CITYWIDE SAVINGS & CITY FUNDS



"When we build our city fund, we are building a financial system for the future, for our families, for our children and for every poor person in the city. We are building a financial system to change our lives."

Thongsuk Phumsanguan, community leader from Chum Phae, Thailand



136 CITY DEVELOPMENT FUNDS AND 399,686 ACTIVE SAVERS

One of the most important objectives of the ACCA Program is to develop new financial systems for poor people (the group that is invariably excluded from accessing most available finance), that are friendly to the realities of their lives and that they can manage themselves. The most basic building block of a people's financial system is the community savings group, in which they build, use and manage their own resources. Community savings and credit is being practiced in 206 of the 215 ACCA cities. The program is helping strengthen and expand these savings groups, as the essential, communal organizing mechanism within poor communities, and the basic strategy for building people's capacity to manage finance collectively, effectively and equitably. In some of these cities, community-managed savings and credit is still quite new, but in the cities where the savings process is well-established, and especially in cities where the small project funds are being given as loans and revolved into the savings groups and city funds, the ACCA projects have given a huge boost to the savings process, pulling in new members, making sleepy members active and expanding the savings process to new areas.

Once these people-managed financial structures start developing within communities - and within networks of communities in a city - a little external finance can be an important tool to allow the people to think bigger. The small, flexible finance from ACCA helps groups do this by allowing things in a city to start right away, without much fuss or bureaucracy. If communities and their support organizations manage those small funds wisely, they can not only fund the first round of upgrading projects but can also seed new alternative financial systems in their cities: financial systems which belong to the poor and can go on to finance more projects and become magnets for funds from other sources. These alternative financial systems may start small, but they're visible, they're dynamic and they're already showing real results.

As the citywide upgrading process has gotten stronger, more groups have begun to think more seriously and more clearly about their systems of finance, so that the community-driven development process in their cities can keep growing, long after the ACCA support is over. Many city-level community development funds are emerging now, most seeded with capital from the ACCA project money. And these city funds are linking the community savings groups with the ACCA finance - and with other sources of finance - in new and creative ways, with the national, city and community-level funds interacting in different ways. Some of the countries started with national funds (Cambodia and Sri Lanka), some started with city-based funds (Nepal, Burma and Vietnam) and some started from strong savings groups on the ground (Mongolia and Lao PDR).

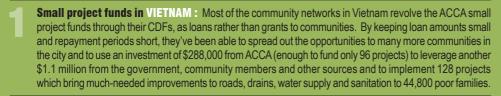
Some funds stay in the city, some revolve back into a national fund: Since the ACCA funds support projects in only some cities in a country, other cities may lose out on the opportunities the program offers. One way to spread around the benefits is to keep some of the ACCA funds in the national fund, so other cities can take part (as in Cambodia, Sri Lanka, Philippines and Mongolia). But the drawback of these systems with strong national funds is that the role of the city-based funds (and the local partnerships that go along with it) in sustaining the city-wide upgrading process may not be strong.

All the funds stay in the city and revolve in the city-based fund: In other countries, the ACCA funds are staying in the city and starting up or strengthening the city-based fund, which in turn is being used to strengthen the community process, the collaborative city process, the savings process, the city partnerships and the citywide upgrading.

