Journal of Economic Cooperation Among Islamic Countries **17**, 3-4 (1996), 87-128

A PRELIMINARY SURVEY OF THE HOUSING SECTOR IN OIC COUNTRIES

Sema Kýlýçer*

This article examines the problems of the housing sector in the OIC countries. After defining the quantitative and qualitative aspects of housing provision and the factors affecting housing policies, the paper focuses on the housing problem in the context of urbanisation, population growth, urban environmental issues and economic development. Housing conditions are examined in the light of the limited data available on the housing indicators. The housing policies of four OIC countries are reviewed to pinpoint different aspects of housing problems. It is noted that a well-functioning housing sector is in fact a basic condition for economic and social stability.

1. INTRODUCTION

The provision of satisfactory housing is a major issue all over the world. The problem of urban housing is most visible in the developing countries as they are in the process of transition from rural to urban and from traditional to modern societies. In addition to rural-urban migration, the population growth witnessed by the Islamic countries creates an urgent need for comprehensive housing policies aimed at providing decent housing for all income groups, but particularly the lower income groups. Appropriate housing policies can help achieve the goals of a well-functioning housing sector which is in fact a basic condition for social and economic stability and development.

The housing situation is one of the most important factors in determining living conditions. Housing conditions are expected to improve with economic growth and development. Poor housing conditions are a sign of poverty, and all the indicators of housing quality improve with higher

* The author, research assistant at SESRTCIC, is grateful to Dr. A.R. Zeinelabdin for his supervision during the writing of this article; however, she is solely responsible for the contents.

incomes. However, because of the differences in housing policies and their applications, there are vast differences in the housing conditions in different countries, and the housing conditions of the poor differ immensely even in countries with similar incomes.

The availability of detailed statistical data and indicators on housing are an essential prerequisite to an analysis of the housing situation and policies. However, such data on the housing stock and the condition of such stock are generally very difficult to obtain in the OIC member countries. Because of the lack of comprehensive housing surveys in the Islamic countries, population and housing censuses or household surveys are the major sources of such information. In some studies, housing conditions in different countries are examined by comparing the housing stock with the size of the population. An assessment of the average household size can provide an estimate of overcrowding in a country. The condition of the housing stock and the level of services available to household members such as safe water, sanitation and energy supplies are further measures of the differences across countries.

Because of data constraints, we make use in this survey of some general comparative data for the OIC member countries like housing expenditures as percentage of GDP, fixed investment in housing, average household size and urban average household size as can be detected in Tables 5 and 6. Other indicators on human settlements and the environment such as urban and rural population with access to services are listed in Table 4. Since the main line of argument here is that there are vast differences in the effectiveness of the housing supply systems in different countries, this study will deal with the housing issues in selected OIC countries, and point out the differing aspects of housing in these countries according to the data available for each of these.

Deleted: all those

In the first part of the paper, housing will be analysed as an economic sector; the mechanisms of housing provision, housing quality and quantity will be examined. In the second part, the situation of housing in the OIC member countries will be discussed. After some country case studies which present a different aspect of the housing issues and the historical development of the housing policies have been presented in the third section, the housing policies and their determinants will be identified within the context of the OIC countries.

2. THE DYNAMICS OF THE HOUSING SECTOR

The factors affecting housing policies can be defined at two separate levels. The first level consists of factors affecting the quantitative aspects of housing provision such as the provision of infrastructure, the regulation of land and housing development, the organisation of the construction industry and the involvement of government in housing production. The second level factors are those that affect the qualitative aspects of housing such as the number of households per dwelling, the number of persons per household, etc. Also the quality of physical housing conditions and the quality of the residential environment, the availability of clean water and electricity, public facilities such as roads, refuse disposal, schools, transportation systems, etc., can be included in the indicators of the qualitative aspects of housing.

2.1. The Housing Market

The factors affecting the quantitative aspects of housing are key components of housing sector performance. Most of the developing countries view housing solely as a social welfare issue. In some cases, instead of well-structured housing policies accepted by national development plans, the housing sector is attended to only by the transfer of physical and financial resources to households unable to upgrade their housing conditions. This is an important element in enabling households to improve general housing conditions. However, the housing sector and the overall economy are inextricably linked and housing sector policies should be integrated into both national social and economic plans.

