

THE POOR BEING EXPLOITED USING DONOR FUNDS

The South African Homeless People Federation has been led and driven by the NGO's (People's Dialogue, and Utshani Fund) and an international organization (The Slum Dwellers International) since its inception, through them being the holders of monies meant for the poor, making sure that their grip on the lives of the poor stay firm. These organizations co-opted three people and installed them as permanent leaders using money and privileges, giving them powers and authorities, giving them rights, and everything else that will make them good servants of these NGO's to make the poor good tools through which these NGO's could continue accessing foreign and to a lesser extent local funding. These NGO's and SDI were later on joined in this massacre of the poor by the Urban Resource Centre. In the Apartheid South Africa the oppressors used the so-called chiefs (installed by them) to keep the poor of this country in the dark with regards to their human rights and continued thriving on the blood of the poor, sometimes in the name of "doing the poor favours". The situation within the Homeless People' Federation has been like that since its inception.

In the year 2000, like it has been the case in the apartheid South Africa, a visible reaction from the membership of the South African Homeless People's Federation took place against this system of life leaders together with the autocratic and paternalistic rule of the NGO's and SDI who had all the financial muscle that they derived from the funders. They showed their unhappiness in many different ways, like for example leaving the organization one by one or in chunks a counter federation called HOLA was formed since then). This prompted Aninka Claassens to call for an overhaul of the organization (through the restructuring process). All the members of the South African Homeless People's Federation welcomed this process. Everybody participated with great enthusiasm in the process. The process started off with an internal research of the situation within the federation. The founding of that research confirmed the problem.

The restructuring process took more than three years and cost the funders more than three million rands. The problem came when the restructuring recommendations were starting to be implemented. One of the recommendations was seriously impacting on the powers and positions of the permanent leaders installed by the NGO's and SDI. According to the recommendation these people had to relinquish all the powers and positions they held for the past twelve years. That is when the SDI and the Urban Resource Centre (who's Director was previously directing People's Dialogue and Utshani fund) intervened. They would not allow a situation where their "leaders" would be dethroned. Again, this is reminding us of the Apartheid South Africa when the Apartheid regime would pounce on, and even kill and maim the people when they try to dethrone their chiefs. Unlike the apartheid regime that used brutal force to further its aims, the SDI and Urban Resource centre used their financial muscle from the donors to further their aims. They forcefully, again using these funds re-installed these leaders and appointed others as "conveners". This made a mockery of the restructuring process that was so costly and took a lot of energy from the federation (a clear show of disrespect for funders' monies). THIS LED TO THE DIVISION WITHIN THE HOMELESS PEOPLES FEDERATION. The poor is today going for each other's throats, everyone trying to reach for the crumbs of donor funds.

We would like to take it to both the funders and South African government that the funds they continue to channel to the poor through these NGO's, primarily the SDI Utshani Fund and Urban Resource Centre have caused a great rift within the poor of South Africa and led to a great amount of corruption and will soon lead to bloodshed within this vulnerable sector of our society. These NGO's are also perpetuating this in order to pursue their political agendas. Which agendas are in great contrast to the development agenda of our government, in the process they are enriching themselves and their families and friends (as it is evident to the staff compliment of the Urban Resource Centre and Utshani fund).

As people who are having the interest of our people at heart, and have been deeply involved in the struggle to liberate our people from the yolk of oppression, deprivation, and poverty we want everybody to know that we are not going to take this lying down. We are going to take actions! We are going to take this to our government, our organs of civil society, and all other organizations in the country that are dealing with abuse of human rights. We are also going to use all means, including legislative ones, to access information that will help the people of South Africa act against these organizations and persons.

This is to let you know. In case you might say you have not been advised.

We thank you.

Yours in the struggle to eradicate poverty in our country and build a better life for all.

