

Productive Communities

How to support income-generating activities for the urban poor?



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1 Introduction

We live in a rapidly urbanizing world, as 54 % of the world's population are currently living in cities. With this development comes problem with adequate infrastructure and shelter for the urban poor. In the last decades, the proportion of the urban population in developing countries living in slums has decreased, but the actual number of informal settlers has increased. In 2014 29.7% of the urban population in developing countries, or 880 million people, lived in slums. Government schemes aiming to produce housing units for the urban poor, has not been successful in meeting their need for adequate shelter. (UN-Habitat, 2016)

Employment is central to human development. The Indian architect Charles Correa once said that “Dreams are what cities are built of.” In the 2016 World Cities report by UN-Habitat, slums are described as an arrival city, a first stage for poor migrants trying to establish themselves in the city. In their struggle to establish themselves in the city, they are willing to live under difficult conditions in slums to work in the informal sector. The governmental housing schemes often miss to create a sustainable environment for economic development, since they focus on producing as many housing units as possible, at a very low cost. They are often gated communities for only low-income people, and the homogeneity of these areas and the lack of business opportunities is even worsening the

segregation. For the informal settlers, moving to a subsidised housing unit sometime result in loss of income, or they must travel very long distances to get to work. There is a need for housing and neighbourhood design that take this informal economy into consideration, making it a key element of the establishment of socially and economically sustainable communities.

My aim is to discuss how income generating activities and spaces for small-scale businesses can help to create more economically sustainable and socially integrated communities. What are the key factors for creating productive neighbourhoods? How can we create local job opportunities, let small informal businesses develop and grow, and with the surplus of goods, services and capital being generated, over time lift a whole community out of poverty?

2 Literature Review

In the 1970's the ideas about self-help approach, first introduced by John Turner, was getting acceptance by all major international agencies. Focus was on self-management, access to financial and technological support and individual home ownership. Perlman pointed out that "the myth of marginality is false, slum dwellers are not marginal but integrated on unfavourable terms". In the 1980's, self-help housing was extended to also include employment activities and community organization.

The 1980's neoliberalism had a significant impact on urban shelter policies, as the World Bank promoted market solutions, enabling the private sector to respond to the housing demand. The self-help approach was still being promoted as a way of generating new conditions for social organization and possibilities for negotiation between state and residents. (Jenkins, et al., 2007)

In the 1980's, governmental housing schemes was still focusing on large-scale affordable housing. As it was difficult to provide new sites at affordable levels, relocation projects were built at sites far from services and job opportunities. Charles Correa pointed this out in 1985: *"These are desperately poor migrants, coming to towns and cities to look for work. Housing has a very low priority on their list of needs. They want to be where the jobs are. Hence their willing acceptance of life in the crevices of the city, as illegal squatters and pavement*

dwellers. To offer them self-help housing on land at the edge of the city, far away from the jobs, is to misunderstand totally their predicament. This is why the migrants (at least the smart ones) move back on to the pavements, as near as possible to where they can find work.” He also stressed the need for more urban land, serviced by public transport and related to work opportunities. Housing in the third world must be incremental with the ability to expand, and focus on income generation. (Correa, 1985)

In the 1990's there was a growing awareness of big cities importance for economic growth. At the second UN Habitat conference in 1996, it was stated that “cities are engines of growth.” About the same time there were grand redevelopment plans for Dharavi, Mumbai, one of Asia's largest slums. Dharavi is just one of the many slum areas in Mumbai, a city where 60% of the city's total population of 19 million live in informal settlements. What makes Dharavi special is its long history: Ever since people first illegally occupied this swampy area it has been a first step for many migrants coming to Mumbai. People are loosely organized in Nagars, based on their ethnicity and the products they produce. Dharavi is one example of informal communities that are not only a labour force for global factories, but a productive community, offering thousands of jobs and producing goods that are exported around the globe. The formal parts of Mumbai are heavily dependent on the products and services being produced here, the largest areas of production being the leather industry, food preparation, pottery and textile work. (Jonatan Habib Engqvist, 2008)

As Lisa Weinstein put it in her analysis about the failed attempts to redevelop Dharavi: *“If the megaslum were to disappear, then Mumbai would lose so many of its drivers, domestic workers, garment manufacturers, garbage collectors, and office workers that India's commercial capital would simply cease to function.”* (Weinstein, 2014) Although being spatially segregated, one can truly say that economically Dharavi and Mumbai are very well connected and inter-dependant.

