



Towards a network of micro-credits for housing improvements in *barrios* in Argentina

Experiences by community
promoters

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Aurora, Gloria, Florinda (Kitty), Carina, Adriana, Marta, Inocencia and Irma are community promoters who manage the micro-credit funds in their respective neighbourhoods. Their life stories are presented in this paper.

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IIED-America Latina (IIED-AL) is an action-research centre based in Buenos Aires. Since its inception in the late 1970s, its focus has been on developing more accountable, effective and democratic urban governments capable of working with the urban poor and their organisations. This includes an action-research programme working with community organisations in informal settlements (see www.iied-al.org.ar for more details).

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This paper brings together the views, analysis and opinions of six women who voluntarily manage the micro-credit programme for housing improvement and work together with IIED – AL. The programme has been running since 1988, and has adapted and evolved to different contexts and needs.

Inocencia, Marta, Adriana, Irma, Carina, Gloria and Kitty are micro-credit programme promoters who, thanks to their voluntary work and dedication, drive a change in the living conditions in their respective neighbourhoods day by day, paving the way for the issuing of small credits in the form of materials for housing improvement. After ten years of joint management, a discussion among these six women provided the opportunity for analysis and evaluation of the Micro-Credit Fund experience at local level.

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Acronyms

AMBA	<i>Área Metropolitana de Buenos Aires</i> (Buenos Aires Metropolitan Area)
FMC	<i>Fondos de Micro-Créditos</i> (Micro-Credit Funds)
FOTIVBA	<i>Foro de Organizaciones de Tierra, Infraestructura y Vivienda de la Provincia de Buenos Aires</i> (Forum of Land, Infrastructure and Housing Organisations in the Province of Buenos Aires)
IIED-AL	International Institute for Environment and Development – América Latina
NGOs	Non-Governmental Organisations
PROMEBA	<i>Programa de Mejoramiento de Barrios</i> (National Neighbourhood Upgrading Programme)
SSVN	<i>Subsecretaría de Vivienda del Ministerio de la Nación</i> (National Under-Secretariat of Housing)

Barrios/neighbourhoods mentioned in the text

Barrios Hardoy, San Jorge, Villa del Carmen, Presidente Perón, San José and San Roque, all of them corresponding to the municipality of San Fernando, Province of Buenos Aires.

Some terms used in this paper

The term 'neighbour' is used for individuals living in the settlements where these programmes are implemented.

The terms 'borrower', 'loan beneficiaries' or 'beneficiaries' are used to designate grantees of one or several micro-credit or other housing improvement programmes.

'Promoters' are neighbourhood residents who offer their services to manage the FMC through voluntary work.

Executive summary

The Micro-Credit Funds (in Spanish, *Fondos de Microcréditos* – FMC) are part of an intervention model aimed at upgrading sub-standard housing units through the provision of credit and, in some cases, technical assistance. The model is based on small renewable loans for housing improvement and it benefits households that have been excluded from public programmes or cannot take advantage of them due to pre-existing conditions (eg they need to connect to trunk infrastructure), or cannot access formal forms of housing finance.

The FMC aim to strengthen the organisational capacity of the groups with which they work. During the last ten years, the FMC has been consolidated as a financing mechanism. The loan portfolio has grown both in terms of loans offered and those taken out, and in terms of the credit amounts involved. This increase correlates with better housing and living conditions of the beneficiary families. The growth and extension of micro-credit funds to other neighbourhoods are also the result of years of work and represent a major change, giving rise to the creation of a 'credit programme' that is wider in scope and impact, and enables networking (ie the incorporation of working committees in regular meetings).

A few factors have contributed to the success of the FMC:

- **Neighbourhood-based / anchorage of the FMC:** the micro-credit fund is a local phenomenon. The stakeholders (ie the promoters, beneficiaries and suppliers) are all accessible and well-known.
- **Flexibility:** offers of funding are adapted to the local context, taking into account the reality and options of each family involved. There are general guidelines on how to implement the FMC, but they allow ample flexibility.
- **Reliability:** the fund has a long-term track record with more than 20 years of continuous work, and there are observable transformations in the roles of the neighbourhood promoters over time.
- **Neighbourhood promoters:** these are well-known committed neighbours; they were or are micro-credit fund beneficiaries, so they understand how the FMC work and can bring their personal experience.

Future challenges include:

- 1) The need to strengthen the work and develop the capacities of the working committees. The promoters do voluntary work, juggling between their paid work, family duties, household chores etc. The idea of networking between committees and training to help better manage the FMC is appealing. This too helps in becoming more independent from IIED-AL.
- 2) The need to have immediate technical assistance, with the exception of a few cases this is not the case, and it would greatly benefit neighbours to have guidance in terms of choosing the best possible solutions regarding budgetary considerations. At the same time if this is added onto the FMC it will increase the costs significantly;
- 3) The need to keep track of improvements made through the micro credits scheme and outside the programme to see how they complement and empower each other, doing this takes time and it is not covered within the FMC programme;
- 4) The need to consider alternative operating mechanisms, such as forming work pools between families, covering labour costs and not just materials, renegotiating with the building materials yards, etc; and finally,
- 5) The need for financial sustainability. Repayments do not cover inflation or the operational costs; it is a subsidised process that can only be sustained because of the voluntary work carried out and the continuous injection of money from other programmes. The concern is that if all costs are included, costs would go up and repayments would be too difficult to manage, leaving many families excluded from the programme.

1

Introduction

The large-scale urbanisation process that took place in and around Latin American cities from 1950 to 1980 introduced two key issues to the urban debate; namely poverty and public habitat or housing policies. Urbanisation on the outskirts of cities developed through mixed processes, planned in some cases and spontaneous or informal in others. During the following decades, the urban fabric was gradually consolidated and reorganised.¹

Most neighbourhoods in Greater Buenos Aires² developed and gradually consolidated by means of popular plots, informal settlements, social housing units and/or informal occupation of land; they were subsequently completed and standardised through public programmes and through residents' building their houses themselves. These processes are still underway at present, with the participation of different stakeholders: the local, provincial or national government, resident families, community organisations and intermediary organisations, as well as other stakeholders such as private companies or local outlets.

These processes promote modes of socialisation among neighbours in increasingly segregated spaces, developing important areas of the 'city' through popular habitat upgrading.

The emergence and growth of micro-credit funds for housing improvement are not detached from the way neighbourhoods are built and their dynamics. The residential development of these neighbourhoods started in areas occupied by low-income family units, where housing conditions and the lack of sanitation services are detrimental to the health of family members.

The Micro-Credit Funds (in Spanish, *Fondos de Microcréditos* – FMC) are part of an intervention model aimed at upgrading/reconditioning precarious housing units through the provision of credit and, in some cases, of technical assistance. The allocation of micro-credit funds for upgrading housing provides small renewable loans to households and communities that have been excluded from public programmes or market-based housing solutions. In other words, the FMC is aimed at households with unmet basic needs, who experience housing defects and are living in houses with scope for improvement.

The FMC are characterised by several factors, which are analysed in this paper:

- They are managed by a group of neighbours (mostly women) that stay in constant contact with the neighbours that take out the credits, and are very familiar with the options available and the constraints faced by each family. This knowledge allows the FMC promoters to adjust guarantees and repayment mechanisms – in this way they are tailor-made;
- They are managed by a group of highly committed neighbours who volunteer their time to work for their neighbours and their community. In the process, these neighbours become representatives for the neighbourhood;
- They strengthen the organisational capacity of the community as they involve neighbourhood promoters, local institutional representatives, neighbours that take out credits, etc.;
- They contribute to the building of social capital and local capacities (individual and collective).

¹ This paper reintroduces part of the discussion presented in Almansi *et al.*, 2014.

² Greater Buenos Aires (GBA) comprises the 24 municipalities surrounding the City of Buenos Aires which, together with the city, form the Buenos Aires Metropolitan Region.

The social sustainability of the FMC, the level of community participation, their capacity to connect with other programmes, and the strengthening of community-based organisations are just as, or perhaps more important than, their financial sustainability (Gómez *et al.* 2007). The possibility of incremental housing improvement offered by the FMC empowers and motivates families to further improve their houses and contributes to the organisation and commitment of the family, which in turn impacts on the whole neighbourhood and community.³

This paper provides an account of the views of six women⁴ who voluntarily manage the Micro-Credit Programme for Housing Improvement in different neighbourhoods. IIED-AL has managed the programme since 1988, with the aim of supporting small-scale self-building initiatives in low-income neighbourhoods in Greater Buenos Aires. Since 2004, the management of the Micro-Credit Programme has been based on collaborative work and it is jointly administered by IIED-AL and a group of community promoters in charge of working committees in different neighbourhoods within the municipality of San Fernando.⁵

Inocencia, Marta, Adriana, Irma, Carina, Gloria and Kitty are Micro-Credit Programme promoters who, thanks to their voluntary work and dedication, work to **change the local environment and the housing conditions in their respective neighbourhoods** day by day, resulting in the issuing of small credits in the

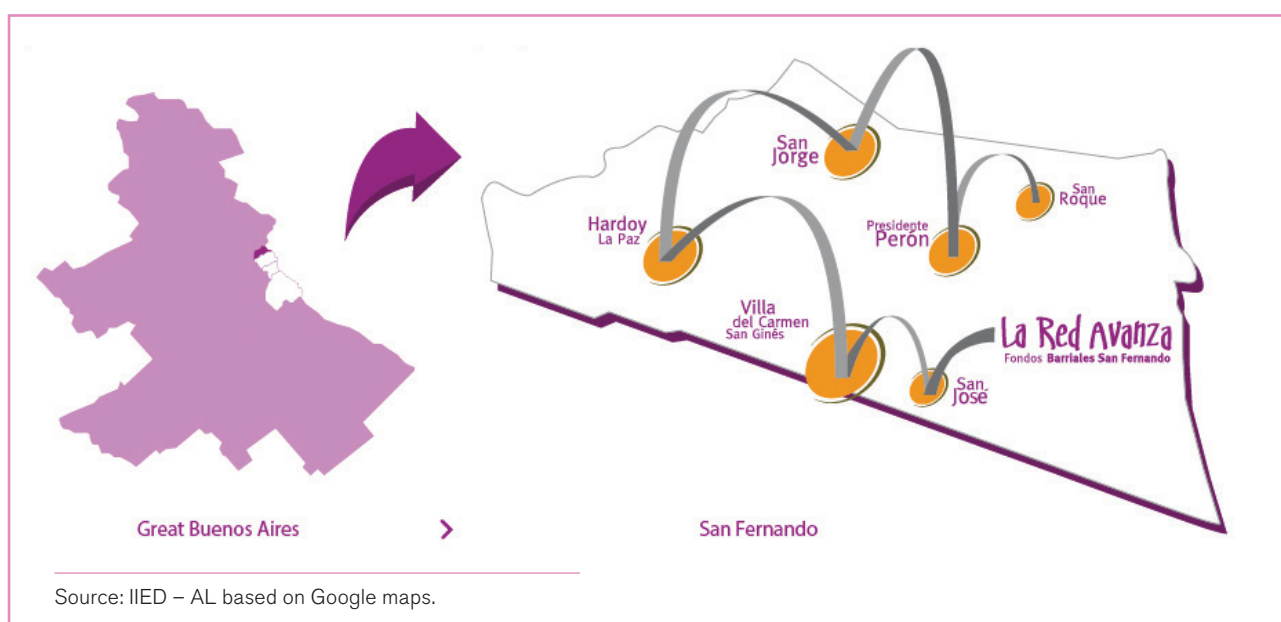
form of materials for housing improvements. After ten years of joint management, a discussion between these six women provided the opportunity for an analysis and evaluation of the Micro-Credit Fund experience at local level.

The purpose of this paper is to build an **account of experiences** from the views, analysis and opinions of these promoters, based on the following questions:

- What is the role of the promoters who manage the FMC for housing improvements?
- What is the impact of the micro-credit funds on the community and on the living conditions of beneficiary families, and what is the feedback and analysis of neighbours and the promoters?
- Does the FMC promote new social practices and relationships in the community? Does the FMC exert any influence on the upgrading of local social and living conditions?
- Does the FMC effectively adjust to the needs of low-income populations? Does it support broader processes, such as urban upgrading and land tenure formalisation in the neighbourhoods involved?

The neighbourhoods selected for analysis in the study were *Barrios* Hardoy, Villa del Carmen, Presidente Perón, San Jorge and San José, situated in the municipality of San Fernando, Province of Buenos Aires (see Map 1).⁶

Map 1: Identification of the neighbourhoods (barrios) in the municipality of San Fernando



³ The specific analysis of how much is invested by a family in housing improvement after they take the first micro-credit is an ongoing activity.

⁴ Male and female promoters administer the FMC in other neighbourhoods; this paper considers the experience of six female promoters in particular.

⁵ Five neighbourhood funds were considered for analysis in this paper.

⁶ One of the FMC case studies also takes place in *Barrio* San Roque (Municipality of San Fernando); its promoter did not participate in the experience assessment process that led to the drafting of this paper, and has recently started in the neighbourhoods of the municipality of Tres de Febrero, also within Metropolitan Buenos Aires.

