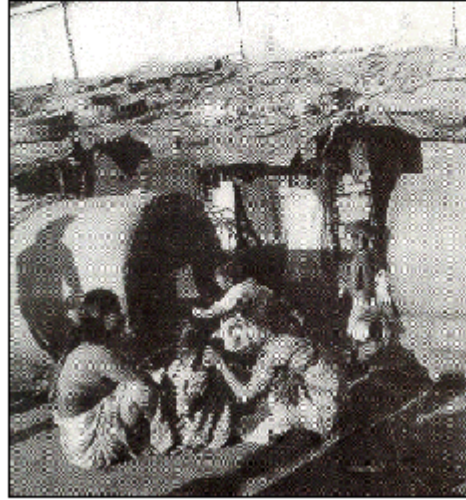




**NATIONAL EXPERIENCES  
WITH SHELTER DELIVERY FOR  
THE POOREST GROUPS**



UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (Habitat)



# National Experiences with Shelter Delivery for the Poorest Groups



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### **Box 1. Third-world slums**

*"The Third World is characterized by streaks of contrasts in all spheres of life ... Mexico City spends vast sums of money to please the eyes of tourists, while a big proportion of its population lives in slums. In Bombay, where perhaps some of the worst slums in the world can be found, the skyline is getting changed by an eruption of skyscrapers of the most modern dimensions ... The slum offends the eyes, nose and conscience but it exists all the same ... [It] is basically an area of the worst form of struggle for the basic needs of life ... Today, in the ninth decade of the twentieth century, which is marked by the most tremendous advancements in the field of science and technology, culminating in multi-billion-dollar excursions into the outer space, the vast mass of humanity is deprived of proper shelter and food. There is therefore something wrong in our basic approach to the problem ... the problem of housing is the inevitable consequence of a set-up which treats housing as a commodity. In such a set-up solutions like clearing a few slums or asking landlords to repair shaky buildings, or building a few tenements for the poor will touch only the fringe of the problem. It must be noted that these solutions unhesitatingly take the existing social set-up for granted. Urban renewal programmes based on such assumptions may look logical but they are far away from real answers."*

*Source: Desai and Pillai, 1990.*

## Box 2. Slums and health

*"Many health problems affecting poorer groups are associated with overcrowding; they include household accidents, airborne infections, acute respiratory infections, pneumonia, and tuberculosis ... The average persons per room is ... 4 or more among poorer groups; it is also common for poor households to live in one room ... beds are often shared; in the most extreme cases even small rooms are subdivided to allow multiple occupancy ... overcrowding ensures that diseases such as tuberculosis, influenza, and meningitis are easily transmitted from one person to another ... Acute respiratory infections, the most common of all illnesses, are increasingly recognized as a major cause of mortality and morbidity. Acute bacterial and viral respiratory infections tend to be endemic rather than epidemic, affecting younger groups, and be more prevalent in urban than in rural areas ... Poorer groups in developing countries are much more at risk because of the greater proportion of younger age groups, limited health and financial resources, and ... limited access to vaccines and antibacterial drugs ... A high proportion of people in low-income settlements ... have intestinal worms. The scale of the problem can be seen from estimates for hookworm infestation, which suggest that, worldwide, some 700–900 million people are infested and there are 1.5 million cases of disease and 50,000 deaths a year. A survey of 238 slum children in Manila aged 8 months to 15 years found 92 per cent with whipworm, 80 per cent with roundworm, and 10 per cent with hookworm, 84 per cent having at least two species of parasite ... Health risks are also increased by the fact that domestic, and on occasion industrial, solid wastes are disposed of in open spaces within residential areas. Lack of sewers ... and of site drainage means that pools of contaminated water form close to the shelters and flooding brings additional health problems by overflowing latrines ... In urban settlements the extent of ill health and premature death in squatter settlements and other low-income areas in developing countries has certainly been underestimated ... Among the most serious psychosocial health problems are depression, drug and alcohol abuse, suicide, child and spouse abuse, delinquency, and target violence ... Many social pathologies are associated with poor- quality housing ... Many of the physical characteristics of the housing and living environment have a major influence on mental disorder and social pathology through such stressful factors as noise, air, soil, or water pollution, overcrowding, inappropriate design, inadequate maintenance of the physical structure and services, poor sanitation, or a high concentration of specific toxic substances."*

Source: WHO, 1992a.



### **Box 3. Nutrition and mental capability**

In a survey of children in Solis, Mexico, it was found that even marginal malnutrition results in deficits in functional performance. Early growth-stunting is accompanied by marked deficits in functional performance. A surprising finding is that neither energy nor protein deficiency is the primary nutritional problem. Poor dietary quality is the main problem, i.e., diets low in vitamins and absorbable minerals. Children with higher-quality diets perform better in cognitive tests and in school and behave in a more interactive, less apathetic manner. The behavioural development of girls is more negatively affected by poor socio-economic conditions than boys, who are less restricted to the house. A general conclusion is that chronic marginal malnutrition may be more prevalent in the developing world than recognized today.

*Source: Allen and others, 1992.*

#### **Box 4. The sites and services and squatter upgrading programme in the United Republic of Tanzania and the World Bank**

*"The form that the project assumed clearly reflected the predominant role of the Bank, particularly the high degree of centralized 'expert' planning. From the beginning the project was largely in the hands of expatriate staff/consultants (funded by the Bank), who formulated policy and evaluated project implementation. This included not just periodic visits by Bank teams, but the placement in the parent Ministry of its own planners and financial analysts on a long-term basis. Very few Tanzanians had sufficient expertise to effectively participate in the planning exercise, and in any event the projects was not tailored with the country's specific needs in mind but adopted from elsewhere and adapted to the exigencies of working in Tanzania. This is most clearly seen in Bank insistence on tendering contracts to the private sector contrary to national policies which had aimed at a more self-sustained development based on an expanded role of the public sector. More importantly, the project entailed substantial changes in the urban land and housing market, a sector which the government had — prior to Bank involvement — attempted to control in an effort to prevent land and housing speculation through the nationalization of urban land and rent-control policies...."*

*The form of housing and, to a lesser extent, the form of community facilities, also reflected Bank requirements concerning mechanisms for recovering capital loaned to the low-income for house construction by the Tanzanian Housing Bank (THB), the institution created for administering housing loans. The major form of approved house was the 'Swahili house (80 per cent), to be built according to rigid, outdated colonial building regulations ...*

*The exclusion of the self-employed and irregularly employed from consideration as bad credit risks jeopardized their ability to construct adequate housing, ...*

*In this context, the exclusion of the poor from loans by THB resulted in the failure of plot recipients to 'consolidate' house construction. Insistence on sophisticated building standards effectively eliminated the possibility of the poor using less expensive materials and widely known traditional construction techniques to fabricate their own homes,*

*...*

*Despite official Bank insistence on providing 'affordable' housing to the urban poor through these shelter schemes, it should be obvious that the widening gap between construction costs and the ability of the poor to pay created a situation in which rising urban rents were forcing the poor to move out to more marginal, unserved areas. ...*

*Linked to its insistence that the needs of the (urban) 'poor' could best be met by working through the market, the Tanzania project has shown instead that by its very nature the poor were systematically denied access, financial or other, to the housing (and employment) market."*

*Source: Campbell, 1988.*

### Box 5. The income multiplier of shelter construction

On evidence from Colombia, Grimes (1976) estimates that the income multiplier for low-cost housing construction is about 2. He further estimates that about seven additional jobs are created for every \$US 10,000 spent on housing. This is higher than for manufacturing. In the Republic of Korea the income multiplier was also 2, but 14 jobs were created for the same investment. Since much of the labour used in shelter building is low paid and unskilled, the poor benefit by this activity. Moreover, Woodfield (1989) argues convincingly that if growth rates of the housing sector can be accelerated in situations of economic stagnation, the multipliers may play an even more important role than the multiplier of 2 suggest.

Increases in housing and infrastructural investments are likely to trigger an increase in investment in building-materials production, transport, marketing and other backward linkages. Furthermore, the first and second round increases in individual incomes would largely be obtained by unskilled and semi-skilled people who have a low propensity for buying imported goods. Low-income housing uses greater proportions of locally produced materials, higher labour to capital ratios and smaller amounts of machinery, thus benefiting a country's economy more than higher-cost housing construction.

The choice of technology can have significant effects on employment both in construction and in maintenance of public services (UNCHS, 1989a). The adoption of local materials and technologies and the construction of simpler houses create more employment per dollar invested in construction than other approaches. As local authorities and governments are major actors in the construction sector, their potential for influencing employment through switching from one technology to another is considerable. Most government buildings can contain substantial labour-based components, and can maximize maintenance rather than capital costs, if there is a will to do so. Classrooms, clinics, administration and other types of offices and so on can be built in labour-based materials both for their own sake and as examples in order to legitimize otherwise unacceptable technologies. Local authorities may be attracted to adopt highly mechanized, foreign-exchange consuming, sophisticated systems in order to appear to be efficient. Besides employing relatively few people, such systems are liable to have expensive breakdowns, reach only those parts of the city where heavy vehicles can go, and have low income multipliers. If employment generation was positively valued, a change in technology can increase labour use without increasing overall costs.

Source: UNCHS, 1995.

### Box 6. Shelter as a source of income

In the home-based enterprises in the developing world's cities people bake, cook, sew, print, repair, cut hair, sell drinks, let rooms, keep animals, and so on. Home-based enterprises are a typical characteristic of many areas in the major cities, and an integral part of the urban economy. The most common activity is retailing, but variations are great from neighbourhood to neighbourhood. Piece-work for the garment industry, food processing and plastic moulding, among others, can also be found. Manufacturing in the home is normally done on contract to an intermediary or industrialist. Residential façades often conceal a multitude of small firms, operating almost invisibly in the interior of the dwellings. In this way regulations on minimum wages and working hours can be avoided.

Gilbert (1988) found that about one tenth of the households in Bogotá and Valencia had some enterprise attached to the home. Strassmann (1986) estimates that between 10 per cent and 25 per cent of dwellings in cities in the developing countries have a home-based enterprise. Most home-based enterprises are small and aim at obtaining a limited income. Retail outlets have a minimum of stock, and production activities typically have only local markets. In certain places the contribution of income of home-based enterprises may be substantial. In a survey in South Delhi, home-based enterprises contributed on average 56 per cent of total household income. Even those with very low investments in home-based enterprises had a high rate of return (between 20 and 50 times the investment made). Taxes were not paid on the enterprise or on the workers' incomes (Raj and Mitra, 1990). The profit may, however, be rather low, if the value of family labour is included in the calculations.

Source: *UNCHS, 1995.*

### **Box 7. Indian beedi rollers and other home-based workers**

In India there are about 35 million beedi (tobacco) rollers. Nearly 90 per cent of them are women. The homes of the beedi rollers, where the work is done, have been found to be in very poor condition with barely enough space for the families. The dwellings are damp, full of smoke and have open drains outside with discarded and stinking beedis. Only about half the houses are electrified, and many women thus work by the light of the kerosene lamps.

Home-based workers in India in general earn less than labourers and street vendors. A large proportion of them live below the poverty line. It is typically young women and girls who work at home in low-paid sub-contracting. Some efforts have been made to protect the interests of home-based workers in India. The Self-Employed Women's Association for instance, aims at making them politically visible.

*Source: Bezboruah, 1985; Bhatt, 1989.*

### **Box 8. The "survival strategy" concept**

*"During the work, however, I felt increasingly uneasy with the concept of survival strategy as it might lead to a reductive understanding of poor people's lives. Indeed, survival is a prerequisite for all life, but it is never thought of as an aim, as even the very poorest women want so much more than merely to survive. ... At another stage in the research I found the concept of strategies difficult to apply at all. It seemed to me as if things just happened to the women; they had to adapt to circumstances beyond their control, and they were unable to elaborate concrete plans for the future."*

*Source: Schlyter, 1990b.*

### **Box 9. Women and housing: particular problems**

*"Tenure is a critical factor in both sites-and-services and upgrading projects. Rights to land are usually given to men on the assumption that they head households. However, there may be at least three reasons why ownership should be extended to women. First, since women have the ultimate rearing and caring responsibilities for their children, in cultures where there is a high incidence of marital separation, rights to land can act as a way to safeguard the families' interests. Second, ownership can strengthen the position of women within the family unit and this in turn would increase their participation in decisions and activities relating to the housing project. Third, land titles can enhance women's access to credit which is usually very limited.*

*Insufficient attention to women's culturally specific economic and domestic needs in the development of the settlement-level plans and infrastructure can result in a grave deterioration of their lifestyles and living conditions. Planners all too often ignore the needs of users and tend to emphasize technical, financial or economic criteria for the most efficient use of space.*

*... savings are required for downpayments, alternative housing during building, building materials and hired labour. Female-headed households may not be able to meet all of these demands.*

*... in many countries, restricted access to credit constrains women in financing housing. They face obstacles such as lack of information, low and irregular incomes, lack of collateral, inability to deal with complicated loan procedures, discrimination by male bureaucrats, high interest rates and women's lack of legal standing.*

*... in many projects the responsibility for purchasing building materials is on the individual households. Female-headed households lack both the time to shop around and the money to pay high delivery charges.*

*... loss of earnings during construction can be a severe constraint to participation in housing projects.*

*... where allocation of household budgets is controlled by the male head of household, women may suffer if the household finance is unduly cut back to allow funds for the housing project."*

*Source: Moser, 1992.*

### **Box 10. Gender and the informal sector**

Nelson (1988) found in Mathare Valley in Nairobi a clear division of labour according to gender. There were work, trade and production that only men "could do." This is, for instance, work involving "new" skills or activities requiring relatively high capital investment. Men are much less restricted than women in their choice of economic activities. For women informal sector activity becomes "a way of life," whereas men more often look at it as a temporary necessity before getting employment. Sanyal (1988), however, reports that it has become quite common for people to opt out of employment and into business and small-scale production in the informal sector. We may thus question the theory which regards this sector as a "stepping stone" to the formal sector today.



### **Box 11. The essential connection: people, State and market**

It is difficult to overestimate the ability of people to build their own communities. Still, the role of both the market and governments is essential if CBOs are to realize their potential.

*"Sustainable development is possible only when local, community-based initiative is supported and enabled by the state and the market. Responsible and creative power over the use of resources depends on knowledge and facts the visibility of which depends on the viewpoint. From their own personal and local viewpoints, people have unique access to knowledge of their own situations and priorities. Looking outwards and upwards from local situations, however, makes it difficult to see connections with other situations and localities. On the other hand, policy-makers and administrators, specialists and managers looking down at their constituencies or markets can see the connections but they cannot cope with the infinite variety of personal and local realities.*

*In other words, the three powers have different and complementary potentials and limitations. State powers are the only ones that can maintain authority over the basic institutions: the law, the exchange system and the structure of government. An equilibrium of supply and demand cannot be achieved without market forces. Neither central authority nor corporate commerce can be economically sustained without community-based initiative."*

Source: Turner, 1988.

### Box 12. The GSS and the poor

The essential aspects of shelter projects/programmes according to the GSS is summarized below. The projects/programmes should:

- be affordable for the urban poor;
- be self-financing and have high levels of cost recovery to allow for replicability;
- lead to a gradual improvement of housing on the basis of realistic standards as well as low overall costs;
- provide for income generation and employment creation;
- be integrated, i.e., providing for the systematic and coordinated delivery of physical and social infrastructure;
- be extensive in terms of coverage and reach;
- allow for popular participation, mutual aid and the involvement of NGOs;
- include cross-subsidies and special assistance to the poorest groups.

Source: UNCHS, 1987.

### Box 13. The terms "slum" and "squatter settlement"

"Slum" is a catch-all word denoting inferior housing and surroundings. "Slum" is more an evaluative term than an analytical concept. Any definition of slum "must be viewed in light of sociocultural, political-economic, geographical, and psychological factors that make up the residential environment in question. What can be considered a slum settlement in one culture may be considered an adequate shelter in another culture."

Mabogunje has defined a slum as

*"a collection of insubstantial housing constructed of recuperated waste materials of wood or corrugated iron sheets, ... mud wall and thatch-roof or iron roof. There is ... little in the way of road systems ... [and if] a road system is discernible ... [it is] usually unpaved and gutted by erosion. Many houses have no electricity or piped water and [most of them have] pot latrines. There is no sewerage or drainage systems. ... There are also few schools ... and no hospital or health facilities. Yet this is the most active area of the city with its petty traders".*

A squatter settlement is often regarded as temporary in nature. Such settlements are made by the residents themselves on unoccupied land typically either in the city centre or at the urban fringe. The shelters made are simple and not according to legal national standards. Improvements of the shelter and the environment may be undertaken depending on the level of income and degree of organization of the residents. A squatter settlement may develop away from being a slum, but normally this does not occur.

Slum and squatter residents often have the following three benefits from living in a slum: independence from legal and social controls allowing them low rents or shelter costs; closeness to places of employment opportunities; and possibility to retain and develop social networks, thereby improving their security of livelihood.

*Source: Obudho and Mhlanga, 1988.*

#### **Box 14. Urban poverty and political conflict**

*"The squatter and the slum dweller are not necessarily 'radicals,' but this does not mean to say that they are incapable of becoming a radical force. A violent reaction to persistent poverty cannot be discounted simply because it has not yet occurred. The behaviour of the urban poor is not preordained, but has to be understood in terms of their perceptions of problems and opportunities. If, in this perception, there is little or no space for reasoned hope, the poor may no longer be prepared to accept the subordination and exploitation that form an inescapable part of their poverty. They will challenge the structures that perpetuate power and inequality, and because they are concentrated and most visible in the city, it is in the city that authority will be challenged.*

...

*The city in developing countries is strikingly full of the young, and it is among the young that dissatisfaction may be highest. Like their parents, they will share a profound desire to be treated as people rather than problems but, unlike their parents, they may not be ready to accept a future that promises little more than miserable rewards and, at best prolonged survival."*

Source: *UNCHS*, 1987.

### Box 15. Major and minor works

Major works in the urban context, are, those which are based on wage labour and minor works those within which a labour or cash contribution from the beneficiaries is required. In order to avoid abuse of people by forcing them to work for no payment in tasks for which they normally are entitled to a wage, the following two conventions on human rights should be observed: No. 29 The Forced Labour Convention (1930) and No. 15 Abolition of Forced Labour (1956). Convention No. 15 seeks to prevent forced labour from being used for the purpose of economic development. The Convention had by 1992 been ratified by 111 Member Countries of the ILO.

Some countries have argued that self-help work is a means to pay taxes in labour instead of money, and that without such work the tasks would not be carried out, that the benefit of improved drainage, streets and the local environment accrues to the people themselves. The ILO has agreed that minor communal works should be exempted from the definition of Convention No. 15. Minor works are thus identified as local water drainage in flood-prone areas, small-scale paving of access streets and footpaths, on-site sanitation, community buildings and locally-based waste disposal. The construction of shelter by self- help and mutual-aid groups fits the definition of minor works if those who work on them also will be living in them or share the use or value of other types of buildings.

*Source: UNCHS, 1995.*

### Box 16. Alternative development

Alternative development is based on an empowerment of poor people socially, psychologically and politically. Friedmann summarized the fundamental aspects as the following:

- It is not enough to be small and local. The enormous needs of the vast number of poor cannot be met by limited, participatory actions at the community level alone.
- The State has a major role to play. Local groups must work together with public authorities at various levels. Governments must become more responsive to the claims of disempowered people.
- External agents are needed as catalysts for change, i.e., to channel ideas and resources to the poor and to assist in the process of mobilizing people. The scope of spontaneous community action is typically too narrow.
- NGOs are now "scaling up" their operations. They then change their character, and operate more as intermediaries between people and State. This results in a requirement for the poor to establish their own political "voice."
- A progressive State should not undertake direct action projects on its own, thus replacing NGOs and people's participation.
- The initiative of people and communities is essential. The State must play an enabling, facilitating and supportive role.
- A social learning process at the local level has the greatest prospects for successful alleviation of poverty in the long run.
- The autonomy of communities vis-à-vis NGOs and the State is essential for the poor to be able to exercise their rights.

*Source: Friedmann, 1992.*

### Box 17. Sustainable development and the city

*"... the market does not operate to include all social and environmental costs incurred in producing or consuming a product and therefore an efficient market requires some price adjustment. For example, local governments may decide to charge motorists according to how often they choose to drive in busy locations during peak periods. In other cases, governments may choose to subsidise certain kinds of behaviour in order to encourage people to act in an environment-friendly way.*

...

*At the level of city and municipal government, there are at least four key policy areas, to secure both development and sustainability:*

- *respond to citizen demands for a safe and healthy living and working environment which includes ensuring the availability of shelter and the provision of basic infrastructure and services; and ensure there is an effective legislative and regulatory system to protect citizens from exploitation by landlords and employers;*
- *penalize polluters (establish appropriate mechanisms and enforce them), give further incentives to encourage innovative ways to reduce pollution and conserve resources (especially reductions in air pollution and fuel consumption of road vehicles), and encourage recycling, re-use and reclamation of both non-renewable and renewable resources and waste materials;*
- *manage urban growth to promote minimal use of environmental capital while meeting social and economic goals — for example provide for city generated wastes (especially toxic wastes and point source water pollution) to be handled effectively; and*
- *identify and support the development of new economic activities which enhance both the urban centre's economic base and its environment.*

...

*"Professional resistance to innovative local solutions is also a major constraint. There is no lack of case studies from around the Third World showing how the most pressing environmental problems can be greatly reduced at a relatively modest cost — especially where local groups and institutions take a central role in developing solutions. Major improvements can be made to poorer groups' living environments at relatively modest per capita costs through six interventions:*

- *water piped into or near to the home of each inhabitant;*
- *systems installed to remove and dispose of human excreta;*
- *a higher priority to the installation and maintenance of drains and services to collect garbage;*
- *primary health care systems available to all (including a strong health prevention component which is so central in any primary health care system);*
- *house sites made available to poorer groups which are not on land prone to flooding, landslides, mudslides or any other site-related hazard; and*
- *the implementation of existing environmental legislation.*

*The cost constraints of applying these measures appear to be over- stated; work on alternatives to conventional water, sanitation and garbage collection systems have shown a range of cheap options while poorer groups' willingness and ability to pay for improved services — if these match their own priorities — appears to have been under- estimated. In many cities, it is not so much a lack of demand for water, sanitation, health care and garbage collection that is the problem, but a combination of an institutional incapacity to deliver cheap and effective services, and a reluctance of professionals to develop innovative local solutions."*

*Source: Hardoy, and others, 1992.*

### Box 18. Creation of a slum

*"But looking at some instances it would appear that the people are also to blame. Take the example of Kherwadi, a veritable slum in West Bombay suburbs. Quite some efforts were made to settle a group of tanner families there and give them a good plot per family, a fine town planning scheme, and so on. But instead of taking advantage of these and the facilities for improving their tanning trade with modern facilities offered by the Tanning Institute located in this place, they turned into landlords, built small dingy sheds, rented them out at very high rents and themselves lived and still live in the most deplorable conditions. In a place where a hundred households were to be settled there are now about a thousand households of which about a hundred are landlord households and nine hundred are tenant households. Having initially accepted the terms and conditions of a sub-human life there, the tenants now clamour for better facilities.*

*... in fairness to the government, that in trying to use its powers and develop its policies it has to take into account the low income of the people, the huge gap between income and shelter costs, high land costs, land speculation, lack of individual and national finance and savings, absence of a well organized building industry, backwardness in architecture and the use of local materials, public pressures, political influences, influences in the selection of personnel and consequent inefficient administration, corruption, etc."*

*Source: Desai and Pillai, 1990.*



### Box 19. Bombay: a people's manifesto for housing

*"A.1. Stop all evictions;*

*2. Regularize and legalize all slums;*

*3. Strictly implement the Urban Land (Ceiling and Regulations) Act;*

*4. Nationalise ownership of all land.*

*B.1. Implement 'Sites and Services' scheme for housing economically weaker sections;*

*2. Nationalise production, marketing and distribution of building materials;*

*3. Subsidise costs of building materials used for housing economically weaker sections.*

*C.1. All basic services must be provided and subsequently maintained by the state. These services include provision of water, electricity, toilets, sewage, drainage and garbage clearance;*

*2. Amenities like schools, hospitals, ration shops, creches and play grounds should be provided and maintained by the state for economically weaker sections.*

*D.1. People must have access to all information kept with the government, must have the right to participate in all forums and have the right to decide all issues that affect them;*

*2. Priority to women and the aged in housing;*

*3. Census must cover all and ration cards must be given to all;*

*4. Rejection of cut-off dates for recognition of slums.*

*... But the story of struggle is endless. In December 1986, hutments below Napean Sea fly-over were demolished to make way for the Priyadarshini Park. After Nivara Hakk's intervention, and after the struggle that ensued, the displaced people were taken to Chembur with the promise of an alternative plot. But they were dumped on the pavement there. Their struggle is still on. Sangharsh Nagar, a small slum colony at Mankhurd, had half-a-dozen demolitions in the last six months. They have forcibly occupied a strip of swamp land and are determined to fight it out to secure the right to live and exist. The struggle goes on."*

*Source: Das and Gonsalves, 1987.*

### Box 20. Pavement dwelling in Bombay

"'Would you even spit here?' Triveni asks in disgust. She lives in a covered cot on one of the pavements in Kamathipura, the red-light district in central Bombay. She gestures to the narrow space between her abode and the next cot, which is occupied by a man. Both covered beds jut out at right angles to the street.

'I have to do everything here,' Triveni continues angrily. 'I cook here and at the crack of dawn I bathe here in full view of everybody. And when the rains come, the water collects and rises right up to our cots. What are we supposed to do?'

Triveni is one of the people who are known in India as 'pavement dwellers.' They are truly 'the wretched of the city,' existing a notch lower down the social scale than even the despised slum dwellers. The people of the pavements evoke intense feelings among Bombay's better-off citizens — revulsion, hostility, sometimes pity.'

Drought is often a reason for migration to Bombay. The state of Maharashtra is drought-prone. People are then pushed off their small land holding and cannot find work on other farms. Their only alternative to starvation is to move to towns and cities, put up a tent of rags on a pavement and look for ways to earn something to eat.

The Supreme Court in India ruled in 1985 that people had no fundamental right to set up a shelter in the roadside. They could however only be evicted on certain conditions such as being given notice and regarding certain cases without being given alternative site to live on.

In 1986, 300 pavement dwelling families were forcibly moved to Dindoshi, a northern suburb of Bombay. The municipality provided them with 15m<sup>2</sup> plots. Later another 1,500 families were moved there. Many women complained — 'All they want to do is to get rid of us. But if they do, **WHO** will sweep and swab their floors and wash their dirty dishes and clothes for such a pittance?'"

Source: D'Monte, 1989.

### **Box 21. The Don Bosco shelter project**

The Don Bosco shelter project provides free accommodation for 40 boys aged 10 to 21 years. The boys work in the waste-recycling trade. They have to pay Rs.2.50 a day for food (\$US 0.10). The project enables them to sleep, cook and to play.

## **Box 22. Youth for Unity and Voluntary Action (YUVA)**

The Youth for Unity and Voluntary Action (YUVA) is an NGO that works with the youth and women on the streets. It attempts to mobilize the houseless to organize themselves and to fight for improved living conditions. YUVA has successfully trained youths as urban animators. The five-month training consists of various issues related to development activities, problems of the environment and organization. They are also trained in drama and puppet shows.

### **Box 23. Valle de Chalco: self-help construction**

In Valle de Chalco, on both sides of the highway that connects Mexico City with Puebla, illegal settlers formed 19 colonies from 1970 to 1980. In 1990 the total population of the area was 252,413. The first occupation involved the acquisition of ejidoland by coyotes. Later the peasants started to sell land. Legalization of occupied land was a constant problem for the squatters. It is, for instance, a rule that an area in which the development of services is impossible, cannot be legalized. Another problem for the settlers is the fact that the area is divided between the Federal District and the State of Mexico.

In 58 per cent of the families, no member has regular employment. Of those having employment, 43 per cent earn one minimum wage or less. No organization represents the interests of the settlers. Even mutual aid is said to be a rare phenomenon in the area. All of the dwellings have been made through self-help, in some cases with the help of paid workers for certain parts of the construction. The settlers have managed, individually, to obtain illegal access to land and to make a shelter. Yet, they have not solved the problem of water provision, drainage and paved streets.

#### **Box 24. Santo Domingo de los Reyes: making money at low-income levels**

The project involves 4000 squatters. Since rental housing in Mexico City is scarce and expensive, the option available to the poor is to settle on a vacant plot in the outskirts of the city. Such a plot has no basic services. The squatter must pay an illegal organization for the right to use the plot, or obtain it from a local-level leader specializing in illegal land occupation. The dwelling is then constructed — little by little — through self-help. The leader will also organize the squatters to make certain infrastructure for themselves such as footpaths, drainage and water supply. Often such leaders are professional invaders, called coyotes, who make their living by invading lands. The squatters must pay the leaders for "protection." Community leaders have an important task in reducing the influence and power of coyotes. They also function as intermediaries between the poor on the one hand and the coyotes and public authorities on the other, as reported from Quito, Ecuador (Burgwal, 1993).

In Santo Domingo de los Reyes the squatters made 90 to 200 m<sup>2</sup> plots and streets and footpaths, without maps or an overall plan. Posts for lighting were erected, and electricity was obtained illegally. A water supply was organized by truck delivery. In the beginning water was carried from far away. Schools, shops and market places were also built. The squatters were tightly organized by the leaders. Later, the settlers themselves were able to take over the negotiations with the authorities, and to obtain advances in the process of legalization. At that time they tried to get rid of the leaders. They have not been completely successful in this, but they have managed, to some extent, to curb the power of the leaders.

The legalization process moves slowly and is so far only achieved for parts of the settlement. Due to the development of the area, the price for the plots has increased, thus benefiting the owners. The compensation the authorities now have to pay for the land is at such a level that the squatters cannot afford it without large subsidies being given. Many plots are thus taken over by lower-income households and even by middle-income people.

### **Box 25. Jalapa: upgrading at the urban fringe**

This project in Jalapa is an integrated development of four squatter settlements' shelter, education and health facilities and productive and cultural activities. The settlements lack basic services and infrastructure and the housing conditions are bad. 83 per cent of the family heads earn one minimum wage or less. The inhabitants are organized, and have improved the settlements to some degree. No public programme is directed to these areas.

The Union of Settlers, Tenants and Solicitants of Housing of the State of Veracruz and **CENVI** have been engaged in the four settlements. They promote participative planning by mobilizing the inhabitants. Technical, financial and administrative support is given to the collective efforts of shelter and infrastructure improvements. The collaboration between **CBOs**, the **NGO** and a public institution is promising. The successful projects in Jalapa were possible due to support from **CENVI**.

### **Box 26. A redevelopment programme in Dharavi, Bombay**

The Prime Minister's Great Project is a programme initiated by the Government of Maharashtra in 1985 to improve existing slums, particularly Dharavi, the biggest slum in Asia. Dharavi covers an area of about 330 acres of low-lying, marshy land. Tanneries have grown in this area adjoining an old and small fishing village. Earlier single-storeyed semi-permanent labour shelters were constructed there. Then huts were put up in every vacant spot. The huts are made of old tin, bamboos etc. There is an extreme overcrowding and appalling sanitary conditions. Legalization and better shelter conditions are sought in this programme. Infrastructure and shelter improvement loans will be provided to the poor. The population of Dharavi is estimated to be about 250,000. A part of it is on private land. Those who wanted to take part in the programme, had to organize themselves in CBOs. The accommodation provided consisted of one-room tenements with a toilet. Each tenement costs around Rs.60,000. A subsidy of Rs.5400 is given. An interest free loan of Rs.7100 and a loan of Rs.20,000 at low interest are provided. The rest of the needed cash must be arranged by the people themselves. This is very difficult for the poor. This kind of high-rise flat housing programme although subsidized, is of limited use to the poor.



### Box 27. Ekta Vihar: squatter upgrading in New Delhi

The experience of limited success in several resettlement projects in Delhi made the Government try upgrading existing slum settlements on the site when the land is not required for other urban purposes. The Ekta Vihar project has the objective of promoting self-help and community involvement through technical and financial assistance. Social and economic activity support are included as well.