The performance of the housing sector should be monitored regularly because it contributes towards broad social and economic objectives such as: alleviating poverty, generating household savings and mobilising household productive resources, controlling inflation, creating employment, enabling social and spatial mobility; increasing productivity; and generating investment growth; all of which in turn will add to the accumulation of national wealth; reduction in the balance of payments deficit and in the government budget deficit; development of the financial system; and overall protection of the environment. Of course, one should note that this is a double-edged argument since all the above objectives are also contributing factors to the performance of the housing sector; i.e., alleviating poverty,

controlling inflation, creating employment, etc., all affect the housing conditions and the environment.

In a housing market approach based on housing demand and supply, the key actors are housing consumers, housing producers, housing finance institutions, local and central governments. Most recently, the Housing Indicators Programme, a joint programme carried out by the U.N. Centre for Human Settlements and the World Bank, investigated housing sector performance in more than 50 developing and industrial countries. In order to understand housing market behaviour, we will look at some findings of this programme on housing supply and demand which are enumerated below:

- "Housing demand follows highly regular and predictable patterns within and among developing countries, patterns implying that overall economic development leads to considerable improvement in housing conditions.

- Although demand appears regular, spending patterns are influenced by several key policies, particularly those affecting tenure security, property rights, housing subsidies (including rent control), taxes, and the availability of mortgage finance.

- Housing supply relations are far more idiosyncratic from one country to another, and indeed within countries, than are demand relationships. While this variability is in part attributable to differences in infrastructure supply and to the role of the public sector in housing production, the key factor is the housing sector's regulatory environment, particularly land use and building regulations.

- Interactions between relatively predictable housing demand and idiosyncratic housing supply produce major differences in the cost, and hence the affordability, of housing among and within countries. Cost differences are in turn reflected in differences in the physical conditions of housing, with areas of higher housing prices clearly associated with lower housing quality (this will be discussed in the second part of this article). As a result, countries with similar economic development often have quite different housing outcomes, with some countries able to perform as if their incomes were five times as high as is in fact the case. Within countries, higher housing prices are inevitably reflected in worse

housing for the poor. This is mainly the result of differences in housing policies, particularly those that affect housing supply.

- The housing sector's impact on broad economic performance is felt in a number of different ways, through the real side of the economy (prices, investment, and employment), the financial side, and the fiscal side" (The World Bank, 1993, p.72).

2.2. Housing Quality

As stated above, the quality aspects of housing improve as a result of economic growth and development. In general, higher incomes lead to more spending on housing and to better housing conditions. However, it is possible that for countries of similar incomes housing conditions may vary considerably due to differences in housing policies and their application. Also in assessing the housing conditions it is important to judge the socio-cultural values of a society which are inherent in all housing policy determinants. Especially as is experienced in the developing world, the underestimation of the prevailing values of a society may lead to policy failures.

Housing conditions refer to the condition of dwellings in which people live, the related infrastructure and household equipment. Housing conditions in different countries may be examined by comparing the housing stock (here it reflects a quality concept since it relates to the spatial distribution of housing) with the size of the population. Indicators of housing quality are related to the measurement of firstly the quality of the physical structure itself. The quality of the physical structure is assessed by the materials used in the construction of outer walls, floors and roofs, and also by the age of the dwelling. The type of building materials used for the construction of a dwelling indicates its durability. However, the age of a building may not always reflect a comparative information since modifications may have been brought to the whole or part of the building - additions/replacements - which affect the ageing process.

Secondly, indicators of the physical space available and the level of amenities provided are used in the measurement of housing quality. These include: the number of rooms; the number of household members occupying the dwelling which can be assessed by the average household size to indicate

the extent of overcrowding; the kitchen and bathroom facilities; availability of water within the dwelling; source of water supply and of energy; fuel used for cooking; and sometimes the tenure of the occupancy. In dwellings where the facilities are at a distance and also shared amongst several households, the housing quality index is regarded as lower than in dwellings where these facilities are present indoors and belong to one household exclusively. As for the availability of the physical space and the average household size, the quality of housing is accepted to be higher, the lower the number of persons in a household (Jagun, 1989).

