

# From community development to housing finance: from *Mutiroes* to *Casa Melhor* in Fortaleza, Brazil

Yves Cabannes

**SUMMARY:** *This paper describes two new approaches to financing and supporting the improvement of housing and living conditions for low-income groups in Fortaleza, capital of one of the poorest Brazilian states. The first is the comunidades programme which primarily supports the development of new homes, settlements and income-generating activities for the lowest-income groups through mutirão, mutual self-help (as the participants collectively build and also manage the building process). This is sometimes known as the mutirão programme. The paper presents a case study of one project within this wider programme, Parque Havaí, to illustrate how it works. The second programme described is the casa melhor (meaning "better house") which provides loans, subsidies and technical support to households living in squatter settlements or other poor quality settlements to improve, rebuild or expand their homes. Although there are elements of mutual aid, this is primarily support for individual self-help. In Section III, the paper explains how this fund was developed, along with support programmes provided by NGOs and government agencies to help it function. The programme is financed through a combination of savings, loans and subsidies and has achieved high rates of repayment for the loan component. This section also describes its achievements and limitations - and what possibilities exist for scaling-up the support for housing finance of this kind to meet growing demand. The concluding section reflects on what the experience with both these programmes implies for future work in this area.*

*Yves Cabannes has been co-ordinator of GRET-Urbano Brazil since 1988, with responsibility for coordinating GRET's Latin American urban programmes (Argentina, Chile, Colombia, Costa Rica, Cuba, Ecuador, Haiti, Mexico). He has been technical advisor to Cearah Preferia since its incep-*

## I. BACKGROUND

**IN 1987, AFTER** the fall of the dictatorship (which had lasted from 1964 to 1984), a national government programme of mutual aid housing called *mutirão* was launched. This was partly in response to pressure from the urban social movements which had also played a major role in promoting democratization. The *mutirão* programme offered community organizations grants to

## Box 1: The People's/Popular Urban Movement in Fortaleza

The numerous people's organizations in Fortaleza cover the whole gamut of socio-political allegiances in Brazil. Here, we identify four great urban movements. They reflect party differences and alliances, and the power of the Catholic Church that is still influenced by liberation theology. They are:

1. *The Federação de Bairros y Favelas* (The Federation of Neighbourhoods and Squatter Settlements)
2. *União das Comunidades da Grande Fortaleza* (Union of the Communities of Greater Fortaleza)
3. *Comunidades Eclesiais de Base -CEBS-* (grassroots groups formed within Catholic parishes)
4. Independent groups; these either emerged at election times to gain some benefit from candidates and participate in their election or are related to some specific struggle (for instance women's movements, black culture or the Indian defence movement).

The energy and dynamism of this well-organized movement has provoked intense debate and confrontation with the authorities and their obvious neo-liberal tendencies. The existence of this movement has important practical implications in the context of *mutirão*.

These federative organizations gather around them grassroots organizations from all the neighbourhoods of Fortaleza. The grassroots organizations, with their very diverse natures and aims (including youth groups, theatre groups, black groups and women's groups), energize the city with their proposals and demands. Because of the distance between the grassroots and these federations, there seems to be a trend to form large neighbourhood organizations that are linked, not by ideology, but by geography, proximity and area of activity. For instance, the Pirambú umbrella organization brings together about 70 neighbourhood organizations.

Moreover, groups that work together to propose an alternative housing policy to the government display, in spite of ideological differences, a greater level of maturity. Despite the setbacks that the urban movement has suffered, it is still important and influential. In addition, the State Government of Ceará has also felt the need to provide a convincing response to the pressure that has been brought to bear on it and has been relatively open to proposals and debate relating to the formulation of more appropriate public policies.

*tion. Dr Cabannes is also visiting professor at Louvain Catholic University and teaches on a Post Diploma course on Urban Social Policies at Ceara State University, Brazil. Address: Cearah Periferia, Rua Idelfonso Albano 935, 60000 Fortaleza - CE, Brazil.*

allow them to buy materials to build their houses through self-help. The original target of 400,000 units was never achieved and the programme was suddenly halted in 1990 by the (then) newly elected President Collor. However, in a few large cities, including Fortaleza, the programme continued. Fortaleza, situated in the north-east of Brazil is one of the largest and the poorest cities in Brazil.

In Fortaleza Metropolitan Region, more than one-third of the 2.5 million inhabitants live in *favelas*, illegally squatting on land with few services and poor living conditions. The *mutirão* programme received support from the state and municipal governments and resulted in more than 10,000 houses being built. The results were encouraging - and Section II presents more

details of one part of this, the *comunidades* programme. However, some problems were evident. First, the scale was insufficient, given the 150,000 houses that were required. Second, special organizations, "popular societies", had to be formed to implement the initiative within an already determined set of rules, despite the existence of many strong local residents associations. Third, those living in the new houses were not given land tenure and neither the local authority nor the state government was willing to address this issue. On the positive side, the programme encouraged the creation of community funds which were managed by the popular societies and these resources were created by repayments from those households who had benefited from the programme.

At the beginning of the 1990s, some of the hundreds of local grassroots organizations in Fortaleza began to reflect on what they should do, as the federal *mutirão* programme had stopped and as increasing corruption and financial difficulties had led to the closure of one of the major Brazilian finance housing institutions, the National Housing Bank. At that time, the movements, both locally and nationally, had a very clear demand of the government.

For those with wages below four times the minimum wage,<sup>(1)</sup> land, infrastructure and building materials should all be provided by the state free of charge, and with this the low-income households could develop their own homes. This had resulted in a stalemate because the government refused to provide this finance. The strength of these people's movements (see Box 1) was such that any change in policy had to emerge from an internal process of reflection.

At the end of 1992, more than 100 leaders from about 30 grassroots organizations took part in a meeting which agreed to the creation of a "Community Fund for People's Housing". A commission of 21 representatives met regularly over six months to develop proposals and define lines of action. This is described in Section III.

Two NGOs have played important roles in both the programmes described in this paper. The first is *Cearah Periferia*,<sup>(2)</sup> formed in 1991 by four social workers. The second is GRET, a French based NGO with a locally based professional staff. Box 2 gives more details of these two support NGOs.

## II. THE *COMUNIDADES* PROGRAMME

### a. Introduction

**THE CASE STUDY** of the *mutirão* presented below, which was part of the *comunidades* programme, is very different from those developed only by the municipality or the state. The intention of the *comunidades* programme was to involve NGOs for the first time, jointly with training institutions such as universities and vocational schools. Among the basic differences that distinguished the *mutiões* of the *comunidades* programme from the conventional *mutiões* are:

1. At this time, a very high inflation rate had been constantly eroding the real value of incomes for several years. Inflation rates were usually 25 to 30 per cent a month and the level of the minimum wage was only increased every three months. As a result, when compared to the dollar, the minimum monthly wage level was oscillating between the equivalent of US\$ 30 and US\$ 70. Those with less than four times the minimum wage could be considered poor, especially in the south of the country.

2. *Cearah Periferia*'s full name, when translated, is the Centre for Study, Coordination and Reference concerning Human Settlements. See Box 2 for more details of its main objectives and work.

