



## **Eccentric housing finance sources by the urban poor in Zimbabwe: case of Cowdray Park low-income self help housing scheme in Bulawayo**

*Surse excentrice de finanțare a locuințelor de către populația urbană săracă din Zimbabwe: cazul schemei de finanțare prin auto-ajutorare a locuințelor din Cowdray Park a celor cu venituri mici din Bulawayo*

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### **Abstract**

*Zimbabwe has a sombre housing crisis in all its urban centres. All attempts by the government to vary housing delivery systems to ameliorate the problem have proved futile as the backlog it inherited from the colonial masters continues to soar. The situation has however been exacerbated by 2005 demolitions and evictions in the country's major cities that destroyed homes and businesses leaving the majority of the poor and disadvantaged segments of society in deeper poverty, deprivation and destitution. The main challenge to housing the urban poor is housing finance. Public funds are meagre and private funds are not accessible to the poor due to lack of collateral security and inability to service the loans. Fascinatingly, the poor's income comes from informal sector activities that absorbs a large percentage of the labour force and keeps the economy going while the large modern enterprises continue to reel under the economic downturn. Unfortunately the Zimbabwean informal sector has generally been perceived as a nuisance, a haven for criminals and a menace. Evidence shows that there is a strong relationship between the urban poor's housing finance, informal sector activities and self-help housing strategies in Zimbabwe. In the pre-2005 Operation Murambatsvina era, the poor were making some construction progress as evidenced by the structures that had developed. This paper calls for active support and facilitation of the poor's sources of income, and advocates for the involvement of other players such as the private sector and the international community in housing the poor. The Zimbabwe government's plan to house the homeless and poor on its 250 000 stands countrywide through self-help programmes can only be successful if their sources of income are promoted and facilitated.*

**Keywords:** urban poor, housing finance, informal sector, self-help, projects

### **Rezumat**

*Zimbabwe are o criză de locuințe pentru săraci, în toate centrele urbane. Toate încercările guvernului de a varia sistemele de livrare de locuințe pentru a ameliora această problemă s-au dovedit inutile deoarece continuă să planeze restanțele moștenite de la ocupația colonială. Situația a fost exacerbată de demolările și evacuările din 2005 din orașele importante ale țării care au distrus casele și întreprinderile lăsând majoritatea segmentelor sărace și defavorizate ale societății într-o mai accentuată stare de sărăcie,*

*lipsuri și nevoi. Principala provocare pentru locuințe urbane pentru săraci este finanțarea de locuințe. Fondurile publice sunt slabe, iar fondurile private nu sunt accesibile pentru cei săraci din cauza lipsei de garanții suplimentare și de incapacitatea serviciului de împrumuturi. Fascinant, veniturile săracilor provin din activități în sectorul informal care absoarbe un procent mare al forței de muncă și care susține economia, în timp ce întreprinderile mari, moderne, continuă să încetinească creșterea economică. Din păcate, sectorul informal din Zimbabwe a fost în general perceput ca o bătaie de cap, un paradis pentru infractori și o amenințare. Dovezile arată că există o relație puternică între finanțarea locuințelor urbane pentru săraci, activitățile sectorul informal și strategiile de auto-ajutorare de locuințe în Zimbabwe. Înainte de era Operațiunii Murambatsvina 2005, pentru cei săraci s-au realizat unele progrese de construcții după cum reiese din structurile care s-au dezvoltat. Această lucrare arată necesitatea unui sprijin activ și a facilitării unor surse pentru cei cu venituri mici, și pledează pentru implicarea altor actori, cum ar fi sectorul privat și comunitatea internațională în locuințe sărace. Planul guvernului din Zimbabwe de 250000 de locuințe pentru cei fără adăpost și săraci prin programe de auto-ajutorare pot fi încununate de succes numai în cazul în care sursele de venit sunt promovate și facilitate.*

**Cuvinte-cheie:** sărăcie urbană, finanțarea locuințelor, sector informal, auto-ajutorare, proiecte

**JEL Classification:** R31, R51, I32, I38

## Introduction and background

**H**ousing demand is far outweighing housing supply in all the three continents dubbed 'third world' (Africa, Latin America and Asia). Shortages are attributed to the rapid urbanisation they are experiencing, their ailing economies and high prevalence of poverty (Turner, 1982, Dakhil 1978). The worrisome thing is that most urban dwellers in these regions are thriving feebly below the poverty datum line. It so follows that fulfilling their housing ownership has become more of a pipedream than anything. Their environment is invigoratingly marked by the epiphenomenal poverty challenges of inadequate housing, unemployment and deteriorating infrastructure and services. Slummy conditions are found everywhere including in such better rated countries like Egypt and South Africa. A testimony of trying to fulfil the 'cities without slums' millennium development goal (MDG) target 'through the backdoor' was tried in 2005 by the Zimbabwe government albeit leading to deepening poverty and international resistance. This has led to the sealing off of the traditional windows of financing housing especially the huge capital investments in housing infrastructure development. It must be stressed at the outset that Operation Murambatsvina carried out as a clean up campaign in major cities and towns in the country notoriously undermined urban housing finance. However, looking at the operation from a positive side, it has created opportunities for many poor households to 'flex their muscles' towards creating self-help microfinance schemes. Yet, these