2

Methodology

The paper is the result of a joint work between the promoters and the team at IIED-AL. These FMC experiences demonstrate how a community programme can contribute to the consolidation of urban upgrading in general, and housing improvement in particular. The analysis is based primarily on the discussions held during four meetings, where the promoters were able to talk, discuss and reflect upon issues they were concerned about, the difficulties they encountered, their accomplishments and their role.

The promoters decided on a strategy as to how they would carry out the discussions and how they would incorporate the opinions and views of the beneficiary neighbours. They also proposed a final extended meeting to reflect on the micro-credit process in particular and define the main challenges and future goals. This process took six months from August 2014 to January 2015.

As a way of getting the opinion and views of the beneficiary neighbours, the promoters discussed the possibility of including the voices of neighbourhood borrowers to form the central narrative of the programme. Their involvement would provide a critical reflection of the micro-credits in general (relevance, impact, social function), and the role of the neighbourhood promoters in particular.

To achieve this, the promoters discussed and designed different and complementary strategies. They held a workshop attended both by the promoters and a group of neighbourhood beneficiaries.⁷ At this workshop, the scope and limitations of the process, as well as the particular views of the neighbours and the promoters of the micro-credits, were examined. Promoters also designed and conducted a small survey targeted at loan beneficiaries to explore the use of the funds, the amount-improvement ratio, the rates of loan renewal, default and payment, and so on. They also included a few non-beneficiaries to analyse other aspects, such as how much they know about the programme or about the restrictions that may exclude certain neighbourhood families from the programme. All comments from neighbours correspond to the workshop date.

The IIED-AL team supported the process by: acting as a moderator in discussions, collaborating in interviews and surveys conducted by the promoters, and providing different reports and papers regarding micro-credit projects as background material for analysis. Sister Aurora, a member of *Cáritas* – San José,⁸ was equally supportive in the process; her views enriched the debates, especially the ones about coordinating the credit programme with other broader neighbourhood processes.

⁷ The neighbours' and promoters' workshop took place on 29 September 2014, at the Popular Library in Barrio Hardoy with the participation of loan beneficiaries, community promoters and representatives of IIED-AL and of the San José working committee. The aim was to reflect on the micro-credit programme that is underway in the five neighbourhoods analysed in this report.

⁸ *Cáritas* Argentina is the Catholic Church's official relief organisation in the country. The entity organises the Catholic Church's charitable activities, seeking to provide a comprehensive response to poverty issues.

The different views expressed by the promoters, beneficiary neighbours, community members and IIED-AL members enabled a rich exchange of ideas and the formulation of new challenges and guidelines to enhance both the work carried out in each neighbourhood space and the networking strategy.

This paper is structured into the following sections:

- Background, context and conceptual framework of micro-credit processes in Buenos Aires Metropolitan Area (AMBA – its acronym in Spanish).
- Outline of the neighbourhood working committees: spaces where activities are carried out in each neighbourhood under the management of the community promoters. The dynamics of the meetings, relationships with neighbours, management and strategies for the full repayment of instalments, and subsequent acquisition of new credit lines are also discussed.
- Assessment of the impact of the micro-credit scheme on housing.
- Analysis of FMC from the viewpoint of beneficiaries and promoters.
- Conclusions and future challenges.

3

Context

3.1 Urbanisation processes on the outskirts of Buenos Aires⁹

Greater Buenos Aires has a population of 9.91 million inhabitants¹⁰ and reflects several different urbanisation processes. With regard to popular sectors –the focus of this work– there are basically four modalities of urban expansion in the Buenos Aires periphery, namely; a) popular plots; b) informal settlements (some supported by technical organisations); c) self-building plans driven by governmental agencies or non-governmental organisations; and d) social housing programmes launched by the state in different stages. These processes, each undergoing a gradual consolidation and merging, are influenced or promoted by different stakeholders at their inception and throughout their development: the neighbours, and the members of community and intermediary organisations, among others.

Since the 1990s, there has been a change in the management of housing settlements. City and local governments took on a central role as decentralisation policies advanced, although not always supported by the necessary technical and financial resources. The main concern was with the efficiency of cities and, within that framework, international organisations started viewing informal settlements as a challenge that could be addressed by governance for urban efficiency.

Unlike the policies prevailing prior to the 1990s, the ‘formalisation’ of settlements became part of the government’s public policies, encouraging formal

ownership of the land. This meant recognising that informal settlements could not be considered as part of a cycle of progress towards better housing and living conditions; they were simply the only kind of habitation that their inhabitants could attain. Government interventions focused on land tenure regularisation processes and urban upgrading, including building new houses in order to relocate families settled on non-regularised lands, and the completion of infrastructure and improvements to existing houses. The latter case constitutes our main focus of analysis.

3.2 Housing improvement initiatives to date: programmes promoted by the national government and non-governmental organisations (NGOs)

Several low-income sectors in Greater Buenos Aires suffer from major housing issues, including precarious living conditions, lack of basic services (water and sanitation), or overcrowding. A large part of the population with these disadvantages lack the financial resources required to undertake improvements, connect households to networked services, completions of building work or extensions; all actions that might improve the precarious nature of their housing and living conditions.

⁹ Based on sections of Almansi *et al.* 2014.

¹⁰ The City of Buenos Aires has a population of 2,890,151, with a total of 13,806,866 inhabitants in the Buenos Aires Metropolitan Region (INDEC, 2010).

Finance agencies have traditionally argued that low-income citizens are not eligible to apply for loans because they are unable to furnish the requisite guarantees or generate sufficient savings. Nonetheless, there are countless examples bearing proof of the fact that low-income communities are completely capable of effectively obtaining and fully repaying loans when the loan proposal is suitable for the applicant. From the 1980s to this date, the poorest families that have resorted to self-build strategies have gained access to financial resources and adequate assistance from technical and social organisations.¹¹

NGOs regularly working on popular habitat issues started developing FMC experiences in the 1980s, with funding from international organisations and/or private companies. The Argentine national government started supporting a number of initiatives from 1996, initially through Programme 17 (implemented by the National Under-Secretariat of Housing within the National Secretariat of Social Development),¹² and later through other programmes

The micro-credit implementation methodology has evolved from its inception to this date in accordance with the prevailing social and economic context. Yet, there are some common aspects in common, such as:¹³

- **Neighbourhood-based:** the organisations responsible for the management of the FMC operate and have prior work experience in the areas where the programmes are implemented, or they are led by residents of the neighbourhoods where the FMC experience is developed.
- **Beneficiaries:** the families eligible for housing improvement fall into the two lowest-income quintiles and are devoid of the requisite formal guarantees for access to mortgages or personal loans.
- **Relationship with community organisations:** the work carried out in each neighbourhood is coordinated with grassroots organisations adopting the approach differently according to the local context.
- **Financing:** initial funds for the Micro-credit Programmes or to cover operating expenses (technical assistance and administration) came from government offices, private sector and other counter parties).

- **Technical assistance:** this is provided to neighbours interested in applying for a loan – but only in some cases – specifically in order to schedule and plan housing improvements and future extensions in compliance with the building regulations in effect.

As a result of the Argentine economic and social crisis in 2001, Programme 17 was utterly devoid of funds. However, the FMC continued operating in the neighbourhoods, with the funds collected from the repayment of instalments¹⁴ by loan beneficiaries.

Even though the aggregation of the economic, political and social crisis had a considerable impact on low-income sectors, revolving funds – at the time no longer funded by Programme 17 – continued to be allocated for housing improvements, extensions, or for completion purposes. These resources, coupled with household savings and families' provision of labour, enabled residents to improve their houses as well as living conditions in their neighbourhoods.

After the financial crisis of 2001, local governments strengthened their management and planning capacities and began to define clearer local priorities. In this context, the FMC experiences implemented in the prior decade were gradually complemented by other municipal programmes, or by NGO-led programmes, funded by the national/provincial government or international agencies with a strong local involvement. This is the case of PROMEBA I and II,¹⁵ the Housing Improvement Programme (*Programa Mejor Vivir* – PMV),¹⁶ the Federal Housing Plans, and the laying of new water, sewage and gas networks.

In 2009, an extensive debate began around the popular housing policies and rights in the Province of Buenos Aires. The Forum of Land, Infrastructure and Housing Organisations in the Province of Buenos Aires (*Foro de Organizaciones de Tierra, Infraestructura y Vivienda de la Provincia de Buenos Aires* – FOTIVBA) began working with provincial deputies on the enactment of a law aimed at ensuring access to fair habitat conditions in the Province of Buenos Aires. The main objectives were to regularise land tenure for informal settlements, respond to the urban housing demand and reduce the existing speculation on the value of land.¹⁷ The FOTIVBA constitutes a collective space formed by technical and community organisations in which

¹¹ FOTIVBA 2008.

¹² IIED-AL, jointly with eleven (11) NGOs in Argentina, was one of the main promoters of this line of work.

¹³ Pérez Coscio, L (1999; 1997)

¹⁴ The rising unemployment rate caused families to prioritise other more pressing matters related to family care (food, health, etc.), thus relegating housing improvements. This adverse situation reached its peak from November 2001 to May 2002, and then the number of queries from interested neighbours and the subsequent demand for services started to rise again (according to the accounts gathered from FOTIVBA discussions – FOTIVBA 2007).

¹⁵ The PROMEBA (*Programa de Mejoramiento de Barrios* – National Neighbourhood Upgrading Programme) is currently implemented in many urban areas of the country and is funded by an Inter-American Bank loan and by the federal government.

¹⁶ The *Programa Mejor Vivir* (PMV), (Housing Improvement Programme) from the National Under-Secretariat of Housing of the Ministry of Planning, Infrastructure and Services. Its purpose is to contribute to reducing housing deficits by improving precarious houses on land sites that are owned or acquired, and also to generate employment through the hiring of workers under formal employment.

¹⁷ The text of this law enacted by the Congress of the Province of Buenos Aires is available at www.hcdiputados-ba.gov.ar/refleg/l14449.htm

IIED-AL is involved.¹⁸ It began in 2004 with a promoter group of 12 organisations (IIED-AL among them), and continued growing with the incorporation of a further 40 organisations distributed in zonal forums of the AMBA. The organisations participating in the forum work on housing improvement programmes in neighbourhoods or settlements in process of consolidation in western, southern and northern areas of Greater Buenos Aires. Most organisations have been working for more than twenty years, implementing micro-credit funds that enable families to improve their houses.

Following a long working process, Law **14,449** on Access to Fair Habitat Conditions was enacted in 2013 incorporating new instruments that are currently under consideration or in the process of execution. In this

framework, the Under-Secretariat of Land Development, Urban Planning and Housing (*Subsecretaría Social de Tierras, Urbanismo y Viviendas*) within the Ministry of Infrastructure in the Province of Buenos Aires, seeks to implement several projects in order to allow governmental and non-governmental organisations to execute programmes intended to secure population access to fair and sustainable habitat conditions.¹⁹ One of these projects is the *Micro-Credit Programme for Housing Improvement*,²⁰ a project aimed at enhancing and consolidating existing FMC programmes. This opens the possibility of allocating new funds to existing micro-credit funds, enabling their consolidation, and initiating a new government funding phase.

¹⁸ The organisations that form FOTIVBA are Sagrada Familia, Vinso, San Cayetano, Isla Maciel, Habitar-FADU, Madre Tierra, Fundación Vivienda Comunidad, IIED-AL, Kichari Huasi, Sedeca, Sercupo and Cels.

¹⁹ Plots with services programme, or programme for consolidated plots of land (*Programa lotes consolidados*), social structuring programme, among other initiatives.

²⁰ IIED-AL has recently submitted six projects on experiences implementing existing FMC in the municipality of San Fernando to the Under-Secretariat of Land Development, Urban Planning and Housing (*Subsecretaría Social de Tierras, Urbanismo y Viviendas*) within the Ministry of Infrastructure in the Province of Buenos Aires.

4

Case study: FMC for housing improvements in the municipality of San Fernando

4.1 Micro-Credit Funds for housing improvements: Background²¹

IIED–AL started supporting small-scale self-building initiatives in the Municipality of San Fernando in 1990. Since then, the Micro-Credit Programme has gone through several stages (Almansi and Tammarazio, 2008):

4.1.1 Setting up the funds (1990–1995)

In 1990, a Housing Materials Bank was set up in *Barrio San Jorge* (municipality of San Fernando) with a grant of US\$100,000 from the UK charity, Homeless International. This Housing Materials Bank ensured the availability of materials at much lower prices than

at commercial outlets in the area, and it was open at weekends and on national holidays, when families were able to work on improvements to their houses.

The Housing Materials Bank became a hub for the supply of building materials and technical assistance, not only for the residents of *Barrio San Jorge*, but also for adjacent neighbourhoods. Once the Housing Materials Bank had been established, the *Barrio San Jorge* Cooperative decided to set up a micro-credit fund with an initial working capital of US\$30,000, to allow inhabitants to get housing construction materials on small loans (average amount US\$ 50).²² The Housing Materials Bank and the Micro-Credit Fund facilitated the consolidation of the integral development plan of *Barrios San Jorge* and *Hardoy*, and were the foundation work for the implementation of PROMEBA I and II, completing infrastructure and titling.

²¹ Background information based on: Schusterman and Hardoy (1997); Hardoy *et al.* (1991); Almansi and Tammarazio (2007); 2008); Almansi *et al.* (2010).

²² This is a small budget in terms of the type of improvements most houses need, but it allows for easier repayment and quick rotation, and families can always take out new loans, or adjust payment methods to cancel the loan more quickly and take out a new one.