COMMUNITY F	INANCE (November	2014) s	Summary of cor	nmunity saving	gs and comm	unity funds in A	CCA cities	(all figures ir	uS\$)
	# cities	SAVING	S		CITY-BA	SED COM	MUNITY FU	INDS		
	with savings	# savings groups	# savings members	Total savings	# city funds	Funds from ACCA	Funds from communities	Funds from government	Funds from other sources	Total capital in funds
1. CAMBODIA	28	372	14,304	589,508	23 funds	511,500	131,674	2,300	2,000	647,474
2. INDONESIA	13	176	2,853	77,218	4 funds	120,000	23,000	201,800	36,000	380,000
3. NEPAL	17	552	13,450	1,958,186	7 funds	275,000	6,200	96,992	16,974	395,166
4. MYANMAR	8	113	3,826	262,231	4 funds	256,206	34,736	0	700	291,642
5. KOREA	4	4	115	25,242	0 funds	0	0	0	0	0
6. PHILIPPINES	24	569	22,016	757,091	15 funds	671,000	81,560	4,631	624	757,815
7. VIETNAM	17	2,518	46,649	3,596,233	17 funds	549,210	1,513	61,466	250,959	863,148
8. SRI LANKA	12	1,044	11,716	3,871,029	0 funds	0	0	0	0	0
9. MONGOLIA	19	341	7,478	107,555	15 funds	61,647	16,721	15,084	9,075	102,527
10. FIJI	12	395	39,565	245,220	12 funds	458,000	245,200	480,000	120,000	1,303,200
11. THAILAND	9	108	17,074	2,093,111	7 funds	163,000	761,754	976,725	3,000	1,904,479
12. INDIA	2	131	1,794	84,652	1 fund	60,000	57,007	0	1,600	118,607
13. LAO PDR	26	567	96,941	17,568,951	26 funds	510,000	13,859,752	16,750	21,507	14,408,009
14. PAKISTAN	6	160	3,806	73,880	0 funds	0	0	0	0	0
15. CHINA	0	0	0	0	0 funds	0	0	0	0	0
16. JAPAN	0	0	0	0	0 funds	0	0	0	0	0
17. BANGLADESH	5	4,264	117,102	2,629,959	5 funds	165,000	43,299	275,265	0	483,564
18. MALAYSIA	0	0	0	0	0 funds	0	0	0	0	0
19. AFGHANISTAN	4	25	997	4,505	0 funds	0	0	0	0	0
TOTAL	206 cities	11,339 groups	399,686 members	\$33,944,572 total savings	136 funds	\$3,800,563 <i>(18%)</i>	\$15,262,416 <i>(70%)</i>	\$2,131,013 <i>(10%)</i>	\$462,439 (2%)	\$21,656,431 <i>(100%)</i>

The magic hat trick of FUNDS . . .

A fund is not only a means of delivering small grants or loans to the poor. A fund is a mechanism for making change in people's lives, which uses the very real need for resources to link people together into a process of communal decision-making, prioritizing and negotiating about who gets what and how much. With funds, you get a lot more out of them than you put in. It's something like the old magician's trick of pulling all kinds of wonderful things out of an empty hat. The money that goes through these 136 city funds is helping to tackle specific problems. But at the same time it's helping to build a more confident, equitable and self-reliant community movement, and a more balanced, productive relationship between the poor and their cities. And with poor communities managing the money, they keep surprising us with all sorts of creative and dynamic systems for using those resources much more efficiently.

















A REVOLVING FUND EXPERIMENT: the ACCA Regional Loan Fund







The ACCA regional loan fund was launched - as an experiment - in April 2010, during the ACCA committee meeting in Lang Son. It was agreed that this new fund would be drawn from the ACCA big housing project budget (up to \$400,000), and would give loans of up to \$50,000 to country groups at 4% annual interest, to be repaid in half-yearly repayments over a four or five year term. One of the innovations of this experimental fund has been that the loans are given in US dollars, but the repayments are calculated in the local currency, according to the exchange rate at the time the loan was given. This makes repayment easier, since any fluctuations in exchange rates are absorbed by the fund and not by the local groups. It was also agreed that since the funds come from ACCA's big project budget, loans from the new fund should be used to buy land or construct houses - or as a guarantee fund to access other sources of finance within the countries: it is up to the groups to use this small regional revolving loan fund creatively and strategically. So far, the fund has given eight loans to groups in the region, and all but one have followed the repayment schedules, with most repayments being made in cash, during workshops or meetings. The table below shows the current status of the fund:

ACCA Regional Loan Fund (as of November 2014) (all figures in US\$)									
Country	Who borrowed?	For what project?	Total Ioan	Repaid					
PHILIPPINES	HPFPI	(3 loans) 2 loans LTHAI housing in Mandaue (\$45,000) + housing in Labo (\$50,000)	96,000	26,839					
CAMBODIA	CDF Foundation	(3 loans) scattered housing loans in Koh Kong and Banteay Meanchey Province	73,500	42,010					
NEPAL	Lumanti	Small housing project in Biratnagar	12,500	10,117					
SRI LANKA	CLAF-Net	(3 loans) scattered housing loans to WB members in Batticaloa and 14 other cities	110,000	56,996					
MONGOLIA	UDRC	Construction of office and community center	25,000	2,783					
MONGOLIA	CHRD	Scattered housing loans in Ulaanbaatar	20,000	0					
TOTAL	12 loans		\$337,000	\$138,745					