windows of funds creation have some eccentric attributes which attributes date back even to earlier times: the period of the 1980s, 1990s through into the new millennium.

It must be further stressed that the 'bankrupt' governments' efforts to house the poor through its low-income housing programmes of serviced and unserviced plots has yielded little difference to the poor themselves. This is because with or without government intervention, it has remained obvious that the majority still lack walls and let alone a decent roof over their heads. According to the United Nations Centre for Human Settlements' Habitat II Agenda, governments must step aside from doing housing for their people but rather play a facilitator role through the enabling approach. Such an approach implies and extends to facilitating and promoting sourcing of income for the poor. This, to a great extent, is not a matter of unfinished business, rather a potential untapped facet. Mafico (1987) has stressed that allocating stands to the urban poor, without considering and supporting their sources of income renders good intended programmes futile. The poor allottees are usually forced to sell their stands and partially built houses (superstructures). The ploy with the situation is its tendency and propensity to promoting increased speculative business by the elite who quickly grab the land sold to them and finance the construction of houses. Failing to realise that the larger part of the urban poor household income is derived from outside the conventional formal sector system, creates an unjust blanketing view that housing finance is obtained in a uniform way. Such a way of thinking in place equally implies that the government's enabling capacity goes unexercised and untapped. As such it will not finance means to link housing finance to the 'cities without slums' project.

Just like any other developing country, Zimbabwe has a sombre housing crisis in all its urban centres. Housing waiting lists are growing each year and the rate of housing supply falls far short of both housing needs and demand. The continuing housing deficit results partly from high rates of population growth and urbanization which reached high levels of 4,6% and between 6% and 10% respectively in the first decade after independence (CSO, 1992). However the deficit is also caused by the absence of comprehensive and appropriate housing policies. The housing situation was worsened by the government's operation to "clean up" its cities that was implemented in 2005. The operation left many people homeless and also destroyed structures for small (Flea markets, tuck shops, craft markets and vending stall), micro and medium enterprises and people lost their primary source of livelihood.

The inability of public housing programmes to meet the housing needs of urban low-income people prompted a sudden shift to self-help programmes in the country. The government adopted self-help housing programmes as a strategy to reduce construction costs of housing. However, the urban poor still find it difficult to house themselves, partly because the Zimbabwean economy has fallen into a miry dungeon in recent years. The harsh economic conditions have driven even

most of the formal employed into part time informal sector activities. The role of informal sector activities, as one of the major vehicles for achieving national economic well-being is undeniable; unfortunately, the sector has been neglected for a long time in the country's national planning and resource allocation programmes. The government also implemented a rebuilding or reconstruction programme aimed at providing accommodation to all deserving Zimbabweans. However the government's meagre financial and technical resources affect and inhibit the attainment of the goals of the operation and therefore should empower the urban poor in order to house themselves.

### **Scope and focus of the paper**

It is against the backdrop of unserved land allocation to the urban poor by the Zimbabwean government after the implementation of the controversial Operation Murambatsvina that this paper has been written. The primary objective is to investigate the contribution of the informal sector to urban housing finance. In this vein, the informal sector is put in the limelight towards its promotion and development as an important means of generating employment and household income for which it becomes possible to serve housing construction and maintenance. In simultaneity, other basic needs (food, clothing, school fees, meeting medical bills) will be achieved. The paper is informed by the empirical findings obtained by fieldwork in Cowdray Park low-income self help housing scheme in Bulawayo. According to Cormack (1983), mankind has, since time immemorial, managed to provide shelter for itself, being innovative and adaptive with respect to changing needs, environments and preferences. This is a clear testimony that different kinds of housing delivery systems have emerged with varying civilisations and dispensations. Empowering home seekers and housing land possessors by building their capacities to raise, manage and maintain 'own' finances is a powerful tool in the fight against slums and 'institutionalised' homelessness. In short, the paper grapples with the potentiality of the informal sector which can be channelled into a viable and sustainable model to housing land owners.

