

SPARC and its work with the National Slum Dwellers Federation and *Mahila Milan*, India

SUMMARY: *In recent years, SPARC (the Society for the Promotion of Area Resource Centres) has become one of the best known NGOs working on housing issues. But one of the most important aspects of its work is not only what it does but also how it works with community organisations, professionals and government agencies. This paper outlines some of SPARC's main work areas - its support for the emergency and housing credit programmes of women pavement dwellers, its work on housing finance and its work on sanitation and on research and education. It describes SPARC's emphasis in its work on "process" rather than projects. SPARC measures its own effectiveness through the extent to which it can mobilise other people and groups rather than through its own growth as an organisation. This paper describes the alliances it has forged with other groups, especially the National Slum Dwellers Federation of India, Mahila Milan (a federation of women's collectives) and the Asian Coalition for Housing Rights. SPARC's strategy is both to expand the number of poor communities involved in the process, creating opportunities to educate and train them, and to improve their access to the resources and services available in cities.*

I. THE ORGANISATION

SPARC (the Society for the Promotion of Area Resource Centres) is a registered non-profit society which began work in 1984. It is an Indian NGO based in Bombay, working with communities to improve their homes, neighbourhoods and employment opportunities. Although SPARC is located only in Bombay, through alliances with other organisations, it works with communities in 21 cities all over India. Its name, the Society for the Protection of Area Resource Centres, derives from one of its founding objectives, "to establish area resource centres that serve the needs and priorities of local inhabitants (especially the poorest)."

SPARC developed four objectives for its work:

- to support organisations of the poor both by creating and strengthening community based organisations of the poor, and by advocacy and lobbying for their rights, with and for them;
- to undertake training to strengthen the collective leadership capabilities of the organisations of the urban poor;
- to ensure that women have equal rights to participate in decision-making; and
- to create an information base, through participatory research, on the poor and their problems, so that this information base (created by the poor themselves) can become the basis for dialogue, planning and action for change.

SPARC works closely with two other organisations, *Mahila Milan*, and the National Slum Dwellers Federation. The National Slum Dwellers Federation predates SPARC by some ten years. It has members in cities throughout India and undertakes basic community organisation and mobilisation work with a focus on increasing the access of poor communities to resources at the local, state level and national

level. The poor have never had secure shelter and basic amenities in cities in India - and addressing this has become the main thrust of the alliance of SPARC, *Mahila Milan* and the National Slum Dwellers Federation.

II. BACKGROUND

India may have a relatively low level of urbanisation but being one of the world's most populous countries, it also has one of the world's largest urban populations. While rural NGOs have been working on innovative models and programmes to address large scale poverty for many years, there has been relatively little comparable work in urban areas. When SPARC began working with pavement dwellers in Bombay in 1984, there were few other organisations addressing this issue despite the 1.5 million pavement dwellers. They are called pavement dwellers because their home is literally the pavement; this is where they sleep and where many have erected small, temporary shelters (see Box 1). SPARC began its work with pavement dwellers in 1984 when it was set up. It began to interact with women living on the pavements of Bombay. It was exploring possible areas to work together. The threats of demolition of pavement dwellings at that time creates the crisis through which the issue of shelter came into the forefront. Since no one at SPARC had any solutions to offer, it was a joint exploration of what was possible. That exploration helped form a process of education and learning which is the foundation of the educational program of the alliance. Women understood why they could never be able to get housing as pavement dwellers in the present circumstances, and formed a organisation called *Mahila Milan* (meaning 'women together' in Hindi) committed to promoting a change in government policy which would include them among the poor who could get land on which to build a house.

Box 1: The Pavement Dwellers of Bombay

Pavement dwelling is probably as old as cities themselves. Every city has its share of the homeless and Bombay has more than most. In fact an English woman, who lived in Bombay in the 1920s, wrote of her shock and distress at the numbers of people for whom the pavement was their only home. The only real change since then has been in the magnitude of the problem and in the nature of official reactions to it.

Pavement 'slums' are a phenomenon peculiar to the largest Indian metropolises (especially Calcutta and Bombay). They are different from what are generally understood to be 'slums'. They are not the *juggi-jhopadis* or *bastis* which spring up on vacant lots or stretches of land, but huts or shacks actually built on the footpaths/pavements of city streets, utilising the walls or fences which separate building compounds from the pavement and street outside.

Most of the adults living in pavement dwellings are employed; virtually none are beggars. Far from being a burden to the city's economy, they are supplying it with a vast pool of cheap labour for the unpleasant jobs which organised labour does not like to do. They clean the homes of wealthier groups, work on garbage dumps, move goods from one place to the other and bring a varied selection of daily consumption items to street corners and people's doorsteps at a low price. They can do this with such low incomes and survive only because they are living on pavements, and initially did not incur costs on either shelter or transport. Unlike any other segment of Bombay's working population, they do not use the city's already overloaded transport system.

Pavement dwellers generally begin living in these dwellings as a temporary measure, until they can

locate and afford better housing. Unfortunately, most are never able to acquire better housing and they end up living all their lives on the pavement. In over half the pavement clusters in 'E' Ward (around 1500 households) where SPARC has been working, almost all the families have been living on the pavement ever since their arrival in Bombay - which for some is as long as 30 years ago.

To hear a pavement dweller talking about their past is to hear a history of hunger and impoverishment. Over three quarters of the pavement dweller households that took part in a census owned no assets in their place of origin. Most were agricultural labourers, before moving to Bombay.

Source: "We the Invisible" a census of pavement dwellers, SPARC, 1985.