Box 2: *Cearah Periferia* and GRET; the two support NGOs

***Cearah Periferia*** (Centre for Study, Coordination and Reference concerning Human Settlements) is a Brazilian non-governmental organization, created in 1991, with headquarters in the city of Fortaleza. Its main objective is to develop creative and innovative processes that emphasize the participation of the people who are the real builders of the city - and in so-doing, to support the Popular Urban Movement in its struggle for decent living conditions, opening up channels of participation for citizens and for interaction with the public authorities.

It works mainly within the Fortaleza Metropolitan Area, aiming to support the most deprived segments of the population and seeking to build a new kind of citizenship not only through direct action but also through forums for debate, study and research into human settlements and the environment. These become means to help establish democratic relations between social organizations and the state and encourage exchanges between the various community organizations.

Its areas of action include:

- **Direct advice to the Popular/People's Urban Movement:** support for the rescue of popular history, school for town-planning and popular research; and advice on the elaboration and evaluation of community projects that use participatory methods.
- **Advice to NGOs and local governments:** advice on the evaluation of programmes and projects and analysis and planning through participatory tools and methods.
- **Credit and financial advice:** study and implementation of alternative systems for financing popular housing; and the creation of community based savings institutions and self-managed community funds.
- **Advice on architecture, town-planning and technology:** development of plans, projects, participative design, introduction of alternative techniques, training in the organization of *mutiroes* (mutual aid groups).
- **Job and income creation:** coordination of micro-development projects with job and income-creating projects; support for the informal economy.
- **Communication, information, documentation:** participation in the Voices of Silence Network and within the Habitat International Coalition; publication and distribution of documents, creation of the CIDADES documentation centre (Communication, Information and Diffusion for Action and Development); organizing seminars and supporting people's documentation centres and publishing.

**GRET** (Group for Research in Technological Exchange) is a non-government organization with 70 employees based in France. It has been active in about 40 countries since 1976. It is organized into three departments: agriculture, enterprises and cities, exchange and communication.

In Brazil, GRET is composed of a small local independent team and it has supported various urban programmes. It is related to the implementation of the Urban Policies and Dynamics Programme of Franco-Brazilian cooperation. It also receives

considerable support from the European Economic Community and channels resources from European foundations.

Any involvement by GRET in a country as large and powerful as Brazil means that most of its work deals with supporting institutions or organizations active in the country. Thus, the work of GRET's urban team in Brazil centres on two collaborative relationships:

- **Cooperation with *Cearah Periferia*, the Brazilian NGO described above in various activities including:**
  - Two small-scale town-planning projects: *Residencial Nova Alvorada* and *Castelinho*.
  - A programme for improving housing through the introduction of loans from the *Casa Melhor* (better housing) people's savings bank (described in Section III).
  - Assisting neighbourhood groups and the People's Urban Movement at local, regional and national levels.
- **Cooperation with the public sector: with the State Government of Ceará to implement the *comunidades* programme (more details of which are given in Section II); and with local authorities, particularly Fortaleza, for the implementation of *Casa Melhor*.**

- the land should be given to the organization;
- existing grassroots groups are respected and there is no creation of a new one;
- the *mutirão* is not limited to the building of one's house but also to the development of a land site with, among other things, shops, workshops, kindergarten and leisure areas;
- income-generating components are integrated within the *comunidades* but are lacking within conventional *mutiroes*;
- it is geared to strengthening community and providing jobs and not only to building houses. The house is a means, not an end.

## **b. One Example of a *Mutirão* Project: *Parque Havaí***

### **i. Background**

The *Parque Havaí* project was the first among eight planned micro-developments within the *comunidades* programme. The whole programme involved the building of 1,000 homes with provision for infrastructure, the creation of 500 jobs and a broad based programme of training and communication. The managing board, called the "Integration Council", is composed of representatives from the various participants: dwellers associations, representatives from the four local authorities involved, educational institutions (State University, Vocational Training College) and concerned institutions from the Ceará State Government.

*Parque Havaí* was the first *mutirão* of the *comunidades* programme. It is situated in Eusébio, a town south-west of Fortaleza, with less than 30,000 inhabitants. Eusébio recently separated

from Aquiraz which was the first colonial capital of Ceará. It is divided by highway BR 116 which links the north-east of Brazil to Rio de Janeiro (a distance of 2,800 kilometres). Eusébio has a number of medium and large industries, and a number of profitable small farms.

In 1991, it had the highest per capita income in the state and was one of the few places with incomes higher than the national average of US\$ 2,600 per inhabitant. However, it also has a large number of people living in very poor quality housing including the squatters occupying roads and streets, called *becos de prefeituras* and various small *favelas* scattered throughout the town. To address this, the town council signed an agreement with the Ceará State Government in 1991 through the State Secretariat of Labour and Social Action and its related Social Action Foundation (*Fundação da Ação Social* or FAS), the Ceará State Housing Company (*Compania de Habitação*, or COHAB), the Eusébio Neighbourhood Association (*Associação dos Moradores de Eusébio*) and GRET, with the aim of working together to develop an area of three hectares, of building 150 houses and generating at least 75 jobs. Subsequently, the State Secretariat for Planning joined in and the Ceará State Housing Company (COHAB) withdrew.

Once the social workers from COHAB and from the municipality had identified the neediest areas of the town, the state and the council's social team developed a socio-economic file for 404 families. The processing of this data was passed to the families who, applying the criteria put together by the various collaborators, selected a group of 50 families to benefit from the first stage of the project. Once the first stage had begun, the social team drew from the same file and, using the same participative procedure, selected a second group of 100 families.

The family profiles showed that:

- there were 230 residents in the first stage and 520 in the second - a total of 750 persons;
- monthly family incomes varied from less than one to two minimum wages (US\$80 to US\$160) a month;
- most households had previously lived in rented houses made of *taipa* (reinforced clay) built on uneven ground, mostly without toilet facilities;
- most of the workforce were labourers employed on *sítios* (farms) or in the tertiary sector. There were also some unemployed and retired people;
- most families (70 per cent) had come from other cities in the interior less than three years previously, looking for somewhere to put down roots and enter the labour market.

Regarding community organization, most families were not directly involved in the work of the Eusébio residents' association or in other collective organizations or movements. The first group of 50 families was therefore organized through a specific department with help from the association already active in the town. One year later, when the second group of 100 families

joined the project, and as the work developed, the people decided to create a new, independent association. This association, *Cidade Nova*, brings together the 150 families taking part in the *comunidades* mutual aid process initiated in Eusébio.

