able to make an impact on the thinking of the Social Welfare Department and WASA. The relationship between ASB and WASA is improving day by day, which is helping ASB to increase contacts in other areas. WASA itself now suggests to communities that they contact ASB for 'internal' development.

The revolving loan funds (provided by WaterAid) have been critical to the development of this programme and its subsequent influence. Without the means to pre-finance and construct secondary lines, the community would not have had any reason to undertake investment in primary lines. Once the secondary lines were constructed, community members were quick to respond thereby demonstrating what they are prepared to contribute to their own development. At the beginning of this work, there was little government interest and, hence, there was a need for donor assistance. Now that government can see the value of this approach, there is a willingness to offer financial support to the work of the ASB.

**Contact: Arif Hasan or Virginia Roaf**

**Table 1 Sewerage: Primary**

| Year        | Length (Rft.) | Lanes | No. of h/h connections | Investment by people (Rs) |
|-------------|---------------|-------|------------------------|---------------------------|
| 1996 - 1999 | 24,643        | 136   | 1,271                  | 3,439,197                 |
| 1999 - 2000 | 16,731        | 54    | 701                    | 2,099,819                 |

**Table 2 Water Supply: Hasanpura – Main and Distribution**

| Year      | Distribution line (Rft.) | Main line (Rft.) | No. of lanes served | No. of connections taken | Investment by people (Rs) | Loan for water project (Rs) |
|-----------|--------------------------|------------------|---------------------|--------------------------|---------------------------|-----------------------------|
| 1996-1999 | 4,414                    | 1,925            | 36                  | 245                      | 1,013,367                 | 200,000                     |
| 1999-2000 | 1,903                    | 0                | 04                  | 61                       | 279,170                   | Nil                         |

**Table 3 Use of Loan Funds**

|                                    |           |                |            |
|------------------------------------|-----------|----------------|------------|
| <b>Water supply – Seed capital</b> | <b>Rs</b> | <b>200,000</b> |            |
| • Actual amount revolved           | Rs        | 493,500        |            |
| • Revolving fund recovered         | Rs        | 351,895        |            |
| • Revolving fund recoverable       |           |                | Rs 141,605 |
| • Balance in ASB account           |           |                | Rs 58,395  |
|                                    |           |                | Rs 200,000 |
| <b>Sanitation – Seed capital</b>   | <b>Rs</b> | <b>500,000</b> |            |
| • Actual amount revolved           | Rs        | 700,590        |            |
| • Revolving fund recovered         | Rs        | 430,300        |            |
| • Revolving fund recoverable       |           |                | Rs 270,290 |
| • Balance in ASB account           |           |                | Rs 229,710 |
|                                    |           |                | Rs 500,000 |

## From problems to opportunities in Payatas (The Philippines)

There are an estimated 10 million squatters in the Philippines with approximately half of these resident in Manila. High land prices, particularly in Manila, have made it virtually impossible for the poor to be able to afford a legal home. The Community Mortgage Programme has offered assistance to tens of thousands of Filipinos but there are long delays in securing funds and, as noted elsewhere in this newsletter, it is difficult for the poorest families to take part. Some three years ago, squatter associations in Payatas, the garbage dump that replaces the infamous Smokey Mountain, turned to the National Slum Dwellers Federation and Mahila Milan in India for ideas on how to acquire land and housing.

The squatter associations rapidly realized the importance of federating and began to work closely with groups in other cities. At the same time, they started looking to acquire land for permanent homes and neighbourhoods away from the garbage dump that had become their home. Just a short while ago, they secured land for some of their members but development has not yet started.

July and August in the Philippines brought both old problems and new solutions. Flooding in July once again brought death and destruction to the waste recyclers living near Payatas garbage dump. In the same month, on the other side of the Asian continent, Jockin Arputham, President of the National Slum Dwellers Federation in India and a long-term ally of the squatters in Payatas, was awarded the Magsaysay Prize. Suddenly, there was a new opportunity to highlight the solutions that the poor themselves offer to their problems. (The Magsaysay Award is similar to a Nobel Prize in the Asian context. These awards are made by a Filipino Foundation.)

At a special meeting with the President of the Philippines, the

Filipino Federation had a chance to explain what they needed from the state and to demonstrate what they could do to support their own development. The President responded with a promise of loan finance and security of tenure for all squatters on state land. He recognized that the problems of the urban poor are problems for all citizens in the Philippines, and the best solutions are those that come from the people themselves.