Z. Ndzena
J. Cwayi
R. Maso
T. Soga
S. Mofokeng
R. Masumpa

B. Gumede
C. Camagu
M. Manyamalala
M. Mponzo
A. Ntsukwini
S. Map

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South African Homeless People's Federation



Umfelandawonye Wabantu Basemjondolo
Sec.21 Reg.2004/028661/08

»» Introduction:

Umfelandawonye Wabantu Base Mjondolo also known as South African Homeless People's Federation (SAHPF) has set many interesting precedents since its small beginnings in 1991. It has earned a name for it's self as an international pioneer in the field tenure security and people's housing.

Many people in South Africa and around the world have heard about this ambitious experiment in people controlled development in the New South Africa. The purpose of this pamphlet is not to highlight the federation's achievement and challenges which change all the time, defying a snapshot but, to provide a brief, definitive explanation of who and what the federation is, who it's partners are and how they relate to the rest of the world.

2. A Brief History:

Before introducing Umfelandawonye, it is necessary to introduce its NGO allies People's Dialogue on Human Settlements and Utshani Fund, which was supporting for the past eleven years before SAHPF has been a legal entity.

People's dialogue was born out of the grassroots conference of the urban poor held in Seoul, South Korea in 1989. The Asian meeting inspired a similar initiative in South Africa, initially supported by the Catholic Church. Like the Asian process, People's Dialogue started with an eponymous meeting: the Southern African People's Dialogue on land and shelter was held in Broederstroom, in the North West Province in March 1991

In the South African case an organisation by the same name as emerged out of the conference. The People's dialogue on Human Settlement was mandated to: **sustain a**

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network of communication and experience sharing amongst the grassroots organisation that had participated in the conference.

Community to community exchange programmes supported by People's Dialogue quickly gave rise to a national network of the community groups from informal settlement. This network developed links to international organisations, especially the **National slum Dwellers Federation** of India and its sister organisation **Mahila Milan**. A partnership between the South Africans and Indians began with an exchange in December 1991. This Indian contact gave birth to the strategy of **savings and credit as the basis for organisation the urban poor**.

In June 1992, Indian Slum Dwellers helped their South African counterparts to launch their savings schemes in South Africa. Reflecting local priorities, a primary focus of the South African groups was savings for housing. The focus was also on the most marginalised the "poorest of the poor". The central participation of woman was encouraged.

In 1994, the federation began to receive capital from external sources, including the dept of housing, the dept of Land Affairs and dept of social development. These funds were housed in a section 21 company by the name of **Utshani Fund**. The federation, who retain a majority on the board, employ and supervise the work of a qualified Manager who owns this company.

3. The Birth of Umfelandawonye:

By early 1993, there were more than 60 savings schemes in South Africa. In March, this emerging network of woman's savings collectives was informally bound into a national federation of Housing Savings Schemes. One year later, when the number of savings groups has reached two hundred, this federation was officially launched under the name of Umfelandawonye Wabantu Base Mjondolo.

It came to be known in English as South African Homeless People's Federation. Three months later in June 1994, the federation makes its first contact with the national ministry of housing of the first post-apartheid South African Government. The outcome was the first in a steady series of the federation impacts on South African housing policy: the late housing Minister Joe Slovo pledged a grant of R 10m to seed the federation loan fund. This fund, called **Utshani fund**, issued its first housing loans in February 1995, using funds obtained from Misereor, a German Funding agency that had supported People's Dialogue from the outset.

One year later, Sankie Mthembu Mahanyele, the second Housing Minister in the post-apartheid era, handed over the funds from the government to the federation. That same

year, the national Housing board approved an agreement with Utshani fund that recognised the latter as a legitimate conduit for housing subsidies to federation members. One of the federation leaders was chosen to represent the people's process on the National Housing Board. By early 2003, using loan funds, member's savings, subsidies, and other resources, the federation had built more than 14 000 houses. The physical construction of houses however, is only one part of the history

Clearly there is a very serious inequity in the allocation of resources in South Africa. This is reflected in the lack of access in the poor communities to secure tenure, basic services and finance capital. In spite of the fact that they won full citizenship rights in 1994 after generations of bitter struggle, the implementing of the law makes it almost impossible for them to access and manage their housing subsidies themselves. Rather they need to defer all management, control and decision making to the state and to large private companies, a situation that the country's predominantly white middle classes would never be expected to tolerate.