## **ii. The Different Organizations Involved and How Decisions were Made**

With the Eusébio *mutirão* (as with other parts of the *comunidades* programme), the responsibilities of all those involved were clearly outlined:

- The Ceará State Government, through its Planning Department (general coordination of activity, mobilization of national resources), COHAB (the state company for the construction of houses - until March 1994) and the Social Action Foundation. The Foundation was responsible for everything related to job creation and income: the mini-industrial zone, workshops for the production of building materials, and market and other research. It was also responsible for the support offered by technical teams, physical space for the functioning of the project and the supervision of infrastructure works. From July 1994, the Foundation also took over the housing aspect including the supervision of the whole building process and the organization of the families.
- The town council provided the land which will be transferred to the association at no charge, as soon as the expropriation and the regularization is achieved. It is also responsible for installing the infrastructure and for the technical team that supervised work.
- The *Cidade Nova* residents' association was responsible for mobilizing the families, the organization and monitoring of each family's 20 hours of work per week, and the supervision and control of financial contributions after the handover of the houses.
- GRET was responsible for technical support for urban planning and experimentation, for covering the cost of technological innovations and the building of prototypes and the mobilization of external resources.
- Other collaborators for the whole *comunidades* programme included the State University and Federal Technical School which guaranteed continuing training for technicians and mutual aid participants, and *Cearah Periferia* which ensured the dissemination of information.

Thus, the work of each collaborator has to be distinct and clearcut, corresponding to their agreed responsibilities, with points of coordination, negotiation and exchange between them. The integrated Board brings together representatives of all the institutions involved (a total of some 15 organizations) and was created by government decree. The Board meets each month.

It is not only a decision-making forum but also an effective means of communicating action and of learning democratic practices.

### iii. Developing the Land Site

The need to find an appropriate land site led the collaborators to draw up a list of criteria concerning suitability for construction, appropriate climatic conditions, access and legal status. Various sites were visited before the *Parque Havaí* was finally selected. This site was chosen despite the lack of water because it had the advantages of being a growing neighbourhood with a good location (only 1.5 kilometres from the centre of Eusébio) with facilities useful for construction - surrounded by built-up areas, close to sources of electricity and close to another *mutirão* carried out by the council two years previously.

After the transfer of the land from the council to the *mutirão*, development studies began. The technical teams produced a master plan which differed from most development plans which are designed without a clear definition of criteria. It was based on:

- Respect for the existing natural environment. This is particularly important in north-eastern Brazil, taking into consideration the prevailing winds, orientation, natural water drainage channels and existing trees.
- A hierarchical street plan with different levels of roads - from paths and secondary streets to main roads, giving priority to pedestrians which is uncommon in low-cost housing schemes.
- Integration of the site into the structure of the neighbourhood both on the physical level and in terms of the relationships between the different neighbourhoods.
- Provision for smaller public spaces (squares) and public facilities (kindergarten, shopping centre, mini industrial zone).

The plan retained ten trees at locations where squares would be situated and where meetings, the first *fiestas* and leisure activities would take place in the shade of the mango trees. Traffic was re-routed and pedestrian areas, low-traffic roads and main roads were coordinated (see Figure 1).

Once the selection of families was complete, work began on supporting community organizations and consciousness-raising. This covered issues such as what is a *mutirão*, what are the working conditions, how is work divided and who would supervise the work?

The first construction in the area took place in 1992 - a community woodwork shop to make and sell the doors and windows for the project houses. Through the Social Action Foundation and GRET, the workshop was equipped with tools and materials and, with the help of instructors, the self-build participants interested in carpentry were trained. Initially, the workshop was built for the first 50 families. It also served as a meeting place for them as well as a production area for the foundations of the houses.





When the workshop was completed, the families began building their houses. At the end of the first stage, the other 100 families joined the association and also began building. This second group also had responsibility for the construction of the shopping centre which included eight shops.

#### **iv. House Design and Construction**

The house plan was based on the design developed by an earlier project, *mutirão* 50. They are 33 square metres in size, with space available for extension on each lot of some 120 square metres. Each house has a living room, two bedrooms, a kitchen and bathroom. Each house is semi-detached (with a 20 centimetre thick wall for strength and privacy) and because of this, the façades of the houses look bigger and more urban.

Most houses were built using conventional methods:

- foundations made of rubble, stones and sand/cement mortar;
- waterproof layer of mortar;
- regular hollow 10 centimetre brick walls, for load-bearing walls;
- wooden roofs covered with clay tiles;
- cement floor finishing.

The doors and windows were made by the *mutirantes* in the community workshop. The main building innovation was applied to the shopping centre prototype. It involved the transfer of BENO technology from Argentina (developed by CEVE - *Centro de Estudios de la Vivienda Económica*) for the prefabrication of moulded burnt brick slabs used in the construction of walls. Made with traditional bricks, and pre-fabricated in a simple form, the slabs facilitate speedy construction. Guided by an Argentinian CEVE architect, people in the community constructed a building to test both the production of the slabs and their use in construction. Project technicians followed the process. Based on this first experiment, the technique was reproduced in two other *mutiroes* projects for the construction of 50 houses each.

#### **v. The Building Process**

The houses and community facilities (workshop, mini-industrial zone and shopping centre) were built by the members through mutual aid. For the houses, five groups were organized by blocks. Each block had a coordinator and was supported by the *mutirão* foreman who was employed by the council. The materials, purchased jointly by the technicians and a member of the community, were, along with tools (including basic mason's tools such as wheelbarrows), divided between the groups.

Each group organized itself independently and made its own rules of operation. This meant that families' weekly working hours varied, ranging from 25 to 30 hours.

Infrastructure was the council's responsibility, which managed the resources received from the state for preparatory studies (based on the draft master plan of the development) and for the

levelling of the land and the construction of the network of drains, water pipes and streets. In this project, the first families began to occupy their houses in 1993 without water, drains or electricity! This is something that happened in most public housing projects. In 1994, with the institutional changes that came with the *comunidades* programme, the state of Ceará, conscious of the demonstration value of the programme, gave the municipalities funding for the installation of basic infrastructure in the *mutirão* projects.

#### vi. Resources and Financing

The *mutiroes*, or mutual aid participants, in the *comunidades* programme benefited from a budget approved by vote in the state government's Legislative Assembly combined with funds acquired from international donors. This co-financing made it possible to:

- buy building materials for the houses and community facilities;
- carry out studies and install infrastructure;
- ensure technical advice was available;
- build and equip the mini-industrial zone; and
- train technicians and *mutirantes* through an integrated training and information programme.

As well as this financial support, the town councils contribute land and technical assistance. The communities bring their organization, the labour of each family (usually 25 hours per week) and a mandatory monthly contribution to maintain a community fund (see below).

Two points concerning this flow of funding are worth noting. First, the fund for building materials is passed on by the state government to the associations which, with the help of government technicians, assume responsibility for purchasing. This means that the community has to research and negotiate prices, and pays for materials with cheques signed jointly by the president and treasurer of the association and the government technician responsible. At the end, the community has to give an account of expenditure to the state government. Secondly, the state transfers the resources for infrastructure (covering studies and installation) to town councils - a sign of decentralization that strengthens local government.

A brief summary of costs would include the land value per family, estimated at US\$ 200 (an estimate only as the land is not purchased but expropriated with some compensation to the owner); the cost of each house, at US\$ 1,000 in 1993 (US\$ 1,700 in 1996); and the installation of infrastructure per unit varying from US\$ 1,200 to US\$ 1,600 according to site and existing networks.

The programme sought to go beyond the building of homes and the creation of jobs to strengthening the association. It was with this in mind that the association's community fund (*Fondo Comunitario*) was organized. Its basic principles are to collect monthly receipts of about US\$ 1,500 from the contributions of

member families, rental of community property such as the workshops in the mini-industrial zone and the shops in the shopping centre, and to use these funds for community improvements (maintenance and running of facilities) and for loans to members: for small businesses, home improvements and emergencies.