### **Eccentric housing finance: conventional sources out-manuevered?**

The integral role that finance plays in housing production is well outlined and debated in literature (UNCHS Habitat 1996; Chipungu, 2005; Mutekede and Sigauke, 2007; Mitlin, 2008). Yet, in the words of Chipungu (2005), finance is one of the main challenges to housing the urban poor. The chief reason is its disposition; it cuts across the whole housing development process from the acquisition of land to putting up of the superstructure. Munzwa (1999) has elaborated on some of the grey areas in housing finance, namely that there are

certain activities that are often forgotten when budgeting for shelter production. They normally and solely focus on physical development of the house (water and sewer reticulation, excavations, procurement and laying pipes, construction of manholes, electrification and the putting up of the substructures – foundations – and the superstructures – walls and roof coverings). The less visible components include: layout planning and approvals, title survey and approval of survey diagrams, engineering designs, tendering procedures, house designing and building plans approvals, sourcing and securing project financing, bond registration fees, stamp fees, to name but a few (Munzwa, 1999). Indeed, the poor are the most escaped of these key elements. Perhaps, by virtue of their incrementalist approach to housing construction, they better head-collide with them than think seriously and candidly about them – a naïve truth approach. In cases where there is an infrastructure financing institution, most of the invisible components are encompassed within the broader framework of funding.

The sources of housing finance can be basically taxonomised as conventional or formal sources and eccentric or informal. Conventional sources of housing finance are divided into public and private sectors housing finance. Public sector housing finance includes funds obtained both from the central and local government. In Zimbabwe it includes the national housing fund (NHF), internal sources to the local authorities which include rents, service charges, water and electricity charges as well as revenue from businesses for example sale of beer, loans from the private sector and aid funds, for example, USAID and World Bank and Non-Governmental Organisations (NGOs). These represent the different sources of finance available to the low-income housing programmes in aided self-help housing schemes. Experiences have shown that public finance is rather inadequate in redressing the housing shortage problems in the country. This is exemplified by the sites and services schemes of the early 1980s which were largely diminished over time (Patel 1984) yet huge masses of the poor remained unhoused (Mutizwa-Mangiza and Marciano, 1987; Mutekede and Sigauke, 2007).

Private sector sources of housing finance include mortgages from building societies, private sector financial institutions and employers. Added to this list are commercial banks, pension funds and insurance companies that are also involved in the housing market (Munzwa, 1999). This sector deals with mortgage lending as an exercise of private business in its strict sense hence the funds are only affordable to middle and upper income households. The low-income people can not afford to borrow money from the societies because they normal do not have collateral security which they can cede to access the loans and cannot pay back the loans due to their low incomes (Payne, 1984). Besides, affordability has always been determined by considering the income one gets from formal employment, thus leaving out most of the urban poor who depend on informal sector activities for survival. The unwillingness of building societies to voluntarily participate in low-income housing calls for a variety of recommendations and actions such as support of informal sources of finance.

Eccentricity has connotations of awkwardness and tending towards bringing puzzlement and surprise. The implication is that everything happens miraculously yet every miracle is three-dimensional in nature: it is natural, supernatural and unnatural. It is natural because it happens in the realm of mankind (transactionable or interchangeable abilities). It is supernatural because it can be attained over and above normal capacities engaged by human faculties and organization (innovation, invention and creativity). Lastly, it is unnatural in the sense that it is a narrow route; not many can walk that path (oligopolistic peculiarity). Housing finance by engaging informal sector requires 'thinking outside the box'. It is much more than just raising funds. The urban poor have access to housing finance, but their sources are not adequate and reliable. Stand beneficiaries normally mobilize funds from different sources such as through their own savings and even borrowing from relatives. Among the sources are community-based sources of finance that include institutions that enable low-income groups to participate fully and democratically in the development process. Such community based housing finance systems have their roots in the community. The savings are goal-oriented as opposed to the separations of savings and building functions on the practice in conventional financial institutions. Co-operatives and Credit Unions are also sources of housing finance for the urban poor. Bona fide groups of beneficiaries work collectively for the purpose of pooling together their resources and save on a regular basis. The significance of these unions in the housing field has in their suitability to lend money to their members at very low interest rates and with no restrictive conditions.

