

Housing: Opportunity, Security, and Empowerment for the Poor

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I. BACKGROUND

The Poverty Reduction Strategy Paper for Pakistan¹ lays considerable emphasis on housing finance as a major intervention for poverty reduction. The national Housing Policy of 2001 has as its corner stone housing for the poor and needy. The Interim Poverty Reduction Strategy of Pakistan (IPRSP) completed in November 2001 explicitly recognised the importance of Housing for the poor. It stated that “housing is a fundamental human need as it provides physical, economic, and social security to the poor. However, depressed economic growth, rising population, and rapid urbanisation have resulted in an increased demand for housing infrastructure. It stated that the present backlog of housing units is more than 4 million in the country with the result that millions are forced to live in Katchi Abadis or under-serviced slum settlements. Estimates for urban population living in Katchi Abadis range from 35-50 percent”.

This paper highlight the importance of housing as an important dimension of poverty by examining the available literature that show the crucial contribution of adequate housing for ensuring opportunity, security and empowerment—the three pillars for poverty reduction. There is global consensus now that these three elements form the essential pillars of any poverty reduction strategy. This paper shows how inadequate housing creates a sense of insecurity and disempowerment among the poor. Housing poverty in Pakistan is described and an index of poverty based on housing inadequacy is adapted and applied to data for Pakistan from the PIHS 1998-99. It shows that the incidence of poverty based on housing inadequacy in Pakistan is much greater than that indicated by standard money-metric income/consumption based measures.

This paper is divided into five sections. Following this background the second section is devoted to an examination of the multidimensional nature of poverty. The third section highlights the importance of housing dimension of poverty. The fourth

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Authors' Note: We are thankful to Dr G. M. Arif, Chief of Research, PIDE, for his valuable comments at the PSDE meetings.

¹Draft summarised version released in May 2003.

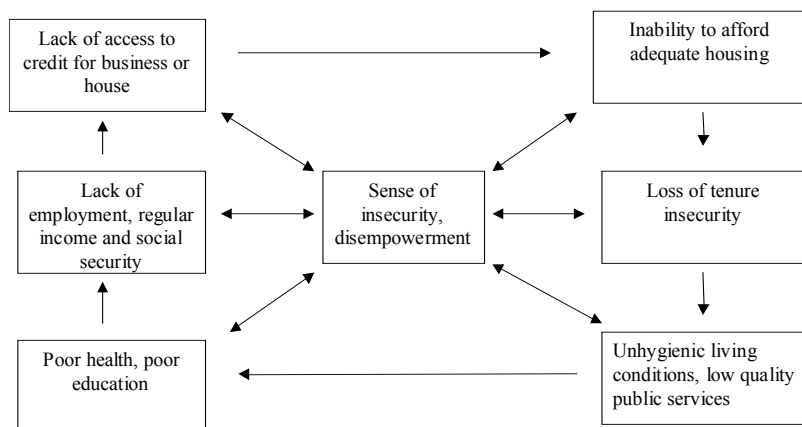
sections looks at the situation in Pakistan. Some policy directions are listed in the Epilogue.

II. POVERTY IS MULTIDIMENSIONAL

There is increasing consensus that the measures of income poverty are inadequate to capture the many dimensions of poverty. Moreover they are inadequate in explaining how the poor themselves understand the significant aspects of their poverty. For example Chambers (1995) finds that the poor are quite concerned with their vulnerability to unemployment, to disease and to such contingencies of life that would undermine their security. So definitions of poverty in the available literature emphasise not only the issues related to income, consumption, health, nutrition and education, but also insecurity, and vulnerability. An example of this literature is the study by Baharoglu and Kessides (2001) which presents five dimensions for viewing poverty: income/consumption, health, education, security, and empowerment. Poverty is increasingly viewed as being characterised by cumulative deprivations where one dimension of poverty is often the cause of or contributor to another dimension.

Figure 1 shows that the lack of access to employment opportunities, education and health facilities, adequate shelter and other public services create the sense of insecurity and disempowerment that is the significant obstacle in achieving a better living standard.

Fig 1. One Dimension of Poverty Contributes to Another.



Source: Coudouel, Hentschel, and Wodon (2001).