During this inception phase, IIED-AL (the main administrator) granted 108 small loans to families from *Barrio San Jorge*, with no cases of default.

4.1.2 Expansion of the credit fund (1996–99)

From 1996, the injection of new financial resources into the credit fund²³ enabled IIED-AL to both consolidate the credit fund programme and extend it into other communities. The FMC continued supporting the Housing Materials Bank in *Barrio San Jorge* and, in the following year, it was extended to other nearby neighbourhoods: *Barrios Hardoy*, *La Paz*, *San Martín* and *Presidente Perón*. The aim of extending the credit fund was to increase the loan portfolio and strengthen the financial sustainability of the fund.

The partners in this stage were the following: the *Barrio San Jorge* Cooperative, the municipality of San Fernando, the National Under-Secretariat of Housing and private companies. In this stage, 260 loans were granted, which enhanced and supported the development of *Barrio Hardoy* mostly, which at that time was in the middle of a relocation process.

4.1.3 Fall in demand and focus on the FMC experience (2000–2003)

In this phase, there was a consolidation of the work team and the management strategy, but the micro-credit mechanism was affected by the socio-economic crisis of 2001. During the height of the crisis, borrowers' ability to repay their loans fell considerably and the credit fund had to restrict the issuing of new loans due to the increased risk of default.

Another consequence of the economic crisis was that the Housing Materials Bank, which supplied materials at affordable prices and on flexible days, was forced to close as a result of a reduction in stock and available funds. For this reason, IIED-AL entered into a commercial agreement with a building materials yard in the area in order to continue supplying housing materials at the same price as the Housing Materials Bank.²⁴

In addition to the effects of the crisis on repayment, it became increasingly difficult for IIED-AL to keep track of and follow up repayments on small loans that were granted to residents spread over several neighbourhoods in the municipality of San Fernando.

For that reason, IIED-AL decided to refocus the FMC experience on the original two neighbourhoods – *San Jorge* and *Hardoy* – and, subsequently, *Barrio La Paz* (adjacent to *Barrio Hardoy*).

4.1.4 Decentralisation of the FMC (2004–present)

This stage is characterised by the joint management of micro-credit funds and the consolidation of the working committees in the different neighbourhoods of San Fernando. Here the role of community promoters has been crucial for FMC consolidation in each neighbourhood.

Since 2004, new programmes and resources to improve housing conditions have been introduced in Argentina, and the municipality of San Fernando has sought to take full advantage of these opportunities. These have included neighbourhood upgrading, consolidation and land tenure regularisation programmes, federal housing plans, connections to sewage networks, housing improvement programmes, among others. The FMC has continued supporting and supplementing these programmes as part of the general upgrading of the neighbourhoods. In this period, there was a strengthening and consolidation of FMC in *Barrios Hardoy*, *La Paz*, *Presidente Perón* and *San Jorge*; and other neighbourhood funds were implemented in *Barrios Villa del Carmen/San Ginés*, *San Roque* and *San José*. Working committees were set up in each neighbourhood, where some neighbours volunteered to work as promoters and co-manage the loan portfolio with IIED-AL.

Each neighbourhood fund was allocated 10,000 pesos (US\$3,300)²⁵ as initial capital, and any repayments from existing loans in each neighbourhood were then added to this fund.

The following table illustrates the number of loans and amounts granted in each of the above-mentioned stages. FMC performance in the last stage was particularly outstanding, characterised by co-management with neighbourhood promoters in working committees.

²³ The National Government financed the neighbourhood fund through Programme 27 of the National Under-Secretariat of Housing, which provided 158,671 pesos (equivalent to US\$158,671 under the former exchange rate mechanism that pegged the peso to the dollar at a rate of one to one). The neighbourhood fund was also financed by Fate-Aluar Group, which provided 23,000 pesos (equivalent to US\$23,000 under the fixed exchange rate mechanism).

²⁴ Thereafter, the Building Materials Yard known as *El Líder* supplied the materials and supported all FMC in San Fernando, by making special discounts, keeping prices unchanged by means of stockpiling, providing purchase orders to promoters for the subsequent raffle among neighbours with a view to encouraging the repayment of instalments, among other positive initiatives.

²⁵ It is important to highlight that the loans granted at this time were for sums of 1,000–2,000 pesos (equivalent to US\$330–665). The cost of construction materials per square metre was 300 pesos (US\$100).

Table 1. Small loans granted in each stage of the Micro-Credit Programme (2008 -2014)

Neighbourhood	Number of micro-credits	Number of families	Amount involved (\$)	Credits given (\$)	Available for new micro-credits (\$)	Number of Uncollectible loans*	Number of De-faulted loans**
Villa del Carmen	158	129	\$588,000.00	\$460,000.00	\$128,000.00	6	17
Presidente Perón	33	28	\$67,000.00	\$54,000.00	\$13,000.00	3	4
Hardoy	165	148	\$262,000.00	\$252,000.00	\$10,000.00	8	21
San Jorge	13	10	\$50,000.00	\$35,000.00	\$15,000.00	0	0
San Roque	37	31	\$89,000.00	\$63,000.00	\$26,000.00	1	7
San José	11	10	\$57,000.00	\$31,000.00	\$26,000.00	0	2
TOTAL	417	356	\$1,113,000.00	\$895,000.00	\$218,000.00	18	51

Neighbourhood	Number of Collectible loans***	Number of loans fully paid and cancelled	Time period relevant	Types of Improvements
Villa del Carmen	36	99	July 2008 – December 2014	Start a new house, house improvements, enlargement, finishes
Presidente Perón	15	11	October 2011 – December 2014	House enlargement, repairs including roof filtration, basic plastering, sanitary and electrical installations
Hardoy	9	127	October 2004 – December 2014	House enlargement, basic plastering, repairs
San Jorge	4	9	November 2011 – December 2014	House enlargement, repairs including roof filtration, basic plastering, sanitary and electrical installations
San Roque	11	18	June 2010 – December 2014	House enlargement, divisions between plots, sanitary installations, house equipment
San José	8	1	November 2013 – December 2014	House enlargement, adaptation measures, sanitary and electrical instalations, basic plastering
TOTAL	83	265		

* (They paid up to 4 installments and stopped paying)

** (They paid between 6 and 12 installments and stopped paying)

*** (During the last 6 months they paid at least 1 installment)

Source: IIED-AL

Working committees – Co-management stage



Source: IIED-AL, September 2014.

4.2 Neighbourhoods implementing the FMC

The neighbourhoods where the FMC are being implemented started and gradually developed and consolidated following land subdivision processes, or when informal occupation of land was subsequently completed and regularised through public programmes and the self-build of homes by residents. These neighbourhoods are located at 35 kilometres from the capital city, in the municipality of San Fernando, in the northern region of Greater Buenos Aires. The main areas of employment are: domestic service, construction, municipal government jobs, and private security. Several families are beneficiaries of national or provincial plans, such as the Universal Child Allowance (*Asignación Universal por Hijo*), a large family allowance or supplement, allowance for disabled children, pension or retirement funds.

Several social organisations with community participation exist in these neighbourhoods, namely community development associations, senior citizen centres, clubs, cooperatives, religious centres, among others. In addition, some neighbours volunteer to work as representatives in neighbourhood improvement programmes; mostly women who – as in our case study – support these neighbourhood processes for housing improvement.

The land tenure status in the neighbourhoods where the FMC are implemented is favourable: four of the neighbourhoods under analysis have been urbanised under national programmes, and two neighbourhoods

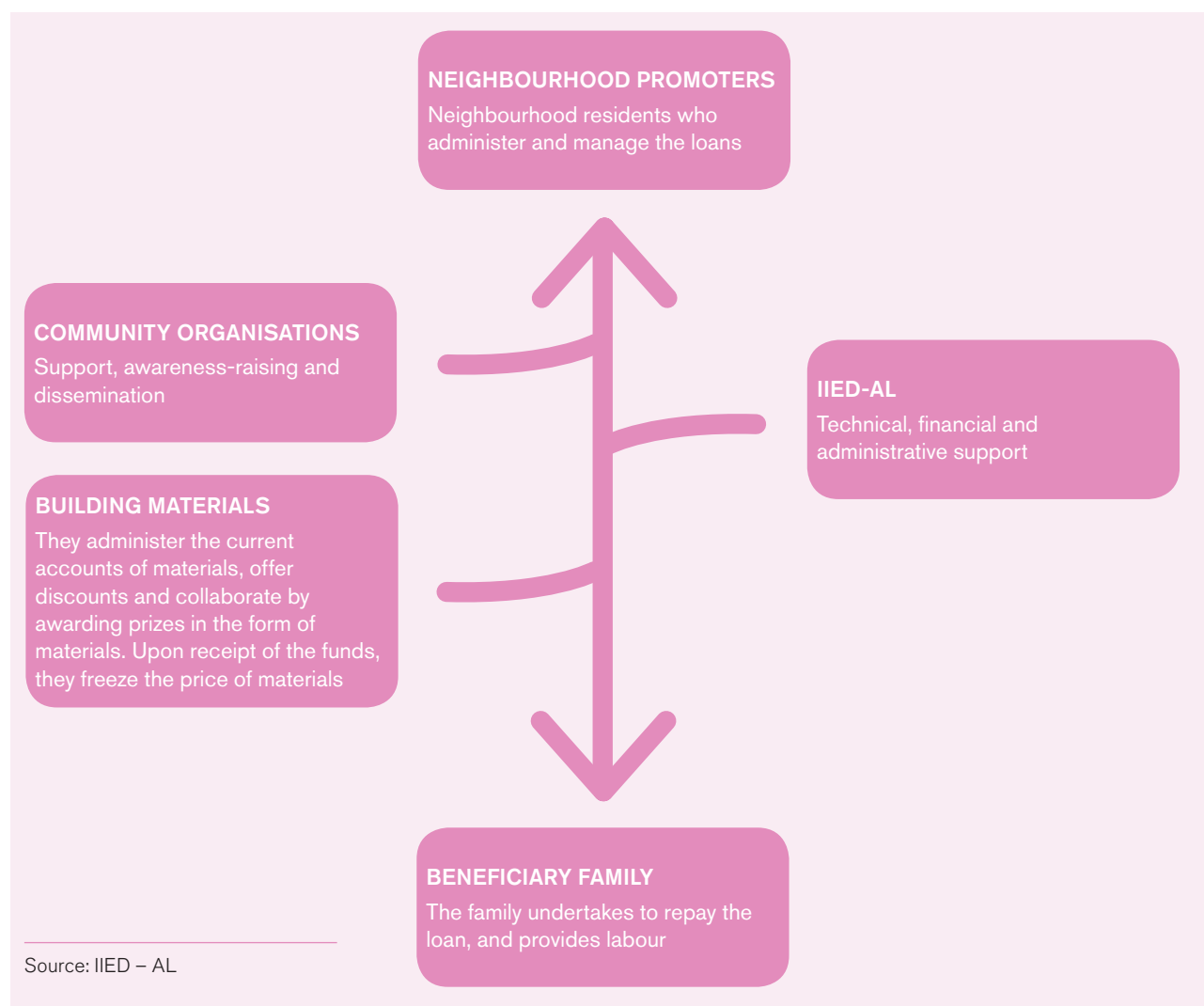
are in the process of regularisation through PROMESA. None of these neighbourhoods are threatened with municipal eviction or affected by eventual relocation. The possibility for families to settle permanently on a plot of land and, hence, their sense of security encourages them to improve their houses and honour their debt commitments. Many families build their own houses because they are skilled constructors and work in the sector; others seek the aid of a relative or hire local labour. These families tend to purchase construction materials in local building materials yards, because they are acquainted with the yard attendants and there is the possibility of stockpiling, and the transportation is free of charge.

Neighbourhood social practices gradually develop rules tailored to family needs and priorities. Each neighbourhood fund adopts its own features, and establishes its own priorities and operational criteria, in constant coordination with local organisations and resident families.

4.3 Neighbourhood working committees and the role of promoters

The working committees are spaces for socialising and where different stakeholders take on a prominent role. At one of the first meetings with promoters arranged for the drafting of this paper, there was an exchange of opinions about how the micro-credit allocation process was implemented in each neighbourhood,

Figure 1. Stakeholders participating in the FMC



considering the fact that each working committee has its own distinct features. The promoters' accounts of experience enabled us to devise a chart that summarises the FMC co-management modality (whereby materials were granted on credit) and whose purpose is to reflect the day-by-day efforts made to go beyond the typical **financing entity-loan beneficiary** relationship of conventional credit lines. This chart was subsequently replaced by an improved version, which views the credit operation as a process including multiple interdependent and mutually supportive stakeholders. Families taking out loans are no longer deemed as mere 'beneficiaries' and become core and committed stakeholders, fully aware of the social function of micro-credits. Likewise, building material yards become partners in this credit operation and not merely suppliers.

