

Innovation and Success in Sheltering the urban Poor

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Housing for urban and rural poor is not only shelter but the basic requirement of all economic activities. It is the starting point for a person to organise his actions, stabilise his mind and undertake plans and programmes for doing something meaningful. Even simple housing for the homeless who live in shacks made of thatch and leaves or tin roofed huts increases the productivity of the inmates several fold.

Like most developing countries, urbanisation in Pakistan during the last 30 — 35 years has been unprecedented. But unfortunately neither its economic and sociological dimensions have seriously been studied nor have efforts ever been made to link the investment in housing (which some argue is unproductive) to other development objectives by dovetailing educational, motivational, social, economic and environmental inputs with those of construction.

In consequence, what we see today is the urban sprawl of gigantic proportions which manifests itself in high densification of existing urban settlements and the proliferation of slums (with the congenital problems of total lack of all basic services, high rate of unemployment, crime and pollution). Urban crisis in Pakistan is treated as a “law and order” problem and instead of making attempts to understand its contexts and dynamics, our planners talk in terms of security management programmes which aim at refurbishing the police force and the magistracy.

Basic reasons for this mass migration — an exodus of epic, historic proportions are the misconceived development strategies adopted by the LDCs, both in the rural and urban sectors. The land cannot provide the rural poor with a job, so migration in most cases is like a plea for employment, a courageous expression of the willingness to work, more than the poor soil or the unjust society of their home area.

When these poor, jobless migrants land up in cities they find neither jobs nor affordable housing and having no other alternative, tend to become part of the sprawling, ever-expanding squatters’ slums. In some of the countries, half-hearted attempts have no doubt been made to solve the problem by launching low-cost housing programmes for the

urban poor but these policies miserably fail mainly because the government response to meet the shelter needs of the urban poor is not compatible with their sociology and economics.

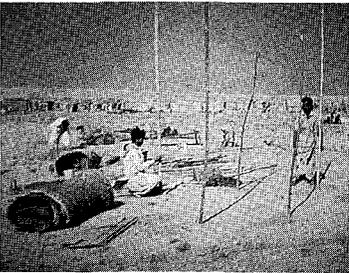
In the foreseeable future, the urbanisation trend cannot be stopped, reversed or altered, notwithstanding all high-pitched sloganeering and empty rhetoric. The question is how to meet the housing needs of the migrants? Should we allow them to “squat” wherever they like and make the amelioration plans for them afterwards? Or, should the government meet their shelter needs on their arrival in the cities by providing them with bare necessities and keep on gradually improving their living conditions with their cooperation and participation?

Surprisingly, the ‘informal’ sector has succeeded where most government with all their resources and wisdom have failed. Today, in almost all the LDCs, the shelter needs of the urban poor are being met by the professional land-grabbers, sub-dividers, brokers and the middlemen, call them by whatever name you will

After having analysed firstly, the reasons for government failure in providing shelter to the urban poor, and secondly, the success of the ‘informal’ sector, Hyderabad Development Authority has come out with an innovative solution to provide them with shelter at prices and at a standard of development within their possibilities. While doing so, it has focussed its attention on important issues which had not received appropriate attention in traditional housing schemes: targetting and affordability; the procedure of allotment and the timelag between allotment and possession of plot.

With emphasis on these basic issues, a project was started, called the ‘Incremental Development Scheme’ which is popularly known as *‘Khuda ki basti’*. In this scheme, through a process of trial and error, a new approach has been developed which is capable of overcoming the common weaknesses to an amazing degree.

Basic in the new approach is that the option offered is affordable to the target groups. Therefore, a very low “down payment” (Rs 1000) is required. The development of the scheme is incremental. Initial services are limited to the



Top: A reception area is provided at the site where the shelterless family is registered only if it brings all its members and entire belongings with it

Above: A regular plot is allocated if the family stays in the reception area for a period of about a week

absolute minimum: at the start, only communal water supply and public transport are provided. Only in the longer run, house-to-house water supply, sewerage, road paving, electricity, and gas will be provided as the allottees pay their monthly instalments ranging between Rs 50 to Rs 100. Also, standards prescribed pertain only to items that cannot be changed later. Thus, only the lay-out of the scheme is fixed otherwise absolutely no standards are prescribed as to the quality or plan of the house. The allottees are rather encouraged to innovate and improvise. They can start with a *jbuggi* if they like. The critical factor is the guaranteed and assured title to the land. Once people have that, it is amazing how resources are pooled by the family to gradually make a respectable structure.

Secondly, just as is the case with illegal developments, the timelag between allotment and occupation has been eliminated. Development takes place while the allottees are residing in the scheme.

