

Social Development and Urban Poverty

**Proceedings of a Workshop
Held at the Kentucky Hotel,
Harare, Zimbabwe**

22 – 26 February, 1993

**School of Social Work,
Zimbabwe**

Social Development and Urban Poverty

**Paper presentations and edited proceedings of a
Workshop held in Harare, Zimbabwe
22nd – 26th February, 1993**

edited by Nigel Hall

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Aims and Focus of Workshop

Workshop on Social Development and Urban Poverty

Dates: February 22 – 26, 1993

Venue: Kentucky Airport Hotel, Harare, Zimbabwe

Contact: Editor, Journal of Social Development in Africa, School of Social Work, P Bag 66022, Kopje, Zimbabwe, Tel: 750815.

Sponsors: Overseas Development Administration (British Development Division Central Africa)

Organisers: Journal of Social Development in Africa, School of Social Work

Participants: To be drawn from Southern African countries: Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. Also participants from University College, Swansea.

Aims of the Workshop:

- a) To discuss issues of social development with specific reference to urban poverty.
- b) To facilitate an exchange of experiences on problems of poverty in southern Africa.
- c) To examine the social consequences of structural adjustment programmes, especially as they relate to urban poverty.
- d) To discuss the implications of urban poverty for social work education and practice, in particular, fieldwork.

Focus of the Workshop:

- The Workshop will focus on the problem of urban poverty, looking at issues such as definition of problems, intervention strategies, social policy, the way forward, analysis of students' experiences while on fieldwork, etc.
- Country structural adjustment and economic reform programmes will be reviewed.
- The Workshop will also address the issue of popular participation and accountability, with the objective of making central and local governments more accountable than they are.
- Specific services such as housing, health, community services, personal social services, social security, research, etc, will be evaluated in their relation to urban poverty.
- Fieldwork, with its implications for social work education and practice, will be examined.

Papers will be two-pronged:

- a) Focus on country with discussion of urban poverty, extent of problem, intervention strategies, etc.
- b) Focus on fieldwork regarding its role in training social workers and urban development; and social development training with special reference to fieldwork.

“Proposed World Bank Low Income Housing Project for Mbabane and Manzini –1993”

Thandi F Khumalo *

Introduction

This paper examines the nature and extent of low-income housing problems in Swaziland. The focus will be on a proposed low-income housing project by the World Bank for Mbabane and Manzini. The paper discusses land tenure conversion, finance and affordability of the proposed housing project for the low income group. Based on this analysis the paper suggests actions which might make the project viable. The main limitation of this paper is that it is written whilst the project consultancy is still underway in Manzini, thus information available is on the Mbabane consultancy.

The paper is divided into five parts. The first part presents general information on demographic, economic and social factors of Mbabane and Manzini; secondly, housing need; thirdly, land tenure conversion; fourthly, finance and affordability; and lastly, a range of actions is suggested which can make the project viable.

Demographic, Economic and Social Factors

The majority of the Swaziland population live in the rural areas and will probably continue to do so for the rest of this century. However, both population and urbanisation are increasing at a rapid rate. The urban growth rate is estimated at 16% in 1985 and 29% in 1990 which is significantly higher than that for the population as a whole, which is 3,2% per annum. Approximately 105,000 people, 13% of Swaziland's population live in Mbabane and Manzini, or in the immediate peri-urban fringes surrounding these two cities, and this population is increasing at between 5-6% annually. It is estimated that by the year 2005 four out of every five Swazis will be town dwellers. It is also predicted that Swaziland will face enormous problems with the increasing number of young people growing into the age of potential workers, having families who are in need of work and homesteads. The population expansion of Mbabane and Manzini is due to the concentration of industrial and commercial activities in these cities. According to estimates during the period 1987-1995, approximately 14,000 new units would be needed in Mbabane in order to keep pace with household formation. The need for housing is currently being met, primarily by self-help, sub-standard structures in informal areas and a growing number of people renting rooms (Burrows & Partners, 1993).

