



Community savings that mobilize federations, build women's leadership and support slum upgrading

CELINE D'CRUZ AND PATIENCE MUDIMU

Celine d'Cruz is Coordinator at Shack/Slum Dwellers International (SDI).

Address: c/o SPARC, 2nd Floor, Khetwadi Municipal School Building, Khetwadi Lane No 1, Girgaum, Mumbai 400004, India; e-mail: celinedcruz@mac.com

Patience Mudimu is Director of Programmes at Dialogue on Shelter Trust, a local Zimbabwean NGO that works in alliance with the Zimbabwe Homeless People's Federation.

Address: Dialogue on Shelter Trust, PO Box CH 934, Chisipite, Harare, Zimbabwe; e-mail: dialogue@mweb.co.zw

1. The term "slum" usually has derogatory connotations and can suggest that a settlement needs replacement or can legitimate the eviction of its residents. However, it is a difficult term to avoid for at least three reasons. First, some networks of neighbourhood organizations choose to identify themselves with a positive use of the term, partly to neutralize these negative connotations; one of the most successful is the National Slum Dwellers Federation in India. Second, the only global estimates for housing deficiencies, collected by the United Nations, are for what they term "slums". And third, in some nations, there are advantages for residents of informal settlements if

ABSTRACT This paper describes how in urban areas in many nations, community savings groups not only help meet the individual and collective needs of the poorest groups but also underpin the growth of citywide and national shack/slum⁽¹⁾ dweller federations where these groups have influence. As most savers and savings group managers are women, this helps ensure that their priorities are addressed; but as savings managers represent their savings groups, they also seek improvements that benefit all, including upgrading. Although the amount that each individual saves is modest, when aggregated in community savings funds it is often large enough to attract external resources that allow support for larger-scale initiatives. Savings groups also draw inspiration from visiting other savings groups, including those that have large, successful partnerships with local governments. This paper includes commentaries from women community leaders in Zimbabwe, India, South Africa, Uganda and Bolivia on why they began saving and how savings are organized and managed in their groups. The paper also discusses how external agencies can support these processes.

KEYWORDS community savings / federation building / slum upgrading

I. INTRODUCTION

Community savings schemes help meet the needs of low-income urban dwellers but they can also create the foundation for building federations that provide their savers with more influence and scope for action. Community savings groups have been shown to be more effective where women are in the majority as savers and savings group managers. Community savings also helps the whole community to mobilize, not just individual savers or savings groups, and to develop citywide and national federations. In 1996, the federations and their support NGOs set up a small umbrella organization, Slum Dwellers International (SDI) to facilitate the different savings groups learning from and visiting each other and to represent their members' views to international agencies. While there are different approaches to community savings and to the federation-building process in the 34 countries in which SDI works, in all, it is low-income communities that are empowered. By being members of small daily savings groups, the women with the lowest and least stable incomes are able to create a consolidated voice to help bring about the changes they seek in their city. They also realize their capacity to influence and change the

nature of leadership from individual to collective, within and between communities, and thus effect even greater change.

Sheila Magare, a community leader of the Zimbabwe Homeless People's Federation, recounts how savings helped them transcend their situation and change it:

"When I started attending the savings meetings myself, I began to understand that I had the power to improve my life. I did not want to live the same life of poverty my mother lived. I joined a savings group in my neighbourhood and started saving with others. However, we did not trust each other and we were not giving each other loans from these savings. We were more interested in having a bank account. After all, the majority of us had never had a bank account of our own. Other groups in SDI encouraged us to give each other loans. We tried it by giving a loan to women in our group who wanted to buy and sell grain. The women did not repay the loan. This increased our mistrust. Other savers from other country federations encouraged us to trust each other again and get loans so that we could start to benefit from these savings. We gave another loan to another group of women and like the first group they did not repay the loan. We continued to draw lessons from this and ultimately we devised systems of lending so that the loans would be repaid. I started getting small loans as well from the group to improve my vending business and I repaid the loans. I then joined other members of the group and got a big loan and we started a collective business of buying and selling snacks [in] our vegetable markets. This was a huge success and we never looked back. The profits from the business were used to buy building materials for houses even though we were landless. We used our savings booklets as evidence of the capacity of the poor to save and to collectively build their own houses. Armed with our savings records, we engaged the city of Harare to allocate us land to build houses. The officials were surprised by how much we had saved. We earned their respect. In turn, they changed their conditions for registering on the municipal waiting list for accommodation. Anyone who did not have a pay slip was required by the municipality to join a savings scheme and use their savings record in lieu of a pay slip to register. Even though it took us five years, the city eventually allocated us land to build houses. Using the same method, we started talking to national government ministers as well. Our message was simple – that we were slum dwellers but we were not hopeless. We wanted government to change the policies that make it difficult for the poor to live decently in towns. We wanted the government to give us money to add to our savings. That way more poor people can have decent homes and safe water to drink and proper toilets. Mayors and government ministers in Zimbabwe now know me by name because with other federation leaders we never get tired of fighting for other poor families. I am now a very confident woman, and by sharing ideas with other savers and visiting different communities I learn from and teach them how, by coming together and saving, we can improve our lives. Through the federation I now have a house for my family. The houses the federation has built help us to convince government that the poor are not hopeless. This has made government change its housing policy. For the first time we have a policy that recognizes that there are poor