The concept of self-help has been applied to a variety of forms of participation by low-income households in the production of their own housing. The concept and rationale of self-help has heavily influenced housing policy in most developing countries. Rakodi and Withers (1993) stress that proponents of self-help housing lay emphasis on its advantages both in terms of widening access to housing by increasing the number of housing 'starts' made possible, that is the 'economising rationale' and in terms of reaching lower income target groups by enabling such households to obtain housing that is both affordable and appropriate to their changing needs and aspirations. The idea has come to refer to a form of social decision-making about construction, rather than to a particular technological ingredient in the assembly of building components into houses. Self-help decision-making model was first promoted in the 1960s and 1970s by liberal housing strategists such as Turner (1982). It was developed after the realisation that conventional forms of low income housing provision forced low-income people to consume housing that was inappropriate to the variety of their individual and changing needs and aspirations (Burgess 1986). The adaptive functions in self-help housing are very flexible since the resources and decisions to invest or not rest with individual families. However there is a wide variation in household capacity to invest in housing, not only in terms of how much each household can invest over a long period, but also in terms of when they can invest (Gilbert 1983).

The urban informal sector is a rarely understood sector of the economy. Preston-Whyte and Rodgeron (1991) posits that the definitions of the concept are as varied as the explanations of its origins and development. The precise meaning of the concept has remained a subject of controversy. However the terms are used to describe a variety of activities producing goods and services through which individuals gain employment and income (Bromley 1978; see Box 1 for features of the informal sector).

Bromley (1978) summarises the characteristics of the informal sector:

- ease of entry, reliance on indigenous resources,
- family ownership of enterprise,
- small – scale of operation,
- labour-intensive and adapted technology,
- skills acquired outside the formal school system,
- unregulated and uncompetitive markets.

Activities include:

- street vending,
- shoe shining,
- food processing and
- other petty activities requiring little or no capital and skills and with marginal output, to those involving a certain amount of investment in skills and capital and with higher productivity such as manufacturing, tailoring, car repair and mechanised transport.
- Most of the activities have very low levels of productivity and income,
- Activities tend to have little or no access to organized markets, to credit institutions, to modern technology, to formal education and to training facilities and to amenities (Romanos and Chifos 1996).
- Most of the activities are carried on without any fixed location or in places that are not visible to authorities such as residences or small work shops and the activities are not recognised, supported or regulated by the government and are often compelled by circumstances to operate outside the framework of the law.

**Box 1: characteristics of the informal sector**

According to ILO (1992) the sector accounts for up to 70% of total urban or non-agricultural employment in Africa, 55% in Asia and 40% in Latin America. Of course the contribution of the informal sector to Gross Domestic Product (GDP) is somewhat lower but far too high to be negligible. However the activities cause problems for urban service delivery as the operatives are not registered with the local authorities and do not pay rentals or rates to support services such as rubbish disposal and waste management as well as facilities such as water taps and public conveniences. The sector is fast becoming an important component of developing countries' urban economies. It is no longer acting as a temporary stop for urban residents awaiting recruitment into the formal sector but a long-term solution to unemployment. Small businesses in Zimbabwe are categorised into micro, small-

scale and medium scale enterprises. This is depicted in the table below, which tries to classify the various sectors and the financial requirements as well as the minimum number of people in each sub-sector.

**Small, micro and medium business classification in Zimbabwe**

**Table 1**

Factor	Sector		
	Micro (All Sectors)	Small (Manufacturing)	Medium (Manufacturing)
Number of People	Less Than 5	Less Than 50	50-75
Asset Base	Not Relevant	Less Than Z\$15T	Z\$15-30T
Legal Structure	Informal	Formal	Formal

*Source: Fieldwork, 2008: (Note: Asset base is subject to constant reviews due to inflation that leaves the amounts irrelevant and too low for any business to operate.)*

Financing small micro-to-medium enterprises (SMMEs) is done through Small Enterprises Development Corporation (SEDCO), a parastatal administered under the Ministry of Small to Medium Enterprises. SEDCO disburses the Productive Sector Fund and the Small, Micro and Medium Fund to businesses involved in value addition. However the financial support is very minimal as traders are given very low amounts compared to their needs and expectations. Conversely the recently established National Association of Small and Medium enterprises (NASME) to represent and promote the Interests of small businesses has not made any meaningful contribution to the informal sector.

### **The Cowdray Park self-help housing scheme: Research findings**

Cowdray Park is a high-density residential suburb that was developed in 1996 by the City of Bulawayo to house low-income people. It is situated some 18 km from the city centre and is home to more than 40 000 people. Under Operation Garikayi, /Hlalani Kuhle, the government allocated more than 7 000 stands to low income earners in 2005. The beneficiaries were drawn mainly from the city's ever-burgeoning housing waiting list and were mostly people who had their structures destroyed by Operation Murambatsvina, a clean up campaign that was expeditiously and ruthlessly unleashed that same year by the government. At the beginning of Operation Garikayi,/Hlalani Kuhle, the government blindly and ambitiously thought that it had the capacity to rebuild what the people had incremental developed for themselves in so many years in a very few months. Upon close examination of the programme, just after some few months, it realised what a mammoth task it had overlooked and undermined. Financial and human resources were so taxing that it chiefly but temporarily relied on the army lending their sweat into the projects. It therefore made an appeal for the private sector to come and assist. But the private sector is driven mainly by the profit motive hence very few joined in.