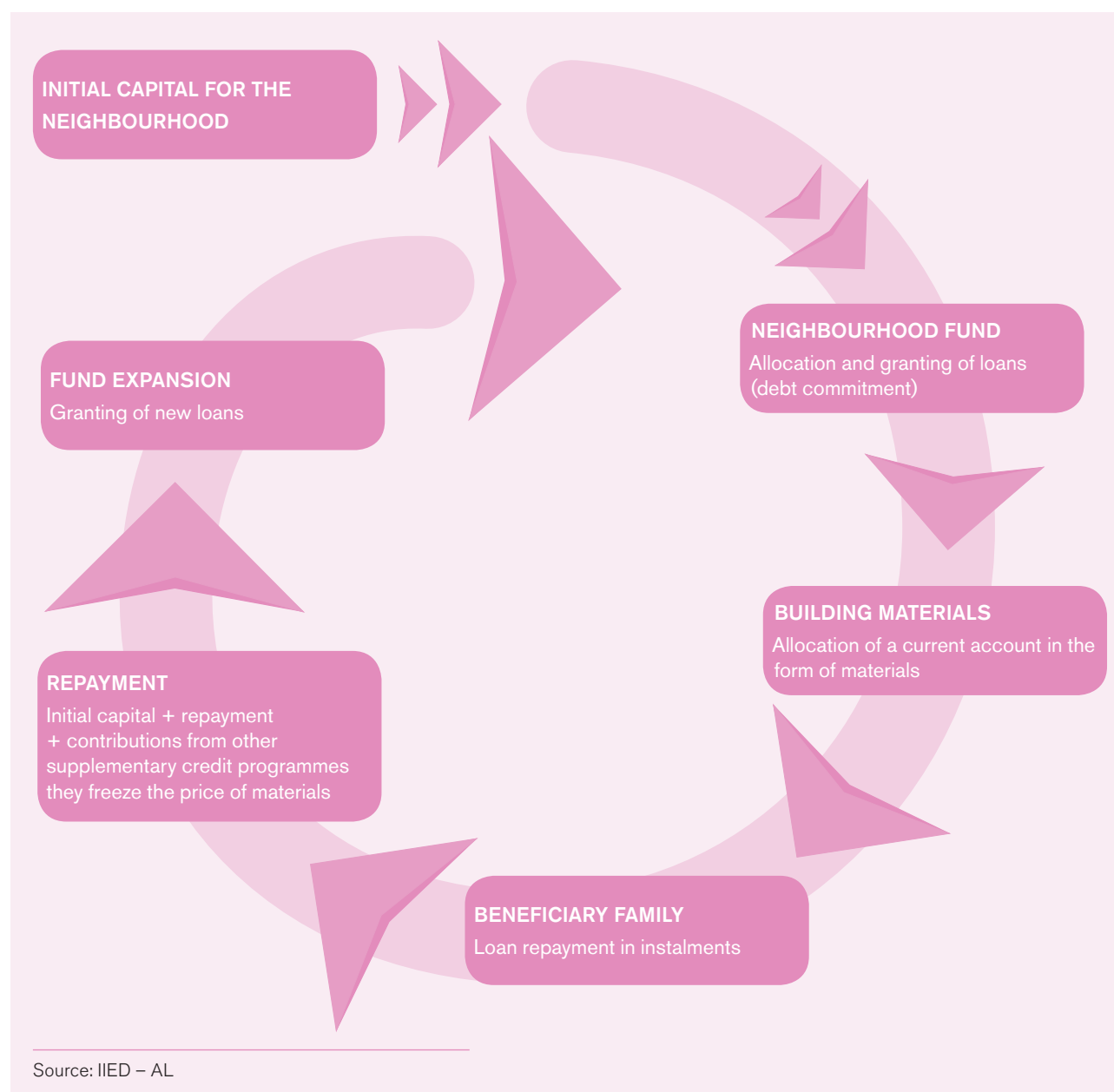
In these dynamics, **IIED-AL** maintains contact with national, provincial, local and/or international finance agencies and coordinates the administrative management of the FMC with building yards and banks

at local level. Each month, IIED-AL provides each neighbourhood fund with a statement of accounts that includes the availability of funds that can be disbursed as new loans.

At each working committee, the **promoters** administer their respective neighbourhood funds; a task that includes managing loan applications, defining future loan allocations and pursuing defaulters. Once or twice a year, workshops are organised for neighbourhood fund promoters to share experiences and strengthen community work. The micro-credit scheme is designed to avoid promoters having to be involved in handling money, (a situation that could generate tensions conflicts and misunderstandings between neighbours and promoters).

The **neighbours** interested in applying for a loan contact the working committees, receive the promoters' recommendations and then discuss the matter with their families, because it is important that micro-credits be construed as family assistance for housing improvement and not as a personal loan.

Figure 2. Funds Flowchart



The role of the neighbourhood promoters is crucial for the proper performance of the programme: they have a strong social commitment, and through promoting community work, they unleash the potential for transformation, contributing to strengthening neighbours' capacity for working together through combined shared interests and actions.

"We are in charge of receiving the neighbours' loan applications for different housing improvements, to repair their roofs because they leak when it rains, to enlarge their houses, to improve their bathrooms, to have warm water at home or to connect their households to the sewers." (Carina, promoter in Presidente Perón, September 2014)

"We allocate the loans and provide instalment payment facilities. Besides, when the neighbours pay off their loan, they can take out another for a higher amount." (Marta, promoter in Hardoy, September 2014)

The promoters themselves tend to be beneficiaries of the micro-credit programmes or other housing improvement programmes (such as the PMV); this fact encourages them not only to continue carrying out their role, but also to value the programme due to its accessible requirements. In addition, the FMC programme enables the promoters to forge stronger solidarity ties with their neighbours.

"I like neighbours coming to my house to ask me about 'the little houses' project. They ask me: 'Can I put my name down here to get a housing improvement' I like explaining to them; it makes me feel useful." (Carina, promoter in Presidente Perón, September 2014)

Work spaces (promoters' houses, community centres, building sites, etc.) also enable promoters to talk with the families who are unable to repay the loan instalments because of financial hardships and discuss alternatives.

"I always tell them: 'If you fall behind with the instalment, come by and tell me', I'd rather know the situation directly from them, the reason for their delay." (Adriana, promoter in Villa el Carmen, August 2014)

The promoters provide guidance and tell the neighbours where they can collect the materials and pay the instalments; but they primarily listen to neighbours' needs. Once the loan has been granted to the beneficiaries, the promoters make a follow-up and schedule visits to their households.

Furthermore, the regular meetings provide the opportunity to exchange views about other more general issues of neighbours' concern, beyond the allocation of micro-credits (food plans, health system, youth programmes, among other issues).

Each working committee -with the corresponding neighbourhood fund – displays different characteristics in terms of history, administration and modes of management. Despite these differences, all neighbourhood working committees conform to the modes of management set out in the Micro-Credit Programme, and apply different case-by-case strategies to face any arising difficulties and new challenges. With the work of community promoters, this mode of management allows adaption to the specific features of each neighbourhood, thus rendering a flexible and accessible programme for neighbours.

The promoters' management of the schemes enables the strengthening and gradual upgrading of individual and social housing, and has a strong positive impact on the health of the communities. These processes are necessary for the neighbourhood to attain adequate sustainability levels; investment in core infrastructure and housing alone does not necessarily secure good living conditions – community bonding and the capacity for self-management of resources also play a significant role.

4.4 The role of promoters in their neighbourhoods

Promoters gradually shared the stories of their lives and their neighbourhoods both at group meetings and through their written accounts. They expressed their views of their neighbourhoods and their neighbours and also of each FMC jointly run by them and IIED-AL.

4.4.1 Barrio Hardoy

Inocencia and Marta have been promoters for the credit fund in Barrio Hardoy since 2004. Barrio Hardoy originated as a 7.5 hectare planned settlement with regular city blocks and 205 plots awarded to families relocated from Barrio San Jorge. Relocation took place in response to the need to vacate private land and was the result of the joint work of the community, the local government and IIED-AL. The relocated families received a plot and they gradually resettled and were eventually able to build their own houses.

"People living in my neighbourhood are peaceful and hard-working. We know one another from the former neighbourhood (San Jorge). We are relatives, friends or acquaintances. Life in my neighbourhood is very quiet." (Marta, promoter in Hardoy, August 2014)

Initially, these neighbourhoods did not have basic infrastructure such as water supply, sewers, electricity, paved roads, etc. As in several other neighbourhoods, services arrived gradually as a result of the steps and negotiations undertaken by several stakeholders, including the strong municipal and community engagement and the work of technical organisations.

"We are citizens relocated from a slum; we want a better life, learning that we have rights and duties. We are humble, lower class people. Ordinary workers. There are no professionals among us like lawyers, doctors, architects, etc. People here only work in the domestic service, as bricklayers, carpenters, factory workers or as meat packers. There are also waste pickers/recyclers." (Inocencia, promoter in Hardoy, August 2014)

In 2003, PROMEBA I reached the neighbourhood.²⁶ Within its framework, working committees were established with representatives appointed directly by the neighbours. The representatives had to assist and coordinate the development of the programme with the municipality. Inocencia and Marta, among other neighbours, were nominated as delegates. The management of the micro-credit programme also

²⁶ The implementation of PROMEBA brought further economic and technical resources to the area. It was then that the FMC started to complement itself with PROMEBA, a programme aimed at granting credits for housing improvement such as bathroom upgrading, bedroom enlargement, etc.

started in 2003, and since then, they have both been in charge of the administration of the FMC portfolio, granting up to 250 micro-credits in total. However, there are still numerous families on the waiting list.

"The micro-credit fund is of great help to neighbourhood residents. The micro-credits enabled many neighbours to enlarge or improve their homes. People recognise micro-credits as the

best option because of the minimum requirements, speed, cordiality and good relationship between the applicants, the promoters and IIED-AL."
(Inocencia, promoter in Hardoy, August 2014)

"The micro-credit fund helps to upgrade houses. The criteria to apply for a loan are not many, the instalments are affordable and interests are very low."
(Marta, promoter in Hardoy, August 2014)

BOX 1. INOCENCIA AND MARTA: TWO LIFE STORIES

Inocencia



Inocencia Rivas was born in Pirané, a town in the Formosa bush region. *"I lived free in the bush, chasing butterflies and lizards... My hair was long and wild... They used to call me 'lonely algarrobo'.²⁷ (...) We went to school; my mother used to send me to school on horseback, with my brothers and cousins (...) I went out on the road and ran races with the boys I met. It took me one hour and a half on horseback to get to elementary school."*

Her family worked during the cotton picking season and also produced charcoal, worked at the timber yards and hoed the land. She dropped out from elementary school because she had to stay at home and help when her family went away to work.

When she turned twelve, she came to Buenos Aires with her mother and one of her sisters, hoping to secure better living and working conditions. Her mother sold a couple of horses to pay for the trip. First, they lived in La Cava (district of San Isidro), where her older brother had already made his home. Shortly afterwards, one of her aunts got her a job as a babysitter. Then they lived for a while in a neighbourhood in Victoria (district of San Fernando),

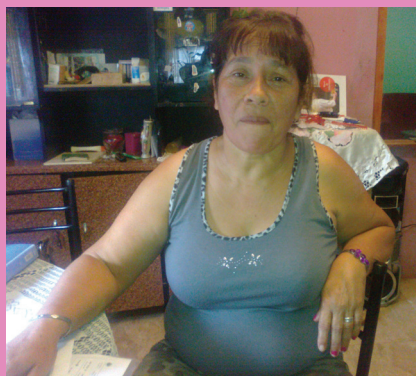
already knowing that they were going to be relocated. After a fire, the authorities moved them out. *"They brought us to San Jorge. I went to the door and saw the flames and the gas bottles exploding... This was around the 1970s... They said the fire started in a house where people had political meetings, those were difficult times... It was sheer luck that my shack remained standing. My house didn't burn down, so I was able to use the wood for the new one; others had to start from scratch because the municipality didn't give you anything. I already had two daughters, my third daughter and my son were born in San Jorge."*

Soon after, she went to Brazil with the father of her three daughters. *"He's Brazilian, he came because he is a musician and he had heard about Buenos Aires. He leads a Bohemian life... We went over there, but I wasn't happy. I had torn my house down and what little I had, I had given away; I left feeling sure I had made the right choice, but I cried every day, I felt lost because of the language. I was there only three months and I did nothing but cry."* Then they returned, he got a job in the Astarsa shipyard, but finally they separated. *"And I always returned to San Jorge and dreamed of having a house. I dreamed of a white house with a long corridor. Now I have my house... I value this, and I think of what my life was like back then and what it is now..."*

Inocencia lived in San Jorge for thirty years; her family was one of the first to move into *Barrio Hardoy* in 1996. Later, the PROMEBA programme was launched and Inocencia became a delegate and joined the committee that little by little succeeded in urbanising the area. Since 2004, she has worked as a promoter of micro-credits for housing construction and improvement. In Hardoy, she built the house where she now lives with her second husband and her youngest child.

²⁷ A type of acacia tree.

Marta



Marta Mansilla was born in Buena Vista, an agricultural area in the province of Formosa. She lived there with her parents and her 12 brothers and sisters until she was nineteen.

"I was going to school, but as soon as I was able to work on the farm they took me out of school and put me to work. I attended up to 5th grade. At the farm, I gathered cotton stems, I had to hoe the ground. I went there every day and if there was no work to do on my father's land, I worked somewhere else and my father took my salary."