their settlement is recognized officially as a "slum"; indeed, the residents may lobby to get their settlement classified as a "notified slum". Where the term is used in this journal, it refers to settlements characterized by at least some of the following features: a lack of formal recognition on the part of local government of the settlement and its residents; the absence of secure tenure for residents; inadequacies in provision for infrastructure and services; overcrowded and sub-standard dwellings; and location on land less than suitable for occupation. For a discussion of more precise ways to classify the range of housing sub-markets through which those with limited incomes buy, rent or build accommodation, see *Environment and Urbanization* Vol 1, No 2, October (1989), available at <http://eau.sagepub.com/content/1/2.toc>.

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people in the urban areas, as well as recognizing the positive role that savings schemes play in providing houses. The policy is not perfect but we will continue to fight for the improvement of poor people's lives. The federation is now working in partnership with the city of Harare in identifying and upgrading slums in and around Harare. Fifty-three slum settlements have been identified to date. They are saving towards upgrading their settlements."

Sheila's story, like that of many other women leaders from other country federations, is testimony to how community savings not only meets the material needs of the individual woman but transcends the mere function of providing finance. By creating a savings discipline that works for women, community savings opens the space for women to connect with each other within their community and with women in other communities in the city. From addressing their individual needs, women begin to identify their collective issues and seek collective solutions to the more difficult issues of their existence in the city, most of all to stop evictions and negotiate for basic services and a secure home for themselves and their children. Women living in precarious conditions on river banks, on pavements, near railway tracks, on dump sites and on hill slopes all dream of a house for their children that is safe and secure, free from demolition, that is connected to water and with a toilet facility that they can use – that makes everything respectable enough for their guests to visit. They also dream that a decent house will allow their children to marry suitably. However, the most important lesson, which surprises women, is that only when they take care of each other's needs and those of the larger community do they begin to influence and transform their relationships, not only among themselves but with women in other settlements in the city and also with their governments. This is the essence of the federation-building model in SDI; it is by addressing the needs and aspirations of the women that the rest of the community begins to see meaning in coming together.

Realization of how poorly externally funded solutions actually deliver prompted slum dwellers from Asia and Africa, with the support of their NGO partners, to create a transnational organization of slum dwellers, Slum Dwellers International (SDI). SDI is a loose network of national urban poor federations whose primary objective is to create a voice of the urban poor at the city and national level, which can articulate their needs and aspirations, design and develop scalable solutions for the issues that affect them, and seek to participate in development activities as partners rather than as beneficiaries.

II. BACKGROUND

From the mid-1970s, evictions all over Asia were on the rise as city developers and private builders found the land on which slum settlements existed to be prime real estate. Many urban NGOs were established to address the needs of the urban poor – some worked on housing rights and used the campaign approach as a way to get their message across to state and international agencies. The strategy was to confront governments through demonstrations, agitations and legal proceedings on behalf of the urban poor. There was also disillusionment among professionals

and community leaders with the UN for its inability to stop evictions and hold governments responsible, as these acts went directly against the commitments made by almost all governments within the UN in the Universal Declaration of Human Rights and other human rights covenants, treaties and declarations.

Over the past decade, new forms of urban poor movements around women's savings collectives have emerged, mainly using land and shelter as their rallying point. Meanwhile, traditional movements of the poor and landless have also undergone profound changes: new leadership, new structures, new methodologies and more women in leadership positions. The older traditional leaders, from the late 1970s to the mid-1980s, were men who organized themselves around entitlements and saw their role as demanding rights from the state. They learnt that they had to find a different way of talking to government. They moved from fighting the state to engaging them.

SDI's own journey in this regard began in the mid-1970s. On 17 May 1976, 70,000 people lost their homes when Janata Colony (a slum in Mumbai) was demolished.⁽²⁾ After a long struggle with the state and national government, the families were moved to Cheetah Camp where they had to rebuild their houses. Over thirty thousand residents had marched to government offices to save Janata Colony, but to no avail. The experience of fighting to save the settlement from eviction provided many lessons for the community's informal leadership. It strengthened their view that they needed to find an alternative strategy whereby affected communities (not just NGOs or politicians) could be at the centre of the process. This was when the National Slum Dwellers Federation (NSDF) of India was created. The leadership believed that communities had to go to government with alternative proposals, not just with a list of grievances. They realized that short-term strategies to stop evictions, without a robust long-term solution to build the capacities of urban poor communities, did little except expend their energy as they dashed from one crisis to the next.