In order to achieve all these, the allotment procedure is crucial. It is especially in this respect that new ways have been developed to reach the target group and to exclude those who do not intend to live in the scheme after acquiring their plot.

A reception area has been provided at site where the shelterless family is registered for allotment of a plot, only if it brings all its members and entire belongings, with it. A regular plot is allocated if they stay in the reception area for about a week.

Replicability

The scheme has all the possibilities and potential of replicability because:

- It is entirely self-financing — there is no element of subsidy, formal or non-formal — the entire cost of the developed plot (which is Rs 9600) is being borne by the beneficiaries in instalments spread over a period of eight years.
- It is amazingly simple in approach and all procedures are transparent — no paper work is involved — no experts are needed — only 3-4 junior officials manage the scheme.
- It is highly flexible from planning to execution —



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modifications and adjustments can be made keeping local conditions in view — only the basic concept has to be adhered to.

- Provision of services has been linked with cost recovery. Therefore, there is no risk of losing the money which generally happens in public housing schemes.
- Cheap technology is used for construction of houses keeping in view the local climatic conditions and socio-economic status of the allottees — who are encouraged to innovate and improvise (in the process a learning atmosphere has been created for other activities as well like income-generating schemes, home schools etc).
- Flexible planning and building control standards are used — no restrictions are imposed on autonomy to build. Allottees can start with a reed hut if they like.

Sustainability

The scheme is sustainable in the long run because the community is involved from planning stage to execution of development work, maintenance and cost recovery.

The community is organised at block level (ie about 200 houses). Separate accounts are maintained for each block, which are jointly operated by the block's nominee and the HDA's project manager.

Community Participation

Block residents indicate their priority for desired services in open gatherings. If enough money is available in the block's account, estimates are prepared by the HDA's technical staff and a contractor is appointed from amongst the community. Since the community is involved in supervision and the community contractor works on marginal profit (and there are no kick-backs), it has been observed that development cost is reduced by about 25%.

The block organisation is also responsible for maintenance of services, conservancy and action against defaulters and absentees. Their services are also used for disbursement of small loans for house improvement/income generation.

An attempt has been made to enhance the institutional capacity for meeting the housing and development requirements of the urban poor so that investments and policies are effectively channelled to those in need. The HDA has shown that housing activity can very easily be used as a starting point for an overall community development process. Through it people can also be organised into strengthening community solidarity and to mobilise group motivation and initiative so that the tempo of growth can be sustained.

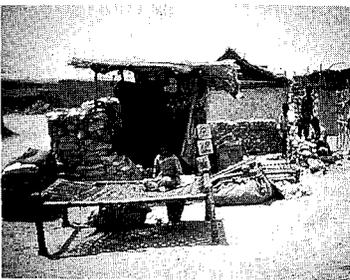
Employment Generation

1000 people have already found new jobs in the scheme which clearly shows that investment in housing has tremendous impact on income and employment through multiplier linkages. According to a recent World Bank research publication (Housing For Low-Income Urban Families) first round effects are the direct increments to income and employment generated by construction activity. The rate of employment creation in housing construction is higher than that for manufacturing and close to that for the economy as a whole. In Pakistan, the income multiplier of housing construction is estimated at 2 and 14 additional jobs are created for every US\$10,000 invested in housing, the publication adds.

Efforts are afoot to start more income generating projects in the scheme with the help and cooperation of the Women's Division, Government of Pakistan, Appropriate Technology Department, and the Sind Small Industries Corporation.

This scheme which was launched in November 1986, is at the nascent stage right now, but after overcoming the initial difficulties, over 2,500 allottees have already occupied their plots and are building their houses as they live there.

This experiment has shown that even without bringing about basic changes in the power structure of the society; without changing the unequal relationship between government and the slum dwellers and even without any definite political programme in favour of the "wretched of the earth", development authorities can successfully assume the role of the



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Above: Loans are disbursed when the families have raised some sort of construction on their plots and are living there with their families

'informal' sector as its strategy is perhaps the only answer to provide shelter to the urban poor at affordable prices.

Small Loan Scheme

The HDA has obtained a bulk loan of Rs 5 million from the House Building Finance Corporation of the Government of Pakistan which will be used for improvement of existing house structures as well as for income generating schemes.

The existing practices and cumbersome bureaucratic procedures make it almost impossible for the low-income groups to get such loans individually. Simultaneously the rate of repayment is dismally low.

The HDA has evolved an innovative system for disbursement and recovery of this loan. Instead of giving this loan to individual beneficiaries, the loan will be given to the block organisations which in turn gives this money to the individuals after ascertaining their need and repayment capacity. The loan ceiling has been kept flexible. It may vary between Rs 1000 to Rs 10,000. But in deserving cases this can be further relaxed if the beneficiaries satisfy the block organisation that the loan will generate enough income so as to ensure timely repayment.

