

URBAN AND RURAL DEVELOPMENT

By
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PAKISTAN LOW COST HOUSING PROJECT

A Discussion Paper

for

The Asian Development Bank

by

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CHAPTER - 1

URBAN HOUSING ISSUES

1. PROBLEMS OF URBAN HOUSING IN PAKISTAN

1.1 Importance of the urban sector in housing:

1.1.1 Urban growth in Pakistan:

Pakistan's population increases at the rate of 3 percent per year: 4.4 percent in the urban and 2.6 percent in the rural areas. In 1985, 30.1 percent of the country's population lived in urban areas. In 1993, 35 percent will be living in urban areas. This means that 270,000 houses will be required per year in the urban sector and 250,000 in the rural sector.

1.2.1 Importance of the urban sector in housing:

A second and, in some cases, third generation of slum dwellers is growing up in Pakistan's urban areas. These people have a high level of awareness, higher literacy rates than the rest of the country, and possess none of the pioneering spirit that brought their families to the urban areas. Differences between the planned areas and the slums are very marked, especially in relation to tenure security and the availability of services. The urban unrest in Karachi, for instance, is attributed by social scientists to these issues. It is felt, therefore, that urban housing should take precedence over rural housing.

1.2 Katchi Abadis:

1.2.1 The growth of katchi abadis:

The failure of government policies in making land available to the urban poor has led to the creation of squatter colonies or katchi abadis. At present, 27 percent of Pakistan's total urban population and 38 percent of Karachi's population lives in such abadis. The growth rate of katchi abadis is much higher than of government planned areas. For instance, between 1970 and 1985 Karachi's total growth rate was 4.5 percent per annum as opposed to 7.5 percent for the katchi abadis. In 1970, 23 percent of Karachi's 3.4 million population lived in katchi abadis. In 1985 this figure had increased to 38 percent of a population of 6.5 million. The regularization of existing and the prevention of the development of new katchi abadis is therefore the most important aspect of housing in Pakistan, requiring immediate attention.

1.2.2 Reasons for the growth of katchi abadis:

- a) Government developed land is far too expensive for the poor to afford. Persons earning Rs 1,500 per month cannot afford to pay more than Rs 1,000 for a plot of land at one time.
- b) The procedures for acquiring this land are long and cumbersome.
- c) Even if the poor can raise this money and complete the procedures, it may take as long as 10 years before possession of these lands is handed over to the owners. The poor, on the other hand, need land immediately.
- d) Once possession is handed over, technical assistance and credit for house construction are not available.
- e) Government failure to cater to the needs of the lower-income groups has led to the creation of an informal sector which acquires land through illegal or extra-legal means. This land is sold to the poor without cumbersome procedures, at a price they can afford, and possession is given immediately. The informal sector provides credit and technical assistance for house building and the residents lobby with

state agencies for services and acquire them over the years, often in defiance of state regulations. Thus, katchi abadis continue to grow.

- f) Government land meant for the poor, however, continues to be developed as well, often with subsidies, and is acquired by professional speculators or the middle classes for speculative purposes. All over Pakistan, such land lies unused for years. For example, of the 110,470 site and services plots developed by the KDA in Karachi between 1970 and 1980, only 3,500 have so far been occupied.

1.2.3 The katchi abadi improvement and regularization programme:

The government of Pakistan is committed to regularize and develop those katchi abadis on state land which were in existence on or before 23 March, 1983. New katchi abadis, or growth on existing ones after this date, however, are to be treated as encroachments and there is no plan for their regularization. The regularization process inaugurated in the mid-seventies has not yielded successful results: less than 5 percent of the sites have been upgraded and only 12 percent of the population has acquired proprietary rights. In Karachi, for instance, out of 223,000 housing units only 20,000 have actually acquired lease rights.

1.2.4 Reasons for the failure (so far) of the katchi abadis regularization and improvement programme:

- a) Government cannot afford to develop and regularize katchi abadis at its own cost. Where foreign funding is available, the problem of repayment, with interest, arises. Experience has shown that to recover costs from the user is difficult, if not impossible. In addition, according to the project proposal, a 20 percent default in repayment completely upsets the viability of the programme. In the case of Karachi, this is what has happened during the sixth five-year plan period.
- b) The lease-cum-development charges that are charged for regularization are far too high for the residents of katchi abadis to pay at one time and recovering money in instalments from the poor in Pakistan has a very poor history.
- c) Residents of abadis marked for regularization feel secure and hence not particularly bothered about acquiring a lease. They also feel that payment of development charges will not necessarily bring development, and they have little faith in state development agencies.
- d) In the present proposals for regularization there is no provision for penalizing people if they do not acquire a lease or pay development charges.
- e) The process of acquiring a lease is long and cumbersome and few residents are willing to go through with it when they are already assured of de-facto security of tenure.
- f) It has been noted that residents are not fully aware of the aims, objectives and mechanics of the improvement and regularization programme.
- g) As a result of high planning standards stipulated a very large percentage of katchi abadi dwellers will have to be moved out of their colonies. Providing alternative accommodation for them is a major problem. For example, more than half of the Rs 2,103.58 million allocated for the Karachi katchi abadis during the sixth five-year plan was to be spent on providing land and accommodation to those who would be dislocated due to the programme.
- h) The community involvement programmes which were to be developed to overcome the problems faced in upgrading and regularization have failed to materialize.

2. TWO SUCCESSFUL PROJECTS

2.1 The Hyderabad Development Authority's (HDA) Incremental Housing Scheme (Khuda-ki-Basti)

In the Khuda-ki-Basti (KKB) scheme, the HDA, following the example of the informal sector, has been able to provide unsubsidized land to the urban poor at an affordable price (Rs 1,000 down payment plus Rs 110 per month for 7 years) with immediate possession and without involving the residents in bureaucratic red tapism. The HDA has also managed to keep the speculators out by adopting appropriate screening processes, and by legalizing tenure only after the full payment of Rs 9,500 has been recovered through its monthly instalments. The informal sector has been inducted into the scheme to provide technical and material help to the residents for house building, and an incremental and affordable system for the provision of services has been developed. The cost of this development is considerably less than that of government contractors because of the involvement of the people in the development process. Initially, only water is provided by the HDA and other services follow later. In addition, the HDA is involving government agencies such as the HBFC, Small Industries Corporation and the Women's Division in the social and economic upgrading of Khuda-ki-Basti.

2.2 The Orangi Pilot Project (OPP)

The Orangi katchi abadis have a population of about 800 thousand. The Orangi Pilot Project has been able to motivate the residents of the Orangi katchi abadis to build and finance their sewerage system. In this process, over 43,000 houses have mobilized over Rs 30 million. The OPP has provided motivation, technical advice and tools but has not subsidized the actual construction work in any way. The research and extension method which has made the OPP's low cost sanitation model so successful is being applied to a housing programme, a women's welfare programme, an economic programme and an education programme. In addition, due to the awareness generated by the OPP programmes, the residents have also involved their area councillors, and the funds allotted to them, in the development process. With assistance from the government of Sind, the OPP is being converted into a Research and Training Institute for the development of katchi abadis. The programme has been operative for the last 7 years and has had an average funding of only Rs 3 million per year.

2.3 Lessons learnt from the two projects

2.3.1 People cannot afford to pay for serviced land as developed by state agencies. However, if the price is low (Rs 1000 for an income of Rs 1500 per month), they are willing to move in even if services (except water) are not present. They are willing to pay for these services over the years through monthly instalments if the instalments are reasonable (Rs 110 per month in the HDA scheme for 7 years before ownership is legalized). This process also makes speculation difficult and less profitable.

2.3.2 If allotment procedures are simplified and services are provided incrementally, direct contact is established between owners, who have to lobby for them, and also between owners and the government staff which has to help provide them. This makes community awareness and involvement possible. Properly channelized, this can lead to community-operated and maintained services and community management of credit. The HDA is in the process of doing exactly this through its recently established credit scheme (explained in Part III para 1.3.3).

2.3.3 If tenure security is linked to the building of a home within a month of allotment of an unserviced plot (except for water) then speculation can be effectively controlled.

2.3.4 If the quality of product at the local building component manufacturing yards (thallas) can be improved, the people made aware of technical problems in house building, and skilled workers further trained in using the new products, building costs can be lowered and housing stock improved. For this a research, extension and training programme, such as the one undertaken by the OPP, is necessary.

2.3.5 The upgrading of the 'thallas' can only be done if credit is available to the 'thalla' owners. In addition, the OPP's studies have shown that the quality of housing in Orangi is directly related to the informal credit available to the house builders from the 'thalla' owners. This credit is usually not large (Rs 1000 to Rs 5000) and may consist of materials only. Since social pressure is used for this credit repayment, default is rare. In the case of HBFC loans, on the other hand, is common default.

2.3.6 In the OPP's economic programme it has been noted that very small loans (Rs 500 to Rs 2000) given to small businesses can double household incomes, and this extra money is usually made use of in house improvements.

2.3.7 Communities can be motivated into organising themselves, raising finances and developing services provided the unit of organisation is small and cohesive. External development and its management, however, is beyond the organisational and financial potential of the communities.

2.3.8 Successful motivation is the result of research (social, economic, technical) and extension. This process, in addition to mobilizing the community, can also reduce development costs to about one-third of the development charges of local authorities. In the case of the OPP, this has been reduced to one-fourth.

2.3.9 Replication is easy and simple once a methodology and technology has been developed through research. The OPP's low-cost sanitation programme is being implemented by other katchi abadis in Karachi at a much faster rate than it was in the initial stages in Orangi.

III. PROPOSAL

1. Prevention of katchi abadi growth

1.1 The HDAs Khuda-Ki-Basti as a model:

The HDA's Khuda Ki Basti project should be replicated in all major cities and small towns on an appropriate scale by the local authorities. This scheme should aim at providing at least 50percent of the total plots required annually due to urban growth. Thus, it should aim at the provision of 135,000 plots per year. This is well in excess of the proposals of the seventh five-year plan.

1.2 Training at Khuda Ki Basti and OPP/RTI:

Staff of the local authorities responsible for replicating the scheme should be trained at HDA and a training academy established in Hyderabad by the NHA for this purpose. In addition, a monitoring, documentation and evaluation cell should be created with each development authority for these schemes so that modifications can be made to suit local conditions. Training in research methodology, community mobilization and extension techniques can be provided at the RTI in Orangi.

1.3 Finances:

1.3.1 Land acquisition:

Where state land is available, almost no finances or long-term loans are required to provide affordable unserviced land. However, if private land has to be acquired then the local authority will have to purchase it on the open market. If the initial Rs 1000 paid by the owners does not cover the cost of this land, then the price should be recovered by adding it on to the monthly instalments, or increasing the number of instalments that have to be paid before the lease can be given.

1.3.2 Employment of staff and training:

Finances for this should also be given as a loan to the development authority along with the setting up of monitoring, documentation and evaluation cells. Their cost should also be recovered by addition to the monthly instalments paid by the owners. However, the cost should not exceed 5 percent of the total cost of the project. At OPP, the cost of research, extension, monitoring and documentation is 4.4 percent of development costs.

1.3.3 House building/improvement loans:

- The HDA has just negotiated a loan of Rs 5 million with the HBFC for the residents of its Khuda Ki Basti scheme. This loan has been given to the HDA who in turn will pass it on to the residents of what is known as the Block Organisation. Each such organisation represents about 200 houses in a block and has the following functions:

- to decide on cancellation of allotments of those persons who do not occupy their houses/plot themselves within a month's time;
- to recover monthly dues on behalf of the HDA;
- to manage maintenance and operation of block services;
- to identify persons to whom the loan is to be given.

- The loan is to be given not to individuals but to groups of ten people so that repayment is guaranteed. The criteria for eligibility for this loan is:

- persons getting the loan have been permanent residents for 1 year;
- they have planted and are maintaining one tree on the road and one in their courtyard;
- a maintenance committee exists and operates the services;
- the prospective creditor has increased his income after coming to the scheme.

- The block committee consists of 3 persons, of which one is an official of the HDA.

- The maximum loan is Rs 30,000 and the minimum is Rs 5000. It is estimated that the average loan would be Rs 10,000. This loan can also be used for income generation or for payment for services where lump sum payments, such as for electricity and gas connections, are required.

- This loan scheme, modified to suit local conditions, can also serve as a model.

1.3.4 Loans to 'thalla' owners:

Loans for the upgrading of 'thalla' products can also be given. The OPP has been doing this most successfully in Orangi. Research, development and demonstration will have to form a part of this project along with extension support to the owners, and training for the skilled workers. Repayment of loan instalment, at OPP have been regular to date.

2. Regularization of katchi abadis:

2.1 Pilot project for regularization:

For the regularization of katchi abadis a pilot project needs to be launched. This project should aim at:

2.1.1 Delinking regularization with development. This will mean:

- regularization charges can be reduced to a bare minimum, around Rs 750. At present, the charges are about 4 times this amount;
- this sum should finance only the 'outer' development whose cost is no more than 30 percent of total development cost;
- the inner development should be left to the residents themselves, with the OPP as a model. This model can be promoted by NGOs or by the establishment of extension, monitoring and research organisations linked to the local development authorities. This staff, along with community members, can be trained at the RTI in Orangi and the OPP programme area can serve as the demonstration forum.