It must also be borne in mind that during the same time (2005-2006) the government drafted a national policy programme that was known as the National Economic Development Priority Programme (NEDPP). This policy programme was agreed in the government circles, that it could work out along the public-private partnership (PPP) lines. But the whole economy was very ailing and the international community was so wroth with Zimbabwe and many international organisations were either pulling out or ‘taking a back seat’. So the success of the NEDPP, let alone Operation Garikayi/Hlalani Kuhle, was put at a compromised position, if not a total standstill. Then the government encouraged that all those who had benefited from its stand allocation should invest their sweat equity in the housing efforts hence the driving motif became more of a self-help housing scheme. In Cowdray Park the government did not service the land nor provide core houses, as was the case with the 1980s self-help housing projects. Beneficiaries just got the ‘raw land’ and it was looked forward that they would devise their own means in affording a roof over their heads as well as providing community infrastructure.

**Place dynamics and role of the informal sector operations**

The study carried out by the authors in Cowdray Park revealed a number of issues regarding respondents’ participation in the informal sector. It was established that most of the beneficiaries were involved in the informal sector. However there were no planned informal sector premises in the suburb. This was clear testimony that “illegality” was the principal mark of all the activities that were taking place in the suburb. Most traders preferred to operate in the city centre and other places that are accessible and lucrative. From a sample of 50 stand holders that were studied in the suburb, the majority of participants in the informal sector have low levels of education and this is prevalent to women participants. About 15,3% males have tertiary education as compared to only 2,6% of the women (See Table 2).

**Educational levels of stand/house owner by sex in Cowdray Park**

**Table 2**

<b>Level</b>	<b>Male %</b>	<b>Female %</b>
No Education	0	2.3
Incomplete Primary	2.1	6.7
Complete Primary	13.2	28.5
Incomplete Secondary	23.8	48.7
Complete Secondary	45.6	11.2
Tertiary	15.3	2.6
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Fieldwork, 2008*

Women concentrated in the informal sector to take advantage of opportunities available to the less-educated that are abundant in the sector. The hours of

operation were noted to be flexible and women operators could combine their work with other responsibilities in the home like maintenance and child rearing, elements that are so critical in social reproduction. Due to the shrinking of the formal sector many men (who used to dominate the formal sector) have been absorbed by the informal sector and in Cowdray, significant numbers of them were found to be fulltime in the informal sector. There has been a paradigm shift in the way employment should be viewed. It is noteworthy that though women used to dominate the informal sector in Zimbabwe according to ILO (1992), men have joined the bandwagon. Instead of taking the low road of petty commodity trading, they have mainly involved themselves in better paying informal sub-sectors such as transport hire, construction, repairs, furniture making, scotch carts manufacturing, and brokering in spare parts for cars. As the norm in the informal sector, women in Cowdray Park concentrated in the less profitable areas like petty trade and services such as vegetables and tomatoes vending (Table 3). That man chose the higher road of micro-entrepreneurialism implies that more money and business development was vested with men reflecting gender imbalances in self-employment ventures – a negation of Millennium Development Goal Number 3: Promote Gender Equality and Empower Women.

