Self-help housing for the urban poor: Appraising the usefulness of group saving schemes

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Abstract. Issues concerning finance and project delivery capabilities have remained as the main barriers to the successful implementation of pro-urban poor housing strategies. One such strategy is the initiation of group saving schemes. Based on a review of the Federation of the Urban Poor (FEDUP) within the South African context, the performance of this strategy was appraised while exploring the potential of using Capability Maturity Models to improve levels of performance. A qualitative research approach for data collection, analysis and presentation was used for this study. The data collection techniques included semi-structured interviews, structured observations, household surveys and a focus group discussion. The participants in the study included stakeholders of the FEDUP Scheme, which included project managers from FEDUP and the project developers and beneficiaries of the model. Results exemplified how the FEDUP Group Savings Scheme Model could enhance the current, unsustainable, public housing delivery mechanisms. Therefore, the study has the potential to improve the performance of all group savings scheme models used to consolidate housing.

Keywords: Community participation, Capability Maturity Model, group savings schemes, housing, self-help housing.

1. Introduction

South Africa has been experiencing rapid urban sprawl for decades, especially in major urban centres [1]. Increasing urban poverty, severe shortages of serviced land and adequate housing, inadequate urban policies and planning approaches, and excessive numbers of urban dwellers are manifestations of the challenge well-articulated in the Sustainable Development Goal (SDG) 11 for cities and communities.

1.1. Rationale for the study

The aim in this section of the paper is to identify and discuss the relevant United Nations Sustainable Development Goals. SDG 1 is relevant to this paper because it is focused on the vital sub-themes of access to resilient and affordable housing for all. Moreover, the aim of this goal is to ensure that vulnerable groups have access to essential services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. With regard to the topic of this paper, the FEDUP Group Savings Scheme Model for self-
help housing alludes to the goal of low-income groups having access to affordable housing as well as microfinance, which is elaborated further in sub-section 2.2.

SDG 11 states that cities have become home to urban-sprawl dwellers and centres of poverty. In order to make a city more sustainable, affordable housing needs to be created. Moreover, slum settlements need to be upgraded, and more urban planning decisions need to address the realities of society. Reducing the number of slum dwellers all over the world is an essential part of the Millennium Development Goals (MDGs), the aim of which is to fight poverty around the world. The significant increase in urban population has led to a crisis in providing sufficient urban shelter for everyone. All of the new urban dwellers need access to adequate housing, employment and essential services. However, with the limited capacity of most urban economies, municipalities are unable to meet critical needs. Such needs range from security of tenure, availability of serviced land, provision of infrastructure services and socio-economic facilities to availability of appropriate construction materials and building technologies.

For instance, Ganiyu et al. [2] suggested that, in South Africa, there is substantial abuse of housing subsidies by the beneficiaries of government-funded housing. As a result, there is illegal selling of houses below market value, which leads to continual building of informal settlements and an increasing number of people on the waiting list instead of diminishing the housing backlog. Moreover, the focus of the South African Government is to continue providing free housing to historically disadvantaged citizens, but the housing financing system being used encourages the unapproved transfer of ownership in the affordable housing sector resulting in minimal satisfaction from the end-user. Ganiyu et al. (2017), therefore, recommend the use of group savings schemes as a financial mechanism, which enables beneficiaries to take control of their housing consolidation process.

A possible solution for addressing the severe housing backlogs in South Africa is to encourage more self-help housing solutions. The concept of self-help housing involves practices in which people solve their housing needs mainly through their own resources in terms of labour and finance, which can be done incrementally or instantaneously [3]. However, self-help housing differs from self-built housing, which involves constructing housing units from scratch [4]. In the context of this study, self-help housing is referred to as a method where the government provides land for construction, bulk infrastructure services, and capacity development as well as the option for the beneficiaries to construct their own houses. Self-help housing recognises the ability of low-income households to build their own houses if institutional support is provided through the role played by schemes such as FEDUP.