2.1.2 So as to make regularization attractive to the owners:

- a motivation campaign should be launched at least four months before regularization begins. This should consist of meetings, slide shows etc. to explain the programme
- regularization procedures should be simplified to the bare minimum
- planning standards should be lowered to make minimum resettlement necessary
- no new electricity, gas or water connections should be given to those houses which have not been regularized. A surcharge on electricity and gas should be negotiated with the WAPDA/KESC and the gas companies for houses which have not been regularized
- regularization charges should be increased by 10 to 20 percent each year
- the programme should aim at regularizing 75 percent of all katchi abadis in the country. The development work, however, will proceed at the pace of the community's organisational and financial potential.

2.2 Finances:

2.2.1 Funding of pilot projects: Funding will be required for setting up the pilot projects. If they are successful they can be expanded rapidly.

2.2.2 Loans: Loans for house building/improvements and to 'thalla' owners can be given in the same manner as described in paragraph - 1 above.

2.2.3 Financing agency: The financing agency for these schemes can be the NHA. The institutional arrangement between the NHA and the various local authorities will need to be worked out. In addition, the NHA will have to establish a cell to monitor, document and suitably modify its involvements in these schemes over the years.

2.2.4 Land at market prices for the middle income groups: Along with the steps proposed above, land should be provided to the higher-income groups at market prices and heavy non-utilization charges should be imposed so as to make speculation difficult. Loans for lower-middle-income groups, who have been granted allotment of a plot, should be provided to help in the payment of instalments.

Chapter Two

RURAL HOUSING ISSUES

1. GOVERNMENT HOUSING AND VILLAGE IMPROVEMENT POLICIES AND PROBLEMS ASSOCIATED WITH THEM

1.1 Provision of land:

1.1.1 Most common land in the rural areas has been occupied and plot development can only be carried out on private land. The cost of a 100-yard unserviced plot on such land would be Rs 2000 to Rs 2500. Landless labourer in the rural areas do not earn more than Rs 750 per month in cash terms and cannot afford to pay more than Rs 500 for a plot of land in one go. Thus this land cannot be afforded by them.

1.1.2 It has been noted that large areas of the 7 marla schemes developed by the colonies department and distributed free of charge are lying vacant. Evaluations of some parts of the programme have revealed that most of these plots have been allotted to the servants and relatives of the important people in the area and are being held for speculation. Many of them in favourable locations have already become valuable property. (1)

1.1.3 If private land is acquired and developed it is feared that it will also not serve the target group and as there will be a cost attached to it, it will suffer a worse fate than the 7 marla scheme.

1.1.4 The quality of rural building has declined slowly over the years. This is because

- the change from a barter to a cash economy has destroyed the traditional village structure and the hereditary artisanal system. Most skilled persons have either migrated to the urban areas or their services are unaffordable by the rural poor
- traditional construction materials (like timber) have become expensive or are just not available except in the cash market
- earnings from land no longer meet the needs of poor rural families and they have to supplement their income by additional work. Therefore, the time-consuming bi-annual maintenance that mud building requires in the monsoon belt is being neglected.

1.2 Village improvement scheme:

1.2.1 A number of schemes for village improvements with community participation in terms of finance and/or a labour component are operative in various areas of the country. These schemes consist of piped water projects, street paving, sanitation and school building programmes. They are promoted and managed by the local government and rural development departments (LG and RD) and the district councils. Some form part of the district development plans, while others are funded by the annual development plans. A few are also supported by international agencies.

1.2.2 Evaluations of these programmes have shown that these schemes get implemented only where the district councils are financially and politically strong. Even where they do get implemented, the end result is technically defective and it has been noted that usually only the influential benefit from them. Operation and maintenance of these schemes inevitably pose problems and many of them become inoperative after a few years or function erratically (2).

1.2.3 The reasons for the problems mentioned above are:

- The engineering wings of the LG and RD and the district council are organizationally and technically weak.
- No motivational or organizational work is undertaken in the community before work is begun. Thus the community's involvement is missing in the maintenance and operation of schemes as well (3).
- There are no proper monitoring and evaluation facilities with the LG and RD or the district councils. The Rural Development Academies can fill this gap but their involvement with these programmes is negligible (4).
- It has been noted that in certain NGO projects in the rural areas, such as the AKRSP, the technical results are much better and the villagers effectively operate and maintain the infrastructure that they create. This is because of the motivational, extension and monitoring work done by the NGOs (5).

1.3 Loans for house building/improvement:

1.3.1 House building loan:

- Loans are available for house building to families owning a plot. However, the rural poor need to raise money to buy a plot. Building on it is not so great a problem.
- Similarly, forgetting a "rural nuclear house" the owner has to pay Rs 5000 in cash and then 40 instalments of Rs 500 in 20 years. The Rs 5000 down payment puts the house beyond the reach of the rural poor. Again, instead of 40 instalments of Rs 500 each, 250 monthly instalments of Rs 80 each would make more sense.

1.3.2 Rural house improvement loans:

In this scheme, again, repayment should be on a monthly basis if it is to serve the rural poor.

2. PROPOSAL

2.1 Plot development:

2.1.1 During the seventh plan period 250,000 new houses per year will be required in the rural areas. Plots for 125,000 of these per year for the rural poor should be provided if the problem is to be tackled effectively.

2.1.2 It is proposed that the government acquire private land for these plots. The average price of these plots (100 sq.yds each) will be about Rs 2500. The plot should be allotted on a payment of Rs 500 and additional Rs 3000 should be charged in 40 monthly instalments of Rs 75 each. Ownership should be confirmed only after full payment has been made. If, one month after allotment, the plot has not been built upon the allotment must be cancelled.

2.1.3 No loan for house building purposes should be given to the allottee until they have made full payment for the land.

2.2 Village improvement scheme:

2.2.1 The technical, monitoring and evaluation capacity of the LG and RD and the local councils must be chanced. In addition, techniques of involving the people in the programme and motivating them should become a part of the LG and RD and local government programmes (6).

2.2.2 To make this possible, social and technical research should be undertaken at the Rural Development Academies. To extend the results of this research to the people, appropriate training and

orientation should be provided to the staff of the LG and RDD and the local councils (7).

2.2.3 Such research should also look for easily adoptable and cheap alternatives to the traditional materials of construction, and search for ways and means to develop the necessary skills at village level in order to use these alternatives.

2.3 Loans:

2.3.1 Loans from rural families should be recovered in small monthly or bi-monthly instalments rather than through yearly or bi-yearly payments.

2.3.1 For recovery of loans and instalments for the plots, appropriate institutions need to be developed. Institutions in which the communities are involved have been found to be more effective in recovery loans.

2.4 References 1 to 7

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These studies were prepared for the World Bank: April 1988.

COSTS FOR WORKING OUT A FINANCIAL PROPOSAL

1. FOR THE URBAN SECTOR

1.1 Land acquisition:

- Land required for 100,000 houses is 3,100 acres.
- State land can be acquired by the development authorities from the CBS at Rs 25,000 per acre. Cost of a plot thus works out to Rs 775.
For 50,000 plots Rs 38,750,000
- Average cost of private land would be Rs 80,000 per acre.
Cost of a plot is thus Rs 2480: for 50,000 plots Rs 1,240,000,000

Rs 1,618,500,000
- Average cost of a plot is Rs 1618.

1.2 Training academy at Hyderabad:

- Cost of setting up an academy Rs. 5,000,000
- Cost of running it for 5 years at Rs 2,000,000 per year Rs. 10,000,000

Rs. 15,000,000

1.3 Training programmes:

- Training at RTI in Orangi and Hyderabad academy for 500 persons per year at Rs 5000 per year for five years. This includes travel, board, lodging etc. Rs. 12,500,000

1.4 Establishment of projects:

1.4.1 Establishment of plot development projects with the development authorities (excluding the cost of land). An average of Rs 150 per plot developed. To make the scheme feasible not less than 1500 plots per project per year should be developed. Thus the cost of developing 100,000 plots would be Rs 15,000,000.

1.4.2 Establishment of a Katchi Abadi Regularization and Upgrading Project through NGOs or by establishing extension units with the local authorities: Rs 10,000,000 per year to serve a population of 100,000 persons.

1.4.3 Small loans on the HDA model: Average loan of Rs 10,000 payable in 10 years. Upto 100,000 loans per year through the development authorities and the katchi abadi projects.

2. FINANCES REQUIRED

2.1 Plot development:

2.1.1	-	125,000 plots of 100 sq.yds at Rs 2500 each. Private land will be acquired for these plots at Rs 80,000 an acre	Rs 312,500,000
	-	Repayment from down payment of Rs 500 each.	Rs 62,500,000
	-	Repayment at Rs 75 per month per year.	Rs 112,500,000
	-	Total repayment in 3.33 years.	Rs 437,500,000

2.2 Research and training at the rural development academies:

Costs need to be discussed.

2.3 Setting up of extension, monitoring and evaluation cells with the LG and RDD and local councils:

Costs need to be discussed.

2.4 Building up of loan recovery institutions:

Costs need to be discussed.

KATCHI ABADI, VILLAGE UPGRADING AND RESEARCH AND EXTENSION

**By
Arif Hasan**

**Proposal for the Asian Development Bank
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PROPOSALS FOR THE ASIAN DEVELOPMENT BANK 1988 and 1990

I. KATCHI ABADI IMPROVEMENT AND REGULARIZATION

A. NEEDS ANALYSIS:

1. Statistics:

5.9 million, or 18 percent of Pakistan's urban population lives in 2,322 katchi abadis which cover a total of 43,145 acres of land. 87 percent of this land belongs to the state. Over 64 percent of katchi abadi dwellers live in Sind. In Karachi the situation is most acute as 38 percent of the city's population lives in non regularized areas.

2. Government plans:

a) Governments commitment to regularize:

Under the seventh five year plan the Government is committed to regularize 2,040 katchi abadis on state land. This entails an investment of Rs 10.6 billion. The programme includes acquisition of state land, development of infra structure, house improvements and housing for displaced families.

b) Finances for the programme:

Finances for the programme are to be provided by government grants and by recovery of land and development charges from the beneficiaries. Zakat funds and HBFC loans would be used in house improvements and for providing housing for the displaced families. According to the provincial Katchi Abadi Acts, external funding for support of the programme is considered a possibility.

c) Community participation:

Community participation is seen as an integral part of the programme. The formation of project and mohalla committees, a youth force etc. to organize the internal development of the abadis (street paving, minor street drains and sanitation) is envisaged. The responsibility of major developmental works will, however, rest with the municipal and civic bodies.

d) Resettlement of shiftees:

It is envisaged that almost 50 percent of the total investment in the programme will be spent on providing land and housing to the shiftees.

3. Review of the katchi abadi programme: 1978-1988

a) Objectives:

The objectives of the sixth five year plan programme were identical to the objectives of the present plan. However, the present plan differs from the previous one as it will be coordinated and implemented at the provincial level by the Katchi Abadi Authorities. The previous plans also envisaged the formation of mohalla committees and community participation although the elaborate system envisaged in the present plan was not spelt out.

b) Results:

The Katchi Abadi Improvement and Regularization Programme since 1978 has failed to meet its targets. It has regularized 12 percent of the katchi abadi population and provided upgrading to only 5 percent. Recovery from the beneficiaries has not materialized. In the case of Karachi the government has spent Rs 262 million for the programme and recovered Rs 20 million only. According to the plan proposal a 20 percent default in payment makes the plan unworkable. As a result only 20000 units out of a target of 175000 were regularized.

c) Reasons for the lack of success of the programme:

(1) De-facto security of tenure:

The residents see no advantage in paying lease and development charges as they have already acquired a de-facto security of tenure by the announcement of the governments regularization policy. In addition no penalties have been proposed for default in payment. There is also a lack of trust of government agencies on the part of the residents and they feel that even if they make payments development may not follow.

(2) High cost of regularization charge:

The lease and development charge is far too high for most katchi abadi dwellers to pay in one go and recovery in instalments poses institutional problems.

(3) Cumbersome regularization procedures:

The process of acquiring a lease is long and cumbersome and involves frequent visits to different government departments and considerable paperwork.

(4) Lack of community involvement:

Community involvement, which formed a corner stone of the plan did not materialize as the institutions responsible for the plan did not have the expertise and the capacity, and hence the interest, to carry out the necessary social and technical research and extension for it, without which motivation cannot take place. Surveys in the Karachi katchi abadis have shown that the majority of the residents are not properly acquainted with the details of the programme or its benefits.

(5) The question of standards:

The standards developed in katchi abadi upgrading are not exceptionally high ones. However, the manner in which they have been applied have resulted in dislocating upto 20 percent of the population of katchi abadis. Provision of land/accommodation for the shiftees poses a major social and financial problem and holds up development work. For instance in the sixth 5 year plan period, out of an estimated Rs 2103 million required for the Karachi component of the plan, Rs 1184 million was to be spent on accommodating the shiftees.