Instead of complicated procedures, simple guarantee forms and promisory note proformas have been devised. The beneficiaries do not have to run from one office to another and waste their time. All formalities can be completed by the HDA staff, while accounting is done by a commercial bank which has opened a booth in the area.

The loan is given to those allottees:

- who are members of the block organisation and have formed groups of ten families. Initially the loan will be given to the first five. The remaining five will get the loan when the former group starts making satisfactory repayments according to the prescribed scheme;
- who have raised some sort of construction on their plots and are living there with their families;
- who have cleared all development charges outstanding against them;
- who have fixed a WC pan in their latrines;



Above: The Hyderabad Development Authority has moved into income generating schemes. In 80 per cent of houses people are not only living there but they have commercial and industrial activities there.

Below left: Families construct their houses using their own resources. 70 per cent have been able to raise some form of permanent construction.

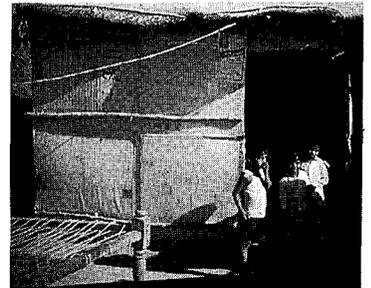
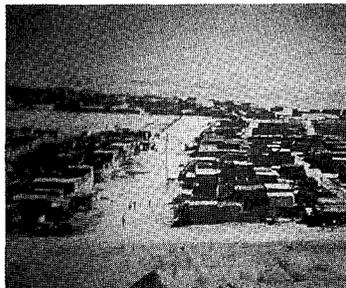
Below right: 30 per cent are still living in reed huts or by simply stacking bricks.

- who approach HDA technical staff before raising further construction, especially roof casting;
- who have planted at least one tree in — or outside their plot and have also made conservancy arrangements in their land; and finally
- who satisfy the block organisation that they have been able to increase their income after coming to the scheme and their present income enables them to repay their loan.

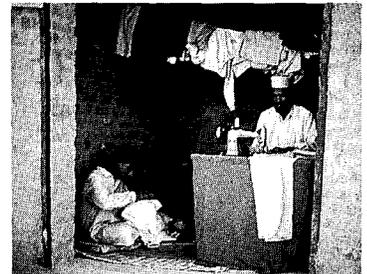
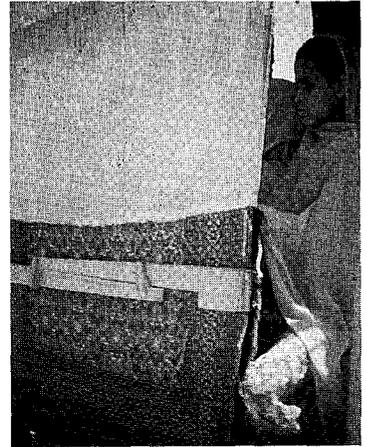
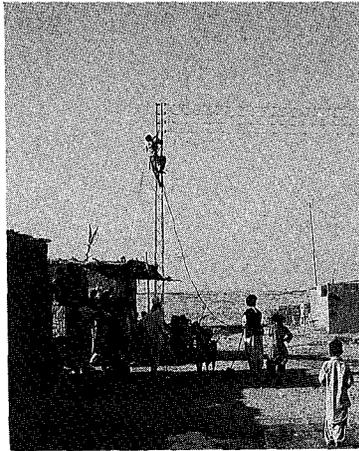
The incremental development scheme was launched in November 1986. Since then no loan facilities have been available to the allottees. They constructed their houses according to their need using their own resources. They also used their hidden capacity to mobilise resources because the house provides them a life-time security. Some people borrowed money from their friends and relatives, others sold their ornaments and jewellery.

While 70 per cent were able to raise some sort of construction, the remaining 30 per cent are still living in reed huts or by simply stacking bricks. The first category needs money to have a weather-proof roof. They need around Rs 5000 for that purpose. The second category needs small amounts of money to generate more income. Various surveys have shown that even an amount of Rs 2000 can increase their monthly income by Rs 400 — 500 which can then be used for improving their housing conditions.

The disbursement of the loans was intended to start from 1st September 1988 and we hope that the recovery rate will be around 80 per cent. If this happens, it will be a major breakthrough in reaching the target group and at the same



time effecting recovery from them at a satisfactory rate. The money thus recovered would be recycled and given to the remaining allottees.



Clockwise: Cost recovery is linked with provision of services. The residents collect the money and the HDA acts as a lobbyist with the authorities. Out of 2700 families, there were 250 handloom carpet. Cottage industries have sprung up — garment manufacturer and shoe repairers. There are now provision stores, restaurants and construction material shops.