Community savings and slum enumerations became the two important tools used by slum dweller federations and those that followed to mobilize, build and strengthen the capacities of their local community organizations to come together as city federations. The belief that "money and knowledge are power" drove community leadership to develop their own knowledge base and capacity, by collecting savings and information about their settlements before engaging with government and the formal city.

a. Rights come with responsibility

SDI is acutely aware of the state's limitations and constraints and knows through experience that the state is unable to deliver housing to the urban poor on its own. Federations within SDI are mindful that their role is to ensure that the agenda of the homeless and the landless⁽³⁾ remains in the forefront, and that engaging the state at all levels, including local and national, is a vital requirement for any movement of the urban poor to be effective. They are also aware that their incomes are too low to be able to afford a house through the formal banking system. SDI's experience in securing tenure for more than 200,800 families, building more than 55,000 new houses and improving close to 1,400 houses has shown

2. Arputham, Jockin (2008), "Developing new approaches for people-centred development", *Environment and Urbanization* Vol 20, No 2, October, pages 319-337; this can be downloaded at no cost from <http://eau.sagepub.com/>.

3. The landless groups are the most vulnerable of the urban poor and are different from the organized slum and shack dwellers – they do not have a home. In South Africa, one category of the landless are called backyard shack dwellers, who sub-let backyards from the shack owners. Every country has different categories of landless groups.

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that shifting resource flows to poor communities for slum upgrading is an important strategy, but it is only one dimension in the struggle for redistribution and transformation.

What SDI has discovered through experience is that there are three key rituals for mobilizing communities:⁽⁴⁾

- **savings and credit**, in order to create a discipline among the poor to meet their day-to-day needs but also to create a track record that proves their creditworthiness to external financial institutions;
- **gathering settlement information** (also called “settlement profiles”/ “slum enumerations”), which most cities do not have, leads to the creation of a database of settlements at the city level that is used for negotiations and for creating alternative slum upgrading proposals; and
- **Urban Poor Funds for slum upgrading** (UPFs), which are a combination of community savings, donor funds and sometimes government money.⁽⁵⁾ UPFs build upon the skills learnt and capacity built from the above two rituals for implementing future slum upgrading projects. The savings discipline brings value-added to planning and managing larger finances and has the scope to leverage external funds, while the settlement and household information is useful in designing the technical input for upgrading proposals.

III. SDI’S COMMUNITY SAVINGS GROUPS: THE BASIC PRINCIPLES

Within SDI there is no good or bad community savings group. Community savings is more than just the amount of money accumulated. It is a ritual that leads to addressing the issues of the whole community, not just the needs of its parts or individuals. The act of saving regularly brings women together and creates the space where they can discuss all the issues that are important to them, not just housing or toilets. Besides finding solutions to their personal problems, women, through their savings collectives, have the opportunity to discuss their collective problems, work out alternative solutions to address issues that impinge on their lives, such as evictions, as well as the day-to-day hurdles such as payments to middlemen for services procured.

By charting the growth of money saved and managed and the volume of deposits and loans, it becomes easy to measure the depth and span of the community organization process. The stronger the savings collectives, the greater the ability of a community to solve problems and stay together even when things get difficult. A community with a strong savings record is more likely to be able to band together and deal with the shock and pain of a crisis such as demolition. By saving regularly, the pavement dwellers in Mumbai (who called themselves Mahila Milan)⁽⁶⁾ were able to create an organizational capacity sufficient to curtail the demolitions that had become a weekly or fortnightly phenomenon for them. Their larger goal was to obtain secure housing, but even though the chances seemed remote for many years, they continue to save. They first started to mobilize around less controversial issues such as water, electricity and ration cards (a document that give them access to subsidized food grains). Through exchanges with other communities they supported many other federations in their city, in

4. The term “ritual” is used to encompass a set of practices in which all the federations engage, including community-based daily savings and community-driven enumerations.

5. Mitlin, Diana (2008), “Urban Poor Funds; development by the people for the people”, Poverty Reduction in Urban Areas Working Paper 18, IIED, London, 82 pages; this can be downloaded at no cost from www.iied.org/pubs/display.php?o=10559IIED.

6. Mahila Milan means “women together”. The group initially formed when fighting eviction and this name later came to encompass their federation of savings groups. Usually, women’s groups would call themselves Mahila Mandal, which had the connotation of women working together for income generation or as a social group. The women pavement dwellers chose Mahila Milan because they wanted to engage in addressing the deeper issues – evictions, housing, land, basic services.

other cities in India and then in Asia and Africa. By helping others, they also created abundant opportunities for themselves. Although in the end it took as long as 25 years for the first group of pavement dwellers to get a house, the women of Mahila Milan were not deterred. They experienced the power of coming together, working on a plan and engaging in dialogue with government around solutions, and this transformed the nature of their negotiations. In 2001, for example, in the case of the Mumbai Urban Transport Project (MUTP), women's savings collectives along the railway tracks, with the support of women leaders from the pavements and the male leadership of the National Slum Dwellers Federation (NSDF),⁽⁷⁾ were able to gain the confidence of the government and the World Bank to manage the resettlement of more than 17,000 families.⁽⁸⁾ By carrying out a baseline survey and matching families to be resettled to the most appropriate resettlement option, they showed those two powerful stakeholders that they were prepared to take responsibility for the resettlement themselves.