Today, global competition is keeping wages low in developing countries, but with speculation, economic growth and rising land prices, the urban poor are being pushed even further out in the periphery. The difficulty to give land tenure to informal communities is resulting in a social and economic exclusion, making it even harder for informal businesses to access the formal market. Many developing

countries have seen a rapid economic growth during the last decades. While some economist thought this would have a negative effect in the informal economy, it has in fact turned out to be the opposite. Although being part of a global value chain, the informal economy actually grown even more than the formal. Also in developed countries, like the US, the informal sector is growing, challenging the view that informal economy is a natural state in the process of industrialization. (UN-Habitat, 2016, p. 73)

Another important lesson from informal communities, is how spatial organization is a direct response to highly specific conditions regarding local economy and culture. Jan Nijman, studying the spatial organization in informal settlements, writes that “*slums represent a spatiality that is often at once cultural and economic.*” The economic activities are often inseparable from ethnic identities and home-based entrepreneurship often plays an essential part in the local economy. Unlike western cities where functions are often separated, residential and commercial activities are functionally and spatially integrated. (Nijman, 2009)

There is a growing awareness of the role the informal economy play in our cities. In a planning guide about how to plan for economic activities, Sixten Larsson points out that informal economic activities can be an important starting point for formal businesses and the shanty towns of our cities thereby act as a breeding ground for innovation and entrepreneurship. To support the informal economy Sixten Larsson suggests flexible zoning regulations, easy local access via street stalls and market places, and local business support centers. Small-scale businesses should be supported to develop into established enterprises that can remain within the community area. This will enable them to move from home-based production to local commercial space or a local industrial park. Training, mentoring and financial support must be accessible within the community area. (Sixten Larsson, 2007)

In developing countries, the informal economy is contributing to 25-40% of GDP, and to 20-80% of all non-agricultural, mainly in small to medium sized companies (UN-Habitat, 2016, p. 141). Oyelaran-Oyelinka, professor and researcher on systems of innovation in developing countries, is acknowledging informal

entrepreneurial workers and firms as important contributors in reducing poverty and unemployment in developing countries. But the constraints of the informal sector are resulting in lack of protection, overtime and lay-off without notice, unsafe working conditions, and absence of social benefits for the employees. Also, the companies within the informal sector have difficulties to access formal credits, to give the employees benefits, and they are vulnerable to economic crisis. Research have shown that spatial and sectoral clustering of firms within the same branch can help to mitigate some of these constraints. An industrial cluster can help the companies to specialize, cooperate and to focus their often-limited resources on its best competences. But Oyelaran-Oyelinka stresses that these clusters of informal firms must be incorporated into national economic development agendas, to support and enhance their productivity. To overcome the gap between informal and formal economy, he suggests that *“we should move away from the dichotomous categorization of the formal and informal economy to looking at each subsector of the economy on a continuum from formal to informal.”* (Oyelaran-Oyeyinka, u.d.)

American architect Teddy Cruz is addressing this gap between the informal and the global economy and formal institutions, in his research about the borderland between the U.S. and Mexico. He recognizes the rapid urbanization based on consumption, as the main force behind producing enclaves of rich or poor, resulting in socio-economic segregation: *“All these Shantytowns in Tijuana are surrounded by factories. Sometimes these factories place themselves near shantytowns, so that they can borrow labour, without investing that much in return.”* But he also stresses that the relation between community activism and top-down processes is critical: *“We must be careful, we might suggest that the communities do it themselves, and the government withdraw. I am talking about how to pair created intelligence in those communities, with government support systems.”* In his research, he is suggesting that local communities should retrofit homogeneous structures to make them more adapted to local needs. With help from an NGO, informal communities could get access to micro-loans and become a developer of their own housing stock, in a more bottom-up approach to solve the housing crisis and create sources of income for the urban poor. (Cruz, 2017)

4 Case Studies

To show how these top-down processes currently favoured by governments in the third world to mass-produce housing, let us look at two examples from Metro-Manila, the Philippines.