One-third of built-up areas in these two cities are occupied by informal settlements. Since 1976 only a minority of urban arrivals have settled in serviced residential areas by purchasing or renting established accommodations (Degroot, undated: 3). More than 60% of the urban population live in informal unplanned communities on unsurveyed plots without legal title. Less than 50% of this urban population have access to safe piped water; fewer than 20% are served by a sewerage network, the roads are bad and few households have electricity connections (Burrows, op cit). Undoubtedly low levels of piped water supply and pollution of natural water sources contributes to a high rate of child mortality, disease and squalor.

The economy of Swaziland has shown a capacity for significant sustained growth in the past decade, an absolute increase in GDP from E484,8 million in 1986, ie, an average of 14,6 percent per

* Lecturer, University of Swaziland, Sociology Department, Kwaluseni.

annum and 3,5 percent per annum in nominal and real terms respectively (Development Plan, 1989/90 - 1991/92:7). However, this increased economic growth has not manifested in the supply of housing needs of low-income earners. Recently, deepening recession over the last year and drought, both regionally and locally have contributed to a severe slowing of the economy which has become the major excuse for reduced government public expenditure. Nevertheless, one of the biggest challenges facing Swaziland is to provide employment opportunities, and improve the standard of living of a rapidly-growing population (Burrows, op cit). Housing need has also proved to be a growing challenge for government.

Housing Need

Most housing need arises from the low to moderate income levels, more so, those earning less than E400 per month: the portion of the population whose housing needs are not being adequately catered for at present. Without some changes, the unmet need over the 1987-1995 period will be anywhere in the region of 9,000 to 15,000 units (Cooperative Housing Foundation [CHF], 1987:9).

In view of these problems the Ministry of Housing and Urban Development (MHUD) has proposed a low-income housing project as part of the Urban and Industrial Infrastructure Project. The project has several objectives which are not discussed in this paper. Its major task will be providing housing and infrastructure services at full cost-recovery basis. The MHUD hopes to provide through the Swaziland National Housing Board (SNHB) (one of the implementing agencies), serviced plots with secure tenure which will be developed by individual buyers. There will be also an upgrading scheme of existing informal housing. Services to be provided will include basic communal stand-pipe water supply with individual ventilated improved pit latrine toilet, to full internal plumbing and water-borne sewerage. Roads will be gravel surfaced with lined drains and street lights along the main road.

The success of the project is dependent on affordability, and security of tenure. Security of tenure has been the major contributing factor to limited investment in permanent housing. Since there is no title deed for Swazi Nation Land (SNL), it has been difficult to acquire building loans from banks. On the other hand, Crown Land, which is land owned by government, is only occupied on a temporary basis through the approval of the City Council, and only temporary shelter can be built.

Land Tenure

According to the Swazi law and custom, every Swazi by reason of membership of a clan, lineage or homestead, is entitled to rights in land to enable settlement and cultivation, and if possessing cattle, to gain access to common pastures of the kingdom. Customarily, land rights are a man's preserve and women can only be allocated land through a male. SNL is land held by the King in "trust" for the nation and its distribution is the sole prerogative of the Chief. The power to distribute or reallocate land rights, to admit or banish anybody from land rights, is also the sole preserve of the Chief. Title Deed Land (TDL) on the other hand is land owned by individuals, while Crown Land is government-owned land.

The Government of Swaziland (GOS) intends to convert large urban land areas from Crown Land Status (land currently settled, with or without permits issued by government authorities) and Swazi Nation Land (land settled by the authority of traditional leaders) to Freehold or Leasehold status. One advantage of this conversion of land tenure will be security of tenure which will enable investment in infrastructural improvements by both government and the residents. However, the disadvantages are many, for instance, a reduction in size of landholdings which served functions of extended family

housing expansion, gardening and livestock-keeping in some areas. To traditional elites, land serves as a power base, thus there are vested interests which might oppose alteration of traditional forms of control over much of urban land in the Mbabane-Manzini corridor (Degroot, op cit:6).

Furthermore, most community members have expressed concern about the change in land tenure. They prefer to retain certain features of their customary land holdings, for instance, community-based authority which would facilitate liaising with government from time to time. Furthermore, losing customary leasehold rights to land means only those with economic power will retain rights to land with a number of residents displaced by the project. Whereas with customary rights on land, if the community feels the new land tenure system does not serve their needs, they can use their 'trumpcard', appealing to the King to waive the conversion of SNL to Freehold Land. This can be a major problem for the viability of the project, which can either be stalled or largely reduced in scope. Nevertheless, the Minister for Housing and Urban Development safeguarded against this by involving the King in the initiation of phase 1 of the project, which involved touring the sites of the project. In a way this was stamping Royal assent on the implementation of the project, without further resistance from the communities, which is none other than imposing the project on the communities.