As her brother had come to Buenos Aires to do his military service, Marta decided to migrate too and went to live with him in Lanús. *"I'm leaving, I told my mother. There wasn't anything else there – what would my future be? Everything was about working, no dancing, we spent our weekends washing clothes, filling tanks, and gathering firewood. One day, a man walking by saw me toiling away and said 'I want you for my wife, I'm going to speak to your family and we'll get married' – and I thought 'Over my dead body!'"*

Marta's decision also prompted one of her brothers to quit his job in a farm and buy a ticket to Buenos Aires. One week after their arrival, they both found a job: Marta became a domestic worker in a family house in the neighbourhood of Belgrano, in the city of Buenos Aires. Every Saturday, her day off, she went to the Once neighbourhood to visit her brother, who worked in a store. *"On Saturdays we were together and cried when the sun went down. I missed the silence, but later I got used to this life. My brother used to say 'Why don't we go back, Marta...? But later, everybody followed us. My mother died when she was 54... She was sad and had health problems.'"*

Later, Marta met her husband-to-be at a family meeting organised by her sister-in-law. After one year, they moved to San Jorge (district of San Fernando) and had three children.

Like Inocencia, Marta joined the committee that participated in Barrio Hardoy's urbanisation. *"I used to be a loner. When the committee was created, we were afraid... our first meetings were about the water problem... Do you know what it's like to lug buckets from Cocarsa?"²⁸ We asked for a community water point at the corner and at least we got that. It was a matter of need, that's why we had to participate and so I went to the meeting. Later, the sub-committee was organised, then the plots were given out and everybody built their house. Afterwards, I started to work with Inocencia. It's all her fault (laughter as she points at Inocencia)." Marta has worked as a micro-credit promoter together with Inocencia since 2004.*

4.4.2 Barrio San Jorge

Barrio San Jorge was first established as an informal settlement in the 1960s. Occupation of the land took place in two stages. In the first stage – 'the old neighbourhood' – San Jorge was formed of alleyways, had a high level of danger and was densely populated. The second stage – 'the new neighbourhood' – began to develop at the end of the 1970s. Even though the neighbourhood displays an well-ordered street layout and uniform plots, housing and services are highly precarious (Almansi *et al.* 2010).

In 1990 IIED-AL and the municipality started their joint work on the urban upgrading of the area as the neighbourhood was exposed to repeated floods and required a land tenure regularisation process. Working committees were gradually established integrated

by neighbourhood representatives, IIED-AL and the municipality. This collaborative effort was aimed at fostering the Integrated Neighbourhood Improvement Programme in some neighbourhoods in the west of the municipality of San Fernando. In 1990 IIED-AL created the FMC (first stage) to promote the construction of houses in San Jorge and nearby neighbourhoods.

The implementation of PROMEBA II that started in 2009 enabled the opening and paving of roads, the installation of a new sewage and gas network, the relocation of families under a housing programme to another neighbourhood located across the street in order to open roads,²⁹ the improvement of public spaces (squares, football fields, etc.) and community centres (relocation of the health centre), and the initiation of proceedings for residents to obtain formal title deeds, among other actions.

²⁸ Cocarsa is a meat factory near Barrio Hardoy and Barrio San Jorge, which in the past provided a water point for the neighbours.

²⁹ Of the 101 houses built under the Programme for Slums and Settlements (national government), 43 were allocated to Barrio San Jorge. The rest were to be awarded to families that were to be relocated to Barrio San Martín and Barrio Presidente Perón (award still pending).

BOX 2. IRMA'S LIFE STORY



Irma Quiroga was born in Santiago del Estero, in a town called Brea Pozo, near the capital of the province. She lived in Brea Pozo with her parents and her seven brothers and sisters. Her father died when she was two. Over

time, some of her brothers migrated to Buenos Aires in search of a better life. *"We left because we, the women, were left alone. My mother was a widow and couldn't take care of us anymore. We thought that here it was different... When we arrived, we were disappointed because all the houses were made of sheet metal and the toilet looked like a rocket to the moon. The day after we arrived we said -Is this Buenos Aires?!"*

One month later, they settled in *Barrio San Jorge* (San Fernando) and Irma got a job with a family in Martínez (San Isidro). She was twelve, and she remained there until she met her husband Juan and had her first child.

At first, she lived with her family with one of her brothers and his family. *"We stayed there until I turned 18 or 19. From there, I went to my mother-in-law's house just one block away. At the time, people gave their house to the municipality and moved away, and the municipality gave the house to anybody who*

needed it. As I was pregnant, I went to see if I could get a place, because I already had a son, and, well, one Sunday father Jorge Casteli came along (he used to work a lot with the municipality) and told Juan:

"Juan, you have your house, it's such and such... The walls were sheet metal, with brick and earth floor, it was just a square with a partition down the middle."

"We lived together a good few years; we had six children and later married. We've been married only four or five years." Her mother's death changed Irma's life. *"When she left us, I started going to church, as if I was looking for an answer. I started meeting a group of people, I was in a bad situation... I don't know if I was depressed, but I needed something, something was missing in my life."* Irma started to pray with the people attending the church of Barrio La Paz. She prayed in homes, at church, she prayed with the sick. One day she was asked by Father Nacho to join a group of people that accompanied the children in church every Tuesday; they preached to them and shared some food. Later, she joined PROMEBA. At first she went to the meetings as a neighbour, to find out what was being done in the neighbourhood, and later she became a delegate. *"Afterwards, I started going to the vegetable garden of the library, I was invited to a vegetable garden workshop and I went there every Wednesday."* After a time, Irma became the head of the library. She still works in family houses, is a micro-credit promoter in *Barrio San Jorge* and has six children, thirteen grandchildren and thirteen great-grandchildren.

Within this long neighbourhood transformation process, the organisation of an FMC with neighbourhood delegates became an essential tool for habitat improvement. The FMC started in 2001 and Irma is a promoter in San Jorge since 2011.³⁰

4.4.3 *Barrio Presidente Perón*

Barrio Presidente Perón is located a few blocks away from *Barrio San Jorge* and *Barrio Hardoy*, between the banks of Reconquista River and Route 202. Together with *Barrio San Jorge*, it formed part of the intervention process implemented under PROMEBA II in 2009. As part of the field team, IIED-AL supported the neighbourhood urbanisation process.

The neighbourhood has eight blocks with a mix of paved roads and alleys with restricted traffic flow and narrow lanes. It lies on the banks of the river and some of the houses are built on the riverbank itself. Families living in these precariously built houses which are at risk of collapsing are to be relocated by the municipality to a Federal House Programme located ten blocks away from the neighbourhood, just across *Barrio San Jorge*.

The neighbourhood is on private land, settled on more than 30 years ago. Some families have already initiated the regularisation arrangements under Law No. 24,374 (Law Pierri)³¹ while the remainder will seek regularisation through PROMEBA, a process that is still underway.

³⁰ Formerly the FMC was run by a group of women coordinated by *Nuestra Tierra* housing cooperative in *Barrio San Jorge*.

³¹ Law No 24,374 was sanctioned in 1994 and modified in 2009. The law establishes tenure regularisation procedures in favour of persons occupying a house as long as they can prove continuous and peaceful possession and that it is the only permanent residence of the family. It gives a possession record to initiate the titling process.

The neighbourhood originated in the late 1970s. The first families to settle approached the municipality asking for a house or a space to build one; they had been renting and could no longer afford the cost. The municipality granted a permit and sent staff to clear the land to enable the families' settlement. Later, occupations took place more spontaneously without any specific permit as they were families who had friends or relatives living in the neighbourhood or in nearby areas. The neighbourhood had no access to water and electricity, but these services were available in an adjacent area. The first 40 families that settled worked hard for the water and electricity network to reach the neighbourhood and succeeded in this endeavour.

"True change in the neighbourhood came with the water. We used to fetch water from the slaughterhouse, they gave us salty water. We had to buy our drinking water. Things were like that about fifteen years ago." (Gloria, promoter in Presidente Perón, September 2014)

With the intervention of PROMEBA, starting in 2009, the streets were paved, new water and sewer networks were installed and public spaces were improved, among other actions.

"In my neighbourhood, the streets are paved, we have sewers and running water. The problem is that electricity is supplied in bulk, and when there are outages we can't protest; sometimes our home appliances burn out or the power is cut for several days – and we can't file a claim." (Carina, promoter in Presidente Perón, September 2014)

"The people in my neighbourhood work hard and struggle to improve their lives every day. There is solidarity among the neighbours who need help." (Gloria, promoter in Presidente Perón, August 2014)

Barrio Presidente Perón has 364 families, around 1,640 inhabitants. Most houses are poorly finished and show a high degree of deterioration caused by time and by lack of investment, especially bathrooms and basic sanitation facilities.

In 2011 IIED-AL undertook the implementation of the Housing Improvement Programme (*Programa Mejor Vivir*, PMV) in *Barrio Presidente Perón*. The purpose of this programme managed by the SSVN is to improve housing conditions with special focus on targeting support to overcrowded houses and/or with poor sanitation and/or with deteriorated or incomplete roofs, masonry walls and various installations (electrical, sanitation and so on). So far, the first stage of the PMV has been completed, with 30 improvements, while the second stage is underway, involving 20 improvements. Carina is the promoter of the FMC and is also in charge of selecting and supporting the families who are beneficiaries of the PMV. Gloria, another neighbourhood resident, joined Carina in 2014.

"Through the micro-credits a considerable improvement has been observed in neighbourhood houses, because they are building their houses with bricks and cement and improving the existing ones" (Carina, promoter in Presidente Perón, September 2014).

"Micro-credits help neighbours to realise their dream of improving both their houses and the neighbourhood. It is important to make the fund grow for the sake of the community" (Gloria, promoter in Presidente Perón, September, 2014).

BOX 3. CARINA AND GLORIA'S LIFE STORIES

Carina



Carina Ferreira was born in *Barrio Presidente Perón*, where her mother was one of the settlers. *"I was born here and I'll die here. When I was born, almost all the members of my family had already left, because I'm the youngest. I have eight sisters and one brother. I'm the baby of the family"*. She grew up in the neighbourhood with her parents and one sister. *"When I was small, the neighbourhood was a swamp. There was the garbage burning dump where we went to get sweets: Arcor³² came and dumped products that were about to expire in closed boxes. We knew when they were coming and the place was full of kids."*

She went to elementary school in the neighbourhood and later dropped out. Shortly after, her father died and she moved in with one of her sisters in *Bancalari* (Tigre-San Fernando). *"After my father died, I quarrelled a lot with my mother, because I was daddy's little girl."*

She met the father of her two eldest daughters when she was 17, and moved in with him in *Munro* (Vicente López), another neighbourhood some 15 km away. They rented a place for eight years and when they

were about to buy a property, he and his family backed out. *"My dream was to have a house of my own."* Sometime after, they separated and she moved with her daughters to *Barrio Aviación* (San Fernando), where again she rented a house. When the contract expired, she had to move to another neighbourhood, where she stayed for one year. One of her nieces introduced her to her present husband, Martín. *"I moved in with Martín one year after we started seeing each other. And one year later I had another child. We rented a place near Barrio Perón and then I said to my mother: look, I don't want to rent any more. Will you let me build a house on your plot? Yes, go ahead, she said."* Six months later, Carina, her husband and her mother managed to build a prefabricated wood house, which deteriorated with time. They slowly replaced it with a brick house, which they continue to improve. *"We still have a long way to go, but it's coming along. Martín wants to finish the house before his children leave... (laughter) ... In the house, Martín and I had six children. We'll see if we can finish the ground floor this year."*

Carina started to participate in neighbourhood activities when PROMEBA arrived. *"For me, it was important: they told us how the works were progressing, why they stopped, if there were problems with the workers... PROMEBA was interesting for me, it was a way to find out what was going on in the neighbourhood, because before, I kept to myself."*

Carina is a mother of eight and works as a promoter of the PMV and micro-credit programmes in *Barrio Presidente Perón*: *"I like it because everybody comes to my house... You know you can count on this neighbourhood, because the people are good. Often, things went wrong and your neighbour was there to help you out."*

³² A food and sweets manufacturing company.

Gloria



Gloria Cantuni was born in 1961 and lived in a nuns' school in San Miguel (Tigre) until she turned seven. *"I was taken away because I hit my eye with a piece*

of wood, it became ulcerated and I almost lost my left eye. My mother took me away to live with her and her new partner, with whom she had other children."

She lived in Don Torcuato (Tigre) with her mother until the age of 22, and then left for La Floresta (San Fernando) with the father of her second child. When the baby was nine months old, they moved to Barrio Presidente Perón. *"Through the municipality, my husband's grandmother got the plot where the house stands, and we moved there and lived amid great hardships. The neighbourhood was like a hole, the land was refilled time and again. We built a very small, very precarious house ... This was around 1987. When I arrived, there was Córdoba, my next-door neighbour; Marquian, across the street, then came the*

Gutiérrez family, then the Gómez family, who live at the corner; then Muqui, one of the founders..."

Gloria started participating in community activities four years before the arrival of PROMEBA. At the time, meetings were mainly focused on the titling process.