Some residents of Ekta Vihar asked an NGO, Action for Securing Health for All (ASHA), to open a clinic in their slum. This led to the formation of a CBO and contact with EIUS. EIUS provided the settlement with hand pumps and community toilets. ASHA started to train community health workers. The squatters then wanted to improve the infrastructure in the area and their shelters. The haphazard arrangement of dwellings and the narrow footpaths were a hindrance to upgrading. ASHA organized the community into a registered CBO with elected leaders. ASHA also acted as an intermediary between the CBO and public institutions. This was necessary because the squatters had no confidence in the government policies for upgrading. They had been evicted several times from different areas.

The authorities were persuaded to allow the 475 households to reside permanently on the land, and land rights were transferred to EIUS. The allocation of plots was made jointly by EIUS, ASHA and the CBO. The residents chose their neighbours. The standard on basic services and the dwellings were kept low to discourage selling. EIUS together with ASHA made three demonstration dwellings to show the construction technique and building materials. A loan of Rs.5000 at 4 per cent annual interest was given to each household. The development of the land was given to the residents as a grant. The CBO was entrusted with the control of any resale of plots. Every household has to pay Rs.30 a month for environmental upkeep of the community. The low default on this charge and the repayment of the loans are due to the fact that the residents see the positive transformation of their habitat. It is also important to recognize that the area has a fairly central location with relatively easy access to the residents' established sources of livelihood.

### Box 28. The Bustee Improvement Programme (BIP), Calcutta

The Bustee Improvement Programme (BIP) became operational in 1972. A century of neglect had left much to be done in the bustees. By 1986, the BIP had improved about two thirds of Calcutta's slums substantially, benefiting around 3 million people. The aim of the Programme is to improve the environment, especially the sanitation situation, without influencing the tenancy system. This system is formal, i.e., it is within the legal and tax framework. The improvements sought are: to construct latrines with a septic tank for every 25 persons or on the basis of a cluster of dwellings; to provide a water tap for every 100 persons with at least 20 litres per capita and day; to make drainage ditches connected to underground sewerage systems; to pave footpaths and minor roads; and to provide garbage collection and bath facilities at convenient locations. By 1987, a total of 460,000 slum dwellers had got better basic services under this programme.

Bustee organizations typically consist of the inhabitants of several clusters of houses. These organizations are approached by the authorities in order to identify the slum dwellers' specific needs in that particular area, and to secure their cooperation in, for instance, rearrangement of the dwellings around the water tap and toilet facilities provided. Included in this model of slum upgrading is a health-care programme. To enable the poorest to take part in the programme, it was realized that income-generating opportunities had to be initiated for them. A small-scale enterprise programme was therefore initiated to find viable service and production activities that could be started with credit assistance and technical advice.

The Programme's multifaceted approach has improved the living conditions of the poor even though the tenurial right to plots has not been given. The cost of the Programme is to be recovered by a tax on the beneficiaries. Yet, the collection of this tax has not been pushed. The maintenance of the improvements made is thus a problem, since the authorities are unwilling to take on this responsibility as long as the recovery rate of betterment charges is so low. Yet, it must be said that BIP has had some degree of success. It is however insufficient, and lacks several necessary dimensions (Moitra and Samajdar, 1987). The Programme should be harmonized with the regional economic development programme; the complex land-tenure situation should be solved; the rising rentals forcing the poor to find cheaper accommodation should be checked; and the balance between cost recovery for replicability and necessary subsidies for the poorest must be found.

The soundness of the fundamental idea behind the BIP should, however, be stressed. The public expenditures on BIP have reached the poor. The typical experience in site-and-service and resettlement programmes of land and shelter being to a large extent traded up from the poor to higher-income groups have largely been avoided. Moreover, redevelopment projects often reduce the number of people that can be sheltered on a piece of land. The extremely high congestion in the bustees makes it, in some sense an efficient use of land. The most important thing to note, however, is that the number of dwellings in Calcutta probably would have declined, if redevelopment had been initiated instead of the BIP.

### **Box 29. PROFOPEC (Programa de Fraccionamiento Popular de Ecatepec): a project involving coordination at the highest level**

The project involved 8100 families from different parts of Mexico City. In 1987 poor families started to squat on private land at the outskirts of the city, in an area called Zona V de Ecatepec. Other groups soon joined the illegal occupation. The number passed 15,000 families. Families from nearby areas lacking basic amenities also settled there. The area is of bad quality, being the floor of a dried-out lake. The challenge of the project was to reconcile the low quality and limited quantity of land with the massive demand.

Of the squatters, 53 per cent had an income below 1.5 minimum wages, and a further 36 per cent between 1.5 and 2.4 minimum wages. Representatives of the squatters negotiated with **SEDUE** and the Government. The Government expropriated a nearby plot of almost 156 ha. and handed it over to **PROFOPEC**. The president of **PROFOPEC** was the Governor of the State of Mexico and board members were the Secretary of **SEDUE** and the President of the Municipality of Ecatepec. Their ability to "cut corners" resolved the complex legal aspects. Different **NGOs** assisted later in various ways of securing services and shelter provision.

The beneficiaries paid only between 5 per cent and 10 per cent of the cost as down-payment according to house type. In the "core house" programme, the beneficiaries had to pay 38 per cent of the family head's income in monthly payment. The figure in the upgrading programme was 25 per cent. These arrangements were agreed upon by the beneficiaries' organizations according to the squatters' economic capabilities and the prices of the different shelter types. **FONHAPO** assisted these organizations in obtaining the down-payments by making each family pay a weekly sum to accounts political parties had opened for them. The rivalry of the political parties was reflected also on this issue of shelter provision for the poor. Each week the parties published figures for what they had managed to induce the squatters to pay.

The project legalized the tenancy of the plot holders and provided and improved drainage and water supply. **PROFOPEC** also made 12 wells. The number of "core houses" constructed was 6227. The houses were either of 18 m<sup>2</sup> or 36 m<sup>2</sup>. The walls were of cement and the roof of prefabricated slabs. This project responded to the ideas of the beneficiaries, and was in accordance with the popular housing ideal in Mexico of a private one-family shelter.

### Box 30. El Arenal: a housing project for single mothers and young couples

This project in Mexico City covers about 1000 families from the inner city. The background of the project was the awareness of overcrowding revealed by the 1985 earthquakes. After the earthquakes the families lived in tents and then in emergency housing units. These units were blocking traffic and hampering trade. The families were therefore resettled near the international airport on land bought by the Government. The Reconstruction Programme of Popular Housing organized and developed the area. The dwellings were 24 m<sup>2</sup> each. The construction and materials of the dwellings were simple and cheap. In 1987 the inhabitants decided to upgrade their shelter with more solid materials. There were water taps in the streets and footpaths.

The neighbours were at first organized in groups according to footpaths. Later a larger association was formed but not legally registered. 700 families joined. The association managed to obtain several special arrangements with FONHAPO and other government institutions. The loans from FONHAPO were granted to individuals but administered collectively by the neighbourhood organizations. The monthly payments were fixed at 32 per cent of the income of each family. The mortgage was extended to 13 years. The land was used as collateral for the loans. Building materials were obtained at low prices through a programme carried out by the Secretaria de Desarrollo Urbano y Ecologia (SEDUE), in collaboration with private enterprises.

### **Box 31. Renovación Habitacional Popular (RHP): a rehabilitation programme**

The official number of families rendered homeless by the earthquake in Mexico City in 1985 is 100,000. Most of the houses destroyed were old rented tenements with rents frozen for a long time. The maintenance of the buildings was bad, and their resistance to the earthquake thus relatively low.

The people who lost their accommodation were able to organize themselves and put pressure on the Government for action. The city authorities expropriated about 1000 properties in the affected areas. These properties became the basis of the RHP programme. The beneficiaries were only the tenants of expropriated properties. The affordability of the beneficiaries was taken into account. Only in special cases were extra subsidies granted. Building norms, in particular density norms, were flexible in order to accommodate the original amount of residents. The programme was administered plot by plot, thus securing the community feeling of the population. Interestingly, the RHP programme was very different from the rest of the emergency housing construction. The positive experiences with the RHP programme made it a model for subsequent housing projects, such as Casa Propia ([see box 32](#)).

### **Box 32. Casa Propia: tenants and owners**

The beneficiaries of this project in Mexico City are 10,000 families living in flats and rooms in apartment buildings. They rent their accommodation. The rents were not allowed to rise. These two facts led to lack of maintenance of the buildings. This lowered the buildings' resistance to earthquakes. The buildings were not included in the official reconstruction programme after the 1985 earthquakes.

The project assists the rehabilitation of the flats. To be eligible for support, the tenants must have a legal document proving the tenancy, and a unit must not exceed 69.7 m<sup>2</sup>. Furthermore, the tenants must not earn more than 2.5 minimum wages. The down-payment is 10 per cent of the total cost, the repayment period is seven years and the monthly payment is 10 per cent of a beneficiary's income. The project has shown that improvements and housing growth are possible in inner-city areas.

The urban renewal project in inner Mexico City developed after the 1985 earthquakes was successful due to political and financial support. Popular participation was important in this project, and it can be a model for socially-oriented shelter delivery for the urban lower-income group.

### Box 33. Calpulli del Valle

The cooperative in Calpulli del Valle in Mexico City was joined by 900 families from various parts of the city. Nearly half of the families (46 per cent) earn less than 1.5 minimum wages, and a further 30 per cent earn between 1.5 and 2 minimum wages. The NGO COPEVI (Centro Operacional de Vivienda y Poblamiento) gave technical and legal advice to the cooperative, which then acquired an area of 52 ha in Coalcalco. According to land use plans, 19 ha of this land was suitable for housing. The local authority of Coalcalco decided that no funds were available for developing of the land. FONHAPO, however, does not require public development of lands before providing loans. COPEVI thus worked out an alternative way of developing the land. The solution included wells and tanks for drainage. After six years of negotiations and paperwork with federal, state and municipality authorities the cooperative obtained permission to make the wells.

The construction of the wells was paid by the cooperative together with an NGO called FUSCOVI (Fomento Solidario de la Vivienda). FONHAPO then granted a loan for the land acquisition. The permit for the tanks for drainage is however not yet given by the authorities. They require a secondary treatment for the liquid waste. Such a treatment facility is unaffordable for the cooperative. No core houses have thus been constructed so far.

### **Box 34. Tamansari: private rental housing**

The location of this low-rise rental housing in Bandung is strategic. It is near to transport, public offices, educational facilities and markets. In 1990, the Tamansari area was chosen by municipal authorities in collaboration with the Institute of Human Settlements of the Ministry of Public Works to be given "rental house improvement credit." The project was carried out together with an existing CBO. Every household could obtain the equivalent of Rp.550,000 over a period of three years — without interest — in building materials. The purpose was to construct additional rooms to ordinary families' dwelling. The room(s) should then be let to poor people. A profile of the tenants shows that they are street vendors, casual workers, low-level government employees and students. The occupation density of the houses is very high. The houses are of low quality. The rental tariffs are from Rp.16,500 to Rp.30,000 per month (\$US 8–15). The monthly incomes of the tenants vary from Rp.60,000 to Rp.150,000, i.e., they are classified as poor or lower-income households.



### Box 35. Bina Karya: a housing foundation

The Bina Karya housing foundation, an **NGO** in Bandung, aims at providing houses for fired textile workers. The former workers rented their accommodation. Due to their irregular and low incomes, the 120 people were not entitled to credit from **BTN**. With money given by the factory and with the assistance of the foundation the workers started a shelter project. Bina Karya started as a consumer cooperative. With the help of LPSM (a community self-help institute) it soon developed into a housing cooperative. Land was acquired at the fringe of Bandung, and infrastructure and shelter made gradually according to the financial and work ability of the residents. The dwelling units are 42 m<sup>2</sup>, on a plot of 96 m<sup>2</sup>. Space has been made available for sport facilities, a mosque and a multipurpose community building. Financial support has been received from a foreign **NGO**.

A major lesson from this experience is that, in order to attract the attention of an **NGO**, it is essential for community shelter projects to collaborate with a national institute or organization.

### **Box 36. Flat housing in Jakarta: Kebon Kacang**

A total of eight four-floor buildings with 600 dwelling units was built. Among these units, 368 were without separate bedrooms. The city government, together with the Perum-Perumnas, has targeted this project at poor street vendors and hawkers. There is a cross-subsidy involved, as some of the units are offered at a higher price. A hire-purchase project is operating for those who can afford it (\$US 30–35 monthly instalment over 20 years). There are several similar flat housing projects in Jakarta.

### **Box 37. Klender flat housing**

This is the largest flat housing project in Jakarta, situated in Jatinegara. It is surrounded by kampungs. The aims of the project are to maximize land use, maintain a healthy environment with open green belts, and be affordable to the poor and lower-income group. Perum-Perumnas assists in securing loans for the families from **BTN**. Evidence shows that only the lower-income group can meet the expenses, although these are kept low. The expenses are higher than rented accommodation in the neighbouring kampungs.

### **Box 38. Sulabh Shauchalayas in Delhi**

This programme aims to convert existing bucket latrines into two-pit water-sealed pour-flush public latrines; to construct baths and urinals on a pay-and-use basis; to utilize human excreta to generate bio-gas; and to rehabilitate scavengers by training them in various vocations. The programme will maintain the community latrines and baths for a 30- year period. The facilities are serviced around the clock. The users pay Rs 0.50 for use. Women, the handicapped and the destitute have free access. The authorities only contribute the water supply and electricity. The maintenance of the facilities in poor areas is paid by a cross-subsidy from the money collected from the use of similar facilities in better-off areas. This programme shows that an **NGO** can provide an essential basic service with minimal government expenditure. Moreover, it is evident that the poor are prepared to pay for a service. The continued training of masons and plumbers undertaken by the **NGO**, as well as a high rate of cost recovery, ensures the replicability of the programme.

### Box 39. SPARC: relocation of pavement dwellers in Bombay

SPARC attempts to empower women to make and achieve their own alternatives to pavement dwelling and to design their homes and even to plan entire settlements. The aim is to place shelter developments under the control of people themselves, through new patterns of collective leadership in the communities. This is seen to be essential to change the fact that in nearly every shelter programme, more than half of the original beneficiaries sell their plot and dwelling. SPARC is of the opinion that if women play a major role in shelter programmes, this will not happen to the same degree. Today men are the target and decision-makers of housing programmes. Since women are the ones who make a shelter into a home and also more and more often work out the family's package of survival strategies, they should have a larger say in the planning of settlements. The situation for women is, however, the opposite — they cannot get housing finance or obtain a plot title even when they have a greater stake in gaining a permanent dwelling.

The city and state authorities maintain that there is no land available for resettling pavement dwellers. The alternative left for them was thus to help themselves. SPARC meant that this could be achieved if they understood clearly what was required, in terms of resources, policies and procedures, and then negotiated with the authorities. Each pavement community had to be organized with a collective leadership to avoid internal exploitation and "divide and rule" policies by external forces. With the help of SPARC, land was found at the outskirts of the city. Yet, the people found it to be expensive and too far from their sources of livelihood. The latter point was especially affecting women. The majority of the beneficiaries had no opportunity to examine the physical site beforehand and could not calculate the economic impact of the move. The result was that many could not repay the loans, and ended up selling their newly-acquired plot and returning to their earlier place of living.

After this experience SPARC initiated a training process for women in groups of 15–25. They were taken to different vacant lands in the city, and the criteria for suitability of the areas were discussed. The important outcome of this process was that people should resettle as whole communities, and that training in building skills were necessary. Since shelter provision for the poor must depend on self-help in construction, it is essential for quality housing that both men and women acquire skills through outside assistance in training. Moreover, in the decisions on the location of new settlements for the poor their work pattern, especially women's, should be considered. Space for income-generating activities in the home is also of significance for many women.

#### **Box 40. Los Mil Millones: quick solutions for poor groups**

This project provided housing for 1404 families in Mexico City with incomes of less than 1.5 minimum wages. These families were not organized and they lived in various places. They were working as peasants, casual labourers, street vendors, domestic workers or they were unemployed. They had applied for shelter support to **CAPROMOR** (Casa Propria para Morelenses). **CAPROMOR** acquired land from the State land reserve. This land was then used as guarantee to obtain a loan from **FONHAPO**. **CAPROMOR** furthermore helped the families to establish a legal housing association which took over the responsibility for the loans which were in the name of the beneficiaries. The families earning less than 0.5 minimum wage received a subsidy from **CAPROMOR**. Another agency provided certain essential building materials. A contribution that really facilitated success was the delivery of "construction material packages" containing the necessary materials for the self- help construction of a "core house" including also basic electric, sanitary and water installations.

#### **Box 41. Palasari kampung, Bandung: arisan housing**

A total of 35 arisan groups were formed in Palasari to provide shelter. Each member paid Rp.4000 (\$US 2) per week. The requirements to become a member of an arisan group are permanent residence, bad or no house, and irregular income. Each week there is a draw, which leaves the money to one person in the group, except for a small part that goes to the coordinator and to community purposes, such as improvements of footpaths, drainage and garbage collection.

#### **Box 42. Dharavi redevelopment**

In exceptional cases the Central Government provides funds for the provision of basic services to the poor. To improve the Dharavi slum in Bombay, a Prime Minister's special grant of 1 billion rupees was given. This project is multi-sectoral, consisting of urban renewal and slum upgrading. Land leases were provided to the beneficiaries, as well as housing loans of Rs.5000 per household, that are repayable over a period of 20 years, with an annual rate of interest of 5 per cent. The implementing agency was the Maharashtra Housing and Area Development Authority, among others.



### Box 43. Land and Infrastructure Servicing Programme

The Land and Infrastructure Servicing Programme (LISP) is part of the large World Bank-supported Urban Development Programme in Bombay. The project focuses on developing cheap site-and-service land for housing of different price classes in several locations, in and at the outskirts of the city. Each area should be relatively small. Full cost recovery is emphasised to achieve replicability. The project intends to include 88,000 plots altogether. 60 per cent of these will be made available to the poor and the lower-income group. LISP provides the plots with water, sewerage, electricity and access roads. The plots for the poor are grouped in clusters and the plinth for the toilet is granted. A loan is given for the construction of the superstructure of the dwelling. LISP organizes building permits for a typical house, thus relieving the poor from individually applying for such permits.

The allotment for all plots is made by a computerized lottery. The beneficiaries are then organized in CBOs according to clusters. These CBOs are responsible for the maintenance of infrastructure and for assisting the individual members in shelter construction. A social development group in LISP gives professional advice to the CBOs. The monthly payment for loans and plot service charges should be only 15–18 per cent of each beneficiary's income. The down-payment does not exceed Rs 1000 and the interest rate is 12 per cent per annum. Only 1 per cent of the project cost for technical assistance and training is not to be recovered.

A most important aspect of this project is that people are not moved by the authorities. Individuals apply for a plot after they have assessed the suitability of an area. Then they may be lucky at the lottery draw. This procedure results in a reduced incidence of reselling.

#### **Box 44. The urban poor's voting power**

In Colombo, Sri Lanka, Hettige reports from a study of a slum community that the urban poor has become a source of political power at the local municipal level. In return for political support the poor get some degree of security against eviction and gradually some kinds of basic amenities, water being the most important. At a more general level Hettige states that owing to the large number of urban poor in a democratic political system, the voting power of the poor has given positive results regarding their living conditions:

*"Provision of low cost housing, enactment of rent control legislation, tenurial reforms, granting of land rights and provision of basic services are some of the steps that have been taken by local and national authorities in recent years to provide the slum and squatter population with a cover against the market forces that pervade the urban landscape".*

*Source: Hettige, 1990.*

#### **Box 45. Factors influencing shelter choices of the poor**

- Access to income earning opportunities, community networks of security, health and education facilities. The locations are also influenced by the cost of transportation in relation to variations in level of rent or site costs.
- Amount of space in the dwelling and on the plot. This factor is of particular importance for households with an intension of carrying out home-based enterprises, home-based work for outside middlemen or letting a room.
- Security of tenure. A high degree of security of tenure ensures higher investments in the plot, and is therefore important for the households with intentions and means of investing in shelter.
- Level of provision of basic infrastructure such as water, electricity, roads, paths, drainage and waste disposal.
- Options available to construct an affordable shelter and obtain some degree of privacy.

#### **Box 46. Group credit for the poor**

Commercial banks are normally unwilling to lend to the poor. Furthermore, credit channelled through State institutions seldom reach the poor. Those that are willing to lend to the poor, however — traders and local moneylenders — charge exploitative rates of interest. The special State credit programmes directed at the poor, having low interest rates, have low recovery rates and high administrative costs. Part of the funds have also in many cases been diverted to non-poor groups. In Bangladesh, the Grameen Bank has been successful in overcoming the above-mentioned problems.

The Grameen Bank was started in 1976 by Muhammad Yunus. He developed, by experimentation, a system of lending small sums of money for small projects to poor (primarily) women. He found that loans to individuals and to "large groups of people" (around 10) were unsuccessful. The successful model was to form groups of only five members and to organize several groups from the same community into local centres. By 1987, the Bank had 247,000 members in 10,800 centres (Hulme and Turner, 1990). Essential aspects of the Bank's operations are: the members of a group should come from the same socio-economic community; only the poor are eligible as members (in rural areas those owning more than 0.4 acres of land are excluded); a member of a group can only obtain a loan if the other four members have kept their loan obligations to the Bank; the leadership of a group must rotate, and a member cannot be a leader for a second time before all have been once; the centres consist of six groups; a centre is actively meeting, discussing and socializing regularly; centres are strictly segregated according to gender. The Bank has fieldworkers who visit the centres regularly. Bank workers are rotated every year to work in different places and branches of the Bank. Interestingly, the Bank has achieved a recovery rate of 98 per cent, and it has received substantial amounts of money from international donors. The Bank's principles are now being replicated in other countries.

*Source: Fuglesang and Chandler, 1986; Hossain, 1988.*

### Box 47. Working Women's Forum (WWF) in Madras

The WWF is an NGO that works in 400 of the 1400 slums in Madras City. Azad (1988) undertook a case study of women in one of the poorest of the squatter settlements, Periyar Nagar, where female incomes are at the bottom of the income scale. As access to credit often is a key to development, a major impediment to petty trading for women is lack of cash credit. The sources the traders rely on are typically local moneylenders, wholesalers, shop-owners, kinship networks and chits (rotating credit associations). Most of them charge high interest rates. Annual interest rates of 40–120 per cent are not uncommon. Cash credit is needed by the poor for many other purposes than trade and production. As Azad puts it: "... *the low income household in Madras City is a veritable storehouse of crisis: illness, death, ritual, marriage, male-desertion, sudden unemployment for males, monsoon, floods, and so on.*" The moneylender is an easily available source of cash credit on these occasions. The WWF's credit loan programme, which is geared towards employment and income generation is based on the priorities of women and the realities of their living conditions in the slums in Madras.

In a Home Improvement Grant scheme in Periyar Nagar it was found that beneficiaries could not be given the allocated money because it was then used for other than shelter purposes. Another finding was that home-based workers lacked a worker consciousness which street vendors and headloaders, among others, acquire through constant struggle in markets and streets. The home-based workers perceived their roles as extensions of their domestic work. To combat this, WWF made it compulsory that women were mobilized into small groups. It is, however, not possible to obtain group loans through the public lending institutions. Moreover, poor women have all kinds of difficulties in getting loans from the formal system; they are typically not taken seriously when applying for credit. At WWF's office this is not the case. The women can walk in at any time, without fear or shyness, badly or well dressed.

In the survey of credit for shelter in Periyar Nagar, Azad found that 80 per cent of those who had received loans from five to nine times, had managed to improve their shelter substantially by strengthening walls, the roof and adding a toilet or electricity. Of those with three or four loans, all had made solid improvements. Among second-time loanees, 50 per cent had successfully applied the shelter loans, whereas the figure for the one-time loanees was only 5 per cent. The study clearly showed that, among first-time loanees, the main spending priority was not shelter, but rather the paying back of old debt, food, or investments in gold or income-generating activities. For all those involved in the shelter credit scheme improvements of the drainage in the community was seen as a major benefit.

Azad concludes from the study of the various activities of WWF activities that the organizing of work and credit in small groups is essential for success. A long-term impact of extreme importance is the small but gradual change in women's perception on issues such as dowry, inter-caste marriage and education of girls.

*Source: Azad, 1988.*

#### Box 48. Thrift societies in Sri Lanka

Thrift and credit cooperative societies are the oldest type of cooperatives in Sri Lanka, with a history dating back to the beginning of this century. A thrift society is an autonomous CBO seeking to promote thrift habits, self-help and voluntary mutual aid in order to improve the living conditions of its members. The societies obtain their funds from membership shares and deposits, which have increased during the last years. External funding is also received, although most societies are somewhat sceptical about too large external assistance and thus dependence. In 1990, there were 6871 primary thrift societies at the local level in Sri Lanka. The majority of these societies are unlimited liability societies formed during recent years, and catering to the needs of the poor in slums and other substandard settlements.

Vidanapathirana (1991) found that women constituted only 35 per cent of the membership of urban societies. Women are generally cautious regarding joining in new institutions, and most of them do not want to take any chances with their meagre savings. A further conclusion is that the societies recently established in urban areas have so far not been able to improve the lives of their members. Of 21 urban societies studied, only three were operating soundly. Still, Vidanapathirana found that urban thrift societies in many places had acted successfully as a harbinger in the process of mobilization for self-help and cooperation. Moreover, the relatively unsophisticated system adopted by the urban thrift societies minimizes the cost of lending to urban small borrowers. If properly organized, these societies can be a viable alternative to the banking problem of small borrowers who cannot satisfy the conditions imposed by the formal system. A lesson learnt is that it is necessary to organize cohesive groups that are manageable in terms of numbers, attributes and interests. The absence of cohesion makes good communication and consensus very difficult to achieve. In sum, assistance is required to uplift the organizational and management capabilities of the urban thrift societies.

In the words of Vidanapathirana:

*"In a free economy where market forces determine the priorities of both the State and the private sector, it is essential to admit that these deprived communities would be further isolated in society, if organisations such as thrift and credit co-operative societies are not adequately mobilised and equipped to address their demands."*

Source: Vidanapathirana, 1991.

### Box 49. Flat housing

The observations made by Seabrook in Bombay can be made in most of the largest cities in the developing world.

*"The workers live, for the most part, in the chawls — tenements. Many of these are of brick or stone. Three or four storeys high, they are constructed round a central courtyard ... Some of the windows are covered with wire netting, others protected by bars, prison-like; but never glass ... The yards are mostly beaten earth; but here and there are flowers or a plantain ... Elsewhere, pools of stagnant water collect ... rubbish accumulates where the animals scavenge ... Although the chawls have communal wash-houses and lavatories, the smell of the wind from the sewage and the polluted sea makes the atmosphere sulphurous ... In this apartment twelve people sleep: father and four sons in the bed, two grown-up sons on the floor; mother and three daughters sleep in a cot in the corridor, with the two small children at the foot of the bed. The lavatories that serve the whole block are at the end of the corridor: dingy tiling, a pervasive smell of urine, a constant nuisance of flies and mosquitos. The rooms are airless, even though the day is relatively cool.*

*... However ugly urban poverty, the proximity to food supplies means that people do not die of hunger in the way that can occur in remote country places ... there is always something edible to be scavenged from the heaps of vegetable matter around the street markets."*

Source: Seabrook, 1985.

### Box 50. Urban-rural links and urban housing

A number of urban residents in developing countries retain strong links with their rural home area. In many cases the wife and children remain to look after a small piece of land and some animals, while the husband seeks casual wage work in town. The linkages are of many types and of varying strengths, and the complex patterns of urban-rural interaction among the poor and low-income groups differ according to local context. These links are, generally speaking, much more common in Africa than in Latin America and least so in Asia.

In a study from Kenya it was concluded

*"... that urban-rural linkages are reflected in a low commitment to investment of resources in the urban setting. This does not in itself result in the development of commodity relations in the supply of housing, but it provides an ideal market for rented housing. Once having consolidated their position as promoters of housing for the rurally-tied residents who find rental accommodation appropriate, the promoters may extend the supply also to the landless. Promoters were, until the late 1980s, small and middle businessmen, politicians, traders and coffee farmers. Larger scale developers appeared in the late 1980s. They do this, for instance, by various mechanisms excluding poor people from unauthorized 'subsistence-production' of their own houses (for example, squatting) through political control of land, of planning, and through the enforcement of building by-laws. In Nairobi more than in Thika, this has resulted in extensive demolitions as the ultimate solution to force low-income families into privately rented housing.*

*Therefore, although strong urban-rural linkages discourage residents from investing resources in urban housing and hence contribute to the development of a rental housing market, this market is, first and foremost, shaped by the interests of the middle class and the strong political intervention in planning."*

Source: Andreasen, 1990.



### Box 51. Rental housing

In the context of an enabling role for governments in national shelter strategies, governments should facilitate rental housing through a wide variety of measures. Such measures might include:

- Reorienting public-sector agencies, including local bodies, to play a facilitating role in rental-housing supply;
- Creating an enabling legal and regulatory environment for housing activity in general and rental housing in particular in a manner that avoids tenure biases;
- Introducing fiscal and property tax concessions to promote rental construction and encourage maintenance of rental stock, especially for poor families;
- Streamlining building codes and planning standards, including making provision for renting of dwelling units in the design of low-income settlements;
- Developing city-level strategies for decentralizing activities and employment, through rationalization of land use in inner-city areas and provision of adequate transport facilities, so as to allow for residential mobility of poor households in a changing tenure environment;
- Installing a widely accessible information network on the availability and costs of ownership and rental housing;
- Facilitating initiatives of tenant groups to organize and manage housing and services, to secure finance on easy terms and to negotiate land-sharing in informal settlements;
- Exploring ways of regularizing informal settlements, wherever possible, with safeguards for avoiding displacement of existing occupants;
- Identifying the scope for targeting subsidies for low-income households;
- Encouraging the corporate and institutional sectors to provide rental housing in existing and new urban areas;
- Streamlining management of public rental housing, with efforts to transfer management of structures and services to tenant groups on agreed terms; and
- Undertaking direct provision of rental housing only to especially needy groups or in emergency situations.

Source: *UNCHS, 1990c.*

### **Box 52. Conditions for success in community-based projects**

- People and the communities must be involved in all stages of a project.
- The respective roles, responsibilities and inputs of the community and public agencies must be clearly defined at the outset.
- Public agencies must act as supporters and facilitators, and not as managers of the projects.
- The staff of the public agencies involved in the administration and coordination of the projects should have skills in organizing and motivating poor people rather than in technical matters.
- Public agencies must fulfil their part of the projects on time.
- The projects must be on a relative small scale and apply appropriate technology.

### **Box 53. The possible impact of improved shelter**

It has been said that improved shelter may raise productivity of work, lower absenteeism from work, improve the level of health, increase the quality of education, and decrease the incidence of violence, crime and other social problems.

Burns and Grebler (1977), however, were not able to conclude that improved shelter had these effects. This does not mean that there is no positive impact on these and other aspects of poor people's work and welfare. Such impacts are generally very difficult to isolate and relate to one causal factor since they depend on several other variables as well. Still, it is highly likely that improvements in the worst end of the shelter quality scale will have more positive impact in people's life than at the high quality end. This is an argument in favour of "second best" solutions in housing. Moreover, incremental and relatively minor improvements in services, such as drainage, sanitation, solid-waste removal, power supply and potable water, may have an immediate positive impact.