#### **vii. Legal Aspects**

As noted earlier, collaboration between the different institutions involved is formalized through agreements. This specifying of relations in a contract is reinforced by the establishment, by governor decree, of the *Comunidades* Programme Integrated Board (*Conselho de Integração do Programa Comunidades*) as a decision-making forum for all actions.

The neighbourhood association is legally registered and therefore has regulations, a system of representation (management, a board) and a bank account.

The association also comes to own the land. Land tenure is essential to the achievement of citizenship and the right to a home. The process related to this issue is as follows. The city council hands over the land to the association as soon as they buy or acquire it. Common ownership is therefore the economic base of the system. When the houses are handed over, the association gives families a contract granting them right of occupancy. After five years, if a family has kept up its mandatory monthly payments (2-5 per cent of the minimum wage - about US\$ 2-5), it earns the title to the land and the house. At this point, ownership of the plot passes from the community to the individual. Within these five years, a family does not have the right to sell the house although, in exceptional cases, the right of occupancy may be transferred to a neighbour who has been contributing for more than six months and who does not own another house. In this case, the association retains a transfer fee equivalent to 15 per cent of the value of the house agreed by the two parties.

### **c. The Impact and Limitations of the *Comunidades* Programme**

The impact of *mutirão* can be considered in terms of the impact on public policy, the impact on practices and policy of popular initiatives, and the impact on ideas and practices at the international level.

#### **i. Impact on Public Policy**

Within the municipality of Fortaleza, the first experimental integrated project which gave birth to the *comunidades* programme began in 1988 and has continued without interruption since then despite four changes of mayor, with each of these mayors being from different political parties. The legitimacy and continuity earned by the NGOs and popular organizations is also seen in the fact that our projects are now part of municipal policy with provision in municipal budgets to support them. The original agreement has undergone changes and now, an

umbrella agreement has made it possible for us to diversify the areas of joint action without losing our autonomy or range of action.

Within the Ceará State Government, since 1994, the *comunidades* programme has had its own budget allocation voted by the State Assembly of Deputies: the equivalent of US\$1.8 million in 1994, and US\$3 million dollars for 1995. Most of these funds are transferred to community organizations and to local councils. The newly-elected government has also included the core of the original elements of *mutirão* in its four-year plan. This is coordinated by the State Secretariat for Planning.

Within other towns, mayors and local government teams of other municipalities in the Fortaleza Metropolitan Area have signed specific agreements for introducing the method. There have also been various specific requests, both at state level and at national level, for help in reproducing or introducing this type of programme. These requests have come from some of Brazil's biggest cities such as Rio de Janeiro, Belo Horizonte and Goiania - to name those with more than one million inhabitants. Other, smaller capitals, have also been learning. The city of Vitoria, capital of Espírito Santo State, on its own, and in conjunction with people's organizations, planned a large programme similar to that in Fortaleza, particularly with regard to job and income creation.

## **ii. Impact on Practices and Policies of Popular Initiatives**

The experience accumulated by the people's movement and by the NGO technicians makes it possible to respond more appropriately to the requests of community organizations. This may be illustrated through a number of examples.

- One *mutirão* project (*mutirão* 50) has been reproduced and improved by UCGF, one of Fortaleza's biggest residents' federations. The resulting *Castelhino* project is gradually becoming one of the reference points of the movement despite the withdrawal of the UCGF.
- Advice given at the state level to the forum of community organizations (seven federations and about 3,000 organizations of every kind) has been enriched by all the lessons learned on the ground. Various principles (communal ownership of property, for instance) are now part of the platform of organizations dealing with land and housing issues.
- The advice given to the National Housing Struggle Movement (*Movimento Nacional de Luta pela Moradia*) on the National Housing Platform, has allowed some of our conclusions to be contrasted with the positions of the movement, to the enrichment of both sides.
- Conferences, workshops and continual visits from representatives of Brazil's people's urban movement, have made the Fortaleza projects national points of reference for community built housing.

### iii. Impact at the International Level

There is also the impact of *mutirão* on ideas and practices at the international level. For instance, the city council of Bogotá (Colombia's capital and largest city) expressed interest in introducing a new housing and job creation scheme based on the results of the Fortaleza experiment; a number of consultative missions have already taken place. The urban community of Dunkerque (France), which has problems similar to those of Fortaleza, has visited us and we are initiating exchanges on such issues as job creation and the methodology of participative work. One of the social workers and activists from *Cearah Periferia* is currently in Dunkerque under contract from the Dunkerque Urban Community - which constitutes 18 city councils from its metropolitan area - to initiate a similar school for leaders and activists to the one in Fortaleza.

Universities are also beginning to do research on the *mutirão* principle as an alternative form of community built housing - and there have been agreements and exchanges with various European and Latin American universities. Various people involved in the work in Fortaleza have also worked within such networks as HIC, CYTED and FICONG, through which our experiences are shared with other NGOs.

## III. CASA MELHOR (A BETTER HOUSE); A COMMUNITY FUND FOR PEOPLE'S HOUSING

### a. Establishing the Fund

**ONE LIMITATION OF** the *comunidades* programme described above was the lack of support for those living in *favelas*, or other settlements with very poor housing and living conditions, to improve and extend their own homes. The *comunidades* programme was to support the development of new settlements, not to upgrade existing ones. The *comunidades* programme was also very dependent on subsidies and thus on government providing the subsidies. The level of subsidy per house was not particularly high - the equivalent of around US\$3,000 in total, about half of which was for infrastructure and services - and was less than the subsidies obtained by higher-income groups. However, there are obvious constraints on getting enough funding from government for mass programmes that cost US\$3,000 per household.

In March 1993, a special issue of the supplement of the main local newspaper, with a circulation of 40,000, was devoted to "the housing question and to mutual aid in housing". This supplement was part of a series related to community development and was geared to the people.<sup>(3)</sup> It was edited by two professionals working for NGOs and included many contributions from people's movements. *Cearah Periferia* had helped support the reflection process of the grassroots leaders. This publication included a presentation on a community fund for people's housing and this brought it to the attention of many local grassroots organizations, some of whose leaders saw the political benefit of

3. The name given to this supplement was the open university, expressing clearly the intention of making knowledge available to those who are generally deprived of it.

4. Habitat International Coalition is the main international coalition linking groups from around the world working on housing and human settlements issues.

5. Misereor is a Catholic German private voluntary organization with a long history of supporting community based, bottom-up housing interventions.

6. Latin American and Asian Service for Popular Housing (SELAVIP), a Belgian based private voluntary organization.

a high profile fund and the opportunity for gaining new members.

The communities quickly got organized and, among other activities, sent representatives to see the federal government. They travelled together by bus to Brasilia, the federal capital, some 2,000 kilometres from Fortaleza. Their intention was to propose this concept of a community fund to the recently appointed Federal Housing Minister who also came from Fortaleza. The 42 delegates insisted that representatives from the NGO *Cearah Periferia* be present. A couple of meetings and working sessions resulted in one of the federal programmes being amended. Although the housing conditions of those who were fighting for change were as poor as ever, the communities benefited greatly from this experience and their relations with the NGO were strengthened.