4. Programme needs:

a) Keeping the foregoing in view, the katchi abadi programme can be successful only if it is financially viable. This viability is only possible if payment from the residents is guaranteed. To make this possible this payment should be drastically reduced. This can only be done if the programme is suitably modified to lower development costs; involve communities in development; considerably reduce the member of shiftees and lower development standards and change the manner in which they are applied.

b) To make this possible the programme will require:

(1) Orientation of government planners, NGO, staff of municipal corporations etc. towards the proposed modifications.

- (2) Technical assistance for planning the modifications and implementing them in key projects.
- (3) Help in setting up research, extension and motivation cells in municipal councils and for projects to promote community awareness and financial and managerial participation.
- (4) Bridge financing for providing major on-site developments such as major roads, trunk sewers, water mains etc.

B. CONCEPT AND MAJOR APPROACH

1. Setting up of 5 projects:

Projects for the regularization and improvement of katchi abadis should be set up as shown in the table below in the project areas, to serve a population of 800,000 persons. Each project may serve more than one katchi abadi and will be restricted to katchi abadis on government land.

Province	Number of projects	Population served
	-----	-----
- Sind	2	450,000
- Punjab	1	200,000
- NWFP	1	100,000
- Baluchistan	1	50,000

2. Project concept:

The external development will be carried out by the municipal authorities at their own costs along with major onsite developments. The estimates for on site major works is estimated at Rs 33,000 per acre. This works out to Rs 1600 per household and can be recovered in instalments by the project as detailed in para E. The beneficiary will, however, have to pay a regularization lease charge for the cost of government land. At Rs 25,000 per acre this works out to an average of Rs 1,200 per household and is affordable.

Internal development will be undertaken and financed by the community which will be motivated, advised and supervised by the project on the model (suitably modified) of the Orangi Pilot Project (OPP). The project staff and community members can be trained at the government sponsored RTI in Orangi while the OPP area can serve as a demonstration area. Councillors grants for his ward will be tied into this development.

3. Functions of the project:

- a. Research, extension, motivation, training of communities.
- b. Assisting the katchi abadi authorities to simplify lease procedures and in recovering regularization and loan instalments from the beneficiaries.
- c. Initiate on the OPP model and in following sequence:
 1. Co-ordination with community and local councillor for preparation of an infrastructure development plan for the project area into which the councillor can tie in the grants he receives from his municipal council.
 2. Sanitation programme.
 3. Health and women's welfare programme: this programme will operate with grants from the government and will be established in lanes that have acquired sanitation.
 4. House improvement programme: introduction of programme in second year of the project.

5. Small loans scheme for income generation and building materials: this will be established in second year of programme.

6. Documentation and monitoring of the programmes should continue, with external periodic evaluation, from the very beginning.

4. **Phase - 1: plan of action:**

a. Holding of a National Workshop and Conference on katchi abadi regularization and community participation. Dec. 1988

b. Setting up of 5 projects in the provinces after negotiating with the government. Mar. 1989

c. Initial training of staff at the RTI Jun. 1989

d. 50 percent regularization complete along with 50 percent major on site developments. Dec. 1990

e. Major evaluation of project and decision to expand. Dec. 1990

5. **Phase - 2:**

Setting up of similar projects to serve an additional population of 1.6 million. Jan.1991 to Dec. 1993

C. **INSTITUTIONAL ARRANGEMENTS**

1. **National Workshop and conference:**

To be arranged by the Asian Development Bank and the National Housing Authority. Funding could be arranged through the Dutch Government, CIDA or some other donor agency.

2. **Modifications in katchi abadi regularization and improvement plan:**

Technical advice through international and national consultants will be provided (for setting up 5 modified projects) to the katchi abadi authorities and funded by the ADB.

3. **Setting up of projects:**

Projects will be set up by the provincial katchi abadi authorities and their costs (training, research, extension and administration) may be funded partially by the ADB. Recovery of this funding along with a rate of interest can be made by adding it on to the instalments for recovery of loans for major on site work.

(a) **Health and Women's Programme:**

This programme can be funded by the donor agencies such as CIDA, ODA, OXFAM etc or by the Womens Division of the government of Pakistan.

b) Loans:

Loans will be given for house improvements and upgrading of building manufacturing yards by the HBFC to the Project. The Project in turn will give them to the beneficiaries and/or associations of beneficiaries.

4. Major on site development:

A loan will have to be provided to the civic bodies for the execution of major on site development and will be recovered by the project from the beneficiaries in instalments.

5. Evaluation of the projects:

Six monthly evaluations of the projects can be made by local consultants.

6. Staffing of the projects (for Sind & Punjab projects):

a. Year one: 13 members

- (1) Director
- (2) Engineer/Architect (Joint Director Sanitation).
- (3) Sociologist
- (5) Motivators/organizers x 2: Locals of the area
- (6) Accounts and administration staff x 3
- (7) Drivers x 3
- (8) Other staff x 2

b. Year two: additional staff: 13

- (1) Assistant to Joint Director
- (2) Assistant to Sociologist
- (3) Technicians x 2
- (4) Medical doctor (Joint Director Womens Welfare).
- (5) 2 LHVs + 1 staff
- (6) Documentation and Monitoring: 2 persons.
- (7) Drivers x 2
- (8) Other staff x 2

c. Year three: additional staff: 13

- (1) Engineer for the housing programme
- (2) Manager for the loans programme x 1
- (3) Documentation and monitoring + 2
- (4) Drivers + 2
- (5) Administration + 2

7. Imported equipment/Vehicles required (for Sind and Punjab projects):

a. Year one:

- (1) 3 jeeps and 2 motorcycles
- (2) Photocopying machine + computer + printer
- (3) Cameras
- (4) Surveying instruments

b. Year two: addition

- (1) 2 jeeps and 2 motorcycles
- (2) Video equipment

c. **Year three:** addition

- (1) 2 jeeps and 2 motorcycle
- (2) Additional cameras
- (3) Additional surveying instruments.

9. **Institutional relationships:**

The institutional arrangement for the programme is explained in figure - 1.

D. FIGURES FOR WORKING OUT FINANCIAL PLAN: Oct 1988 - Dec 1993**1. Phase-1: Oct 1989 - Dec 1993: Total Cost Rs 652,600,000**

No.	Years	Month	Item and Details	Cost in Rs
1.	1988		National Conference and Workshop. Donor sponsored	8,000,000
2.	1989	Jan-Jun	Technical assistance for 5 projects in formulation plus training costs at OPP/RTI, AKRSP etc.	20,000,000
3.		Jan-Dec	Payment for 5,750 acres of land at Rs 25,000 per acre for project areas	143,750,000
4.	1989 to 1990	Jun-Dec	Loan for carrying out major on site developments + coordination with councillors grants	189,750,000
5.	1989	Mar-Jun	- Establishing 3 projects in Sind and Punjab Rs 6,000,000 - Establishing 2 projects in NWFP and Baluchistan Rs 3,000,000	9,000,000
6.	1989	Jun-Dec	- Operating 3 projects in Sind and Punjab: Rs 1,000,000 per project: Rs 3,000,000 - Operating 2 projects in NWFP and Baluchistan Rs 6,000,000 per project Rs 1,200,000	4,200,000
7.	1990 – 1993	Jan-Dec	- Operating 3 projects in the Punjab and Sind for 4 years at Rs 2,000,000 per project per year: Rs 24,000,000 - Operating 2 projects in NWFP and Baluchistan for 4 years at Rs 1,200,000 per project per year Rs 9,600,000	33,600,000
8.	1991-1993	Jan-Dec	75 loans for upgrading of building manufacturing yards and skills at Rs 100,000 per loan	7,500,000
9.	1991-1993	Jan-Dec	32,000 loans for house improvements and income generation at an average of Rs 5,000 per loan	150,000,000
10.	1990	Jan-Dec	Loan for rehabilitating 2400 shiftee families at Rs 32,000 per family.	76,800,000

2. Phase - 2: Loan Schedule 1991-1993: Rs 880,200,000

No.	Years	Month	Item and Details	Cost in Rs
1.	1991	Jan-Dec	Setting up of similar projects for a population of 1.6 million	18,000,000
2.	1991-1993	Jan-Dec	Operation of the projects for a period of 3 years	50,400,000
3.	1991	Jan-Dec	Acquiring of land from the government	287,500,000
4.	1991-1993	Jan-Dec	Loan for carrying on major on site developments	379,500,000
5.	1991	Jan-Dec	Loan for rehabilitating 4,000 shiftee families at Rs 32,000 per family	128,000,000

3. Additional information:

- a. 800,000 population served in 5 projects means 120,000 households.
- b. At an average density of 137 persons per acre, the total area for 800,000 population works out to about 5750 acres.
- c. Number of households at 6.7 persons per household works out to an average of 121 households per acre
- d. Loan repayments.

1) Phase - 1 (5 projects to serve 800,000 population) for 5 years.

Loan for major on site development = Rs 189,750,000

- number of beneficiaries (household) 120,000

- loan per household: Rs 1600

Loan for setting up of 5 projects + operation + technical assistance = Rs 66,800,000

- number of beneficiaries (households) 120,000

- loan per household: Rs 556.6

Total loan: Rs 1600 + 556.6 = Rs 2156.6

- This loan can be recovered in 4 years in 16 quarterly instalments of Rs 135 beginning 1 year after the major on site development has taken place.

- A lump sum recovery for house connection for water supply will be charged and deducted from this loan.

Land price:

- This works out to an average of Rs 1,200 per household and will be recovered in a lump sum on execution of lease.

2) Phase - 2 (10 projects to serve 1,600,000 population) for 3 years.

Loan for major on site development = Rs 379,500,000

- number of beneficiaries (households): 240,000

- loan per household: Rs. 1600

Loan for setting up of 10 projects + operation + technical assistance = Rs 68,400,000

- number of beneficiaries (households) 2400

- loan per household: Rs 285

Total loan: Rs 1600 + 258 = Rs 1885

- This loan can be recovered in 12 quarterly instalments of Rs 160 beginning 1 year after major on site works have been completed.

- A lump sum recovery for house connection for water supply will be charged and deducted from this loan.

Land price:

- This works out to an average of Rs 1,200 per household and will be recovered in a lump sum on execution of lease.

e. Foreign Exchange Component:

1) Phase -1:

No.	Items	Foreign Exchange in Rs	Tax in Rs	Local in Rs	Total in Rs
1.	National Conference and Workshop	3,000,000	1,000,000	5,000,000	8,000,000
2.	Technical assistance	10,000,000	-	10,000,000	20,000,000
3.	Land aquisition	-	-	143,750,000	143,750,000
4.	Major on site works	-	-	189,750,000	189,750,000
5.	Establishment of 5 projects	3,000,000	1,000,000	5,000,000	9,000,000
6.	Operating 5 projects for 5 years	-	-	37,800,000	37,000,000
7.	Loans to building manufacturing yards	-	-	7,500,000	7,500,000
8.	Rehabilitating shiftees	-	-	76,000,000	76,000,000
	Total	16,000,000	1,000,000	589,000,000	606,600,000

2) Phase – 2:

10.	Setting up 10 projects after 1991	6,000,000	2,000,000	10,000,000	18,000,000
11.	Operation of the projects for 2 years	-	-	50,400,000	50,400,000
12.	Land cost	-	-	287,500,000	287,500,000
	infra structure cost (external)	-	-	379,500,000	379,500,000
13.	Rehabilitation of shiftees	-	-	128,000,000	128,000,000
		6,000,000	2,000,000	800,200,000	880,200,000

f. Loan packages for income generation, house improvement:

1) Income generation:

These loans may be given to small family businesses to be used as capital for increasing their production and income. The main criteria for giving the loan should be that the applicant has paid the regularization charge and is a lease holder.

Terms of repayment, extent of loan etc. will vary from loan to loan and should be determined by the project after a detailed study of the business and a profile of the applicant has been prepared. The project should also be able to advice the applicant on the best use of the loan. After the loan has been given it should be monitored and the ones from which lessons can be learnt documented.

No loans of more than Rs 5,000 should be given and recovery period should be 18 months. In addition, the loan must aim at least increasing the income of the applicant by 30 percent. The projects, however, must be given the independence to try out new credit experiments provided they have carried out the necessary research to justify them.

2) House improvement loans:

These loans, as far as possible should only be given for the purchase of materials. The application should be followed by a visit to the house site by the engineer/architect of the project and an estimate of the cost of materials required worked out. No loan should exceed Rs 10,000 and the maximum period of return should be 3 years. Repayment should be in quarterly if not monthly instalments.