In the literature the generally accepted indicators being used to monitor the multi-dimensions of poverty clearly indicate the importance of adequate housing. Indicators for four dimensions of poverty being used by the World Bank presented in Table 1 illustrate this. Every dimension of poverty being monitored has some housing related indicator.

Table 1
*Dimensions of Poverty and Intermediate and Outcome Indicators
to Track These Dimensions*

Poverty Dimension	Intermediate Indicator	Impact/Outcome Indicator
Income	<ul style="list-style-type: none"> • Access to credit • Shares of informal employment • Share of household expenditures on housing (especially lowest 2 quintiles) • Model shares of transport for work trips • Share of household expenditures on transport (especially lowest 2 quintiles) • Mean travel time to work • Access to electricity • Regulatory delays • Land development controls • Coverage of social assistance 	<ul style="list-style-type: none"> • Poverty headcount • Poverty gap • Extreme poverty incidence • Female headed households in poverty • Income inequality (Gini coefficient) • Quintile ratio of inequality • Unemployment rate • Housing price/income ratio
Health	<ul style="list-style-type: none"> • Share of household expenditures on potable water and sanitation • % Household connected to water/sewerage • Per capita consumption of water • % Wastewater treated • % Households with regular solid waste collection • % of solid waste safely disposed • Crowding (housing floor space per person) • Air pollution concentrations • Shares of sources of household energy • Access to primary health services • Access to nutritional safety net • Share of household expenditures on health care (lowest 2 quintiles) • Share of household expenditures on food (lowest 2 quintiles) 	<ul style="list-style-type: none"> • Infant and under-5 mortality • Maternal mortality rate • Life expectancy at birth • Female-male gap in health (under-5 mortality rate by sex) • Malnutrition rate of children • Morbidity and mortality rates due to environment related diseases • Death rates by violence • Injury/death rates by transport accidents • Mortality rates by disaster
Education	<ul style="list-style-type: none"> • Primary and secondary school enrollment rates • Access to vocational training • Share of household expenditures on education (lowest 2 quintiles) 	<ul style="list-style-type: none"> • Literacy rate • School completion rates • Gender gap in education attainment • Child labour • Street children
Security	<ul style="list-style-type: none"> • Population in unauthorised housing • Population living in precarious zones • Scope of disaster prevention/mitigation measures • Access to police and legal system protections 	<ul style="list-style-type: none"> • % of households with secure tenure • Deaths from industrial or environmental disasters • Murder rates (and rates of other crimes such as: domestic violence, child abuse, robbery, etc.)
Empowerment	<ul style="list-style-type: none"> • Extent of public consultation in local government budget decisions • Participation of residents in political or community organisations • Discrimination in access to services/jobs • Access to telephones and internet 	<ul style="list-style-type: none"> • Citizen involvement in major planning decisions • Public access to information about local government decisions, services, and performance • Satisfaction with city services

Source: World Bank (2001).

III. HOUSING POVERTY IS AN IMPORTANT DIMENSION

Over time as population increases housing poverty will become an even more critical dimension of overall poverty. The growing demand for housing can be seen through the projected growth rates in the number of households. Table 2 indicates that sub-Saharan Africa is projected to have the largest population increase during the next decade, followed by India, while, the largest increase in number of households is expected in China. The growth rate of households in China is more than 2.5 times that of its population growth. The increase in the number of households in the industrialised countries is larger than its population increase. During the 1995–2000 period, 1.06 new households will be created for each person added to the population. This stands in contrast with the developing countries where the corresponding figure is 0.30. The reason for these striking differences is changes in household size. While average household sizes in sub-Saharan Africa and South Asia are expected to remain high during the next three decades, household sizes in the other regions will be reduced significantly. During the next decade (2000–2010) this figure will increase to 1.63 in industrial countries and 0.38 in developing countries. In the following decade (2010–2020) the figures are projected to reach 1.87 and 0.40 respectively. One result of this is that although the absolute population growth is expected to be reduced slightly from an annual average of some 87 million a year during the 1995–2005 period to about 83 million during the 2015–2025 period, the average annual increase in the number of households is projected to

Table 2

*Population Growth Rates, Household Growth Rates,
and Household Size, by Region(1995–2025)*