2.3. Housing Quality and Urban Environment

The quality of the urban environment in general, and the residential environment in particular are intertwined with the quality of housing. The quality of the residential environment may be measured by several indicators such as the density of the population, the spatial distribution of housing, the conditions of public facilities; water quality, sewerage and drainage facilities, solid waste disposal, roads, transportation systems, etc. In a residential environment where essential facilities are lacking, not only the quality of housing but the quality of life suffers.

There is a strong link between poverty and environmental degradation. The slums and squatter settlements which absorb the majority of the poor population in the cities are generally surrounded by the worst environmental conditions (The World Bank, 1993). As services are outstripped, polluted water, inadequate sanitation and garbage disposal are major causes of diseases in cities. Housing policies which do not pay enough attention to the housing conditions of the poor are associated with worse environmental conditions in cities. With some careful planning and investment in the housing sector, preconditions of a healthy urban environment can be sustained. The Kampung Improvement Program in Indonesia is a good example of this (Seong-Kyu, 1987). In this program, investment in infrastructure and granting of relatively secure property rights have increased investment in sanitation facilities, with favourable results in environmental health and in housing conditions (more details of this project will be given when housing policies in Indonesia are discussed).

Large-scale housing projects for the burgeoning urban population tend to ignore their potential impact on the environment. There are many direct and

indirect impacts of large-scale projects or unplanned small housing initiatives aggregating into larger neighbourhoods--leading to the creation of spontaneous, unserviced, satellite towns--on the natural and man-made environment that have to be considered in the housing policies of individual countries in order to provide healthy and decent housing for all. Some of the direct environmental impacts of badly designed housing programmes are: loss of valuable land and recreational areas, acceleration of erosion and siltation which affect both surface and groundwater quality and damage the environment and thus threaten the health and welfare of the inhabitants

It is also necessary, as mentioned before, to understand the socio-cultural values of a society and people's interaction with and reaction to the residential environment in order to achieve sustainable housing projects. "New development can damage the existing cultural fabric of a region or neighbourhood. A community derives its character from many generations of interaction between the people and their surroundings. Large-scale housing development introduces change not only to the natural environment, but to these living patterns, to people's relationship with the land; and the effects on the people can be significant" (The World Bank, 1991a).

3. THE OVERALL SITUATION OF HOUSING IN THE OIC MEMBER COUNTRIES

In this section, the overall situation of housing in the OIC member countries will be assessed with respect to population growth, urbanisation, housing indicators, housing prices and expenditures on housing. Indicators on housing are those that affect the quality aspects of housing such as the urban average household size; also the indicators on the quality of physical housing conditions and the quality of the residential environment such as households with safe water, sanitation and electricity, types of dwelling units and the types of building materials used in the construction of the houses. Needless to say, the choice of these indicators is determined by the availability of data on them.

3.1. Population Growth, Urbanisation and Housing

Population growth and urbanisation have occurred on a massive scale in many OIC countries. With the growth of urban population, the inflow of poor rural migrants and the increasing unemployment rates, urban housing

conditions have deteriorated and congestion and pollution increased in the metropolitan cities. Rapid growth of large cities has been a striking feature of the urbanisation process in the developing as well as the developed countries. However, urban growth patterns vary significantly among the OIC countries. As seen in Table 1, the annual change in urban population between 1985 and 1990 shows discrepancies among country groups with different income levels. In the least developed OIC countries the median annual rate of increase in urban population is 5.8%, whereas the median for the oil-exporting OIC countries is 5.0%, and for the middle income OIC countries it is 4%.

Table 1
Annual Change in Urban and Rural Population in the OIC Countries
Annual change in population, 1985-1990 (%)