The National Slum Dwellers Federation saw this unusual relationship between NGOs and women pavement dwellers collectives and joined this alliance. This three way partnership or alliance was advantageous to all three organisations. For *Mahila Milan*, alignment with the National Slum Dwellers Federation meant the inclusion of their members in the mainstream slum movements that the Federation leads and the considerable influence of a national federation to back their claims. For the National Slum Dwellers Federation, the alignment with SPARC and *Mahila Milan* brought two components. SPARC with its professional input which was seeking to lead the Alliance, would provide the Federation with a organisational and managerial capacity that it lacked, *Mahila Milan* would give the Federation an opportunity to develop sustainable relationships with all women mobilised earlier for demonstrations but who were then not included in decision making as the Federation (until the alliance) was only a male organisation. For SPARC, the Federation represented a complimentary resource with a pool of skilled and committed community organisers working nationally. From the outset, SPARC was interested in developing solutions that could make a difference to the pavement-dwellers and to millions of other low-income households in India.

III. WORK SINCE 1984

Since 1984, SPARC's work has expanded from its initial concentration of working with pavement dwellers to working with other groups in Bombay and other cities:

- 1984: pavement dwellers.
- 1986: resettlement "colonies"
- 1987: older settlements of the urban poor
- 1988: settlements of the poor in other cities in India
- 1989: linking with the urban poor in cities of Asia
- 1990: beginning to link with groups in Latin America
- 1991: initiated the link with South Africa and its Homeless People's Federation
- 1992: Completed first phase of projects in house construction and sanitation
- 1993: Began to work with Municipalities in India on basic services
- 1994: Initiated dialogue with bilateral and multilateral agencies on the alliance developing community participation strategies.

SPARC's own assessment of the most essential work is:

- A. Exploration on a continuous basis of institutional arrangements with its structure and function as a non profit organisation which creates partnerships with poor communities who are seeking change.
- B. Constantly developing and sharpening the processes that the alliance uses to expand options available to poor communities in obtaining resources they need, and developing in parallel strategies which allow these resources to be shared and utilised judiciously and equally.
- C. Expanding the advocacy functions of the poor and ensuring increasing legitimacy for their skills and capacities to become problem solvers and resource managers in the solution.

Starting in Bombay and now increasingly in other cities, the leaders from slums (men and women) are encouraged to do many things. There is considerable debate and discussion as to what should be done - and this stimulates new ideas for solutions. One of the many communities seeking solutions then volunteers to test a new idea. The Federation helps them to obtain resources and the needed know how. The solution is then assessed and based on this practical experience, the Federation then assists the communities which initiated this experimental process to share it with other people and communities which face similar problems. This has been the basis by which, over the years, hundreds of poor communities have dealt with a range of problems and worked out solutions that work for them, and each such community then gives back to the Federation what it learnt by doing so. This then creates a mass of trainers whose confidence comes from having done something. This reduces the number of people needed to work full time in SPARC and in the alliance.

For example, one of the first problems identified through the initial contacts with the pavement dwellers was their lack of ration cards. Over time the women of one pavement community learnt how to obtain these cards and then demonstrated to other women what they had to do. SPARC's involvement was limited to the initial stages and involved clarifying government regulations, supporting women to identify a successful strategy and giving them the confidence to carry it through.

The Federation has always placed a high priority on training. In part this helps to prevent the consolidation of power within a small number of dominant leaders. If the leadership feels under constant pressure to do many things, they are more likely to train others. The same logic informs SPARC. If demands for support are more than staff can manage, their time is better used helping others develop supportive skills than doing the task themselves. And since new challenges keep coming from communities, there is no shortage of things that need to be done. The training operates through horizontal exchanges between communities at similar levels. The learning is undertaken through one group observing how another group is approaching the problem. People see other people tackling problems, and then have the chance to do it along with them. The exchange process takes place at three levels, between settlements in the same city, between settlements in different cities in India and internationally. Box 2 describes the international exchanges with the South African Homeless People's Federation.

Box 2: The Indian-South Africa community exchange programme

Exchanges between residents from different low income settlements in India and South Africa have been combined with participatory methodologies in order to "root" the learning process more solidly within

communities and to rapidly accelerate the capacity of community leaders and members to adopt new roles within the development process.^[1] Examples of this learning process are given below - the shack counting and community mapping. This exchange was organised between the People's Dialogue in South Africa together with the South African Homeless People's Federation and SPARC, the National Slum Dwellers Federation and *Mahila Milan*. Exchange visits have been organised between representatives from squatters or pavement-dwellers in India and in South Africa.

The experience-based learning of this training process has two separate but interrelated purposes. First, it enables low-income people to develop their own understanding of their social and economic context, not just on a micro-level but via exchange in regional and global arenas. Second, it equips the participants (low-income residents of informal settlements) with the ability to carry out and drive their own experimental learning programmes.

SHACK COUNTING IN INFORMAL SETTLEMENTS: Once the community leadership is ready to undertake the training, a start date is arranged with the training team. Normally the training begins with the physical counting and mapping of all houses and other structures in the settlement and this shack counting exercise always starts with a huge celebration which might be a concert, a short piece of theatre or a welcome for visiting dignitaries or representatives from other low-income communities. The training team prepares for the activities of the next day by completing a few practical tasks. A rough map of the settlement has been drawn a few days earlier, and a series of photographs of the settlement are displayed. Everybody should be ready at the start of the day to begin the shack counting. One member of the 'training team' is assigned to each section. They become the leaders of groups of people who will assist in counting all the structures in their section. While counting the shacks with training team members these people receive a thorough experience-based training.

The informal exchanges that take place during this process are the core of the process. This simple process of dialogue and exchange only occurs when the people from communities do the counting. The informal discussions that accompany community driven enumerations are both an outstanding method of mobilisation and an exceptionally accurate way of identifying issues that people in the community regard as relevant. Community-driven enumerations, where they are backed up by a strong but loosely structured federation of informal settlements, achieve what professional enumerators are unable to do. The process helps identify and release the real feelings, frustrations and expectations of the inhabitants. The way a squatter responds to the enquiries of a fellow squatter is very different from, and more relevant than, the way that same squatter responds to the social scientist or researcher. During the process of the shack count and shack numbering, the training groups draw rough maps of the settlement.