Region	Average Annual Population Growth Rate (Percent)			Average Annual Household Growth Rate (Percent)			Average Number of Persons per Household	
	1995–	2005–	2015–	1995–	2005–	2015–	1995	2025
	2005	2015	2025	2005	2015	2025		
Latin America and Caribbean	1.59	1.43	1.28	2.70	2.55	2.37	4.31	3.32
Sub-Saharan Africa	2.80	2.72	2.64	2.54	2.70	2.86	5.99	5.57
North Africa and Middle East	2.23	2.10	1.90	2.86	2.84	2.74	5.59	4.72
South Asia	2.54	2.27	2.06	2.66	2.60	2.41	6.58	6.13
India	1.70	1.53	1.33	2.32	2.29	2.16	5.62	4.69
East Asia and Pacific	1.55	1.36	1.20	2.55	2.38	2.22	4.48	3.54
China	0.91	0.78	0.75	2.52	2.56	2.42	3.67	2.46
Developing Countries	1.72	1.59	1.48	2.54	2.52	2.41	4.72	3.81
Industrialised Countries	0.36	0.31	0.28	1.15	1.08	0.96	2.73	2.27
<i>World Total</i>	<i>1.44</i>	<i>1.34</i>	<i>1.25</i>	<i>2.09</i>	<i>2.08</i>	<i>1.98</i>	<i>4.07</i>	<i>3.43</i>

Source: UNCHS (2001).

increase from 32 million to 35 million. As most of this increase will occur in urban areas, the challenge in terms of urban housing supply is immense. The incidence of urban poverty and inadequate human settlement conditions are rising in the poorest regions of Asia and Africa where the rate of urbanisation is found highest.

In most of the countries the number of households grow at a much higher rate than the population [see UNCHS (2001)]. This situation also prevails in the high-income industrial countries (see Table 2). For example, in United States, the poorest quarter of renter households numbered nearly eight million in 1991, however, fewer than three million dwellings were affordable to this group. This 'affordability gap' of five million in 1991 had widened by almost four million since 1970 [USA (1994)].

The growing number of households and shortage of affordable housing has resulted not only in slum and squatter settlements but also in homelessness in both developed as well as in developing countries. Because of the lack of basic in-house amenities, such as, adequate privacy and security, structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; increasing proportions of the global population are pushed into poverty and all that it signifies. Nearly 17 percent of the world's stock of housing was one-room units in 1990s; and, 1/4th of all urban housing globally consisted of nonpermanent structures. The housing crisis in developing countries is considerably higher than the global averages. In many cases one-room dwellings have been split up into units in which several households live simultaneously.

At the Worst End of Housing Poverty is Homelessness

The number of homeless people globally is growing. Table 3 presents estimates of homelessness during the 1990s. Worldwide, the number of homeless people has been estimated at anywhere from 100 million to one billion or more, depending on how homelessness is defined. The estimate of 100 million applies to those who have no shelter at all. The estimate of one billion or more includes those living in inadequate shelter conditions. Several million people are homeless in Europe and North America. Using the most conservative definition of homelessness, nearly 2.5 million people were estimated to be homeless in the early 1990s within the then 12 countries of the European Union. If the people living in 'seriously substandard accommodation' are added, the total of homeless people in the European Union was estimated to be 18 million. In the United States, some 600,000 persons were estimated to be homeless on any given night between 1985 and 1990; while some seven million experienced homelessness at least once during the same period. In Canada, estimates for the number of homeless people based on the number using temporary night shelters and those living and sleeping outside suggest between 130,000 and 250,000.

Table 3

Homelessness During 1990s

Region/Country	Year	Homeless People
Worldwide (without shelter)	1990s	100 million
Worldwide (without shelter + without inadequate shelter)	1990s	more than 1 billion
European Union (without shelter)	1990s	2.5 million
European Union (without shelter + without adequate shelter)	1990s	18 million
Central Europe	1990s	135-625 thousand
South Eastern Europe	1990s	400 thousand
United States	1985-1990	600 thousand
Canada	mid-1990s	130-250 thousand
Japan	1990s	19 thousand
Russian Federation	1997	350 thousand
Bangladesh	1996	155 thousand
India (without shelter)	1991	1.2 million
India (without shelter + without adequate shelter)	1991	45.7 million

Source: UNCHS (2000).