Four letters report on these events as they took place.

### 11th July 2000

*Early this morning, in Payatas, the large community that surrounds the mountainous garbage dump outside Manila, there was a landslide of rain-loosened, stinking rotting garbage which crushed and buried over 100 shacks belonging to scavenger families. It had been raining all night and these houses were clustered at the bottom of a particularly precarious, steep section of the cliff-like hill of garbage at the centre of Payatas. Immediately after the slide, a huge fire broke out and continues to burn there, hampering rescue efforts. Because of limited space, fire trucks could not reach the area.*

*I phoned the Vincentian Missionaries office in Quezon City to find out what was happening and spoke to Ray, who said that so far, 60 people have been found dead – a majority of them children – and about 150 are still missing under the garbage. Many of the people missing are members of the Scavengers Association savings groups, and part of the Philippines Homeless People's Federation. Everyone in the Payatas communities is working to quickly dig out any survivors and to provide medical help and temporary shelter to those survivors who have lost their houses. The slide took place just a stone's throw from the savings office in a place called ironically "Promised Land."*

*The huge Payatas garbage dump was planned as an "open pit" landfill, years ago, but as the pit filled up, garbage*

*continued to be dumped there and gradually it became a mountain – an increasingly dangerous mountain. It continues to be Manila's main garbage dump, and the chief source of livelihood for one of the largest and poorest informal settlements in the Philippines.*

*By the time the flooding subsided, about 250 people had lost their lives in the trash slide, about a third of whom were Federation members of the Payatas Scavengers Association, some of whom were preparing to move to their new land at Montalban, and had even been storing up salvaged building materials to take to the new site.*

Tom Kerr, ACHR

### 22 July 2000

*This last week has been something else; it began with the launch of the Global Campaign for Secure Tenure. Then we had the 19th and 20th in the high court when the railways continued to pronounce (through their additional solicitor-general) that they would throw away the railway slums "lock stock and barrel" and evict them, thereby ignoring the signing of the agreement with the government of Maharashtra and the World Bank about rehabilitation!*

*And then on the 20th, in the afternoon, Jockin got this phone call from the President of the Magsaysay Foundation informing him that he had won the award! Celine, Sundar and I were at the Khetwadi office when we heard this strangulated voice and I was sure he'd had a heart attack! Yesterday, he was on several news channels but the papers have yet to carry this and many of his friends and well-wishers want to make sure they are in the Philippines on 31st August when he receives this award.*

*As Jockin started getting these messages, he began to explore the possibilities of suggesting to the Magsaysay Foundation that the President of the Philippines give him the award, and of launching the Global Shelter Campaign at the same time, a strategy to solve some of the problems in Payatas! A few people outside Asia asked me what this award was... it is Asia's Nobel prize, instituted in the name of Ramon Magsaysay who was President of Philippines.*

Sheela Patel, SPARC

**15 August 2000**

*I have just come back from Manila, preparing local processes and activities for Jockin's visit. The preparation included three meetings that involved all the groups in the discussion and preparation. These plans have also been shared and agreed by all people involved.*

*Actually, this visit is like a launch in itself. However, we now think that Jockin's visit should kick-off another big secure tenure launch in November. Bimbo Fernandez (Pagtambayayong Foundation) will draft the idea and programme for the November process and will circulate it to us for discussion soon.*

*Jockin's visit will start in Cebu where 18 city representatives will be in the planning workshop for the launch in their city. We will introduce community savings and credit processes (which I think should be a part of the launch as well!!) Jockin can bring into his talk how savings and credit can work within community-organizing and the Community Mortgage Programme. He will then go to Manila to receive the award, meet with local community groups and development agencies. We are trying to get a meeting with the President.*

*Bimbo will draft the proposal for the whole Philippine process including this month's activities, the process of preparation and the November launch.*