This flexible process has demonstrated, over and over again, that when poor communities develop their knowledge base and work together, they can bring about changes needed for themselves and the cities in which they live. They want to be treated as an asset, not a liability, and clearly they should be. While different country or city federations may have developed different systems for collecting community savings and giving loans, they follow more or less the same broad principles for community savings.

Principle 1: Identify the poorest among the urban poor with a focus on women who are the most vulnerable. Every city has its share of the very poor who are invisible to the rest of the city – the inhabitants of pavement and railway settlements in Mumbai, the backyard shack dwellers of South Africa, the waste picker families who live on the dump sites in Manila and Cairo. SDI's experience has shown that creating a strategy for the bottom 10 per cent will automatically benefit the better off among the poor; however, when you begin by working with those who are better off, the chances that the very poor will be included are slim. Since women (along with their children) are the most vulnerable and stand to lose the most by not having a secure shelter, it becomes essential for the poorest women to become the centre of any urban poverty strategy. Today, the membership of most city and national federations is 60–80 per cent women. This critical mass of women savers significantly improves the quality of their community organization and their negotiations with the city. The inherent survival skills of these women, their attention to their children's survival and their dreams for a better future create the spirit and motivation required for the discipline of regular community savings. Women begin to experience the "magic" of their collective savings when they solve problems within their families and their communities and when doors begin to open with their cities, national governments and external agencies.

Principle 2: Link community savings to shelter. When women experience the power of coming together and saving, they also begin to realize their aspiration for a house in the city. Once they are committed to this dream, nothing can stop them. For the pavement women of Mumbai or the waste picker families of Payatas in Manila or the backyard dwellers

7. This is a loose network of slum dwellers in more than 30 cities in India.

8. Patel, Sheela, Celine d'Cruz and Sundar Burra (2002), "Beyond evictions in a global city; people-managed resettlement in Mumbai", *Environment and Urbanization* Vol 14, No 1, April, pages 159–172; this can be downloaded at no cost from <http://eau.sagepub.com/>.

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of South Africa, there was a time when they could not dream of ever having a house in the city. As the women of Mahila Milan in Mumbai describe: *"We work all the day, 365 days of the year and yet have nothing to show at the end of the day. We can never afford a house in the city."*

Through the discipline of saving consistently and repaying individual loans regularly they are able to create a track record and the creditworthiness required to qualify for external resources for housing and slum upgrading. Of the first group of 536 homeless pavement families organized in Mumbai through the savings programmes in 1987, it took until about 2006 for the first 80 families to move into new homes and the rest are being resettled at the time of writing this paper, which is very auspicious indeed.

The organizational efforts of these women from the pavements and those of the NSDF of India contributed towards more than 30,000 slum families having moved into secure housing in the city of Mumbai in the last 10 years. This accomplishment created the necessary momentum to bring about a new policy for the resettlement of pavement dwellers in the city of Mumbai, whereby the government of Maharashtra now invites SPARC (the support NGO), Mahila Milan and the NSDF to advise and implement projects that require resettlement at scale.⁽⁹⁾ Jockin Arputham, the president of the NSDF of India and founder of SDI, has been a leader in this movement for more than 40 years. He explains why women play a central role in planning and designing housing for low-income communities:

"When a poor man arrives in the city he can sleep on the streets, under some bridge or the open sky, but a woman needs shelter, even if it is in the form of a plastic sheet nailed to a railing or a wall that covers her head and gives her some privacy."

Women and children need that safety and security even more than men. Jockin understands this, not only because he has lived in the slums but also because he is the father of young daughters and knows the risks of leaving them home alone. The young girls on the pavements of Byculla or the daughters of Khaylisha in Cape Town and Payatas in Manila and settlements all over Asia, Africa and Latin America face the same vulnerabilities: harassment, provocation, early pregnancies or worse. Their parents are constantly worried, even at work, and within their limited options they try to find a safe haven for their girls. The most common solution is to marry them off very young. Through the savings and loans mechanism even younger women are drawn into the community savings meetings, and their families find alternative solutions for both their material and non-material challenges. This is another way that the community savings process can lead to shelter and security.