**Informal sector employment by sex in Cowdray Park**

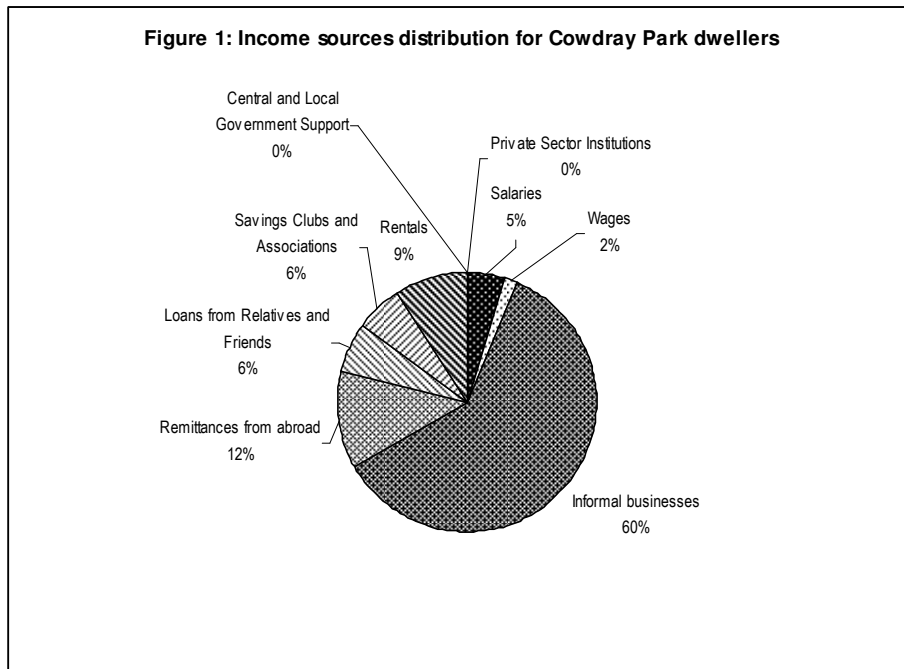
**Table 3**

<b>Class</b>	<b>Male %</b>	<b>Female %</b>
Motor Vehicle Trade	4,3	0,4
Wrought Iron/Metal Work	3,2	0
Repairs	9,4	0,5
Construction Material Production	34,5	22,5
Retail	5, 2	49,6
Carpentry	23,3	2,5
Services	13,4	18,7
Others	6,7	5,8
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Fieldwork, 2008*

Further, the study showed that quite a number of informal producers even succeed in producing for export, for example baskets, clothing, crocheted material, tie and dye material and sculptures. When businesses can produce for the international market then the owners in no time could become forces to reckon with in society at least in terms of financial stamina. Though the study did not dig into the challenges and constraints they faced in international marketing of locally produced items the more obvious ones are: trade restrictions, predatory tendencies by buyers, and undeveloped skills in more candid business. Internally, the profits made are not subject to government taxation leading to the crippling of the capacities to offer service delivery, servicing of stands included.

The respondents indicated that they received no financial assistance from Bulawayo City Council (BCC) and the central government. They reported that when their Cowdray Park self-help scheme was commissioned, it was clear that the stand-holders would be involved in financing their developments. The beneficiaries had to organise themselves and generate funds for construction. Most people in the suburb were within the low-income bracket and most of their income was obtained from informal sources that included informal businesses they owned, remittances they got from relatives abroad, savings clubs they developed and rentals they got from the lodgers (Figure 1). Although most informal activities were heavily depressed, the people acknowledged that they were earning a living out of the activities and there is no way they could stop.



Source: Fieldwork, 2008

It was established that most people in the informal sector in Cowdray Park had difficulties in summing up their monthly earnings from informal activities to furnish a monthly income figure and some people did not want to openly accept that they were engaged in informal sector activities. This could be explicable in terms of the 'illegality' of the sector, or, ethically, the culture of privacy and secrecy. One can imagine how difficult it is with researchers on launching their diagnostic instruments towards finding sustainable solutions for social benefit. The study showed that lodging provided the potential for the accumulation of a

reasonable investment by stand holders. This source, in most cases enabled stand owners a reasonable amount of money so that activities of construction could be undertaken on the stands. In the majority of cases stand holders lived in temporary structures and rented out their partial completed structures. Much of the income provided by sub-letting of rooms helped to augment the urban poor's basic monthly income, revealing that lodgers are an essential component of income generation for low-income people.

Generally the construction progress in Cowdray Park was happening at a steady but sure rate. It was noted that in spite of chronic shortages of finance, the poor in the area were making some construction progress as evidenced by the structures that have been developed at the study area in a space of three years from inception of the scheme. Against all odds these urban poor were managing to house themselves. Had the development of stands been financed by well managed coffers, even proceeds from the informal sector activities and had there not been an inimical high cost of living in the country then the progress could have been much better.

Stand beneficiaries were in every sense involved in the construction process. They were responsible for organising, financing construction, building material procurement and contributing their labour at all stages of construction from foundation excavations to roofing, by so doing incurring very low labour costs. Virtually all stand holders were directly and personally responsible for construction although the levels of participation differed from one stand to another. Women had a higher involvement rate as they were always at their stands more often than males. Hired labour constituted specialist skills such as brick laying, flooring and roofing. The main problems that were faced by the urban poor included limited access and high cost of finance, lack of access to infrastructure, inappropriate technology and a hostile regulatory framework of their income generating activities (see Table 4 and Figure 2).