*Somsook Boonyabancha, ACHR*

**31 August 2000**

*Discussion with President Estrada of the Philippines! On the 1st of August at 11 am, a delegation of ten people including Lucy Jerusalem (President, Payatas Scavengers Homeowners Association), Father Norberto Carcellar and Father Joel (from the Vincentian Missionaries who provide support to the Payatas residents), Jockin, Celine d'Cruz (from SPARC) and Jesse Robredo, former mayor of Naga City, another Magsaysay awardee who is now Housing Minister, met the President of the Philippines. Although the President was to leave for the USA the next day, he cleared up time in his hectic schedule to meet with this team. Everyone was thrilled the day before when, in his speech at the Magsaysay Awards ceremony, he had turned to Jockin and publicly announced that he was meeting him the next day to hear what he wanted to say to him about the homeless in the Philippines.*

*The meeting lasted for one hour and fifteen minutes. Although there were*

*many things that were discussed, the following are some of the highlights:*

- *The President presented a cheque for 15 million pesos to Father Norberto to start the revolving fund in Payatas, to match the 10 million pesos given by people to start the process. More would come gradually.*
- *He also promised 15 million pesos to each federation in every city where the Philippine Federation is working and agreed to work with the Federation to raise money from international sources to add to the fund.*
- *The Global Secure Tenure Campaign was of great interest to him and he agreed to launch the Philippine campaign in November 2000. At the launch, he will inaugurate the three housing projects that the Federation will begin to work on immediately.*
- *The Philippine Federation was told that all the land on which people were squatting or was vacant which belonged to the state would be given to the people.*
- *A special policy would be worked out for relocating all those who lived in dangerous places, and the Federation and SDI would be consulted on its formation.*

*Sheela Patel, SPARC*

## A snapshot on the Philippines: Community Mortgage Programme

**The Community Mortgage Programme (CMP) is an innovative housing finance programme whose implementation has long been hampered by the government's heavy dependence on private pensions and mutual funds for capital and by a housing bureaucracy that cannot respond to the particular conditions and needs of the poor. Nevertheless, by April 2000, the programme had reached 94,000 households in 792 urban and rural low-income communities.**

The Programme is currently being implemented within the Local Government Code and the Urban Development Act which, together, should be a powerful force in favour of participation and community development. In fact, despite devolu-

tion, very few local governments have implemented these policies to support social housing initiatives for the poor. Dynamic young officials made progress between 1990-97 together with active support from civil society groups (both NGOs and community organizations.) But at the end of the millennium, escalating land prices, rapid urbanization, the large amount of capital required and the long gestation period have resulted in a slowdown in new projects. During the late 1990s, for example, urban land prices were rising at 25-50 per cent a year whilst real incomes were falling. Communities of the urban poor have struggled to work with NGOs and local authorities within a programme whose financing is so far beyond their control. Savings mobilization for housing among the urban poor com-

munities might go some way towards addressing this problem but it has not been introduced on any scale.

The Community Mortgage Programme seeks to support the urban poor communities. Whilst its specific focus is on housing, the intended scope of the programme is much wider than that. However, the Programme has primarily worked with the better-off among the urban poor, and it appears to have contributed most to those communities with some organizing capacities of their own. Urban dwellers within the lowest 20 per cent may struggle to participate in such a housing programme because food, health and education all place more immediate demands on their budgets. Despite the strengths of the CMP, there is a

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need to look for alternative options to meet the needs of this group of citizens.

Nevertheless, the Programme is outstanding among alternative housing programmes in the Philippines and is easily the most responsive to the needs of the urban poor. It has a wider reach compared to other programmes and has the most positive social, political and economic impacts both in terms of programme reach and on its beneficiaries. If you are poor in the Philippines, you are unlikely to receive help from any other state programme. But the effective functioning of the Programme is curbed by a lack of funds, heavy dependence on the government for financing, slow bureaucracy and the overall weakness of the Philippine state. Between 1993 and 1998, only 20 per cent of total expenditure on housing went to housing for low-income

groups and 1.33 per cent was allocated to the Community Mortgage Programme. Some communities faced problems with the Programme and common difficulties were the substitution of beneficiaries and the selling of rights to plots by poor beneficiaries to the better-off members, or even outsiders, in weak housing associations.