*Source: UNCHS, 1993a; 1995.*



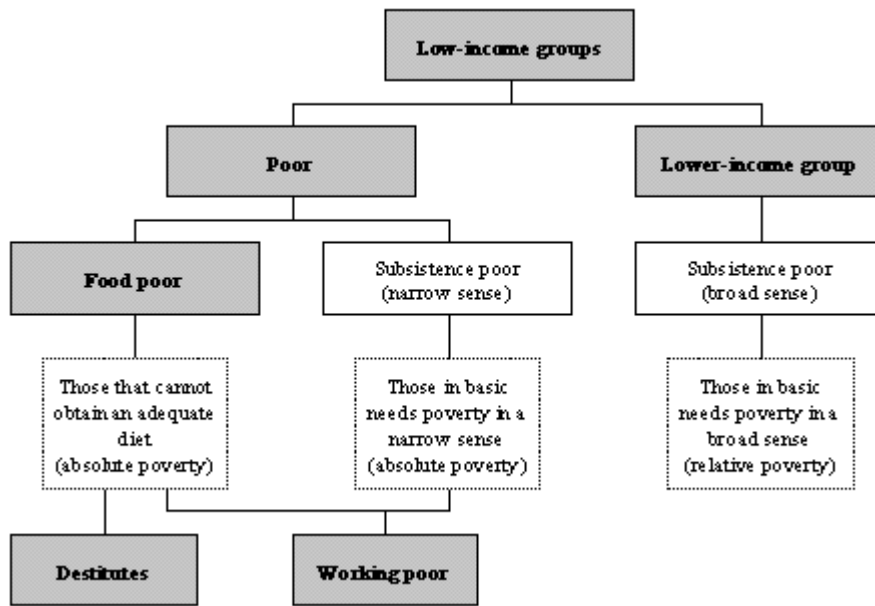
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Figure 1. Conceptualizing poverty





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**Table 1. Poverty and indigence (percentage of total population)**

Country	Indigence				Poverty			
	Urban		Rural		Urban		Rural	
	1970	1986	1970	1986	1970	1986	1970	1986
Peru	8	16	39	39	28	45	68	64
Mexico	6	6	18	19	20	23	49	43
Argentina	1	3	1	6	5	12	19	17
<b>All Latin America</b>	<b>10</b>	<b>11</b>	<b>34</b>	<b>30</b>	<b>26</b>	<b>30</b>	<b>62</b>	<b>53</b>

Source: Feres and León, 1990.

**Table 2. Poverty**

Region	Food poor				Poor			
	Millions		Percentage		Millions		Percentage	
	1985	1989	1985	1989	1985	1989	1985	1989
South Asia	300	312	29	28	520	558	51	49
East Asia	120	71	9	5	280	165	20	11
Sub-Saharan Africa	120	153	30	35	180	228	47	52
Latin America	50	71	12	17	70	104	19	25
Middle East and North Africa	40	45	21	21	60	71	31	33
<b>Total developing countries</b>	<b>630</b>	<b>652</b>	<b>18</b>	<b>18</b>	<b>1,110</b>	<b>1,126</b>	<b>33</b>	<b>30</b>

a: Lipton and Maxwell use much lower magnitudes for East Asia than the World Bank for 1985, based on the argument that China and India have vastly reduced their incidence of poverty.

b: Eastern Europe is included among the developing countries by the World Bank; here that area is excluded.

Source: Based on *The World Bank, 1990; Lipton and Maxwell, 1992.*



**Table 3. The poverty gap (percentage)**

Region	World Bank		Lipton and Maxwell			
	Food poor	Poor	Food poor		Poor	
	1985	1985	1985	1989	1985	1989
Sub-Saharan Africa	4	11	8.5	9.5	16.1	17.2
South Asia	3	10	7.3	6.2	16.0	14.6
Latin America	1	1	5.9	5.7	8.1	9.3
Middle East and North Africa	1	2	5.0	5.5	9.0	9.6
East Asia	0.4	1	1.1	1.0	3.2	2.7
<b>Total</b>	<b>1</b>	<b>3</b>	<b>4.5</b>	<b>4.3</b>	<b>9.3</b>	<b>9.1</b>

Sources: World Bank (1990) and Lipton and Maxwell (1992).

**Table 4. Under-5 mortality rates (1991)**

Region	Deaths per thousand live births			Average annual rate of reduction 1980-1991 (percentage)
	1960	1980	1991	
Sub-Saharan Africa	261	203	180	1.2
South Asia	238	179	131	2.8
Middle East and North Africa	246	145	90	3.7
Latin America	161	89	57	4.0
East Asia	198	80	42	5.5
<b>India</b>	236	177	126	3.1
Indonesia	215	131	86	3.8
Mexico	138	81	37	7.1

Source: *UNICEF*, 1993.

**Table 5. Basic information on the case-study countries**

Country	GDP growth percentage 1980-1991	GNP/capita growth percentage 1980-1991	GNP (\$US) 1991	GNP/capita PPP <sup>a</sup> (\$US) 1990	Gini index 1980s	Infant mortality rate <sup>c</sup> 1990
Mexico	1.2	-0.5	3,030	5,918	0.50	36
Indonesia	5.6	3.9	610	2,181	0.31	74
India	5.4	3.2	330	1,072	0.42	90

a: Average annual growth

b: Purchasing power parity

c: Per 1000 live births

Source: *The World Bank, 1993b*; *UNDP, 1993*.

**Table 6. Percentage of population in Mexico with low income**

Income level (minimum wages)	1960	1970	1977	1987
0 - 1	56	39	30	21
1.1 - 2	19	22	25	30
<b>Total</b>	<b>75</b>	<b>61</b>	<b>55</b>	<b>51</b>

Note: The source does not have equivalent data on the level of income of the minimum wage through time. An index gives the following information on the declining real value of the minimum wage: 1970=100, 1980=109, 1988=57, 1989=50.

Source: Based on Lombera Gonzalez, 1993.

**Table 7. Income levels in Mexico, 1990 (economically-active population)**

Income level (minimum wages)	Monthly income \$US	Share of population					
		Mexico		Mexico City		Jalapa	
		%	Cum. %	%	Cum. %	%	Cum. %
No income	-	7	7	1	1	10	10
0 - 0.5	0 - 70	7	14	20	21	28	38
0.5 - 1	70 - 140	13	27				
1.1 - 2	141 - 280	36	64	42	63	35	73
2.1 - 3	281 - 420	15	79	16	79	12	85
3.1 - 5	421 - 700	10	89	11	90	8	93
5 +	701 +	12	101	10	100	7	100

Source: Based on Carmona, 1993.

**Table 8. Official poverty line and number of poor in Indonesia**

	Urban areas			Rural areas	
	1980	1990		1980	1990
Monthly income (Rp.)	6,831	20,614		4,449	13,925
Population (million)	9.3	9.4		32.8	17.8

1980: \$US 1 = Rp.627 1990: \$US 1 = Rp.1,860

Source: Based on Yoewono, 1993.

**Table 9. Poverty in Indonesia (percentage)**

<b>Year</b>	<b>Urban areas</b>	<b>Rural areas</b>	<b>Total</b>
1976	39	40	40
1980	29	28	29
1984	23	21	22
1987	20	16	17
1990	17	14	16

*Source: Based on Herlianto, 1993.*

**Table 10. Income levels, Indonesia (1992)**

<b>Income group</b>	<b>Percentage of population</b>	<b>Monthly income (Rp. thousands)</b>
Poor	20	0 - 100
Lower-income	20	100 - 449
Lower middle	40	450 - 1,249
Upper middle	15	1,250 - 3,500
Rich	5	> 3,500

Note: Rp.2000 = US\$ 1

Source: Based on Herlianto, 1993.



**Table 11. Housing stock in Jakarta, by type (1990)**

<b>Housing type</b>	<b>Number of units</b>	<b>Percentage</b>
Permanent	536,000	41
Semi-permanent	468,000	36
Non-permanent	315,000	24
<b>Total</b>	<b>1,319,000</b>	<b>101</b>

*Source: Based on Herlianto, 1993.*

**Table 12. Housing stock in Jakarta, by tenure (1990)**

Tenure type	Number of units	Percentage
Private	1,052,000	80
Rented	94,000	7
Contracted	152,000	12
Boarding	20,000	2
<b>Total</b>	<b>1,318,000</b>	<b>101</b>

Source: Based on Herlianto, 1993.

**Table 13. Housing stock in Bandung, Indonesia (1990)**

Housing type	Number of units	Percentage
Permanent	219,000	65
Semi-permanent	83,000	24
Non-permanent	37,000	11
<b>Total</b>	<b>339,000</b>	<b>100</b>

Source: Based on Herlianto, 1993.

**Table 14. Slum population of various cities in India, 1981 census**

City	Total population (thousands)	Slum population	
		Thousands	Percentage
Calcutta	9,195	3,250	35
Greater Bombay	8,244	3,157	38
Delhi	5,720	1,730	30
Madras	4,289	1,367	32
Bangalore	2,922	293	10
Hyderabad	2,546	542	21
Ahmedabad	2,586	666	26
Pune	1,686	298	18
Kanpur	1,639	661	40

Source: Bhattacharya, 1990.

**Table 15. Housing tenure, Nigeria, 1985 (percentage)**

	<b>Ownership</b>	<b>Rent</b>	<b>Free</b>	<b>Total</b>
Urban	33	42	25	100
Rural	74	13	13	100

*Source: Achunine, 1993.*

**Table 16. Estimated income groups, Nigeria (1992)**

<b>Income group</b>	<b>Share of households (%)</b>	<b>Monthly income (Naira)</b>
Poor	30	0-250
Lower	63	251-1,250
Middle	5	1,251-2,500
High	2	2,500 +

\$US 1 = Naira 30

Source: Based on Achunine, 1993.

**Table 17. Low-income public housing production in Mexico**

Period	Annual number of low-income housing units constructed	Percentage of all completed units
1925-1946	0	0
1947-1964	2,839	42
1965-1970	4,411	22
1971-1976	10,902	23
1977-1982	17,183	16
1983-1988	52,231	22
1989-1990	122,198	42
<b>Total</b>	<b>803,851</b>	<b>25</b>

Note: The figures (not the total) are annual averages for the periods shown. "Low-income" refers to 65 or 60 per cent of the population with the lowest incomes. The source is not clear at this point.

Source: Based on Carmona, 1993.

**Table 18. Public-sector investment in housing, Mexico**

<b>Year</b>	<b>Investment as percentage of GNP</b>
1950	0.05
1960	0.18
1970	0.35
1980	0.89
1990	1.56

*Source: Carmona, 1993.*



**Table 19. Average formal-sector house prices, Indonesia (1992)**

House type	Size (m <sup>2</sup> )		Constructed by	
	House	Plot	Perum-Perumnas (Rp. million)	Private companies (Rp. million)
Very simple	21	54	3-5	-
Core	15	60	5-6	-
Simple	21	72	6-7	8-10
Simple	36	100	9-12	15-20
Medium	45	120	12-15	20-40
Medium	70	200	25-30	60-80
Large	90	250	-	80-100

Source: Herlianto, 1993.



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### List of Acronyms

ASHA	Action for Securing Health for All (India)
BIP	Bustee Improvement Programme (India)
BTN	State Savings Bank (Indonesia)
CAPROMOR	Casa Propria para Morelenses (Mexico)
CBO	Community-based organization(s)
CENVI	Centro de la Vivienda y Estudios Urbana (Mexico)
CIDCO	City Industrial Development Corporation (India)
CONAMUP	Coordinación Nacional de Movimiento Urbano Popular (Mexico)
COPEVI	Centro Operacional de Vivienda y Poblamiento (Mexico)
EIUS	Environment Improvement and Urban Slums Programme (India)
FICAPRO	Fideicomiso Casa Propria (Mexico)
FONHAPO	Fondo Nacional de Habitaciones Populares (Mexico)
FOVI	Fondo de Operación y Descuento Bancario para la Vivienda (Mexico)
FUSCOVI	Fomento Solidario de la Vivienda (Mexico)
GSS	Global Strategy for Shelter to the Year 2000
HUDCO	Housing Finance and Urban Development Corporation (India)
ILO	International Labour Organisation
IMF	International Monetary Fund
INFONAVIT	Instituto Nacional de Fondo de Vivienda para los Trabajadores (Mexico)
KIP	Kampung Improvement Programme (Indonesia)
LISP	Land and Infrastructure Servicing Programme (India)
NCU	National Commission in Urbanisation (India)
NGO	Non-governmental organization(s)
NHB	National Housing Bank (India)
OECD	Organisation for Economic Co-operation and Development
PROFOPEC	Programa de Fraccionamiento Popular de Ecatepec (Mexico)
PPP	Purchasing power parity
RHP	Renovación Habitacional Popular (Mexico)
SEDUE	Secretaria de Desarrollo Urbano y Ecología (Mexico)
SHHA	Self-help Housing Agency of Town Councils (Botswana)
SIP	Slum Improvement Programme (India)
SPARC	Society for Promotion of Area Resource Centres (India)
SUP	Slum Upgradation Programme (India)
THB	Tanzanian Housing Bank
UCD	Urban Community Development Programme (India)
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WHO	World Health Organization
YUVA	Youth for Unity and Voluntary Action (India)



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## National Experiences with Shelter Delivery for the Poorest Groups



### Foreword

The access to adequate housing as a basic human right is enshrined in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. Still, at least 1 billion people do not have access to safe and healthy shelter. The informal sector and individual self-help play prominent roles in the provision of shelter. It is thus possible to identify key areas of intervention and to suggest guidelines for support strategies. The heterogeneity of developing countries, however, makes it less sensible to work out detailed common strategies. General policies must be specified for particular communities or cities, and they should be tailored to the needs of the poor. Account should be taken of different cultural, social and environmental conditions.

The manifestations of poverty are similar throughout the urban areas of the developing world, although on average the conditions of life may be somewhat better in Latin America than in Asia and Africa. This applies especially to basic infrastructure such as water taps, street lights and roads. Moreover, it is difficult for the poor everywhere to escape from their poverty, given the economic, social and political situation in most developing countries, as basic causes of their poverty are often beyond their control. Yet, most of the poor are actively and innovatively seeking to improve their livelihood and living conditions; they respond rationally to the limited opportunities open to them in their housing situation. Spontaneously-built shelters of waste materials are improved over time with only minimal support from local authorities or NGOs.

One of the major principles of the Global Strategy for Shelter to the Year 2000 (GSS) is the enabling approach, the facilitation of actions of all present and potential participants in the shelter production and improvement process. The introduction of enabling shelter strategies implies a change from policies of intervention to policies of liberalization. By granting security of tenure to the poor, removing restrictive legal and bureaucratic controls on housing production and providing greater incentives to private-sector and household investments, the value of land and housing has increased.

This process of "commercialization", however, makes investment in land and housing more attractive to large-scale capital. Unless supply constraints are reduced there is a danger that property-ownership will become more highly concentrated, prices may rise, and the poor may find it even more difficult to gain access to the kind of housing they want. In any market, choice is a positive function of income. The consequence is that the very poor often have no choice in housing at all. Deregulating land and housing markets that already operate imperfectly is therefore a complicated matter. If attempted without adequate safeguards to protect the poor, it can reduce, rather than improve, the range of choices available to them, in direct contravention of the goals of the GSS. Unless governments take the necessary action, liberalization of housing markets may not produce the beneficial results to the poor which are expected of it. Thus, although liberalization is a necessary condition for the success of the GSS, it is by no means a sufficient one.

There is a potential conflict inherent in the enabling approach, between the need for liberalization ("freedom to build", private-sector incentives and so on), and the need for regulation (to correct market imperfections, curb speculation, and ensure an adequate supply of housing to low-income groups). This conflict is a particular illustration of the more general dilemma facing all economies that aim to be both socially equitable and efficient. Historically, markets have been good at allocating scarce resources, but much less successful in promoting equal access, especially where incomes are unequally distributed. It is therefore not surprising that early attempts to initiate the enabling approach to housing have come up against the same problem.

If governments decide to liberalize human settlements policies without including safeguards to ensure housing for the poor, the housing options of the poor will not improve substantially because they might be excluded from access to essential inputs, especially land and finance. On the other hand, if the State intervenes too heavily, incentives to private and household sector production will decline, so reducing the quantity and quality of housing made available. At a sectoral level, it has proved very difficult to balance viability with accessibility and equal distribution in the land and finance markets, in cost recovery, and in rent control. In all these areas, there is a very fine balance to be struck between liberalization and intervention, and this balance will vary from one situation to another. It is no exaggeration to say that the successful implementation of the GSS in the future depends on the ability of governments to find and maintain this balance over time.

The experience with enabling shelter strategies reveals the fact that in a number of cases the introduction of enabling shelter strategies have actually damaged the housing choices of the poorest groups. At the level of the individual settlement, upgrading often drives out those who cannot afford the costs imposed by higher housing standards and service charges. Likewise, land-sharing, rehabilitation and resettlement programmes often have negative effects on the ability of very poor families to remain when shelter and the environment are improved and

commercialized. Wherever the supply of housing inputs falls behind demand, access to home-ownership declines and more and more low-income families are forced into rented accommodation. If these supply constraints continue to grow, conditions in the rental market deteriorate as rents increase, housing quality falls, residential densities rise, and property-ownership becomes more concentrated. In fact, among those experiences that have been identified as successful very few have succeeded in involving and including the poorest households.

Those cases in which the very poor have benefited have come about only through deliberate action on the part of government or of the community concerned, usually in the form of direct subsidies and/or special assistance. This implies, as was stated in the new National Housing Policy in India, going beyond the enabling strategy to delineate government's role as provider, to take care of the needs of the poorest and most vulnerable sections who cannot secure affordable shelter under present conditions and need direct government help in the form of land, housing inputs and employment opportunities. In other words, there is probably no solution other than direct assistance from governments for those who cannot (or are unlikely to) be reached even by the enabling approach.

This is not an argument for abandoning the enabling approach just because people are very poor. The search must go on for ways of making housing inputs accessible to all, however difficult this may be in practice. It does, however, underscore the responsibility of governments to intervene more forcefully on behalf of those who cannot participate in enabling strategies because of absolute shortages of skills and resources. The plight of the poorest and the facilitation of participation by the not so poor are, in many ways, connected. In fact, it is only by enabling the not so poor to help themselves that governments can make resources available to assist the poorest groups.

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## National Experiences with Shelter Delivery for the Poorest Groups



### Executive Summary

1. This report deals with the problems encountered by the poor in their struggle to find shelter. The report specifically addresses the issue of how current shelter policies are leaving the poor out of the shelter-delivery process. Brief descriptions of successful projects of shelter improvement for the poor are included. These cases indicate the direction shelter policies should take.

2. The report is primarily based on national experiences from India, Indonesia and Mexico with examples from some of the major cities in these countries. In addition, experiences from Nigeria are included. On specific aspects in the discussion of the shelter situation of the poor and on policies and strategies of betterment, references are made to other developing countries.



# National Experiences with Shelter Delivery for the Poorest Groups



## Executive Summary

### 1. National shelter policies for the poor

3. The national policies adopted by the case-study countries dealt with in this report are all in line with the Global Strategy for Shelter to the Year 2000 (GSS). The focus is on enabling all actors in the shelter production and improvement process to utilize their full potential and resources. The final decision on the kind of shelter to build and the organization to adopt to achieve it must be left to the people concerned and their needs and priorities. The role of the government and public authorities at various levels should be one of facilitating shelter construction by establishing more appropriate regulatory frameworks and shelter financing schemes allowing the private sector, non-governmental organizations (NGOs), community-based organizations (CBOs) and individual households to make their effort and contribution. It is realized in the case-study countries that public provision of shelter to all the urban poor is impossible to achieve. In fact, most houses are built by the people themselves with and without the assistance of private small and large-scale contractors. An efficiently functioning market for building materials, among other things, is thus of utmost importance.

4. Programmes, subsidies and initiatives for shelter for the poorest groups are, however, not abandoned by public authorities in the case-study countries. Policies have changed from being a mere provider of physical and social infrastructure and some assistance in plot and building-material provision to the poor, to an emphasis on setting the conditions right for self-help and mutual aid, as well as community participation in upgrading projects.

5. The implementation of the shelter policies adopted has not been a total success in the case-study countries. Legal restrictions and building regulations have, for instance, not been reformed to any substantial degree. The availability of affordable and relevant building materials for the poor has not been significantly improved. Popular participation in the various stages of upgrading planning and implementation is only rarely taking place. Generally speaking, much is as before in the actual shelter practices, public as well as private. A change that has taken place, is the inclusion of cost recovery in upgrading programmes. The beneficiaries are to pay according to the full cost of improvements made in water provision, path construction, drainage, street lighting and so on. Cross-subsidization is, however, applied to some extent, making the better-off people in parts of an upgrading area pay more than the poor in other parts. Cost recovery and "the user pays" principle is seen to be required in order for replicability of shelter and upgrading programmes to be possible. The poor have evidently been caught in a cost-affordability squeeze. In addition to betterment taxes, the costs of building materials have increased more than wages have risen. The real incomes of most poor people in the developing world have deteriorated during the latter half of the 1980s and now in the 1990s. This new aspect of the shelter policies of cost recovery and reduction in subsidies have been detrimental for improved shelter for the poor. An ameliorating fact is that public authorities are not everywhere and always enforcing "the user pays" principle. The recovery rates for betterment charges and plot payments are very low.

6. A negative (and unintentional) consequence of reduced public construction of housing for the non-poor, without a simultaneous increase in private-sector building, is a downward pressure on cheaper housing. The gentrification of certain parts of urban residential areas pushes the poor into areas with worse environments and accommodation. This may be a temporary phenomenon until markets function better, thus giving the right signals and prices for a higher involvement of private capital in housing schemes.

7. The case-study countries invest relatively little of public funds on housing. One of the most important aspects of the GSS is thus not yet implemented, and it may not be fully accepted at policy-decision levels. That is the fact that housing for the better-off and adequate shelter for the poor are relatively effective sectors in which to invest in order to have an impact on national economic growth. Adequate shelter, including dwellings, privacy, security, lights, basic infrastructure and services and a location making the journey to work feasible — provided by the poor themselves through an enabling strategy — creates relatively much employment, high multiplier effects and national backward linkages.



## National Experiences with Shelter Delivery for the Poorest Groups



### Executive Summary

#### 2. Poverty

8. It is difficult to estimate how many among the 1.6 billion urban dwellers in developing countries live in inadequate housing with little or no provision of water, sanitation and other services. It is typical for 30 to 60 per cent of the urban population in developing countries to live in illegal settlements, and in overcrowded and deteriorating tenements. There is normally a mismatch between estimates made on the basis of case studies in the large cities and official figures which tend to show a much better provision of basic amenities and less slums and squatter settlements. In the case-study countries, urban poverty, slums and pavement dwellers are increasing. Lack of land for shelter construction has become an acute problem everywhere, and vast slums are found at the outskirts of the cities. The poor urban communities in the big cities rank among the most life-threatening and unhealthy living environments that exist. The poor's living conditions are far beyond the individual's capability to alleviate, and rest on lack of employment and resources. Shelter policies cannot solve the issue of mass poverty in urban areas in the developing countries. It can, however, have an important positive impact if rightly conceived and implemented together with the poor themselves. The impact would be greatly enhanced if shelter provision became an integral part of an overall development strategy for the urban poor.

9. There is no common agreement on the content and operationalization of the term "poverty". It is useful to distinguish between the following degrees of material and psychological hardship: food poverty (absolute or starvation poverty); subsistence poverty (divided into a narrow and a broad basic needs concept); and relative deprivation (of either a social coping or a social participation kind). The last category of limited access to social participation can easily be confused with the concept of inequality and with different life-styles in a society. By making the concept "poor" completely relative to the typical living conditions in a society, the people with for instance inadequate shelter (e.g., a leaking roof, no heating etc.) cannot be termed poor if that is normal in their "society." Hence, it is necessary to retain an absolute meaning in the concept of poverty, referring to material inadequacies and a life characterized by hardship (this will also, to some extent, be relative through time and space).

10. This report limits the category "poor" to those in food poverty, plus those in subsistence poverty in a narrow sense. It happens that case studies, which establish a poverty line for a country, also include some expenditures for travel and recreation. This kind of broad subsistence poverty is making the term "poor" too broad to be applicable in this report. The term "lower-income group" will be used for this category. This group of people has a sufficient material consumption to allow them an active and fairly secure life concerning food, water, clothing and shelter. They do, however, have an income below what is typically necessary for complete social coping and participation in a society's normal activities and events. The term "low-income groups" is used when referring to both the poor and the lower-income group.

11. In Indonesia and Mexico, the bottom 20 per cent on the urban income scale constitutes the urban poor. This is not meant to be an exact figure but indicative of the magnitude only. The urban population between 20 and 40 per cent of income distribution makes up the lower-income group. In India, the urban poor cannot meaningfully be limited to the 20 per cent with lowest income. The relevant figure is 35 per cent. The lower-income group is made up by those with incomes from 35 to 45 per cent on the income ladder. The above categories of people in the three countries have fairly comparable levels of needs satisfaction on average. The internal variation in the respective categories of levels of poverty may be somewhat different. This will have little bearing on the discussion in this report. The size of the categories "food poor" and "narrow subsistence poor" in the countries cannot be established, due to lack of reliable and comparable data. Again, such a quantification is not required for the purpose of this report. It suffices here to underline that urban poverty in the narrow needs satisfaction sense applied here, is extensive and growing in absolute numbers.



## National Experiences with Shelter Delivery for the Poorest Groups



### Executive Summary

#### 3. Shelter needs and delivery

**12.** The urban shelter shortage in India is estimated at between 6 and 13 million units. Some studies arrive at higher figures. One third of all urban households are without access to a latrine, and 45 per cent have only one room. One estimate holds that 30 per cent of the urban poor live in dilapidated shack-like structures and mud dwellings. The total production of houses during the last 30 years is a tiny proportion of the real need for shelter for the poor.

**13.** In Indonesia, urban shelter needs are enormous and increasing. An estimated total of 2 million units are required annually to cover the national need during the 1990s. The Government is supporting the dwelling needs of the poor to only a very limited degree. It is, however, supporting the shelter needs indirectly, by extensive slum (or *kampung*) upgrading programmes of basic infrastructure such as roads, water and drainage. This improves the value of plots somewhat and induces people to invest in their shelter.

**14.** The housing need in Mexico is vast, estimated at 6 million units in 1990. During the 1990s, there is an estimated annual need for 277,000 units due to population growth and 308,000 units due to deterioration of the housing stock. In Mexico City's metropolitan area alone, as many as 10 million people are living in slums. During the 1947–1990 period, public housing agencies were involved in the construction of only about 804,000 housing units for the low-income groups. A total of only 26,378 units were constructed for the poor in 1991. The slum settlements are often found in swampy, inhospitable salt-flats, on steep hillsides and on garbage dumps. The land and street layouts are chaotic and services are often lacking.

**15.** In all the case-study countries, renting is becoming more common among the urban poor. This poses an additional problem, since the incentive to invest in accommodation is clearly less when the shelter is not owned by the inhabitants. This also leads to a lack of interest by the residents in betterment of their local community environment.

**16.** Currently, between 60 and 90 per cent of all new housing units are constructed illegally, either on land without permission, or at standards not in accordance with official regulations. This is not surprising since developing countries invest only between 2 and 8 per cent of their GDP in housing. The total external assistance to housing in these countries is a mere 4 per cent of total investments.



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### Executive Summary

#### 4. Major problems of shelter delivery for the poor

17. The experience of the case-study countries is that even the shelter programmes and credit arrangements specifically designed for them are unaffordable to most of the poor. Most public resettlement projects have high rates of reselling and return of the poorest from the relocation sites at urban fringes back to the city centres where a survival income is easier to obtain. Land for shelter construction purposes (for all income groups) is in extremely short supply in most cities in the developing world, mainly as a result of high opportunity costs.

18. The poor's reliance on intermediaries and mafia-like gangs to find shelter, is reported to be a problem in the case-study countries. Furthermore, the high interest rates on credit and loans, and the need to pay substantial initial "down-payments" even for renting a dwelling or space on a pavement, make even the tiniest and most inadequate shelter rather expensive. The need for support to the establishment or strengthening of CBOs is recognized.

19. Women are facing particular problems regarding the question of plot rights and collateral for credit. Moreover, shelter location is often essential for women's economic activities, which are often conducted at home simultaneously with care of children and old parents. Women, thus find it difficult to take part in resettlement programmes, also owing to the increased distance to markets.

20. The availability and cost of simple and/or traditional building materials are restricting minor and gradual improvements of poor people's dwellings. This is a particular problem for female-headed households because of their much more limited spatial mobility.

21. Information about and knowledge of ongoing upgrading projects, subsidy programmes and building regulations are low among the poor. This hampers the lower-income group's, but especially the subsistence poor's, ability to provide improved shelter for themselves.

22. The major problem in rental housing for the poor is how to identify the most appropriate rate of rental increase, which ensures both that the poor can afford to pay and that owners maintain the buildings.





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#### 5. Agenda for further research

23. The problems experienced in the case-study countries and in other developing countries of improving the shelter conditions of the poor underline the need for a strategy that combines the resources and motivation of the poor themselves (organized in CBOs), various kinds of NGOs and public authorities at different levels. The poor cannot afford to rely on the market and private contractors to cover their need for adequate shelter. Public agencies do not have enough funds to provide shelter and basic amenities to all the urban poor. The case for the involvement of national and international NGOs (and other donors) is thus very strong. The challenge is thus to create a model which would integrate the different capabilities of the various actors in the shelter sector and to coordinate their efforts in specific areas and programmes. The responsibility for initiating and coordinating such a shelter strategy for the poor must primarily rest with governments. By involving CBOs from the very beginning of upgrading, resettlement and other types of shelter programmes for the poor, the potentially substantial contribution of poorer groups can be effectively activated. The focus must then be on identifying the barriers and bottlenecks to the full participation of local-level organizations, in collaboration with NGOs, in shelter construction and community betterment.

24. A more detailed summary of the recommendations is included at the end of the report, together with an outline of future research priorities. The following must be underlined: first, official statistics on the magnitude of and conditions in slums and squatter settlements have low reliability. Case studies, although of a fairly large number and widely distributed, do not provide sufficient data to make reliable estimates of the relative proportions of groups living in different kinds of shelter and environmental conditions. Secondly, very few data are available and few empirical studies have been undertaken on poverty that splits this broad category into various levels and types of poverty. The heterogeneity even inside one slum area is great. To avoid programmes and projects having negative consequences for major groups among the poor, extensive research efforts should be made on this heterogeneity of income levels, occupations and life situations in general, together with variations in poverty and livelihood in other urban housing forms such as high-rise flats, tenements etc.



## National Experiences with Shelter Delivery for the Poorest Groups



### Introduction

Most, if not all, developing countries experience rates of urban population growth far above their national population growth. The degree of urbanization is thus increasing. On average, more than 40 per cent of the population in the developing world are now living in towns and cities. By the year 2000, there will be 16 metropolitan areas in developing countries with more than 10 million inhabitants. Moreover, in most countries urban poverty is increasing more rapidly than rural poverty. It is estimated that by the end of the century, 90 per cent of the poor in Latin America will live in urban areas. The figures for Africa and Asia are expected to reach 40 and 45 per cent respectively (World Bank, 1993a) (see [box 1](#)).

Rapid urbanization has outpaced the ability of local authorities and national governments to provide adequate shelter and basic amenities for the urban poor. Large slum and squatter communities live illegally on government and private lands, especially in the big cities. These communities lack or have inadequate provision of water, sanitation, roads, electricity and housing. Overcrowding and environmental degradation are common problems. The poor are often forced to put up their shack on steep erosion-prone slopes, close to overflowing rivers, mosquito-infected wetlands, along railway lines or close to sources of heavy air or water pollution. The health of the poor in these areas is evidently bad (see [box 2](#)). Lack of work adds immeasurably to the misery of these people. They live in an abject state where the future is measured day by day in search for food for survival. Every day, they face the risks of diseases, injury and starvation in a harsh and merciless city environment.

It is difficult to estimate how many among the 1.6 billion urban dwellers in developing countries live in inadequate housing with little or no provision of water, sanitation and other services. Case studies show that between 30 and 60 per cent of the urban population live in illegal settlements, and in overcrowded and deteriorating tenements (WHO, 1992b). In 1985, WHO estimated that one quarter of the urban population in the developing world had no access to safe water, and that half of the population had no sanitation system to make adequate disposal of their excreta. While there has been considerable progress during the 1980s, these figures understate the numbers inadequately served, according to WHO. Figures for the proportion of people adequately served come from statistics supplied by governments. Governments are known to exaggerate such figures. They may for instance regard a few water taps, with water only for a couple of hours a day, as adequately serving a settlement. Official figures for many of the poorer developing countries indicate that over 80 per cent of the urban population have access to safe water. Local researchers and community workers find it hard to reconcile such a figure with the reality in the urban areas in which they operate.