The response in South Africa to this lack of access has been to formalise, codify, regulate and privatise the ownership of land and the construction of dwellers.

The result is that very little investment is made by the state in creating knowledge and organisational capital in poor communities.

This is not regarded as necessary. Developers, Engineers and Officials will design projects that deliver houses to passive recipients. Insult gets added to injury when the participation of the people is translated into "sweat equity" and when outside actors, including NGO's are expected to drive the process.

The federation model offers the creative alternative but, it requires an investment in the creation of community level knowledge and institutional capital as critical precondition for the release, the leverage and the effective management of finance capital. The federation model has also developed people friendly for the generation and accumulation of institutional knowledge and sustainable organisational structures. Early February 2001, SAHPF start its own restructuring programme to manage its own.

Restructuring implementation has taken place early 2003. In April 2005 SAHPF has registered as section 21 company. PD has liquidated in 31 August 2005.

3.1 Importance of Savings and Loans within the SAHPF:

Daily saving and loans is the corner stone of the SAHPF. Savings and loans serve the following purpose:

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- **Mobilize People into the Federation.**
- **Build trust amongst membership.**
- **Develop the required capital for the development project of the poor.**
- **Assist in development skills related to bookkeeping and financial management.**
- **Build self reliance of the poor.**
- **Mobilize resources.**
- **Develop decision making capacity.**
- **Help bring in investments from the government and other donors**

3.2 Savings and Development:

Many people who know of the federation justifiably assume that it is mainly a vehicle to deliver low income housing. However, housing is by no means the only object of the federation. The main day to day activity of the federation is savings.

- **Savings brings communities together:** savings activity start long before any physical development. By saving together, families learn to trust one another. This trust provides the basis for effective collective action. The interaction through daily savings ensures that members are in touch with one another, understand each others needs, and support each other through the problems in their lives, whatever these problems. A common federation saying is that "when we collect money we collect people".
- **Savings and loans enable communities to meet their overall individual and collective needs for finance:** savings become a permanent social and economic organisational mechanism in communities. Saving scheme activities continue after individual or collective need is met.
- **Savings and loans provide a practical education** in household and community finance. Communities learn financial management skills and individual families better understand how they can reduce their vulnerability and increase their development options through savings. Members began to take emergency loans and small loans for income generation, in so doing they learn how to plan for repayments and how to save.
- **Savings provides the deposits needed for housing loans** alongside regular saving, members preparing for land acquisition, house building and infrastructure development start saving to provide security for housing loan.

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- **Saving provides the loan capital for income generation loans needed to ensure integrated neighbourhoods.** Saving scheme loan funds and the regional Inqolobane provide the capital needed to establish small enterprises there by supporting income generation and strengthening the local economy.
- **Loan funds provide a basis for the federation to manage subsidy funds:** SAHPF is used as a conduit for state subsidy funds. Monies are released directly to the local savings schemes for project planning, house construction and other development needs. Local investments capacity is enhanced by federation.

4. A Federation of Savers:

Umfelandawonye can claim active membership of more than **10 000 families** and can point to fact that it has a **presence in more than 700 informal settlements, 100 backyard shack areas in formal neighbourhoods, 3 hostels and 150 settlements.** This means that approximately 53 000 very poor man, woman and children have direct links with Umfelandawonye. **Woman savers currently outnumber man by a ratio of 9:1**

Umfelandawonye made up of more than **1 500 active savings group**, whose size ranges from a minimum of 15 to maximum of more 500 members. The federation has a presence of all 9 provinces in South Africa. In June 2002, the federation chose to move away from a membership based approach to mobilization savings schemes are now mechanism that are placed at the disposal of all settlement inhabitants in commutes where the federation is active.