Principle 3: Trust is critical for the success of community savings. Once people save, withdraw their money, take loans and build new relationships, they learn to trust one another. When families migrate to an alien city they must begin again, rebuilding bonds of trust with neighbours they do not know. By saving together, families learn to build that trust in their new neighbourhoods. SDI's experiences have shown that when one or two leaders control their savings, the chances of the money disappearing is greater. However, when a collective of women collect and manage savings, the chances of the money staying secure is

9. Government of Maharashtra, Housing Department, Government Resolution No. Meeting/PR/K.R.125/jopsu-1, dated 3/7/2009, on pavement dwellers.

greater. This trust, once established within the community, provides the basis for effective collective action. One person's problem becomes the problem of the collective. The social capital that is created sometimes becomes more important than the financial gains. When a community starts a savings programme for the first time, they are usually worried about the security of the money saved. From the moment women put money into that pot they want to stay near it and make sure their money stays safe and is accessible. Many women do test run withdrawals just to make sure that they can get their money back when they want it. The federation encourages these types of withdrawals precisely so that women **can** build the trust necessary for the savings programme to grow.

Principle 4: The rituals of daily savings create the discipline needed to stay with this process for the long term. Every community or federation works out the set of procedures and rules most suitable for them. The National Slum Dwellers Federation of Uganda describes their process:

"...for each savings group located within a community there is a collector and a treasurer. The collector is responsible for the door-to-door collection of the daily savings of members. There is no minimum or maximum amount to be saved daily. The monies collected are recorded both in the collector's book and in the individual's savings book. The collector is then responsible for giving these funds to the treasurer. The treasurer records all transactions in the treasurer's book. The treasurer is also responsible for banking the savings, which is typically also done on a daily basis. The treasurer must keep all bank receipts and present these to the group at weekly meetings. In each savings group there is also an auditing committee that is responsible for auditing on a weekly basis to reconcile the collection and withdrawal records of the collector and treasurer. All financial transactions and loan approvals are noted in the group's meeting minutes, recorded by the group secretary. When it comes to the loaning of savings, there is also a loans committee. This committee is responsible for evaluating the loan approvals made by the savings group and monitoring loan repayments. It is the members of the group who determine the interest rate and repayment period. Members record loans taken and repayments made in their savings book. Members are free to withdraw their savings as needed by presenting their book to the treasurer or collector. Each savings group account has three signatories to ensure overseeing of any withdrawals. The loan programme in the groups became more efficient after members of the Uganda federation visited the Kenya federation in Toi Market. In Kenya, the Ugandans learnt to streamline the community loaning process. Bamu savings group in Jinja and Zibula-aTudde savings group in Kampala have been instrumental in sharing and training others in the most effective ways of loaning."

Typically, it is the women and men working in the informal sector and earning a daily wage who come together to save. Unlike the middle class, who may have more capacity to plan for savings as their incomes generally cover all their basic necessities, the poor save when they have the opportunity. Within the community savings groups, women and

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their families save small amounts of money daily, weekly or monthly out of their daily earnings. The very poor who earn by the day cannot save one large amount every month – Rachael from Gauteng in South Africa explains why: *“It is easier to save one or two Rand each day than try to put by 30 Rand every month. I am embarrassed to go to the savings meeting if I do not have that 30 Rand to spare.”* Savings groups are designed to handle these small amounts, which banks or credit unions may not be interested in collecting or managing. There are also other advantages to daily savings. By monitoring daily records, the group is better able to trace financial discrepancies early, before larger amounts go missing. Meeting daily also creates the space to build relationships that are long term, that contribute to growing financial security and that establish a pattern of behaviour that favours the interests of the group and the community in addition to women’s individual interests. Within the different country federations, women save for consumption needs, crises, income generation, accessing land, securing housing loans, and down payments towards housing loans and basic services. Every member has a savings book and records are maintained individually and collectively for each savings group within a community. Each savings group can consist of 15 to 50 families who live in a lane or are in the same block. This makes it easier for the collector, who is chosen from among them, to go door-to-door daily or weekly to collect savings, chat with the women and collect important information as well. Those issues that need the attention of the collective are often brought to the attention of the savings groups, who try to find solutions to each other’s’ problems.

Similarly, each community works out its own system of lending. Usually, a loan committee comes together to decide who is eligible for a loan, based on the total amount of money in the pot. Repaying loans on time, so that funds are accessible again to others in the community, is important. While some groups stop giving loans to defaulters, other federations have a different strategy. If a woman fails to repay a loan on time she is often given another loan. This is to encourage her to come out of her situation by boosting her capital so she is able to make the change for the better. Although this seems counter-intuitive, it is often very successful at solving the problem of default. Savings and loan procedures are unique to each federation and are created by the women themselves. They are designed around keeping their needs at the centre while creating a safety net that works for women.