2. Literature review

2.1. Understanding the notion of group savings schemes

Group savings schemes refer to groups of people with a common interest who agree in order to contribute a fixed amount of money that is pooled at intervals, which could be weekly or monthly. Every member then receives a lump sum at an agreed time in order to buy durables or fixed property [9]. Meetings are held in communal spaces, and the host usually takes the sum of the contributions. In the South African context, Irving [5] explains that group savings schemes are informal savings or 'stokvel' groups that are organised around structured gatherings of small groups of people who save, then rotate the shared pool amongst the members of the group.

In general, various forms of group savings schemes are described as informal savings groups (ISGs). The size of ISGs is determined by the logistics of managing the group and the number of potential savers. For this study, ISGs are mentioned because group savings schemes are also ISGs, which constitute a group of people who come together to save collectively to contribute to the improvement of their housing [5].

2.2. The Federation of the Urban-Rural Poor (FEDUP)

FEDUP is a social movement that arranges group savings schemes and is mandated by the practices of Shack Dwellers International (SDI). The SDI South African alliance encourages poor urban
communities to solve challenges such as homelessness and poverty by making communities inclusive and pro-poor. Essentially, the central role of FEDUP is to empower poor people to help themselves to solve their housing needs and improve their livelihoods through the establishment of group savings schemes in the form of microfinance in order to acquire land and to build their own homes. Moreover, FEDUP offers innovation and alternatives to evictions and spatial marginalisation [6].

FEDUP educates communities to save small amounts of money, gathers information about the operations of a group savings scheme and then uses these accumulated savings to negotiate with the government so that they not only have a better chance of securing subsidies, but also can strengthen themselves. FEDUP has three fundamental principles [7]:

- harnessing the existing capabilities in poor communities to have more sustainable and cost-effective development;
- finding methods to direct resources for development to poor communities because poor communities lack access to adequate building materials and affordable housing finance;
- using people-driven development that is flexible in order to encourage a bottom-up approach to development.

In essence, the main goal of FEDUP is to use savings as a tool to mobilise the poor, and as leverage to attract more resources from government institutions. FEDUP, through the group savings schemes, also enables the urban poor to participate in the building of their own houses [7].

2.3. Homeless People's Federation of Philippines – a case example

In the Philippines, group savings schemes are used as a tool to encourage the urban poor communities to uplift themselves and change their living conditions. There is a national federation of more than 200 urban poor communities in 14 cities and 16 municipalities known as the Homeless People's Federation of Philippines (HPFP). This federation was created as an attempt to address critical challenges, namely, land tenure issues and homelessness. The group or community savings are used as an organising tool for disaster intervention, high-risk areas, post-relocation activities, reconstruction processes and voluntary resettlement [8]. The main development areas on which HPFP is focused are security of tenure, adequate housing, freedom from poverty, protection of dignity and the rights of community members. In 1998, HPFP was launched as a social movement using savings as a community-driven intervention strategy. Later, group savings schemes developed into a self-help network of poor communities which used savings to address their housing needs. Group savings programmes were also used to help people to move away from 'hand-out' assistance from the government and other private institutions such as churches [8].

However, the group savings schemes in the Philippines did face challenges such as finding safe and tenured relocation sites for the development of their new homes. As a result, members from seven different settlements and saving schemes formed an association that was registered with the Housing and Land Use Regulatory Board (HLURB). In order to address these challenges, the savings groups were developed to become the KABALAKA Homeowners Association. As the association expanded with more group savings schemes that were formed, challenges emerged in setting up systems, policies and procedures for the new savings communities. These challenges included savings and loan repayment performance, which varied in different communities. Savings communities had irregular savings, and sometimes they failed to meet due accounts. Besides which, the newly organised group savings schemes had limited capacity to manage their savings and to enforce internal policies and guidelines. Some community leaders failed to sustain their involvement in savings mobilisation activities because of a loss of interest, which led to the federation allocating allowances or wages to encourage them to continue working in the savings schemes [8]. With the institutional support from the federations, the urban poor can mobilise themselves into group savings schemes and work together to gain access to adequate housing, land and security of tenure.
2.4. Understanding Capability Maturity Models