By 2003, Umfelandawonye linked savings groups had accumulated savings in **excess of R11 million.** These savings are divided into three parts:

1. **Nsukuzonke (Daily Savings):** for consumer, production, and crisis loans. Each group is divided into smaller clusters for daily saving. Collectors visit members and collect whatever is available from one cent upwards. Members' contribution is recorded in their own savings books as well as savings scheme record books. Savings are banked regularly.
2. **Inqolobane (Granary):** for larger production and enterprise loans. Inqolobane are regional funds to which all groups make monthly contributions.
3. **Housing savings** which are transferred to Inqolobane in the form of deposits for housing loans.

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These savings are at the disposal of the savings scheme, the regional federation and national federation, for the purpose of loans for further development and for income generation.

5. Achievements to Date:

The federation has delivered more than 50 000 houses since 1994. This is the biggest contribution to creating housing assets of the poor by any agency outside government. More than 100 income generation projects have been established nationally. The SAHPF has created a system, which can help people change their lives. Through this system more than 50% of the membership has developed high order skills in the following areas:

- **Socio economic surveys**
- **Negotiations**
- **Conflict resolution**
- **Strategy formulation**
- **Contribution to policy making**

Technical skills in the following areas have also been acquired by the membership:

- **Bookkeeping**
- **Record keeping on projects**
- **Layout planning**
- **Drawing of house plans**
- **House designs**
- **Procurement and control of building material**
- **House building**
- **And HIV/AIDS awareness and prevention.**

Members have also through the federation started to venture in amongst others the following businesses and income generation programmes:

- **Tourism**
- **Farming**
- **Bed and Breakfast**
- **Catering**
- **Welding**
- **Construction**
- **Brick making**
- **Creation of 60 co-operatives in the working for water programme.**