Rapid urbanisation results in homelessness, inadequate housing, and insecurity, especially in large cities. Thus, housing is the central aspect of urban poverty and its alleviation. The Global Report on Human Settlements (1996) describes the urban poor as *“the individuals and households who lack safe, secure and healthy shelter with basic infrastructure such as piped water and adequate provision for sanitation, drainage and the removal of household wastes”*. Housing poverty is closely related to the levels of income and supply and standard of available housing stock. In other words, it is the affordability that links income poverty to housing poverty. According to UNCHS (1996) *“some 600 million urban residents in developing countries live in ‘life-and-health threatening homes’ and neighbourhoods because of the very poor housing and living conditions and the lack of adequate provision for safe, sufficient water supplies and provision for sanitation, drainage, the removal of garbage and health care”*.

According to the estimates of UNCHS (2001), a total of some 835-950 million urban dwellers (representing 196-223 million households) in developing countries live in ‘housing poverty’. In order to meet the housing demand of increasing population in next 20 years, there is a need for 74 million housing units. In the first decade (2000-2010) more than 95,000 housing units per day are needed and during 2010-2020, this number will increase to 105,000 housing units per day. The total demand on national housing supply systems in urban areas is thus truly staggering. Roughly two-thirds (65 percent) of this increase is estimated to occur in the Asia and the Pacific region, some 16 percent in Latin America and the Caribbean, 11 percent in Sub-Saharan Africa and 8 percent in North Africa and the Middle East.

IV. THE SITUATION IN PAKISTAN

The data from the population censuses reveal that total housing units in Pakistan increased from 7.8 million in 1960 to 12.6 million in 1981 and to 19.3 million in 1998. These 19.3 million housing units accommodated 131.5 million people in 1998. Table 3 shows that population growth in Pakistan remained higher than the growth in housing stock. Housing stock has increased by 2.46 times, whereas population has increased three-folds during the four decades. Urban population grew more rapidly (3.76 percent) than the urban housing stock (3.36) during 1981–1998.

Table 4 shows an overall increase of 53 percent in the housing stock during the intercensal period 1981–98. These data also show an increase in average household size that indicates more people per housing unit in 1998 as compared to 1981. This increase was more pronounced in the urban areas (from 6.1 to 7.0). This indicates increasing congestion in a household resulting from the higher population growth, especially in the urban areas. Despite an increase in persons per housing unit, rooms per housing unit has increased slightly during 1981–98 that caused a decline in persons per rooms. This can be seen in Table 5 below.

Table 4

Growth Rates of Population and Housing Units (1981–1998)

	Population (000)		Number of Housing Units (000)			Average Household Size
	1981	1998	1981	1998	1981	1998
Pakistan	84253	132352 (2.86)	12588	19212 (2.68)	6.7	6.8
Urban	23841	43036 (3.76)	3554	6031 (3.36)	6.1	7
Rural	60412	89316 (2.47)	9034	13180 (2.39)	5.6	6.8

Source: Pakistan (1981 and 1998).

Note: Figures in parenthesis are the compound growth rates between 1981–1998.

Table 5

Indices of Congestion in 1981 and 1998

Index	All Areas		Rural		Urban	
	1981	1998	1981	1998	1981	1998
Persons per Housing Unit	5.7	6.2	6.6	6.8	7.0	7.0
Persons per Room	3.5	3.2	3.6	3.2	3.2	2.9
Rooms per Housing Unit	1.9	2.2	1.8	2.1	2.2	2.4
Housing Units with One Room (%)	51.54	42.58	55.06	41.65	42.58	30.38
Housing Units with 2–4 Rooms (%)	44.83	51.71	42.12	52.26	51.71	60.91
Housing Units with 5 Rooms and more (%)	3.63	5.72	2.82	6.10	5.72	8.71

Source: Pakistan (1981 and 1998).

Some decline in the level of congestion is evident from the fact that while persons per housing unit have actually increased the persons per room have decreased when comparing the 1981 data with that for 1998. There is also a decrease in the percentage of one-room houses and an increase in percentage of housing units with more than one room both in rural as well as in urban areas. However, nearly 43 percent of the housing units in Pakistan were still one-room units in 1998.

Urbanisation in Pakistan

A large part of the housing problem in Pakistan is connected to rapid urbanisation. Urban settlements occupy less than 0.75 percent of Pakistan's land but contain 32.5 percent of its population. The data in Table 6 show that the share of urban population nearly doubled since 1947. Urban population increased from 5 million to 40 million during 1947–1998. During the period 1981 to 1998 the total population increased by 55 percent whereas the urban and rural population have increased by 60 percent and 40 percent, respectively. The number of cities and towns increased from 208 to 468 during the 1951 to 1998 period.