MAPPING: As the groups progress through the settlement numbering and counting shacks, shops, crèches, churches and other buildings and activities, they prepare a simple drawing of the streets and structures. Key landmarks are included, such as drains, sewers, electric lights, rivers and other major features. Once the shack counting and mapping have been completed, the maps prepared by the different sections are combined into one by a community member who draws well. Thus, the community members have produced their own physical map of the settlement in which they live: a concrete example as to how the attainment of knowledge through practice generates energy and power.

SOURCE: Bolnick, Joel and Sheela Patel, *Regaining Knowledge: An Appeal to Abandon Illusions*, People's Dialogue and SPARC, Cape Town and Bombay, 1994.

Over the last ten years SPARC and the Federation have developed a very symbiotic relationship. The Federation is independent from SPARC and the organisation is clearly "owned" by slum dwellers and not by the middle class professionals employed by the NGO. The Federation is 10 years older than SPARC.

SPARC staff only attend Federation meetings by invitation. Both organisations now recognise that they bring their own different ideas and perspectives to the process. In some instances these differences are complimentary. But they sometimes take time to get reconciled into a process acceptable to both. For three and a half years there was a disagreement about the issue of interest rates on loans given to Federation members. Initially, the Federation wanted loans to be given without interest because they saw the financial transaction as being "within the family". SPARC argued that the payment of interest was necessary and this position was eventually agreed by the Federation. And the heated debate then moved to the use of the interest. Sometimes both sides agree to compromise. If one thing has been understood through this interaction, it is that the Federation has a right to fail, to take its time to make choices, and experiment with several solutions before a position is finalised.

The alliance started work in Bombay and is now operating in 21 cities throughout India. In each city, several local federations have been formed with groups being divided according to who owns the land on which they are squatting. For example, there will be one local federation for pavement dwellers, another for those living on land owned by the railway, another for those living on airport land. Each local federation is divided into smaller groups based on the settlement in which members are living. These groups are the ones that will, in time, become housing co-operatives as this institutional form provides the means through which they can address their housing needs. In some settlements this process is already strong, in others it is much weaker.

A critical component of this process is that it engages city authorities and state government. It is a shared view of the alliance that the various levels of the State (local authorities, provincial or state governments and the national government) have to strengthen their role as arbitrators of equity. Strategies for increasing the access of communities to adequate shelter in cities must have the full support of the state. This is especially crucial now, when under structural adjustment, government is shedding many of its functions. The alliance attempts to interact with government institutions with several aims in mind.

- First, to inform the state of the situation of the poor. This is often essential as the statistics on the poor and the attitude of the elite in the city about the poor and their understanding of what poor want are incorrect.
- Second, to promote a resolution of what communities articulate as their most essential requirements i.e. adequate and convenient water supplies, provision for sanitation, secure shelter and other basic amenities are all within the preview of what the state can resolve. Thus, the key is create a legitimacy for organisations of the poor to negotiate for workable solutions with the state - and achieving this is a challenge that has to be addressed all the time.
- Third, the alliance believes that for solutions to be sustainable, they must fully involve the poor (especially women). And this is an involvement that must start from the identification of problems, the development of solutions and the negotiating for them, to actually working out operational strategies to execute the solutions.

Since at present, such arrangements do not exist, many of the alliance's initiatives are to create space for communities to do this and to engage in dialogue with the various governmental institutions. One

example is how a solution for sanitation was worked out.^[1] Here, women actually designed and constructed the toilet blocks. And in doing so, they demonstrated to the municipalities the solutions that met their needs. Now, gradually, other city authorities are changing their procedures for awarding contracts for developing toilet blocks to residents.

It is through the development of these contacts that people come to participate in the discussions that affects their lives. As the number of activities undertaken by the Federation and *Mahila Milan* has grown, so has the strength of the leadership. In the first few years, the organisations were very dependent on key individuals. Although this is now no longer the case, and many activities are successfully supported by the local leadership, those key leaders continue to work within the alliance and use their skills and insights to develop new options for the federations to explore. Unlike most other organisations working in development, the alliance never talks about “moving out” of communities. Instead, it recedes into the background as communities take change and gathers their experiences to make them available to others. It is always available to any group which needs support in further negotiations for resources. Such a structure is based on the assumption that problems are not static and all problems do not get “solved.” Instead, the process moves to deeper and larger levels. In the end, the problems that poor communities face reflect the structure of the larger society and the norms of what mainstream social, economic and political factors find acceptable. These often affect poor groups adversely. The large federations and networks of the poor need to address these issues as well. So in a sense the interventions are not just to solve immediate problems of deprivations, but to begin with addressing these crisis situations and then expand to address larger issues.

The next few sections include examples of some of the processes and activities which form the “things” the alliance does. These represent both means and ends within the alliance. They are ends in themselves because they provide an important immediate service to communities. They also demonstrate some possible resources that the Federation can deliver immediately to members of the alliance, to those seeking to join it and to those interacting with it on the outside. But they become crucial means as well:

- Means to empower communities to recognize that they have choices, they have resources and they have capacities to negotiate;
- Means to expand the outreach of the federating process; and
- Means to engage with powerful mainstream institutions of the State and within civil society and gradually in the market ... and to engage them in finding solutions which work for the poor and for the city.

IV. THE MAHILA MILAN CRISIS CREDIT SCHEME

Mahila Milan's primary concern is to obtain recognition for the role of women in communities in creating survival strategies for families and communities in hostile environments and to build up the credibility of their collectives within the community. Through training and support, they seek to establish and strengthen a process that helps women to participate in both local and city issues, and become involved in discussions about their own livelihoods and needs.