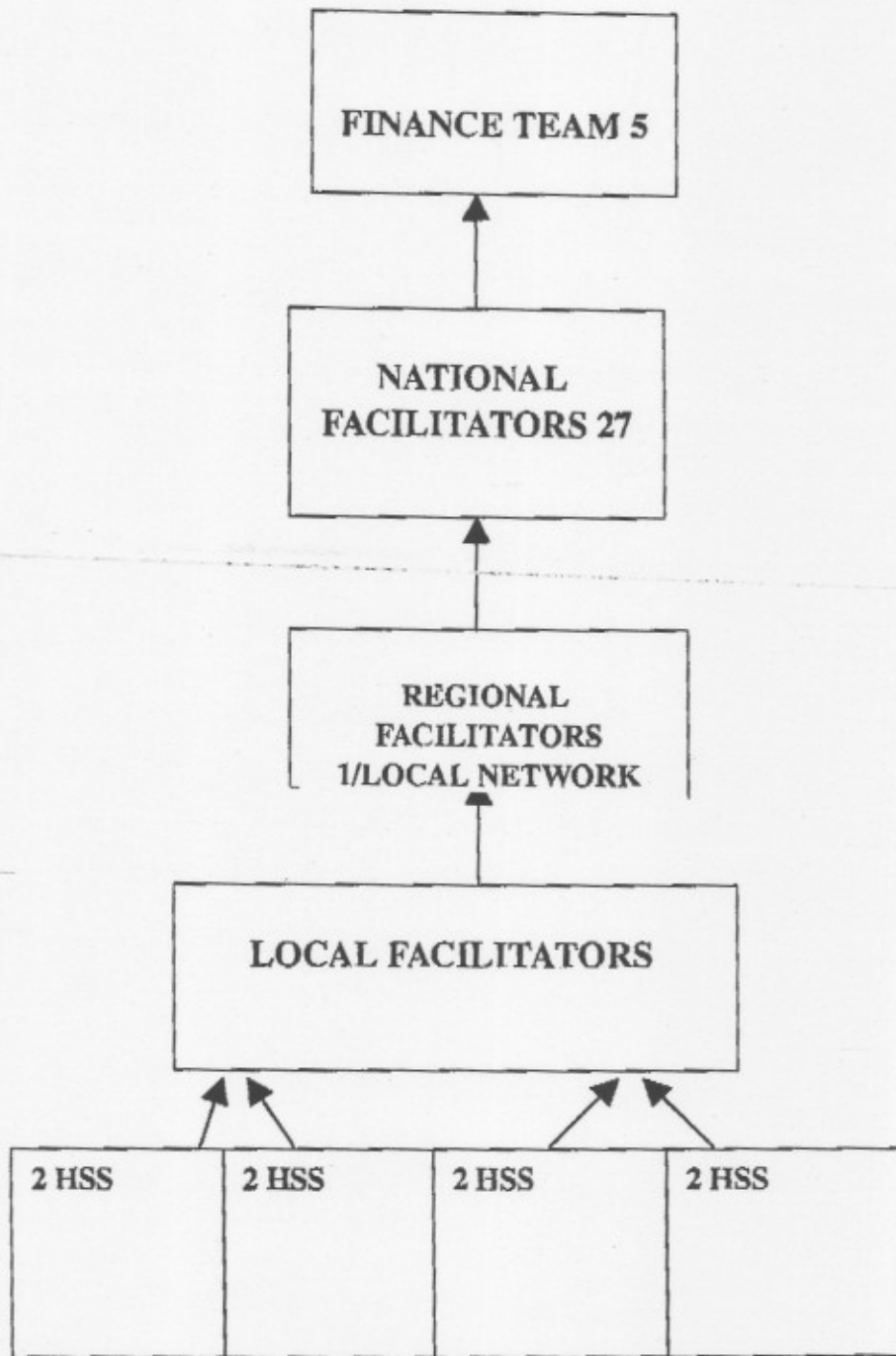
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The federation has, since its inception developed partnerships with local, provincial, national Africa wide and global networks. The networks are with governments, NGO's, other social movements, Donors and the private sector.

5.1. Structure:

- The structure of Federation shall be such that all the levels of the organization are involved in the Decision Making.
- Four to six saving groups will come together and form Local Network.
- Each saving scheme will choose two members to participate in all Network Activities as Local Facilitators.
- Each local Network of savings schemes will choose one person to present the network in a Regional federation as Regional Facilitator
- The Regional federation will play role in assessing, prioritizing and recommending plans and proposals from local networks.
- The regional network meetings will also rotate between local networks and members and local network facilitators will be encountered to attend them.
- The regional federation will elect 3 representatives per region to the national structure of the federation.
- National federation will provide support for the different programs of the federation identified by saving schemes and local networks.
- The national federation will in turn elect 5 people to a finance committee called the committee of 5.
- The committee of 5 would be to take responsible for manage the federation day to day expenses and running costs

South African Homeless People's Federation Structure:



6. Reaching the Poorest:

75% of South African population have income level below R1500 a Month and are unemployed. Poverty Alleviation is the single greatest challenge facing the country at the beginning of the 21st century.

The Federation works with poorest of the poor. Federation systems are designed to facilitate the participation of the poorest members of the community, particularly woman. It should immediately be made clear that the systems do not exclude men and better families. But, unlike most processes, the bias is in favour of woman and woman headed house hold and for the poor. For example, daily saving is encouraged because; the poor can not manage to save on a weekly or monthly basis. They live from one day to the next

People with higher do not see the point of daily saving, and so prefer to save once a weekly or monthly. The federation success in providing support for the poorest families is seen in numeration surveys that shoe an average house hold income of R800 in federation savings schemes.