Table 6

Percentage Share of Urban Population in Total Population

Provinces	1951	1961	1972	1981	1998
Pakistan	17.8	22.5	25.4	28.3	32.5
Punjab	17.4	21.4	24.4	27.6	31.3
Sindh	28.8	37.9	40.4	43.3	48.9
NWFP	11.0	13.0	14.3	15.1	16.9
Balochistan	12.0	16.9	16.5	15.6	23.3
Islamabad	—	—	32.9	60.0	65.6

Source: Butt (1994) and Arif and Ibrahim (1999).

The urbanisation problem also has regional dimensions. According to data in Table 6, Sindh is the most urbanised province with 49 percent of its population residing in the urban areas. This proportion was 29 percent in 1951. The city of Karachi in this province contains 21 percent of the total urban population of Pakistan and more than 50 percent of total urban population of Sindh province. Punjab is the second most urbanised province. Its urban population has increased from 17 percent in 1951 to 31 percent in 1998. However the proportion of urban population in NWFP and Balochistan had not varied much until 1981. However, a significant increase in Balochistan's urban population has been observed during 1981–98. This increase not only reflects the rural to urban migration due to an increase in public sector employment opportunities but also indicates the influx of Afghan refugees and their concentration mainly in Quetta in Balochistan.

Arif and Ibrahim (1999) noted that in 1981, there were only 3 cities (Karachi, Lahore and Faisalabad) with more than one million population. In 1998 this number had increased to 7 cities (Karachi, Lahore, Faisalabad, Rawalpindi, Multan, Hyderabad, and Gujranwala). These cities experienced a high population growth rate (3.3 percent) during 1981–98. The share in urban population of small and medium sized towns (with population less than 100000) was observed 27 percent, registered an annual growth rate of 3.7 during 1981–98.

Rapidly increasing urbanisation caused not only the acute shortage of housing units but also gave rise to the fast growth of slums. Zaidi (1990) conducted a survey of Lahore's *Katchi Abadis*. He found a higher dependency ratio and higher household size as compared to the rates of whole city. In 1988, there were 2322 katchi abadis in Pakistan; among them 56 percent were in Sindh. Nearly 35-40 percent population of Karachi and Lahore was residing in slum areas in early 1990s. There are 11 identified katchi abadis in Islamabad with 7,000 housing units.

Urban land scarcity, its cost, and speculation by developers constitute major problems confronting the urban poor in their struggle for shelter. UNCHS (2001) pointed out that the ownership of urban land is highly skewed in the South Asian region. This has caused the price of land to rise considerably making it difficult for the majority of the population to purchase land. Increasing pressure of population in urban areas raises population density, reduces per capita living space and deteriorates environmental conditions. Limited access to police and legal system protections creates the sense of insecurity and increases vulnerability and disempowerment.

In Pakistan continued migration into urban areas has created land shortages in the major cities, increased prices and encouraged land speculation [Malik (1994)]. On the basis of World Bank's recommended occupancy rates of 6 persons per house, the total number of required housing units in the country would be roughly 24.8 million for a population of 146 million by the end of 2003. Every year nearly 20 million (10 percent) houses are either destroyed, depleted or demolished and some 0.3 million new houses are added. According to National Housing Policy, the country needs an additional supply of 570,000 units per annum while the actual supply does not exceed 300,000. Thus there is a net shortfall of 270,000 units per annum and the backlog is increasing every year [Pakistan Economic Survey (2002-03)].

The Characteristics of Housing Poverty in Pakistan

According to the 1998 Population and Housing Census of Pakistan, of the total (19.3 million) housing units, nearly 15.6 million or 80.8 percent were owned, 1.7 million or 9.0 percent rented, and 2.0 million or 10.2 percent rent free. The percentage of owned housing units were higher in the rural areas compared to urban areas. Similarly, percentage of rent free houses was higher in rural areas as compared to that in the urban areas. However, the percentage of rented houses was significantly higher at 23.2 in urban as compared to only 2.3 percent in the rural areas (see Table 7).