Savings and credit is the most effective and basic tool in that development strategy. The process starts with a crisis credit fund established from the small change that is available to most households. This process was initiated by *Mahila Milan* in Byculla^[1] and is now a process that is available to all women's collectives linked with *Mahila Milan*. Women who are interested in taking part are drawn into the training process and shown how such crisis credit funds work in other communities. Within three months, most settlements are able to understand, agree and manage the rules and regulations to make the crisis credit fund operational. The crisis credit scheme grew out of a collective exploration of the needs of women in the oldest collective in the Byculla area of Bombay. There is a wide range of crises in low-income communities in which rapid access to emergency funds are needed. Some are medical or health related, where a family needs to purchase medicine. If an income earner in the household is ill, the family may also need a loan to feed themselves. Other crises include loss of employment, money needed to travel to look for a job, money to start selling small quantities of foodstuffs in slums, or money to free goods seized by the local authorities because the person concerned was hawking in a "no hawking" zone. Once women begin to meet regularly to manage this money, a number of ideas emerge. These include the need to deal better with crises, for example, by providing emergency loans or helping with problems from police action. Collective dialogue with the local police and the city administration is obviously important.

When *Mahila Milan* began to explore shelter options in Byculla, they worked out among other things, how much money they would need to put aside for a down payment for a loan towards their house. Since ongoing crisis always ate into their attempts to save, the crisis savings scheme was seen as a mechanism to protect the housing savings.

The crisis loans and savings scheme began when everyone felt that they would be better off if they saved a little together. By saving small amounts such as 1-2 Rupees (equivalent to 3-6 US cents) on a regular basis, a fund would develop and, when anyone had a problem, the individual could have access to the money they needed, repaying the fund at a later date. In the first scheme in Byculla, most members are illiterate, so oral and memory processes and symbols were used. *Mahila Milan* provides each woman with a plastic bag. This bag contains coloured squares of paper, for instance pink represents Rs.1, yellow Rs.2, green Rs.5. So when she saves Rs.10, her bag will have two green bits of paper. All the bags from each cluster are stored in a larger black bag. Representatives from each area collect money every day from various people and bring it to the Byculla office where others, also nominated by the group, keep the money and put the paper bits in the bags. With the SPARC representatives' help, a register is maintained. Gradually, a literate person from *Mahila Milan* has begun to maintain this system.

Each member of the savings schemes joins a small group of about 15 households. These households nominate one woman from their number to become a member of the "loan committee" for that settlement. Her task is to collect money and repayments from the 15 households and to vouch for any loan requests. The committee appoints three people who are in charge of the cash and who maintain records, conduct meetings and undertake other specific responsibilities. The committee also decides on the rules and regulations for the fund.

Such a scheme cannot meet the need for larger amounts of capital and for credit (for instance, for purchasing land or building or upgrading a shelter). However, the capital raised by the crisis credit scheme meets immediate needs for cash. More importantly, the women gain skills and confidence from handling cash transactions and interaction between community members increases. Using the experience and structures developed by this process, external credit can be managed more knowledgeably and more efficiently. The women have simultaneously been encouraged to have bank savings accounts for their houses. By creating this crisis credit scheme, the group also develops an indirect mechanism which ensures that women don't deplete their housing savings.

Although groups are given the freedom to modify the model, nine out of ten groups end up with similar rules within six months of beginning the fund. In various federations, both in Bombay and in other cities, there are many variations within this same process. But many aspects of the savings schemes are now standard practice. *Mahila Milan* trains women to set up crisis credit schemes which run on their own resources. They also help women by ensuring that all those who wish to participate in any form of shelter upgrading demonstrate this by opening an account in a bank and putting money aside. *Mahila Milan* introduces the account holder, assists in filling in payment slips and keeps account of how much money has been saved.

The groups of women who initiated this process have, since 1987, assisted many groups of women like themselves in Bombay and other Indian cities to initiate such savings programmes. This has created not only money managers but also trainers who come from poor communities. As the habit of saving developed and as the quantity of savings grew, money was available for productive purposes and could be lent out for many informal sector activities. Vegetable and fruit-vending, rag-picking, carpet repair, garbage recycling and small provision stores are some of the common occupations of the urban poor. Once again, rates of interest, terms and conditions of repayment and evaluation of the viability of the proposed micro-enterprise as well as the credit worthiness of the borrower were all issues to be decided by the women themselves. Here also, experience showed an almost 100 per cent rate of repayment and this practice spread over time to different areas of Bombay as well as to other cities.^[1]

Although most of the women are illiterate, they have very good oral memories. Through working with school children the treasurers learn sufficient to be able to keep written records of savings and loans. The savings groups and their treasurers are all members of *Mahila Milan*. Most Federations have a central meeting place which is called the community resource centre and this centre becomes the place where most financial transactions take place with savings being deposited and loans collected.

As the demand for loans for economic activities expanded, the alliance sought credit lines available to NGOs. One such credit line (the first one which we explored) was the Rashtriya mahila Kosh. This is a Fund of 350 million Rupees created by the Government of India and located with an independent staff within the Ministry of Women and Child in Delhi. It can provide NGOs or federations with a credit line, after negotiations and a scrutiny of their past history of savings and credit management within the communities. It lends the money via SPARC's notified bank account to *Mahila Milan* members. The alliance is charged 8% interest while the *Mahila Milan* members taking loans pay 24%. Of this 24%, 12% per annum is interest charged. And 12% is compulsory savings. These savings are pooled at the local level and are used by groups to further lend for larger consumption loans which the Rashtriya mahila Kosh does not permit. Some groups also use this as a collective insurance against non repayment due to

death, a sudden crisis and so on. The key point is that now, collectively something that developed in one small community in Byculla operates throughout the country.