7. Exchange Programmes:

Although daily savings are the basic activity of the savings groups, the experience of savings, landing, and finance management provides a platform for further skills. The most important vehicle for this is **horizontal exchange** of information, experience, and skill, through exchange and training programmes. These programmes have both national and international dimensions, including a relationship with the poor communities.

Through the exchange and training programmes, savings schemes learn to uncover and value the skills inherent in their communities, and acquire new skills.

The goal of this activity is the development of the capacity within each savings schemes to plan, manage, and execute develop processes which are controlled by the urban poor themselves.

8. Why do this?

The federation's work is based on set of premises that differ from conventional wisdom in many ways.

- **Development should be people controlled not just people centred.** The way to create sustainable, cost effective systems development is to identify, develop, and harness a capacities already presence in poor communities. This is not only a most costly effective method of housing deliver (for example) but creates social

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development practices that can replicate themselves, thus providing the basis ongoing development. One off mass development programmes run by professionals and developers don't do this.

- **The homeless Poor 'Squatters' are the world's most prolific producers of shelter.** All they lack to provide adequate shelter are material resources, mainly affordable housing finance. The most effective sustainable way to provide on scale is thus to direct development resources to poor communities. Pouring state funding into mass housing project run by developers is less effective.
- **Support mechanism for people driven development efforts should be as flexible as informal and informal as possible in order to encourage experimentation and bottom up creation of procedures.** This a much better way to create support institution (such as SAHPF) modelled on the processes actually pursued by the poor. This is much more effective approach than to impose externally devised procedures on the poor, to which they must adapt if they wish to obtain resources and assistance.

The overall goal is to "*Build People - Build Communities - Build the Future*". The remainder of this document address some common questions about the federation.

9. The SAHPF Legally Standing:

The federation is a network of autonomous community based organisations with their own identities and decision making structures. The federation offer ten of being informal profile and has a formal legal standing, as section 21 companies. The federation have their own formal constitutions and systems of convocation and election.

They are legally regarded as formal associations, or universitas, which gave them many rights to engage other actors in the development processes as a group.

Fund raising subsidy matters and other activities requiring a more enhanced legal status are conducted by SAHPF on behalf of its members. SAHPF is a registered not-for-profit organisation and registration number is 2004/02866/08.

10. SAHPF on Human Settlement:

SAHPF is a small national NPO who operates in partnership and local network and saving scheme. The partnership is performing the following functions:

1. It raises funds for saving scheme and local network.

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2. It actively engages its saving scheme and local networks and procedure, performing the function of an institution that facilitates learning by co-ordinating exchange programmes between communities.
3. It provides guidance and assistance in interaction with formal institutions, especially local, provincial and national governments.
4. It analysis and distributes information gathered by saving scheme and local network no its members and their communities.
5. It co-ordinates documentation and research in the programme

SAHPF has offices in Cape Town and satellite offices in other 5 provinces such as

1. Free State
2. K.Z.N
3. Eastern Cape
4. Mpumalanga
5. And Johannesburg.

10.1 Management Structure:

SAHPF has a director who is responsible for its day to day operations. The employecs of the organisations are responsible to a board of management, which includes experience development practitioners, educators, ex-cabinet ministers, members of Parliament and Attorneys.

11. Mlssion and Objective:

SAHPF has been established for sole purpose of obtaining, consolidating and delivering finance, on a collective basis, to saving schemes. In this respect SAHPF's mission is:

- To make development finance available to homeless persons who would otherwise not have access to it.
- To do so in a way that maximises the social benefits of land tenure, adquate housing, sanitation and basic services to individuals and society more general.
- To strive for financial self sufficiency within the parameters of this broader goals.

In Addition:

- SAHPF operates on a not-for-profit basis. Any surpluses are solely for further project finance.

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- SAHPF may not make finance available to non federation groups, except where these groups have a close working relationship with the federation and follow its financial and social systems and procedures.
- SAHPF capital may be made available only to savings schemes on collective basis.