During 1993, a workshop on alternative finance, sponsored by the Habitat International Coalition<sup>(4)</sup> and the German funding agency Misereor,<sup>(5)</sup> allowed representatives from South Africa, Namibia, Mexico, Colombia, Thailand, the Philippines, England and Fortaleza to share experiences and ideas. This resulted in the idea of creating an alternative housing finance strategy in Fortaleza based partially around credit. Shortly after this, someone working closely with a Northern funding agency called Selavip<sup>(6)</sup> visited Fortaleza to work with the community based organizations and *Cearah Periferia* in exploring financial systems using new partnerships. This would work with the three basic elements that were available to the poor in Brazil: savings, subsidy and credit. At that time, there was no tradition of saving within the low-income settlements in Fortaleza (or elsewhere in Brazil). For 15 years, hyperinflation rates of up to 4,000 per cent a year had made any savings strategy impossible.

Since 1988, the local authority in Fortaleza had been working with the NGO GRET to support innovative strategies for urban development, working closely with grassroots organizations. In 1991, *Cearah Periferia* joined this partnership (see Box 2 for more details of these organizations). The conditions and activities combined to encourage municipal support for a fund that would offer low-income households subsidized loans to allow them to improve and extend their existing houses. Further impetus to this support was given when, in the three first months of 1994, a cholera epidemic in the city affected more than 24,000 people and 600,000 suffered from dengue fever.

Negotiations to establish the fund took time because of innovative aspects and the central principle that the fund should support a process of people-managed development. The important points of the final agreement were that:

- Credits could be directed not only to formal sector employees but also to those working in the informal sector.
- Credits could be obtained without households having title to the land; a "right of use" (or squatters' right) was enough. Due mainly to the fact that most inhabitants lived on land

that they had occupied illegally, difficult relationships existed between most grassroots organizations and the governments and therefore this element was difficult to finalize.

- The residents' associations would play an active role throughout.
- Even if the repayments were to be made individually to the bank, the whole process was collective and the constitution of housing saving groups was a precondition. (It should be remembered that saving practices among low-income families were extremely rare).

Technically, the link between the small saving groups, the Municipal Institute of Planning (IPLAM) and the state bank where the fund had its account was difficult. Numerous administrative and bureaucratic problems had to be overcome.

#### **b. The *Casa Melhor* ("better housing") Financial System**

Eventually, in May 1994, an agreement was signed to set up the *casa melhor* financial system. Unlike the *comunidades* programme, it was to support the improvement and extension of existing homes. It also involved a much lower level of subsidy.

The situation among the community organizations was already difficult because the residents' associations and the federations to which they belonged were very political and often linked to political parties. Some were not happy about this agreement with the local authority and the joint responsibility for the fund. A further problem was the introduction of the credit component into the system. However, finance was channelled by the Housing Solidarity Programme (PSH), a multi-partners committee which includes the NGO department of French aid and which links donors and applicants. This enabled the programme to start with some small revolving loans but, unfortunately, the French government support for the Housing Solidarity Programme was halted.

The system devised was one where, initially, a person taking out a loan would have up to US\$ 450 with which to develop the house with one-third coming from their own savings, one-third as a loan and one-third as a subsidy. If a second loan was needed, this would also require savings although, in this instance, the subsidy would only be equivalent to half the savings and the loan equivalent to 1.5 times the savings. As Table 1 shows, a further loan would attract no subsidy but could receive more credit.

From the beginning, there was the clear intention of developing a link between the informal and the formal financial sectors. After the fourth loan, the lack of subsidy and the bank's confidence in the people's ability and willingness to repay should enable these households to access bank loan finance without the use of this programme as an intermediary. Whilst these are presented in order in the table below, in practice the system was more flexible.



**Table 1: Casa Melhor: Summary of Different Financing Conditions (September 1995)**

|          | Saving | Subsidy | Credit  | Total |
|----------|--------|---------|---------|-------|
| 1st loan | 150    | 150     | 150     | 450   |
| 2nd loan | 150    | 75      | 225     | 450   |
| 3rd loan | 150    | 0       | 300     | 450   |
| 4th loan | 150    | 0       | 300 + i | 450   |

Since the initial discussions, these conditions have been re-negotiated. Table 2 shows the financing conditions that were in force in early 1996 although these may be further amended in the future. Values are indexed to the minimum monthly wage (currently US\$ 100).

**Table 2: Casa Melhor: Summary of Different Financing Conditions (early 1996)**

|          | Saving | Subsidy | Credit | Total |
|----------|--------|---------|--------|-------|
| 1st loan | 100    | 200     | 300    | 600   |
| 2nd loan | 200    | 100     | 300    | 600   |
| 3rd loan | 300    | 0       | 300    | 600   |

During 1994 and the first six months of 1995, there was an intensive information and motivation campaign with the communities and the people. The main problem was people's strong resistance to participating in a public programme and their reluctance to deposit savings into a state account. (In fact the account was partly under the jurisdiction of the NGO but, for the people, the difference was almost insignificant.) The lack of confidence was widespread but was compensated for by good relations with the two NGOs.

Local community leaders, a few municipal civil servants and the *Cearah Periferia* professional team (some of whom are community leaders without a formal degree) organized meetings in the *favelas* and *barrios* almost every evening and at weekends to explain the programme and answer questions. The principle of saving was so new to the families who were surviving from day to day that it needed long sessions to explain the concept. As a result, the approach was clearly understood and rooted in people's will and not only in the minds of community leaders or progressive technocrats. The simplicity of the first loan offered by the programme was important. People understood and accepted the basic principle of equal amounts of savings, credit and subsidy. Whatever they managed to save would be multiplied by equivalent amounts of subsidy and loan.

In January 1995, the first group took out their loan. Confidence grew as the results of the loan scheme became evident in stone and bricks and no longer only in speeches and promises about better living conditions.

In June 1995, PAAC (Support Programme to Self-help -

*Programa de Apoio à Autoconstrução*) was launched. This programme operates directly between *Cearah Periferia* and a few selected and well-organized communities with whom a long-lasting relationship of confidence had been established. It was established to extend the reach of the *Casa Melhor* which, at that time, was only active in six neighbourhoods within the pilot phase area.

By September 1995, 1,000 of the 1,800 families who participated at meetings wanted to take part in the scheme. They belonged to about 50 of the most diverse community based organizations including housing communal societies, dwellers unions, popular councils, peoples' associations, philanthropic social unions and community kindergarten groups who were living in the settlements throughout the south of the city (mutual settlements, consolidated neighbourhoods, low density public poor settlements, *favelas*, invaded lands...). The *Casa Melhor* was only for the improvement of owner-occupied houses, to avoid supporting owners developing rental houses. Usually, rent levels in the non-declared sector are extremely exploitative. By September 1996, the number of interested families had jumped to nearly 5,000, from 41 neighbourhoods of Fortaleza, and about 1,500 were at some stage of the process.