At present, Gloria lives with her youngest son, works as a cleaner for an insurance company and her home houses a community kitchen belonging to a political group.³³ *"We are self-reliant. We get very few donations... We have sixty children coming to eat. Now the kitchen is open three times a week, but I think that in one or two months we'll be working every day, from Monday to Friday. The kitchen is financed with a 150 pesos fee which we each provide voluntarily every month to help run it. Fifteen of us in the neighbourhood buy the food."*

Gloria has been working at the kitchen for the last four years and recently became a micro-credit promoter in Barrio Presidente Perón. *"This helped me a lot. When my husband left me I was depressed, I had no energy for anything, and this work helped me a lot, it motivated me... the work and my granddaughter gave me the motivation I needed to go on living."*

4.4.4 Barrio Villa Del Carmen

Barrio Villa del Carmen was initiated in the 1960s with an irregular street layout. It is made up of thirty blocks.³⁴ On the site known as *Comunicaciones* (formerly *Radio El Mundo*) in the centre of the mentioned area, 228 houses were built under a housing programme run by the municipality of San Fernando with the purpose of relocating residents from Barrio San Roque.

The neighbourhood is densely populated, with many cases of second families (children who had grown and started their own families) living on the same plot or in the same house as another family. As there is a high level of informality in house construction, overcrowded houses and lack of sanitation services, the improvement and/or enlargement of their houses is of vital importance for habitat improvement purposes.

The neighbourhood has access to gas, water and sewers and there is street lighting. Most households have secure land or housing tenure (that is, sales contract, title deeds) or are in process of obtaining these from the municipality.

"Life in the neighbourhood is quiet. However, there is a bit of everything. People get up early to go to work and take their kids to school, they are kind and helpful. When something extraordinary happens we try to help one another" (Adriana, promoter in Villa del Carmen, January 2015).

IIED-AL started the implementation of the PMV, subsidised by the national government, in 2009. So far, 130 housing improvements have been accomplished in the five stages of the programme. In the last three stages, the promoters' role gained ground as they became central to programme operation and key in the

³³ The organisation, Tupac Amaru, runs the community kitchen and is supported by *Frente para la Victoria*, a political party.

³⁴ Four blocks in this area are recognised by their residents as being Barrio San Andrés. Credits are also awarded to residents of this neighbourhood.

BOX 4. ADRIANA'S LIFE STORY

Adriana Guardia was born in *Barrio Villa del Carmen* (San Fernando). *"I was born in San Fernando's hospital. My parents lived on the same plot where I live now".* Adriana lived in that house practically her whole life. She left for only a few years because she did not get along with her father. *"You might say I left for a while, I think I was 16 and moved in with some friends, but because I had to, not because I wanted to".* Later she returned and started going around with a group of boys and girls from the neighbourhood and with her sister's friends. There she met her first husband. Not long after, she moved in with him to his parents' home. *"I lived with them for almost two years and then I returned alone to my family house, when my parents left for Garín; on one hand, the house was left untenanted and I wanted to come back and take care of it, and on the other, I needed to leave the place I was living in".* Back in the house where she was born, Adriana continued with the relationship and although there were conflicts, she had her first two daughters, Rocío and Daniela. When her elder daughter was six, Adriana decided to separate from her husband. *"My separation was rather frustrating. I needed to get back on my feet because of*



my daughters; I knew I had to move on. And I did it by working; with the help of my grandmother, who gave my girls their mate cocido (mate tea) in the afternoons, with Claudia (a neighbour), who fed them, my mother and my father who were always around the girls... well, I had more ups than downs".

Little by little, Adriana recovered and managed to start the grocery shop she runs today in her house. She also started to participate in the kindergarten cooperative attended by her daughters and to work as an office cleaner. She was also able to rebuild her home life and had two more children: first Adrián, when she was 30, and shortly after, Ignacio.

Adriana started to get involved in housing improvements when a neighbour invited her to a meeting organized by IIED-AL when it was just beginning to run the PMV programme. *"I had heard something about it so I went to the meeting, because, to be honest, I needed it. And so it was... they were telling the people what it was all about. I didn't take it seriously – I had a lot to do: my house, my shop, my work and the children, so I thought that was enough for me. But my neighbour said "She would like to cooperate" – and there I was. Then, the PMV reached my house. I didn't realise I needed a bathroom so badly. And when I got it, I said: "How did I live like that for so long? I think it's important to tell people that one can live a better life".*

Adriana is a promoter of the PMV and the micro-credit programmes in *Barrio San Ginés* and *Barrio Villa del Carmen* since 2007.

selection of beneficiaries, building a new bond with the neighbours.

Adriana Guardia is the promoter of both programmes. She first undertook her work jointly with other neighbours, but since 2013 she was left alone and took on all the tasks. She is now searching for a fellow resident to strengthen the work in the district.

"The micro-credit fund helps a lot because people don't have much money, only for daily expenses and sometimes not even for that. With the micro-credits they see that they can gradually repair their houses and when they finish paying the loan they take another one and continue improving their houses."
(Adriana, promoter in Villa del Carmen, January 2015)

4.4.5 Barrio San José³⁵

Barrio San José is a long-established neighbourhood near the Lujan River which underwent different government interventions, starting in the 1980s. According to the different stakeholders involved it was very complex process because it involved in situ relocation. The intervention process in San José can be divided into two stages: the first stage comprised the construction of 80 houses with subsidised funds, and the second the construction of 125 houses under a housing programme known as PROCASA.

The layout of houses built under the two interventions took into account the geographical characteristics of the area: it is affected by *sudestadas*, which is a storm surge that piles river water onto the coast. This

³⁵ The information of *Barrio San José* is based on internal reports relative to the River Plate Coastal Areas Project (the *Riberas* Project) carried out by IIED-AL from 2011 to 2014 and funded by IDRC-Canada.

happens several times a year with differing intensities and durations (a few hours to one or two days).³⁶ Thus, houses in the first intervention featured accommodation spaces on the first floor and room for a yard or garage on the ground floor. In the second intervention, houses were built on stilts. Today the neighbourhood is home to about 150 families.

Families residing in San José are low-income and can only afford their basic needs. Often families live from informal jobs. Families tend to be numerous, a situation that is worsened by the fact that children cannot attain their independence from the original family group (generally their parents) and move out, so they continue living in their parents' house with their own new family.

This has raised concern to the promoters running the FMC in the neighbourhood, since construction is expanding on the ground floors where they are exposed to hazards when the 'tide'³⁷ reaches the neighbourhood, since water comes into their houses reaching a height of one metre on the ground floor.

"Many think our neighbourhood is a 'red zone', a 'slum'. My family and I have always found solidarity here. Each time the wind blows for several days from the south east, the tide is sure to rise. So say those who have always lived in the neighbourhood or on the Island. Everybody lifts up their stuff, they buy bread, milk and so on. Then we see the children playing in the water, boats coming out of some houses, people improvising boats with pieces of wood or plastic... But the 1 November 2014 was different. No fun for anybody, young or old. I don't know whether to call it fate or negligence, but a young boy with his whole life ahead of him is no longer with us."³⁸ (Kitty, promoter in San José, January 2015)

Barrio San José is connected to the public water and electricity network. Moreover, it has a sewer network in place that went through various stages (it started as a treatment plant of household effluents that later required

the construction of a new sewage network). As the neighbourhood is not connected to the gas network, residents use gas bottles for cooking. Regarding the road network (including pavements), all the roads surrounding the neighbourhood are paved. The neighbourhood has an internal passageway because the housing complex is shared property. This passageway is also paved to facilitate the flow of traffic.

Currently this neighbourhood (both stages) is undergoing a land tenure regularisation process. The land on which the neighbourhood stands is municipality-owned, and the titling process is essential for the families to secure their right to property, completing the process initiated many years ago. This aspect is central to all land initiatives carried out by the municipality.

In 2013, IIED-AL started to implement the PMV in Barrio San José. The priority, like in other neighbourhoods, was to target support to overcrowded houses and/or those with poor sanitation and/or with deteriorated or lack of roofs, walls and various installations (electrical, sanitation, and so on), but with the additional purpose of adapting houses at risk of flooding by introducing sanitation improvements, or building new bathrooms and rooms in the upper level. So far, ten housing improvements have been completed in the first stage of the programme. Also in 2013, the FMC started where promoters are responsible for the management of the revolving fund.⁴⁰

"I began participating at some meetings organised by IIED-AL. One day they told us there was a small amount of money that could be used for housing improvements. This is how we started with the micro-credits in the neighbourhood. Residents say it is a way to move forward with their projects." (Kitty, promoter at San José, January 2015)

³⁶ A meteorological phenomenon affecting the coasts of the River Plate. When wind blows intensely and persistently from the southeast, it piles water on the coast and prevents normal water run-off causing floods in coastal areas. San José is frequently affected by this type of floods.

³⁷ Neighbours popularly call it the 'tide' (*marea*) of the *sudestada*.

³⁸ An unfortunate event happened in Barrio San José in the course of the months in which the promoters assembled for the completion of this paper. During a recent flood (*sudestada*) a 22-year old man died from electrocution as the water level within his house grew. Usually in this type of neighbourhood, electric installations are precarious and seldom do utilities and government offices follow strict emergency procedures to prevent such accidents from happening.

³⁹ Manzaneras are neighbourhood workers. Their work started in 1994 as part of a strategy of the former Director of the Provincial Family Council (*Consejo Provincial de Familia*), Hilda González de Duhalde, to distribute provincial assistance programmes in the form of basic food items. Often used for political support, their work (voluntary) derived into community- support initiatives and many are recognised representatives of their communities.

⁴⁰ Juanjo is a 24-year old youth who has supported the management of the micro-credit fund ever since its inception. Sister Aurora, on behalf of Caritas, and Kitty, who took on an active role in this paper, also participate on the working committee.

BOX 5. KITTY'S LIFE STORY



Florinda 'Kitty' Duret was born in San Antonio de Obligado, province of Santa Fe, where she resided until the age of 5. Then, for working reasons, her family, including herself and her two brothers, moved to Villa Ocampo, Santa Fe. *"I stayed there until I was 15. And then we moved to Rosario. Living in a big city*

as a teenager was quite a change. After Rosario, we returned to Villa Ocampo, and when I turned 20 I left for San Nicolás with my husband, who worked at Somisa, a very important foreign company. Also because of my husband's work, we lived in Córdoba, La Plata, Bahía Blanca... always with my children: one son who is now 40, Jessica is 33, another son who is 32, and Daiana, 23. One was born in Córdoba and the other three in San Nicolás."

The economic crisis which was already making itself felt in the mid-1990s left her husband unemployed. The man had relatives in Buenos Aires and migrated to take up a job at the port of La Boca. He lived with one of his aunts in San Fernando. *"I didn't know the neighbourhood at all. My husband came and said "Look, there is a chance of selling this house and moving to San Fernando." "Where is San Fernando?" I asked. I looked on a map to find out, and I remember a lady doctor telling me: "It's almost as close as the capital, it's very near."*

In 1995, Kitty and her family finally moved to Barrio San José (San Fernando). *"When I came here I was shocked: back then, the kids ran around barefoot. The houses were falling down. When I arrived, I said "Where have you brought me?" I couldn't believe it*

and I started to cry. I cried for a week, because just around that time there was a shooting and I was very frightened and crouched with my children under the stairs. They were teenagers, Daiana was small. Then a high tide came (sudestada) and ruined everything we'd brought with us."

With time, Kitty became a neighbourhood representative. She started working as a block leader (*manzanera*)³⁹ for the municipality: she distributed food and invited people to take part in courses and workshops organised by the municipality. She engaged with the neighbourhood network, with Cáritas, and with the workshops carried out by community development associations. *"The reality of this place hit me hard. I thought: my husband is working all day long; if I don't change my attitude, particularly having teenage children and one small girl, I don't know where it will end. So I tried to find out why some kids took the wrong path instead of judging them."*

Later on, the municipality started supporting a workshop for young people in coordination with all neighbourhood institutions. This was the origin of the *murga*, a popular dance and theatre group called 'Los Bakanes de San José'. Kitty was its director for six years. At present, Kitty is a member of the Neighbourhood Network, of the *Banquito Popular de la Buena Fe* (Good Faith Peoples' Bank), she collaborates with Cáritas and is a promoter of the PMV and the micro-credit programmes. *"I have four children and thirteen grandchildren, and the truth is that after that shooting, I sat down on the balcony to have some mate and said: "This will be my last neighbourhood, here is where I'll be buried." I felt this was a challenge and that's why I never stopped working and never will; and if I've decided to live out my life here, I want the best for the neighbourhood. And wanting the best for the neighbourhood means that if people from outside bring in new tools, the neighbours have to commit themselves and participate."*

5

Neighbours' opinions of the micro-credits

Neighbourhood promoters basically used two methodologies (survey and workshop) to capture the opinion of neighbours regarding the relevance of the programme, its impact, its social function and how they viewed the role of the promoters. The survey questionnaire and workshop methodology were developed following a discussion among the promoters during meetings and it incorporates the dimensions they explored. The surveys were carried out by the community promoters.⁴¹

5.1 Neighbours' and promoters' joint analysis of the micro-credits

During the two-hour workshop held on 29 of September 2014, the different characteristics of the micro-credits were reviewed. Also, the opinions derived from the surveys provided input on the various programme topics. The following sub-sections analyse the outcomes of the workshop meeting between promoters and neighbours, as well as the results of the surveys. Table 2 lists the participants at the workshop

Table 2. Participants at the workshop of promoters and neighbours (29 September 2014).