Vast slums can be found on the outskirts of cities. Government resettlement programmes have contributed to this location of poor people at the city fringe, making the journey to work three to four hours long for workers in the largest cities. In many cases it used to be possible for the poor to cultivate some crops there. This opportunity is important in times of macro-economic recession or individual misfortune on the job market. Today this safety net is fast disappearing, due to increasing population densities in slum settlements and lack of vacant land elsewhere. This factor together with massive under- and unemployment, combined with increasing food prices explain the worsening urban malnutrition found in many developing countries. The poor urban communities in the big cities rank among the most life-threatening and unhealthy living environments that exist. Some 600 million urban residents live in health-threatening houses and conditions characterized by overcrowding and lack of basic services such as piped water, sanitation and health care (WHO, 1992a). In some of the worst illegal settlements one third of the children die before the age of five (Hardoy and others, 1992). Furthermore, inferior housing — both regarding internal conditions of the shelter and the external safety and quality of the neighbourhood, which do not fulfil the social needs of the occupants — have important bearings on mental instability and psychosocial problems (see [box 3](#)). "Street children" constitute an urban problem which has received much attention. In Manila, for instance, with three 3 million people living in slums, there are 75,000 street children. During the last four years the number of street children in Nairobi has increased from 16,000 to 25,000. Each of the three major cities in India — Bombay, Calcutta and Delhi — have about 100,000 street children (UNDP, 1993). This phenomenon of street children has been known in parts of Latin America for many years, but is now also appearing in large numbers in cities in Africa and Asia. Boys, but also many girls, "beg, steal and rob, band together, and sleep in the streets, covered with cardboard and plastic sheets" (Gilbert and Gugler, 1992). Several of these problems cannot be solved by human settlements policies, although the right policies can ameliorate many of them. The fundamental problems have their roots in poverty and the structures and processes that create and maintain it. "Such problems demand deliberate decisions that favour the poor and the disadvantaged, and they must be addressed at the level of a nation's development strategy. Human settlements, however, as creators and distributors of wealth, have a vital role to play, as do the policies that underpin their development." (UNCHS, 1987).

The objective of this report is to assess, based on empirical evidence, how the urban poor in the developing world can achieve improved living and housing conditions. The report is primarily based on experiences in shelter

provision in India (Ribeiro, 1993; Kundu, 1993), Indonesia (Yoewono, 1993; Herlianto, 1993) and Mexico (Lombera, 1993; Carmona, 1993). Data from Nigeria (Achunine, 1993), as well as some other countries, have also to some extent been used.

Chapter I discusses the relationship between poverty and shelter delivery in general. It includes sections on the particular problems faced by women, the GSS, and concludes with a discussion of concepts. Chapter II presents the actual experiences in India, Indonesia, Mexico and (partly) Nigeria. Chapter III summarizes the lessons that can be drawn from these experiences so that other countries and international donors may improve the process of developing national shelter strategies that also cater for the poor.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### A. Shelter delivery for the urban poor

The lesson learned through the site-and-service and resettlement programmes carried out during the 1970s and 1980s was that in spite of the enormous progress in urban housing, the poor were mostly not reached (UNCHS, 1991c). One reason for this was the emphasis on cost recovery, or on keeping subsidies low, or not targeting them to the poor. Another important issue not taken properly into consideration, was the need of the poor to be close to their sources of income in the city centres. Thus, the poor often cannot afford to accept government housing offers. Furthermore, rapid urbanization led the non-poor to take over the (inadequate) supply of dwellings. In sum, government housing has generally been too expensive, had too little flexibility in use and was placed in unsuitable locations. Shelter is an area in which settlements are visibly losing ground. Policies fail to respond to people's needs. There has thus been a general decline in shelter standards in the past decade. The commitment made by governments to the provision of affordable housing has been increasingly eroded by persistent economic and financial difficulties in nearly all developing countries. The result has been reduced public expenditures.

Housing-related consequences of macro-economic austerity are well documented (Pugh, 1992). The IMF and the World Bank now recognize that a social dimension needs to be added to structural adjustment policies and stabilization programmes. It is estimated that between 70 and 95 per cent of all new housing today is built illegally (Hardoy and Satterthwaite, 1990). The already precarious financial situation of many families has deteriorated even further since the mid-1980s due to externally enforced structural adjustment policies. These policies imply stringent cuts in governments' expenditures on salaries, health care and education as well as abolition of food subsidies. As a result, the living standard of the poor has declined. At the same time, the real price of building materials has typically risen rapidly. Not only the poor, but also other low-income families now find themselves in a cost-affordability squeeze regarding adequate shelter. Improved shelter conditions are thus more difficult to achieve today. For instance, in the United Republic of Tanzania, the World Bank-supported Urban Site and Service and Squatter Upgrading Programme has not reached the poor, although that was the intention. The urban shelter projects, in fact, entailed a market-enforced removal of the poor from valuable land and the transfer of the newly-serviced and aid-developed land to the affluent (see [box 4](#)).

The widening gap between construction costs and the ability of the poor to pay, creates a situation in which rising urban rents force the poor to move out to peripheral and unserviced squatter areas. The exclusion of the poor from loans results in the failure of plot beneficiaries to finish their dwellings. Insistence on sophisticated building standards effectively eliminates the possibility for the poor to use inexpensive local materials and traditional construction techniques which would allow a slower but real improvement of their shelter.

There are however several limited cases of successful programmes and projects which also include the poor. The forces of recession and austerity policies and the opening of, for instance, Ecuador to foreign competition led to deterioration of the housing situation of the working poor (Klak, 1992). Yet, it is interesting to note that Quito's popular housing conditions are remarkable stable for Latin America during sustained recession.

The inability of governments to supply enough dwellings, infrastructure and services has resulted in an understanding that collaboration and a division of labour between governments, the private sector and urban CBOs are necessary. This is also the basic philosophy of UNCHS. The emphasis of shelter provision today is, among other things, on popular participation; on reduction of legal and other barriers to the private sector, especially small-scale enterprises; and on termination of government subsidies to all but the very poorest. The World Bank's emphasis on cost recovery in housing programmes is made to ensure replicability of projects. It is realized that hard-pressed public budgets cannot carry the required massive investments in improved shelter provision. Modest subsidies can in some instances make economic sense. Reduced water pollution may for instance minimise diseases and thus make workers healthier and more productive. Research should be directed at finding the optimum mix of policies and prices giving the right balance between "the user pays" principle and subsidies in a local context. Furthermore, the issue of income-earning opportunities of the urban poor, and how the process of shelter provision and building of urban infrastructure and services can contribute in that respect, is receiving more attention today. This is a most promising sign of change in attitude which may have an important beneficial impact on the lives and shelter conditions of the poor. Shelter provision is, and should be regarded as, an economic activity worthy of investments. It should not be looked upon as merely a matter of consumption. A consumption good normally gives an immediate satisfaction, and has little implication for the production of other goods or future incomes. Yet, it may be difficult to make clear-cut categorization of consumption goods and investments. It was, however, typical not to view housing as a prime production sector with important links to other productive sectors. This has resulted in housing being low on the list of priorities in economic policies. In the words of Gilbert and Gugler (1992):

*"Certainly the realization that investment in housing could actually create income or that it could play a vital part*

*in the economy of the poor has been very recent ... investment in housing was regarded as the classic means of slowing economic growth and of adding to the problems of the urban areas by attracting larger numbers of people from the rural areas."*

Annual investment flows in housing typically comprise between 2 and 8 per cent of GDP and between 15 and 20 per cent of gross fixed capital formation. Each year developing countries invest \$US 100–150 billion on housing and urban infrastructure. Since the external assistance in terms of loans and grants is only about \$US 4 billion, the local input remains by far the largest part (World Bank, 1991).

The notions of "slums of despair" and "culture of poverty" (Lewis, 1959 and 1966; Stokes, 1962; Eckstein, 1990), stress the social and cultural attributes of poor people. The basic problem with such views is that they assume that squatters are an undifferentiated mass who have fixed and uniform behavioural and psychological traits. The poor are viewed to be incapable of improving their situation themselves. Given the substantial evidence of slum organization and action and the highly diversified conditions of squatter settlements even inside a city, the nature of attitudinal and behavioural patterns assumed in the above notions seem rather fanciful. Through a study of the pattern of daily activity movements in a Calcutta slum, for instance, it was found that in contrast to the common belief that slum life is mundane, the poor pursue a large number of activities pertaining to economic, social, cultural and religious matters (Dutt and Mukhopadhyay, 1993). It is not the lack of integration that is the problem, but rather the conditions and terms that govern the participation of the poor in urban activities.

Another myth, which hampers successful assistance to the urban poor, is the wrongful view that squatters and slums are isolated from the formal urban economy. Massive evidence shows that the informal sector has numerous linkages with the formal sector, and that the poor in towns and cities of the developing world are a highly integrated but impoverished and exploited part of urban economic circulation. Research has shown that the poor are not socially, economically and politically marginal to life in the city. They make important contributions to the urban economy (see [box 5](#)). In the words of Perlman (1976): The poor are

*"not economically marginal but exploited, not socially marginal but rejected, not culturally marginal but stigmatised and not politically marginal but manipulated and repressed."*

As spelled out in the [GSS](#), governments should limit the public involvement in shelter delivery to facilitating new construction by the private sector and to enable people the opportunity to meet their housing requirements according to their own priorities and capacities. It should be recognized that the housing demand is too large and subsidies too costly for governments to aspire to become the main provider of housing. This does not imply that governments are unimportant in shelter provision. The notion of enablement is rightly based on the understanding that most shelters, communities, jobs and incomes in the urban developing world are created outside the public sector and in fact often in contravention to official laws and regulations. This does not imply that regulation of environmental causes of ill-health is not required. The point is that poor people's energies, capabilities and initiatives should be given room to flourish inside a framework of a minimum of public regulations. On the one hand, governments must by regulation and planning improve the general conditions and environment for other actors to become more involved in the shelter sector. And, on the other hand, they must ensure affordable credit and shelter opportunities for the poor.

It is essential to distinguish between the "not-so-poor" and the "very poor". The failure to do this may lead to misleading generalizations about the poor groups' ability to participate in shelter projects, among other things. Obviously, the poorest of the poor, those in "food poverty", will not have shelter improvement as their first priority. When more than 80 per cent of their income is spent on food, there is little left for investments in shelter. For them, governments may make shelter a part of labour-intensive, socially useful public work programmes. It should, however, be realized that groups within the category "food poor", will not be reached even by such programmes. The aim of housing for all is thus a long-term goal indeed. The poor above the level of food poverty, those in basic needs poverty, may be expected to use a small increase in income, subsidy or credit on a gradually self-improved dwelling, given the right circumstances such as legal title to a plot. They may then also give priority to saving a little for shelter purposes. One way of giving them a minor wage is for governments to upgrade the basic services in slum settlements by targeting the employment for the poor (Peattie, 1987). This is also an argument for extending employment safety nets through labour-intensive public works programmes in periods of major economic distress.

Temporary public programmes of slum improvements employing the residents allow the poor at least some income which they may use in parallel projects of improved shelter. Even a tiny, non-permanent cash income is important for the poor, especially for the female-headed households. It should, furthermore, be kept in mind that for many women increased dwelling space is a necessary requirement for the start of informal home-based small-scale business or trade (see [box 6](#)).

The exploitation of workers in the "putting out" system is generally recognized. Still the meagre earnings of these workers are often crucial for family survival (see [box 7](#)). This kind of home-based economic activities should be distinguished from self-employment in trade and other small-scale enterprises taking place in or outside the dwelling.

In Agenda 21, it is stated that poor countries and the United Nations are allocating only a very small proportion of their expenditures for housing (UNCED, 1992). It is however important to note that evidence shows that external assistance to housing generates internal growth. Backward linkages and multiplier effects of the above strategy, although limited, are both mainly local. Local building materials and labour are used, and money earned is spent on services in the slum settlements. The cumulative impact is positive indeed. It is thus important to identify bottlenecks in local supply markets; allow simple housing standards; remove constraints imposed by laws and regulations on informal-sector activities; and establish targeted and subsidized credit schemes for the poor. In short, housing should be regarded rather as a tool of development policy than a goal. The strategy should include: shelter construction, maintenance and upgrading; small-scale building-materials industry; provision and improvements of infrastructure and services; and support for home-based enterprises.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### B. Women, poverty and shelter

The rate of poor women's participation in economic activities, even in *machismo*-dominated Latin America, is high. The majority of women work in small-scale, low-paid and unstable activities, and are predominantly unskilled and self-employed. In for instance Cochabamba, Bolivia, many women in the slums find themselves moving continually from partner to partner without ever getting married. They thus have children with different men, and bear the responsibility for the children's survival (Zaayer, 1990).

Female-headed households were earlier mainly a rural phenomenon in the developing countries and due to outmigration of young men. Female-headed households can today be found — on a steadily increasing scale — in most cities in the developing world. Schlyter (1990a) found in a study in Harare, Zimbabwe, that many women with a household of their own, moved to the city because of conflicts with their family (see [box 8](#)). Many divorced women saw no other alternative than to migrate to an urban area. Furthermore, widows also find it difficult to remain in the village of the deceased husband. According to customary law, all property should be inherited by the husband's brother. Today the rules are unclear and thus the position of women difficult. Many therefore choose to leave, especially younger women and women with adult children in town. Female-headed households, which are over-represented among the poorest, account for a sizeable proportion of urban households. This group is often excluded from low-income housing projects because of gender-blind policies (see [box 9](#)). It is, for instance, assumed that households consist of nuclear families. Furthermore, it is thought that there is a clear division of labour in the family with the wife only working in the home. Gender-awareness in housing entails a recognition of the particular housing needs for women. Current housing practice has a tendency on the part of policy-makers, planners and architects to make assumptions which do not fit the reality of women's lives. In order to make gender-sensitive housing policies it is of crucial importance to understand the triple workload (productive, reproductive and community work) of women in poor households (see [box 10](#)).

For instance, in urban Botswana, as many as 35 per cent of all households are female headed. The majority are migrants to towns, fairly young and have some schooling. They are unmarried but have a few children (Larsson, 1991). In contrast, female-headed households in Harare and Lusaka are more often previously married, deserted or with an absent husband. In both Zambia and Zimbabwe about one third of the households are female headed. Interestingly, in the urban slum areas in these two countries the proportion of female-headed households is less. The explanation is probably that many poor women are too poor to form separate households and are forced to depend on relatives. In the areas of towns in Botswana that are not upgraded, women typically have to rent a room. It is thus difficult for them to establish a household with their children, leading to a split of the family with all or some of the children staying with grandparents in rural areas. In the upgrading and shelter programme called **SHHA** (the Self-help Housing Agency of Town Councils) in Botswana, women have successfully established themselves on a plot, and gradually — according to financial capability — made a dwelling. Women's traditional role as house builders can now also be practised in urban Botswana. Many are using the plot as a place for small-scale enterprises which is important for this group of poor urban residents' household viability and for the long term food security of the children (Larsson, 1988; Hesselberg, 1993). Women's participation in shelter and settlement programmes vary according to regional differences and cultural variations. Moser and Peake (1987) present several examples on positive efforts of women in different types of programmes. They do, however, admit that the programmes may not be widely replicable, and that they are exceptions rather than the rule. It is a formidable challenge for governments to make a strategic framework within which different poor communities with their specific local circumstances and women can carry out self-help and mutual-aid shelter projects successfully.

In a study of women's survival strategies in different types of slums in Madras City, Azad (1988) found home-based economic activities to be widespread among women. The location of the dwelling inside the slum has a critical impact on the returns from many small-scale enterprises. Another fundamental problem is access to a small amount of credit. It is common for low-income groups to borrow money from relatives and friends. Many of the poor in fact borrow without paying any interest rate. Such loans are obtained from shop-keepers, moneylenders and landlords. The implicit "rate of interest" turns out to be quite high due to the high prices charged for the commodities bought or contractual arrangements agreed upon or free labour to be given in return. The inadequacies of the formal credit system *vis-à-vis* the poor are the reason why they must rely on such expensive forms of obtaining cash credit in times of dire need. Moneylenders often charge as much as 120 per cent interest a year. Community-based credit schemes are thus of vital importance to small-scale enterprises. External support in administrative training and funding from **NGOs** may make a real positive difference for poor urban women in this respect.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### C. The GSS and the urban poor

The main objective of the GSS is to facilitate adequate shelter for all by the year 2000 through the development of national shelter strategies. By adequate shelter is meant not only a dwelling, but also privacy, security, lighting, basic infrastructure and services, and a location making the journey to work feasible. All this should be achievable at reasonable cost to the individual (UNCHS, 1991a). To reach this objective, it is deemed necessary to adopt an "enabling approach" whereby the full potential and resources of all the actors in the shelter production and improvement process are mobilized. The final decision on the kind of shelter process to adopt should be left to the people concerned and their needs and priorities. The enabling approach implies a different role for governments than their traditional policy of direct provision of housing. Governments would facilitate new construction by establishing a more appropriate regulatory environment and housing finance allowing the private sector, NGOs, CBOs and individual households to make their contribution. According to the GSS, governments should restrict their role in the production and improvement of housing to specific vulnerable groups whose needs are not provided for by any other sector. Yet, the GSS does not imply that public authorities should abandon their responsibilities in shelter provision for the poor. Their role is to support and enable communities to take initiatives, organize and manage shelter projects themselves. The strategy must be to create the right conditions for self-help and mutual aid at local level. It is also necessary to target subsidies and special programmes to the poorest. It is only by assisting the not-so-poor to help themselves that funds can be made available for the poorest groups.

Popular participation is an important part of the GSS. By participation may be understood a means to other ends such as cost recovery, or as an end in itself such as empowerment. The exact meaning is not spelled out in the GSS. The intension is however clear, i.e., that the beneficiaries of an improvement effort must have the opportunity to participate in the various stages of project design, implementation and monitoring which affect them. To motivate the poor and tenants to take part in these processes, is a particularly difficult task. The establishment or involvement of CBOs and NGOs will make this task easier (Turner, 1988 — see also [box 11](#)). It should, however, be realized that popular participation is often difficult to sustain for routine activities involving upgrading projects. It is much easier to mobilize initiative and resources in small communities when serious and short-term issues, such as possible eviction, are at stake. Moreover, deprived groups are barely able to organize themselves spontaneously or to sustain collective action. Urban social movements typically require some form of connection with external NGOs.

During the last 20 years it was commonplace to evict the inhabitants of squatter areas and remove their dwellings. This often reduced the shelter opportunities generally, forcing many into rental arrangements. For the poor it is important that the supply of housing for the non-poor is meeting the demand. The GSS thus recognizes the value of having and increasing the range of shelter options.

Land supply is also an issue of failure in shelter provision. The inability or unwillingness of governments to find sufficient land for the urban poor is a consistent feature in cities in the developing countries. The shortage of land drives up the price, and leads to speculation and political mediation. As an example, the land held vacant in Bombay due to speculation, would be sufficient to accommodate the city's illegal settlements, the pavement dwellers and those in rental tenements (Hardoy and Satterthwaite, 1989). The experience of initiating enabling strategies in the field of land supply to the poor has been disappointing. Public action has been negligible and ineffective in most cases. This is not surprising given the complexity of land markets and the powerful interests involved. Supplying affordable land to the poor is one of the hardest tasks facing governments in implementing the GSS. The policy must be to ensure a pluralistic land market, and enabling scarce public resources to be targeted to those most in need. This entails security of tenure, upgrading of services and elimination or reductions of controls, standards and regulations. The effect of such measures is to add to land values and prices reducing the accessibility of the poor to land. It is thus necessary for governments to find the right balance between a control of speculation and prices and the "freedom" of the large and small-scale private sector and households.

An important issue of the enabling approach is the need to achieve "sustainability" in the shelter-delivery process. Sustainability here means the positive contribution shelter and slum upgrading can have on development and on reducing environmental degradation (UNCHS, 1989b and 1990b; Douglass, 1992). Shelter programmes should furthermore be made replicable by being self-financing. The financial position of governments in developing countries and the willingness of outside donors to provide adequate funds do not allow programmes which are based on continuous support. Financial resources must be generated from the users through cost recovery and cross-subsidies, i.e., levying different rates according to income or land use. The key challenge posed by the GSS in this respect is how to balance the need for cost recovery with the necessity to subsidize the poor.

Although the basic needs poor may be in a position to save small amounts at irregular intervals, the problem is



that access to housing loans requires formal savings or a permanent income. The formal-sector housing-finance institutions have not been able to reach the poor. The GSS calls for a much greater effort on these institutions to channel more funds to the shelter process. At present the poor have no alternative but to rely on their own resources and to use expensive informal sources of finance. The GSS aims at removing this bottleneck by finding innovative ways of promoting access to housing finance among the poor. Poor people may, for instance, pool their assets in a credit association as sufficient collateral for loans from a public finance institution.

A key role for governments within the enabling approach is to support small-scale contractors in the informal housing sector. What is needed is assistance to the process of self-help wherever it is taking place. Also, those who make most of their dwellings themselves, need contractors for certain building tasks and for the supply of materials. Low prices on building materials are essential to reach affordable shelter for the poor. Governments can support production of certain cheap materials, ensuring a large supply which reduces prices. The stimulation of large-scale (preferably labour-intensive) production of certain key materials might prove valuable. Furthermore, it may be sensible to find ways in which small-scale contractors can benefit from supply and support from this formal-sector production. The stimulation of the private sector forms an important part of the GSS. This may benefit the middle and higher income groups more than the poor. However, it will (among other things) ease the downward pressures on the bottom end of the housing market.

The role of community groups in the implementation of the GSS is essential. CBOs facilitate the communication with authorities and can fight for the rights of the poor. They can provide better access to information and to finance and grants from outside NGOs. By organizing themselves, people can make progress in obtaining security of tenure, resisting eviction and develop basic services. If a community does not organize itself, it is difficult to achieve the collective action necessary for success in negotiations with landlords or authorities. Governments should enable communities to establish CBOs in the shelter process. Furthermore, the training of CBO leaders is a critical aspect deciding the degree of their positive impact. Governments should thus create the political space within which CBOs can strengthen their contribution and NGOs take part in the shelter process for the poor.

It was concluded from a study in Colombo, Sri Lanka, that urban small associations, if properly organized, are a viable alternative to solve much of the demand for credit of small borrowers who cannot satisfy the conditions imposed by the formal banking system (Vidanapathirana, 1991). A further lesson was that such associations should be organized in cohesive groups and be manageable in terms of numbers, attributes and interests. Training of leaders of the associations is vital, and special projects should be launched to encourage thrift habits among the membership. The latter point may encourage members to save in addition to the compulsory savings. It was found that in associations with efficient leadership, money was obtained to finance employment projects in cottage-level manufacturing of garments and in food processing for the urban market.

The importance of training and dissemination of information and of participation in community organizations and activities cannot be overstated. During the first years of the GSS there have been encouraging signs of these lessons being heeded. There has been less progress regarding women's involvement, although some cases have shown that this too is beginning to change. To diffuse the influence of these, although rather isolated, successes throughout the shelter process at national and international levels is a major challenge of the GSS (UNCHS, 1991d).

It is important to identify community leaders, and to train them in leadership and group work in short courses and workshops. The experiences gained in slum upgrading in Colombo, Sri Lanka, through a UNCHS/DANIDA supported training programme as part of community action planning, are very good. Sri Lankan housing officials had to undergo a process of un-learning and re-learning from the people and amongst themselves.

*"In the process of un-learning, the concept of support was articulated and developed to be a very dynamic and active process of realizing people's initiatives and capacities for self-development and the development of their communities." (UNCHS, 1993b).*

Training should thus not be seen to be a matter solely concerning the poor. Many housing programme administrators and civil servants were educated at the time when governments' role was regulatory rather than facilitating and enabling. Training of such personnel can well be of prime importance to achieve an effective implementation of the changed shelter policies.

In order to reach the poor, the first option in shelter improvement should be the upgrading of existing settlements and squatter areas. This is, however, not always possible due, among other things, to privately owned land or rapidly rising land values. The poor, although well organized, may not be able to withstand commercial pressures to redevelop the land resulting in a process of gentrification. Resettlement then becomes the alternative. By following the principles of the enabling approach, this may be successful for many, if not all of the people in a slum area. Often it is the food poor who are excluded from resettlement projects. They cannot afford the cost of moving and the expense of transport to work resulting from the new location. They may then find it difficult to obtain accommodation, and end up as pavement dwellers. For those who can afford to move, security of tenure of the plot

provided at the time of resettlement is the crucial issue. Without such security, people are unwilling to invest much in a dwelling, or in community work. To ensure that the poor do not sell their plots to the non-poor and move back into city centres, it may be useful to let tenure rights rest with a CBO. It is a common experience in resettlement programmes that many poor people sell and leave the area due to the need for immediate cash in order to survive (see [box 12](#)).

In conclusion, the problems of inadequate housing are universal. Houselessness in, for instance, the United States of America is growing and now affects about 2 million people (WHO, 1992b). Similar situations exist in other developed countries but at lower levels of absolute numbers of people. There are, for instance, nearly 140,000 houseless English families (*Guardian International* 11 November 1993). In all OECD countries a proportion of people suffer severe physical deprivation. Many of these people can be found in the declining inner city or in declining industrial districts. In developing countries the lack of adequate shelter, particularly in the big cities, is acute. Up to one half of the population are in need of shelter improvements (UNCHS, 1991b). The sheer size of the urbanization challenge today is daunting. Shelter needs far outstrip available technical and financial resources. The adoption of bold and innovative human settlements policies is required just to keep the problem from growing.

The ambition of the GSS is to ensure that every family has access to a decent home at a price it can afford. The strategy to accomplish this is to provide a framework within which various actors can contribute and exercise their choice. Particular efforts must be designed and implemented for and with the poor.

There is not just one shelter strategy. The large number of different types of low-income accommodation and variation in local context, culture and aspirations preclude a standard shelter-delivery system. Inner-city slums and squatter settlements at urban fringes are but two different types which must be approached in their own ways. Yet, the above-mentioned central aspects of the GSS can, and should be, applied in all projects and programmes, but their operationalization may vary according to circumstances. Moreover, shelter problems cannot be seen in isolation from a country's economic and social development strategy in which shelter always will be embedded.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### D.1. Some terms and concepts: Housing

There is no general agreement on the definition of the terms "slum" and "squatter settlement" (see [box 13](#)). In certain analyses it may be useful to distinguish between these two terms. The latter would then comprise shelters erected illegally and in contravention of building standards. The former denotes permanent buildings that have become substandard by neglect and subdivision. Since official statistics often include slums, defined in this way, as part of the housing stock, the real needs of people for shelter are underestimated. Yet, the term "slum" is normally used in a broad sense, encompassing squatter settlements. Hence, it is sensible to use the two terms interchangeably in more general discussions.

It is important to recognize that slums and squatter settlements are not a post-colonial phenomenon, but were a structural part of colonial reality. Colonial urban planning and management created a dualism, particularly in African cities. The "European town" was very different from the "African settlements" in an African city. In the African parts of the cities, control, regulation and public investment were very low. Yet, the size of the shanty-towns today is on quite another scale than during colonial times (see [box 14](#)).

Slums are characterized by lack of property titles and inadequate public services. They have a weak political base and few relations with the more powerful urban groups. A slum is a relative concept in time and space. The standard of homes, infrastructure and the environment of a settlement must be viewed against the prevailing norms of a society. This norm is changing through time. What is considered a slum today, may not have been seen by the inhabitants at an earlier date to be inferior to the typical living situation of the majority of that society. Yet, it is quite another matter to disqualify a settlement as a slum because the residents express a certain level of satisfaction with their situation. To base analyses and shelter programmes on a subjective definition, is not adequate because people may view their surroundings and shelter against earlier experiences of for instance pavement dwelling and rural starvation. It is essential to define and operationalize the term "slum" according to a national standard, and for researchers to apply an expert-based concept. UNCHS (1987) estimated that 40 to 50 per cent of the inhabitants in many cities in the developing countries in 1980 lived in inadequate houses and slums. This level of magnitude of the shelter problem probably holds true even today.

A squatter is a person occupying land over which he/she has no legal title. Obviously, a squatter's house may not necessarily be part of a slum. The house may even be of high quality. This is however the exception rather than the rule. Urban planners and city officials responsible for housing tend to have a deep hostility towards squatters and construction firms which use informal routes to shelter production. A change in attitude is a necessary prerequisite for enabling strategies. Squatters demonstrate by their activities that they possess skills, motivation and some resources to provide basic shelter for themselves. In favourable circumstances some of them are even able to construct solid houses as well as to improve basic infrastructure in their communities. They establish associations and mutual-aid groups and take part in political activities.

In some cities it may be useful to distinguish between "pavement dwellers" and "street sleepers". The former have the pavement as their "home". They sleep, eat and live on the pavement. Normally, but not always they manage to have some plastics and rags to erect a shelter against rain, sun and passers-by. Street sleepers have access to a room for meals and some social life but due to the number of people sharing the room, they must sleep in the street. Sometimes they have a simple bed, but normally they use a mattress which they bring out in the evening. Street sleepers are mostly men.

Informal housing is characterized by being spontaneous, unplanned or unregulated. It includes both squatter settlements and often also self-help housing. The shelters constructed do not meet official building norms. The share of the current informal housing production in the developing countries is very high, ranging typically from 75 to 90 per cent. The number of dwellings made by the informal sector is several times higher than what is reported in official statistics (UNCHS, 1995). The lack of homogeneity in informal sector housing causes not only definitional problems, but also the need for a variety of responses from the authorities. Some areas may only need land regularization to assimilate them into the city, whereas other areas may be poorly built or badly sited and thus need major reconstruction and reorganization. Since the removal of people by force in most cases today is deemed to be an unwise and unsuccessful strategy, the only alternative to letting people stay on as they are, is substantial public assistance. This assistance can, however, be given in many different ways (see [box 15](#)). The GSS adopts a positive attitude towards the informal sector in housing, recommending support and encouragement, ensuring that the poor make the best use of their resources rather than having them inhibited by regulations and government interference.

As governments do not initiate informal-sector building activities, direct action is inappropriate. The role of local and national authorities is rather to remove planning and regulatory legislation and procedures which hinder the informal housing supply. Colombian minimum standards have for instance simplified shelter construction in squatter settlements (UNCHS, 1991d). It is admitted that this has been more profitable for the developers than for the poor. As a result, State agencies and investment banks are now encouraged to work out their own planning norms as alternatives.

By "settlement conditions", UNCHS (1987) implies all those components of the physical environment with which an individual or a community comes into contact and which are used on a regular basis for the whole range of human activities — the individual dwelling and its related services, the dwelling's immediate surroundings, community facilities, transport and communication networks, and so on.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### D.2. Some terms and concepts: Employment

Employed people are normally defined as those who during one day (date of a survey) have either worked, have a job but did not work or were self-employed. "Underemployment" stands for underutilization of labour. This concept is relative to the typical working norm of a society, and is thus culturally relative. There is, however, a danger in this, since people may want to work more than is typical in their society. A short working week or a very seasonally dependent work-year may be structurally based. This problem also applies to the concept "unemployment". It is insufficient to limit the number of unemployed to those actively seeking work by registering with a public institution. This is especially a matter concerning women, and their rates of participation in and want of employment. "Hidden underemployment" stands for a situation when workers continue to be employed although there is insufficient work to keep them fully occupied. By "misemployment", Gugler (1988) means that labour may work full-time but the work contributes little to social welfare. Begging is used as an example. He admits that many forms of what he calls misemployment contribute to social welfare. A case in point is garbage pickers and other groups recycling a vast array of materials in the major cities of the developing world. The point Gugler makes is that a large number of people are employed in a wasteful manner because their labour is so cheap. They could have been put to more worthwhile tasks. It is important to note that unemployed or underemployed people are not necessarily poor. Similarly, many of those having work today are among the poor. The low and declining real wages in many countries in the developing world place increasing numbers of employed people, even in the formal sector, among the poor.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### D.3. Some terms and concepts: Empowerment and alternative development

The argument that an improvement of the living conditions of the urban surplus labour only encourages more urban migration, cannot be accepted. Strict enforcement of controls of internal geographical mobility in a country is in itself undesirable, but moreover, it only worsens economic and social conditions in rural areas which then must absorb all of the natural population growth. Moreover, in many cities in developing countries, population growth is to a large extent an internal natural increase. Migration to Bombay, for instance, has declined markedly in recent years. Diseconomies of scale have become more pronounced in these cities. However, without an unlikely change in spatial investment patterns favouring the rural areas with non-farm employment opportunities at a totally different scale than today, urban migration will continue to be a major phenomenon.