After negotiations with grassroots organizations, it was agreed that the money would be placed in a separate account but that those who had received credits would pay back individually either through the bank or through some other means. The leadership was very concerned not to have to handle the finance directly because of the levels of corruption that had existed at every level of Brazilian society, including within residents' associations. To reassure the membership that this process would not be corrupt, and to reduce the tensions that so often arise around financial transactions, the leadership preferred not to be directly involved in loan repayments.

### c. Loan Conditions

Table 3 shows the financial conditions of *Casa Melhor* - and of the PAAC (Support Programme to Self-help) - that *Cearah Periferia* developed with some communities to extend the reach of the *Casa Melhor*. Table 3 shows that the main financial differences between *Casa Melhor* and PAAC are the level of savings required and the type of guarantee. PAAC offered support to those communities who were living in *favelas* and neighbourhoods not attended by *Casa Melhor* and obtained financial support from Selavip. The PAAC system developed a slightly different distribution of savings, subsidy and loan finance from *Casa Melhor*. For the first loan, it agreed with the board that the ratio of savings to subsidy to loan would be 1:2:2.5. For the second and subsequent loans, the value of the subsidy would fall and that of the savings increase so that by the fourth loan there would be no subsidy and the value of the loan would equal the savings that are available. With the expansion of *Casa Melhor* throughout the city of Fortaleza, the PAAC programme has become integrated within *Casa Melhor* - although the basic rules

have been maintained, under the firm proposals of the organizations. PAAC helped to reduce the savings requirement for the first loan.

**Table 3: Comparison of Basic Financial Conditions of *Casa Melhor* and PAAC**

|   | <i>Casa Melhor</i>  | PAAC   |
|---|---|--|
| <b>Origins of Resources</b><br>Savings<br>Subsidy<br>Loan | People<br>Local authority<br>External                         | People<br>External<br>External                                   |
| <b>Value</b><br>Max. saving<br>Max. subsidy<br>Max. loan  | US\$150<br>US\$150*<br>US\$150<br><br>US\$450                 | US\$75<br>US\$150<br>US\$225<br><br>US\$450                      |
| <b>Duration</b>   | Max. 12 months  | Max. 10 months   |
| <b>Types of guarantee</b>                                 | Personal collateral   | Solidarity and mutual  |
| <b>Loan use</b>   | Building materials  | Building materials   |
| <b>Types of works</b>                                     | Kitchen, bathrooms, shops,<br>enclosure wall, additional room | Kitchen, bathrooms, shops,<br>enclosure wall, additional<br>room |

\* Up to 70 per cent can be in the form of building materials that the family has produced or obtained through its own means.

#### **d. How the Housing Finance System Operates**

The *Casa Melhor* is managed by a board that was originally composed of three members: one nominated by the mayor of Fortaleza, who is the President of the Municipal Institute of Planning; one from the local team of the French NGO, GRET; and one community leader elected by the associations involved in the fund. The board's role is to define the objectives and strategies, supervise the financial accounts and appoint the directors of the management team who are responsible for regular management. In October 1996, the board decided to increase the number of its members, bringing in two members from the local authority (IPLAM and PROGER director - programme for income-generating activities), two from NGOs channelling resources for credit (C  ritas and the local GRET urban team) and two elected community leaders (plus one as observer). Two social sciences students involved in the fund activities have also been accepted as observers until the end of their studies.

The management team is made up of one professional from the municipality and another from the NGO *Cearah Periferia*. This team is responsible for the bank accounts, repayments and the training of the support team and community agents.

The support (or technical) team is composed of social activists and social workers, managers, construction technicians, young

professionals from the Federal Technical School and community professionals. They provide information about the programme, visit applicants to learn about their socio-economic conditions and help families to finalize their project. The programme received additional support from financial specialists from the *Caisse des Dépôts et Consignations*, the major French financial institution responsible for housing loans.

#### **e. Forming Savings and Loan Groups**

In general, the initiative to get support from *Casa Melhor* comes from one or two people in a neighbourhood who approach their association. Together with about 15 to 30 families who are also interested, they form a savings and loan group. Each of these families receives basic information about the programme. They then complete a socio-economic form (usually with some assistance from the community or the support team) and hand it to the support team. The forms are analyzed, each family is visited and their individual plan for housing improvement is finalized. The cost of the improvements are calculated and compared to the maximum amount offered through the fund and to the saving that they want to mobilize. At this stage, those families who have no official papers such as an identity card or other administrative documents are helped to obtain them by the other members of the group. This can take time but it is important for the people to gain formal citizenship and thus confidence in themselves. Once these official papers are obtained and the socio-economic and technical forms prepared and gathered by the association, the management team prepares the lending contracts. Meanwhile, the families continue to save. Savings are not often accumulated through small and regular contributions. Generally, households mobilize resources on the day that the finance is required through selling another possession, borrowing from their employer or taking on additional work.

The next stage is the signing of contracts and the issuing of cheques to the families during a public event in the neighbourhood. This is a crucial moment for strengthening the savings group in the eyes of the rest of the community, the association and the neighbours. They agree formally to repay the loan. Generally, the meeting ends with a party with singing and dancing. With the loan finance, the families sometimes buy building materials collectively. Before doing so, they usually undertake an informal (although accurate) survey of the price of local materials. Building activities are carried out by each household with occasional help from neighbours and friends. Sometimes, skilled labour is used, especially for plumbing and electrical fittings. One month after receiving the money, the family start to repay with the loan being repaid over 12 months or less. The payments are generally monthly although they can be weekly or fortnightly. Repayments are made either through the association or directly to the bank.

As shown in Table 1, the value of the loan was limited initially to the equivalent of US\$ 150, i.e. 1.5 minimum monthly wages. As the total amount of the cheque couldn't be more than US\$450,

most people joined another savings group once they had repaid the first loan. The value of US\$450 (and US\$600 in 1996) was calculated according to the value of the building materials necessary to build a ten square metre additional room or a kitchen, bathroom or a wall fence.

To be eligible for a new loan, the family must have repaid any previous loan without default. This may be one reason for the high levels of repayment that have been achieved - 95 per cent - such high rates being particularly unusual in Brazil. For the second loan, the value of the subsidy is halved and for subsequent loans it is not available (see Tables 1 and 2). If a second group of 15 to 30 persons is formed within the same association, it will be eligible for credit only if there are no arrears from participants from the first group. This has worked as an additional incentive to speed up the repayment process and keep loan defaults or arrears to a minimum.

Ninety per cent of those taking part in this scheme save enough to obtain the maximum value of the subsidy and the loan. For groups that have campaigned for state support, this small amount of finance is already a considerable readjustment from their dreams and aspirations. Why do people repay? First, they are confident that their repayments will not be stolen and that, if they do repay, funds will continue to be available for further loans. Second, they want to be able to obtain further loans to improve their housing. Third, for any new group in the settlement to receive a loan, the groups that have previously received finance have to have a good repayment record. The groups that form later put pressure on the ones that formed earlier to repay. Finally, because of the social process and because of the respect and confidence given to them, for many families, paying back becomes a matter of pride, self-respect and ethical values.