Principle 5: Community savings helps women meet both their individual and collective needs. By designing and planning for the collective needs of the settlement, community members learn to work with each other. In the words of one of the pavement women: *“When you are rich, you do not need each other as you can afford a house on your own. Since we have less money we need each other all the more to realize our dream.”* Whether it is health care or ration cards, the issues that are addressed are everyone’s issues. The federation turns these individual problems into a collective issue and seeks to find collective solutions. By collectivizing their needs and solutions, women find it easier to go and negotiate with government, and they notice the difference in treatment compared to when they make an application to the authorities as a single household. For example, when they try to recover their lost goods after a demolition, the women are completely vulnerable and exposed to exploitation and bribery by middlemen and even

government officials. It is only when they learn to turn their individual crisis of managing demolitions into a collective experience that they are able to curtail successfully, and even stop, demolitions. In addition, they learnt to prepare lists of all household items lost from the bulldozing – and to present it to government to get compensation.

The shift is from “my house” to “our homes”, “my child” to “our children”. This way, a woman moves beyond the aspiration for her individual home and makes the connection with planning and designing the needs of the whole settlement. The community sees the advantages of designing and planning for affordable housing and a more efficient settlement plan for a larger group, not just their individual homes.

Patricia Fungai Sibanda describes how this worked for her:

“Unfortunately, my mother fell ill and later died and I missed the opportunity to work in Zambia. I found myself unemployed and, with more time on my hands, I decided to participate more in the activities of the savings group. Until this point, I was sceptical about how small voluntary savings could improve my life. To test the waters, I started taking small loans from my group. One small loan led to another. I invested the loans in small income-generating projects such as buying and selling soap. The small businesses gradually grew. Now I am a cross-border trader, buying and selling clothes from Zambia and selling them in Zimbabwe. This income enabled me to rent a better place and to finally bring my children to live with me. I lived in the shack with my children and later on managed to rent a room in a formal house. Sunganai savings scheme is part of a national network called Zimbabwe Homeless People’s Federation. As members we all contribute US\$ 1 per month to the Gungano National Urban Poor Fund. With the support of other savings groups within the network, we started negotiating with the municipality for land where we could build our own houses.”

Principle 6: By making a shift from an individual to a collective, a new more effective leadership model is emerging among urban poor federations, with a voice and identity for themselves in the city.

Cities that have struggled to find the right solution to their growing slums are beginning to acknowledge the role of the urban poor federations in finding solutions to a problem that they do not have answers to. Community savings, information about the informal settlements, housing development and slum upgrading are closely linked and form the basis for bringing communities together to consider the possibility of future housing development. By locating women at the centre of the community savings process, space is created for a cadre of women leaders to evolve and participate more actively in other development issues that affect the community. Momentum is created for a growing capital base, a collective of women able to lead and a city federation capable of implementing a plan:

“The formula is simple: without poor women joining together, there can be no savings; without savings there can be no federating; without federating, there is no way for the poor themselves to enact change in the arrangements that disempower them.”⁽¹⁰⁾

10. Appadurai, Arjun (2001), “Deep democracy: urban governmentality and the horizon of politics”, *Environment and Urbanization* Vol 13, No 2, October, page 33; this can be downloaded at no cost from <http://eau.sagepub.com/>.

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Community savings also redefines the role of women in the community. Managing the savings finances changes the power relations between men and women. The control of money also gives rise to human frailties and this can make or break the community savings process. By building the stamina to remain resolute through some of these challenges, the community is able to strengthen its resolve to deal with conflict and prepare for the long haul in their negotiations for land and housing in the city. There are no quick and easy solutions. Once the community learns to deal with its internal issues and to resolve them, they are better prepared to deal with the more complex issues posed by their external environment.

By building a collective voice, women within these communities learn to work both separately and together with their men. Traditionally, power has been vested in the hands of a few individual leaders, who are mostly men. Experience within the federation has proven that when individual women become leaders they tend to have the same characteristics as their male leaders; they can monopolize information, serve individual needs, do favours, engage in power plays etc. However, when a collective of women share this leadership space with individual male leaders, they are able to break old patterns. This is often not easy to achieve, and by dealing with the discomfort these old patterns produce, women learn to redefine their relationship with their men and their communities.

Principle 7: Community savings provides a track record that can attract external resources needed to build Urban Poor Funds to finance community upgrading projects. The ongoing process of saving, borrowing and repaying loans helps to increase the development options for communities and improve their asset base. Not only does it provide a track record of fiscal responsibility, it also facilitates the design of collective community upgrading proposals. When the possibility of having a house is still remote, communities that save often initiate small upgrading works in the settlement to improve the quality of their existing living conditions while establishing the security to stay. However, financing the infrastructure for community upgrading is often more expensive than it would be to build individual houses. It requires the leadership to make a shift in how they think about their finances – from small to big. From individual to collective loans the community builds its capacity to move from simple to complex transactions. From individual and consumption or emergency loans, which entail smaller amounts for buying food, schoolbooks or medicines, they move on to taking medium-sized and medium-term loans for income generation. The discipline of loan repayment prepares them for long-term loans for housing and infrastructure development. The ongoing savings and loans process provides “the proven track record” needed for a community to leverage larger amounts of long-term capital for upgrading. While saving daily, weekly or monthly, members prepare for land acquisition, house building and infrastructure development. Managing savings and loans provides the community with new skills and teaches them to manage complex funds. In many countries, savings groups also save towards their community funds at the city and sometimes national level – called Urban Poor Funds or “community upgrading funds” – and these funds are put in a separate pot and used to leverage external funds for their collective projects. They are mostly designed to be revolving funds that enable communities to get collective loans for slum upgrading and housing.