Empowerment has been practised in the past, but then from the perspective of a means to an end rather than an end in itself. Empowerment is a basic component of "alternative development". The essence of alternative development lies in the strategy of poor people's participation for their perceived needs and wants (see [box 16](#)). This is sought achieved more directly and immediately than in the conventional idea of "trickle-down" from long-term economic growth maximization. It is based on the Universal Declaration of Human Rights Article 25.1 (among others):

*"Everyone has the right to a standard of living for the health and well-being of himself and his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control."*

One main assumption of alternative development is that economic growth on average in a society not necessarily improves the life of the poor. Evidence of mass poverty in the developing world does not support the view that in the present dominant economic and political systems, economic growth is sufficiently beneficial for low-income groups. Hunger, bad health, little or no education, extremely hard or no work and a life in constant fear are seen as a result of being excluded from the development which takes place. Moreover, the hardships the poor endure constitute barriers to self-development of people as individuals.

The extreme inequality found in many places in the developing world where the 40 per cent of the poorest households may receive only 10 per cent of the total income, illustrates the poor's exclusion from economic, social, cultural and political participation. The notion of alternative development includes an immediate concern to rectify this situation by a strategy focusing on people and their environment rather than on production and profit. It is thus seen as a necessary condition for development to empower households and individuals, to give them access to resources, education and political power. This "development from below" or "grass-roots politics" requires strong State implementation of the right kind of policies which must include giving communities and people's organizations a larger "room to manoeuvre". In short, there must be opportunities for collective self-empowerment at the local level. Since structural macro-conditions hold the poor down in poverty, confining them to a preoccupation with day-to-day survival, the state must act on their behalf. Only through dialogue and cooperation between local-level groups and public authorities can genuine development be achieved, according to the perspective of alternative development.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### D.4. Some terms and concepts: Sustainable development

The meaning of "sustainable development" is generally that alleviation of poverty and improvements in health, education and other social, cultural and political "rights" of the poor are to be achieved without negative consequence regarding the physical environment. "Sustainable" is here used only in the ecological sense (and not in a social or cultural one), and stands for a resource use and utilization at a local as well as global level — which can be maintained without compromising the ability of future generations to meet their needs. To achieve simultaneously a range of development goals and of sustainable production and levels of resource use, may not be easy. Trade-offs must be made. Development will then in practice be more or less sustainable. The important research task is then to establish thresholds of irreversibility of natural processes manipulated by humanity, and to distinguish between more and less dangerous environmental changes. The hidden long-term effects of a variety of pollutants for instance make such assessments extremely difficult. Urban areas are the main centres of industrial production, and thus of pollution and waste problems. It is the poor who are most affected by this (see [box 17](#)).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter I. Shelter and the poor

#### D.5. Some terms and concepts: Poverty

There is no agreement on the meaning and measurement of poverty. The debates on what constitutes poverty, how many (or few) poor people there are in a society and how little capital is required through redistribution to close the gap between the income of the poor and the non-poor have been going on for a very long time and have not come to any conclusion. At the low end of consumption, poverty is surely present among people who starve. Undernutrition, as one type of absolute poverty, may in some cases be the result even when the income or resources at household level are sufficient to cover dietary needs. In such cases where the man in the household uses the income primarily for his own purposes, Rowntree (1901; 1918) applied the term "secondary" poverty. "Primary" poverty then cover cases when the family income is not enough to secure an adequate food supply.

A modern variant of the primary poverty concept is the notion of "a state of indigence" at the household level. By this is meant that a household would even be unable to cover the nutritional needs of its members when their entire income was spent on food. Latin American data on this conception of food poverty are compared to the magnitude of (basic needs) poverty in [table 1](#). Another more comprehensive absolute poverty concept includes — in addition to a varied diet — also other basic needs, such as clothes and shelter. In many studies in the developing world a poverty line has been established at a level of income that covers expenses also for recreation and participation in social and cultural events. The argument for this relative definition of poverty is that policies should be targeted to that part of a society's population that is unable to participate fully in normal activities in that society.

Yet, it may be more useful for research and development strategies to limit the concept "poor" to those who have, materially speaking, a difficult life. The "very poor" (extreme or ultra poor) would then be those people with a deprivation so severe that the basic needs of life can scarcely be met at the minimum required for survival. Their life is characterized by malnutrition, disease and illiteracy as to be beneath any reasonable definition of human decency. Even such an (absolute) poverty concept will be relative in space and time; an objective definition of poverty is not possible to make, as values will always enter the conceptualization. Different societies have different typical levels of income and consumption and people lived under different circumstances in earlier historical periods. It makes little sense to categorize the San in Kalahari, or the Indians in Amazonas living in their traditional way, as poor. On the other hand, people without money to heat their flats in inner-city Hackney in London should be viewed as poor (either in a primary or secondary sense).

The above view of poverty is based on a professional decision of what constitutes poverty, whatever the level of consumption it refers to (e.g., a narrow or a broad basic needs type of definition). Poverty can also be identified according to a society's majority perception. By asking through surveys, what people regard to be necessary to have and to consume for not being poor, the proportion of the population not having access to these material goods will be those in poverty. A problem in this method of deciding on the meaning of poverty, is how to delineate the area or "society" to use as a reference group. How can one for instance avoid to define as poor, sub-cultures that freely decide to live with low material consumption?

Countries that establish a poverty line, normally calculate the cost of a "basket of food" and then increases the sum by a factor of 3 (United States of America) or 2 (most developing countries). In Europe the line is defined as one half of the median income in each country of the European Union. To measure the percentage of the population in a country that have an income below this line, is very difficult. Numerous questions arise on such issues as the inclusion or not of in-kind subsidies (e.g., school meals), how to price and assess consumption of food not bought, and not least the reliability of income data. Furthermore, it is necessary for any list of requirements of an operationalization of the concept "poverty" to include both quantity of requirements and their quality.

The use of a poverty line does not provide any information on how far below the line most poor people are, and thus the needed input or redistribution required to close the "poverty gap", i.e., to bring them above the line. It is necessary to identify the distribution of the poor on the line from starvation to a broad basic-needs understanding of poverty for strategy purposes. It can also be important to delimit the people clustering around the poverty line. The term "borderline poverty" has been used regarding them. Furthermore, it is valuable to find out the degree of seasonality of poverty. Some groups of people are only poor part of the year, while others are chronically poor. Poverty may also affect a family only during certain stages of its life-cycle — when children are small and many and in old age or during illnesses. Even in a narrow basic-needs sense of poverty (food, clothing and shelter), the developing world may be said to experience mass poverty, i.e., covering a large part of the population in a country, say one third or more. In countries with mass poverty, political decisions of redistribution, reform and change will have little effect on the total problem of poverty in the short term. These countries can be said to be in "primary poverty". This is not so in rich, developed countries which may — at an aggregate level — have only secondary poverty. There, the



concept of "pockets of poverty" is more appropriate, although the pockets in some countries have now become extensive.

Comparative studies of poverty are fraught with difficulties, owing to the relative nature of the concept and problems in data comparability, among others. There is accordingly a good case for using several terms when analysing, debating and working on poverty. The scale of poverty can be divided into "starvation poverty" or food poverty, (narrow/broad), subsistence poverty, and relative deprivation of either a social coping or social participation type. When talking about poverty as limited access to social participation, it becomes easy to confuse the concept with inequality and with different life-styles in the same society. There are thus good reasons for not using the term "poverty" regarding this latter category. It is quite possible to have a high degree of inequality in a country without any poverty in the sense of a difficult material and social life. Hence, the conception of poverty should include a notion of some degree of absolute hardship. If the concept is completely relative to the normal conditions of life in a contemporary society (e.g., the mean national standard of living) and placed at the level of social participation, the inadequately fed, housed and clothed people in many developing countries cannot be termed poor. This is absurd, and leads to a double standard in the use of the same term for different places in the world. (The exceptions to this general view are certain tribal groups and sub-cultures in rich countries.)

It is common to believe that an undernourished person in cities in Africa, Asia and Latin America leads a different life from a starving person in London, New York or Paris. Yet are their conditions really so different materially and socially?

The World Bank (1990) established a poverty line for 1985 to permit cross-country comparisons and aggregation. Such a global poverty line is to some degree arbitrary. The line for what here is termed food poverty was set at \$US 275 yearly income per person and at \$US 370 for subsistence poverty. Purchasing power parities (or PPP) were used to find the income level in local currency, below which people were considered poor. It was admitted in the report that a consumption-based measuring method would yield more reliable data, but the time and funds needed for making sample surveys to identify the actual consumption of households and individuals prohibit the application of this method. The magnitude of poverty in the developing world in 1985 was that 630 million people (or 18 per cent of the population) lived in food poverty, while 1.1 billion (or 33 per cent) lived in poverty, i.e., food poverty plus subsistence poverty (see [table 2](#)). The poverty gap, defined as the aggregate income shortfall of the poor as a percentage of aggregate consumption, was 1 and 3 per cent respectively for the two definitions of poverty. This means that only a very small proportion of the GNP in the developing countries would suffice to redistribute in order to bring the poor above the poverty line (see [table 3](#)).

UNICEF (1993) finds — on the basis of rather scant data — that the "least developed countries" (i.e., the poorest 34 countries) had 55 per cent of their population in poverty at the end of the 1980s. For all the developing countries the average figure is 27 per cent. UNDP (1993) estimates that the urban figure of poverty for the least developed countries is 62 per cent and for all developing countries it is 25 per cent. The urban incidence of poverty is 40 per cent in India and 20 per cent in Indonesia (no figure is available for Mexico from this source). The total number of poor people is estimated by UNDP to be 1.3 billion in 1991, of this figure 300 million live in the least developed countries. In estimates of poverty — which as mentioned are based on less than the most reliable data — it is useful to make a comparison with information on "under-5 mortality" rates. Data on deaths of children are easier to collect. There is, in fact, a high correlation between poverty data and under-5 mortality rates for groupings of countries (see [table 4](#)). This indicator of social development may thus be used as a proxy for changes in poverty over time and for current comparative purposes. Various surveys indicate that as many as 200 million children below five years of age were malnourished in 1991, and that 12.6 millions died in 1990 alone (UNDP, 1993).

In this report the following main terms will be used: food poor, poor, lower-income group and low-income groups (see [figure 1](#)). The "food poor" are those who cannot obtain an adequate diet. The "poor" comprise the "food poor" plus those who are in basic-needs poverty in a narrow sense. The lower-income group includes only those in basic-needs poverty in a broad sense excluding the poor. This group of people has a sufficient material consumption to allow them an active and fairly secure life concerning food, water, shelter and clothing. They do, however, have an income below what is typically necessary for complete social coping and participation in a society's normal events and activities. When referring to both the poor and the lower-income group, the term "low-income groups" will be applied. For the discussion in this report, it is not necessary to operationalize these concepts for quantitative analyses. They will be used as broad and descriptive concepts indicating levels of needs satisfaction of both a material and psychological kind.

Other terms that will be used in a few arguments, are "destitute" and "working poor". By "destitute" is meant people in utter destitution who only in very favourable circumstances will be able to achieve an improved life. They are often handicapped in some way, or are either very young or old. UNCHS (1987) maintains that the "enabling shelter strategy" has little to offer those who live in destitution, and that this group has to be assisted directly through programmes shaped by other principles than affordability and cost recovery (i.e., by some kind of social benefit). Yet,

the potential impact of shelter provision for low-income people may in many cases be indirectly beneficial to the destitutes through traditional communal care systems. It is difficult to define the notion of "working poor" precisely, but it refers to those among the poor who have the ability to respond positively to, for instance, a shelter project. The term does not necessarily mean that individuals are employed, but rather that they are employable (see also UNCHS, 1995). Within an enabling environment the working poor will be able to make a living, house themselves and obtain some services for which they can pay. The "working poor" includes different groups, for instance people who work long hours for very low pay or who are engaged in low remunerative business. They have recently been joined by workers in the lower grades of government and private-sector employment. A large category of the working poor with particular problems are women who are heads of households. They have typically low levels of education and lack marketable skills and easy access to credit.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### A. The case-study countries

The experiences of shelter delivery for the poor in Mexico, Indonesia and India are presented below. The focus is on the following cities: Mexico City, Jalapa, Jakarta, Bandung, Bombay, Calcutta and Delhi. It is evident from [table 5](#) that Mexico is an upper-middle-income country, while Indonesia is a lower-middle-income and India a low-income country. There is, furthermore, a good correlation between the level of economic and social development.

For the purpose of underlining the countries' status as developing countries, the **OECD** average GNP per capita (at purchasing power parity) is \$US 18,000. **UNDP** (1993), in its categorizing of countries according to their level of "human development", places Mexico in the high human development group, and Indonesia and India in the middle and low groups respectively. "Absolute urban poverty" is assessed to be 20 per cent of the urban population in Indonesia (rural poverty, 16 per cent). The figures for India are 40 per cent (and 49 per cent). Data are not available for Mexico from the same source. Carmona (1993), estimates that at least 25 per cent of the urban population in Mexico has no or very low incomes, i.e., they are earning one minimum wage or less (one minimum wage was equal to \$US 140 monthly income in 1990).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### A.1. The case-study countries: Mexico

According to Lombera (1993), research shows that 30 per cent of the Mexican population are extremely poor, i.e., unable to satisfy their nutritional needs (see [table 6](#)). This figure is by others regarded as too high. By using a wide-ranging definition of basic needs, including cultural and recreational consumption, a very low percentage of the population is not poor. The minimum wage in 1992 constituted only 13 per cent of this "basket of food and services." The figure a few years back was 38 per cent. Undoubtedly, poverty is rising both in absolute numbers and in the relative sense of an increasing percentage of the population, in rural as well as urban areas. Due probably to rapid urbanization, urban poverty is now increasing more rapidly than rural poverty. Still, the poor constitute a larger proportion of the rural population than they do in urban areas. It may thus be reasonable to assume that the above figure of 30 per cent of food poverty is on the high side for cities. For the present report, it can thus be justified to use 20 per cent of the urban population as an approximate cut-off point for the category "poor", in a narrow basic needs understanding of the concept.

Real wages in Mexico peaked in 1976. After 1982, the economic depression — combined with restrictive monetarist policies — has eroded the living conditions of working people to pre-1970 levels (Connolly, 1990). The real urban minimum wage declined, on average, by 7.1 per cent annually between 1981 and 1989 (Cardoso and Helwege, 1992). In 1990, 27 per cent of the economically-active population had incomes of one minimum wage or less (see [table 7](#)). Those with half a minimum wage or less constituted 14 per cent. Furthermore, the 20 per cent of families lowest on the income distribution scale controlled only 4 per cent of the total income. The shelter problem for the poor in Mexico is growing. In addition to lack of housing, there is a downgrading of housing stock. It is estimated that 45 per cent of the housing have a deficient standard. The prices on building materials are very high. The minimum wage rose 21 times in nominal terms between 1974 and 1985, whereas the price of building materials rose 33 times. The inadequacy of basic services is pronounced. There is insecurity of land tenure and the distribution of subsidies favours the non-poor.



# National Experiences with Shelter Delivery for the Poorest Groups



## Chapter II. Housing the Poor

### A.2. The case-study countries: Indonesia

The Central Bureau of Statistics in Indonesia calculates that poverty affects 21 per cent of the urban population (Yoewono, 1993). The urban poverty line was in 1990 set at Rp.20,614 per capita and month. This is a non-wide basic-needs definition. During the 1980s the total number of poor people has been fairly constant, giving a substantial decline in the proportion of the population in poverty, according to official figures (see [tables 8](#) and [9](#) ). The low-income groups are estimated to comprise 40 per cent of the population (see [table 10](#) ). This includes also those without any permanent source of income. For the purpose of this report, it makes sense to define the "poor" as the lowest 20 per cent and the "lower-income group" those between 20 and 40 per cent on the income ladder. The relative size of the categories "poor" and "lower-income" in urban areas in Indonesia and Mexico are thus the same.

The majority of the urban poor in Indonesia live in unserviced so-called *kampungs*. The Kampung Improvement Programme (**KIP**) is directed to assist them. The lower-income group, many of whom are the lowest paid government officials, have access to sites-and-services housing. The poor on the other hand, eke out a meagre living through a number of strategies. These are similar for urban slums in most developing countries. They build their shacks on riverbanks, sides of railways, swampy lowlands and pavements. The diets they can afford and the places in which they live, make them prone to most kinds of illness. Yet, the internal variation of living conditions among the poor is great, from utmost destitution to fairly stable livelihoods in community- organized slums.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### A.3. The case-study countries: India

In a huge country such as India poverty rates may vary extensively geographically. The proportion of the urban population below a food (balanced diet) poverty line was for instance in Punjab 51 per cent in 1974 (65 per cent in 1964); in Maharashtra 60 per cent (72 per cent in 1964); and in West Bengal 72 per cent (62 per cent in 1964). The overall Indian average was 65 per cent (65 per cent also in 1964) (Rao and Chandrashekar, 1984). According to official figures, there has been a decline in poverty in India generally, from 55 per cent in 1971, to 46 per cent in 1983 and 43 per cent in 1988 (Minhas and others, 1991).

The figure on poverty in urban areas is estimated to be between 30 and 40 per cent of the urban population on average (Ribeiro, 1993). According to Kundu (1993), the Planning Commission is underestimating the level of urban poverty. By aggregating state estimates, he finds that in 1988 the figure was above 35 per cent. There has been a decline from 1971 (46 per cent) to 1988 (38 per cent) of urban poverty proportionally. Pugh (1990) finds that the range in urban poverty in different surveys and studies is from 35 to 45 per cent. The definition of poverty allows only for some essential non-food expenditures. It is thus a narrow basic- needs concept like the one used in this report. Research shows that about 80 per cent of the urban slum population is below the "poverty line." They use approximately 80 per cent of their income on food alone. Generally, urban households between the 30th and 40th percentiles on the income distribution spend on average 21 per cent on non-food items. For households in the lower percentiles the figure is lower (Kundu, 1993). The incidence of poverty in urban slums is very high — Indore (68 per cent), Bangalore (73 per cent), Calcutta (89 per cent) and Madras (90 per cent). The figure for Greater Bombay is only 40 per cent. This figure does not include pavement dwellers who are numerous in Bombay. The above data are, unfortunately, from the mid-1980s or earlier. Yet, according to general economic circumstances and trends, substantial changes in the figures are unlikely to have occurred. It should be remembered that the reliability of poverty data is always somewhat questionable. The figures should be taken as indicators of magnitude only.

In sum, the urban poor in India cannot meaningfully be limited to those 20 per cent lowest on the income distribution scale. The discussion on shelter delivery in this report will focus on the 35 per cent with the lowest income, as constituting the poor. This group's range of standard of living will then be comparable to the poor groups (lowest 20 per cent) in Indonesia and Mexico. The lower-income group in India will in this report include those from 35 to 45 per cent on the income scale.

The basic problems of the urban poor in India, as elsewhere, are lack of employment or inadequate income opportunities forcing them into overcrowded and unhygienic areas. These areas lack basic amenities such as sufficient water supply, sanitation facilities and other physical and social infrastructure. The poor are unable to provide themselves with suitable shelter. Housing conditions are today the most visible sign of urban poverty in India, more so than malnutrition and disease.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### B.1. National shelter policies: Mexico

The right to adequate shelter was included in Mexico's Federal Constitution in 1983. A new law (*Ley Federal de Vivienda*), containing aspects of an enabling approach in line with the GSS, was also passed that year. The objectives of the new national shelter strategy are clearly expressed in the *Programa Nacional de Vivienda 1990–1994* (Carmona, 1993). The basic principles of the document are:

- Efficiency of the public housing programmes, and extension of the coverage to low-income groups;
- Improved popular participation in shelter provision, and intensified collaboration between public, private and community actors.

The first principle follows the traditional philosophy of the public sector as a provider of housing. The second opens the possibility for the government to assume the role of facilitator.

The shelter-related objectives of the National Development Plan, 1989–1994 include support for the shelter process so that every Mexican family obtains access to adequate housing, while it aims to take advantage of the multiplier effects of shelter delivery, in order to stimulate production and increase employment.

The National Housing Policy has the following specific objectives:

- Modernize the institutional arrangements in the housing sector;
- Concentrate government initiatives to the low-income group;
- Improve the financial mechanisms for public housing programmes;
- Support the process of decentralization;
- Make the distribution of inputs to house-building more efficient.

In 1993 there was a change in the Federal Administration of Housing. The new authority emphasizes the following points:

- Establishment of more flexible and diverse modalities of guarantee for housing loans;
- Promotion of deregulation and simpler construction rules;
- Enactment of legal reforms allowing more flexible and less complex processes of housing production.

The recent formulation of the national shelter strategy is in line with the GSS, and traditional policies are gradually reduced or removed. The GSS seems to have had a positive impact on this change in the housing sector in Mexico.

To underline the reorientation of policy, three specific sub-policies should be mentioned. First, there is a growing role for CBOs and NGOs in the shelter process. The key policy concept in this connection is *concertación*, meaning social negotiation. Many new CBOs and NGOs have been formed recently in Mexico. There is also an apex organization, a federation of grass-roots groups, CBOs and NGOs representing more than a million people, the Coordinación Nacional de Movimiento Urbano Popular (CONAMUP). The main tasks of this organization are to lobby the government on land and housing issues, and to provide financial and technical support to affiliated organizations.

Secondly, an important change in land management in Mexico is the recently passed reform in the National Constitution with respect to *ejido* lands. This category of land included 99-years leases for peasants. The leases are now transformed into a flexible right facilitating a conversion of such land to urban use and development.

Thirdly, a government programme has been established for the development of 100 medium-sized towns. The aim is to lessen the pressure on larger cities. Shelter programmes in these towns will obtain special benefits to mitigate migration flows to the metropolitan area. The costs of providing urban infrastructure and services will thus be reduced.

This will be beneficial for the poor, given that they choose to settle in the towns rather than in the largest cities.





## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### B.2. National shelter policies: Indonesia

Indonesia laid the basis for its fifth Five Year Development Plan (1989–1994), known as Repelita-V, during the International Year of Shelter for the Homeless (1987) and the year that saw the adoption of the **GSS** by the General Assembly of the United Nations (1988). Housing authorities were then able to develop a new policy and include it in the State National Development Goal. The change in policy is a move from the government as a "provider" to that of an "enabler". The focus is now on what people can afford and on the role of local authorities together with the private formal and informal sectors and **CBOs** in shelter provision. Improved building materials, standardization and land regulation and the support of the construction industry have stimulated the participation of the informal sector in housing development. More people are encouraged to build their homes through **CBOs** and cooperatives and with the assistance of **NGOs**. The Indonesian Government has endorsed the **GSS**, yet its Urban Renewal Programme may lead to a removal of a large number of *kampungs* in Jakarta (**UNCHS**, 1991d).

The growth of private-sector house-building during 1989–1991 has benefited the better-off people only. Moreover, land prices have increased as a result of this improved activity. A new policy of rental accommodation is included in Repelita-V to benefit the poor. A total of 20,000 units of rental housing are planned. Yet, this is a rather small number, relative to the need. The Government's policy is to leave the responsibility of shelter provision to the people. The role of the Government is mainly to create business and building opportunities, and to stimulate community participation to enable the people to build their dwellings themselves. Programmes have been initiated to enhance the professionalism of housing agencies through education and training. Perum-Perumnas was established to pioneer large-scale housing development in the urban areas. Housing-finance agencies have also been formed.

To improve the shelter conditions of the poor, the Government created the "very simple house". This type of dwelling is cheaper than the previously designed "simple house". It has sufficient infrastructure and is built with low-quality materials and is expected to be finished gradually by the beneficiaries. In Repelita-V the Government minimized the subsidy to credit schemes by limiting it to the most needy people only.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### B.3. National shelter policies: India

The objective of India's National Housing Policy of 1992 is to create an "enabling environment" for housing activities. People will be assisted in securing affordable shelter. The Government's role is restricted to that of a facilitator in providing access to developed land, building materials, finance and technology (Kundu, 1993). The eighth Five Year Plan (1992–1997) states that housing is essentially a private activity. The need for government intervention to meet the shelter requirements of vulnerable groups is however recognized. In short, the Government in India changed its policy (on paper) from "bull-doing the slums" to "environmental improvement of slums." The pavement dwellers were however left out (Bijlani, 1988).

The aims of the new national shelter policy are:

- Setting up an institutional structure for mobilization of resources at a reasonable cost and for the disbursement of funds to the housing sector;
- Creating housing loans as a financial service based on the principle of affordability, recoverability and profitability;
- Restructuring the public agencies for taking up the development of housing sites, particularly for the poor, instead of building dwellings on a large scale;
- Ensuring accountability and efficiency in the public housing agencies by making them increasingly dependent on institutional funds rather than on budgetary support, thereby reducing subsidies;
- Providing subsidized shelter for the poor through both direct public house construction and indirectly by helping them to establish **CBOs**;
- Removing regulations and administrative barriers impeding the efficient functioning of land and housing markets;
- Increasing the supply of critical building materials by facilitating their production and distribution;
- Assisting the development and diffusion of appropriate building technologies that can be used by households at different levels of income.

The National Housing Policy has pointed at laws and regulations which inhibit housing construction. Among these are the Urban Land (Ceiling and Regulation) Act and the Rent Control Act. Uniformity of the legislation among the states would help achieve better administration, and might thus assist in increasing private-sector investments in housing. Furthermore, the Government must see to it that appropriate arrangements and measures are taken in order to achieve effective implementation of new legislation.

The National Housing Policy has a number of goals which are of importance for the poor (if implemented). The central and state governments will:

- Promote a more equal distribution of land in urban areas, and curb speculation in land and housing in consonance with macro-economic policies for efficient and equitable growth;
- Avoid forcible relocation or dishousing of slum dwellers;
- Encourage *in situ* upgrading, slum renovation and progressive housing development with conferment of occupancy or tenorial rights wherever feasible, and undertake selective relocation with community involvement only for clearance of priority sites in public interest;
- Expand the provision of water supply, sanitation and other basic services in slums and other settlements occupied by the poor;
- Ensure proper maintenance of amenities through community involvement and decentralized institutional arrangements;

- Promote incremental construction and upgrading by poorer households through access to land and services, through technical support, outlets for low- cost technology and materials, opportunities for skill-upgrading and access to housing finance on flexible terms;
- Provide night shelters and sanitary facilities for the footpath dwellers and the homeless;
- Encourage individuals and groups to construct houses for partial and full letting by access to land, institutional finance, enabling regulations and incentives in central, state and municipal taxation of property and incomes.

The emphasis of national delivery systems has shifted towards supply and management of land, rapid expansion of infrastructure, maintenance of housing stock, rental housing provision and special programmes for disadvantaged groups.

The National Commission on Urbanization has advocated a concentration of investments in settlements of various sizes which can generate economic momentum, sustain economic growth, promote balanced urbanization, expand housing activities and facilitate equitable provision of services. It is recognized that public and private investment in infrastructure to expand the supply of serviced land needs to be stepped up through enhanced budget provision as well as institutional finance. Organizational arrangements would be strengthened for mobilization and increasing the flow of funds for infrastructure.

Yet, all the above being said, according to Bhattacharya (1990), experts on housing in India see the policy statement of the National Housing Policy as a "paper tiger", i.e., that it will have very little effect on the shelter situation of the low-income households. These experts believe that the approach should have been "bottom-up" instead of "top-down". Moreover, housing should have been declared an industry and granted all the benefits that are given to industries, in order to boost housing construction and employment.

In the seventh Five Year Plan (1985–1990) it was stated that the responsibility for shelter delivery would gradually shift from the public to the private sector. It restricted the social housing activities to the Minimum Needs Programme for artisans and landless labourers only. The total Plan allocation for housing was barely 1.3 per cent of the budget. The eighth Plan approved 1.47 per cent. Targeting of the funds was sought by using the Minimum Needs Programme and a special programme for the scheduled castes and tribal populations. Critics of the present government policy, however, emphasize that it is wrong to privatize public agencies and to leave the poor and lower-income group at the mercy of the market forces (Bhattacharya, 1990).

A major concern of the authorities at central, state and local levels has for a long time been the growing urban slums, and the inadequate power available to public agencies to take over land and ameliorate the situation. The Slum Areas Act was passed in 1956 to rectify this situation. Several states have passed similar acts. These acts have been used for clearing public places such as pavements and congested business areas. The displaced populations were resettled in areas with minimum basic amenities, mostly at the outskirts of the cities. The emphasis of public policy shifted from slum clearance to slum upgrading in the early 1970s. Local authorities made *in situ* developments, and collected betterment charges from the beneficiaries. Yet, this policy could not be applied on a large scale for rehabilitation of slums, due to administrative difficulties and the long time required in acquiring land through the legal process. The capacity of public authorities to take possession of land by paying immediate compensation and then to launch shelter projects is rather limited, due to the inadequate financial and administrative support from the central and state governments. In Bombay for instance, only 23 slum pockets out of 800 were provided with improved facilities during this period. Moreover, the plots reserved for the poor often went to better-off households. Another reason for the limited success of this policy was that only the public sector could carry them out. The new shelter policy is based on such earlier failures. The record of implementing the recommendations of the GSS is not very impressive, but progress is being made in India.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### B.4. National shelter policies: Nigeria

In Nigeria, the provision of housing has generally been seen by policy-makers as something to be tolerated rather than desired. Housing was thus given low priority in development planning. Specific output targets have for instance always been set for agriculture, manufacturing, roads etc., but housing has been treated as a "social overhead" (Achunine, 1993). A review of the past housing policies and programmes of both the public and private sectors reveals that effective solutions to the shelter problems are yet to be found. It has been assumed in Nigeria that general economic growth would eventually solve these problems. The public sector has provided only about 10 per cent of the housing stock in the country. A new National Housing Policy was launched in 1991. The ideas included in this policy imply a redirection of past practices. Shelter was for instance transferred from the consumer to the regional development sector.

The ultimate goal of Nigeria's New National Housing Policy is to ensure that all Nigerians own or have access to decent housing, at affordable cost, by the year 2000. To achieve this laudable goal, the Government has decided to pursue the following policy objectives:

- Encourage and promote active participation in housing delivery by all tiers of government;
- Strengthen institutions within the system to render their operations more responsive to demand;
- Emphasize housing investments which satisfy basic needs;
- Encourage greater participation by the private sector in housing delivery.

The above objectives, among others, constitute the cardinal points for the implementation of the housing policy. To accomplish these objectives, the following strategies have been adopted:

- Establishment of an appropriate institutional framework to facilitate effective planning in housing supply;
- Restructuring all existing public institutions involved in housing delivery at the federal and state government levels with a view to making them more effective and responsive to the needs of citizens of the country;
- Revive existing laws and regulations such as the Land Use Decree, planning laws etc., to facilitate housing provision;
- Improve the finances and strengthen the executive capacity of local government to enable it to contribute more effectively in housing delivery;
- Mobilize private-sector participation in the provision of housing;
- Upgrade and rehabilitate low- quality or sub-standard houses in urban areas as a step towards improving the quality of the environment;
- Restructure the Federal Mortgage Bank of Nigeria to serve as an apex housing-finance institution;
- Mobilize savings through the establishment of a National Housing Fund;
- Ensure continuous flow of adequate funds from various sources into the apex institution for on-lending to other mortgage institutions;
- Encourage research into and promote the use of locally produced building materials as a means of reducing housing costs;
- Adoption of functional design standards to reduce costs and enhance socio-cultural acceptability, safety and security and privacy;
- Increase the number and improve the quality of the workforce and personnel needed in the housing sector;

- Utilize the location of housing estates and other residential neighbourhoods as an instrument for balanced population distribution in order to minimize associated problems of transport and services.