All groups manage all their own crisis credit funds, accounts and only records of these activities are consolidated. Loans which are given from external sources are processed by each local group who are also responsible for the repayments. The repayment amount is put into a designated bank account and details of repayments are also consolidated. These are computerised and now data is available at individual borrower level, at the community, federation and consolidated levels. The record keeping took some time to perfect. At the beginning the software that was used was not very helpful. Its logic required communities to change their systems and collectives resisted that very strongly. The process only really established when a special software was developed interactively with the communities .

This system allows the alliance to ensure that community collectives retain the control over their processes, processing loan applications and ensuring repayments. At the same time, the computerisation provides the consolidated information that is essential for getting credit lines, negotiating for interest rates, and undertaking audits. It also provides a range of early warning systems for problems, such as default, whenever they are there. It also allows an understanding of the patterns of how loans are taken and repaid. This has provided a new series of insights about loans and credit - and is now available to groups. Audits are now being completed on some of the small savings groups.

The process is now working in many cities outside Bombay and operates on the same principles. Records of transactions, crisis and other credit are sent and repayment dues to external credit and transferred into the bank account in Bombay. Older and experienced groups are often called upon to solve problems, or to arbitrate in differences of opinions.

V. HOUSING, SAVINGS AND HOUSING FINANCE

Housing is critical for the urban poor. An urban address and a home of one's own is the basis for asset accumulation for most of those living in the city. Over 20 years, the pavement dwellers spend the equivalent of the cost of a small apartment in repairing their pavement dwellings. Unable to obtain credit to allow them to acquire or build their own home, their expenditures are wasted and, at the end of the 20 years, they are left with nothing more than when they started.

The issue of savings related to housing was the original motivation for setting up the savings process. The housing savings strategy works on the principal that all households need to put aside a small sum of money each month as security. This sum can initially serve the purpose of setting up a savings account which can later form the basis for a loan. Later, this monthly sum saved begins to contribute to the repayments of the loans they have taken. By putting this housing savings in the bank initially, it served the purpose of developing linkages with a large number of banks who now treat the alliance as important clients to whom they may consider lending money for house construction.^[1] However it is a tragedy of the present system of housing delivery in India that access is not related to community preparedness to seek shelter. Instead, it is often those groups who are not prepared who get land tenure and their inability to manage this process and benefit from it can then be used by the

government agencies as illustrations of how ineffective this strategy is.

The alliance has now identified the minimum requirements that are essential for ensuring that the poorest groups in the city can obtain shelter. The state has to provide land, the municipal government has to provide infrastructure and the people will build houses financed by savings and loan capital. It has been demonstrated that this solution can work for the poorest one third of the population in any given settlement. SPARC's earliest work was with pavement dwellers, and this starting point has had a critical influence on the developments that have followed. In particular, it has been important in ensuring that the solutions that are developed are relevant to some of the poorest groups. The capital from the loan is used to pay for building materials and skilled workers. Anyone earning less than the minimum wage has an option to work on the site, thereby receiving an income and improving their skills through construction training. Through this strategy, the poorer members of the settlements can also afford to participate.

a. How this strategy developed

At the same time as the savings and credit groups flourished, the problem of secure shelter continued to be addressed by both *Mahila Milan* and the Federation. The pavement dwellers of Byculla constructed a model house and put on a house model exhibition which attracted the attention of government officials, the media and slum dwellers from all over Bombay. The exhibition comprised of four life size models of houses. Each had different costs - based on the building materials costs plus skilled labour costs. Each was a model which emerged from discussions among women to reconcile their priorities with their capacity to pay, their access to building materials, technology and the six possible land sites (plats) they would obtain from the state. For the first time, communities were able to link tangible housing options to costs and lifestyles. They actually had a process that began from an aspiration or a dream and then moved into steps which lead to that house. All knew well that this understanding of what could be done was the easiest; getting land tenure from the state was the hardest part. A housing savings movement was launched as people began to realise that if they secured land, financial and other preparations were needed. This achieved several ends. It got more federations together to demand land sites with tenure nationally. It articulated a vigorous belief that people could manage and execute their own development. And the process of delay, instead of killing the mobilisation, just added more and more communities seeking the same solution.

Two kinds of shelter related financial assistance emerged from these explorations. One was to finance incremental development of houses that were already well consolidated and secure. These would be loans given to individual members by the collective along the same lines as the small business loans. Amounts of up to 7,000 Rs were available, which would come from credit lines specially developed to fund these needs. The second kind of financial assistance for shelter were loans made to proposed co-operatives who would reconstruct or construct housing from scratch. Here 50 to 150 households would seek collective funds as a cooperative, using (formally or informally) the credibility of the alliance to obtain the housing loans.

Since very few communities have obtained secure land tenure until the present, the experience of the alliance in this matter is finance for 700 households. As an initial step, three different housing co-

operatives were able to obtain allotted land at Dharavi, Mankhurd and Dindoshi in Bombay. In all these cases, loans were arranged from the Housing and Urban Development Corporation (HUDCO), a public sector undertaking, or Housing Development Finance Corporation (HDFC), a private housing finance company. The three co-operatives, Markhandeya Co-operative Housing Society, Adarsh Nagar Co-operative Housing Society and Jan Kalyan Co-operative Housing Society, are all members of the Bombay Slum Dwellers Federation. Box 3 describes the initiative of Markhandeya.

Box 3: Markhandeya Housing Co-operative

The Markhandeya Housing Co-operative is located in Dharavi, a large, low-income settlement in Bombay. Dharavi has received special funding for area upgradation from the Prime Minister to assist redevelopment. The co-operative planned to build 94 dwellings and developed a programme to obtain the land and loan finance.