CASE STUDY 1: SMOKEY MOUNTAINS

Smokey Mountains used to be a garbage dump and home for about 30 000 informal settlers. The social housing project was built by the National Housing Authority (NHA) and was carried out in two stages, in the mid-90's and in 2007. In total, Smokey Mountains consists of 5000 dwelling units, roughly 25 000 people.

The houses are built in rows with only a couple of meters of space in between. Although being a gated community that is spatially dis-connected from the surrounding areas, the outdoor environment is full of commercial activity: tricycle drivers, street stalls and small informal business that has been built along the fence toward the old garbage dump. Inside the buildings, incremental additions and transformations have been made to provide commercial services for the inhabitants. Some of the units have been extended into the corridor, functioning as computer cafés, arcade halls, printing shop or kiosks. These are an important extra income for many of the families living here, but the limitations caused by regulations and the concrete structure do not allow for a total adaptation of the spaces.



Local street stalls at Smokey Mountain.



Housing unit transformed into an arcade hall.

Since Smokey Mountain was built primarily to solve an urgent housing problem, little effort was made to provide income generating activities or basic services for its inhabitants. Then spontaneous transformations are a response to the lack of commercial space, but since these are illegal they are not a part of the formal economy. This is not only limiting the possibilities for economic development for this area, but is also severely limiting the use of the outdoor space, preventing children from playing, or using the space for recreational activities. One can say that these illegal street stalls are a form of community activism that Teddy Cruz is researching, but without support from the local government, these economic activities have little chance to access micro-credits or business support.

CASE STUDY 2: COMMONWEALTH AVENUE

The informal community at Commonwealth Avenue is one of the largest in Manila, and started to develop in the 1960's on land that was planned for the National Government Centre. The population grew incrementally over decades, and in the year 2000 it was estimated that around 26 000 families were living in the area. Then redevelopment of the area started, as the president had promised legal tenure for the informal settlers already back in 1986. The approach taken has been varied, with parts of the area being totally redeveloped with medium-rise building built by the National Housing Authority. However, for a majority of the area, a much more careful, small scale and incremental approach have been chosen. A survey thorough survey was made and each of the settlers have been

given a small plot of between 36-54 m². After paying a small amount for the plot and getting the legal title, the value of the land has increased five-folds. Each plot is getting access to electricity and water, and technical assistance is given to improve the houses. Home owners associations are formed to organize the inhabitants and to solve matters of cleaning, garbage etc.



Streets full of commercial activities.



A small-scale urban fabric suitable for the needs of the informal economy.

The small streets of the area are very walkable and provide a flexible space for different activities. The houses are small with plots measuring only 2-4 meters in width, but with improved structures they can build up to three floors. Many of the ground floors are active with stores and shops, and tricycles and taxis are parked in many of the more residential streets. Since the houses are built by the inhabitants themselves they can transform them to correspond with their need depending on their occupation or business. To rent out the ground floor to commercial activities can also be an important income for the families. The most

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important part of this project is that the land ownership is given to the families. They are no longer a labour force as in the social housing projects, but can get access to formal credits to improve their properties or develop their business.

3 Discussion

As we have seen from the development within the field of urban shelter, there is a need to care for the fine web of economic and social relationships that makes up the intricate system of the informal economy, in new redevelopments and housing schemes for the urban poor. Many of the contemporary projects are efforts to produce as many units as possible, but miss to care for employment and economic activities. The respond, as seen in the example in Smokey Mountains, is that the inhabitants makes transformations of the spaces to provide the lacking business opportunities. But there is a problem with the technologies used in these large-scale projects: The closed systems do not allow future expansion or adaptation by the inhabitants themselves. The transformations that are made also tend to be of a temporary character or poor quality, which can have a negative effect on the already low quality of housing and outdoor environment. The gated communities, aiming to provide security and social control in these often very large projects, is also limiting the possibilities for development of small-scale businesses.