NEIGHBOURS – BENEFICIARY FAMILIES' REPRESENTATIVES	COMMUNITY PROMOTERS	OTHER PARTICIPANTS
Raquel; <i>Barrio Hardoy</i>	Irma; <i>Barrio San Jorge</i>	Sister Aurora, San José working table
Patricia; <i>Barrio Hardoy</i>	Marta; <i>Barrio Hardoy</i>	Guadalupe, IIED-AL
Camila; <i>Barrio Perón</i>	Inocencia; <i>Barrio Hardoy</i>	Maia, IIED-AL
Patricia; <i>Barrio San Jorge</i>	Carina; <i>Barrio Perón</i>	Gustavo, IIED-AL
María; <i>Barrio San Jorge</i>	Adriana; <i>Barrio Villa del Carmen</i>	
Graciela; <i>Barrio Villa del Carmen</i>	Kitty; <i>Barrio San José</i>	
Daiana; <i>Barrio San José</i>	Gloria; <i>Barrio Perón</i>	

Source: IIED-AL.

⁴¹ Thirty-seven surveys were carried out in four of the five neighbourhoods analysed in the paper: *Barrio Hardoy* (13), *San Jorge* (7), *Villa del Carmen* (7) and *San José* (10). Thirty-two of the surveys were answered by loan beneficiaries and the other five by non-beneficiaries.

5.1.1 Fund strengths

The success of the micro-credits is due to several factors, which, on the one hand, make them attractive and viable for the families of the neighbourhoods where they are implemented, and on the other, differentiate these credits from other offers they receive. Flexible payment terms, low interest rates, lack of other financial costs, and minimum formal requirements are the key features of the micro-credits highlighted by neighbours.

"They are good, what they demand is reasonable, nothing out of the ordinary." (Anonymous neighbour)

"The credit is convenient with the interest rates it has; other credits interest rates end up killing you." (Anonymous neighbour)

"First I took out the loan because it bears almost no interest compared to others, then because I was able to pay it as the costs of instalments is low." (Anonymous neighbour)

The mutual familiarity existing between promoters and neighbours was of paramount importance for the neighbours, as was the fact of living in the same neighbourhood. This generated further confidence in the fund. Trust in the programme increased as loans started to be granted.

"People trusted the promoter and the neighbours who had already taken out a loan." (Anonymous neighbour)

Some neighbours use the FMC as a savings plan – that is, they obtain a loan but do not use it immediately. They start paying the instalments without obtaining any materials. Then, when they finish paying the loan, they take out another one and use both loans together – the first one, which they had saved, in addition to the second. This allows them to have more materials available to undertake larger improvements.

"I used the savings option and the micro-credit together for something bigger because a single credit was not enough." (Anonymous neighbour)

According to the surveys, the aggregate amount of funds awarded as credits in the allocations under analysis reached US\$145,350, which was distributed as follows: 32 families were awarded a first loan totalling US\$84,350; 12 of the 32 families took out a second loan for US\$32,000; 3 families took out a third loan of US\$13,000, and finally 2 families were granted a fourth loan of US\$10,000.

It is worthy to note that there are a significant number of borrowers who obtained a further loan – more than 50 per cent. This strengthens the idea that for many families, the micro-credit choice is convenient and that, compared to other offers, requirements are fewer

(expressed by 84 per cent), the documentation required is simpler (78 per cent) and interest rates are lower (84 per cent).

Considering both the meeting and the surveys, we may conclude that the most significant benefits of the FMC are that micro-credits combine simple requirements, affordable long-term financing, simple formalities and flexibility, and, foremost, a local (neighbourhood) offer.

5.1.2 How micro-credits are decided, who grants them, who supports them and how are they used

Many stakeholders are involved in the micro-credit programme, from the community promoters to the teams of the construction companies, with beneficiary families playing a key role. When consulted about the credits, promoters stress the social importance of the fund and the commitment expected from the families receiving the loans.

"I asked about the credit, I presented the papers and I got it. When they confirmed it I felt happy, glad, because I said: 'it was so fast!' So I sat down with my children and talked to them. I thought it would take much longer. I made the roof and now I am about to make the kitchen..." (Anonymous neighbour)

"My children now understand what the credit is about, they thought we couldn't do anything with US\$4,000⁴², now they realise all that we can." (Anonymous neighbour)

The general purpose of the micro-credits is to upgrade families' housing conditions. Experiences largely vary and prove that the credits have been used for an enormous range of purposes (house extensions, sanitary improvements, insulation, general repairs, etc.). There are also cases where they have been allocated to other uses, for example for the purchase of home appliances and furniture (refrigerators, kitchen desks, chairs and tables or beds). Each neighbourhood committee decides the final allocation of each fund.

Once the families have secured micro-credits, they would often consider the possibility of taking another loan to move ahead with their projects.

"I took out four loans and used them to build a store." (Anonymous neighbour)

"I took out a loan to build a room, when I finish I will take out another one to install the water tank." (Anonymous neighbour)

The answers to the surveys also showed that families used the credit funds for a wide range of purposes,

⁴² As of 2015, the amount was equal to US\$465 and US\$295 at the official and the unofficial exchange rates (the latter known as 'blue rate'), respectively.

even though in all cases they were applied to improve, complete or enlarge their houses.

Regarding the impact of the funds on families, according to the survey, they were used to accomplish something they were deprived of, such as a bathroom or a new room (25 per cent), or used for their completion (72 per cent). Given its importance in terms of health care, perhaps the largest positive impact is observed in families who used the credit to build or complete a bathroom (22 per cent).

Nonetheless, for many families the amount granted by each micro-credit, or the limitation of funding activities only for the purchase of materials, were perceived as weaknesses. Of the neighbours surveyed, 40 per cent believed that the small amounts of the loans prevented the solving structural problems, while 60 per cent stated that the biggest shortcoming of the funds loaned was that they could not be used to cover labour costs.

As previously outlined, the micro-credit scheme is designed to avoid promoters having to be involved in handling money, a to avoid any tensions conflicts and misunderstandings between neighbours and promoters. Neighbours have their micro-credit funds allocated to a list of materials providers prepared by the promoters that they can choose from, which they pay back in monthly instalments.⁴³ From this list, they decide where to obtain receive the materials, and they can also choose a provider not included on the list, on the condition that the building yard is a registered taxpayer located in the area.

The payment system was undergoing changes while this paper was being drafted, migrating from the system of personal cheque books payable at a single bank for all the neighbourhoods, to a system of collection through multiple agencies or via the web-based easy payment (*pago fácil*) option. At the meeting it became clear that the old system posed several difficulties, which, in some cases even discouraged the taking out of loans or decreased the payment of instalments. This was confirmed in many of the interventions.

Neighbour in a improvement house – *Barrio* Presidente Perón.



Source: IIED-AL, January 2015

⁴³ Each working committee offers different types of credits. Under the standard scheme, an initial amount of US\$3,000 is granted that is to be repaid in 12 months. It can be agreed for lower amounts and, in general, larger amounts are awarded if the previous standard loan was fully paid off, determined by the neighbour's commitment, and this avoids risks. The repayment term also varies, for small credits they may be shorter than a year, and for large credits or when families cannot undertake larger economic commitments, loans may be repaid in 18 or 24 months. Flexibility is a core feature of the FMC.

"The payment system is the only bad thing I see in micro-credits so far." (Anonymous neighbour)

"The payment system is poor (in reference to the old bank collection system); either I have to go six times to pay one instalment, or there are too many people in line, or I could not make it in time, or the system was not working...." (Anonymous neighbour)

The tracking of payments constituted another problem. As the old system was manual, any deficiencies in the recording of payments often resulted in claiming of payments that had already been made.

"Indeed, I do have problems with the payment, they tell me that I missed one payment, instalment 8, when I went and paid everything, how come?" (Anonymous neighbour)

It is hoped that the change to the payment system will improve instalment collection, reduce payment defaults, and improve the payment registration process.

The delay in the implementation of this system change was due to the lack of funds, as there had been a concerted effort not to increase the system's financial costs. Even though IIED-AL funded the initial costs of this system change, it was made clear that such expenses would later be borne by each neighbourhood fund, which might reduce the funds available for future credits.

The implementation of this system will also require the training of promoters in this new method. Formerly, promoters issued hand-written payment slips, whereas now payment slips are issued electronically. Throughout this transition process, promoters have lost a degree of independence in the management of loans, this is at least until they learn and have the necessary equipment to manage the system. For the time being they have to rely on IIED-AL.

Finally, we may assert that, in general terms, payment and default levels constitute a good indicator of the FMCs' overall sustainability of the programme, and highlight the social and family engagement that accompanies the initiative. The results of the survey provide feedback, of the families surveyed; 65 per cent always paid in time, while 22 per cent faced some difficulty, but managed to catch up on their payments.

5.1.3 The role of promoters

The role of the promoters is crucial for the neighbours; they are community representatives undertaking a useful social function. Promoters will usually act both as representatives of micro-credit schemes as well as of other issues which are outside of the neighbours' control. Neighbours say that the promoters are always ready to listen to their complaints and share advice about upgrading, drawing on the experiences of other benefactors.

"They are always available; you may consult them outside the working committee's hours." (Anonymous neighbour)

"They listen to our problems, to our complaints." (Anonymous neighbour)

It should be noted that the community working committees are set up following a process whereby the programme is presented to the neighbours; they can then put themselves forward to be chosen for the role of promoter. Promoters are supported by community institutions (senior citizens centres, community development associations, etc.), enabling the working committees to disseminate their offer promptly among families in the neighbour. The promoters' role in setting up the programme in the neighbourhood is crucial and soon, word of mouth plays the most important role in the dissemination of the initiative. Thus, 38 per cent of the neighbours surveyed learned about the credit through the promoter's communication and actions, while 53 per cent learned directly from a neighbour.

5.1.4 Defaulting neighbours and unwritten requirements

Even though there is consensus regarding the fact that families facing economic hardship might find it difficult to honour their loan commitments, everyone believes that difficulties must be faced. Therefore recognising problems, sustaining the dialogue, and generating strategies to overcome difficulties are of paramount importance to the effective performance of the programme.

Families that are either unable or unwilling to face difficulties and disregard dialogue are disqualified by neighbours who are strongly committed to the fund.

"They're shameless! I would be ashamed to run into the promoter on the street, knowing that she's from my neighbourhood and that I took out a loan and didn't pay it back. It's outrageous! What sort of people are they?" (Anonymous neighbour)

"Why take on an obligation if you are not going to pay?" (Anonymous neighbour)

"If people don't pay, they end up harming the other neighbours, because if they don't pay, there is no money to lend." (Anonymous neighbour)

"This is like a little bag where we put our money. If we all pay, the bag will be filled. If we don't, the bag will be empty and we won't be able to do anything else for ourselves or for the neighbours." (Anonymous neighbour)

Although formal requirements are few and easy to fulfil for families obtaining a loan under the programme, there are also other issues that are more important when it comes to deciding which family will benefit from the programme. These issues are not written down and each working committee evaluates the eligibility criteria differently. In some cases these issues may be openly stated and sometimes may even be uncomfortable for some families. For instance, sometimes credits are not granted to neighbours who are relatives of defaulters until the debts have been repaid.

"I know of a case where the daughter took over her mother's debt in order to take out a loan that she needed for herself. The daughter showed she was more responsible than her mother." (A neighbour's opinion)

5.1.5 The working committees' agenda

The working committees generally deal with micro-credit issues. However, sometimes other neighbourhood- or community-related topics arise and are analysed at committee meetings. Over the last months, the neighbourhood committee of *Barrio San José* has created a space for discussion where the various issues affecting the neighbourhood are addressed.

"It's good. Credits are something new for us, but we started to work on an idea proposed by Sister Aurora."

One Monday of each month we organise a training course, a workshop or a session, and we speak about different subjects, for example, the dangers at home caused by heating systems during the winter, vegetable gardens, and now we'll be doing a first aid course. I think these courses are very important, the neighbours and promoters are all there." (Kitty, promoter in San José, January 2015)

The idea is in development, there is a lot of anticipation regarding how these workshops can work out, as well as concern that it requires both the involvement and engagement of a larger number of neighbourhood families.

"... very few people participate, but we have to find the way out, change the schedule, but the idea is in place." (Sister Aurora, Caritas San José, January 2015)

5.2 The programme in the eyes of non-beneficiaries

Aside from the issues related to programme awareness and dissemination, it is clear to promoters that many families refrain from taking out loans for a variety of reasons: some cannot assume the economic commitment, others consider the amount awarded as insufficient to address their needs, or that credits only cover materials and not labour.

Of the five people surveyed who did not take out any loans, they answered they had abstained on the following grounds: one for lack of information about the process, one for lack of interest; one for inability to meet the requirements; one for the high instalment cost, and one because it did not cover labour costs. If we leave aside the lack of interest or information – aspects that the programme can improve – the other reasons are related to the families' high level of informality (unemployment, insufficient income to pay for the instalments, etc.). In some cases a subsidy programme would better suit their needs.

Workshop with promoters, neighbours and IIED-AL's team in *Biblioteca Popular Hardoy*



Source: IIED-AL, September 2015.

5.3 Financial sustainability of the FMC

Flexible criteria and low interest rates are key to the operation of the FMC, these allow continued circulation of funds and reach those families that otherwise would not have any type of support to improve their houses. Table 3 shows the cycle of an average micro-credit in one year: initial loan, instalments, interest rates, operational fees and actual repayment; this is if there are no defaulted loans.