In the CMP, as in other housing and neighbourhood improvement programmes, women are playing a leading role, with 70-90 per cent of community leadership being provided by them. Whilst these activities have increased women's efficacy in political affairs, the classic 'added burden' issues that have been observed in other development programmes are also evident among the community organizations involved in Community Mortgage Programmes. Women have taken on more political

and economic responsibilities but there is no commensurate development of new work and economic arrangements to create a more real partnership between men and women in securing housing and social security for themselves and their families. Women adjust their working hours and activities in order to accommodate their new 'public/collective' responsibilities while men have not increased their share of domestic work. In some cases, women's public involvement has resulted in harassment and violence from their husbands but this has not been taken up for discussion by the organizations. Equally, women's priorities, such as safety, play and leisure space, and areas for livelihood activities, have not been taken up in the planning of neighbourhoods and homes.

**Contact: Emma Porio**

## LATIN AMERICA

### The changing Mexican loan market for housing finance

**Private developer interest in housing provision for lower middle-income groups evolved from earlier investment in rented accommodation in the 1950s to the large-scale home-ownership public housing projects of the 1970s and 1980s. Throughout this period, because of the virtual non-existence of private mortgage capital, savings and loans associations and the like, the expansion of speculative housing development was severely limited.**

The short-lived liberalization of mortgage funds from commercial banks in 1989, closely followed by the radical reforms to the payroll funds which privatized some financial investment, gave an additional boost to the housing development industry. Housing developers increasingly expanded from or into the contracting business, landed property and the financial sector. By 1994, the National Federation

of Industrial Housing Promoters (PROVICAC) had over 900 members who, by then, were responsible for almost all formal housing production in the country. Whilst most of these developers were only active in one town or city, some extended their operations to various cities all over the country and beyond, including California and Chile. These developers started building massively, often with projects for over 10,000 units at a time, in most of Mexico's major cities.

The re-privatization of banks, coupled with the influx of short-term speculative investment, resulted in the rapid growth of financial services between 1990 and 1993. For the first time in Mexico, there were mortgages available to middle- and upper middle-income groups to acquire new and reconditioned housing. This created a building boom of condominiums and, hence, escalating land prices in many cities. By 1993, many of these interest-capitalized mortgages were unpayable, even under the relatively stable prevailing inflation and interest rates. After the crash of December 1994, mortgagees were

facing unpayable debts combined with acute negative equity as the market plummeted. In 1996, a special programme to restructure mortgage debts was set up as part of the more general scheme to bail out the banks.

Catering essentially to the lower middle-income market, housing developers continue to produce housing paid for by subsidized credits provided by FOVI (with World Bank loans) and the payroll housing funds. The lower end of their market is approximately four times minimum wage, thus excluding about 50 per cent of the urban population. However, a lowering of standards and increased efficiency is enabling some developers to reach lower-income brackets, thus replacing the better-off segments of the informal sector. Yet, at present, none of the housing loan schemes in operation can offer a completed dwelling to families with irregular or very low incomes, who are still obliged to resort to the informal sector: an impoverished 'self-build' syndrome of the irregular settlement.

**Contact: Cilla Connolly**

## Innovative housing finance programmes: a retrospective

**What have the experiences of the last two decades taught us about innovative housing finance programmes? In a number of countries, governments and NGOs have sought to provide loans for communities wishing to invest in housing improvements. A recent research programme has drawn together experiences in five countries (Brazil, India, Mexico, the Philippines and Thailand) and here are the main lessons.**

### Reducing poverty

Poverty reduction is a number one objective for all these innovative housing programmes. None believe that housing can be considered in isolation, nor do they see themselves simply as improving housing financial markets. These programmes see themselves as poverty reduction programmes that have a specific focus (for the most part) on the provision of secure and adequate housing.

There is widespread agreement that a subsidy is needed if housing loan programmes are to be successful in reaching the poor. Only in India are there some NGO housing finance programmes that believe they should manage without a subsidy (although there are none that do.)

Savings is widely acknowledged as being an important enabling factor if the poor are to take part. Savings helps to develop financial skills in the community and increases the sense of community ownership of the programme.

The studies are pessimistic about the capacity of these *state sponsored* programmes to reach the poorest groups among the urban poor. Research in India, Mexico and the Philippines concludes that these programmes struggle to reach the poorest groups and that most of their users fall into the groups just above these, the poor but not so poor. The situation in Brazil and Thailand is more varied, with some groups of the very poor being included in the programmes.

Nevertheless, these programmes are far more successful in targeting those in need than most other poverty reduction programmes.