#### Stand holders' Perceptions of priority problems in construction and self-building

**Table 4**

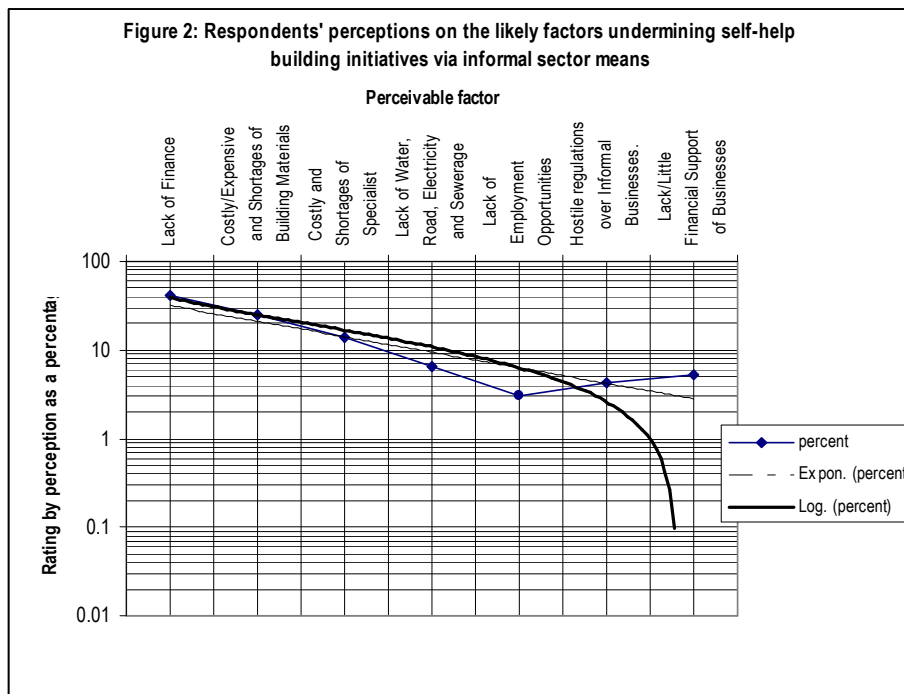
Perceived Priority Problem	%
Lack of Finance	41.8
Costly/Expensive and Shortages of Building Materials	25.4
Costly and Shortages of Specialist Labour/Skills e.g. Brick Layers	13.7
Lack of Water, Road, Electricity and Sewerage facilities (Infrastructure)	6.5
Lack of Employment Opportunities	3.1
Hostile regulations over Informal Businesses.	4.3
Lack/Little Financial Support of Businesses	5.2
<b>Total</b>	<b>100</b>

Source: Fieldwork, 2008

Although a regulatory framework is necessary, over-regulation was found to threaten and curtail the vibrancy let alone competitiveness of the small

businesses by the poor. An environment of discomfort, fear and indifference was created. From the study, it is very clear that there is a strong relationship between the urban poor’s housing finance, informal sector activities and self-help housing strategies in developing countries. What is only needed is to tap into the connectedness and reinforce the relationships. If governments wish to solve the problems of housing without incurring high costs of provisioning, they need to identify and support the poor’s sources of income that will translate to their empowerment.

Figure 2 illustrates that the three are intrinsically connected and in order to effectively house the urban poor, developing communities should find ways of supporting the low-income people’s sources of finance in these communities.