Finance is to be made available directly to individuals by SAHPF. In summary SAHPF are the asset builder and asset manager for the saving scheme and local networks but, saving scheme and local networks is an active player in decision making, not a client.

The Management is required to use the fund in a way that not only delivers tangibles to the through the savings schemes but, to do so in a way that builds and reinforces collective self reliance and constantly strengthens the saving and local network.

Thus, SAHPF fund is an instrument that the federation uses to empower itself and leverage resources from the state, other actors and development.

12. from Informal to Formal:

After eight years of existing, federation realise that:

Its growing

It needs open spaces for leadership.

It needs to decentralise powers and resources to the people.

Early 2001 SAHPF start its own restructuring programme to address the needs. Early 2003 it starts the implementation by:

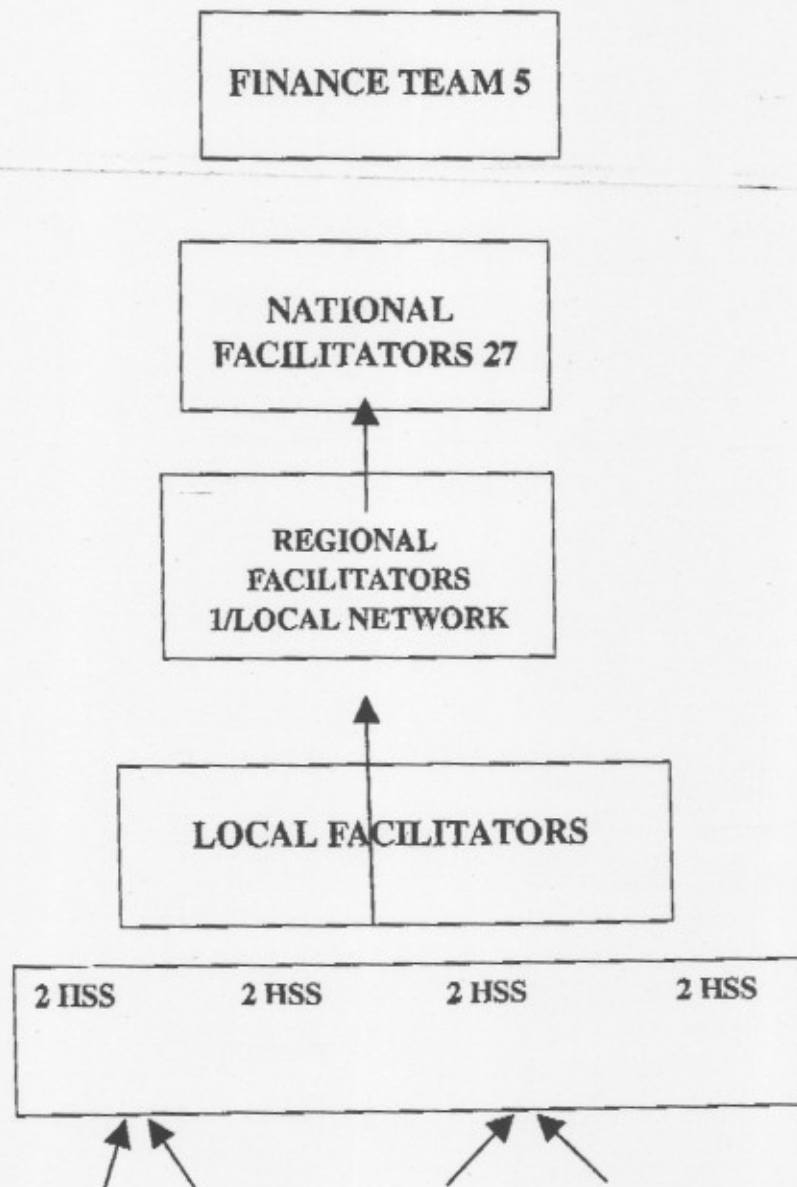
- To change the structure from top-down to bottom-up approach.
- To change leadership style from being appointed by supporting NGO to being elected by the people for the people.
- To make sure leadership are being accountable to the people than NGO.
- To formulate 4 to 6 saving schemes as one local network, to decentralise power and resources for number of networks than on central point.
- To change from unfortunately to formal NPO.
- In April 2005 it as became a legal entity and registered as section 21 Company.