Table 7

Nature of Tenure, by Region (1981 and 1998)

Tenure	All Areas		Rural		Urban	
	1981	1998	1981	1998	1981	1998
Owned	78.4	81.2	82.6	86.8	67.7	68.9
Rented	7.7	8.6	2.2	2.2	21.9	22.7
Rent Free	13.9	10.2	15.2	11.0	10.5	8.4

Source: Pakistan (1981 and 1998).

According to Household Integrated Economic Survey (1998-99), 21 percent of total expenditure of urban households goes to house rent and 7 percent to fuel and lighting (see Table 8). The share of expenditure on food was observed to be 41 percent. This means that urban people spend 62 percent on food and housing and are left with very little money to spend on education, clothing, health, recreation, etc. The situation is much worse for the poorer households.

Table 8

Percentage Distribution of Monthly Consumption Expenditure on Housing, by Income Groups (1998-99)

Monthly Income Groups (Rs)	Avg Consumption Exp Per Month (Rs)			Share of House Rent (%)			Share of Fuel and Lighting (%)		
	Pakistan	Urban	Rural	Pakistan	Urban	Rural	Pakistan	Urban	Rural
All Groups	6419	8707	5443	13.92	21.45	8.78	6.98	6.52	7.3
up to 1000	2926	3106	2901	6.45	10.03	6.12	7.55	9.43	7.38
1001-1500	2343	2283	2351	8.70	13.68	8.03	7.99	10.22	7.69
1501-2000	2737	2366	2786	8.83	14.23	8.23	7.87	7.79	7.88
2001-2500	3051	2892	3069	9.25	13.8	8.77	7.70	8.14	7.65
2501-3000	3445	3428	3448	9.26	13.92	8.4	7.95	8.88	7.78
3001-3500	3903	3614	3977	9.05	14.24	7.84	7.98	8.52	7.85
3501-4000	4344	4187	4390	9.75	14.91	8.32	7.79	8.26	7.66
4001-5000	4896	4913	4890	10.24	15.54	8.33	7.79	7.97	7.72
5001-6000	5689	5874	5604	10.70	16.74	7.79	7.44	7.34	7.49
6001-7000	6477	6701	6369	11.25	16.95	8.38	7.51	7.32	7.61
7001 and above	11173	13139	9371	17.69	23.85	9.76	6.27	5.96	6.66

Source: Pakistan (1998-99).

Although 81 percent of households in Pakistan own their house, a considerable proportion does not have adequate provision of toilet, bathroom and kitchen facility. In-house facilities such as kitchen, bathroom, latrine, water, electricity, gas for cooking, etc. measure the quality of life and living standard of the occupants. These are inadequate although a comparison of the intercensal changes reveals a considerable improvement in the provision of water and electricity. Nearly 28 percent housing units have inside water and 70 percent are covered by electricity in 1998 as compared to 13 percent and 30 percent, respectively in 1981. Despite this

improvement, about 50 percent households still do not have kitchen, bathroom and latrine in Pakistan. This proportion is much higher in rural areas. In urban areas, however, sharing of these facilities is found to be common. Over 26 percent households share a kitchen, 37 percent a bathroom and 38 percent a latrine. In addition, 22 percent households in urban areas and 31 percent in rural areas live in one room. Table 9 shows that the majority of households whose income is between Rs 1001-1500 reside in one room housing unit.

Table 9

*Percentage Distribution of Households Living in One Room,
by Income Group and Region (1998-99)*

Income Groups	Urban	Rural
All groups	22.40%	30.80%
up to 1000	37.60%	33.90%
1001-1500	51.10%	42.40%
3501-4000	35.10%	29.50%
7001 and above	5.40%	7.70%

Source: Pakistan (1998-99).

In addition, although main source of drinking water for most of the urban households is tap in house, but a large majority of poorer households depend on hand pumps. Improper drainage and poor system of garbage collection indicates unhygienic living conditions in urban areas.

