

Modified

May 07, 2001

## Basic Strategies that work for Urban Poor Communities

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## INFORMATION + MONEY is POWER

You collect **INFORMATION** about yourselves and use it powerfully to negotiate with the outside world.

You collect **MONEY** as a way of collecting people and bringing the community together.

You **CREATE A DISCIPLINE** in managing this money which allows you to arbitrate for more resources for the community.

**SAVINGS** is also a way of showing the outside world that you are credit worthy.

That is why you have **DAILY SAVINGS** as the way the settlement develops the rigour and discipline that proves to the city that communities are serious about solving their own problems.

**DAILY SAVINGS** is also a way of including the very poor within a given settlement. It is easier to put in small amounts of money every day than to try to put in a large sum at one shot once a week or once a month, which might be more convenient for the better-off in the community.

All systems that get developed should work for **the bottom ten percent of people** in poor communities.

That way, you are assured that the rest will fall in line. However, if you develop a system that works for the better-off within the settlement, the chances of that system working for the poorest, and "trickling down" to those most in need, are much less.

**WOMEN** play an important role in **savings**, as it comes naturally to a woman to manage the economics of her family. She knows how to get the next meal ready with minimum resources. This ability to economize and yet feed her family makes her the best manager of savings and credit in her home and in the community.

Handling money also redefines her place in the existing decision-making equations within the community.

Collective saving gives her the power to make decisions **for** the community on issues that concern everyone - like demolitions, planning and managing basic services for the settlement, managing credit and so on.

**DAILY SAVING** pushes people in the community to meet on a daily basis, and in this way, they develop a stronger tie between themselves which is built on trust.

Money has a way of also bringing out a whole lot of



Celine D'Cruz  
SPARC Bombay

" SAVINGS is a way of collecting people and bringing the community together "



Somsook Boonyabanha  
UCDO / ACHR Thailand

" Savings activity is a tool, not an end in itself. Savings and credit is a means of engendering a community's own holistic development. "

uncomfortable emotions and attitudes which come into the forefront. This way, it becomes easy for the group to work towards creating an equilibrium that works for all of them. **It brings out issues of power and control, vested interests and leadership crises.**

So instead of managing this in a classroom training mode, you would put this back to the settlement and support them to resolve all the uncomfortable issues.

This way, they realize the solution to their problems has to come from within the community, not by external norms.

When the community understands this, they gradually learn this very important lesson and become more confident with the more difficult issues that confront them.

So they develop a whole lot of skills which enable them to deal with other issues, both personal and collective ( from domestic violence to issues of land and shelter).  
And these skills become the collective asset of the community.

**COLLECTIVE SAVINGS** also allows communities to move from simple to complex.  
You move gradually from handling small amounts of money and learn to manage this. This makes you ready to deal with larger amounts of money.  
People first learn to take small loans and repay them, and use the same discipline to plan and repay their larger housing loans, which are long-term.

**This way, they also create for themselves a spectrum of credit for different purposes - crisis, income generation, consumption and loans for housing and infrastructure.**

This way communities use savings and credit as a kind of safety net which enables them to take a housing loan and also take an income generation loan so that they do not have to draw from one loan for other purposes.

This is a way of assuring that their community's organisation will respond to the different needs of the family and the community.

Celine D'Cruz

A reflection on Saving and Credit in Phnom Penh  
March 1999 for ACHR TAP



Joel Bolnick  
People's Dialogue South Africa

**" With women organising the savings and loan groups, it helps in an oblique and non-confrontational way to redistribute financial capital, and social power, within social and family systems often dominated by patriarchy. "**

**Savings groups develop into Networks or Federations breaking community isolation and providing savings pools for expansion of credit for communities.**

**Read how Networks are changing the development paradigm in Thailand.**  
[HERE](#)

**Now go [HERE](#) for some Brief Words on Savings from Cambodia, Thailand, India and South Africa**

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