The federal government's Housing and Urban Development Corporation (HUDCO) agreed to provide about 65 per cent of the total finance required which is between Rs 5-7 million (about £100,000-140,000). About 20 per cent is being paid directly by residents and a government grant will cover the remaining costs. This loan was unusual in 1988 since HUDCO did not normally provide direct finance to co-operatives of slum dwellers. The HUDCO loan was only made available after significant policy changes in government despite the fact that there is a commitment that 65 per cent of HUDCO finance would be for "economically weak sections". Usually this is lent to municipal corporations with a full repayment guarantee from the State governments. The Bombay Municipal Corporation owns the land on which the development is planned. Delays in approving the lease which would transfer ownership resulted in SPARC having to raise guarantee finance from Northern NGOs to allow HUDCO to sanction the loan. The HUDCO loan has an annual interest rate of 11.5 per cent (the government's interest rate for "low-income groups") and is repayable over 20 years.

The land was only made available after the Federation agreed to develop a four storey apartment block. The house design has been developed by residents to reduce the risk of gentrification (i.e. of house prices being pushed up by the entry of middle- and upper-income households in the area's housing market). Each dwelling has a potential space of 300 square feet. The ceiling height is 14 feet which allows for a mezzanine level to be constructed over a portion of the area. The plan involves a ground floor area of 180 square feet, a mezzanine of 120 square feet and a balcony or porch of about 20 square feet. A small washing area is included within each apartment. Neither running water nor toilets are provided within the apartment. There is one toilet provided for each four households with communal water supplies. Within the apartment block, a community hall has been constructed on the top floor in order to provide some common facilities.

The co-operative was formed in 1989 and the loan was agreed in 1990. Dealing with government agencies such as the Bombay Municipal Corporation and HUDCO has proved slow and difficult. There have been significant delays and a building project that should have taken two to three years is still not finished. By 1995, only the ground and first two storeys of the basic structure were complete. The most serious result of this delay has been a significant increase in costs. From an original estimate of Rs 35,000 (£693) per household, the current cost is now estimated between Rs 65-80,000 (£1,287-1,584). There are several reasons for the rise in costs. First, building processes have been designed for government agencies. The

communities and the agencies working with them were not fully aware of the length of time and cost of securing all the building consents that are required (75 in total!). Middle-class households and construction companies employ agents and offer bribes in order to speed up this process. Second, the four-storey block has offered very few opportunities for the community itself to become involved in part of the construction work. The co-operative has therefore been dependent on construction companies and skilled workers. Both these elements have added to the delay which, it is estimated, is responsible for about 50 per cent of the cost overrun. The remaining costs are accounted for by the rapid inflation in building materials and construction costs in Bombay during recent years.

The full implications of the price increase for members of the Housing Co-operative are not yet evident. It is likely that some members, maybe as many as 20 per cent, will no longer be able to afford the cost of the units. Under the rules of the co-operative, they will be able to sell these back to the co-operative for their market value and the co-operative will then sell them to new households. It is anticipated that the demand for new units will be met mainly by the extended families of existing co-operative members. While the ex-members will benefit from the capital they receive, the lack of affordability of the housing units is regarded by SPARC and the Federation as a failure. Their experience suggests that the households who leave the co-operative will find it difficult to maintain the value of the capital they receive and they will not be able to use it to provide what they need, namely secure housing. Instead, they must start again to form a co-operative and look for an alternative land site, further outside the city where it is possible to build using low-cost designs and technology.

The main sources of formal sector housing finance in India are HDFC and HUDCO. Although these companies receive subsidies and credit on soft terms through bilateral development assistance, they have not been successful in addressing the needs of low-income communities to obtain housing finance. When SPARC first started working with HUDCO they realised that every rule and regulation needed to be changed for them to be able to deliver housing finance to low-income people. The story of the development of the Markhandeya Housing Co-operative in Box 3 illustrates some of these problems.

However, this experience has been valuable in demonstrating to SPARC how impossible this situation is and how it cannot be a basis for significantly increasing the scale of housing finance for low-income communities. SPARC are now in discussion with HUDCO to obtain a credit line for housing. In these negotiations they are insisting that finance is lent directly to the communities. SPARC are also investigating other sources of housing finance including state and municipal funds. State housing boards are generously financed but they have not proved effective in generating housing from this funding. In fact the irony is that within the stipulated amounts identified as Housing for the "economically weaker sections", State boards cannot deliver housing for even double that cost. Yet while the Federation can deliver housing within that cost, but its membership has no land on which to construct these houses. .

The formal financial institutions want the poor to adopt formal financial systems with loan and repayment structures similar to those used by higher income groups. SPARC's present experience is somewhat limited and they are still seeking a better understanding of what can be done. A number of things have already emerged from initial experiences with housing finance. In any one given month, 20-30 per cent of people cannot make their repayments. If allowed the space to be flexible,

communities find a way to work with most regulations. When SPARC first insisted on regular repayments these were managed by the communities through households swapping repayments. SPARC have now understood more about these processes and have started to encourage such strategies. Financial management within the Federation allows communities that are saving for housing to swap finance between branches of the federation if the trust between the two parties is sufficient and the will is there. Risk management, coping with delays, paying the price of precedent setting and managing options other than the one presently found acceptable by upper income groups is essential in developing standard practices which work for the poor. Presently these risks have come up unplanned and the alliance pays a high price financially and organisationally to absorb these. However they seem a necessary and a critical part in institutionalisation of housing options which work for the poor.

b. The role of housing finance within a comprehensive development strategy

Local residents see the acquisition of these financial management skills as essential to the process of housing development. There is little point in negotiating for land if the communities do not have the resources necessary to develop the land. The issue of land tenure is critical but there is also a need for communities to be ready to respond with strategies for residential development as soon as tenure is obtained.

Public agencies are increasingly willing to negotiate around land issues. However, while there has been readiness to dialogue, few co-operatives have received land so far... and many groups all over the country are in the process of trying to obtain land. The Federation's demand is for tenure to be offered with a minimum lease of 35 years. The households are all members of a co-operative and they are only given property rights over the physical structure. Ownership of the land remains with the co-operative.

