

JULY 2012

OVERVIEW

IIED Human Settlements and Natural Resources Groups

Project names:

Asian Coalition for Community Action (ACCA), the Urban Poor Fund International (UPFI) and Growing Forest Partnerships (GFP)

Project leaders:

Diana Mitlin and Duncan Macqueen

Time frame:

2007–2012

Objective:

Three projects, organised independently, all decentralise the decision-making processes within aid programmes, resulting in a deeply engaged local population and much greater effectiveness.

PROJECT SUMMARY

IIED has worked with three development assistance projects that turn traditional aid decision making upside down. ACCA, UPFI and GFP are owned by international networks and give great scope to local stakeholders in civil society to determine priorities, choose activities and allocate funds. They show that aid is more efficient and effective if delegated to local funds that build in both horizontal accountability to peers and vertical accountability to donors. Donor funds act catalytically in this context, producing results out of proportion to donor contributions.

THEORY OF CHANGE

Donors want to support meaningful work but are anxious that funds will not be spent effectively, so projects must submit proposals and keep to plans — pre-empting local decision making. Even in ‘community-based’ development, many local groups don’t get involved before funding is secured, and by then major decisions have already been made. Projects are therefore often controlled by local elites — both professionals and powerful community members. Development assistance appears to be random ‘manna from heaven’; local groups see little point trying to get help to solve their own problems if it is all beyond their control.

From aid to empowerment

When local groups allocate donor money, modest funds can catalyse major results.

In 2007, dilapidated social housing units across the city of Vinh, Vietnam, were slated to be demolished. As in the low-income ‘slums’ of many other Asian cities, municipal officials planned to evict families, clear the run-down areas, and have contractors erect new, larger buildings — at prices likely unaffordable for former residents. But by 2010, a group of low-income people from social housing in Vinh’s Cua Nam Ward had won permission to design and rebuild their own homes. They were the first community in Vietnam to gain that right, and their project also received unprecedented approval to build homes smaller, and hence cheaper, than the provincial government’s minimum standard. The design ended up saving the government almost 75 per cent of its costs per household, compared with conventional redevelopment. Now, Vinh has officially sanctioned this people’s standard and plans to replicate the Cua Nam model in 140 other social housing areas.

The starting point for this process? A US\$9,000 grant from the Asian Coalition for Community Action (ACCA), one of three recent partners of IIED who are testing unusual ‘participatory funding’ models.

ACCA, a three-year programme of the Asian Coalition for Housing Rights network, offers funding for modest upgrades in low-income urban areas, as well as grants of up to US\$40,000 for large housing projects. Crucially, local residents design and run the projects on their own terms and timetables,

developing custom solutions to poverty and housing problems.

This also means raising their own funds and tapping government resources. In Cua Nam, ACCA’s US\$9,000 was put into a revolving fund for small infrastructure loans, which backed three projects providing 110 households with underground sewers and 40 households with a paved walkway, at a total cost of almost US\$60,000. Community members contributed US\$39,000 to these projects and leveraged government funding worth US\$11,000.

The confidence the group gained — including faith in their ability to save and mobilise money — encouraged them to propose their own housing redevelopment to the city. Their success has attracted wider attention, and now low-income communities in Hai Duong, one of ten other Vietnamese cities where ACCA operates, are starting a Cua Nam-style housing project.

Grassroots funds growing?

ACCA reverses the mainstream approach to development cooperation, in which donors dictate priorities, strategies and criteria for funding. IIED has also worked with two other programmes that use locally managed funds. The Urban Poor Fund International backs national federations of the urban poor through Slum/Slack Dwellers International, funding member groups’ projects in each country. And in Growing Forest Partnerships — a joint initiative with the World Bank, the UN Food and Agriculture Organization and the

It does not have to be this way. In contrast, these three programmes allocate funds through local, democratic, representative and accountable processes. Such platforms take time to establish, but the benefits are immense. Once engaged in a project, community groups can leverage additional monies, win recognition from decision makers, and gradually expand their reach.

KEY LESSONS LEARNT & INNOVATIONS

- Projects where local groups design interventions and allocate funding attract much more money, from community savings, government and other sources. They nurture new organisations and alliances, as well as new norms, attitudes and behaviours — so that influence and impacts just keep growing.
- Given past failures in development assistance, many organisations are targeting their efforts more closely — the Millennium Development Goals are a notable example. Yet the results here suggest that what we need is not more focus, but processes that let the poor choose their own options for development. When local communities are empowered, aid has much greater effects.

PARTNERS' VIEW

The ACCA money is flexible money which allows us to manage our own development. It opens space for us to experiment, to develop our skills and to make mistakes, while we try to create some good solutions. With ACCA, the focus is on how small financial grants or revolving fund loans can be managed by communities themselves; the financial management makes people more powerful in terms of planning, prioritising, decision making and implementing actual projects.

Ruby Haddad Papeleras
National Capital Regional Coordinator, Homeless Peoples Federation, The Philippines

IIED NATURAL RESOURCES AND HUMAN SETTLEMENTS GROUPS

The aim of the Natural Resources Group is to build partnerships, capacity and wise decision making for fair and sustainable use of natural resources. Our priority in pursuing this purpose is on local control and management of natural resources and other ecosystems.

The Human Settlements Group works to reduce poverty and improve health and housing conditions in the urban centres of Africa, Asia and Latin America. We seek to combine this with promoting good governance and more ecologically sustainable patterns of urban development and rural-urban linkages.



Projects that engage local groups attract much more money from community savings, as well as government and other sources.

International Union for the Conservation of Nature — multi-stakeholder platforms in eight countries decided how to allocate funding for maximum impact on forest issues.

All three initiatives build in accountability. Community groups support and oversee one another in local, national and international networks; the network NGOs review budgets and process payments; and regular reports assure donors of where funds go.

At the same time, these programmes enable low-income and otherwise disadvantaged people to find sustainable development solutions themselves. The project criteria avoid rigid deadlines and rules — which may not only overlook local needs, but allow individuals to easily block a project and hold it to ransom.

Aid as a catalyst

We have been amazed by the results. As seen in Vietnam, participatory funding attracts lots more money — from community savings, government and other sources. It also encourages new organisations and alliances — like the maturing Cua Nam community group that began working with Vinh officials. In the Philippines, experience with ACCA united the Philippine Homeless People's Federation, a government low-interest mortgage programme, and lobbying groups. Previously in disagreement over tactics, the groups now work together and participate in a community network that has formulated its own criteria for ACCA grant applications. Out of Growing Forest Partnerships came a coalition of forest rights holders organisations who now

lobby internationally for investment in locally controlled forestry.

Another impact is new norms and values — as seen in Vinh's pro-poor housing standard — and new attitudes and behaviours, such as improved loan repayments and conflict negotiation in communities. In Stellenbosch, South Africa, a recent partnership agreement between the government and the local affiliate of Slum/Shack Dwellers International recognises the urban poor as equal participants in developing the city.

IIED will further test the potential of locally controlled funds in two projects in Africa, addressing dam-building impacts and drylands climate change adaptation. But already, these results offer donors a wake-up call. After widespread failures of development assistance, many agencies are now trying more targeted efforts; a notable example is the specificity of the Millennium Development Goals. Instead, the evidence here suggests that aid works better if it empowers local communities.

Participatory funding is more flexible, not more targeted, but it acts as a catalyst. When a local group comes together to choose and test their own strategies for tackling structural problems, it draws more people and organisations, more resources and political support — a robust base to take the work forward.

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