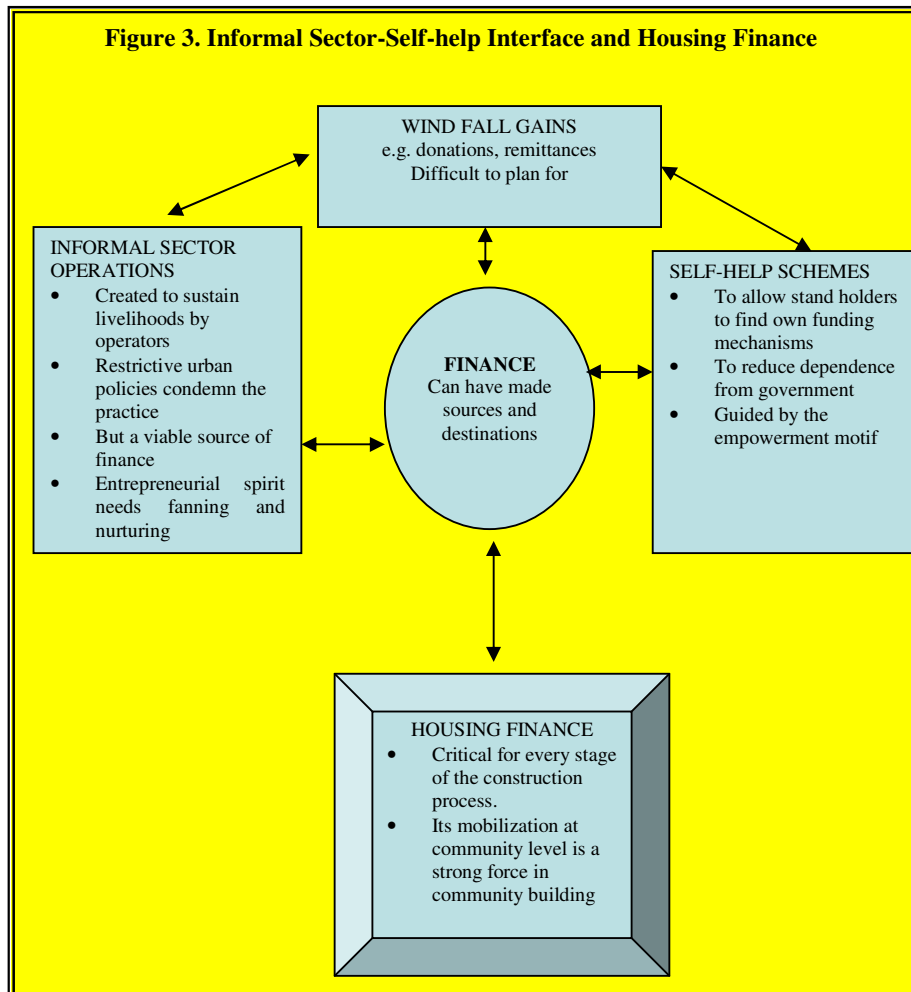


Source: Fieldwork, 2008

### Supporting urban poor self-help housing schemes

The study revealed that the informal sector has greater potential of improving the poor’s incomes but has not yet developed to give positive benefits for most poor people as evidenced by a few people engaged in high paying informal activities who managed to develop their stands. Low-income levels in the study area limit savings, which in turn restrict the levels of investments in housing.

Figure 3 illustrates the connectedness of self-help housing by the poor and their informal sources of income.



Source: Fieldwork, 2008

## Conclusion

The paper has revealed that stand holders have low incomes. As a gap-filling strategy, the informal sector has emerged as an income source for the poor urban dwellers. It is contributing reasonable incomes to them and has a lot of untapped potential which, when given proper direction, and support will no doubt bring respite to many of the poor stand holders. Only a few participants in the

sector have high earnings or are getting high profits from their businesses that they could save for housing construction purposes whilst the majority lacks capital for housing projects. Many of the housing problems of the urban poor are caused by low-incomes and low capacities of central and local governments in housing provision, hence addressing the financial needs of the urban poor is the greatest challenge and this can only be achieved by supporting their sources of income (informal activities). A more positive approach would be to recognise the priceless contributions of the informal sector to employment and livelihoods because the sector is a survival strategy for the poor and has become a reality. This veracity cannot just be ignored and not promoted and but should be managed properly in Zimbabwe. Against the backdrop of the ailing formal sector and low skills that the poor have, one can safely conclude that the possible route to eliminate urban poverty is through the encouragement and support of the informal sector. Providing adequate housing by tapping on the 'indigenous' resources is one step to reducing poverty, empowering communities and encouraging participatory democracy towards environmental sustainability which issues are the essence of the Millennium Development Goals.

#### *The way forward*

- The governments (local and central) need to facilitate rather than extremely regulate such a dynamic and vital sector of the economy by making opportunities extant in much of the informal economy accessible to the majority of the urban poor who have low education, skills, financial or social capital to empower them and help them house themselves, this can be achieved by starting many income generating projects in poor urban communities for example building materials manufacturing, home industries and carpentry projects.
- The informal sector should be closely examined with baseline studies being done first so that progress can be correctly monitored and evaluated. This paves way for replication of success stories in other locales with the fight against slums remaining top of the agenda. Diversification of the sector should be done in with corresponding functions of the formal economy: residential, commercial, industrial, public recreation, public facilities and open space.
- The government must create an enabling environment for Public-Private-Civil Society partnerships prior to land allocation. These partnerships should map the modalities for servicing the stands as well as the allocation process by correctly targeting urban poor people.
- The stand holders should be empowered to monitor the development of their areas and neighbourhoods so that the ecological, market and social values are hailed and sustainability becomes the core value. Gendering the schemes will lead to the practice of social equity whereby women, youth and marginalised groups are included in the development of the human habitats with explicit rewards communicated. This is part and parcel of community building.

- Households must individually work to mobilise finance but collate with other households in developing the common areas of the neighbourhoods. Housing community-based organisations need to be created and be leaders in innovative finance mobilisation and management. With these organisations in place, skills and resources in the community can be tapped so that community sweat equity is created.

There are many aspects in overcoming the challenges of creating sustainable finances through the informal sector and self-help housing schemes, and these are just pointers from which comprehensive and context-based mechanisms can be created.

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