I. Land and rental values:

1) Land values:

The value of land will increase considerably after the implementation of the regularization and improvement programme. An estimate is given below:

-	Value of state land	Rs 25,000 per acre
-	Present value	Rs 75,000 per acre
-	Value after owners have a lease	Rs 85,000 per acre
-	Value after improvement	Rs 125,000 per acre

2) Rental values:

An ongoing study by the AERC in Karachi in the SITE area has established the following figures for the fringe area katchi abadis:

-	Room with unplastered concrete wall, GI sheet roof, unplastered floor	Rs 62.5
-	Pemum per item of improvement:	Rs 115
-	Water	Rs 25
-	Gas	Rs 24
-	Electricity	Rs 23
-	Plastered wall	Rs 20
-	RC roof	Rs 3
-	Street paving	Rs 3
-	Sanitation	Rs 9.5
-	Others	Rs 7.5
-	Rental value after development	Rs 177.5

II. VILLAGE UPGRADING

A. NEEDS ANALYSES

1. Nature of Village Upgrading:

Village upgrading schemes usually consist of water supply systems (80 percent of all schemes), sanitation and street paving. There are also a negligible number of schemes that deal with school and community hall constructions. All these schemes are funded through grants by the provincial ADPs or by funds raised by the district councils from their own resources and by matching grants raised by some union councils.

2. Institutions Involved in Village Upgrading:

a) LG and RDD schemes:

These schemes are funded by the ADPs and designed and supervised by the engineering wing of the LG and RDD. The schemes are identified by the "project committee" of the village of which the local elected councillor is a member. In most cases, the construction work is let out to a contractor. In certain districts labour or even part funding may be provided by the community to "extend" the scheme. O & M is the responsibility of the communities.

b) District and Union Council Schemes:

The district council schemes are funded by the district councils own resources and designed and supervised by their engineering wing. The union council schemes are of a very small nature and are designed and supervised by the RDD. O & M is the responsibility of the communities.

c) PHED Schemes:

These are large schemes which require considerable engineering skills and finances. They are funded by the provincial government. For two years, the O & M is managed by the PHED and then the scheme is handed over to the local councils to manage and operate. Almost 100 percent of the PHED schemes deal with the supply of water and have no community participation aspect to them.

d) International Agencies:

A number of international agencies, such as UNICEF, the AKF, SDC have been active in the water, sanitation and street paving sector. They have provided training, materials and pipes for construction and physical demonstration projects. UNICEF has also been involved in the planning, funding and training for the Mansehra District Development Plan which has the largest self help and self finance component of any village level upgrading schemes in Pakistan.

3. Problems faced by the village upgrading schemes:

a) District/union council and LG & RDD projects:

Evaluations of these projects have established that their schemes seldom get completed. Even if they do, the end result is technically defective and it is usually the influential residents who benefit from them. Operation and maintenance of these schemes inevitably pose problems and most of them become un-operative after a few years or function erratically.

b) PHED schemes:

The PHED schemes are well designed and well constructed. However, after they have been handed over to the local councils, operation and maintenance create enormous problems and many of the schemes become inoperative. In the NWFP, the PHED even after two years continues to manage the schemes and is also responsible for revenue collection to cover O & M costs. Figures show that it recovers only 32 percent of the O & M costs and that this recovery rate is decreasing.

c) O & M costs:

The only schemes that continue to operate at any level of service are those whose maintenance and operation are funded by the government. Out of the Rs 215 million required for operating these schemes only Rs 70 million is recovered by government. With the large number of water schemes coming up under the 5 Point Programme, the government will require Rs 600 million as O & M costs by 1992. Community involvement, financial and managerial, which could overcome this problem has not materialized, although the concept has been promoted.

d) The problem of drainage:

Over 80 percent of all village upgrading schemes are water supply schemes. However, drainage and street paving do not form a part of these schemes. Consequently, after water arrives the streets get flooded and health conditions decline.

4. Reasons for the problems:

a) Lack of capacity and capability in institutions:

The engineering wings of the LG & RDD and the district councils are organizationally and technically weak. They do not have the capacity to deal with the large number of schemes now being developed under the 5 Point Programme.

b) Community participation:

Community participation, which forms, at least in theory, an important part of the programme, never come about. This is because no motivational or organizational work is done before physical construction is undertaken. Communities sometimes do not even know of the programme benefits after development is complete. As community involvement is missing to begin with, their O & M involvement never materializes. It has been noted that in certain NGO projects in the rural areas, such as the AKRSP, the technical results are satisfactory and the villagers effectively maintain and operate the infrastructure that they create. This because of the extension, training and motivational work done by the NGOs.

c) The role of the rural development academies:

There are no monitoring and evaluation facilities with the LG & RDD or the district councils. The rural development academies can fill this gap by offering training to the LG & RDD and the local councils and by involving themselves in research and evaluation for the rural projects. However, the involvement of the RDAs in the programme is negligible.

d) The disappearance of skills:

Construction skills have migrated from the rural to the urban areas as a result of a change from a barter to a cash economy. This also adversely effects the schemes and is responsible, along with the disappearance of traditional building materials, for the considerable decline in rural housing standards.

e) Water and sanitation sector:

A massive water and sanitation programme is under way in the rural areas of Pakistan under the 5 Point Programme and is supported by the World Bank.

5. Programme needs:

a) Increase of capacity and capability of local councils and LG & RDD:

The technical, monitoring and evaluation capacity of the LG & RDD and the local councils must be enhanced. In addition, techniques for involving the communities in the programme and motivating them should become an integral part of the LG & RDD, local council and PHED programmes.

To make this possible, social and technical research should be undertaken at the rural development academies. To extend the results of this research to the people, appropriate training and orientation should be provided to the staff of the LG & RDD and the local councils.

Such research should look for easily adoptable and cheap alternatives to the traditional materials of construction and search for ways and means to develop the necessary skills at village level in order to use these alternatives.

b) Street paving:

Due to major national and international involvement a large number of villages have acquired water supply systems. In these villages street paving is an important item which is not being adequately addressed. It is felt that this should be taken up as a programme but with full involvement of the people so that maintenance becomes their responsibility.

c) Improvement of houses:

Due to the collapse of the barter economy, the demise of the village supported hereditary artisanal system, and the need of agricultural communities to supplement their incomes by additional work, house maintenance and improvement is no longer affordable. Small loans to residents of villages, where through community efforts street paving has taken place, could help in tackling this problem.

B. CONCEPT AND MAJOR APPROACH

1. Concept:

a) Project area:

The project area will consist of 10 districts; four in the Punjab, three in Sindh, two in NWFP and one in Baluchistan. If the programme is successful in these districts it can be replicated in others.

b) Research, Extension and Training Units (RETU):

Research, extension and training units will be established with the LG & RDD and the local councils at district levels. These units will organize, motivate and train managers; community members; artisans; accountants for planning, part financing and implementing the project; and for future maintenance.

c) Training for RETU staff:

RETU staff will be trained at the provincial RDA, the AKRSP, the RTI and/or other relevant government or NGO projects. Local community members can also receive training at these institutions.

d) Materials for street paving:

Cement and/or brick for street paving should be provided to those villages where water supply systems have arrived or where hand pumps or tube wells are operative. The villagers should contribute labour, aggregates and management. For this purpose a massive motivational programme, followed by the formation of an organization for implementing the street paving, should be launched. The design of the paving, its supervision and monitoring, and the social, technical and economic documentation will be the responsibility of the RETUs.

e) House improvement loans:

House building loans can be given to those villages which have successfully completed their paving programme and have formed an organization which can take the responsibility for the return of the loans. The names of such villages will be notified to the HBFC by the RETUs.

2. Major approach:

a) Grant versus loan:

In Pakistan, all village development is an out-right grant. Recently, in some cases, community participation in theory has been introduced. Therefore, the setting up of the RETUs, and the supply of building materials will have to be a grant on the part of the Government of Pakistan.

b) House improvement loans:

These loans can be made available to the Government of Pakistan by the ADB and through the HBFC to the individual members of the village associations.

c) Provincial evaluation and monitoring cell (PEMC):

An evaluation and monitoring cell with the RDA, at provincial level, must be set up to evaluate and monitor the programme and advise on its replication.

d) New programmes:

If the street paving programme is a success the RETUs can take on programmes for water supply and school and community hall construction, on the same principals as proposed street paving programme.

C. INSTITUTIONAL ARRANGEMENT

1. Institutional relationships:

a) Grant for R and E and paving materials:

The institutional arrangements for the grant for the R and E and paving materials is showing in Figure - 2.

b) Loan for house improvements:

The institutional arrangement for the disbursement and recovery of the house improvement loans is shown in Figure - 3.

2. Staffing:

a) RETU:

There will be one RETU with every LG and RDD and District Council at district level. The RETU will consist of a field engineer; a sociologist/social works graduate and two or more social organizers/ motivators recruited from the community.

b) Provincial monitoring and evaluation cell:

This cell in every province will be created in the RDA. It will consist of one senior staff member and one field person. Secretarial support will be provided by the RDA. External consultants can be appointed for evaluating the programme periodically.

c) Functions:

The functions of both RETU and Provincial monitoring and evaluation cell have been explained earlier in para B of this section.

3. Equipments etc. required:

a) RETU:

Each RETU will require: vehicles; photostate machines; Urdu typewriters; slide projectors; cameras; generators for working the projector. There will be 20 RETUs, 2 in each district.

b) PMEC:

The requirement of the PMEC is identical to that of the RETU. However, there will be only 4 PEMCs, one at every provincial RDA.

D. FIGURES FOR WORKING OUT FINANCIAL PLAN

1. Establishment of 20 RETUs (2 per district) and PEMC

Sr. No.	Date/Month/Year	Item	Unit Cost in Rs	No. of Units	Total Cost in Rs
1.	Jan-Jun 1989	Setting up RETU with staff, tools equipment and vehicles	900,000	20	18,000,000
2.	Jan-Oct 1989	Training of RETU staff at the AKRSP in Gilgit	30,000	20	600,000
3.	1989-93 equally over 5 years	Funding research and research staff for PEMC at the provincial RDAs	-	-	10,000,000
4.	-do-	Training to village project committees, artisans, managers etc. at AKRSP, RDA, RTI etc.	500,000	20	10,000,000
5.	-do-	Operation costs of the units at Rs 300,000 per unit per year	1,500,000	20	30,000,000

2. Funding for materials for road paving:

Average loan per village has been taken as Rs 50,000. This means 175,000 bricks and/or 640 cement bags. Either can pave upto 1.5 kilometer of street.

Phase - 1:

Year	Village per District	Total No. of Villages	Cost in Rs
Jun 89-Dec 1989	30	300	50,000 x 30 = 15,000,000
Jan 90-Dec 1990	90	900	50,000 x 30 = 45,000,000
Jan 91-Dec 1991	120	1,200	50,000 x 30 = 60,000,000
Jan 91-Dec 1992	150	1,500	50,000 x 30 = 75,000,000
Jan 92-Dec 1993	210	2,100	50,000 x 30 = 105,000,000
		6,000	300,000,000

Phase - 2:

If the plan shows signs of success the project can be expanded after June, 1991.

3. House improvement loans:

a) Loan table:

Year	No. of Loans at an Average of 15 per	Average Loan Amount in Rs	Total Loan for 10 Districts in Rs
Jun 89-Dec 1989	Nil	Nil	Nil
Jan 90-Dec 1990	2,500	5,000	12,500,000
Jan 91-Dec 1991	5,000	5,000	25,000,000
Jan 92-Dec 1992	10,000	5,000	50,000,000
Jan 93-Dec 1993	17,500	5,000	87,500,000
	35,000		175,000,000

b) Loan packages:

Loans under the village upgrading programme should be given for materials and skilled labour component of the improvement to be carried out. The loan should not exceed Rs 10,000 and the maximum period of return should be 3 years. Loans may be given for the following items:

Item	Cost in Rs	Skilled Labour (%age)
Latrine with soak pit. (This loan may be made interest free to encourage soak pit construction)	3,000	20
Roof: T-iron and brick	100	10
Roof: timber and mud thatch	100	5
Roof: RCC	100	25
Woodwork: doors and windows	100	20
Walls: brick work	110	30
Brick floor	100	30
Electric connection	1,200	
Bitumen/plastic roof waterproofing	100	30

Per item rates per district for these items should be worked out by the district RETUs and a visit to the house of the applicant must be made to evaluate the extent of loan required.

4. House values and rentals:**a) House values:**

It is estimated that the value of houses will increase by an average of about 20 percent as a result of the street paving and drainage programme. Making the housing census of 1980 a base, one can say that the average value of a rural house is Rs 15,000.

b) Rentals:

There is no information available for rural rentals. However, it is estimated that due to street pavings there will be an average increase of 8 percent in the rents in rural areas.