Researchers find that the programmes are successful in supporting women and their access to housing (although this is weaker in India where house ownership is often in the name of the man.) The programmes in Mexico and the Philippines have a particular focus on the landless poor with a strong emphasis on the provision of land. In Brazil, finance is only available for housing improvements and therefore those without land cannot participate. However, this is not thought to be an exclusionary condition as most of the poor invade land and therefore land purchase is not considered necessary. In India, many NGO programmes do not involve land purchase.

Almost universally, these programmes believe that it is possible to transform existing social relationships in favour of the poor. Communities find that, as a result of their involvement in the programmes and the skills that they learn, they are being listened to by local government officials and state agencies. Formal financial institutions are opening up and are having to adjust their working practices towards being more open to the poor. Community leaders gain in confidence, demanding that professional and clerical staff change their attitudes and prejudices.

For example, in Brazil, the communities in Fortaleza and other towns in the north-east have benefited from increased credibility and therefore a willingness by the state to make resources available. At the same time, social relationships within the community are transformed as participation increases (see the discussion in the final section below.) From the Philippines, there was some hesitation. Whilst the impacts can be seen, there is also an awareness that, overall, little has changed. Individual

communities have been assisted in obtaining land and housing through the Community Mortgage Programme but, overall, the problems of poverty remain.

It is widely recognized that housing and land acquisition are only two of the multiple needs of the urban poor. Do community organizations that participate in these housing loan programmes gain the skills they need to address other essential and basic needs? The picture that emerges is remarkably consistent. Some communities manage to do this and others do not, depending on the strength of their local organization.

### Are these funds viable?

As commercial operations, the funds are not viable and they do not try to be. Rather, they see themselves, for the most part, as better ways of using poverty reduction funds. In Brazil and Mexico, the subsidy includes both interest and capital contributions. In India, the Philippines and Thailand, the subsidy is primarily given through the interest rate. In every country, technical assistance is subsidized.

Despite the subsidy, the costs of technical assistance are rarely fully met. In many cases, the programmes include some contribution to technical assistance but this is generally insufficient. Technical assistance agencies (NGOs and local government) have to find alternative funds in order to provide communities with what is required.

The programmes do not see themselves as conventional financial institutions and nor can they be judged in these terms. The programmes are dependent on community mobilization and political pressure to negotiate state funds in order to maintain their capital base. In many cases (all except Thailand), other donor funds have to be acquired in order for additional programme-related costs to be supported (particularly technical assistance.) Even in the case of the Urban Community Development Office in Thailand, which benefits from a dedicated government loan fund, donor assistance is being used to provide for infrastructure improve-

ments in some of the communities benefiting from loan finance for land acquisition and housing improvements.

### With respect to institutional relationships?

The institutional relationships emerged as being absolutely critical to the successful realization of these programmes. The overwhelming conclusion is that these programmes are effective because they involve more than one institution and the different organizations have the different skills and capacities that are needed.

In all countries, it has proved hard to maintain the commitment of the state to these programmes. Support waxes and wanes in accordance with political agendas. In this context, community organizations struggle to maintain their momentum. Programmes are often put on hold because money is delayed or refused. One of the advantages benefiting the Urban Community Development Office in Thailand is that they have a capital fund and do not have to rely on annual subventions. The fund has given them independence and has enabled them to set their own work programme that is not delayed due to a lack of capital for loan funds.

Bureaucracy, whilst considered to be a problem, is also considered to be manageable. State agencies may cause delays and some additional activities but the bureaucratic problems are not considered to be insurmountable.

In every case, the researchers observed an increase in community participation as a result of savings and loan activities. Community organizations are energized and focused

around the financial tasks and construction activities. In both Brazil and Thailand, it is observed that relationships between leaders and members begin to change. Members feel more involved in their local organizations, they start to attend meetings and listen to what is happening. Many further opportunities open up because of these changing relationships. In the Philippines, this was not observed in each community. Those communities that appear to have benefited most from the investment are those with strong local organizations. In other neighbourhoods, it appears difficult for the leadership to motivate members to be involved and the programme does little beyond land acquisition.

In the Asian countries, the importance of federating activities is noticeable. Federating or networking involves communities coming together to share activities, ideas, organizational skills and even loan management. All this assists local organizations to make the best use of funds and helps to ensure that poverty reduction remains on the government's agenda.

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