In broad terms, a Capability Maturity Model (CMM) is a process to improve any process model and to prioritise efforts to optimise a company's performance management [9]. Cokins [10] defines performance management as ‘the transition of plans into results – execution’. In this context, performance management is the process of managing an organisation's strategy [10] to achieve systematic generation and control of an organisation's performance [11]. CMMs are structured as a collection of practices that have been proven through experience to characterise effective processes [12]. A classic maturity model consists of a system of maturity levels for all of the most critical processes of a company. The lowest level stands for the initial state, where the weakest performance of the business processes is evident. The top maturity level is described by best practices and is the highest performance. With the help of the Capability Maturity Models, the management of companies can define the areas of processes that need to be improved, prioritise all improvement efforts, develop strategies to optimise business processes across the whole company and assess the results of the efforts. The five levels of the CMM are illustrated in Figure 1.

![Figure 1: The Capability Maturity Model.](source: Waldman (2018))

Tiov et al. [13] suggest that CMMs can be used to improve any project’s performance, especially in terms of quality management. Therefore, the aim of this study was to appraise the potential of using the CMM as a strategy to improve the FEDUP Group Savings Scheme Model for the provision of self-help housing.

3. Research method

A qualitative research approach was used to collect data for this study. The key participants were selected purposively to gain an understanding of how group savings schemes have been used in KwaZulu Natal, South Africa to finance self-help housing projects and to understand the principles of the FEDUP Group Savings Scheme Model. Four steps were undertaken to collect primary data, which included direct observation of the case study area, face-to-face interviews, a household survey and a focus group discussion. The researcher directly observed the actions of the community members and their level of participation. The researcher also observed other government-assisted housing within the surrounding areas and compared this with the owner-built homes, the living conditions of the residents,
the nature of the housing units in terms of the technical aspects, and the quality and size of the building structures. The key stakeholders who were involved during the data collection and their critical roles within the model are shown in Table 1 below. Two key informants were selected purposively for the semi-structured interviews, namely: a representative from FEDUP who informed the researcher about the group savings scheme model, and a project manager from the eThekwini Municipality who packaged the project. The purpose of the interview with the FEDUP representative was to understand: the history of the organisation in housing development, the operations of the organisation, and how it applies the use of group savings scheme during the implementation of a housing project. The purpose of the interview with the project manager was to assess the role played by the government during the implementation process of FEDUP Group Savings Scheme housing projects.

A questionnaire was used to conduct a household survey of the beneficiary households in the selected case study. The beneficiaries were identified as households that had benefited from the project. For this study, a sample of 20 households, approximately 20%, of the 96 households involved in the project were surveyed. The sample size of 20 households was deemed sufficient to give an overall impression of the experiences of members of group savings schemes. Given that every member of the project was a member of the FEDUP Group Savings Scheme meant that they all had the common characteristic of being members of a savings scheme and had their housing delivered through the FEDUP Group Savings Scheme Model. Thus, it was argued that, if more than 20 households were sampled, the answers would tend to be repetitive.

For this study, the focus group discussion involved 10 household members of FEDUP. The participants in the focus group discussion assisted the researcher to fill in gaps in the data and clarify data obtained during the household surveys.

Table 1: Key stakeholders and their roles.

| Stakeholders          | Key roles                                                                 | Data collection method                      |
|-----------------------|---------------------------------------------------------------------------|---------------------------------------------|
| Community/beneficiaries| - interest in saving, - form a small group of savers, - approach FEDUP, - start GSS & Saving. | Focus group discussions and household surveys |
| Municipal representative| - provision of land (greenfield projects), - subsidies, - feasibility studies, - bulk infrastructure. | Semi-structured face-to-face interviews      |
| FEDUP leadership      | - mobilize more savers, - assist in forming GSS, - community and profiling enumeration, - training workshops to build skills. | Semi-structured face-to-face interviews      |
4. Findings and discussion

The findings and discussions in this section are presented under key themes, namely: Performance challenges of FEDUP (finance-related, project delivery-related, governance-related); Potential of the CMM to improve the performance of FEDUP and other group savings schemes.