Federations with a successful savings track record are often in a good position to attract external finances to fund such projects.

Principle 8: Successful community savings helps the community shift from a mindset of “lack of” to that of “abundance” and possibilities. The savings of a single household do not look so meagre when the families in the community consolidate their savings into a collective pot. The collective spirit that emerges from this process helps women transcend their individual and collective inhibitions. The discipline of saving daily or regularly builds the depth and confidence required to start working on concrete community upgrading proposals. This ever-expanding learning curve allows collectives of women and communities to grow exponentially, to refine their strategies and build their collective assets. They begin to identify their collective needs and to find collective solutions, for both their individual community and other communities in their city. When one community experiences how another has successfully negotiated for a collective good, they learn and build from that experience and that emerging power.

They also learn to leverage support both internally and externally. By working in tandem with the support NGOs, they learn to do the things that they cannot initially do well on their own, such as producing the documentation that draws on their internal information and financial management, and provides accountability for funding received. In this way, they are creating systems that help bridge the gap with the formal world – governmental and non-governmental – to help achieve their goals.

Similarly, federations of the urban poor learn to partner with external organizations. Their abundance of internal assets can also be leveraged. Time and again, evaluations of development programmes show how much of the resources meant for the poor fail to reach them. A large chunk of project funds goes towards consultancies or research studies with high service costs, making development a very expensive business. A more effective approach might be to use existing institutional mechanisms to support what communities have already planned, and thus impact urban change through new models of financing. SDI has frequently been asked to look for solutions created at ground level, so that resources can be maximized to the advantage of the poor and not the many agencies that serve them. The Bill and Melinda Gates Foundation, through its Special Initiative programme, gave SDI its first large funding to strengthen the voice of the urban poor globally through building city level federations. The Rockefeller Foundation and the Ford Foundation are among others that have joined this process. Together with the governments of Norway and Sweden, they have invested resources to increase the capital base for the development of the Urban Poor Funds. These funds have the scope to attract other resources, financial and non-financial, from government, thus becoming institutionalized and continuing to strengthen and transform the relationship between community and government.

Community exchanges are an important vehicle for learning and monitoring. They become the basis for the exchange of information, experience and skills between urban poor communities. SDI recognized that one of the poor’s greatest assets was that they could leverage learning from each other’s experiences and turn that learning into action. Through the medium of community exchanges that take place within and between cities, across countries and across regions, members of urban poor and

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homeless communities in more than 30 countries in Africa, Asia and Latin America now learn and share from each other on a regular basis.

To give one example of when a new country begins this process, the SDI affiliate in Bolivia was first introduced to the SDI methodology through community exchanges to and from Brazil and later with exchanges to South Africa, Namibia and the Philippines. Maria Elena from the support NGO first met with the president of the settlement of Villa Vista in the city of Oruro. The settlement, as described by Maria Elena, had the following characteristics: poor people, no legal papers, no basic services and poor quality houses on steep terrain along the mountainside. The newly formed support NGO, Rede de Acción Comunitaria, first started with community enumerations and soon implemented community savings in order to buy land from the landowner, in this case the state. The decision to save to buy the land was a challenge for the community because, like many other communities, they had a history of being cheated repeatedly by their own leaders and by those who traffic land. In two years, they have been able to save US\$ 2,000. The aim is to reach US\$ 15,000, the cost of the land. Martha Villalpando, a community leader and president of a settlement located in District 1 of Oruro, has four children. She lives with her husband and parents in a small house, which is newly improved. Despite the community's dramatic experiences as victims of several land scams, Martha promoted community savings to buy the state land and encouraged transparent management systems and regular accountability within Villa Vista. As Martha notes: *"It is a great advantage to know we have money today."*

When a group of women go on an exchange to learn about community savings, they experience the living conditions of other women and children in other places in the world and understand the similarities and differences compared to their own context. For example, when the pavement women of Mumbai went on an exchange to Piesang River, a settlement in Durban, South Africa, they saw the lack of electricity, the poor sanitary conditions and the need for women to carry water on their head from distant water sources. They were able to compare life in a slum in South Africa to life on the streets of Mumbai. This form of learning has the power to transform and empower women as they continue to synthesize their own learning by seeing, experiencing and doing. For example, despite the political situation, the federation in Zimbabwe has been able to open doors with local government to negotiate for land by using the basic tools of savings and slum enumerations for mobilizing that they learned from South Africa. Dairesi Watch, a savings member, explains how she became motivated to save because of community exchanges:

"Two weeks after joining the group I was asked to lead the land component. This involved negotiating with the municipality for land. Being a leader in this group forced me to know more about the savings concept. People with savings accounts at the bank were rich people with a lot of money to spare. I did not understand how a poor woman like myself, looked after by the church, could save. I hardly had enough to feed my family let alone save. I am a curious person by nature. I started asking the other savers a lot of questions. I went on exchange visits to other savings schemes in other towns. I did not miss an opportunity to learn. I saw how other savings groups were giving each other loans from their collective savings. I learned how they were using the loans and how they were repaying the loans. I saw houses built through savings.

I drank safe water that was installed by other communities using their savings. These visits motivated me to save and to encourage others in my community to save. This knowledge also helped us to negotiate for land with our municipality. After three long years of negotiations, the municipality finally allocated us a piece of land to build our houses.”

Exchanges between city and national federations of the urban poor help change policy and practice, and move resources in their favour. On a recent exchange to Uganda where members of SDI were present, the leadership from outside Uganda used the opportunity of the exchange to initiate the ground breaking ceremony for a community toilet block in the settlement of Nakuwa. This construction would mark the beginning of the first loan given to the settlement from the Kampala Urban Poor Fund managed by the Urban Poor Fund and the municipality of Kampala. With each experience, the federation becomes more mature at managing complex projects. As they build their community funds they also build their federation. The construction of the toilet is important but it is not the end in itself. While the community learns about sanitation, by walking this path together with their city officials, they gain confidence to deal with issues concerning their personal lives, their community contexts and the larger framework of the city. The toilet is an end product but also a part of the whole.

IV. MOVING FORWARD

SDI is an organization created by slum dwellers, run by slum dwellers in partnership with support NGOs that help them to fulfill their agenda. Community savings link individual savers within their community. It also links them to communities within their city to form city federations that seek to create a political voice and space for the urban poor. Often overlooked in addressing the issues of the urban poor is the importance of community and its role in providing resources and opportunities for individuals and their families in city slums across the world. Very often it is neighbours who help each other, as the basic services for survival afforded by other citizens are not readily available in informal settlements. It is also important to note that the success of a few individuals will not transform the conditions of the world slums; the urban poor need an approach that leverages the collective attributes of these settlements and continues to build on them. This is likely to have the long-term sustained impact we all seek.

Of equal importance is that the process should be owned by those who have the most to gain from the transformation – the poor themselves, as they will be the first and last to ensure that the solutions are realistic and sustainable.

Community savings groups are the first step in empowering and mobilizing urban poor communities to work together; they are the building blocks for creating a city level urban poor federation with a voice and an identity that can negotiate with governments and other stakeholders. The second important step is the gathering of settlement information (commonly called slum enumerations) at settlement and city level, which can be used as a basis for devising strategies and plans for improvements and city planning.¹¹ By demonstrating a track record in both financial and civic areas, communities are better positioned to attract additional resources (financial and other) to go to the negotiating table, with alternative proposals for community upgrading.

11. This was the theme for the April 2012 issue of *Environment and Urbanization* (Vol 24, No 1, April).

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One of the other functions of the community savings collective is to support and balance the power of individual leaders, both men and women. Federation building, therefore, is the art of harnessing the skills and capacities of men and women in communities towards their own problem-solving. When a collective of women manages the community savings, they control financial decisions that affect the development of their families and their community, and in doing so, they bring about change that is required at the city and national level. After years of fighting the state, traditional organizations of the urban poor have come to realize that rights come with responsibilities, and that they have to do their part of the preparatory work if they are to engage with their governments on complex issues of land and housing. At the same time, many international development institutions and foundations are looking for more innovative mechanisms for delivering aid by partnering with organised communities or the poor.

Time and again, experience has shown that when professionals alone are agents of change, the focus of learning is taken away from the community. Externally driven development solutions give rise to three problems: first, communities are unable to articulate and advance their strategies and approaches to addressing their problems; second, the ability to create genuine federations of the urban poor that can have a voice in a city's affairs is reduced due to agents who speak on behalf of the poor; and third, the solutions to urban poverty that are driven by professionals are often too expensive and inappropriate to the needs of poor. At the savings meetings, women discuss issues that are important to them and the community. Supply-driven interventions that seek to address one need at a time, such as issues around children or youth, fragment these issues and do not make sense to community women who have to go to different places to shop for their different needs. But when communities and women are empowered to manage their own business, they look at all of the parts together, as a whole.

The failure of external development solutions has brought the slum dwellers federations and their support NGOs to the realization that social change will benefit the poor only if the poor themselves participate in designing, managing and realizing that process of change. SDI's experience with community savings and what grows out of it has proven that this is not only possible but should be considered a priority for all of us going forward.

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