5. Labour component in street paving scheme:**a) Brick paving:**

- Cost of bricks 50 percent
- Skilled labour for brick laying 30 percent
- Earthworks/silt acquiring etc. 30 percent

b) In-situ cement paving:

- Cost of cement 40 percent
- Cost of aggregate 20 percent
- Cost of skilled labour 20 percent
- Cost of unskilled labour 20 percent

III. RESEARCH, INFORMATION AND EXTENSION (RIE)

A. NEED ANALYSIS

1. Shelter activity and a lack of inter-communication:

a) Lack of inter-communication:

A large number of government organizations and NGOs are involved in the housing sector in Pakistan at the district, the development authority, and the grass-roots level. In addition, there are also some international agencies that are giving technical and financial help to these programmes. A number of new ideas are being tried out through these organizations, some very successfully. The Building Research Centres (BRCs) in the provinces; the Pakistan Council of Scientific and Industrial Research (PCSIR); the Appropriate Technology Development Organization (ATDO); concerned Pakistani professionals; have done a lot of work on technology and materials of construction but have failed to take the results to the developers, builders, and the public at large. On the other hand, social and economic research done by the academic institutions, RDAs, or NGOs through their work, has not been made available to government planners or to the technical and scientific research institutions. Government policies which have not been successful have not been analysed and the reasons for their failure identified. Consequently, the policies continue, unmodified, such as the 3 and 7 marla schemes and the sites and services programme aimed at the lower-income groups in the urban areas.

b) Reasons for lack of inter-communication:

1. Absence of an organization for information collection and dissemination:

There is no organization in Pakistan that gathers the various researches and/or details of work being done in the housing sector and then sends it to various groups/organizations involved in housing. Nor is there a forum where people can gather from all over the country and share their research and experiences. Funds that can make such activity possible are also not available.

2. Absence of monitoring and evaluation (M & E):

Monitoring and evaluation activity in the housing sector is limited to obtaining physical statistics, except in the case of certain NGOs. social, economic and technical monitoring is not done either. This is because of an absence of the concept of M & E and lack of funds and personnel for this purpose.

3. Technical support to shelter activities:

Many shelter programmes, or their components, could function much better if technical support to them could be provided after their problem areas have been identified. For this support services are required at all levels of operation, something that is not available at present.

4. The informal sector in housing:

The vast majority of houses in Pakistan are built by the people themselves with assistance from skilled artisans, building component manufacturing yards and small contractors. The upgrading of skills and the quality of components would considerably improve the quality construction. If this could be combined with technical and social awareness building of the user, then the relationship that exists between the user and the builder/supplier would become a more equal one. This could improve results further.

B. CONCEPT AND MAJOR APPROACH:

1. Sector needs:

a) At project level:

Technical assistance; promotion and funding of the concept of research, monitoring and evaluation by the project staff; funding for equipment and training to make this possible; building up of a library and tools bank.

b) At district level:

To create an organization/cell which can collect information on housing in the district, report on it, and disseminate information to the projects.

c) At provincial level:

The holding of workshops and training courses at relevant institutes or at government or NGO projects; collecting information, research material etc. on housing and making it available at the district level; responding to requests by projects for technical assistance and evaluation.

d) At federal level:

Holding of an yearly conference on housing; coordinating between various government (provincial and federal) institutions, NGOs; international funding and research agencies; evaluating/monitoring projects of interest; building capability and capacity for research, extension and monitoring within projects and institutions; arranging training and exchange of information; funding research projects which may be undertaken by other research organizations, individuals or NGOs; analysis of the housing sector in Pakistan on a bi-yearly basis; creation of a resource group for evaluation and technical assistance to projects, development authorities, municipal authorities, institutions, local groups etc; use of media (radio, television, newspapers) to raise the awareness of the user, builder, artisan, manufacturer, financier, regarding housing issues in Pakistan.

2. Concept:

The NHA, organized at federal, provincial and district level, can fulfill the functions defined in para B-1. The organizational structure required for this purpose needs to be developed. This can be done by adding a Research and Publications Cell (RPC) and an Evaluation Monitoring and Technical Assistance Cell (EMTAC) to the planning and coordination wing of the federal NHA. A sub RPC and EMTAC can be developed at the NHA at the provincial levels. The district level NHA could then act as the disseminator and collector of information.

C. INSTITUTIONAL ARRANGEMENT:

1. Institutional arrangement and functions:

The institutional arrangement for the functioning of the RIE services in the NHA is given in figure - 3.

2. Staffing: First 2 years

a) Federal level:

1. RPC:

- Urban specialist
- Financial analyst/economist
- Sociologist
- Librarian
- + 4 support members

2. EMTAC:

- Sociologist
- Engineer/architect/planner
- Financial analyst/economist (borrowed from RAC for the first year)
- + 2 support members
- Support from RC

3. RC:

- Coordinator
- + 1 support staff

b) Provincial level:

1. Sub RPC:

- Planner/sociologist
- + 1 support staff

2. EMTAC:

- Engineer/architect/planner
- + 1 support staff

c) District level:

- Engineer/social works graduate
- + 2 extension workers

D. FIGURES FOR WORKING OUT FINANCIAL PLAN

1. Estimate of cells:

a) At federal level

Rs 2,200,000

Funding will be required for library, micro-filming, photocopying, video equipment, cameras, 7 computers.

b) At provincial level Rs 2,400,000

Cameras, video equipment, book and publications, photocopying computers, Rs 500,000 x 4.

c) At district level Rs 1,800,000

Vehicles, photocopying, typewriters etc. Rs 150,000 x 12 districts

Rs 6,400,000

2. Operation of cells for first year:

a) At federal level Rs 12,065,000

1. - Salaries : Rs 450,000
- Library : Rs 800,000
- Administration : Rs 150,000
- Research : Rs 600,000
- Information & dissemination : Rs 1,000,000
- Data bank : Rs 300,000
- Yearly conference : Rs 8,000,000

2. EMTAC: Rs 1,625,000

- Salaries : Rs 300,000
- Administration : Rs 75,000
- Technical advice : Rs 500,000
- Training : Rs 750,000

3. RC: Rs 940,000

- Salaries : Rs 150,000
- Administration : Rs 50,000
- Consultants (local) for evaluation & monitoring. : Rs 750,000

b) At provincial levels Rs 9,472,000

1. Sub RPC:

- Salaries : Rs 144,000x4
- Administration : Rs 50,000x4
- Printing etc. : Rs 130,000x4
- Holding of workshops : Rs 1,500,000x4

2. Sub EMTAC: Rs 2,176,000

- Salaries : Rs 144,000x4
- Administration : Rs 50,000x4
- Training : Rs 350,000x4

c) At district levels Rs 3,000,000

- Salaries : Rs 120,000x20
- Administration & transport : Rs 30,000x20

Total a + b + c Rs 23,537,000

3. Operational costs for second, third and fourth years will increase at 15 percent each year as a result of increasing number of staff with the expansion of operations.
4. All cost estimates are in July 1988 prices.

Israr Rana

Aug. 1988

PROPOSAL FOR A LOW COST HOUSING PROJECT FOR URBAN AREAS IN PAKISTAN

By
Arif Hasan

I. PROBLEMS OF URBAN HOUSING IN PAKISTAN

1. Importance of the urban sector in housing:

1.1 Urban growth in Pakistan:

Pakistan's population increases at the rate of 3 percent per year: 4.4 percent in the urban and 2.6 percent in the rural areas. In 1985, 30.1 percent of the country's population lived in urban areas. In 1993, 35 percent will be living in urban areas. This means that 270,000 houses will be required per year in the urban sector and 250,000 in the rural sector.

1.2 Importance of the urban sector in housing:

A second and, in some cases, third generation of slum dwellers is growing up in Pakistan's urban areas. These people have a high level of awareness, higher literacy rates than the rest of the country, and possess none of the pioneering spirit that brought their families to the urban areas. Differences between the planned areas and the slums are very marked, especially in relation to tenure security and the availability of services. The urban unrest in Karachi, for instance, is attributed by social scientists to these issues. It is felt, therefore, that urban housing should take precedence over rural housing.

2. Katchi Abadis:

2.1 The growth of katchi abadis:

The failure of government policies in making land available to the urban poor has led to the creation of squatter colonies or katchi abadis. At present, 27 percent of Pakistan's total urban population and 38 percent of Karachi's population lives in such abadis. The growth rate of katchi abadis is much higher than of government planned areas. For instance, between 1970 and 1985 Karachi's total growth rate was 4.5 percent per annum as opposed to 7.5 percent for the katchi abadis. In 1970, 23 percent of Karachi's 3.4 million population lived in katchi abadis. In 1985 this figure had increased to 38 percent of a population of 6.5 million. The regularization of existing and the prevention of the development of new katchi abadis is therefore the most important aspect of housing in Pakistan, requiring immediate attention.

2.2 Reasons for the growth of katchi abadis:

2.2.1 Government developed land is far too expensive for the poor to afford. Persons earning Rs 1,500 per month cannot afford to pay more than Rs 1,000 for a plot of land at one time.

2.2.2 The procedures for acquiring this land are long and cumbersome.

2.2.3 Even if the poor can raise this money and complete the procedures, it may take as long as 10 years before possession of these lands is handed over to the owners. The poor, on the other hand, need land immediately.

2.2.4 Once possession is handed over, technical assistance and credit for house construction are not

available.

2.2.5 Government failure to cater to the needs of the lower-income groups has led to the creation of an informal sector which acquires land through illegal or extra-legal means. This land is sold to the poor without cumbersome procedures, at a price they can afford, and possession is given immediately. The informal sector provides credit and technical assistance for house building and the residents lobby with state agencies for services and acquire them over the years, often in defiance of state regulations. Thus, katchi abadis continue to grow.

2.2.6 Government land meant for the poor, however, continues to be developed as well, often with subsidies, and is acquired by professional speculators or the middle classes for speculative purposes. All over Pakistan, such land lies unused for years. For example, of the 110,470 site and services plots developed by the KDA in Karachi between 1970 and 1980, only 3,500 have so far been occupied.

2.3 The katchi abadi improvement and regularization programme:

The government of Pakistan is committed to regularize and develop those katchi abadis on state land which were in existence on or before 23 March, 1983. New katchi abadis, or growth on existing ones after this date, however, are to be treated as encroachments and there is no plan for their regularization. The regularization process inaugurated in the mid-seventies has not yielded successful results: less than 5 percent of the sites have been upgraded and only 12 percent of the population has acquired proprietary rights. In Karachi, for instance, out of 223,000 housing units only 20,000 have actually acquired lease rights.

2.4 Reasons for the failure (so far) of the katchi abadis regularization and improvement programme:

2.4.1 Government cannot afford to develop and regularize katchi abadis at its own cost. Where foreign funding is available, the problem of repayment, with interest, arises. Experience has shown that to recover costs from the user is difficult, if not impossible. In addition, according to the project proposal, a 20 percent default in repayment completely upsets the viability of the programme. In the case of Karachi, this is what has happened during the sixth five-year plan period.

2.4.2 The lease-cum-development charges that are charged for regularization are far too high for the residents of katchi abadis to pay at one time and recovering money in instalments from the poor in Pakistan has a very poor history.

2.4.3 Residents of abadis marked for regularization feel secure and hence not particularly bothered about acquiring a lease. They also feel that payment of development charges will not necessarily bring development, and they have little faith in state development agencies.

2.4.4 In the present proposals for regularization there is no provision for penalizing people if they do not acquire a lease or pay development charges.

2.4.5 The process of acquiring a lease is long and cumbersome and few residents are willing to go through with it when they are already assured of de-facto security of tenure.

2.4.6 It has been noted that residents are not fully aware of the aims, objectives and mechanics of the improvement and regularization programme.

2.4.7 As a result of high planning standards stipulated a very large percentage of katchi abadi dwellers will have to be moved out of their colonies. Providing alternative accommodation for them is a major problem. For example, more than half of the Rs 2,103.58 million allocated for the Karachi katchi abadis during the sixth five-year plan was to be spent on providing land and accommodation to those who would be dislocated due to the programme.

2.4.8 The community involvement programmes which were to be developed to overcome the problems faced in upgrading and regularization have failed to materialize.

II. TWO SUCCESSFUL PROJECTS

1. The Hyderabad Development Authority's (HDA) Incremental Housing Scheme (Khuda-ki-Basti)

In the Khuda-ki-Basti (KKB) scheme, the HDA, following the example of the informal sector, has been able to provide unsubsidized land to the urban poor at an affordable price (Rs 1,000 down payment plus Rs 110 per month for 7 years) with immediate possession and without involving the residents in bureaucratic red tapism. The HDA has also managed to keep the speculators out by adopting appropriate screening processes, and by legalizing tenure only after the full payment of Rs 9,500 has been recovered through its monthly instalments. The informal sector has been inducted into the scheme to provide technical and material help to the residents for house building, and an incremental and affordable system for the provision of services has been developed. The cost of this development is considerably less than that of government contractors because of the involvement of the people in the development process. Initially, only water is provided by the HDA and other services follow later. In addition, the HDA is involving government agencies such as the HBFC, Small Industries Corporation and the Women's Division in the social and economic upgrading of Khuda-ki-Basti.