Many of those taking loans are women. Several factors within the programme design have strengthened the social networks that already exist between women in the settlements. The links between women are very strong. This is illustrated by the fact that, in one instance, the husband of one member of the savings and loan group was killed and the other group members repaid her debt together with other members of the association.

The savings and loan groups have become an informal network. All members have to find a guarantor who cannot also be a member of the same association (or a borrower in another group).

Note should be made that this scheme supports considerable improvements in housing quality - but it does not address the issues of acquiring land or land tenure or of acquiring infrastructure.

#### **f. Financial and Operational Issues**

This programme receives support from a number of different agencies. The Brazilian NGO *Cearah Periferia* has nine staff members involved directly in the programme, although six work part-time. These bring a range of professional skills including

banking and economics, social and community work, and building and quantity surveying. Municipal staff, who bring a comparable range of skills, also contribute to this programme. The communities involved in the programme also contribute to local management and the board members undertake certain tasks.

The source of funds is three-fold: savings and resource mobilization are undertaken by the families; the subsidy element is provided by the local authority; and the seed capital for the credit part was channelled first by the local GRET team, then by *Cearah Periferia* and *Caritas Fortaleza*.

By July 1996, 664 loans had been granted and the total investment in the realized works was an estimated US\$ 650,000 or US\$ 980 per household (this includes loans, savings, subsidy, human resources and additional resources mobilized by the people). The loan component equalled US\$ 153,000 and about US\$ 50,000 has been repaid since the start of the programme. The role of the bank is simply to manage this finance for the NGO. The bank has also agreed to cover the administration costs associated with collecting the repayments for no additional charge and to pursue defaulters.

Programme administration at present involves community development (local dissemination of the programme through meetings and discussions, training and individual meetings), financial support (helping the families to prepare their financial documents and loan contracts, accounts, meetings with the bank, analysis of financial rules and controls, accountancy training, managing defaulters, financial reporting to donors and the banks), technical advice (house measurements, project design, quantity surveying, monitoring building material prices), transport and overheads.

#### **g. Achievements and Limitations of the Housing Finance System**

This programme represents the first time in Brazil that a municipality has been willing to offer loans to those living in informal squatter areas who are without land titles. And despite a deep-rooted distrust among low-income households for government savings schemes, people are now encouraged to save - and in so-doing to obtain public finance for housing.

By May 1996, the programme was operating in 41 *barrios* and involved 90 grassroots organizations. By September 1996, some 7,000 households had attended meetings about the programme and some 5,000 had expressed an interest in taking part. Seventeen hundred households had completed socio-economic forms and about 1,000 had completed the plan for improving their houses. Eight hundred loans had been granted. Some 57 community based organizations had formed savings groups and a further 100 had expressed an interest in participating.

With this finance, people mostly add a second room, extend their house to include a shop or a workshop, build a water tank or construct a kitchen or toilets. In some cases, they build a fence wall or improve living conditions with, for example, a ce-

ment floor or improved ventilation.

An in-depth evaluation with local communities in August 1995 showed overall satisfaction with the fund. The role of the professional support team and the size of the savings groups were considered adequate. The issue of how much saving has to take place before obtaining the loan and subsidy appeared to be the most pressing difficulty. The level of savings required was considered too high and, sometimes, the principle was not accepted. The maximum value of the credit was considered too low (and subsequently was increased from US\$ 150 to US\$ 300 in 1996). This, in part, reflects the rising costs of building - and the widening gap between actual inflation and the indexation of the *Casa Melhor* on the minimum salary which has been frozen.

Technical assistance for building is very limited because of the lack of financial resources and this is an acknowledged weakness of the programme. The NGO has just completed a study of four savings groups (45 households) in a range of different settlements (squatted land, *mutirão*, *barrio* and planned low-income settlement) to better understand the process through which the funds (savings, loan and subsidy) are transformed into a building. The lack of technical support to, for instance, ensure the quality of the materials purchased, help contract a bricklayer or support self-build initiatives emerged as a priority area from this study.

With regard to participation, through the election process for the board of directors, the saving groups and the associations began to meet on their own and became aware of what they had in common as well as their political differences. The *Casa Melhor* has made possible an exchange of experiences between the various neighbourhoods which are generally segregated. It is still too soon to know which direction the savings groups will take. Another positive result has been the progressive involvement and support of the local authority which finances the subsidy component and which contributes to the costs of the professional support staff, transportation and running costs.

*Casa Melhor* has gained increased political and institutional support and visibility because the counterpart funding from the municipal council is now earmarked in the normal annual budget - and as such is approved through a vote at the municipal council instead of being just another government programme. For 1997, US\$ 400,000 has been approved by the municipal council, which represents security as a new governing team has just been elected.

## **h. Possibilities for Addressing Growing Demands**

*Casa Melhor* has been gaining in popularity and is emerging as an alternative within the powerful church movements, social movements and communities as well as among the 185 local authorities within the state of Ceará. However, there is pressure to expand it beyond the current technical, social and financial capacities of those now involved in the programme. Four possibilities, or some combination of them, may be needed to scale-up this activity:

- setting-up a municipal foundation at city level which could serve as a reference for interested local authorities;
- setting-up an independent people's housing fund managed by the associations and organizations involved;
- creating a community and municipality bank for popular housing which could meet the expectations of both civil society and the local authorities at the same time;
- creating a community integrated fund (or other financial institution) which would not only extend housing loans but would also deal with other needs from the communities such as income- generating loans or short-term/occasional/emergency loans.

Recently, *Cearah Periferia* has signed an agreement with the Association of Mayors from Ceará State (AMECE) which represents 185 municipalities. This agreement involves six municipalities in a pilot stage for expanding the programme. *Cearah Periferia's* role is to act as trainer and board member for the new fund and associated activities.

Of course, one essential part of addressing growing demands is to ensure that the programme continues to maintain its good performance in recovering the loans. There is also the issue of how best to cover the cost of the technical, social and financial assistance that is needed for this programme. There is also the problem of the fund being able to cope with inflation and the real increases in the price of building materials.

There are also, inevitably, political difficulties that have to be faced. Working closely with political groups results in attempts to trade programmes for votes. To date, the NGOs and people's movements have been united in saying that if the government attempts to put pressure on any particular group related to its involvement in the programme, then the entire programme could stop. So far, the city council has been extremely respectful of the rules and criteria, and has not imposed any political pressure.

There are also some organizations within the people's movements who oppose this programme. One reason is that they are seeking more comprehensive solutions that imply no costs for them, such as those offered with the *mutirão* programme - where the low-income households receive a plot, funds for building materials and basic infrastructure and services. Although they have to contribute a substantial amount of labour, they do not have to save and they have no loan that has to be repaid. However, the level of subsidy per household in this kind of programme is 10 to 15 times greater than in the savings-subsidy-loan package of *Casa Melhor* and this is one reason why it is becoming increasingly difficult to obtain resources from the government for more *mutirão* projects.

There are also some who argue that the *Casa Melhor* programme will coopt and undermine the community organizations. But, generally, their opposition is based more on the rejection of any concept of saving and repayment, leaving the whole responsibility to the government. Our analysis is that the few leaders who have rejected the programmes are those who are



usually using any gain upon the community to control and dominate, including compulsory alignment on political positions from the leaders.