4.1. Performance challenges of FEDUP

Based on the data collected from the face-to-face interviews, the researcher’s observations and from the focus group discussions, several challenges in the overall performance of the FEDUP Model were identified. During the implementation phase of the model in the KwaZulu Natal case study, South Africa, challenges between the community and the municipality ranged from governance-related to finance-related, which resulted in project-delivery challenges. After the interviews held with the municipal officials, it was found that the municipality hesitated to pay an Establishment and Facilitation Grant, stating that there had to be proof that all of the enlisted beneficiaries qualified for the subsidy. This was the result of negligence by both the Community Construction Management Team (CCMT) and FEDUP leadership who should have made sure that the municipality received the beneficiary list before the commencement of the project. This resulted in the project being delayed and taking longer than was envisaged.

Secondly, there were conflicts between the municipal inspectors and the CCMT. During the focus group discussions, beneficiaries claimed that the municipal inspectors deliberately did not approve some of the houses that were already completed. The approvals were denied because the officials were not happy with the FEDUP houses that appeared to be more impressive compared with the standard, low-income, government-provided houses. Beneficiaries inferred that there was some ill will on the part of the municipality because the FEDUP Group Savings Scheme Model for self-help housing was better than the model being used by the municipality. Importantly, the refusal to approve the houses meant more funds were required to rebuild the houses. This was the result of mistrust by the municipality, as it did not have full confidence in the savings model and how it was envisaged to operate.

Another challenge, as stated by beneficiaries in the focus group discussions, was vandalism of houses by community members who were not part of the group savings scheme. During the face-to-face interviews, a member of the FEDUP leadership stated that the theft levels were high, making it necessary to hire security guards on site.

Furthermore, CCMT members stated that the municipal officials were skeptical of beneficiaries being at the center of the housing development process. There was a lack of co-operation amongst the stakeholders involved in the housing development process and this was mainly caused by a lack of understanding each other’s roles within the model and caused poor performance amongst stakeholders thus delays in the project completion. In addition to other weaknesses of the project, was the challenge of issuing title deeds. The beneficiaries had been living in their houses for more than five years, but
had still not received title deeds. Participants in the focus group discussions with beneficiaries indicated that they had problems with plumbing and had experienced leakages from pipes, as well as cracks in the walls and floors. This means that there was no monitoring and evaluation plan in place. The aforementioned challenges, which resonates with the example from Philippines, provide a ground for the use of a capacity maturity model (CMM) that would mitigate the issues encountered in the development process.

4.2. Potential of the CMM to improve the performance of FEDUP and other group savings schemes
From the findings of this study and a comprehensive review of literature, it is suggested that the introduction of a Capability Maturity Model (CMM) would enhance the FEDUP Group Savings Scheme Model by improving its performance throughout the housing development process. A CMM involves a five-level approach that includes critical variables for continuous improvement which, based on the findings of this study, would be: inclusivity/community participation, group saving, support and trust, social cohesion, and self-help housing.

Factors arising from careful consideration of these variables in each stage of a housing development project would lead to continuous improvement in the FEDUP Group Savings Scheme Model within a timeline that requires further investigation. Therefore, the development of a CMM would provide a step-by-step guide for each stakeholder involved in a housing development project and would enhance the efficient and effective use of the FEDUP Group Savings Scheme Model. Moreover, implementing the CMM would encourage beneficiaries to continue saving and empower other community members to save in order to expand the use of group savings schemes for housing development in South Africa and globally.

5. Concluding remarks
This paper highlights the challenges have continue to bedevil the delivery of pro-poor housing in South Africa. While taking cognizance of other solutions, the conceptual argument in this paper contend that CMM could act as a catalyst for housing delivery using the FEDUP Group Savings Scheme Model. However, further research is required to develop a comprehensive CMM that can be used to improve the overall performance of group savings schemes. The future research will include the lessons learnt about dependency on government-provided housing, the need for constant communication amongst all stakeholders and decreasing government's expenditure. The CMM will also make the model more efficient and create trust and co-operation amongst the stakeholders.

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