Country	Urban	Rural	Country	Urban	Rural
Afghanistan	6.0	1.8	Libya	5.5	0.2
Albania	2.6	1.4	Malaysia	4.4	0.9
Algeria	4.2	2.4	Mali	4.3	2.7
Bahrain	4.0	2.3	Mauritania	6.8	0.3
Bangladesh	5.6	2.3	Morocco	4.2	1.2
Benin	6.9	1.0	Niger	7.0	2.2
Burkina Faso	5.5	2.4	Nigeria	6.1	2.2
Cameroon	5.8	0.0	Oman	7.3	3.0
Chad	6.9	0.7	Pakistan	5.0	2.9
Comoros	5.1	2.5	Qatar	4.6	1.6
Djibouti	3.8	0.1	Saudi Arabia	5.2	0.5
Egypt	3.6	1.7	Senegal	3.9	2.0
Gabon	5.8	1.8	Sierra Leone	5.2	1.4
Gambia	5.2	2.2	Somalia	5.7	2.2
Guinea	5.5	1.6	Sudan	4.3	2.6
Guinea-Bissau	4.7	1.1	Syria	4.6	2.6
Indonesia	4.3	0.7	Tanzania	10.1	1.3
Iran	4.7	2.2	Tunisia	2.9	1.8
Iraq	4.6	0.9	Turkey	3.1	1.1
Jordan	5.2	1.7	UAE	3.3	3.3
Kuwait	4.5	-3.1	Uganda	5.7	3.3
Lebanon	3.0	-1.6	Yemen	6.6	1.8

Source: The World's Women Trends and Statistics, U.N. 1991.

Urbanisation does not merely refer to the growth of population in urban areas but also and more broadly to the increase in the proportion of a country's population living in urban areas. Recent debates on urbanism adhere to the theme that, worldwide, urban growth rates in heavily urbanised countries are decreasing and that most of the urban growth is due to natural increase rather than to migration. And it is expected that in recently urbanising countries such as Egypt, Morocco and Tunisia (where between 40 and 60% of the population live in urban areas and where growth rates have already reached a peak and are likely to slow down), growth rates will be mostly attributable to natural increase rather than migration (The World Bank, 1994). And, in mostly rural countries like Indonesia, migration pressures will keep urban growth rates at their present level, whereas, in the rapidly urbanising countries like those of Sub-Saharan Africa urban population growth will still be on the rise for years to come.

Apart from urban population growth, there are some OIC countries where rural population is still growing by more than 2% per year. As seen in Table 1, the percentage increases in rural population per year between 1985 and 1990 in the African OIC countries are as follows; Algeria (2.4), Burkina Faso (2.4), Comoros (2.5), Gambia (2.2), Mali (2.7), Niger (2.2), Nigeria (2.2), Senegal (2.0), Somalia (2.2), Sudan (2.6), and Uganda (3.3). The Asian OIC countries where rural population is growing by more than 2% a year are: Bahrain (2.3), Bangladesh (2.3), Iran (2.2), Oman (3.0), Pakistan (2.9), Syria (2.6), and U.A.E. (3.3). In these countries, rural-urban migration is likely to continue and therefore urban growth rates are expected to continue at high rates. Rural to urban migration is a key population movement that is of major concern to urban planners and housing policy makers.

With the growth of urban population, many cities will double or even triple their populations in the coming decades forming mega-cities with spreading out urban settlements. Given this basic premise that urbanisation trends will accelerate in the next decade, and that the growing rural population in some urbanising countries will lead to continuous migration flows, questions arise as to how these mega-cities will absorb large volumes of population. These cities, characterised by severe problems of unemployment, by the limited purchasing power of the newly urban populations, and by problems of housing and infrastructural provisions, will foster the development of growing numbers of urban poors who will lead a marginal existence in the ‘informal sector’ and live in slums and illegal squatter settlements.

A case study of some of the Asian developing countries showed that the scale of informal sector housing, which is measured by the proportion of the urban population living in slums and squatter settlements, has been increasing during the last two decades (Nurul Amin, A.T.M., 1995). Table 2 presents the informal sector employment and housing in the metropolitan cities of Bangladesh, Pakistan and Indonesia in the 1970s and 1980s. It can be noted in Table 2 that the significant increase in informal sector employment in Jakarta is not accompanied by an increase in informal sector housing. The reason for this slight decline in informal sector housing despite the strong correlation between the two can be explained by the Kampung Improvement Programme which was first initiated in Jakarta and which by

the 1980s proved to be very successful in terms of changing the definition of informal sector housing.