The major implication of land tenure conversion is the financial costs to be incurred by the end purchaser who has enjoyed land use without paying for a long time, which brings us to the question of affordability.

Economic and Financial Analysis: Affordability

The project has been designed to minimise the financial burden on the government by achieving full cost-recovery of capital, operations and maintenance costs. This therefore transfers the burden to the end purchaser.

At present all informal housing is self-financed, often from personal savings. Houses, therefore, are built and improved in stages as money can be saved, sometimes borrowed from friends, relatives or employers (Burrows op cit). The formal sector financial institutions are not accessible to low-income lending; however, notwithstanding this, the project consultants recommend the strengthening of key financial institutions to mobilise funds for housing finance.

The primary lender for housing is the Swaziland Building Society (SBS) and the Swaziland Development and Savings Bank (SDSB). It is proposed that the SBS will be strengthened to provide additional funding opportunities in order to service the lower-income strata within the housing market. At present the SBS finances mortgage loans of not less than E26,000; the monthly payment at 12% interest over 20 years is E286 per month. SBS can only finance the medium to high-income group earning from E850 per month to E2,300 per month. In relation to an estimated median household income for all households in Mbabane and Manzini, which was E830 per month in 1992, poverty groups were defined as households with incomes below E450 per month (Burrows, op cit:14). This figure constitutes 25% of urban households, which means a significant number of households cannot afford bank loans. Commercial banks also provide loans for middle and upper-income segments for houses valued over E80,000. The credit conditions offered by the banks are costly and available for short terms which increases the repayments. Low-income earners, thus, have restricted access to formal sector financial institutions.

Alternative financial support being investigated for the project is the community-based informal savings schemes, employer-based loan facilities and the Savings and Credit Societies that operate at national level. However, these institutions are currently undercapitalised and cannot provide significant housing finance. However, if properly tapped these could be the only financiers that can reach the low-income group. With this brief analyses, I now turn to actions that can make the project viable.

Viability of the Project

What emerges from the proposed housing project is that affordability will be the major obstacle towards the viability of the project. Firstly, the initial cost of plots, the lowest estimated at E5,499 excluding the cost of servicing, building and material costs. Secondly, the earning capacity of at least 25% of the project residents is inadequate not only for mortgage repayments but also for upgrading their informal housing. Thirdly, there is lack of a housing finance system for low-income housing. In view of these problems this paper recommends the following actions. Firstly, government needs a housing policy which will direct housing-related matters, for instance, housing finance and investment. Secondly, short-term as well as long-term financial assistance should be established before the implementation of the project. This would avoid the unnecessary displacement of residents. Thirdly, government has to institute an "enabling approach" as articulated by the United Nations Commission on Human Settlements which calls for the mobilisation of resources and skills in housing production. This would include reduced building standards which means revising the Building Act of 1968. Fourthly, government attention must be focused on the limited supply of contractors to handle an expanded programme of infrastructure works. The available capacity is limited and may result in further price increases (Kruijff, 1990:5). Fifthly, government should continue with middle and upper-income housing projects to avoid them taking advantage of low-income housing projects. Lastly, wider consultation is essential for any development project, from as early as the initial planning stages, to make it viable.

Conclusion

From the above analysis it can be concluded that the proposed housing project brings mixed blessings for the communities. On the one hand, many community members have been longing for an opportunity to build permanent houses with the hope of financial assistance from government, whilst on the other hand some have taken advantage of the user rights on land without having to pay for it annually in rates. In view of this, government should assist as far as possible in the acquisition of plots and in upgrading. In other words government should strongly consider that this project is aimed at developing a poor community and should concern itself more with poverty alleviation and not the survival of the fittest. Projects of the same nature in other developing countries have ended up benefiting the middle and upper-income groups, because they were not affordable by the low-income group, and it is not convincing how much effort governments in general, have made to match the cost of the projects with the financial capabilities of the project beneficiaries.

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