2. The Orangi Pilot Project (OPP)

The Orangi katchi abadis have a population of about 800 thousand. The Orangi Pilot Project has been able to motivate the residents of the Orangi katchi abadis to build and finance their sewerage system. In this process, over 43,000 houses have mobilized over Rs 30 million. The OPP has provided motivation, technical advice and tools but has not subsidized the actual construction work in any way. The research and extension method which has made the OPP's low cost sanitation model so successful is being applied to a housing programme, a women's welfare programme, an economic programme and an education programme. In addition, due to the awareness generated by the OPP programmes, the residents have also involved their area councillors, and the funds allotted to them, in the development process. With assistance from the government of Sind, the OPP is being converted into a Research and Training Institute for the development of katchi abadis. The programme has been operative for the last 7 years and has had an average funding of only Rs 3 million per year.

3. Lessons learnt from the two projects

2.3.1 People cannot afford to pay for serviced land as developed by state agencies. However, if the price is low (Rs 1000 for an income of Rs 1500 per month), they are willing to move in even if services (except water) are not present. They are willing to pay for these services over the years through monthly instalments if the instalments are reasonable (Rs 110 per month in the HDA scheme for 7 years before ownership is legalized). This process also makes speculation difficult and less profitable.

2.3.2 If allotment procedures are simplified and services are provided incrementally, direct contact is established between owners, who have to lobby for them, and also between owners and the government staff which has to help provide them. This makes community awareness and involvement possible. Properly channelized, this can lead to community-operated and maintained services and community management of credit. The HDA is in the process of doing exactly this through its recently established credit scheme (explained in Part III para 1.3.3).

2.3.3 If tenure security is linked to the building of a home within a month of allotment of an unserviced plot (except for water) then speculation can be effectively controlled.

2.3.4 If the quality of product at the local building component manufacturing yards (thallas) can be improved, the people made aware of technical problems in house building, and skilled workers further trained in using the new products, building costs can be lowered and housing stock improved. For this a research, extension and training programme, such as the one undertaken by the OPP, is necessary.

2.3.5 The upgrading of the 'thallas' can only be done if credit is available to the 'thalla' owners. In addition, the OPP's studies have shown that the quality of housing in Orangi is directly related to the

informal credit available to the house builders from the 'thalla' owners. This credit is usually not large (Rs 1000 to Rs 5000) and may consist of materials only. Since social pressure is used for this credit repayment, default is rare. In the case of HBFC loans, on the other hand, is common default.

2.3.6 In the OPP's economic programme it has been noted that very small loans (Rs 500 to Rs 2000) given to small businesses can double household incomes, and this extra money is usually made use of in house improvements.

2.3.7 Communities can be motivated into organising themselves, raising finances and developing services provided the unit of organisation is small and cohesive. External development and its management, however, is beyond the organisational and financial potential of the communities.

2.3.8 Successful motivation is the result of research (social, economic, technical) and extension. This process, in addition to mobilizing the community, can also reduce development costs to about one-third of the development charges of local authorities. In the case of the OPP, this has been reduced to one-fourth.

2.3.9 Replication is easy and simple once a methodology and technology has been developed through research. The OPP's low-cost sanitation programme is being implemented by other katchi abadis in Karachi at a much faster rate than it was in the initial stages in Orangi.

III. PROPOSAL

1. Prevention of katchi abadi growth

1.1 The HDAs Khuda-Ki-Basti as a model:

The HDA's Khuda Ki Basti project should be replicated in all major cities and small towns on an appropriate scale by the local authorities. This scheme should aim at providing at least 50percent of the total plots required annually due to urban growth. Thus, it should aim at the provision of 135,000 plots per year. This is well in excess of the proposals of the seventh five-year plan.

1.2 Training at Khuda Ki Basti and OPP/RTI:

Staff of the local authorities responsible for replicating the scheme should be trained at HDA and a training academy established in Hyderabad by the NHA for this purpose. In addition, a monitoring, documentation and evaluation cell should be created with each development authority for these schemes so that modifications can be made to suit local conditions. Training in research methodology, community mobilization and extension techniques can be provided at the RTI in Orangi.

1.3 Finances:

1.3.1 Land acquisition:

Where state land is available, almost no finances or long-term loans are required to provide affordable unserviced land. However, if private land has to be acquired then the local authority will have to purchase it on the open market. If the initial Rs 1000 paid by the owners does not cover the cost of this land, then the price should be recovered by adding it on to the monthly instalments, or increasing the number of instalments that have to be paid before the lease can be given.

1.3.2 Employment of staff and training:

Finances for this should also be given as a loan to the development authority along with the setting up of monitoring, documentation and evaluation cells. Their cost should also be recovered by addition to the monthly instalments paid by the owners. However, the cost should not exceed 5 percent of the total cost of the project. At OPP, the cost of research, extension, monitoring and documentation is 4.4 percent of development costs.

1.3.3 House building/improvement loans:

- The HDA has just negotiated a loan of Rs 5 million with the HBFC for the residents of its Khuda Ki Basti scheme. This loan has been given to the HDA who in turn will pass it on to the residents of what is known as the Block Organisation. Each such organisation represents about 200 houses in a block and has the following functions:

- to decide on cancellation of allotments of those persons who do not occupy their houses/plot themselves within a month's time;
- to recover monthly dues on behalf of the HDA;
- to manage maintenance and operation of block services;
- to identify persons to whom the loan is to be given.

- The loan is to be given not to individuals but to groups of ten people so that repayment is guaranteed. The criteria for eligibility for this loan is:

- persons getting the loan have been permanent residents for 1 year;
- they have planted and are maintaining one tree on the road and one in their courtyard;
- a maintenance committee exists and operates the services;
- the prospective creditor has increased his income after coming to the scheme.

- The block committee consists of 3 persons, of which one is an official of the HDA.

- The maximum loan is Rs 30,000 and the minimum is Rs 5000. It is estimated that the average loan would be Rs 10,000. This loan can also be used for income generation or for payment for services where lump sum payments, such as for electricity and gas connections, are required.

- This loan scheme, modified to suit local conditions, can also serve as a model.

1.3.4 Loans to 'thalla' owners:

Loans for the upgrading of 'thalla' products can also be given. The OPP has been doing this most successfully in Orangi. Research, development and demonstration will have to form a part of this project along with extension support to the owners, and training for the skilled workers. Repayment of loan instalment, at OPP have been regular to date.

2. Regularization of katchi abadis:

2.1 Pilot project for regularization:

For the regularization of katchi abadis a pilot project needs to be launched. This project should aim at:

2.1.1 Delinking regularization with development. This will mean:

- regularization charges can be reduced to a bare minimum, around Rs 750. At present, the charges are about 4 times this amount;
- this sum should finance only the 'outer' development whose cost is no more than 30 percent of total development cost;
- the inner development should be left to the residents themselves, with the OPP as a model. This model can be promoted by NGOs or by the establishment of extension, monitoring and research organisations linked to the local development authorities. This staff, along with community members, can be trained at the RTI in Orangi and the OPP programme area can serve as the demonstration forum.

2.1.2 So as to make regularization attractive to the owners:

- a motivation campaign should be launched at least four months before regularization begins. This should consist of meetings, slide shows etc. to explain the programme
- regularization procedures should be simplified to the bare minimum
- planning standards should be lowered to make minimum resettlement necessary
- no new electricity, gas or water connections should be given to those houses which have not been regularized. A surcharge on electricity and gas should be negotiated with the WAPDA/KESC and the gas companies for houses which have not been regularized
- regularization charges should be increased by 10 to 20 percent each year
- the programme should aim at regularizing 75 percent of all katchi abadis in the country. The development work, however, will proceed at the pace of the community's organisational and financial potential.

2.2 Finances:

2.2.1 Funding of pilot projects:

Funding will be required for setting up the pilot projects. If they are successful they can be expanded rapidly.

2.2.2 Loans:

Loans for house building/improvements and to 'thalla' owners can be given in the same manner as described in paragraph - 1 above.

2.2.3 Financing agency:

The financing agency for these schemes can be the NHA. The institutional arrangement between the NHA and the various local authorities will need to be worked out. In addition, the NHA will have to establish a cell to monitor, document and suitably modify its involvements in these schemes over the years.

2.2.4 Land at market prices for the middle income groups:

Along with the steps proposed above, land should be provided to the higher-income groups at market prices and heavy non-utilization charges should be imposed so as to make speculation difficult. Loans for lower-middle-income groups, who have been granted allotment of a plot, should be provided to help in the payment of instalments.

IV. RATES FOR WORKING OUT A FINANCIAL PROPOSAL

1. Land acquisition:

- Land acquired for 100,000 houses is 3100 acres.
 - State land can be acquired by the development authorities from the CBS at Rs 25,000 per acre. Cost of a plot thus works out to Rs 775. For 50,000 plots Rs 38,750,000
 - Average cost of private land would be Rs 80,000 per acre. Cost of a plot is thus Rs 2480: for 50,000 plots Rs 1,240,000,000
- Rs 1,618,500,000

- Average cost of a plot is Rs 1,618.

2. Training academy at Hyderabad:

- Cost of setting up an academy	Rs 5,000,000
- Cost of running it for 5 years at Rs 2,000,000 per year	Rs 10,000,000

	Rs 15,000,000

3. Training programmes

- Training at RTI in Orangi and Hyderabad academy for 500 persons per year at Rs 5,000 per year for five years. This includes travel, board, lodging etc.	Rs 12,500,000
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4. Establishment of projects

4.1 Establishment of plot development projects with the **development authorities** (excluding the cost of land). An average of Rs 150 per plot developed. To make the scheme feasible not less than 1500 plots per project per year should be developed. Thus the cost of developing 100,000 plots would be Rs 15,000,000.

4.2 Establishment of a **katchi abadi regularization and upgrading project** through NGOs or by establishing extension units with the local authorities: Rs 10,000,000 per year to serve a population of 100,000 persons.

4.3 **Small loans on the HDA model:** Average loan of Rs 10,000 payable in 10 years. Upto 100,000 loans per year through the development authorities and the katchi abadi projects.

V. SMALL LOANS FOR HOUSE CONSTRUCTION AND IMPROVEMENT

A. Need Analysis

The 7th plan programme envisages construction of 650,000 housing units in urban area (i.e. 130,000 units per year). Out of these 88.46 percent are expected to be built in private sector and 11.54 percent in public sector (575,000 units in private sector and 75,000 units in public sector). Detailed population growth and household formation trends are discussed under plot development loans.

The provision of small house construction and improvement loans is conceptualized as a variable package, each having components of beneficiaries choice within the ceiling of loan. The upper ceiling of small loans for house construction and improvement may be kept at Rs 25,000 and a minimum of Rs 5,000.

1. Physical target

In sixth five year plan it was stated that 670,000 housing units will be constructed. At the end of 6th five year plan 400,000 housing units were built at an achievement percentage of 59.7%. In the current five year plan the target set for the house construction is 650,000 units. Out of these 88.46% are expected to be built in the private sector and 11.54 will be built in the public sector. It is assumed that achievement percentage of 6th five year plan will hold true for the 7th plan period as well and that 40% of total housing units proposed for construction will require alternate financial assistance. This means that finances for 260,000 housing units will be required (52,000 per year); if each beneficiary avails an average Rs 15,000 of loan one requires Rs 3,900 millions during the five year time period. This comes to a very large amount, one therefore may assume that 50% of this demand can be taken up as a component of this project then provision is to be made for 130,000 units in 5 years time or 26,000 units per year.

Small loans for house construction and improvements are further distributed among two groups as under:

a.	Small loans for the beneficiaries of incremental site development scheme.	30%	7800/Yr
b.	Small loans for low income beneficiaries in urban areas.	70%	18200/Yr
		-----	-----
		100%	26000/Yr

1.2 Provincial housing:

Provincial governments vary considerably in their institutional framework for housing; the province of Punjab has a relatively large housing department as compared to all other provinces. In Punjab under the Secretary for Housing Physical and Environmental Planning (HP&EP) a full-fledge housing department headed by a Director General is operating. Department of Housing has its five circle offices each headed by a director all over Punjab.

The main function of Punjab Housing Department are:

1.2.1 To prepare and execute area development scheme for low income people in Punjab.

1.2.2 To prepare outline development plan/master plan/structure plans for small and major town/cities (except where development authorities exist) in Punjab for guiding the physical growth and development of urban settlements.

The department has powers to acquire land for public use under the prevailing land acquisition act (presently Punjab Land Acquisition Act (Housing) 1973, repealed in 1985, in conjunction with land acquisition Act 1894. Punjab housing department during last 16 years provided 1,15,000 plots at a rate of 7188 plots per year.

The Punjab housing department operates on a revolving fund generated from the initial capital provided by the government and earnings from the area development schemes. The funds of Punjab housing department are managed through normal provincial channels, budgetary allocations are made in annual development plans; however, the allocation for housing purposes (serviced plots) to the housing department are made from their head of revolving funds.

The organization of Punjab housing department is attached at Figure .

In Sind department of Housing and Town Planning is linked with Local Government and Rural Development Department. The Sind government has not felt the need of establishing the branches of its housing department at divisional or district levels in the province therefore, mainly it remained a none-field provincial government organisation. Similarly in Baluchistan Department of Housing & Physical Planning is restricted to provincial office and in North-West Frontier Province (NWFP) also no provincial housing department operates at divisional or district levels. However, in NWFP Provincial Urban Development Board (PUDB) has been established which at times operates in the province by way of developing an area development scheme through provincial government fund allocations. In NWFP, Baluchistan and Sind area development schemes are done by development authorities which in turn are controlled by the provincial Housing and Physical Planning Ministries.

