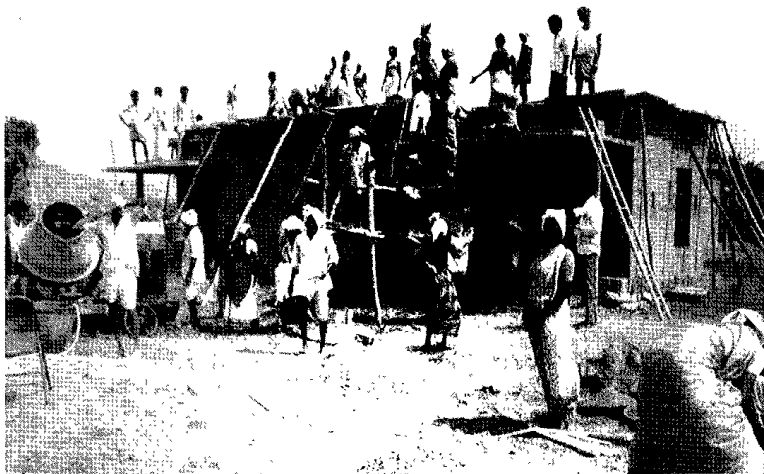


Empowering the poor through self-employment

Management consulting emphasizes the importance of pinpointing the real needs and aspirations of the client, and the necessity of identifying the ways and means to satisfy those needs. This is a lesson that NGOs and institutions would do well to heed. The search for solutions must begin by identifying the factors in the macro and micro environment that affect worldwide poverty. Great advances in the latter part of the twentieth century have benefited only the minority. Regrettably, it seems that few in positions of power can hear the alarm bells ringing. There are many indicators that prove that despite India's economic growth, the condition of the poor is deteriorating rapidly while others prosper. The information technology industry is growing annually by 63 per cent. Software accounted for more than 13 per cent of India's exports in 2000. The service industry made up 55 per cent of GDP (Economic Survey 2000-01, Planning Commission, Government of India & NASSCOM-McKinsey Study) helped no doubt by the slump in the growth of manufacturing and agriculture. The poor will not reap any benefit from these statistics. Software will not fill empty stomachs. It is no longer a question of 'missing opportunities', but that opportunities will not even be available to be missed for the poor in India.

World government reports ('The Economist', Holtec's Internal Database, 'The Industry Week') indicate that more than 5.5 million jobs worldwide have been eliminated as a result of corporate downsizing in the past 10 years, and an estimated 55 per cent of all jobs created in the next 10 years will be paid at near-poverty level. Even 90 per cent of people in North America earn less than US\$40,000 a year, and today's families are not living as well as their parents. This may well be the

foremost lesson for the new millennium. Quality of life needs to be improved for the majority in terms of security, comfort level, and individual aspirations. Employment and business opportunities must be sustainable in the long run. In this context, creating self-employment opportunities for as many of the poor as possible may be the most viable alternative.



Employment generation: Poor workers were employed in construction.

Despite more than four decades of planned development in India, much of the population continues to live in abject poverty. According to a National Sample Survey for 1993 and 1994, 36.7 per cent of the rural population and 30.5 per cent of the urban population live in poverty – a national average of 35 per cent. Although the proportion of people who are poor has decreased, especially between the mid-1970s and late 1980s, the actual number of people living in poverty has risen. From about 164 million in 1951, it rose to 312 million in 1994. India will have a shortfall of 50 million houses by the end of 2001. Nearly 300 million people are homeless or live in shanties.

So it is easy enough to identify a vast requirement of shelter for the poor. The Government of India has pumped in huge resources over the years to provide free or subsidized housing for the weaker sections of society, especially in providing aid after natural calamities. Yet, this has been a pittance compared to the funds required to put a roof over the heads of 300 million people. There is no way that the Government of India, or for that matter any government anywhere in the world, can raise such huge resources. The solutions must be sought elsewhere.

The first step has been the introduction of technologies which make building materials more cost effective, energy efficient and environment friendly – CEEF materials. A lot of work still needs to be done to make these cost-effective building materials suitable to local requirements, locally available raw materials, and local skills. Special efforts are needed to develop the technologies to make shelters that can withstand

floods, cyclones, and earthquakes. On 26 January, 2001, an earthquake flattened vast areas of Gujarat, India. Loss of life may exceed 100,000, most of whom were trapped under heavy reinforced concrete cement structures. Two years ago in another major Indian earthquake, 20,000 people died in Latur in Maharashtra. That time most lives were lost when stone roofs fell down on sleeping people in the rural areas. Last year a cyclone devastated vast tracts of the coastal state of Orissa. Again, conventional building technology was the culprit.