As in the example with the Nagars of Dharavi, each community is different and might need very specific solutions in case of redevelopment. It is obvious then, given the very local and intricate characteristics of the informal economy, that one neighbourhood design cannot be duplicated anywhere, just to produce the necessary number of units. The risk with these large scale homogeneous redevelopments, is that they become segregated ghettos, solely providing a cheap work force for the formal economy, with little chance for a real social and economic development for the community. To provide the appropriate spaces for commercial activities is an opportunity to create a community that is more mixed and diverse. In the case of the slum-upgrading in Commonwealth Avenue, the careful and site-specific approach has kept the structure of the fragile informal economy, allowing it to develop as the dwellers get access to legal titles and formal credits. The result is a community that combines the positive aspects of the informal; strong social relations and intricate economic systems; with the

opportunities of the formal economy; access to formal credits and business support. Thus, segregation can be prevented in favour for a neighbourhood that is well connected to its surrounding urban fabric, through economic and social relations as well as infrastructure.

4 Urban Shelter Design

As stated above, every project aiming to provide housing for the urban poor is different, depending on the local needs. Many informal settlers are very capable of managing themselves, but the actions at community level must be supported and sometimes guided by the local government. As architects we might just ask ourselves in every project regarding the urban poor: what can people manage themselves? The answer might vary depending on the scale and type of project, from on-site slum-upgrading to large scale redevelopments. But we know that the entrepreneurial capacity of informal settlers is very strong, and thus this resource is too valuable to be wasted. To provide the necessary services for these activities are crucial in building an economically sustainable community:

What can people do themselves?

- Choose representatives, organize themselves with help from Local Government or NGO.
- Do labour: painting, simple construction, cleaning etc.
- Start businesses: small scale production, import of goods from countryside, kiosks and stores, services for the city (food, transport, cleaning etc.).

What help do communities need?

- Health services
- Education (schools, libraries,)
- Information (access to computers, internet, books, professional help from architects, lawyers, economists)
- Finance (access to credits, loan institutions)
- Skill training (construction techniques, maintenance)
- Management and guidance (decision making, planning)

- Cooperation and community support (from sociologists, how to work together toward a common goal)

In addition to this support the neighbourhood design must cater for not only housing, but a range of different activities to create a sustainable community. The clustering of many firms within the same branch might be an option if there is an already existing web of economic activities. If not so, incubators and business centers are important to make finance and micro-credits available. Also, the possibility to combine living units with shops or production, is important as the informal economy rely on a flexible use of space. But it is not only the neighbourhood design that is crucial for supporting income generating activities. The location itself must have a good potential for the intended economic activities. The more marginal the site is in relation to urban centers, to more effort must be put in on providing adequate infrastructure and public transport.

5 The Role of Architects

The role of Architects within the field of urban shelter, is not always to design spaces. Our objective in the 21st century, when housing production has become a constant negotiation between private and public actors, is to guide informal communities in their collective effort to access the privileges obtained by the formal settlers. Rather than producing blueprints for large scale developments we must act as mediators in the point of conflict, where the architect together with NGO's, might be the only part taking on urban shelter design with a holistic view. We must do this with the notion that people need not only adequate housing, but also empowerment and support to manage themselves. This includes opportunities to find work within the formal sector, or the potential for local firms once started in shanty towns, to access the formal economy. Informal communities have grown incrementally over a long period of time, hence the conditions in these communities are highly local and specific. In this case, we cannot reproduce solutions that might have worked once, but rather see every project's unique circumstances. Since large organizations and governments might be tempted to look more to numbers than to the reality of the life for the slum dwellers, it is up to us to defend the notion that life in informal communities are so complex, that there is no universal solution to solve housing in the developing countries.

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