Table 2
Estimate of the Scale of Informal Sector Employment and the Scale of Informal Sector Housing

Informal sector employment*			Informal sector housing**		
Metropolitan City of Respective Countries	1970s	1980	Metropolitan City of Respective Countries	1970s	1980s
Bangladesh Dhaka	57.0	64.6	Bangladesh Dhaka	18.0	32.0
Pakistan Karachi	69.1	-	Pakistan Karachi	23.0	36.0
Indonesia Jakarta	41.0	65.0	Indonesia Jakarta	26.0	25.0

***** Measured by percentage of total urban employment.

******Measured by percentage of urban population living in slums and squatter settlements.
Source: Nurul Amin, A.T.M., "Economics of Rural-Urban Relations," *Regional Development Studies, v*ol.1, 1995, p.41.

It can be seen that almost one-third of the population of Dhaka, Karachi, and one-quarter of Jakarta live in slums and squatter settlements. "About 50 to 60% of urban workers are now engaged in the informal sectors of the Asian metropolises. A new impetus is coming from global restructuring which is bringing more labour-intensive work to the cities of labour-abundant countries. A United Nations study predicts that 60% of the urban population in Asia will be living in slums and squatter settlements by the turn of the century unless drastic reform measures are taken" (ibid., p.40). Another dimension of the increase in squatters in the developing countries is the lack of systems of property rights in land and housing, the lack of clearly defined tenure.

Table 3 presents the percentage of total housing stock occupying land illegally in four cities of different sizes. Squatter housing, when defined in terms of illegal occupation of land, reached the extreme level of 44% of the total housing stock in Karachi in 1990 statistics. And even though Jakarta is a mega-city, squatter housing in this sense is much lower as also seen in the trend in Table 2 where informal sector housing has decreased in the 1980s. Another example of mega-city is Ýstanbul in Turkey where the presence of a large informal sector and the ongoing flow of migrants, especially from the troubled eastern part of the country and from the rural areas in general, increase the deteriorating informal sector housing and living conditions.

Table 3

1990	Squatter housing % of total*
Algiers	4
Ýstanbul	51
Jakarta	3
Karachi	44

Source: The Economist, 29th July 1995.

Squatter housing in Ýstanbul is estimated at 51% of total housing stock in 1990 (Table 3). This situation, in turn, poses challenges to the existing administrative structures, institutions and urban planning management practices which are already at a loss. For these reasons there are recent debates on the possibility of dividing the larger city into three or more main administrative units in order to cope with these problems.

3.2. Housing Indicators

Some of the indicators that can shed light on the housing conditions in the OIC member states are those which concern specifically the ratio of houses which are supplied with clean water, population with adequate sanitation, and households with electricity as can be seen in Table 4. The data available for 1980-85 indicate that the urban population without safe water is very high in some OIC countries reaching 79% in Guinea-Bissau, 70% in Afghanistan, 71% in Bangladesh, 73% in Chad and 60% in Indonesia. The same figure in some OIC countries is very low: it is 0% in Algeria, Bahrain, Gambia, Iraq, Jordan, Kuwait, Libya, Saudi Arabia, U.A.E., 1% in Comoros, 7% in Egypt, and 2% in Lebanon, Tunisia and Qatar. In the rest of the OIC countries, this figure varies between 20% and 50%. However, the percentage of population without safe water in the rural areas is much higher (with only a few exceptions such as Bahrain (0%), Kuwait (0%), U.A.E. (0%), and Lebanon with 2%. In some other countries like Algeria, Jordan, Libya, Saudi Arabia Syria and Tunisia it ranges between 10 and 30%. In the remaining OIC countries it is extremely high.

Table 4
Indicators on Housing, Human Settlements and Environment

	1980-1985					
	Population without safe water (%)		Population without adequate sanitation (%)		Households without electricity (%)	
Country	Urban	Rural	Urban	Rural	Urban	Rural
Afghanistan	70	90				
Algeria	0	30	5	30		
Bahrain	0	0	0	0		
Bangladesh	71	57	79	98		
Benin	55	91	55	96		
BurkinaFaso	50	74	62	95		
Cameroon	54	70			81	99
Chad	73	70				
Comoros	1	48				
Djibouti	47	80	57	81		
Egypt	7	39	5	51	23	81
Gabon	25	66				
Gambia	0	67				
Guinea	9	98	46	99		
GuineaBissau	79	63	79	87		
Indonesia	60	68	70	70	53	94
Iran	10	48	5	65		
Iraq	0	54	0	85		
Jordan	0	10	0	5		
Kuwait	0	0	0	0		
Lebanon	2	2	6	82		
Libya	0	23				
Maldives	47	92	31	99		
Mali	42	80	10	95		
Mauritania	20	84	93			
Niger	52	66	64	97		
Nigeria	40	70	70			
Oman	30	90	40			
Pakistan	16	72	44	95	29	85
Qatar	2	50	30			
Saudi Arabia	0	32	0	67		
Senegal	37	73	13	98		
Sierra Leone	42	92	57	90		
Somalia	40	80	40	95		
Sudan			80	99		
Syria	25	35	30			
Tunisia	2	21	34	71	32	94
UAE	0	0	7	78		
Uganda	55	88	60	90		
Yemen	10	76	27	67		