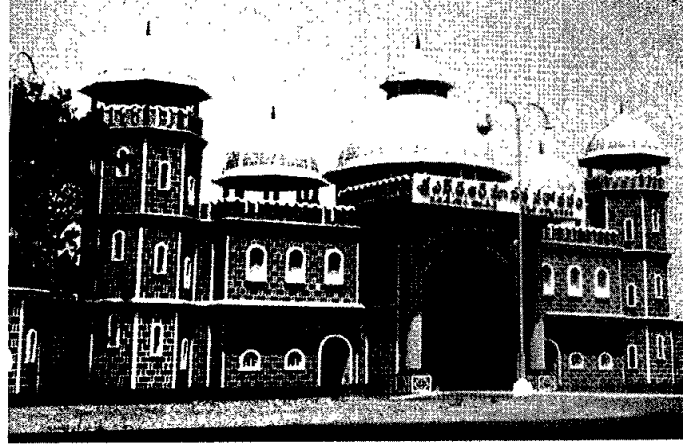
The experience and data available indicate that the creation of sustainable micro-

enterprises may well be the most effective means to achieve 'Shelter for All'. No enterprise can survive even with the best product if the customer cannot or will not pay for it. Future efforts must simultaneously empower both poor clients and the micro-entrepreneurs to leverage financial resources.

Big business gets big bucks from banks and by public share offerings. It is this entitlement to assets that makes it productive, enables the generation of resources, and creates additional work. The West and some developed Asian countries dominate the global economy with their mortgageable capital assets, while two-thirds of the world's population live on the land (and off it) but have no legal holding on paper to leverage it and gain entry to the market economy. (For interesting details on this subject read 'The Mystery of Capital' by Hernando de Soto of Peru, a former GATT economist.) The poor of the world can learn lessons from the land re-

forms that have taken place in post-independence India since 1947. India abolished large landholdings and legislated to grant ownership rights to landless agricultural labourers and others who had lived on the land for generations.

Lack of knowledge, red tape, and bureaucratic procedures have delayed the benefits of these reforms reaching the masses, but the efforts of NGOs and others is speeding up the process. One NGO, SEVAI, has established over 180 self-help groups in the villages around Trichy in Tamil Nadu. These groups derive strength from their sheer numbers, becoming important vote banks and receiving guidance about how to formalize their landholdings as well as deriving the maximum benefit from various government schemes. The Swiss Development Corporation (SDC) has helped by providing the



CEEF for the rich: Good looking buildings will attract affluent consumers to use CEEF materials made by the poor and generate employment and incomes.

grant to start a revolving fund for SEVAI to provide micro-credit for poor people to build houses. The loan is secured by the tenure documents and paid through instalments designed to be within the capacity of the family. The members of these groups also receive vocational training to enable them to earn more money.

In the same area of Trichy, SDC has helped an entrepreneur to establish a production centre for CEEF building materials. This unit provides the materials that the builders need. Efforts are currently being made to establish further CEEF materials businesses in the vicinity of the villages where loans for construction are planned to be dispersed. These businesses will also be financed by leveraging the legal rights to the assets of the villagers. Every day, millions of enterprising women and men struggle to better their lives by opening tiny businesses. They work exhausting hours yet they barely scrape by. What they need to break free from this cycle and grow their businesses is a little credit. Great effort is required in the coming years to empower budding entrepreneurs among the poor and to enable them to benefit from micro-credit facilities.

SDC and SKAT are planning massive training programmes to benefit entrepreneurs, masons, and constructors. SDC has



Factory shed: Construction from CEEF materials provides business opportunities to micro-enterprises.



Rural school: Cost-effective solutions provide benefits for greater numbers.

Les conseils en gestion insistent sur l'importance de définir avec exactitude les besoins et aspirations réelles de leurs clients et la nécessité d'identifier le chemin à prendre et les moyens à mettre en œuvre pour les satisfaire. C'est un enseignement que les ONG et les institutions devraient prendre en compte si elles souhaitent commencer à résoudre la crise du logement.

Consultores en administración enfatizan la importancia de determinar con precisión las reales necesidades y aspiraciones de los clientes, y la necesidad de identificar las formas y los recursos para satisfacer estas necesidades. Esta es una lección a la que las ONGs e instituciones deberían hacer caso si desean comenzar a resolver la crisis de



Social Housing: These houses are built and financed by government.

helped a manufacturer of machinery to make CEEF materials to establish a Technology Centre in Hyderabad, India. Unemployed youth and potential microenterprise owners are trained to use the machines, to build using the materials, and on the basics of financial and marketing management.

One aspect of economic reality has not been paid sufficient attention by either the government or international agencies. At the moment 80 per cent of financial resources are held by 20 per cent of people. To make rapid economic progress the poor will have to sell their products and services to these wealthy people and pull some money back into rural and deprived areas. Holtec, one of SDC's BMP part-

ners in India (see article on page 26) is working towards a model of microenterprise that will provide shelter to the rural poor, generate self-employment opportunities, and exploit the market of the rich to finance growth for the poor.

To sum up, attention in future needs to focus on:

1. empowering the poor to get their legal rights to assets certified on paper;
2. training and helping the poor to leverage their landholdings for credit and higher income,
3. providing infrastructure to construct cost-effective shelters;
4. training, financing, and nurturing microenterprises to provide construction-related services; and

5. organizing the poor and helping them to market their produce and generate economic growth through pulling financial resources from the rich.

Linking all these factors and making an efforts to bring about all-round progress should be the objective for the future.

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He has 26 years experience in the automobile, telecommunications, and consulting industry in India, Europe and Japan. He has done extensive research on the existing socio-economic situation in India with specific focus on housing and trends in construction industry.



The low-cost shelter provided for the poor is purely functional.