The Federal Government will initiate, define and coordinate the policy options and instruments for achieving the objectives in the housing sector, while the actual implementation will be undertaken by appropriate agencies at federal, state and local government levels. The Federal Government will formulate policy, coordinate, construct and monitor housing programmes and projects.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### C.1. Housing needs: Mexico

The average annual population growth in Mexico is 2.1 per cent (1980–1991); the figures for urban areas is higher, 2.9 per cent. A total of 73 per cent of the country's population in 1991 was urban (World Bank, 1993b). The shelter deficit in Mexico as a whole, is estimated to 6 million units (1990). This includes families without shelter and those with inadequate housing conditions. Slum and squatter settlements have been estimated to constitute about half of the housing in urban Mexico (Connolly, 1990). Moreover, between 60 and 70 per cent of shelter construction is now made by the households themselves. In Mexico the modern sector employs less than a quarter of the labour force. This sector does not have the capacity to absorb the growing economically active population. Moreover, since 1982, the economic crisis in Mexico has led to a considerable reduction in industrial activity. In Mexico City, the percentage of the population living in self-built shacks increased from 2 in 1947 to 22 in 1952 and 50 in 1976. More than 10 million people may today live in slums in the city's metropolitan region. Between 30 and 40 per cent of all shelters are rented.

The annual need for new housing in Mexico in the 1990s is estimated to about 585,000, due to population growth (277,400) and deterioration of housing stock (308,000). During 1991, the public housing agencies provided altogether less than 348,000 housing units, i.e., only about 60 per cent of the estimated need. The number of houses built for the poor was 26,378.

To cover the needs of the poor, the government has set a construction goal of nearly 300,000 units a year. Yet, in the 1947–1990 period the public housing agencies made only about 804,000 units for the poor (see [table 17](#)). The need for shelter, particularly at the fringes of the big cities, is huge indeed. The poor, who typically make their dwellings by self-help, are confronted by several difficulties such as occupying land illegally; being in a weak bargaining position *vis-à-vis* building materials traders; having insufficient technical assistance; and finding it hard to obtain credit. The settlements are often found in swamps, and on inhospitable salt-flats, steep hillsides and garbage dumps. The land and street layouts are chaotic and services are often lacking.

In 1982, it was estimated that the slum settlements in the metropolitan area of Mexico City contained between 3 and 3.5 million people out of a total population of about 14 million (Lombera, 1993). No reliable figures are available to update this estimate. The 1990 Census revealed that 575,865 people earned less than 1 minimum wage in the Federal District (a smaller area). It is not known how many of the about 2.5 million inhabitants in the rest of the metropolitan area earn below one minimum wage or live in slums. To obtain a figure comparable with the 1982 assessment, it is necessary to add those who earn more than one minimum wage and live in a slum. The number of squatters has undoubtedly increased, but legalization programmes have reduced the number of slum settlements. It is thus not given that the relative size of the slum population has increased. The metropolitan area's population is currently above 20 million.

About 22 per cent of the population of Mexico City earned less than one minimum wage in 1990 (a total of 63 per cent earned less than two minimum wages, see also [table 7](#)). Two minimum wages are thought to be the minimum required to afford a decent shelter. This is surprising, since estimates show that only 20 per cent of the settlements in the city are slums. The national average estimate, that 40 per cent of all dwelling units are situated in slums, may thus be closer to reality. As many as 64 per cent of the population in the metropolitan area is estimated to be residing in slums and squatter settlements (Schteingart, 1990). Regarding renting, it is likely that the national average of 27 per cent of the slum housing is much lower than the figure for big cities. In the city slums, 52 per cent of the people rent their accommodation. Furthermore, 23 per cent of all housing units have one or two rooms (45 per cent have three or less rooms). It may be concluded that the shelter needs of the poor are enormous, although exact figures are not available.

The city of Jalapa had a total of 285,758 inhabitants in 1991, on a total area of 3566 ha. The city has a considerable amount of vacant land for housing. Most of this land is private, and the subject of speculation. In the low-income settlements, land prices are still fairly low. It is estimated that 46 per cent of the population live in inferior, slum-like settlements: 45 per cent of the households in these settlements rent their accommodation. The housing problem is growing in Jalapa, with illegal slums being extended at the city fringes. The authorities have been unable to cope with the problem. It is expected that the changes in housing policy made will take time to reach the poor.

An estimated total of 31 per cent of the people living in the slums at the outskirts of Jalapa, earn one minimum wage or less (see also [table 7](#)). The land they occupy often poses severe technical limitations to the introduction of basic services. At the same time, existing water sources are polluted by industries and animal farms. The water distributed by road by the authorities or private traders is irregular. The muddy roads during the rainy season often

make the water situation precarious. The introduction of sewerage systems for human excreta is possible in only 30 per cent of the slums. The extent of pollution of the groundwater from latrines is not known. Municipal solid- waste removal is seldom undertaken from these areas. Waste disposal is thus often made on vacant plots. A variety of illnesses are prevalent. The shelter needs of the poor are extensive.

Neither the public agencies, the private sector nor the squatters themselves have been able to solve the housing problems of the poor in Jalapa. The scarce public funds channelled to housing projects for the poor have often been used according to political affiliations. The available funding has been looked upon as business for enterprises with government contacts, rather than as projects to help the poor.



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### Chapter II. Housing the Poor

#### C.2. Housing needs: Indonesia

Indonesia's population grows at an average rate of 1.8 per cent per year while the urban population increase is about 5 per cent. The urban population constituted 31 per cent of the total in 1991 (UNDP, 1993). By the year 2000, it is projected that 85 million people will live in urban areas. The problems of urban growth are reaching an alarming stage. The shelter need is enormous and increasing in urban areas. It is estimated that just below 2 million dwelling units of all types are required annually in the next 20 years to meet the national housing need. A total of 750,000 units are required annually to meet the demand created by the population growth, while a further 100,000 units are required each year in the next 20 years, to alleviate the current housing shortage, estimated at 2 million units. The remainder is required to replace (350,000 units) or upgrade (700,000 units) the deteriorating housing stock.

The poor cannot afford ownership of a conventionally-made dwelling. Flats are not seen by them as an appropriate form of living. Even the government-built "very simple house" is beyond the reach of most of the poor. The poor with employment in the formal sector, e.g., the lowest paid government officials, can afford this kind of housing due to the fact that they can obtain government loans. The poor without access to formal credit are thus forced to look for a home in a *kampung*. The Government is not supporting the shelter need of the poor directly, only indirectly by improvements of the basic infrastructure such as footpaths, public toilets, garbage collection and water taps in the *kampungs*. In squatter areas no such improvements are made. Rental houses are the most popular shelter for the poor because of low cost and closeness to the location of work.

Jakarta had a population of 8.2 millions in 1990, 12 per cent of which lived on the 6 per cent of the land characterized as slums. Estimates show that the city has an overall housing shortage of about 10 per cent (Yoewono, 1993). Other estimates indicate that as many as one fourth of all households are without decent shelter (see [tables 11](#) and [12](#)). Only 32 per cent of the dwellings had running water in 1985 (Gilbert and Gugler, 1992).

Bandung is the third largest city in Indonesia, and capital of the West Java province. The city and its surrounding towns have grown into a metropolitan area with a population of just above 2 million in 1990 (in 1960 it was just below 1 million). About 23 per cent of the housing stock is located in slums (see [table 13](#)). The poor squat on riverbanks and along railway lines. The city's pavements and parks are also used for spending the night. So far, no special effort has been made for the poorest by the local authorities, except through a cooperation with Department of Social Affairs rehabilitation centres. This has had a very limited impact only on the shelter issue. The Government produces "simple houses" and "very simple houses" for the "poor." These types of units are popular, but not affordable for the poor. The other main type of unit produced by the formal sector is flats. Yet, it has been shown that such housing reduces social interaction and limits the opportunities for using the living quarters for a shop or other home-based economic activities. And, as mentioned earlier, even subsidized flats are too expensive for the poor.





## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### C.3. Housing needs: India

The average annual growth of population in India is 2.1 per cent (1980–1991). The figure for urban areas is 3.7 per cent. A total of 27 per cent of India's population lived in urban areas in 1991 (World Bank, 1993b). The National Building Organisation estimated in 1981 that 30 million of urban dwellers lived in slums. This was nearly 19 per cent of the urban population in that year (Kundu, 1993). It is estimated that the urban shortage of shelter is between 6 and 13 million units (Ribeiro, 1993). The Seventh National Plan projected the urban housing shortage to be 5.9 million units. The Birla Institute, however, estimated the shortage to be 22.1 million units as early as in 1981. If, instead of using this norm-based calculation, a demand-based approach was adopted, the housing shortage would be low. This is due to the low priority people can place on using their scarce resources for shelter improvement purposes.

The major problem of housing in urban India is not the absence of any kind of structure, but its poor quality and the non-availability of basic services. More than one third of the urban households, for instance, have no access to a latrine, and 18 per cent have access to a service latrine only. Furthermore, 45 per cent have only one room, while less than 1 per cent of all urban households are categorized in Indian statistics as houseless (Kundu, 1993). Households with some kind of temporary structures have been excluded from the houseless category. This includes many pavement dwellers. There has, however, been an increase in the number of substandard urban dwellings. Kundu (1993) finds that 30 per cent of the urban poor live in dilapidated shack-like structures and mud dwellings (see [table 14](#)). The total production of houses through State budgetary support over the last 30 years in India is a tiny proportion of the country's total shelter construction, and a small fraction of the real requirement of shelter for the poor (Sundaram, 1986). Yet, public-sector building of formal housing is not the best way of spending the scarce government funds available for shelter delivery. The approach should concentrate on identifying strategies to involve the poor in a sustainable manner. A shift in attitude among urban planners is necessary. Furthermore, economic statistics regarding housing include only investments in formal housing built within the approved shelter process. This implies that the economic value of low-income households' own construction and shelter improvements are unrecognized. This lowers the overall contribution of the housing sector to the economy in official data relative to what is the case in actual fact. In this context it should be remembered that government provision in India accounts for a tiny fraction of the total housing activity only — less than 5 per cent (Pugh, 1990).

The housing problem in India is not one of housing in the conventional sense, but of shelter and of avoiding extreme congestion. Although shelter is not the poor people's first priority, it should be an indispensable component of any development strategy. In India's big cities amenities are everywhere grossly inadequate. The housing shortage is so severe that a solution lies far into the future. In the biggest cities, 65 per cent of all households live in one room or less. Private house-building of "affordable shelter" is the only realistic way forward (Rajeswari and others, 1987). The Government should thus not attempt to do what people have already demonstrated that they can and will do themselves (Dhar, 1988).

The share of slum population in the total urban population has been shown to be positively correlated with the size of towns and cities in India (Kaul, 1991). The situation is probably similar for several other developing countries. In India the proportion of the population living in slums in towns below 100,000 inhabitants is about 10 per cent. The figures for towns between 100,000 and 1 million inhabitants and the cities of 1 million and more are 20 and almost 33 per cent respectively. The poor undoubtedly perceive their chances of survival to be better in the mega-cities.

In sum, despite considerable investment and efforts over successive Plan periods in India, the housing problem continues to be daunting in terms of the large number of homeless households, the rapid growth of slums and unauthorized colonies, spiralling prices and rents for land and houses, rampant speculation, deficient availability of water, sanitation and basic services to the bulk of the population, and the increasing struggle of the poor and vulnerable people to secure affordable and adequate shelter. The rapid urban population growth has led to worsening congestion and overcrowding in small houses, steady growth of slums and squatter settlements and severe pressure on public services. This is aggravated by institutional deficiencies of housing agencies and local authorities, and insufficient attention to the shelter needs of the poor.

Bombay is the financial capital of India. Modern business buildings dominate the central city landscape. At the same time, every patch of undeveloped land is filled with makeshift shelters. In 1991, Bombay was the largest urban area in India with a population of 12.6 millions. Before independence the population growth rate was manageable in terms of basic services. High-rise dwellings (of 4–6 floors, called *chawls*) were constructed. These buildings have since deteriorated into slums (see [box 18](#)). After independence, the growth of economic activities and population accelerated. A recent decline in the growth rate is probably due to state-level strategies to redirect growth to other cities. The Maharashtra Housing and Area Development Authority estimated in 1992 that about 25 per cent of the

households in Bombay are poor (Ribeiro 1993), and that 37 per cent of the population live in slums. Many of the older buildings in Bombay are now obsolete. Overcrowding and over-use have made them become shaky structures with bad flooring, peeled-off walls and wobbling staircases. Leaky toilets and water-taps are a common sight. The environment has become very unhygienic. Many buildings are beyond repair, and several of them collapse each year during the wet monsoon. The Rent Act of 1947 is partly to blame for this state of affairs. Since tenants cannot be evicted, and rent increases cannot be made according to inflation rates, owners reduce maintenance costs and investors turn away from low-cost house-building.

In 1991, Bombay had a housing need of more than 2.5 million dwelling units. More than three quarters of the population live in one-room dwellings. Pugh (1990) estimates that 45,000 families join the squatter settlements every year. The dwellings in the slums are more frequently contracted out than self-built. The creation of this kind of houses — constructed of waste materials — is a large industry, the value of which is not included in GDP figures. The houses are affordable, but insanitary and a conspicuous sign of poverty. Moreover, the number of pavement dwellers is increasing. Some of these people are second- and even third- generation pavement dwellers. There are over 200,000 households living in the streets and 430,000 household in run-down walk-ups or in squatter settlements. Today the public sector cannot cope with the problem of indecent and unhealthy shelter conditions. Collaboration between the Government, private entrepreneurs, NGOs, CBOs and the poor is thus necessary.

Interestingly, there has been a drop in migration to Bombay during the last years. Urban population growth is now mostly caused by natural population growth. Furthermore, there were in 1985 about 50,000 acres of vacant land. Das and Gonsalves (1987) thus conclude that since even the government of Maharashtra admits that Bombay can accommodate up to 20 million people without congested housing schemes, the real problem is not too many people or too high migration or too little land, but the unequal distribution of land. A people's manifesto (see [box 19](#)) has been worked out to suggest reforms in city planning, conducive of poor people's interests.

The houseless include people who are unemployed, street children, widows, destitute, old and handicapped people but also self-employed street vendors. It is estimated that there are at least 10,000 street children. The houseless can be found in most parts of the city (see [box 20](#)). They concentrate close to public toilets and water taps. The shelters they make of rags and plastic waste are often demolished by the authorities to clear the streets. Community life on the pavement is normally organized. People of the same caste and religion stay together. They hardly interact with neighbours living in regular houses. They move around very little but stay close to their source of livelihood. A part of the houseless is made up of itinerant worker-families following available construction employment. Not all pavement dwellers are poor but belong to the lower-income group with very low or no ability to save. There are many NGOs working with and for the houseless in Bombay. The activities of the Don Bosco shelter project ([box 21](#)) and the Youth for Unity and Voluntary Action (see [box 22](#)) exemplify this.

Calcutta, which for decades was the largest urban area in India, now has fewer people than Bombay. The population is 11 million. The squatter settlements are largely found at the outskirts of the city on marginal land. Upgrading through popular participation has had limited success. The pavement dwellers in the city have likewise received little assistance but much compassion. It is through the *bustee* improvements the city has made valuable experiences. A *bustee* is a rental low-rise slum.

Kundu (1993) estimates that 45 per cent of the households in Calcutta are poor, whereas Pugh (1990) states that 35 per cent of the population is below the official Indian poverty line. About 68 per cent of the households live in one-room accommodation. The shelter need is above 2 million units. In addition, the existing housing stock is deteriorating. Public and private house construction are both insufficient. In this light, the improvement and extension of the *bustees* are important. The *bustees* cover only about 7 per cent of the land area of the city, but house almost a third of the population. The *bustee* settlements are not only places of residence, but, as slums elsewhere, they constitute centres of informal economic activities. The slums in Calcutta have a three-tier tenancy structure. The owner of the land leases plots to people who make a dwelling. The dwelling is then rented by a poor family. This complex system of property rights has impeded historical attempts to reform the *bustees*. Some *bustee* settlements have stable populations with supportive social networks, although drunkenness, crime and prostitution may be rampant. Other *bustees* contain recently arrived migrants. These settlements tend to consist of hutments of split bamboos, with mud floor and roofs of makeshift materials. They occupy low-lying sites prone to monsoon flooding. Bucket latrines shared by up to 20 families are typical in such unimproved *bustees*. Those who cannot afford even this kind of shelter are forced to reside on pavements. In fact, pavement dwelling has become a way of life for many people in Calcutta.

In 1991, Delhi had a population of more than 8 million, compared with 1.4 million in 1951. The rate of growth is high, in spite of efforts to curb urban migration by limiting employment opportunities in the formal sector. It is estimated that by 2001 there will be 14 million people in the city with 6 million more in townships within the wider metropolitan area. Most of the land in and around the city is under public ownership and control. The Delhi Development Authority has a near monopoly on land allocation and housing development. There is a shortage of land in the city. At the fringes land is sold illegally, and poor people squat in several spontaneous settlements without

basic services. In the inner-city, pavement dwelling is widespread. There is a need for close to 2 million shelter units. Of these, 130,000 are needed by pavement dwellers and 600,000 by other squatters in the more central parts of the city. There are few options for renting but in the slums at the outskirts of the city. It is estimated that the poor constitute 25 per cent and the lower-income group 35 per cent of the population. About 49 per cent of the population live in one-room accommodation (Pugh, 1990), and at least 70 per cent of the households cannot afford the concrete houses built by the private sector.

Due to the large urban migration (more than 200,000 annually), the rents in the slums are increasing rapidly even for single-room tenements. Even this simple accommodation is now unaffordable to many migrants. The number of houseless people is thus growing. Night-shelters are made for these people. This accommodation provides toilets, blankets and jute mattresses at a subsidized rate of Rs.2 per night. The shelters are open from 7 p.m. to 8 a.m. At present only 3462 people can be accommodated in such shelters in the city as a whole. There are, however, plans to extend this type of shelter for individuals to more places and also to cater for women. In the 1992–1997 period, 10 additional buildings will be erected, paid for by the Central Government.

Despite various attempts by the Government over the years, the urban sanitation situation in Delhi has recorded little improvement. An estimated 67 per cent of the population is without a sewerage connection, while 47 per cent is without a latrine. Those most affected by lack of facilities are squatters and pavement dwellers. The manual scavenging of "night-soil" is recognized as a social evil. In 1985 there were 500,000 bucket toilets in the city. Resource constraints, however, rule out the extension of the sewage system to the entire population. A low-cost sanitation programme has therefore been initiated.



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#### C.4. Housing needs: Nigeria

The most typical dwelling type in Nigeria is the "rooming" type. By this is meant renting (or owning) a room in a house (not a flat). About 65 per cent of all households live in this type of dwelling. A further 15 per cent live in flats while only 17 per cent of the households live in "separate dwellings" (Achunine, 1993). In the urban areas only one third of the households own their accommodation (see [table 15](#)). Given an urban population growth rate of 5 per cent, the annual urban requirement for housing units in the 1990s is nearly 400,000 units. In addition, there is an enormous need for upgrading and replacement of existing housing stock. Achunine (1993) estimates that in Nigeria as a whole there is an annual need of 1.4 million housing units.

The 30 per cent of the population with the lowest incomes do not have sufficient funds to exercise an effective demand in the formal housing market. This group of people is probably in basic-needs poverty (see [table 16](#)). The 20 per cent lowest on the income scale earn below 50 per month. This group will be poor in a narrow basic-needs sense. The impact of economic conditions in the 1980s have moreover forced many of Nigeria's more well-off families down into lower income categories. The purchasing power of a typical middle-income family was reduced by a factor of 8 during the 1980s (Achunine, 1993).

The most common form of tenure is short-term lease. Leases of less than five years account for 56 per cent in two low-income settlements in Lagos studied by Aina (1990). This form of tenure is unusual in customary Yoruba land tenure practice. It represents a specific response of the urban poor to the cost of and availability of land. Extensive subletting of land exists with the owners of the land living elsewhere without any direct contact with the tenants. Improvements of infrastructure and shelter are thus impeded. The occupiers of the land do not see it as worthwhile to build concrete, solid and, thus, expensive structures on the rented land. And the owners of the land are not interested in investing in the land but are waiting for the value of the land to increase. They hold the land for speculative reasons. In short, there is an enormous need in this and other urban areas of Nigeria for land which can be distributed and to which low-income groups can obtain a title.

In no city in Nigeria is the housing failure more manifest than in Lagos. There the traditional forms of dwellings are not acceptable. The legal acquisition of land is far beyond the means of most people, not only the low-income groups. Opportunities of employment are very limited, and the population is growing at an alarming rate. Prospective renters have to queue for more than a year on waiting lists before they can be considered for a rental unit. And rents are extremely high, the average worker has to spend as much as 40 per cent of his/her income on rent. To aspire to own a house is a dream realized only by the top 5 per cent of the income groups. Often a down-payment has to be provided two years in advance for a flat.

It is estimated that in the 1976–1985 period nearly 850,000 new housing units were required in the Lagos metropolitan area. Only 82,000 units were actually built. An estimated 100,000 new people arrive in Lagos each year. This may be compared with building plans for 1991 of 4800 housing units. It is no surprise then that three fourths of all families live in one room only, as one survey estimates (Achunine, 1993).

Over the last decades the solution attempted regarding the housing problem in Lagos has mainly been in the form of rent controls, often through military edicts. This has failed to achieve the desired purpose. Rent controls collapse in the face of an extreme housing shortage, and supply and demand are then left to decide the prices.



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### Chapter II. Housing the Poor

#### D.1. Shelter delivery: Mexico

In Mexico, as elsewhere, most housing programmes favour the better-off people. Yet, the number of loans for low-cost housing has increased during the 1980s, from 2166 in 1980 to 48,225 in 1985 and 104,070 in 1991. These loans are directed at the poor and the lower-income group, both in sites-and-services and upgrading schemes. The production of houses in the public programmes has grown slowly and the bulk of public low-income housing has been constructed during the last 10 years (see [tables 17](#) and [18](#)). Most of the dwellings made are for private ownership. The building of rental housing is seen as non-profitable. Housing-finance agencies did not contribute to the construction of rental houses in 1989 and 1990. The poorest are thus very much left to manage on their own resources.

Many squatter settlements (often called "invasions" in Mexico) in Mexico City have been recognized *de facto* and have received some basic services. Lawful property rights have, however, not been given to the residents, but recognition of a settlement has been granted to community leaders affiliated to the political party in power (Connolly, 1990). After 1970, regularization was integrated into the urban policy agenda. A number of state-level regularization agencies and housing institutes now exist. Land has been taken over, and state governments are the major controlling force for regularization and the supply of new land from expropriated community properties. The residents' committees elected every four years at block, neighbourhood and district levels have consultative powers *vis-à-vis* the authorities. It is the neighbourhood-level committee that is allowed to negotiate on matters of regularization and services to the exclusion of other popularly formed community organizations. Authorities are now in charge of selling serviced as well as unserviced plots to individuals. Still, clandestine developers manage to operate.

Squatter settlements without an outside person or group fixing the "invasion" were typical in the past. Today new squatter settlements are normally arranged by so-called *coyotes* or pirates on communal or *ejido* lands (see [boxes 23](#) and [24](#)). The *ejido* land is communal holdings distributed under land-reform programmes in Mexico. The peasants have use-right over such land. Urban growth has made much of this land close to cities more valuable as building sites than as agricultural land. It then becomes profitable to allow settlements of poor people on the land. The *ejido* land holders will claim compensation from the settlers. The settlers may later have to pay the Government for the land. Speculators involved in these illegal subdivisions of land are able to avoid the cost of service provision. The settlers move in without basic services, and then ask the authorities to provide them. Tenure will remain insecure, and the authorities may evict the settlers if that is politically possible. Many settlements which are in breach of planning laws, develop due to the profit motive of speculators and to politicians seeking popularity and votes. Some squatter communities are able to organize themselves and to build rudimentary basic infrastructure and services gradually. This helps to establish the settlement's legitimacy, although not in a legal sense. Other settlements remain in a state of extreme deprivation, lacking all facilities, and hence the poor find themselves under a permanent threat of eviction.

(see also [box 25](#)).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### D.2. Shelter delivery: Indonesia

In Indonesia, the National Urban Housing Development Corporation (*Perum-Perumnas*) implements housing projects aimed at the poor and lower-income group. In line with the State National Development Goals of 1988, shelter should be affordable without neglecting the minimum standard of decent housing. Units of 21 m<sup>2</sup> are the most needed in *Perum-Perumnas* low-rise housing. For flat housing, 36 m<sup>2</sup> units are the most popular. The public sector construction targets have, however, not been met. In the planning period of Repelita-IV (1984–1989) 140,000 units should have been provided by *Perum-Perumnas*. The actual figure was about half that. The number of house ownership credits certified by the State Savings Bank (**BTN**) going to *Perum-Perumnas* has declined during the 1980s — from 46 per cent at the beginning to 20 per cent at the end of the decade. The Government has gradually moved towards building more high-rise flat housing. This is, however, an unpopular form of shelter due not only to cost but also for socio-cultural reasons. Yet, even the cost of the cheapest housing unit supported by the formal housing sector in Indonesia, the "very simple house," amounts to at least Rupiahs 3 million (see [table 19](#)). This amounts to 12 times the annual income below which a head of a household is categorized as being poor. Even the interests of such an investment is beyond the reach of the poor. It is thus not possible for the poor in Indonesia to afford even the cheapest formal-sector housing unit. Yet, while concluding the above, it should be kept in mind that the average household may have several sources of income, not only the one of the head of the household, which is used in the statistics on income groups.

A special programme for the poor is the Serviced Plots Program. In Repelita-V, a total of 50,000 units are planned. The credit from **BTN** for a 21-m<sup>2</sup> core house requires a 10-per cent down-payment and it carries a 12-per cent annual interest over 20 years. The beneficiaries may build their shelter gradually by own-effort. Public amenities such as footpaths and toilets are provided. Furthermore, the plan is to make 20,000 simple rental dwellings for those unable to obtain credit. The rental houses and flats will be subsidized by the Government.

Yet, even this scheme is, by definition, not affordable for the poor. Even if they can afford a down-payment (of at least two annual incomes), the annual interests on this loan would amount to at least Rp.540,000, while the annual income defining the poor is about Rp.250,000.

The Government initiated **KIP** to upgrade the environment in which the poor live. This began during Repelita-I in Jakarta, with World Bank support. It was later extended to cover 10 other cities, 200 towns and about 1000 small towns. Although **KIP** was not aiming at solving the housing shortage *per se*, it has shown that improvements of infrastructure and services in the *kampung*s encourage people to improve their dwellings. In general, **KIP** resulted in an increase in the number of households selling food of different kinds from their dwelling place (Batarfie, 1987). This provides important additional income, although the amounts may be small. A very important aspect here is the extension of the dwellings, which people undertake, by adding a room for letting purposes. Improved direct support for such extensions should be adopted by governments in developing countries (**UNCHS**, 1995). This would help the poorest families who cannot afford more than to rent a small room. The **KIP** is also important in a more indirect sense, because when the Government has improved a *kampung*, it is regarded as a legal settlement. People are then eligible for government subsidies. These programmes in Indonesia are well conceived but far below the needed magnitude for sheltering the poor. The Government's ability to provide housing for the poor and lower-income groups is very limited. At the same time as there is a fast growing need for more subsidized shelter, the public sector's capability to cope is decreasing. It is thus essential to stimulate the traditional spirit of mutual aid in small communities.



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### Chapter II. Housing the Poor

#### D.3. Shelter delivery: India

In India, shelter delivery for the poor is very difficult. The requirement of cost recovery, the rising cost of building materials and the decline in government funds available for housing have led to the adoption of shelter solutions that price the poor out of the delivery system. In general, housing in urban areas in India is primarily the responsibility of individual families, about 90 per cent of the investments and 70 per cent of the supply of housing units are made by the households themselves (Kundu, 1993).

Moreover, access to plots is controlled by mafia-style promoters. In 1981 between 20 and 26 per cent of the urban population lived in slums and squatter settlements. The Government earlier tried to house the poor in multi-storeyed flats built on slum land or to resettle them in sites-and-services areas. Both failed, due among other things to cost and location. The thrust has recently been to improve the infrastructure of the slums in order to remove the worst environmental deficiencies. The dwelling situation is thus not improving. Squatting is made more difficult on non-used public and private land except at the urban fringe. Since the distance from the outskirts of the cities to places of economic opportunities in the centre is often large and transport costly and time-consuming, many among the poor are forced to stay on the pavements. Many lower-income group people may also be found in the illegal and unregulated settlements at the urban fringes. It seems essential that a process of accelerated resettlement of pavement dwellers is initiated by public authorities in the big cities in India. Resettlement success can only be achieved through a constructive dialogue with the pavement communities. It seems that the location of resettlement is the fundamental issue. The first priority of most squatters is to live near the source of livelihood (see [box 26](#)). Bahri (1988) for instance, arrived at this conclusion from a household survey in Hyderabad.

According to Pugh (1990), squatters in Delhi, who had been resettled, found themselves far away from job opportunities. The utility services were scarcely better than in their original locations. More importantly, family incomes tended to decrease due to increased difficulties for women to find work in the neighbourhood and to travel expenses incurred by men in searching for work in and around the city centre. As much as half of those who become resettled, may sell their plot rights illegally to higher-income households. They then revert to squatter settlements closer to their places of work opportunities.

During the 1980s there were several programmes of slum upgrading in the cities, benefiting the poor with simple but temporary shelter (see [boxes 27](#) and [28](#)). The combined size of these programmes is not possible to assess, nor is the percentage of beneficiaries of the poor urban population. This is due to lack of adequate and comparable data. In general, there was a rapid growth of housing stock during the 1970s and 1980s, simultaneously with a relatively declining public-sector investment in housing. The private sector is thus responsible for a growing share of shelter provision in India. Yet, small contractors are not operating on a wide scale in India. Their quality is often low, and people have little confidence in them. People are thus generally forced to use public agencies or large builders for house construction. This is expensive, and the poor are left to provide themselves with shelter. In the 1980s there was a rapid increase in the number of shacks in urban areas (a much faster growth than in the 1970s). About 20 per cent of the housing units produced during this period belong to the formal housing market. Sixteen per cent of all urban households live in mud dwellings, while 26 per cent live in temporary dwellings.

At present, the purchase of urban land for housing by the poor is out of the question. Only the public housing agencies can provide land to the poor through, for instance, cross-subsidizes. Recently, land rights have been given to slum dwellers by some local authorities, often for political reasons. Those getting a plot can then obtain housing loans. For the squatters occupying private land, this option is not available. It is evident that the public sector has been unable to reach but a small segment of the urban poor.

The "night-shelters" in Delhi are meeting a demand for a cheap place for individuals to spend the night. Cost recovery may be difficult to achieve in this kind of accommodation. Replicability is thus limited. A chain of night-shelters, which also caters to women, could for instance be made and operated by NGOs. The need for a place to sleep close to business opportunities is widespread among the poor. In India there has been a steady decline in the supply of rental accommodation, mostly due to the Rent Control Act. The rental options for the poor are fraught with exploitation by "slum lords" and other intermediaries. In the formal sector there has been little construction of tenements for rent since rental rates were frozen for long periods, reducing profitability in this kind of housing investment.



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### Chapter II. Housing the Poor

#### D.4. Shelter delivery: Nigeria

The Land Use Decree has been a major hindrance for shelter provision in Nigeria. It has not released land speedily and adequately enough to satisfy the basic land needs for housing construction. Moreover, its cumbersome procedures are intimidating for the poor, for whom formal access to land is very difficult. A prime example of a law that is quite obsolete is the Nigerian Town and Country Planning Ordinance of 1946. This law controls the major part of the process of translating unused land into land for shelter construction. The main criticism of the law is that it does not offer sufficient participation by relevant actors; it does not reflect modern land-use planning concepts, usages and practices; and it has not been synchronized with the provision of the Land Use Decree of 1978.

Between 50 and 60 per cent of total house-construction costs in Nigeria are those for building materials. Currently, much of the materials is imported. Local capacity and capability of building-material production must be developed. The reasons for the high building-material costs, besides importation, are: high demand owing to the oil boom; adoption of high building standards by the more well-off population; over-priced contracts; and inefficient distribution systems, aggravated by intermediaries. The Government is moving away from direct production of building materials and intends to limit its role to facilitating private sector production. Furthermore, the Government will encourage simple, imaginative and functional building design, and realistic specifications and space standards to facilitate cost reductions, affordability and acceptability; and will develop appropriate technology and support the use of local building materials.