Looking into an estimation of real management costs (Table 4), it is clear that these micro credits are highly subsidised, otherwise the costs of a loan would be too high for the average incomes of the population in the area. The cycle described above does not take into account real interest rates, operational expenses or the voluntary time of promoters and IIED-AL staff. In fact, the amount of money repaid does not even cover

interest rates, so slowly over time the fund will have less money to lend, unless there are injections of capital from other sources. The possibility of recovering money from the PMV has been key in sustaining the FMC. It has also been possible to redirect money from one neighbourhood that benefits from PMV to another that does not have the programme, and in doing so distribute benefits between neighbourhoods. The voluntary work of the promoters and the IIED-AL team has also been crucial; the FMC would not progress without this constant work. And here again the complementarity between programmes and projects is of importance, as sometimes technical assistance costs are covered which helps to partially cover voluntary work and operational expenses. For instance the PMV has been partially paying for technical assistance given through the FMC and now the micro-credit programme of the Province of Buenos Aires, developed under the framework of the Provincial Law of 14.449, will also contribute to cover some of the expenses and pay complementarity work.

Table 3. Example using an average credit of AR\$4,000

Credit amount (in materials)	Value of instalment	Number of instalments	Interest rate	Amount repaid (capital +interests)	Discount to cover operational expenses	Amount that goes back to the fund
\$4000	\$406	12	21.8% (1)	\$4872	\$180 (2)	\$4692

Notes:

(1) Interest charged is less than official (23,9 %) and non official (38 %) interest rates

(2) This is a symbolic charge to cover operational expenses – see explanation below.

Source: IIED-AL.

Table 4. Management and operational costs for one working committee, one year (estimated)

	Staff	Hours /month	AR\$Month	AR\$Year
Promotores	2	48	4500 (1)	54000
IIED-AL	2	32	4000 (2)	48000
Management costs	Includes bank costs, taxes, administrative costs, office supplies, mobility		1083.2	12998.4
Total			9583.20	114998.4

Notes:

■ Covered by promoters.

■ Covered by IIED-AL

(1) Based on an estimated salary of \$15.000 (160 hs) per month.

(2) Based on an estimated salary of \$20.000 (160 hs) per month

Source: IIED-AL

5.4 Complementarities of programmes

A key contribution of the FMC in the communities at large has been its flexibility and therefore capacity to complement other initiatives. In all cases, the FMC have contributed to complement different federal programmes, core infrastructure expansion, and in this way strengthen and amplify the benefits of these programmes (number of families actually benefiting or the possibility of accessing benefits). The FMC described here have all complemented other neighbourhood initiatives, such as:

- In the integral neighbourhood upgrading process developed for *Barrio San Jorge* in the 1990s, the FMC supported families to purchase materials for housing construction and improvement.
- During the same process, when the sewerage and sanitation network was completed in 1997,⁴⁴ the FMC supported families in the construction of bathrooms and connecting to the trunk infrastructure. In 2003, it allowed families to enlarge their single room, open plan house built by PROMEBA I that was too small for families, as well as help purchase basic equipment such as gas heaters to enable official connection to the gas trunk infrastructure.
- The FMC has worked in tandem with the PMV in the neighbourhoods of Villa del Carmen, San Ginés, Presidente Perón y San José since 2007.

⁴⁴ Trunk infrastructure was the result of the joint work of the community and IIED-AL with international funds. (See Schusterman *et al.* 2002; Almansi *et al.* 2010; 2014).

6

Conclusions and future challenges

6.1 Lessons learnt from the analysis of micro-credit funds

The analysis of the micro-credit experience, carried by the community promoters with the participation of loan beneficiaries, provides several key lessons. As far as the neighbours are concerned, the meeting with the promoters was a complete novelty to them, and they really appreciated being asked for their opinion. To learn about and share the experience with residents of other neighbourhoods where the micro-credit funds are also implemented was particularly important to them because, in many cases, they had ignored the fact that the programme included other neighbourhoods as well. In this sense, these meetings brought neighbours with similar experiences closer, although each one had its particular features, a fact that enriched the discussion.

To the community promoters, the FMC experience was highly important, as it required a degree of commitment and prominence which they were not used to. The initiatives are usually analysed or evaluated by others whereas, in this case, both the design and the development of this reflective practice were based on their ideas and proposals. The participation of neighbours was the result of the community promoters' own concern in this regard; and they needed to know the neighbours' opinions in order to self-evaluate their own role as promoters in the programme.

After ten years of joint management with the neighbourhood promoters, it is our belief that the FMC has consolidated and constituted a growing and sustainable experience. In all cases, the loan portfolio has expanded both in terms of loans offered and taken out, and the credit amounts involved. This increase correlates with better housing and living conditions of the beneficiary families, and indirectly improves the living conditions of the whole neighbourhood.

The growth and expansion of micro-credit funds to other neighbourhoods has been a major change, giving rise to the creation of a 'credit Programme', wider in scope and impact.

The trend toward networking (ie the incorporation of all working committees) has generated a positive work synergy in each neighbourhood fund, as there is the availability of social and technical support, and even funding.⁴⁵

The success of the FMC experience in San Fernando is attributable to a number of factors, among them:

- **The neighbourhood-based location of the FMC.** Above all, the micro-credit fund is a local experience. Promoters, beneficiaries and suppliers are all close and familiar stakeholders.
- **Flexibility.** The offer adapts to prevailing local conditions, taking account of the reality and possibilities of each family involved. There is a general framework that provides guidance, but it leaves room for each working committee to see what is best, what is more suitable for the neighbourhood and

⁴⁵ For example, the FMC in *Barrio San Jorge* were initially set up with funds collected from the repayment of instalments from the FMC in *Barrio Villa del Carmen*.

for each family. It also allows for constant reflection and adaptation.

- **Reliability.** The track record and sustainability of the FMC for more than 20 years, as well as the dynamics and the transformation experienced over time, promote trust and reliability. In this regard, the role of the neighbourhood promoters is crucial.
- **Neighbourhood promoters.** These are well-known residents; they were or are currently micro-credit fund beneficiaries, so they value the positive impacts of FMC from their personal experience. But, above all, they are women (mostly) committed to their neighbourhood and their neighbours.
- **Complementarity:** The FMC work best and have long term sustainability when their activities are integrated into wider neighbourhood development processes (neighbourhood upgrading, housing improvements, etc.). Often, it is through these processes that the FMC receive additional funding which can cover part of the real costs that FMC need to operate.

6.2 Future challenges

The last meeting with the promoters was held to determine the next steps of the FMC programme, and to find out their shared views and the main challenges to be faced in the future.

6.2.1 Autonomy of neighbourhood funds

Some of these promoters still believe that IIED-AL carries out the most significant work – administrative follow-up, negotiating with the building materials yard, injection of new funds, etc., – while the promoters undertake the community work. On the contrary, in IIED-AL's view, the most arduous part of the work, and a main pillar of the programme, is the social management of micro-credits, a task carried out by the promoters.

These differing views resulted in a discussion about the autonomy of neighbourhood working committees, which led to the conclusion that such autonomy would require a higher commitment from promoters (by undertaking additional duties) and from loan beneficiaries (through a better understanding of the social nature of the FMC programme).

Enhancing the autonomy of neighbourhood micro-credit funds is a challenging task, requiring greater networking efforts, bearing in mind that working committees have become stronger through an increase in joint work, and giving time to adjust to new procedures such as the electronic cheque books and the follow-up of loan payments.

"When you feel unable to do something, it would be great if you felt able to call on a fellow and ask them: 'Look, I have this problem here. Could you help me if you understood this better than me?'" (Irma, promoter in Hardoy, January 2015)

"We believe this implies commitment and time, but I am willing to do it and would do my best to gradually make the time to train myself, at least once a week." (Adriana, promoter in Villa del Carmen, January 2015)

"In my case, I'd rather wait for a little while because we are novices. Being fully independent... I don't know... Maybe the other neighbourhoods after so many years, but I haven't finished the ordinary cheque books yet." (Kitty, promoter in San José, January 2015)

The at is also importantThrough the different stages of the FMC in San Fernando there has been some engagement with the local government, mostly depending whether the development and upgrading of low-income neighbourhoods has some relevance to the local agenda. Today, this type of work is not a priority and local government engagement is limited to signing approvals for work. Provincial and national governments have always remained distant to the actual operation of the FMC. Their engagement consists only in approving new funds and giving continuity to programmes such as the PMV.

6.2.2 Strengthening the working committees in each neighbourhood

The FMC are viable due to the consolidation and institutionalisation of the working committees; this provides the funds with a non-bureaucratic formal framework. In general, working committees are held in spaces recognised by the neighbours as open, non-problematic and non-sectarian. In some cases, working committees operate from the promoters' homes, in others in the premises of neighbourhood institutions.

Each working committee arranges specific days and times for meeting and receiving neighbours, even though according to the promoters' own accounts, neighbours usually turn to them for queries at any time and place. The promoters see this 'closeness' as positive, while they try to maintain a certain working formality.

If other community organisations deal with similar agendas, they are invited to participate. The purpose is always to complement actions, rather than overlap or duplicate them.

The promoters themselves express these ideas about the working committees:

"We have a place to meet and express ourselves."

(Kitty, promoter in San José, January 2015)

"We mustn't increase bureaucracy, but things don't have to be so easy either." (Sister Aurora, Cáritas-San José; January 2015)

"(The working committee) arranges the timetables (...) the meetings help to listen to others, to other people's experiences." (Sister Aurora, Cáritas-San José, January 2015)

"(...) to listen to good news!!!" (Gloria, promoter in Perón, January 2015)⁴⁶

Lastly, the working committees reinforce the idea that even though the FMC are flexible and try to adjust to particular situations, they also apply certain rules. They operate within a framework, with a mission, goals and established procedures. Also, the working committee is part of a broader participatory and reflective space involving several local and outside stakeholders, which sustain the social function of the FMC.

"The working committees enable us to find out what a community project is (...) the solidarity nature of the project is made clear." Sister Aurora, Cáritas San José, January 2015. (attribution?)

"Here, at the working committee in San José, after having called these seven families to participate in the PMV and walk along this path together, I think we have taken a big step forward, from the social and community viewpoint. Yesterday we were talking about water-related issues (...) sharing these concerns makes all of us become better acquainted with this neighbourhood; besides, it allows the person in charge of the technical guidance to be more accurate in providing technical advice. If we could do this with the micro-credits, it would be great." (Sister Aurora, Cáritas San José, January 2015)

6.2.3 Technical support

Except for the recent experience in Barrio San José and in some specific cases in the other neighbourhoods, the micro-credit funds do not provide any technical assistance or keep track of the improvements made by the neighbours. This point is critical and overcoming it poses a challenge which discussed at length at the closing meeting.

The availability of technical assistance for families undertaking their own housing improvements (which is the case in virtually all households) is essential. Technical assistance enables the optimisation of resources and ensures that construction work is done properly, that the best possible solution is the one taken, saving time and money. But if the FMC incorporates technical assistance it would increase its

cost significantly and several families would not be able to afford it.

At the last meeting, it was agreed that future work would focus on:

- Fundraising to cover technical assistance costs.
- Encouraging the participation of skilled neighbours⁴⁷ as voluntary helpers.
- Obtaining technical contributions from the municipality.
- Engaging voluntary university students/graduates.
- Joining efforts with other programmes, etc.

6.2.4 Broadening the microcredit offer

Despite the neighbourhood fund differences found among the neighbourhoods, the fund offer is the same: the granting of materials on credit while families provide labour. In the course of the discussions, several ideas were brought up which will be further developed in the future and might result in further options for fund application.

The first idea was related to one of the matters raised in this paper: the possibility of using the FMC for other purposes other than materials, such as to fund labour costs. In this case, there was a debate on the possibility of drawing up a list of local workers available to provide labour (technicians, construction workers, etc.).

The second idea—a little more ambitious—was to generate an offer specifically targeted at **groups of families** that are capable of undertaking small-scale works with the help of the other families of the same group. All these families (belonging to a group) would perform and finance the construction work of a given family and upon completion, assist a second family of the same group in a similar manner, until all the families in the group complete their building work. Making further progress along this line would represent a major challenge, given the magnitude of the amounts and number of families involved.

By way of conclusion, the experiences outlined in this paper were deeply moving for all participants. The analysis and reflection resulting from the evaluation process enabled us to reconstruct the history of micro-credit funds in San Fernando, and to identify their virtues and the areas for improvement. Above all, we started thinking about the challenges to be faced, with a view to consolidating the funds and developing a network that provides the possibility of expanding the FMC experience to other neighbourhoods and improving the living conditions of those residents.

⁴⁶ Note: this is mentioned in relation to being able to share good things, good news, that happen in the neighbourhood.

⁴⁷ In these neighbourhoods, it is quite common to find neighbours currently employed as skilled construction workers (bricklayers, electricians, plumbers, etc.).

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This paper brings together the views, analysis and opinions of six women who voluntarily manage the micro-credit programme for housing improvement and work together with IIED – AL. The programme has been running since 1988, and has adapted and evolved to different contexts and needs. Inocencia, Marta, Adriana, Irma, Carina, Gloria and Kitty are micro-credit programme promoters who, thanks to their voluntary work and dedication, drive a change in the living conditions in their respective neighbourhoods day by day, paving the way for the issuing of small credits in the form of materials for housing improvement. After ten years of joint management, a discussion among these six women provided the opportunity for analysis and evaluation of the Micro-Credit Fund experience at local level.

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