Housing Poverty Index

In order to assess the poverty level of potential or new clients for Micro Finance Institutions, Hatch and Frederick (1998) computed a housing index that categorises clients who are very poor. This housing index is based on the hypothesis that the level of poverty of a client's household will be reflected in the quality of his or her dwelling. This index is designed with eight housing variables: (1) size of the building; (2) number of stories; (3) structural condition; (4) roof material; (5) wall material; (6) electrical supply; (7) piped water supply; and (8) motorised vehicle (car or motorbike). Each indicator has an associated scoring criteria, (e.g., wall material: brick=2, cement=2, wood and brick=1.5, bamboo=0, a tap =0), with possible scores ranging from 4 to zero, and the total score per house from 2 to 24. Any house scoring less than the cut-off point (set arbitrarily at 10 points) is considered very poor. Based on the information in the PIHS (1998-99), this index can be adapted for Pakistan as follows:

Indicator	Score
Room per person	0.5-1=3, <0.5=1
Electricity	Yes=2, Extension=1, No=0
Gas connection	Yes=2, Extension=1, No=0
Telephone	Yes=2, Extension=1, No=0
Toilet	Flush connected to sewerage=3 Flush not connected to sewerage=2 Other=1, No=0
Sewerage system	Underground and covered=2 Open drain=1, No=0
Garbage disposal	Municipality or private system=2 No=0

A value of 7 or less indicates that the household has less than 1 room per person, and has at most 2 of the facilities of electricity, gas, phone and piped water. It does not have a proper toilet, sewerage and garbage disposal system.

Applying this indicator for Pakistan shows that 61 percent households were poor according to the PIHS data for 1998–99. This proportion was 19 percent in urban areas and 84 percent in rural areas. Among the 19 percent urban households, 26 percent do not have electricity and piped water and more than 92 percent do not have gas and telephone connection. No toilet facility is available to 36 percent urban households. A proper sewerage system was available to only 37 percent households. This means that these 19 percent of urban households are chronically housing poor. They are living in extremely unhygienic conditions. This part of the population is most vulnerable and insecure. Despite living in urban localities, these households are deprived of basic in-house facilities. And for the rural areas this proportion of most insecure and vulnerable households is 84 percent. This highlights the importance of the problem for Pakistan.

V. EPILOGUE

Focusing on housing as a poverty alleviation strategy element opens up opportunity, and provides security and empowerment—three essential pillars for poverty reduction.

Pakistan is increasingly recognising the importance of housing in addressing its poverty problems. Its policies are taking into account the needs of the extremely insecure and vulnerable households. Pakistan's IPRSP describes the Government policy regarding Katchi Abadis. It states that the policy aims at regularisation of these settlements through the provision of basic services. In this connection, the framework announced by the government, calls for the granting of proprietary rights to residents of Katchi Abadis, which were in occupation up to 23rd March 1985. New Katchi Abadis established after 1985 would be regularised on a case-by-case basis by district governments. Occupants of Katchi Abadis in urban areas making

full payment of development charges in lump sum within a period of three months would get 50 percent concession on the said charges; while no charges will be recovered in respect of the land in Katchi Abadis under the occupation of widows, orphans and disabled persons.

But that is not all. The strategy specifies that the government is further developing a systematic and comprehensive strategy based upon the principles of human dignity and respect for improving service delivery systems in existing Katchi Abadis, low/under-serviced settlements, and areas requiring urban renewal and upgrading.

The strategy also focuses on housing for the rural poor. It states that to ameliorate the living conditions of the rural poor the government has decided to distribute 'shamlat' land around villages free of cost to the homeless.

Furthermore, under the government's housing policy it has also been decided that the Ministry of Housing and Works in coordination with the provincial governments would develop a package for improving living conditions in Kachi Abadis and slum settlements. The full PRSP draft summarised version released in May 2003 extends the policy support by elaborating a housing finance policy which simplifies procedures for access to credit for housing. These are all important steps. But what is really needed is some impetus to develop the housing finance market *for the poor*. While the State Bank and the SECP have been asked to jointly evolve a new regulatory framework for housing finance companies to encourage further investment in this industry, that is not enough. The Government should find a way of underwriting the risk associated with lending to the poor for housing, using the house itself as collateral. And it should find ways in which to package this housing finance with innovative employment generation to make the whole scheme viable. And the Provincial PRSPs need to build in the regional dimensions of housing poverty.

The analysis presented in this paper indicates the following policy prescriptions:

- Make housing an integral part of the poverty reduction strategy as adopted by the PRSP.
- Ensure minimum standards and rent controls.
- Make the housing poverty index an integral part of the poverty monitoring.
- Provide regulatory facilitation and infrastructure for low cost housing.
- Develop low-cost housing technology.
- Provide access to credit and technology for housing.

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