It is obvious that housing supply in Nigeria has been unable to keep up with housing demand. There are a number of reasons for this situation, among which are:

- Unstreamlined and incompetent mortgage arrangements;
- High cost of land and sometimes utter inaccessibility to it;
- High construction costs occasioned by the continuous upward rise in the cost of building materials;
- Lack of skilled labour;
- Inadequate housing finance;
- Too much attention is paid to prestigious projects. Most public servants in Nigeria have, for example, built prestigious mansions in their villages that are usually occupied for not more than three months each year. These are regarded as status symbols while economically, they constitute relatively dormant investments;
- Most builders of residential accommodation are set on recouping their invested capital within the shortest possible time;
- In enforcing development control measures, very high standards are usually set which have a dampening effect on housing provision. Appropriate building standards can do much to create a safe and pleasant environment. Yet, misconceived, they can contribute to depressing the living standards of the poor. If such regulations are inappropriate and set standards too high for existing income levels, their primary effect will be to reduce the amount of housing that is available at prices the people can afford.

Other factors that adversely affect the low-income groups include:

- High rates of inflation;
- Inadequate infrastructural facilities.
- Limited access to serviced land and the difficulties of obtaining title (certificate of occupancy);
- Lack of finance.

The lack of finance is the most important factor inhibiting the access of low-income Nigerians to decent housing, through high interest rates; unaffordable down payments; low earning power, making it impossible for low-income groups to afford the monthly repayment rates; and inability to provide guarantors acceptable to the mortgage institutions. Consequently, only a few urban dwellers — and even fewer rural dwellers — have so far benefited from mortgage loans by the commercial banks, the Federal Mortgage Bank of Nigeria and the state housing corporations.





## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### E.1. Actors and programmes: Mexico

Although self-help shelter programmes started in Mexico in the 1960s, their importance was not evident until the late 1970s, and then mainly through the sites-and-service projects developed by Fondo Nacional de Habitaciones Populares (FONHAPO), and directed at the needs of the low-income groups by supporting societies and cooperatives. There are three sources of supply of housing for the poor and low-income group — the public, private business and household sectors. Private business may belong both to the formal (typically large-scale construction firms) and the informal (small unregistered enterprises, but usually independent craftspeople) sectors. Most low-cost urban housing is made by the households themselves, with the assistance of craftspeople for certain more difficult construction tasks. The Government assists the middle- and lower-income groups — as well as the poor with housing — through FONHAPO (see, for example, [box 30](#)). It provides technical and financial assistance to its target group which is almost 80 per cent of the country's population (see also [section II.F.1](#)). FONHAPO works through legally constituted organizations. Every family is, however, responsible for its loans directly to the institution.

The National Solidarity Programme in Mexico consists of a limited support to the improvement of housing through the provision of cheap building materials to the poor and lower-income group (see [box 29](#)).

The private-sector contractors show no interest in housing provision for the poor because of the low profitability and high risk of default in payments. CBOs have only appeared recently in Mexican urban shelter delivery. The 1985 earthquakes in Mexico City led to the formation and later popularization of CBOs in inner-city renewal (see [boxes 31](#) and [32](#)). Cooperative housing is not found among the poor (see [box 33](#)). In sum, most dwellings are built by the people themselves with assistance from relatives and neighbours.

The NGOs in Mexico have provided valuable assistance regarding shelter to the poor. This has been possible because NGOs can effectively make the linkage between public institutions' regulations and resources and people's social needs. They can supply technical know-how and train local-level leaders and people generally. They do not, however, help with financial resources for house-building.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### E.2. Actors and programmes: Indonesia

The private sector in Indonesia, both large- and small-scale, does not cater to the poor's shelter needs. It is the Government through the *Perum-Perumnas* that assists the poor. Yet, it is able to address the needs of only a percentage of the poor. In fact, less than 15 per cent of urban housing is made by formal-sector actors. The major part of the shelter provided, stems from the people themselves, sometimes with the assistance of **CBOs** and **NGOs**. This, unfortunately, implies that the security of land tenure is very low, which again results in a low motivation for house improvement.

In Indonesia, beneficiaries are not permitted to use their plot in regulated areas for other than residence ( **UNCHS**, 1991c). For the poor, such a rule (if enforced) would keep many from taking advantage of shelter projects.

An important factor of enabling shelter provision among the poor, besides mutual aid in building, is "*arisan*", a collective lottery for housing purposes. Once a week the members of an *arisan* pay money or the equivalent in rice to, usually, a woman coordinator. A weekly draw decides which person will receive that week's collection. The system is quite widespread among the poor in urban areas also (see [box 41](#) ).

The Community Based Low-cost Housing programme is created to mobilize communities to improve their shelter and the environment. Support is also given to stimulate social and economic activities. The target group of the programme is the people evicted from squatter areas. The programme particularly helps in forming **CBOs**, and in facilitating these organizations' access to plots and credit under the programmes of *Perum-Perumnas*. The programme is limited to two smaller areas in Jakarta and Bandung (see [boxes 34](#) and [35](#) ).

Cooperative housing has been very limited in Indonesia. Government assistance has popularized cooperative practices to some degree such as the workers' cooperatives. Yet, these cooperatives do not cover the poor, but only the lower-income group.

The **KIP** in Indonesia has been successful in improving the infrastructure and basic services in several urban slum areas. It may be sensible to have such a programme which does not include plot regulation and shelter construction. This is so because the severe complexity in giving squatters a legal title to the land they occupy would indefinitely postpone an upgrading of the physical and social infrastructure . If such land development was carried out by employing the poor in the community with labour-intensive methods, they would gain both by some temporary income and an improved environment. In addition, there would be a mobilizing effect regarding organization and mutual aid. The impact may also be a stimulation of individual shelter repair and extension.

**KIP's** improvement of infrastructure in Jakarta resulted in plot holders increasing their spending on their dwellings. It also led, as could be expected, to rising land prices and higher rentals. This, unfortunately, has had a negative effect for the poor, many of whom are renting their dwellings. No positive change was reported in the residents' incomes (Taylor, 1987). The infrastructure and services in slum areas are, however, now deteriorating. **KIP** cannot keep pace with the growing slum populations. The Urban Renewal Project, with flat housing, is thus being implemented in the slums. Yet, the poor can seldom afford flats, and they do prefer low-rise housing. Still, the so-called Klender flat housing is a solution favoured by the Government to overcome the shelter problem of the poor (see [boxes 36](#) and [37](#) ).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### E.3. Actors and programmes: India

The Central Government in India has played a major role in providing shelter and basic services to the urban poor, although in the Indian federal system the states have the responsibility of implementing housing and urban policies.

The Ministry of Urban Development is the apex policy-making body for urban development, including housing activities. It overviews the state-level programmes, lays down policy perspectives and builds up the data systems for the country, besides launching projects for the benefit of certain targeted groups.

Public sector housing is basically the responsibility of the state governments. The housing boards are the implementing bodies. In Maharashtra there is, in addition, the City Industrial Development Corporation (CIDCO) which has housing as one of its major activities. A fixed percentage of CIDCO's housing is set aside for low-income groups. The cities' development authorities take the major responsibility for designing and executing public housing programmes.

The role of the primary cooperative societies in providing housing has been increasing over the years, particularly in the large cities. Cooperatives get preferential treatment in obtaining land and finance from public-sector agencies. Due to the scarcity of land and capital, it has become difficult to acquire land and finance through individual efforts. Now cooperatives can also be found in the slum areas of the largest cities.

The large-scale private contractors mostly cater to the higher income groups. Small-scale contractors operate as individuals or firms. They take the responsibility of designing a house and getting the plan approved by the local authorities. A license is not required to operate in the low-income construction market. The absence of proper registration, accountability through formal contracts and a legal system for resolving conflicts speedily have got in the way of a healthy growth of a small contracting system. Still, the small contractors are essential, because they allow for incremental house building. Normally, poor households must build their house over an extended period of time.

The involvement of NGOs in the shelter sector has been of varying intensity. At the national level, there are few NGOs working on shelter issues whose objective is to benefit the poor. The National Campaign for Housing Rights is an exception. This NGO seeks the recognition of housing as a basic human right. At the grass-roots level, there are many NGOs in India facilitating upgrading of slums, mobilizing and organizing the poor for savings, credit and common action in general.

The Environment Improvement of Urban Slums (EIUS) programme has been in operation for a long time in India. At present, EIUS is a major programme of the Central Government designed only for the physical improvement of slums. The goals are to provide a water tap for every 150 people; to open drains for the outflow of waste-water; to build a community bath for every 50 people; to erect a lavatory seat for every 50 people; to widen and pave existing lanes; and to put up poles for street lighting 30 metres apart. The per capita expenditure under the programme was raised in 1985 to Rs.300. In the Seventh Five Year Plan, slums in which two thirds of the families earned less than Rs.250 per month, were selected for improvements. Slums on private land are also, in some cases, included in the programme. Security of tenure for the plots is given to the slum dwellers (on public lands only) parallel with the basic infrastructure improvements. The residents are then responsible for maintaining the assets provided to them. Under the Slum Clearance and Improvement Programme, slum dwellers were earlier provided with an alternative plot at sites away from the existing slums. The problems were, however, lack of sufficient government funds and public land. Upgrading was then favoured under the so-called Minimum Needs Programme launched in 1972 and later transferred to the states. The programme consisted of physical improvements of the slums, i.e., water taps, drains, latrines, footpaths and sometimes also street lighting. The expenditure per inhabitant in this programme has unfortunately been low throughout.

Not only is a large part of the urban population in India deprived of acceptable housing, an equally large part has remained without access to safe drinking water and sanitation facilities. Many urban development programmes were therefore designed in the 1980s with the provision of water supply and sanitation as their major components. The term "shelter" implying a plot of land with a temporary roof and certain basic services such as water supply and sanitation was coined during that period. It was, however, recognized that a poor country such as India cannot, even under the best of circumstances, afford the provision of shelter and basic services to its vast majority of poor people, for the time being at least.

**UNICEF** has assisted in urban slum environment betterment. Three **UNICEF**-assisted programmes were in 1985 brought under a single programme called the Urban Basic Services. The programme works through **CBOs** in the slums, and seeks to improve health and nutrition; water supply and sanitation; education of children and training of community volunteers; and community participation in local associations. The focus of the programme is on women and children. Again the maintenance of the facilities provided is entirely left to the users. The Central Government, state authorities and **UNICEF** finance the programme on a 20:40:40 ratio. The programme has a community approach, involving the participation of the beneficiaries.

The Urban Community Development Programme (**UCD**) has the objective of involving municipalities in the provision of basic facilities in urban slums. The Programme's use of community participation in maintenance reduces public expenditures, so freeing funds for further improvements elsewhere. At present, the Central Government and **UNICEF** are assisting the Programme only marginally. Municipalities are thus getting funds for **UCD** from their own resources and through the state governments and foreign agencies.

Low-cost housing is also a component under several other urban community development projects. A plot title is given to the beneficiaries, a layout-plan of a neighbourhood is made, and dwellings constructed. Yet, only poor squatters on government land can be assisted, due to the need for tenure rights. The Mahila Milan Women's Cooperative in India has shown that poor households can save. The amounts saved, however, are far from the required sum to acquire land and build a house. The savings can be used as bridge finance during emergencies and for small shelter repairs only. Governments should encourage and support the establishment of local so-called barefoot banks by **NGOs** and **CBOs**.

A low-cost sanitation programme, with technical cooperation from **UNDP**, is involved in erecting simple latrines. This programme has been adopted in many states. At present, the programme focuses on eliminating manual scavenging. States and local authorities also undertake projects on their own, providing shelter, water supply and sanitation facilities to the poor through upgrading and sites-and-services (see [box 38](#)). Besides Indian finance, the World Bank is an important source of funds at these levels.

In sites-and-services projects construction costs may be partially provided for (or not at all). The combination of efforts by the people, various voluntary organizations and government institutions is the hallmark of these projects. Many families, however, cannot afford to build a proper dwelling. They are forced to live in makeshift arrangements on their plots for a long time, or to sell their plot.

Programmes, such as the Slum Improvement Programme (**SIP**) and the Slum Upgradation Programme (**SUP**), are specifically directed at the poor. These programmes are supported by the World Bank. One aspect of the programmes is to relate the level of services and standard of dwellings to the affordability of the beneficiaries. This is, however, in many cases a sufficient input to raise the value of the land, thereby forcing a displacement of the original residents. The **SIP** involves merely physical improvement with a standard package of basic amenities. Cost recovery from the beneficiaries is now an essential part of these projects. Since the slums must be compatible with the official land-use restrictions, about half the slums in the big cities are disqualified for upgrading. In the **SUP**, plot titles are given to individual families. In some cases land is also leased to communities. A home improvement loan may also be obtained under this programme. Unlike the **SIP**, there are no direct subsidies under **SUP**.

From the above, it is clear that in India there are several options in shelter delivery for the urban poor. As in Mexico and Indonesia, the major investments in the construction of dwellings in India are made by the people themselves. According to USAID (1989), 70 per cent of urban housing supply is being met by the private formal and informal sectors. Cooperative housing associations are not able to assist the poor. Their domain remains restricted to the higher- and middle-income groups, with a few minor exceptions in slums in Ahmedabad, Bombay and Delhi. Small-scale contractors are the only actors that work for the poor and lower-income groups, because their shelter construction normally is incremental, i.e., carried out over time according to available funds.

In several Indian cities, slum dwellers have organized themselves in **CBOs**. Some grants, loans and technical support have become available to these organizations under various programmes. The Government has often facilitated assistance from **NGOs** to the **CBOs**. **CBOs** are typically formed for the purpose of protest against possible eviction or for fighting a legal battle. Many **CBOs** have also been formed in the 1980s, in response to a requirement inherent in slum improvement programmes. **CBOs** have a tendency to consist of people belonging to the same background. In this way, a fairly strong community bond may exist. Yet, it should be remembered that community participation tends to be informal, i.e., not formalized into a legal body. The role of local-level leaders and **NGOs** is critical in accomplishing sustained community participation by establishing legally recognized **CBOs**. In the years to come the role of **CBOs** will be even more important, due to the government decision of a gradual withdrawal from direct shelter provision (see [box 39](#)).

Punervaas is a shelter movement in India which brings together local authorities, financial institutions and **NGO**

s, with the aim of supporting the poor in the cities to help themselves in improving their living conditions (Kaul, 1991). Punervaas is a catalyst in the process of forming multi-purpose cooperatives in small slum communities. The movement also aims at creating attitudes of thrift and arrangements for credit, in order for small savings to be mobilized. Loans for small-scale enterprises will then become available to the poor. An innovative and utmost important task undertaken by the movement is to familiarize NGOs with specific slum communities. In this way the NGOs can give more appropriate assistance more efficiently.

After an assessment of the various housing programmes for the poor and lower-income group in India Kundu (1993) concludes: "... success in terms of their targets has been extremely limited, although certain states have done better than others ...." The National Commission on Urbanisation (NCU) has made a similar observation. NCU (1988) states that even the main targets were missed. It furthermore concluded that there was a high degree of inflexibility in the programmes and schemes.

The liberalization in the urban sector — including relaxation of the administrative and legislative controls — weakens public control over land, and thus restricts the capacity of public agencies to find land for sheltering the poor.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### E.4. Actors and programmes: Nigeria

In Nigeria, there are only very few large-scale contractors engaged in the provision of housing. There is, however, a large number of small contractors that have contributed considerably to the shelter-delivery process. They have built for the middle- and low-income groups. NGOs, CBOs and cooperatives have no tradition in shelter provision in Nigeria, and are even today nearly totally absent. The public sector has so far concentrated its effort on owner-occupied housing, and thus on the better-off section of the population. The criticism of public housing has been: high unit costs; slow rate of output; low quality of production; inadequate attention to site location; and much "red tape" in administration. Achunine (1993) concludes that the few government housing schemes implemented, have not been of benefit to the poor or to the lower-income group.

Experience shows that the provision of sufficient infrastructure and basic services in Nigeria are beyond the financial capability of local and national authorities. Private developers have thus started to develop large tracts of land for housing construction. Funding of infrastructure now depends more and more on capital markets. Payments for infrastructure will therefore have to be collected primarily from the users. There is, however, an in-built cross-subsidization of land on some publicly developed land at the urban fringes. Other types of subsidies are uncommon in the housing sector in Nigeria.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### F.1. Financing shelter: Mexico

The scale of poverty in Mexico makes it impossible for few of the urban poor to save anything at all. FONHAPO has a credit scheme for housing the poor, "Credit to the word". Normally, this is given with the support of an NGO and combined with a self-help project. The programme has been successful in communities having a building capability. It is, however, mainly a rural programme.

In addition to FONHAPO, FICAPRO (Fideicomiso Casa Propria), is the only public finance agency serving the poor, i.e., those with an income below one minimum wage. Its target group are those living in the Mexico City metropolitan area who rent their shelter and who have an income of less than 2.5 minimum wages. Yet, these agencies' share of total housing finance in Mexico is rather low, FONHAPO being the larger of the two, distributing 3.9 per cent of all housing finance in Mexico in 1991. FONHAPO was, however, responsible for 12.9 per cent of all completed housing units in 1991.

The largest housing-finance agencies, INFONAVIT (Instituto Nacional de Fondo de Vivienda para los Trabajadores) and FOVI (Fondo de Operación y Descuento Bancario para la Vivienda), which between them were responsible for 72.2 per cent of all housing loans and 59.5 per cent of all completed housing units in Mexico in 1991, do not cater for the poor.

Yet, only 25 per cent of FONHAPO's and 12 per cent of FICAPRO's loans are given to applicants with an income below one minimum wage. An additional 60 and 74 per cent respectively are given to applicants earning between one and two minimum wages. Although the Mexican Government avoids giving direct subsidies to housing, the low recovery rate of FONHAPO loans implies a government subsidy.

(See also [box40](#)).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### F.2. Financing shelter: Indonesia

Housing finance to the poor and lower-income groups is in extremely short supply in Indonesia. Major reasons for this are high inflation and increasing land prices. The lack of low-interest credit for housing is recognized as a major impediment to the provision of urban shelter. In the present situation of structural adjustment policies limiting the funds and space for government action, few options for a change can be seen. It is thus a serious problem that the poor have such a low ability to save for housing purposes. Many among the poor cannot afford to save at all. Another group may save a little with a food security aim. In Indonesia those among the poor who may have a sufficient income to save for shelter improvement, are often reluctant to place their money in a bank. This is a fact in spite of the Government's effort to popularize a savings habit by several special programmes through **BTN**.

The housing loan system catering to the poor is directed at house ownership in regulated areas with basic services. Since these areas are at the fringes of the cities, many poor people, who otherwise could afford such housing, cannot take these loans because transport to workplaces in the city centre is too problematic.

Housing subsidies are given to people with low monthly incomes to enable them to acquire a very simple dwelling on a serviced plot. Most of the poor do not qualify for this subsidy because they either have no employer, have no savings account or because their incomes are irregular. They have to depend on the limited assistance provided by the *arisan* system (see [box 41](#)).

For the urban poor in Indonesia, lack of money is a dominant barrier in their struggle for decent shelter. The low-cost houses built by *Perum-Perumnas* are still beyond the reach of the poorest groups. They are only able to afford rental housing in the *kampung*s or to erect a makeshift shack in a squatter area. The Government provides a subsidy to families that live in *kampung*s and want to extend their dwellings with the view to providing others with rented accommodation. However, the reduced ability of the Government to subsidize house-building seriously affects the poor. The fundamental problem is the inadequate land regulation, unclear titles, lack of tenure and the operations of speculators and intermediaries. This is an obstacle to expanded investments in housing. Since the informal sector and the people themselves are the main force in shelter provision, the granting of land-tenure rights to urban poor households — especially in *kampung* areas — should be enforced. The problem is that granting building permits to squatters is regarded as legal approval of their occupation of the land. No real improvements of poor people's shelter are thus possible without regularizing land, and this is extremely difficult in practice. Even the housing provided by *Perum-Perumnas* and supported by **BTN** is today beyond the reach of the poor, due to a substantial reduction of the implicit subsidy. Many lower-income households have benefited by this government effort at shelter provision. This relieves some of the downward demand pressure on land and houses for rent for the poor.





## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### F.3. Financing shelter: India

Experience has shown that some of the poor in India do have the ability to save. Investments in housing may, however, not be their first or even second priority when it comes to making use of the savings. In general, the share of household savings used for the creation of physical assets has gone down over the years. The direct investment by households in house construction has declined.

Yet, the majority of the poor do not save, and have no ability to do so. In a sample survey in Bombay, 80 per cent of the poor with a shelter and 92 per cent of those without, did not report any savings at all (Acharya and Trikha, 1978). A study by the Bombay Metropolitan Region Development Authority (1981) similarly concluded that for "industrial labour" expenditure exceeded income, leading to perpetual indebtedness. Ahmad (1982) found that households in Delhi earning Rs.1400 per month or less were negative savers, while those earning between Rs.1400 and 2428 were non-savers. The percentages of people belonging to these categories have been estimated to be 33 and 25 per cent, respectively. The conclusion is that the thesis of the possibility to mobilize savings among the poor for investments in housing by designing appropriate schemes and institutions is questionable. Moreover, according to an analysis made by Ribeiro (1993), projects requiring the urban poor to spend more than 11 per cent of their income on housing cannot be sustained given their present expenditure pattern.

The idea that the savings potential among the poor can be effectively mobilized through NGOs, cooperative societies and other institutional arrangements has been put forward in international literature, according to Kundu (1993). It is also thought that the urban poor have the capacity to make substantial down-payments and monthly instalments of about 20 per cent of their income. Kundu finds this to be highly questionable in the Indian case. In some parts of the developing world, a section of the urban poor may well have some untapped capacity to save and invest in shelter, given the right assistance and circumstances. Yet, it may be wrong to put pressure on poor people to reduce their food expenditures in order to pay more for housing. The same argument can be used regarding some non-essential consumption items which may give the poor great pleasure.

There are several credit schemes and subsidy arrangements for housing. The largest housing-finance agency is HUDCO (Housing Finance and Urban Development Corporation). It was established in the mid-1970s as a government agency under the Companies Act — to provide financial support to state governments, housing boards and local authorities for implementing housing and urban development projects. HUDCO has been the leading agency of the Government through which the major portion of public investments in housing has been channelled. The agency has a specific responsibility for improving the housing conditions of the lower-income group and the houseless. It works through different public institutions and does not lend to individuals. Expenditures on urban infrastructure constitute a small part of its activities. HUDCO receives funds from the Government as well as from foreign donors. The period of repayment and rate of interest on its loans vary from project to project depending on the income level of the beneficiaries. An emphasis is placed on cost recovery. No subsidy is thus involved, making this agency of less direct value to the poor. The institutions, through which HUDCO works, may, however, assist the poor by cross-subsidizing land and shelter projects. The development cost of an area is then mainly borne by those who buy the high-cost houses. HUDCO has fixed ceilings on the cost of housing for the poor and lower-income group, securing that the quality of materials etc., discourage a hijacking of the units by middle-income people. The thrust of HUDCO is now on self-financing schemes in which funds of public agencies are not tied up for long, and on cooperative housing schemes for which individual savings can be mobilized. This is partly based on the experience that the hire-purchase system blocked resources for a long time and the recovery rate under it was poor. Moreover, the Government has realized the inefficient role played by HUDCO in providing finance to low-income groups.

According to the National Housing Policy innovative savings and lending instruments will be introduced to integrate the housing-finance system into the capital market. This will be done by giving the housing-finance institutions access to the funds on a competitive basis, and by permitting the National Housing Bank (NHB) and HUDCO to set up mutual funds for housing. Steps will also be taken to introduce a secondary mortgage system in order to attract funds from a wide range of investors, including insurance and provident funds, and to integrate housing-finance with the overall financial system. The planning norms for housing at the neighbourhood level will be integrated with the lending guidelines of NHB and other financial institutions. Appropriate ceilings on plinth area will be stipulated in order to discourage large premises. It is envisaged that the housing-finance system as a whole will become self-financing in the long run, to meet the needs of different income groups and purposes, with longer repayment periods, graduated payments and simplified procedures, whenever necessary, to ensure affordable monthly instalments and larger coverage across different urban areas. It is moreover recognized that capital and interest subsidies for the urban poor must be targeted carefully, and that improvements be made in the housing-finance procedures and shelter-delivery system in order to reduce the cost of shelter for the poor to affordable levels. The

subsidized housing programmes — such as the Indira Awas Yojna for Scheduled Castes, Scheduled Tribes and freed bonded labourers — will be restricted to the absolute poor. The housing-finance system will be devised so that it can be flexible and able to respond to a variety of shelter needs.

The National Housing Policy will give priority to the promotion of shelter for the homeless and the inadequately housed, i.e., such groups as:

- Households below the poverty line;
- Families displaced by development projects;
- People who become victims of natural calamities;
- Scheduled castes and tribes;
- Single women and female-headed households;
- The physically handicapped.

The **NHB** has a somewhat similar role to **HUDCO**, i.e., it is an apex agency working through sub-agencies. According to its chairman, the Bank has no ideological predilections on public-sector housing. The Bank encourages the public sector to acquire large plots suitable for building large townships. But it has the firm belief that public agencies should not preoccupy themselves in construction. Construction should be done by the private sector and cooperative societies (*Business India*, 4 February 1991). The **NHB** provides short-term loans to housing agencies for development of housing land, and long-term loans to individuals for house construction. It provides equity support and refinancing facilities to public and private housing companies.

There are also several private housing-financing institutions in India. What is common among these organizations is that they require security and/or previous savings as collateral for loans. The poor are thus left out. The commercial banks give individual loans under **NHB**'s stipulations for a maximum period of 15 years, at annual rates of interest between 10.5 and 14.5 per cent. Loans from this and other private sources, however, require land titles that are marketable and free from any encumbrances. The insistence on security for loans has been the major hurdle for the poor and also for many among the lower-income group. Housing agencies have — by the financial and administrative stipulations guiding their activities — excluded the poor. The requirement of, for example, a permanent address and an acceptable guarantor have become major impediments for the poor to take advantage of the formal housing schemes. Central and state government departments undertake housing for their employees, but not many among them are below the poverty line. Moreover, the urban poor are unlikely to organize themselves into housing cooperatives, and thereby benefit from loans and assistance extended to these. Housing agencies must now be financially efficient. Many of them must therefore abandon — or at least drastically reduce — their schemes for the poor and lower-income group, in favour of the more commercially viable schemes.

Since the cost of housing normally becomes higher than originally planned, and because of the time spent by completing the elaborate administrative procedures, and that delays in construction normally occur, the poor get priced out of even the most generous schemes that are designed for them. The urban poor in India are unlikely to spend more than 10 per cent of their income on housing (Kundu, 1993). Hence, owing to the design of the housing schemes even under favourable circumstance, they fail to reach the poor. The subsidies intended for the poor thus flow to people with higher incomes through regular as well as irregular property transfers.

An overview of existing agencies and institutions (Kundu, 1993) reveals that they do not take appropriate consideration of the demands and affordability of the poor and lower-income group. Many of the organizations exclude the poor from the purview of their activities by their administrative and financial stipulations. One example is the Life Insurance Corporation. Funds from this organization benefit the middle- and higher-income groups. The requirements for obtaining loans from finance institutions are so stringent that housing credit is virtually unavailable to the lower-income group. Even with the relatively low interest rates charged by **HUDCO** on shelter loans to the poor, the monthly instalments are beyond the affordability of a large part of the target group. Government financial resources for shelter are limited in India, and can only reach a small fraction of the urban poor. The only way of reaching some of the poor at all is to allow for collective guarantees of loans. It is thus essential that **CBOs** are legally recognized. In view of the failure of the Government's financial institutions to reach the poor, it is necessary to encourage the establishment of housing savings societies catering for the poor by providing small loans with low interest that are repayable over a long time period.

The size of grants and loans from the Central Government and state authorities to the public housing agencies have been reduced recently. The public housing agencies like, for instance, **HUDCO**, have thus been forced to rely

more on their own funds. This has contributed to the policy of self-financing projects. Moreover, the willingness to allocate funds to projects for the poor has weakened. This is due to the fact that the recovery rate on loans to the poor and the lower-income group is less than 50 per cent. The decline in shelter funds for these two groups is also caused by HUDCO's stipulation that 55 per cent of all loans must be targeted to these groups. The development authorities of the big cities are thus somewhat reluctant to approach HUDCO for funds.

It is evident that a considerable amount of subsidy has flowed into the housing sector over the past few decades. It is difficult to assess the percentage given to the poor because of lack of data on total subsidy per dwelling type and the illegal transfers of properties. Nevertheless, an analysis of the functioning of these agencies and the financial and administrative requirements on beneficiaries, make it clear that only a small number of urban poor could have benefited. To ensure that the subsidies reach the poor, a variety of means have been adopted, such as issuance of identity cards to the slum and pavement dwellers. Furthermore, subsidized services have been channelled through voluntary organizations. Yet, experience has shown that local power groups tend to intervene by buying or outright taking over provided facilities, shelter and loans.

During the 1960s and 1970s the funding responsibility was mainly on the Central Government. In the 1980s this responsibility was shifted to state governments and local authorities (see [box 42](#) ). Many programmes are now facing financial problems that have led to slow progress and implementation. This has adversely affected the availability of basic services for the urban population, particularly the poor. Some programmes, such as the UCD, have been terminated by state governments due to lack of funds. In programmes supported financially by the World Bank — such as SUP and SIP — cost recovery has been sought by increasing water and property taxes. Many local authorities have found it difficult to comply with this requirement. Experience with EIUS shows that the ceiling on per capita expenditure is inadequate for the services to be provided. Even in those cases where improved sanitation has been provided with a 50 per cent subsidy, the poor cannot afford to participate. The recovery rate of the investments is accordingly very low. It should, however, be noted that when NGOs are involved, the recovery rate is somewhat higher. Furthermore, in some of the poorest communities the maintenance of the basic amenities provided is not paid by the residents. The local authorities have thus been forced to bear this cost also.

Slum improvement on private land is questionable since the law does not safeguard against higher rents being imposed after improvements. As a consequence, no slums on private land have been included under EIUS. This has left out about 45 per cent of the urban slum population from the purview of this programme.

The general conclusion is that basic infrastructure and services in the slums are typically in an inferior state, and moreover, very difficult to improve and maintain in a cost-efficient way. Regarding house building and shelter for the poor, the responsibility has been passed on, to a large extent, to the people themselves, reducing the burden on the public exchequer. An example of a scheme combining grants and popular participation is outlined in [box 43](#).

It is probable that slums will continue to grow and squatter settlements will continue to spread in Indian cities, at least in the near future. The significant progress in the agricultural and industrial sectors since 1950, particularly the substantial diversification of the industrial structure, should allow increased investments in housing. At present, housing contributes as little as 3.5 per cent to the GDP (Pugh, 1990). Its potential contribution to economic growth is much greater. The unavailability of land, building materials and housing finance explain this meagre contribution.