1.3 Development authorities:

Development authorities in major cities of Pakistan have been established as semi-autonomous bodies with an objective of carrying out urban development and housing works with increased efficiency and speed.

The functions of development authorities are briefly enumerated as under:

1.3.1 To prepare, and execute urban development/improvement schemes within the area of their jurisdiction; the schemes include water supply, sewerage, sanitation, traffic and transportation, slum and

katchi abadi improvement etc.

1.3.2 To prepare and execute area development schemes to increase the supply of serviced residential land with special emphasis on low income families. To undertake schemes for providing built houses.

1.3.3 To acquire land in the public interest and to discharge estate management function with respect to the land vested in the authority. This includes allotments and cost recovery of plots.

1.3.4 To prepare and execute urban upgradation and improvement schemes, beautification schemes, recreation and commercial schemes.

1.3.5 To prepare comprehensive development plan (structure plan) for guiding the overall growth and development of cities.

1.3.6 To enforce building, land use, zoning regulations and to remove sources of pollution.

Development authority after completing the development works hand over the schemes to respective municipal corporation for maintenance purposes. In cities where development authorities have established a Water and Sanitation Agency (WASA) maintenance of sewerage and water supply remains with development authority, for example, Lahore Development Authority and Faisalabad Development Authority.

Development authorities have been created under legal acts relevant to each province. So for twelve Development authorities have been established for urban development throughout Pakistan, namely:

- Federal area:

- Capital Development Authority (CDA)

- Punjab:

- Lahore Development Authority (LDA)
- Faisalabad Development Authority (FDA)
- Multan Development Authority (MDA)
- Dara Ghazi Khan Development Authority (DGKDA)

- Sind:

- Karachi Development Authority (KDA)
- Haydarabad Development Authority (HDA)
- Sukkar Development Authority (SDA)

- NWFP:

- Peshawar Development Authority (PDA)
- Kohat Development Authority (KDA)
- Mardan Development Authority (MDA)
- Dera Ismail Khan Development Authority (DIKDA)
- Hazara Development Authority (HZADA)

- Baluchistan:

- Quetta Development Authority (QDA)

Development authorities are self supporting organization and have to generate sufficient funds to support their staff. By and large all development authorities have enough technically trained staff in the fields of engineering, finance, estate management and revenue, town and urban planning, housing and architecture and administration.

Development authorities are governed by their respective governing body comprising members from provincial government, divisional and district administration, Mayor, Chairman district council and elected member of Provincial/National Assembly from the concerned city. The governing body is headed by the provincial Minister for Housing and Physical Planning who is also the Chairman of the development authority. The chief executive of the authority is Director General. The administrative ministry for development authorities is the provincial ministry for housing and planning. In Punjab it is called Housing Physical and Environmental Planning, in Sind it is called Housing, Town Planning, Local Government and Rural Development, in NWFP Urban Development Board controls the development authorities which in turn is controlled by the Ministry of Housing and Physical Planning and in Baluchistan it is the Ministry of Housing & Physical Planning that controls the Development Authorities. The diagram below illustrates the organizational set up of a typical development authority in Punjab.

For all plot development schemes development authorities have to depend on self-income. Government does not finance area development schemes (serviced residential plots). Therefore, most of the housing activity in the shape of serviced plots is financed by development authorities from their self income. For scheme reflected in the Annual Development Plan (ADP) money comes through the provincial finance ministry. Major source of income for the development authorities comes from the auction of commercial plots as well as residential plots (i.e. 50% of plots of 10 marla or more), various fees/fines, departmental charges and imputed cost of money due from beneficiaries. This fund is, however, not enough now to acquire land on market rates and then develop it, therefore, development authorities (except LDA) are looking for alternate financing for plot development schemes. Lahore Development Authority seems to be more interested in money for the construction of flats and built houses, whereas many professional people in the field of housing are not in favour of flats/built houses. Lahore Development Authority itself experienced that plot/flats development ventures are not the projects in which investment should be made.

Each development authority varies in its total staff strength and budgets. Number of people employed in development authorities varies from three hundred to two thousand and so does the size of annual budgets; the budget figures range from a minimum of Rs 110.00 millions to a maximum of Rs 700.00 million.

In NWFP Peshawar Development Authority is the largest authority headed by a Director General whereas the remaining four development authorities are administered by project directors who are directly responsible to the Provincial Urban Development Board (PUDB).

In Sind, Sukkar Development Authority is not operative, ever since its creation it got into cold storage and never established its physical existence in Sukkur. In Punjab, Dara Gazi Khan development authority has been created only recently and has yet to move its headquarters to D.I. Khan from Lahore.

1.4 Local Government and Rural Development Department (LGRDD)

a) Federal LGRDD:

There is a federal ministry for local government and rural development. Although a development engineering cell has recently been established in this ministry, the subject is essentially a provincial one.

b) Provincial level:

In every province the LGRDD is divided into two wings. The local government wing provides financial assistance in the form of grant in aid to the elected local councils. In addition it provides officers to the councils to perform the functions of administration, taxation and finance.

The rural development wing, on the other hand, is the field component and is staffed with engineers, project managers and secretaries to the district and union councils. The rural development wing is responsible for executing the ADB funded rural works programme and in providing technical assistance to the development schemes of the union councils. The district councils on the other hand have their own engineering and other technical staff.

Both the wings of the LGRDD have a regional hierarchy which goes down, complete with administrators and

technical staff, to the district, and in some cases, to the sub-divisional level.

c) The LGRDD and community participation:

The structure of the LGRDD was especially created with the intention of fostering community participation and the local management, implementation and operation of projects in the rural areas. To make this role possible research, training and extension are essential. For this purpose three rural development academics were established at Peshawar (NWFP), Lalamusa (Punjab), and Tando Jam (Sind).

d) Local Councils:

Both the district and the local councils are composed of elected representatives supported by officers and staff of the Local Council Services (LCS). In fiscal terms both the councils can levy a member of taxes to generate finances. The size of the electoral unit for each union councillor is approximately 1,000 inhabitants whereas that for a district councillor is 50,000. A union council size varies from 10 to 15 villages.

e) Basic data on local councils by province:

- District councils:

	Punjab	Sind	NWFP	Baluchistan
Number	29	13	13	20
Average number of villages covered	872	456	631	286
Average population covered (000)	1,330	934	841	215
Average revenue (Rs 000)	21,897	9,208	12,808	NA
Average expenses (Rs 000)	25,315	11,392	12,292	NA

- Union councils:

	Punjab	Sind	NWFP	Baluchistan
Number	2,367	569	565	315
Average number of villages covered	11	10	15	18
Average population covered (000)	16	21	19	14
Average revenue (Rs 000)	44	81	NA	NA
Average expenses (Rs 000)	32	92	NA	NA

- LGRDD in Sind and Baluchistan:

In Sind and Baluchistan, unlike in the other two provinces, housing, town planning and LGRDD form part of the same department. (See attached organizational charts for Punjab and Sind).

1.5 Non-Government Organizations (NGOs):

Although there are a large number of NGOs operating in Pakistan, only a few are involved in shelter or rural upgrading programmes. Community involvement in the development process, however, is actively promoted by them. Some of them have developed substantial research, training and extension facilities. The details of these NGOs are given below.

a) **The Aga Khan Rural Support Programme (AKRSP):**

The programme was commenced in 1983 and is based in the three northern districts of Pakistan. It is funded by the Aga Khan Foundation (AKF), CIDA, ODA and the Dutch government.

The objective of the programme is to increase the capacity of local people to improve their living conditions, their skills and production. The target is to double rural per capita income over a period of ten years.

To fulfill the above objective the AKRSP has been able to motivate the villagers in the Northern Areas to organize 620 village organizations (VOs) which have a membership of 41,500 and have collectively generated Rs 20.7 million in savings. In addition the VOs, with financial and technical advice/help from the AKRSP, have identified 1069 Productive Physical Infrastructure (PPI) projects, initiated 452 and completed 266. 1675 short term loans and 101 medium term loans of Rs.33 million have been made with almost no defaults. The success of the AKRSP has been the result of community motivation, extension, and continued dialogue with the VOs.

The AKRSP programme is very well monitored and documented. A member of training and extension centres are also operating where villagers are trained in the use of pesticides, fertilizer, animal husbandry and taught how to manage projects and keep accounts.

b) The Orangi Pilot Project (OPP):

The OPP was commenced in 1980 with funding from the BCCI. The project from the very beginning aimed at discovering and demonstrating a new approach for the development of katchi abadi which would overcome the financial and technical problems faced by the present approach. This approach aims at motivating lane residents to organize, finance, manage and construct their sanitation system. In lanes where the sanitation system has been developed a women's welfare programme is introduced by mobile teams who from women's organizations and instruct them in hygiene, nutrition and family planning.

The OPP has recently commenced a programme of upgrading the local building manufacturing yards, giving technical advice to house builders and training masons to improve their skills. A programme of small loans to upgrade family businesses, and increase incomes as a result, has also been undertaken.

The lane organizations, which OPP has helped foster, have led to pressuring the councillors into using their funds according to the wishes of the people and as part of the community's own development plan.

Orangi township, where the project operates, lies west of Karachi city and has a population of about 1,000,000 people. So far its sanitation programme has served over 43,000 households who have invested Rs. 32 million in this exercise. The OPP has spent only an equivalent of 5 percent of this sum on research, extension and tools.

The average annual budget of the OPP has been Rs 3 million a year. Small fundings are received from CIDA, ODA, CEBEMO and other donors. The BCCI however remains the major source of funds.

The OPP's success is due to:

- Social research which made motivation and organization possible.
- Technical research which reduced costs and made the extension package affordable.
- Training and tools for all the actors in the drama.
- Extension
- documentation and monitoring which makes appropriate changes and modifications in the programme possible.

The government of Sind and US AID have agreed to financially support the upgrading of the OPP into a Research and Training Institute (RTI) for the upgrading of katchi abadis. Other Karachi katchi abadis have applied for assistance to the OPP and this assistance is being provided for their sanitation programmes.

c) The Aga Khan Housing Board (AKHB):

The Aga Khan Housing Board functions as the executive arm of the AKF and is thus involved in many of their construction oriented programmes.

The Board has been associated with the setting up of 90 credit co-operatives and over 140 housing co-operative societies. These have completed almost 7000 housing units all over Pakistan. Membership of these co-operatives has been limited to members of the Ismaili community most of whom belong to the middle classes. This housing effort has been accompanied with the construction and operation of nurseries, schools, medical facilities, community centres etc. and the setting up of maintenance cells.

In addition to the above, the Housing Board is also involved in the Self Help School Building Programme in the Northern Areas. The AKHB provides cement and steel, technical advice and tools and the villagers provide aggregates, labour and managerial skills.

A Living Conditions Improvement Programme has been undertaken by the AKHB in the rural areas of Sind and the Northern Areas. This programme consists of demonstrating to rural communities the advantages of pit latrines, proper ventilation, water filtration and the use of improved cooking stoves. Demonstration has so far been carried out in 52 villages since the programme was inaugurated in 1987.

The AKHB is funded by the AKF and its head office is in Karachi. The governing council of the AKHB is nominated by the Aga Khan himself every three years and has a president and an honorary secretary as the executive heads.

d) Catholic Social Services (CSS):

The Catholic Social Services are funded by CARITAS. They have a number of programmes which include courses for awareness raising for community leaders, social workers, youth associations etc. In addition they hold seminars and workshops and have been active in the Punjab in protecting the shelter rights of their community members.

The CSS in Karachi, however, has been involved in a programme of housing loans through a revolving fund. This programme was not limited to Catholic families. It has been a learning experience for the CSS in loan giving and recovery and the problems faced and solutions arrived at for overcoming these problems have been documented. Between June 1983 and June 1984 the CSS had given 300 loans. 67 percent of the beneficiaries are paying regular instalments.

e) BUSTI - The Baldia upgrading project, Karachi:

In 1979 the Baldia upgrading project was commenced by UNICEF with Dutch government funding. Baldia is a katchi abadi in West Karachi.

The project began as a demonstration project for the construction of soak pits. This led to a large number of soak pits being constructed by the people at their own cost.

The awareness thus generated gave way to the development of home schools, teachers organizations, hygiene and health education and active participation of the community in these activities.

The Baldia project has now been converted into an NGO called BUSTI, which stands for Basic Urban Services for Katchi Abadis.

VI. PLOT DEVELOPMENT LOANS

1. Need Analysis:

Population of Pakistan has been growing very rapidly since 1947 (the year of independence). The total

population of Pakistan in 1951 was 33.78 millions which grew to 42.88 million in 1961 (27% intercensal growth), 65.31 millions in 1972 (25.4% intercensal growth) and to 82.06 millions in 1981 (25.65% intercensal growth).