Just three month before People's Dialogue's liquidation. In 31st August 2005 People's Dialogue became liquidated and closed down.

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- The regional network meetings will also rotate between local networks and members and local network facilitators will be encountered to attend them.
- The regional federation will elect 3 representatives per region to the national structure of the federation.
- National federation will provide support for the different programs of the federation identified by saving schemes and local networks.
- The national federation will in turn elect 5 people to a finance committee called the committee of 5.
- The committee of 5 would be to take responsible for manage the federation day to day expenses and running costs.

South African Homeless People's Federation Structure:



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5. Directors:

- Unless determined in the national forum meeting the number of directors shall be not less than 2 not more than 9.
- At the national forum meeting directors shall retire from offices but shall be eligible for re-election.
- Unless the members otherwise determined in the national forum meeting, any vacancy occurring in the board of directors may be filled by the directors.

6. Powers and Duties of Directors:

- The board of directors shall carry out the object of the company in such a manner as it may deem fit and proper, subject, however, to the general policy of the company and to any advice as may be given by the members in general meetings from time to time all the management board.
- The Directors shall from time to time hold meetings with the national facilitators of the federation with the intentions of ensuring common direction and a two way accountability systems. The directors shall also have the following powers:
 - To purchase or otherwise acquire for the company any property, rights or privileges which the company is authorized to acquire at a price and generally upon such terms and condition as they may think fit?
 - To appoint at their discretion, to remove or suspend such manager, and employees from permanent, temporary or special service and to determine their powers, duties and their salaries.
 - To sign, to execute, endorse and complete undertakings, surety ships, promissory notes, bills or exchange and other documents in such form and upon such terms and condition as the directors shall determine.
 - To solicit and accept at their discretion, donation and contribution from the company, provided that all donation accepted shall be irrevocable. If a donation is offered for a specific purpose, which cannot be implemented, the director shall be entitled, if so required by the donor, to affect a refund of the donation or any unexpected portion thereof to the donor.

7. Remuneration:

- No directors shall be remunerated for their services save for expenses incurred on behalf of the company or unless appointed as a managing executive director on such term and condition as the directors may deem fit.

- Notwithstanding the above, a director shall be entitled to act on his/her professional capacity and perform professional services for the company and charge a reasonable fee thereof.

8. Management Board:

- A management board comprising of professional with experience in management and organization development field will be appointed by the board of directors to all the time to the company and mediators on self-interest issues.
- Three people will be appointed from outside the company into the management board and two from within the structure of the company or Umfelandawonye Development Trust.

9. Meetings:

- General meeting shall be held in each region at least once a Month.
- The regional leadership shall call special meetings whenever the need arises.
- A national forum shall be held after even two years to look at the in amongst others, issues of policies, procedures and elections of directors.

10. Investment of Funds:

- Funds available shall be invested only with registered financial institution as defined in section one of the Financial Institution Act 1984.

11. Accounts and Audit:

- The directors shall ensure that all financial books and institution and records are kept safe and property.
- The books of account shall be kept at the registered office of the company or at such other places as the directors may from time to time decide and shall always be open to the inspection of the Books.
- The directors shall from time to time give a full financial report to the membership of the federation through the revelation structures and to the donors.
- Auditors shall be appointed at the national forum meetings.

12. Dissolution:

- If the company gets dissolved, the assets remaining after the payment of the liabilities of the company and costs of winding up shall be given or transferred to some other company (ies) or institution(s) having objects similar to the main object company.