(See also [box 43](#) ).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter II. Housing the Poor

#### F.4. Financing shelter: Nigeria

The existing housing-finance system in Nigeria is severely underdeveloped, and thus ill-equipped to mobilize savings and channel investments to housing. Although a Federal Mortgage Bank has been created to serve as an apex institution, the other components of a mortgage system, such as primary mortgage agencies (building societies, housing associations, credit unions, housing cooperatives etc.) have not become widespread. The critical absence of mortgage capital has had an untold negative impact on housing production. Furthermore, in the absence of life insurance policies or other securities, no institution will finance land purchase. Thus, only very few can make or buy a house with funds provided by formal institutions. The overwhelming majority is financing their housing by personal savings and through assistance from relatives. The poor have thus few prospects of obtaining a decent dwelling.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A. Leaving the poor out

Public-sector efforts at shelter provision for the urban poor have had little impact in developing countries. Programmes have often been limited, expensive and have required large subsidies, thus making long-term replicability difficult if at all possible. They have, furthermore, been administratively intensive and slow in implementation (UNCHS, 1991c). The needs, as perceived by the poor, have seldom been met. Moreover, squatter improvement projects have neither achieved affordability for the poorest nor cost recovery. Replicability at the national level has thus been impossible. Still, the end result of many shelter and upgrading projects and programmes for the poor is undoubtedly improved accommodation and environment. Yet, the fundamental position of the poor in the city and in society at large has not changed. The poor still live in slum-like ghettos and are underprivileged. Real and lasting improvements in basic needs in a broader sense can only be achieved through access to education, skills and employment with adequate pay. If this is not recognized, the future of the large cities in the developing world and the societies they are part of is uncertain indeed. Increasing democratization may lay the foundation required for successful enabling strategies. This is probably a necessary condition, i.e., that enabling cannot be reached in a useful way without a commitment to democracy and pluralism in society (see [box 44](#)). Another such condition is availability of resources and economic growth as well as willingness on the part of the powerful groups of some kind of redistribution. Democratization and economic growth are needed in combination (UNCHS, 1991d).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A.1. Leaving the poor out: National housing policies

Experiences during the 1970s and 1980s have convinced international donors and other development agencies that direct action by governments to provide shelter is not the answer to the enormous shelter need. In many countries governments have built houses for the poor for decades, constantly experimenting with building materials, types and technologies to reduce costs. Although the effort made has been considerable in many countries, the total outcome is very limited in view of the increasing urban population with inadequate shelter. In the 1980s, it became abundantly evident that the houses built by the public sector were unaffordable to the poor. Furthermore, the housing shortage resulted in political favouritism in allocation and inefficiency in reaching target groups. The "provider-based" solutions of the past were overtaken by events, such as rapid urban growth, rising real building costs, fiscal austerity leading to reductions in subsidies and declining real wages. It is now widely recognized that shelter provision to the poor is beyond the capacity of local and national authorities. At the same time, evidence accumulated on the ability of poor people to shape their own environment, achieve ownership at low prices and build shelter for themselves. "Aided self-help" then became more widely accepted. This includes an important, although reduced, role for governments in shelter provision for the poor. Critics of "aided self-help" maintain that this is only promoted to relieve governments and the rich of their responsibilities to provide a better life to the poor (Burgess, 1985). Aided self-help projects were small, their replicability was low and cost recovery was difficult. A reappraisal led to the notion of enabling strategies which sought to cover a much larger proportion of the poor (eventually all), to integrate shelter strategies in macro-economic planning, to abolish laws and regulations hindering self-help and community shelter construction and to involve the private business sector in shelter provision for the poorest groups. The enabling strategy, as a "support-based" strategy, seeks to improve the functioning of markets in land, capital, building materials, skills and labour inside an appropriate regulatory framework. Governments must, in this perspective, take coherent action ensuring that land, financial and housing markets do not fail to respond to the needs and demands of the poor.

In countries where the urban majority has inadequate accommodation and public funds are scarce, resources have to be distributed broadly, and people must largely be relied upon to house themselves. An appropriate national shelter strategy must take account of differences in the balance of government and private participation, the strength and characteristics of the informal sector and the operation of input markets, to ensure that innovations are not incongruent with the local context and existing conditions. Despite variations, there are principles, approaches and new perspectives which the GSS regards as applicable to most countries. Local authorities are increasingly seen as an obstacle by people who, through the informal sector, have put up illegal structures in and at the fringes of the large cities in the developing world. It is now widely realized that the main task of governments and local authorities is to enable the poor to construct their own homes themselves, in a more efficient manner. This is a major change from the public shelter-providing role, but it does not imply less responsibility and care on the part of governments. It is not a recipe for *laissez-faire*. Strong and cohesive government action is required to ensure responsive supply markets. Moreover, legal and regulatory reform of shelter construction and housing finance is essential.

In the three countries reviewed in this report the housing policies adopted by the Government during the last five years are all in line with the GSS. The most important change in policy has been a departure from the view of public provision of housing through direct construction of dwellings and site-and-service projects to private business and household involvement in a deregulated shelter sector. The new emphasis is on upgrading of existing slums if possible, popular participation through CBOs and targeted subsidies to the poorest only. The role of government authorities at various levels should be to facilitate and enable individual households and local communities to improve their shelter and settlements by their own efforts, based on local tradition and available resources. Technical assistance, training and financial inputs from the public sector and from NGOs are regarded as necessary external support. This reorientation in Mexico, Indonesia and India is partly a result of the work of UNCHS (Habitat), and partly of a realization of the inability of the public sector to meet the enormous and increasing demand for decent shelter in urban areas.

Instead of people participating in governments' projects, governments need to participate in people's projects (Slingsby, 1989). A distinction should be made between self-help as an instrument of government policy to reduce costs, and genuine community involvement for the needs of the poor themselves.

*"In most Third World countries even the political and economic arguments for low-cost housing investment cut little ice with urban managers until the advent of aided self-help schemes which appealed because of their low cost, low commitment to social reform and high aid content." (Drakakis-Smith, 1987).*

Evidence from the three countries shows the merit of the new housing policy. There are government programmes and involvements of slum communities that have succeeded in improving the living conditions of poor groups. The magnitude of these positive experiences relative to the need is, however, still limited in all three countries.

All aspects of the **GSS** have yet to be fully implemented in practice. Moreover, the complexities involved in shelter provision for the poor are so severe that a solution is a very long-term hope only.

(See also [box44](#)).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A.2. Leaving the poor out: Availability of land and housing

A major problem is the lack of urban land. This increases the price of the land occupied by squatters, forcing financially weak governments (due to international recession and structural adjustment policies, among other things) to try to resettle the poor at the urban fringes. Without due regard for and incorporation of, income-earning opportunities in such areas for the resettled people, a drift back to more central parts of the cities and their traditional sources of livelihood has occurred all too often (see [box 45](#)). Another problem is the reluctance of the large-scale private sector to invest in housing for the poor, due to low profitability and widespread defaults on payments. Extensive formal house production for the non-poor is, however, indirectly beneficial for the poor because it eases some of the demand on lower-quality dwellings. The financial difficulties of governments and the lack of improved real incomes among the population at large make for a slow growth in the formal housing supply. This has led, in the three countries, to a downward demand pressure on lower-priced housing. The effect of this has been the squeezing out of lower-income households and part of the poor. Households with middle incomes may, due to a general housing shortage in most big cities, also end up living in slum housing conditions (Pugh, 1992).

In India, there has been a marked change in the policy on vacant land. In the case of private land, squatting has become virtually impossible. Public land, on the other hand, is rapidly being put to use. This has meant that squatting as a housing option will be on the decline, except at distant urban fringes where development has not taken place, and land values remain low. The poor are thus pushed out on to the pavements, and the lower-income group seems to be doomed to rely on unauthorized and unregularized areas at the urban fringes.

In general, insufficient information exists on how informal housing markets catering to the poor and the lower-income group operate (UNCHS, 1990a). This is a draw-back for an efficient enabling strategy. In for instance Seoul, Republic of Korea, even during a period of exceptionally rapid and sustained economic growth and expansion, the shelter conditions for the poor deteriorated (Hardoy and Satterthwaite, 1990). The need for better living conditions among the urban poor in the developing world is on a scale difficult to comprehend. The current level of funding from national and international public and private aid agencies is extremely small in relation to the need. Even if levels were multiplied many times, the impact would be very limited.





## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A.3. Leaving the poor out: Affordability

The most fundamental problem of shelter for the poor, is the existence of a large group of people in the big cities who cannot afford to help themselves to improved shelter, even with outside support. It is not only the pavement dwellers but also many other poor people who squat on any available vacant land, and who place shelter low (or not at all) on their list of priorities.

The destitute are too poor, sick, disabled or old to look after their own welfare. A large part of the working poor, especially the food poor, are also unable to make long-term plans. The money they obtain is used for day-to-day survival. These people are not in a position to take advantage of upgrading projects. It is difficult to envisage a shelter strategy directed at these people short of total government provision. Most of the people in this category were traditionally taken care of by rural communities. In urban areas, many likewise obtain help and accommodation in slum settlements. A strategy aiming at the poor should allow for space and shelter for the above category to be organized and constructed by the small communities and their associations. The completely destitute may in this way be assisted indirectly by the authorities and outside NGOs through the help they provide to the working poor. Today, those looking for accommodation in slums in many cities in the third world are not destitutes migrating from impoverished rural areas. They are, rather, young people who are getting married, or others who, for a number of reasons, can no longer stay with their relatives or friends in the city. The lack of alternative accommodation forces many with low-paid work to look for shelter in the slums or slum-like areas.

In countries such as Botswana, Zambia and Zimbabwe, the World Bank has encouraged standards of housing and services that are low enough to be affordable by many of the poor households. Water is, for instance, provided in stand-pipes, sanitation is based on pit-latrines, and plot-size is limited. Several other suggestions, such as allowing the use of traditional building materials, have not yet been accepted by the governments (Larsson, 1991). The shelter strategies implemented have thus benefited the households just below the poverty line, and not the poorest among the poor.

The experience in the three countries is that subsidies have been reduced and targeted to the poor. In India, for instance, the NHB and the Housing Finance Development Corporation promote and regulate housing-finance institutions nationally. They have managed to mobilize resources for housing on a large scale. As is the case in the other two countries, the poor do not have access to these formal sources of loans. The interest rates required for cost recovery of housing projects effectively exclude even the working poor. Collateral restrictions should be eased, for instance by allowing the poor to pool their assets and apply for loans as cooperatives or credit associations. It is an interesting idea to allow collective community collateral for housing loans (see [boxes 46](#), [47](#) and [48](#)).

The poor seldom save any money, and if they do, they do not save in a bank giving them the right to a loan. The community-organized *arisan* system in Indonesia, which is for specific shelter improvement purposes, seems to be successful in several places. The growing amount of female-headed households necessitates a particular concern for the inability of women to secure loans. Specific housing loan schemes should be established for them (UNCHS, 1986a). Yet, saving among the poor is possible. This is evident from the work of SPARC (Society for Promotion of Area Research Centres) in Bombay. SPARC encouraged pavement dwellers to save regularly for the future purchase of land and building materials. Women were furthermore assisted in the design of dwellings adapted to their needs. In Mexico, CENVI (Centro de la Vivienda y Estudios Urbana) helps residents of inner-city rental tenements to form cooperatives and then gain access to land and credit for self-construction. The essential point here is externally induced organization and the perception created among the poor that saving will eventually result in a major good.

In some instances, cross-subsidies may be applicable and of benefit to the poor. In Bombay, for instance, the authorities charge an above-the-market price for land for commercial use, thus allowing a charge below the market price for other land. From Kenya, Macoloo (1988), however, reports that the upgrading of squatter areas tends to subsidize the well-off, instead of assisting the poor for whom the projects are intended. Furthermore, the segregation of social groups in different residential areas tends to perpetuate the differences in the provision of basic infrastructure and services. More mixing of groups and charging differential fees for land and services according to ability to pay may be a method of improving the quality of life of poor urban residents.

A large part of the poor cannot pay a fixed and regular instalment for shelter over an extended period of time. It is thus necessary that housing agencies seek collaboration with agencies concerned with small-scale enterprise development. Integrated shelter and economic development programmes for the poor should be formulated. And shelter production should be viewed as an important and integral part of economic activities (UNCHS, 1986b; 1993a;

1995).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A.4. Leaving the poor out: Flat housing

Experiences from the three countries show that flat housing for the poor is not a successful option. The reasons are both that it is too expensive to build high-rise dwellings even on slum land for the poor to be able to afford the rent, and that this form of living is unpopular. UNCHS (Habitat) also notes that the building of high-rise flats are capital-intensive, and that in most cases they require a considerable import component. They are also rather difficult to maintain with local resources (UNCHS, 1995). Furthermore, the poor often use their dwelling for small-scale enterprises. Women can, in this way, combine caring for children and earning a little from trade or production (UNCHS, 1989a: 1995). This is difficult in a flat. Experience is similar in Karachi, Pakistan. Flats on slum land became far too expensive for the original inhabitants, and this type of accommodation was not a suitable alternative for their demolished houses (Akerboom, 1992) (see [box 49](#)).

Due to limited available space and rapidly rising urban land prices, governments may yet find it necessary to build some multi-storeyed flat housing for the poor. Pavement dwellers and the food poor living in the inner-cities cannot solve their shelter need in either the private or household housing markets. Governments should thus restrict their housing production to particular target groups that cannot be provided for by any other sector. It should, however, be realized from the outset that experience shows that cost recovery then, at best, will be very difficult.



### Chapter III. Summary and Recommendations

#### A.5. Leaving the poor out: Renting

Renting is becoming more and more common in urban slums. This is due to lack of space and rapid urban migration (see [box 50](#)). Legal as well as illegal slums are becoming extremely "overcrowded". By the early 1970s, Desai and Pillai (1990) found that in a slum area of Bombay as much as 70 per cent of the resident households were tenants. In fact, people seldom come to an area and build a shelter for themselves. Most vacant space is already taken or controlled by groups of intermediaries offering accommodation and/or space for sleeping in the streets. Often, high "deposits" of money must be paid to these people at the outset to be allowed to rent a space. In most slums today it is necessary to have or borrow some money to obtain accommodation. Those without are left with the streets. An interesting idea, tried by the authorities in Indonesia, is to support an extension of private dwellings in the slums with a room for letting. This may be of real benefit to the poor who cannot afford to own shelter but have a minimum of relatively permanent income. Controlling rent increases is, however, necessary if the poor are to be able to afford such accommodation. It is, on the other hand, essential to allow rents to rise periodically in order for the private sector to look upon flat housing as a profitable investment (UNCHS, 1990c). To find the right balance between these two objectives is not easy.

In the present situation of freer markets and less public house building, it is essential to allow rents on flats to increase according to inflation in order to stimulate the private sector to construct tenements. At the same time, the wages for the workers are seldom raised in step with rising prices. The ability of the poor and the lower-income group to pay higher rents is thus limited. Hence, authorities must try to find a level of rents affordable to the least poor of the poor. This may induce the private sector to increase their involvement in rental housing and present owners to maintain the existing rental housing stock. This level of rents may however not exist. If the gap between what the private sector can accept and people can afford is relatively small, subsidies to families may be the only answer. Since more and more poor people cannot afford their own housing and must rent accommodation, the issues of flexible rent regulation, subsidies and the use of the market mechanism to increase rental housing are of growing importance for the poor (see [box 51](#)).

Most countries have some form of price control on part or all of their rental housing. Rent control is among the most visible and contentious housing-policy issues. Unlike many housing programmes, rent control has a small budget cost. This makes it attractive to policy-makers. Research has, however, shown that rent control distorts markets and reduce private-sector rental housing construction (Malpezzi, 1990). Rent control is in fact, an implicit tax on housing capital from landlords to tenants. Some tenants are, however, worse off under rent control, since it constrains housing consumption. In rental-housing markets with significant uncontrolled parts, rent control can drive up the price. On the other hand — according to Tenga (1990) — rent control makes sense in situations where the operation of a free market in rental housing displaces the majority of the poor. Tenga thus holds that there are important reasons for having rent control in certain areas, while in other areas it "does not make sense at all". An example given is low-density areas of Dar-es-Salaam where deregulation may enhance property development.

Experiences show that rent control imposed by governments restricts the private sector from making investments in flat housing, owing to low rates of return on such investments. Moreover, rent-control acts in India, for instance, have resulted in a "black market" in rental housing. The acts are evaded through the charging of market rents, initial deposits, leasing and non-issues of rent receipts (Wadhwa, 1990). In large cities, such as Bombay and Delhi, landlords can evade the act by offering guest-house accommodation. The poor may thus end up paying more than if the market was competitive. Due to the fragmented and informal nature of the market, it is not possible for government either to regulate the rents or to protect the tenants against exploitation. It is the poorest households that are most prone to exploitation. This is, however, not a major problem for the poor in India due to the limited supply of and thus relatively high rents of houses in desired locations. There is an obvious need to develop a distinct rental-housing sector also catering to the poor in many urban areas.

In a study of four unauthorized settlements in Nairobi, Amis (1990) found — contrary to expectation — that the rent levels had a high degree of stability during the 1980s. This was due to government restrictions; i.e., a rare case of successful rent control. The objective of the rent control, the author suggests, was the Government's want of low housing cost so as to reduce the pressure on wages.

The programmes of infrastructure and service upgrading in Calcutta's *bustees* (where renting is the typical form of housing) have been successful in improving the living conditions of more than 3 million people (about 30 per cent of the city's population live in *bustees*). The improvement has expectedly led to increased rents and occupancy rates. According to Pugh (1990), "... Calcutta no longer has an air of desperation about its *bustees* and its basic utilities. What the programmes have not done is to change the substantial dimensions of poverty and inequality." Renting thus

provides important housing for many chronically poor and it acts as a crucial first step for households that can save and later move on to home-ownership.

Nigeria's housing problems, like those of other developing countries, are essentially of an urban character. There is an acute shortage of rental accommodation, especially for the poor in the big cities. The average urban worker has to pay as much as 40 per cent of his/her monthly income in rent. This is a major factor in the distortion of income distribution in favour of property-owning people. This constitutes an obstacle in the realization of a just and egalitarian society. There is no area of social service where the urban worker in Nigeria now needs relief more desperately than in housing (Achunine, 1993).



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### A.6. Leaving the poor out: Owner-occupiers: ownership of plot and house

It is difficult to overestimate the positive impact ownership or secure tenure of a plot and even a simple shelter has on a family's life. Among a number of valuable economic and social aspects, home-ownership is a most important hedge against inflation, on which a family can protect what little wealth it has.

Slum regulation and upgrading are successful in many urban areas and in the cities reviewed in this report. The projects and programmes undertaken contain valuable lessons which have been collected, systematized and published by UNCHS (Habitat). In order to encourage the poor invest part of their meagre income in improved shelter, it is important to legalize the occupation of the land and to give them ownership of a plot. From an upgraded area (Anna Nagar) in Madras, the Wit (1992) reports that plot prices rose steadily when improvements were carried out. And there was a peak of plot selling when the beneficiaries received "lease-cum-sale" agreements to the land. For those who could afford to stay on in the area, the quality of life changed in a positive way. Housing investments soared in a number of households, there were fewer quarrels and conflicts and the position of women improved. In order to reduce the resale of plots, due to poor people's more pressing needs, it may be necessary that the community gets the legal title to the land, so that it can control who can use the land. This may avoid gentrification of upgraded settlements. Special attention should be given to the problems women have in getting a legal title to a plot. Unfortunately, experience shows that when an area is allocated to poor people, leaders intervene to secure a profit or benefit for themselves. The number of people seeking to make a quick profit out of illegal land transactions is fairly large. The best way to counter this is to have well organized communities and to put emphasis on training of CBO leaders (see [box 52](#)).

Evidence shows that most squatter settlements have some form of organization. Squatter settlements are typically social settings where relatives, friends and people with specific group identities live together. There are close social interaction, mutual aid and economic exchange. To organize and improve a settlement when external sources of funds and expertise are made available, is much easier in such communities than when "strangers" are moved to a resettlement site. It takes many years to create a common community feeling and identity in new settlements when those settling are unknown to each other and belong to different groups. To assist in the formalization of CBOs may, in such cases, be important. When resettlement of squatters is undertaken, whole communities should be allowed to move together. To reduce the drift back to the inner city, it is however essential to give individual households a choice of where to resettle. This drift back is a major problem in most cities. In, for instance, La Paz many chose to remain in centrally located rental accommodation instead of moving into owner-built housing on the city's periphery although ownership is the generally preferred form of shelter (Lindert and Westen, 1991).

Settlement upgrading or establishment are more successful when based on community participation from the very beginning, and when a household is allowed to finish its dwelling gradually, and according to its individual financial ability. In India, for instance, there are no specific programmes directed at the needs of poor women regarding shelter. It is, among other things, essential that female-headed households also can hold a legal title to a plot and shelter. The removal of institutional forms of discrimination to give women equal rights to land-ownership and access to credit are strategic gender needs. Moreover, studies show that willingness to pay is important for successful cost recovery (Moser, 1992). Women are generally more willing to pay and are more responsible for their debts. In a study of an Indian credit programme, it was found that the participation of women in planning and implementation increased the repayment of loans.

Are well-housed people able to work harder because they live more comfortably and have a higher degree of privacy than people in slums? UNCHS (1993a; 1995) found that literature on this issue provides inconclusive empirical evidence. The argument is still widely adopted (see [box 53](#)). It is important to recognize that slums and squatter settlements contain a variety of people. The incomes and shelter quality in a slum are often very different, and many people are enterprising and hard working. However, empirical evidence does not support the idea that slums are gradually developing out of their defining characteristics. The reality is the opposite. Overcrowding is increasing in most places and more and more people have to rent a tiny room in ramshackle structures owned by squatter landlords.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### B. An integrated urban shelter strategy for the poor

Evidence from a variety of urban shelter projects and programmes in the major cities of Mexico, Indonesia and India underlines the extreme difficulty inherent in reaching the goal of environmentally sound settlements and of facilitating a process of improved shelter for the poor. The following are reflections based on experiences from the three case study countries. A large group of the poor cannot achieve improved shelter without new economic activities increasing their income (UNCHS, 1993a; 1995). Upgrading of slum areas' infrastructure and basic services and development of new land for low-income housing cannot to a sufficient degree be reached without the participation of the residents themselves in organization, work and financing. It is thus essential to view shelter as a productive investment in a long-term perspective. The income multiplier of low-cost house construction is relatively good. Furthermore, this kind of shelter production uses a greater proportion of locally-made materials, higher labour to capital ratios and smaller amounts of imported machinery than formal house-building. For governments to support and make the right environment for investments in shelter for the poor is economically rational indeed. Since the provision of shelter is an economic activity with a very high labour input, it should be possible to promote both housing and employment goals simultaneously, through a common strategy (UNCHS, 1995).

Urban poverty should be reduced through employment generation, particularly for women, in the provision and improvement of urban infrastructure and services and the support of economic activities in the informal sector such as repairs, recycling and small commerce. Small-scale entrepreneurs can — given less stringent rules and regulations and some technical and financial assistance — contribute to economic growth and the creation of employment. Governments have an important role in providing land and the overall framework in which the private small- and large-scale enterprises may operate efficiently. Furthermore, labour-intensive public works tend to employ the poorest workers. Even relatively simple drainage and earth works can generate a reasonable amount of employment for the unskilled. Assistance in the form of small loans to home-based enterprises will also be of value for the poor and for women (UNCHS, 1993a; 1995). Rules that inhibit economic activities within the home should be removed. Shelter may thus prove to become a major component in a community-based strategy to mitigate urban poverty. This has up to now not been adopted as a strategy. Shelter has been, and to a large extent still is, regarded rather as a consumption good, a cost to governments. Investments in upgrading and shelter for the poor are supporting informal economic activities. Such investments have a very low import component, thus demanding little, if any, foreign exchange. The widely held view that such investments should be regarded as welfare expenditures absorbing rather than creating resources, has no basis in fact (UNCHS, 1987; 1995).

The aim must be for governments to find the right balance between market liberalization and deregulation on the one hand and intervention on the other. There should be a division of labour between CBOs and local authorities. Public works on basic amenities in the slums should be offered to small contractors and temporary employment given to the poor at low pay. This must, however, be limited in scope and duration so as not to increase exploitation of non-unionized and weak workers. In addition to public works and small communities' own efforts in settlement upgrading, various economic activities should be stimulated in a planned way. This will provide local multiplier effects enabling poor people to invest more in their shelter, thus increasing further the economic circulation locally. An integrated urban shelter approach is necessary if the indecent and unhealthy living conditions are to be alleviated. The strategy has to be applied on a very large scale to have any visible impact on the enormous existing need.

Poverty is on the increase in the three countries, as in other developing nations, in absolute numbers. Urban poverty is rising even faster, and the urban population is becoming a larger and larger proportion of the total population. The urban shelter problem is so complex that only an extraordinary and combined effort by government authorities at different levels, the private sector, national and international NGOs and people themselves will have any chance of success. This does not imply that individual programmes and projects should be large-scale (UNCHS, 1991c). Rather, smaller, locally-adapted projects should be developed on the basis of real experiences from various parts of the developing world. The experience is that large-scale relocation programmes are difficult to manage and have negative social effects. Smaller-scale projects are more flexible allowing collaboration between residents, NGOs, the private sector and public agencies towards an adaptation to different local conditions and shelter and settlement goals (UNCHS, 1991f).

*"Specific programmes aimed at assisting low-income groups, particularly those residing in slums and squatter settlements, can only be successful if framed within a comprehensive shelter strategy that lists priorities, identifies affordable approaches, makes provision for the fair allocation of resources and eliminates the contradictions between its various sector components and programmes." (UNCHS, 1991a).*

Community participation in shelter and settlement programmes is vital because, among other things, poor people's priorities are often misrepresented by well-intentioned planners and administrators due to the complex social

and economic reality of the urban slums (Azad, 1988). Furthermore, the input even very poor people can provide in terms of planning, implementation and monitoring should not be ignored. Community participation can go a long way in reducing the following common problems: lack of proper identification of beneficiaries; lack of information and communication between the implementing agency and beneficiaries, leading to petty corruption by intermediaries; lack of knowledge of details of building standards etc., among the residents; lack of acceptance by the local people of, for instance, house demolishing to make space for roads and water supply; and lack of control of contractors resulting in delays of implementation. Community participation should thus be incorporated into the very design of urban management programmes (UNCHS, 1991e).

About 1500 million people live in urban areas in the developing world (the figure was 1360 million in 1990 and will reach 2000 million by the year 2000). The economic forces driving urbanization will continue to operate in the years to come. Governments have so far failed to ensure that the rapid urban growth is accompanied by sufficient investments in physical and social infrastructure, especially in the poorer areas. The result is an escalation of over-crowded, illegal and unhealthy settlements. Individual and collective efforts in the urban slums, although in many cases and respects remarkably successful, cannot solve many of the major and necessary tasks, such as water supply, sewerage and drainage, health services and land regularization. Water contaminated by toxic and other hazardous waste will be an increasing danger to the health of the urban poor in particular. It must also be expected that, for instance, the further growth of deteriorated and overcrowded rented accommodation will worsen an already violent social situation. It is estimated that at least 600 million people live in life- and health-threatening communities and dwellings in urban areas of the developing world (Hardoy and Satterthwaite, 1989; Cairncross 1990). The sheer size of the urban slum and poverty problem in most developing countries makes a solution depend on international assistance of an exceptionally high magnitude.





# National Experiences with Shelter Delivery for the Poorest Groups



## Chapter III. Summary and Recommendations

### C. Summary of recommendations

Some of the key issues highlighted in this report of how to address the shelter problem of the poor within the context of the enabling shelter strategy are summarized below.

The funds made available to the housing sector, must in future, be at a completely different level than at present. International donor agencies and the United Nations system must make shelter for the poor a priority issue. At the national level, democratization and economic growth are required, in combination, as a basis on which to develop sound shelter strategies applicable to different local contexts. Information must be diffused in such a way that planners and politicians understand and accept that housing and shelter provision in favour of the poor are really beneficial for overall economic growth. Investments in the housing sector generally must be seen as productive investments with a very limited import leakage. It should furthermore be realized that increased allocation of funds to housebuilding for the lower-income and middle-income groups, is not only creating employment, local multiplier effects and backward linkages, it also eases the downward pressure on housing. This will improve the access of the not-so-poor among the poor to adequate housing.

Investments in rural development is no solution to urban shelter problems, neither today nor tomorrow. Although urban migration will continue under the most favourable circumstances for rural areas, and thus add to the number of people in urban areas, the natural population growth in the urban slums and in the rest of the large cities is very high in absolute figures and will continue to be so in future. It is thus essential that governments implement fully the policies of the GSS, which many governments have already adopted in principle. Reforms are necessary regarding rules and regulation to make it easier for the poor to make their own shelter with traditional materials and techniques. Although the majority of the poor must house themselves, participatory programmes and projects should gradually be expanded to reach all the working poor without adequate shelter.

The model for such programmes should typically include cooperation between national and local authorities, NGOs and CBOs. It is important that public agencies see their role to be one of initiating this cooperation and of combining the positive forces for shelter delivery for the poor. Furthermore, it is essential to involve the people through their CBOs (or assist them in forming CBOs) from the very beginning of a programme. The communities should also be part of the planning process and not only participate in implementing decisions already taken.

Experience has shown that affordable shelter for the poor, is close to impossible. Credit programmes through special banks with NGO financial support have proved to be successful in some cases. The lessons learned through the growth of, for instance, the Grameen Bank in Bangladesh must be made widely available in other developing countries.

Acceptance for and opportunities of group collateral and collective credit should be expanded. Likewise, local communities should be able to retain control over plots when a household decides to sell its plot. This will contribute to an avoidance of rapid reselling of land in resettlement programmes. Solutions must moreover be found to ease the access of women to plot rights.

Cross-subsidization must be more widely applied in shelter programmes. By mixing various groups in housing programme areas and charging differential rates according to dwelling standard, the poor may receive cheaper shelter and better physical and social infrastructure.

The supply of adequate and cheap building materials must be improved, through reform of regulations and organizational assistance.

Small-scale projects are normally more successful than large-scale ones. The former may not necessarily have a limited impact on the overall need. Restrictions should be removed to allow many small projects to be established rapidly but based on a general model modified by the particular circumstances of individual countries.

The important work of training CBO leaders as part of ongoing shelter programmes and projects must continue and be expanded. Training in various fields should become an integral part of all shelter, upgrading and resettlement programmes everywhere. The importance of training *in situ* of the beneficiaries and participants of mobilized self-help projects must not be underestimated. Training is an essential element of empowerment.

While planning new settlements, it is of utmost significance to select locations and/or provide for easy access

through public transport systems that enable the poor to reach places of work and employment opportunities. Experiences abound of the drift back to the inner city by poor people who have been resettled far and relatively isolated at the outskirts of cities without a simultaneous planned and implemented transport system. Since available land for shelter purposes is extremely limited in most large cities, high-rise flat accommodation is often seen as the solution. For the poor this is neither affordable nor favoured. Land at the urban fringe is then the only alternative.

In analyses, debates and planning on shelter delivery for the poor, the poor group should be split and categorized according to levels of poverty. The destitutes must primarily be supported through various kinds of social benefits and charity, while the working poor should be the target group for "aided participatory shelter programmes." Furthermore, the latter category must be split into the "food poor" and the "subsistence poor" (in a narrow basic-needs sense). Pavement dwellers may be found in both these categories. The subsistence poor can be relied upon to be able to save a little, to give priority to shelter improvement and to pay part of the cost of community upgrading (e.g., pay a betterment tax). Moreover, the subsistence poor are more easy to mobilize for self-help shelter projects. The food poor must have a higher level of subsidy, assistance in building techniques and in obtaining permissions to improve their shelter conditions.



## National Experiences with Shelter Delivery for the Poorest Groups



### Chapter III. Summary and Recommendations

#### D. Directions for future research

The need for research on how to enable the various low-income groups to help themselves to obtain better shelter and living conditions is extensive. Some key issues are outlined below.

More empirical documentation is required to convince planners and politicians that investment in housing in general, and in shelter for the poor in particular, constitutes a boost to economic growth. It is necessary to show that in different contexts and under various circumstances the multiplier effects, backward linkages and employment impacts are significant and relatively high compared with investments in other sectors.

The functioning of markets for plots and shelter in slums, squatter settlements and on pavements needs to be further clarified. Furthermore, the role of intermediaries and of the mode of operation of local mafia-like groups must be analysed in specific empirical settings.

The question of the saving capability of different poor groups is still undecided. In the literature, support is given to the view that there is quite a substantial potential for saving for shelter even among subsistence poor, but as this is refuted by other studies.

Analyses must be made on how to arrive at the right balance between the ability of the poor to pay and the need to let house rents increase according to inflation, to encourage building maintenance and investments in new accommodation for rent. It is not only a question of level of rent and rate of increases but of how subsidies may be used to close the gap between what the poor can pay and what business will accept. The mechanisms and practices whereby house-owners and landlords avoid existing legislation regarding rents should be identified.

Research must address the question of how to establish the right balance between market liberalization and deregulation and government interventions for different subsectors of the housing sector and for different places.

Studies should be carried out on the mechanisms by which adopted government shelter policies fail to be implemented. What are the countervailing forces and how can they in turn be countered?

The poor do not constitute a homogeneous group. The variation in levels of poverty and in living conditions must be taken into consideration when planning shelter and settlement projects. For certain groups among the poor relocation may imply less of their sources of livelihood, and thus entail a worsening situation. Not only must shelter type and settlement form vary according to the degree of poverty and the kinds of sources of livelihood different groups of poor have, the type and extent of organization and external support must also be adapted to the specific needs of poor people living in special circumstances. Existing information on these issues is sporadic. Systematic research, with clearly defined and operationalized categories of poor people is highly needed.