Urban population in 1951 was at 6.02 millions (17% of total population) which grew to 9.65 millions in 1961 (22.5% of total population), and to 23.84 millions in 1982 (28% of the total population). This scale of increase in urban population resulted in greater housing demand in the cities. The main concentration of urban population remained restricted to few large cities, and the maximum pressure was on two large cities namely, Karachi and Lahore.

The annual growth rate of total population was 3.7% between 1961 and 1981 whereas during the same period urban population registered an annual increase of 3.5%. Total number of households grew at an annual growth rate of 2.86% during the period between 1961 and 1981, whereas during this period growth rate of urban households was 3.9% per annum and that of rural households was 2.5% per annum.

The annual growth rate of households has been lower than the annual growth rate of population during 1961 and 1981; however average household size increased considerably during this period. The annual growth rate of population indicates the growing housing need and the increase in household size points to possible over-crowding. The census figures also show that there has been increase in the size of housing units along with the increase in size as well as number of households during 1961 and 1981. These trends indicate that the over-crowding situation that existed in 1961 has not changed very much. Mr. Zaki in his paper on "Housing conditions in Pakistan 1960-80 estimated the housing shortage at 3 million units in 1980, this paper was published in the Pakistan Economic Review, Vol xx, 1981. It is also reported in many papers and reports that while urban population grew at annual growth rate of 4.7% the housing stocks increased at only 3.7% per annum. These trends and figures give an indication that there is a considerable housing backlog in addition to annual incremental demand on account of population growth.

According to the 7th five year plan (under preparation), it is estimated that urban population will increase by 9 millions by 1993, the effective demand for housing in urban areas is estimated at 650,000 units. The policy will be to meet the incremental demand of 130,000 housing units per year during the plan period i.e. 1989 to 1993; it is envisaged in the 7th plan that 70% of total demand of 650,000 serviced sites will be provided by the public sector for low income and middle income groups whereas private sector will develop the remaining 30%. This means provision of 455,000 serviced plots in the public sector and that 195,000 serviced plots will be provided by the private sector during the plan period.

1.1 Physical development concepts:

Overall project of shelter for shelterless is being viewed with possible approaches comprising katchi abadi development with two components namely, area upgrading and small loans for house improvement; secondly, small plots development and house construction/improvement loans, thirdly integrated rural improvement programme with emphasis on integrated rural development in selected villages and small loans for house construction/improvements and the last component of project is building up of research, technical assistance, information and extension services programme. In the subsequent paras project components of small plot development are elaborated.

Supply of serviced urban land is the most urgent need to ease the housing shortage in Pakistan. Although in the recent years government emphasis in the urban housing sector has been development of serviced plots through area development schemes, the supply of serviced plots remained inadequate. The developed land in urban housing sector has often been unaffordable to the real low income people. Therefore, there is need to evolve and adopt new approaches/concepts to make small plot development schemes more affordable to the low-income groups; this is proposed to be achieved by adopting incremental development methods and also by modifying the existing land use planning and engineering standards in regular plot development schemes. It is hoped that in small plot development schemes marketable area will be increased to 70%, this will increase the number of plots and reduce the cost per plot.

It is considered that replication of the approach adopted by Hyderabad Development Authority may be useful incremental development method. Therefore, a project component based on this approach is being included in the project, its size is however kept relatively small.

The private sector in the urban housing mostly catered the needs of upper middle and higher income groups; there is need to attract the private sector to participate in the provision of small plots for urban poor. Private sector through cooperative efforts can also help a great deal in urban house construction and improvement activities.

1.2 Size and components of project:

In the sixth five year plan period it was provided that 550,000 residential plots will be developed and at the end of 6th plan period 430,000 plots were developed; which means that 78% of the total target was achieved. This is quite a substantial achievement; during 1st three years of 6th-plan Punjab Land Acquisition (Housing) Act 1973 was enforced therefore, land at cheaper rates could be acquired in the province of Punjab. With the repeal of 1973 land acquisition act availability of urban land for housing has become very difficult. There is definite need to take suitable measures for devising an easy and speedy way of acquiring land. Lahore Development Authority initiated a site and services scheme in northern Lahore namely, Gujar Pura scheme few years back with the assistance of World Bank, the scheme is held up due to land acquisition problems as some of the land owners went to the court and obtained stay orders.

Assuming that government will muster enough resources and that land acquisition problems will not off-balance the programme it will be safe to say that government will definitely achieve the percentage levels attained during the past five year plan we may say that alternate financing sources for the development of about 1,43,000 plots during 7th plan period are to be found. This yields a figure of 28600 plots per annum.

The small plot development scheme is envisaged to be taken up in a set of three basic elements as under:

Project component	Share of physical targets	Total/Yrs
Area development schemes on the basis of incremental development approach	35%	10,000
Small plot development scheme	55%	15,740
Private land developers catering for the needs of low income groups	10%	2,860
	100%	28,600 Rs 15,000

1.3 Private sector investment:

Under this approach it is proposed that 10% of the total target plots may be kept which comes out to 2860 plots per year. If the private sector developer will provide considerable number of 3 marla plots in their regular area development scheme they be assisted by way of bridge financing equivalent to the cost of developing 2860 plots in regular government housing schemes per year. This comes out to Rs 43.99 millions.

1.4 Quantification of targets and costs

Earlier it is mentioned that 28,600 plots per year can be the possible target for inclusion in the Asian Development Bank assistance programme. To achieve this physical target following costs are involved, under various components of development approaches.

1.5 Incremental development approach:

Under this approach it is proposed to accommodate 35% of the chosen target which comes out to 10,000 units. The land cost and development cost involved will be as under:

- Total number of plots 10,000 year

-	Total land required (35 plots of 3 marla per gross acre)	286 acres
-	Cost of land including 15% surcharge, compensation for trees etc @ Rs 200,000/acre	Rs 57.2 million
-	Cost of land per marla after deducting the un-marketable land (30% of total)	Rs 1,786/marla
-	Cost of land for a 3 marla plot (without adding cost of money/ service charges)	Rs 5,358/ plot
-	Development cost comprising provision of water supply, survey, plot demarcation, and elementary site preparation for a 3 marla plot (reduced standards) based on Hyderabad estimates.	Rs 1,339/ plot
-	Total cost a beneficiary has to pay for the land development at time of moving onto the site	Rs 14,958 say Rs 6,700

b) Small plots development scheme:

Under this programme physical target of 55% of the total plots to be developed per year is proposed to be taken up which comes to providing 15740 fully serviced plots per year during 7th plan period. The cost of land acquisition and land development is worked out as under.

-	Total number of plots	15,740/plots/year
-	Total land required (35 plots of 3 marla per gross acre)	450 acres
-	Cost of land acquisition (including 15% surcharge, and compensation for fees etc. Rs 200,000 per acre.	Rs 90 million
-	Cost of land per marla after deducting the unmarketable land (i.e. 30% of the total)	Rs 1,786
-	Cost of a 3 marla plot (without adding cost of money/services charges)	Rs 5,358
-	Development comprising provision of roads/streets, protection walls around graveyards and open spaces, maintenance for 3 years, petty staff contingencies and departmental charges at a prescribed rate of Rs 100.00 per sq. yard of saleable area.	Rs 152.46 million
-	Development cost per marla after deducting the unmarketable land.	Rs 3,025.00
-	Development cost of a 3 marla plot	Rs 9,075.00
-	Total cost of a 3 marla plot (Land + Development)	Rs 14,458.00

PROPOSAL FOR A LOW COST HOUSING PROJECT FOR THE RURAL AREAS IN PAKISTAN

By
Arif Hasan

1. GOVERNMENT HOUSING AND VILLAGE IMPROVEMENT POLICIES AND PROBLEMS ASSOCIATED WITH THEM

1.1 Provision of land:

Most common land in the rural areas has been occupied and plot development can only be carried out on private land. The cost of a 100-yard unserviced plot on such land would be Rs 2000 to Rs 2500. Landless labourer in the rural areas do not earn more than Rs 750 per month in cash terms and cannot afford to pay more than Rs 500 for a plot of land in one go. Thus this land cannot be afforded by them.

It has been noted that large areas of the 7 marla schemes developed by the colonies department and distributed free of charge are lying vacant. Evaluations of some parts of the programme have revealed that most of these plots have been allotted to the servants and relatives of the important people in the area and are being held for speculation. Many of them in favourable locations have already become valuable property. (1)

If private land is acquired and developed it is feared that it will also not serve the target group and as there will be a cost attached to it, it will suffer a worse fate than the 7 marla scheme.

The quality of rural building has declined slowly over the years. This is because

- the change from a barter to a cash economy has destroyed the traditional village structure and the hereditary artisanal system. Most skilled persons have either migrated to the urban areas or their services are unaffordable by the rural poor
- traditional construction materials (like timber) have become expensive or are just not available except in the cash market
- earnings from land no longer meet the needs of poor rural families and they have to supplement their income by additional work. Therefore, the time-consuming bi-annual maintenance that mud building requires in the monsoon belt is being neglected.

1.2 Village improvement scheme:

A number of schemes for village improvements with community participation in terms of finance and/or a labour component are operative in various areas of the country. These schemes consist of piped water projects, street paving, sanitation and school building programmes. They are promoted and managed by the local government and rural development departments (LG and RD) and the district councils. Some form part of the district development plans, while others are funded by the annual development plans. A few are also supported by international agencies.

Evaluations of these programmes have shown that these schemes get implemented only where the district councils are financially and politically strong. Even where they do get implemented, the end result is technically defective and it has been noted that usually only the influential benefit from them. Operation and maintenance of these schemes inevitably pose problems and many of them become inoperative after a few years or function erratically (2).

The reasons for the problems mentioned above are:

- The engineering wings of the LG and RD and the district council are organizationally and technically weak.
- No motivational or organizational work is undertaken in the community before work is begun. Thus the community's involvement is missing in the maintenance and operation of schemes as well (3).
- There are no proper monitoring and evaluation facilities with the LG and RD or the district councils. The Rural Development Academies can fill this gap but their involvement with these programmes is negligible (4).
- It has been noted that in certain NGO projects in the rural areas, such as the AKRSP, the technical results are much better and the villagers effectively operate and maintain the infrastructure that they create. This is because of the motivational, extension and monitoring work done by the NGOs (5).

1.3 Loans for house building/improvement:

House building loan:

- Loans are available for house building to families owning a plot. However, the rural poor need to raise money to buy a plot. Building on it is not so great a problem.
- Similarly, forgetting a "rural nuclear house" the owner has to pay Rs 5000 in cash and then 40 instalments of Rs 500 in 20 years. The Rs 5000 down payment puts the house beyond the reach of the rural poor. Again, instead of 40 instalments of Rs 500 each, 250 monthly instalments of Rs 80 each would make more sense.

Rural house improvement loans:

In this scheme, again, repayment should be on a monthly basis if it is to serve the rural poor.

2. PROPOSAL

2.1 Plot development:

During the seventh plan period 250,000 new houses per year will be required in the rural areas. Plots for 125,000 of these per year for the rural poor should be provided if the problem is to be tackled effectively.

It is proposed that the government acquire private land for these plots. The average price of these plots (100 sq. yds each) will be about Rs 2500. The plot should be allotted on a payment of Rs 500 and additional Rs 3000 should be charged in 40 monthly instalments of Rs 75 each. Ownership should be confirmed only after full payment has been made. If, one month after allotment, the plot has not been built upon the allotment must be cancelled.

No loan for house building purposes should be given to the allottee until they have made full payment for the land.

2.2 Village improvement scheme:

The technical, monitoring and evaluation capacity of the LG and RD and the local councils must be chanced. In addition, techniques of involving the people in the programme and motivating them should become a part of the LG and RD and local government programmes (6).

To make this possible, social and technical research should be undertaken at the Rural Development Academies. To extend the results of this research to the people, appropriate training and orientation should be provided to the staff of the LG and RDD and the local councils (7).

Such research should also look for easily adoptable and cheap alternatives to the traditional materials of construction, and search for ways and means to develop the necessary skills at village level in order to use these alternatives.

2.3 Loans:

Loans from rural families should be recovered in small monthly or bi-monthly instalments rather than through yearly or bi-yearly payments.

For recovery of loans and instalments for the plots, appropriate institutions need to be developed. Institutions in which the communities are involved have been found to be more effective in recovery loans.

3. FINANCES REQUIRED

3.1 Plot development:

- 125,000 plots of 100 sq.yds at Rs 2500 each. Private land will be acquired for these plots at Rs 80,000 an acre Rs 312,500,000
- Repayment from down payment of Rs 500 each. Rs 62,500,000
- Repayment at Rs 75 per month per year. Rs 112,500,000
- Total repayment in 3.33 years. Rs 437,500,000

3.2 Research and training at the rural development academies:

Costs need to be discussed.

.3 Setting up of extension, monitoring and evaluation cells with the LG and RDD and local councils:

Costs need to be discussed.

3.4 Building up of loan recovery institutions:

Costs need to be discussed.

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