## IV. SOME GENERAL CONCLUSIONS

**1. ALL INITIATIVES WITHIN housing and community development should have a clear vision of the economic dimension of the city.** We cannot separate the social or community construction of the city (in which the residents are the key actors) from the economy that underpins the city. The ultimate aim of our work is not only the production of housing but the invention and development of a model of economics that is community based and mutually beneficial, one in which the ideals of justice, ethics, solidarity and work free from exploitation are adopted as basic assumptions and philosophies. This is the context for our experiments in Fortaleza, along with the people's movement, town councils and public institutions. The most promising of them are self-managing through, for instance:

- the creation of self-sustaining community funds;
- job creation linked to development of new land or the improvement of existing neighbourhoods;
- the system of small loans (for emergencies, home improvements or for groups of producers).

We recommend the large-scale application and reproduction of these experiments as a way of counteracting the highly pernicious effects of the neo-liberal model. Of course, there is the need to ensure that its application in each locality matches the particular circumstances.

**2. Build the city from the neighbourhoods up.** Community built housing should be part of the creation of the city by communities. It should start with the construction of "bits of the city" - popular neighbourhoods and small-scale developments like those achieved in Fortaleza. One of the key differences between our programmes and conventional programmes is that they include the elements vital to the life of an urban citizen. Community-building means that those who use this system must have the opportunity to voice their opinions, dream, invent and build the neighbourhoods and the city they desire. This participative process is an important civic exercise; it also encourages democratic processes as a counterbalance to centralizing processes.

**3. Integrate work, training and development.** One of the most positive lessons learnt from the work in Fortaleza has been that of a close and structured coordination of planning and construction of houses with job creation, income enhancement and large-scale training - both on the professional and the community levels. Social or community-building in the urban context provides an extraordinary opportunity to create not only decent

housing in cities but also jobs at little cost (US\$ 1,000-1,500 per job) and jobs which benefit the community as a whole.

The training aspect, which goes with each stage of the process of building and creating a city, forces the universities, technical schools and other training centres to open up to society and this is also a positive development.

**4. Reinforce community organizations.** Community organizations need to be strengthened to allow them to fully realize their potential and work successfully with government institutions. Support from government institutions would have to facilitate organizational and democratic processes to allow a movement of organized communities to become a truly structured organization. For this to happen, much community groundwork must be done beforehand.

Training courses are needed for organization cadres on a number of issues including elementary accounting (so they can present accounts to their members), administration, democratic relations, town planning, design and management of projects and programmes, introduction of processes of community economics (running cooperatives and associations), participative evaluation and management of mutual aid programmes.

**5. Recognize and strengthen the role of NGOs.** The Fortaleza experiments have demonstrated the important part played by the NGOs GRET Brazil and *Cearah Periferia* both in implementation and in increasing the scale of projects. The role of NGOs should be given proper recognition as:

- inter-institutional coordinators and catalysts of community movements;
- teachers and trainers of the various actors involved in community based housing projects; and
- producers of participatory methods and know-how relevant to such community projects.

The strengthening of their role is probably enhanced by a government recognition of the concept of public service in the broadest sense of the term. It is also affected by access to public funds in the form of budget allocations to projects and programmes. A (variable) proportion of investment in housing must be managed with the support of professional advisory groups not motivated by gain. But these advisory groups must also be paid for their services.

**6. Decentralize local government.** Local governments, when adequately supported by the central or provincial government, can make a very positive contribution to community-built housing and job creation. In the *comunidades* experiment, the closeness of the municipal teams to residents, and their knowledge of local circumstances, greatly facilitated the process of community-building.

**7. Formalize the relationships between the various ac-**

**tors involved in community-building.** Each community housing programme should be formalized by means of an agreement or contract. Within this, objectives should be clearly outlined and given a time limit. The commitments, rights and duties of each actor should be specified. This is an essential requirement if (as happened in the Brazilian programmes) a residents' movement, a city council, central government, NGO and university are to agree to work together, each with its own (and sometimes conflicting) logic.

These signed agreements, and the creation of an integrated board with decision-making powers, are instruments that we believe aid community-building. The integrated board (e.g. the *Conselho de Integração*) must include representatives from each of the institutions and organizations involved in the process. It must also have a fair distribution of voting power.

**8. Use participative design.** Participative design is a characteristic of the process in which residents, children, adults, the elderly, men and women may dream and decide upon the shape of their neighbourhood, the architecture of its public buildings, the houses that will be built. It is a means of producing architecture, of approaching town-planning that is less dull, of better quality and more in keeping with the hopes and desires of its future users.

This way of working also allows a community to work together and to meet to think about the future. It has an extremely positive impact on the quality of organization and it is a tremendously rich learning experience about group democracy. Moreover, once they are approved, projects carried out using the participative design model unite and strengthen the community when it comes to negotiating with officials or technicians. This method requires support from professionals with social, architectural and town-planning skills.

**9. Give special attention to the project-programme-policy dynamic.** Innovations are much easier to implement, and social processes easier to monitor, with small-scale community housing projects than with large ones. But these small projects only achieve their full potential in mass production in the context of large-scale programmes (such as *comunidades*). This institutionalization presupposes a qualitative shift in the role of key support groups which come to function more as facilitators and coordinators.

This "bottom-up" dynamic, in which the lessons from a experimental project are utilized within institutional programmes that support a much larger number of projects and households, must be accompanied by the implementation of smaller, experimental projects that are able to test novel solutions.

Beyond the interaction between projects and programmes, the dynamic relation between projects and programmes is similar to that existing between programmes and policies. The aim of experimental projects is not merely to inspire programmes but also to make a contribution to community housing policy. The cycle in which a mutual aid experiment moves through pro-

7. CYTED: *Ciencia y Tecnología en Desarrollo Produciendo y Construyendo*.

8. FICONG is a Latin America-wide programme for the institutional strengthening and training of non-governmental organizations. The programme is implemented through a large network of NGOs and other settlement institutions and it aims to enhance the capacity of NGOs and public agencies to respond to the needs of poorer groups and to increase their effectiveness and the scale of their activities. See IIED-América Latina (1994), "About FICONG", *Pobreza Urbana y Desarrollo*, special issue on "The role of NGOs in policies and projects for development and against poverty in Latin America and the Caribbean", October.

grammes to have an impact on public policy is a long one - five to ten years.

## **10. Use techniques appropriate to community-building.**

We recommend the use of techniques and building processes that facilitate self-production of building materials as well as self-build programmes and mutual aid. A number of systems have been developed in Latin America since the 1970s. The proximity of professionals and the exchange of experiences makes the adaptation and transfer of ideas easier. International networks such as CYTED<sup>(7)</sup> and FICONG<sup>(8)</sup> play an important role in these processes.

Unfortunately, many of the techniques employed in community-building use concrete, bricks and lime, products that consume a lot of energy and, therefore, have a negative ecological impact and a high price. We therefore recommend that more attention be paid to biomass (for instance agricultural waste or bamboo) and to materials with a low energy content (clay, stone, plaster etc.) that may be used in productive modern techniques while facilitating community-built housing.