Negotiations around land issues operate at different levels and while some are formal, others are experimental and informal. This can be illustrated by a recent agreement between the Federation of Slum Dwellers living on railway land and the railway administration. Those communities residing between 5 and 30 feet from the railway track have agreed to move back beyond thirty feet, and contribute the human resources to construct a wall in return for voluntary resettlement. This way communities have issues of safety and security assured and the railways can speed up their trains and thus have a train every three minutes instead of every four minutes.^[1]

Savings originally kept aside in Banks and surpluses generated from group savings have begun to develop. Communities and federations now knowledgeable about interest rates, have become aware that interest rates provided by the banks to individual savings don't protect their funds from inflation and they want SPARC to invest the money in ways that get better returns. This, coupled with the responsibility to channel credit lines bothers SPARC as its organisations structure is not designed to deliver services. However it has always agreed to house the initial arrangements of new strategies within its legal structure because of its basic commitment to develop institutional arrangements which work for the poor. The alliance is now exploring the setting up of non profit companies which will manage savings, construction and delivering credit.

These and other such developments makes the alliance a important player is the government's attempt to develop a policy for shelter for the poor. The discomfort in this arrangement emerges from the reality that while the solutions looks good, the process is alien and uncomfortable and breaks all conventional wisdom and rules and regulations. For the alliance this is crucial for communities, and the process of education within the alliance and with others with whom they negotiate continues. In fact SPARC now uses more time in developing strategies to manage this part leaving more and more internal community mobilisation and education to *Mahila Milan* and the Federation.

VI. SANITATION

Sanitation issues were also identified within the shelter training process developed by *Mahila Milan*. Its potential to educate communities, to negotiate with city authorities and to build federation capacities once more represents the manner in which the alliance looks at these various aspects of services. Box 4 below describes the Toilet Block Project of SPARC, the National Slum Dwellers Federation and *Mahila Milan*. This project seeks to achieve not only much better sanitation but also the strengthening of community organisation and the enhancement of incomes. The promotion of communal toilet blocks was also something that was initially opposed by various international agencies, despite the difficulties identified with individual toilets (see below).

Box 4: The construction of Toilet Blocks in Bombay

The development of a model communal toilet block began in 1987, when SPARC, the National Slum Dwellers Federation and *Mahila Milan* were working with women pavement dwellers to consider how best to provide infrastructure and services within new housing developments. It immediately became apparent that there were a number of problems with the individual household toilets that were included in conventional development plans for low-income communities. The major problems include the size of the houses which are often too small for toilets to be easily accommodated. The sporadic water supply and low pressure compound the problems of ensuring that the toilets are kept clean. The individual toilets are expensive and add 15-20 per cent to the cost of the basic dwelling unit, and houses with individual toilets are more desirable by richer groups and low-income households are therefore under greater pressure to sell and find alternative accommodation.

The women pavement dwellers argued in favour of communal toilets. Although they had not been successful in previous projects, the women believed that this was because they had been appropriated by powerful individuals within the settlement who charged a fee for use, because they were not designed properly and managed indifferently by the municipality and because everything ensured that community toilets were "no man's Land". The women believed that communal toilets would help to develop a sense of community awareness and solidarity. Such solidarity is an invaluable asset to reduce the vulnerability of low-income households both individual and collectively. As women, they also valued a common washing area within the settlement. In order that the facilities are not overused, it was estimated that there should be one toilet block for every 20 households and one toilet for every four households. Separate facilities should be provided for men, women and children. Where needed, water standpipes and refuse collection points were also provided.

In Bombay, the Municipal Corporation has been much criticised for a failure to provide and maintain toilet blocks. When SPARC started working in Dharavi, one of the largest informal settlements, there was one toilet for every 800 people. Unable to obtain state funds, SPARC looked elsewhere and obtained assistance from a Northern NGO. The funds were used to construct five blocks and the Corporation agreed to refund the costs once the toilets were completed.

Mahila Milan with SPARC and the National Slum Dwellers Federation suggested to the Corporation that the communities are best placed to ensure that the toilets were kept clean and functioning. However, in order to ensure a sense of ownership, communities need to be involved in developing and constructing the toilet blocks. SPARC have targeted women construction workers living in the settlements to be involved in working on the model toilet blocks. Experience on the first sites has shown that women can learn the techniques fully after participating in the construction process of three blocks. The skills they learn enable them to obtain a 200 per cent increase in their wages.

Some four to five blocks have been built in Bombay. In each of the locations, there is a community organisation with membership of the Federation to provide local management. Although progress has been slow because of bureaucracy within the local government offices responsible for approving plans and connections, these model toilet blocks plus those constructed in other cities in India have demonstrated that communities can both build the blocks and can collect contributions (of between 2-5 Rs. a month) from members for cleaning and minor maintenance costs. There are significant cost savings compared to the private sector.

Construction costs in the pilot toilet blocks are only 40 per cent of the cost charged by a private contractor and costs are likely to fall further as production systems become more efficient. More income is also generated by toilet blocks that are on main roads or thoroughfares, from their use by passers-by.

The intended long-term model is that the government will contribute the land and the costs of the construction, and the community will build the structure themselves. In this way they will be involved in the process and will feel a commitment to maintaining it. In January 1995, the Bombay Municipal Corporation agreed to support the scaling up of this programme to provide a total of 2000 Toilet Blocks throughout the city. Similar programmes for these communal toilet blocks are also being developed in Kanpur and Bangalore, among other cities.

SOURCE: UNDP, "People's Participation in Improving Sanitation - A case of Kanpur Slums, Caselet 3, UNDP/World Bank Water and Sanitation Program, New Delhi, 1994; and Patel, Sheela and Michael Hoffmann, "Homeless International, SPARC IS13 Toilet Block Construction, Interim Report", Homeless International, 1993.

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The alliance has since discovered that cities concerned with health and sanitation are more willing to dialogue with the poor on sanitation than they are on land tenure. Here the issue creates conditions of setting of a genuine partnership from which other processes could be resolved.

VII. RELATIONS WITH POLITICIANS AND OTHER NGOs

The alliance sees the management of its internal relationship as the most vital. For this it pays a considerable price, but gains tremendous strength. Having created a genuine educational process within the alliance, everyone remains engaged in discussions about choosing options and planning strategy. And while this happens, communities and the alliance leadership learn about negotiation and arbitration and about managing stress and tension and dealing with a divergence of opinion. SPARC representatives, being partners, fully voice their concerns and reservations when an activity emerges from the community. So too do community leaders when SPARC suggests something. There may be a debate between cities or intra city federations. In a sense all this process also contributes substantially

to dialogue with actors from outside the alliance.

Politicians and political parties from whichever side of the divide have in the minds of the poor always “used” them. They have also delivered very little to them. Relations with local politicians can be difficult but because of past performance, there is little romance about what politicians can be expected to deliver for the poor. Federation members can join whatever party they prefer but the experience of the Federation leadership is that party politics has not helped the poor. As a result the Federation and the alliance do not align with any party. Instead, Federation members can stand for election but cannot also hold positions within the Federation. Federation leaders are encouraged to explore membership in any party of their choice and are assisted in developing an agenda for action for the poor within their party.

Similarly, relations with other NGOs are often difficult because there is a tradition in India for urban NGOs to “adopt” or work in specific communities. The Federation believes that at such a level, the poor can only get some services but they cannot take on issues of land and basic amenities. The Federation is now very strong and some NGOs feel threatened if some members of the settlements in which they are working also wish to belong to the Federation. With SPARC as a part of the alliance, it often is construed that SPARC has “stolen” the community from them! SPARC have tried to persuade NGOs to see this as an opportunity and to work with the Federation. This strategy has not been successful with the older generation of NGOs but some of the younger NGOs are more responsive. In previous years the Federation had some links with other NGOs but often the NGO wished to dominate the process. When the Federation starts work in new cities, SPARC contacts local NGOs and encourages them to become involved. But this strategy has never been successful. SPARC have maintained a single office in Bombay and therefore there are many opportunities for other NGOs to be involved. But in general, these experiences have been problematic

VIII. LOOKING AHEAD

In India, cities are in intense competition with each other and with other cities in the Asian region for international investment capital. Many have realised that good infrastructure and other aspects of a good quality of life in a city are important for attracting such investment. Such a situation creates space for city authorities and other powerful groups in cities to dialogue with the poor to find a mutually useful solution. With increasingly effective solutions developed within federations at micro levels, the alliance faces the challenge of developing capacity and skills to pursue this at the level of cities and regions. And more importantly to do so in a manner that allows communities to maintain control over the process.

SPARC have never attempted to build a development model that is financial sustainable in the narrowest sense i.e. requiring no external resources to continue. A more important question is whether or not the process is growing and therefore attracting resources. However, costs are kept to a minimum. The Federation is built on voluntarism. Federation leaders can obtain compensation for the time that they have been absent from work. There is a small core of 35 to 40 people who work full time for the Federation. All other leadership positions are filled by those who do this work on a

voluntary basis.

The model that the alliance have developed is vulnerable at three points. First, the entire process depends on trust. It works because Federation members trust each other to behave in the interest of the collective good. Second, to date the process has been very decentralised and this has been critical to innovation and adaptation. An important question is whether or not the decentralised activities can be maintained as the process grows. Third, there is a delicate balance to be maintained in relations with the state. The state would like to absorb SPARC through having all its activities focusing on state initiatives. Few institutions have a co-operative relationship with the state. Most either become sub-contractors for the state or enter into conflict with the state. SPARC and the Federation are now providing new alternatives for the state. However, they also need to maintain their distance from the state.

A common question asked to the alliance is “how sustainable is this federation model?” The answer is tentative and in parts. First, SPARC and the alliance have developed institutional arrangements to support strategies that they believe work for the poor. These strategies are not based on self help alone but also on their collective ability to renegotiate with society at large and with governments about what resources poor communities must have access to in order to maintain basic equity in the city. Rather than debate on how strong or fragile each strategy is or collectively how strong the process is, the alliance tends to view this process as one which will have to prove durable within the larger social, political and economic transformations that are taking place globally and locally. What it represents is an efficient, fairly self sustained reproduction of strategies and capacities to organise the disenfranchised and isolated groups of the poor. It creates a grouping within civil society which can articulate demands, suggest solutions, and participate in their execution and management. Ultimately these processes have to be accepted by conventional institutions. How or when that will occur depends on how others view the work of the alliance and whether they see it as a potential ally or threat.

NOTES AND REFERENCES

1. Bolnick, Joel and Sheela Patel, *Regaining Knowledge: An Appeal to Abandon Illusions*, People's Dialogue and SPARC, Cape Town and Bombay, 1994.

1. See draft paper “Talking Toilets,” SPARC, Bombay, 1996.

1. See Patel, Sheela and Celine D'Cruz, "From a seed to a tree," *Environment and Urbanisation* Vol.5, No.1, April, 1993.

1. For more details, see Patel, Sheela and Celine D'Cruz, "From a seed to a tree," *Environment and Urbanisation* Vol.5, No.1, April, 1993.

1. In 1986 a National Housing Bank was established, and the Reserve Bank of India allowed financial institutions and Banks to set up special Housing Finance Institutions to do retail lending. This process has many problems, but a provision now exists at least on paper.

1. See "Beyond the beaten track.... " Film made by SPARC in 1995.