Source: The World's Women Trends and Statistics, U.N. 1991.

As for adequate sanitation, while urban people have universal access to sanitation facilities in countries like Bahrain, Iraq, Jordan, Kuwait and Saudi Arabia, almost 90% of the people in rural areas in the least developed and middle-income OIC countries lack adequate sanitation facilities. In countries such as Algeria, Egypt, Iran, Lebanon, Mali, Qatar, Senegal, Syria, U.A.E. and Yemen, the rate of population without sanitation in the urban areas is between 5 and 30%; in the rural areas, it is much higher (Table 4).

The indicators on households without electricity do not cover many countries. In Cameroon the percentage of households without electricity is the highest with 81% in urban, and 99% in rural areas; in other OIC countries where this data is available the urban and rural figures are: 23 and 81% in Egypt, 53 and 94% in Indonesia, 29 and 85% in Pakistan, 32 and 94% in Tunisia.

As to the indicator on average household size presented in Table 5, the most recent estimates relate to the 1987-1992 period and cover some of the OIC countries such as Azerbaijan with 4.8 persons per household and Kyrghyzstan with 4.7, which are relatively low figures compared to the rest. This figure is 5.7 in Morocco, 5.6 in Turkmenistan and 5.4 in Uganda. However, there is also more information on the average household size for the years 1980-85 which are as follows: in Bangladesh the average household size is 5.8 persons per household, the figure for urban household is 6.1 persons; in Guinea it is 6.7 persons per household; in Malaysia 5.2; in Indonesia it is 4.8 on average and 5.3 per urban household; in Pakistan 6.7, in Syria it is 6.2 on average and 5.9 per urban household.

Table 5
Average Household Size in the OIC Countries
(Persons per household)

	Latest single year		Most recent estimate		Latest single year		Most recent estimate
	1970-75	1980-85	1987-92		1970-75	1980-85	1987-92
Azerbaijan				**Mauritania**			
Ave. Hh. size			4.8	Ave. Hh. size			5.3
Urban				Urban			5.4
Bahrain				**Morocco**			
Ave. Hh. size	6.4			Ave. Hh. size	6	5.9	5.7
Urban				Urban	5		5.2
Bangladesh				**Nigeria**			
Ave. Hh. size	5.6	5.8		Ave. Hh. size			
Urban	5.9	6.1		Urban	4.7		
Brunei				**Pakistan**			
Ave. Hh. size	5.8			Ave. Hh. size	5.6	6.7	
Urban	5.8			Urban	5.9	6.7	
Cameroon				**Senegal**			
Ave. Hh. size	5.2			Ave. Hh. size			
Urban				Urban	7.6		
Gambia				**Sierra Leone**			
Ave. Hh. size	8.3			Ave. Hh. size	7		
Urban	6.1			Urban	6		
Guinea				**Sudan**			
Ave. Hh. size		6.7		Ave. Hh. size	5.1		
Urban				Urban	5.7		
Indonesia				**Syria**			
Ave. Hh. size	5	4.8		Ave. Hh. size	6	6.2	
Urban	5	5.3		Urban	6	5.9	
Jordan				**Tajikistan**			
Ave. Hh. size	6			Ave. Hh. size			6.1
Urban				Urban			
Kuwait				**Tunisia**			
Ave. Hh. size	6.5			Ave. Hh. size	5.5		
Urban				Urban	5.5		
Kyrghyzstan				**Turkey**			
Ave. Hh. size			4.7	Ave. Hh. size	5.8		
Urban				Urban	6.6		
Libya				**Turkmenistan**			
Ave. Hh. size	5.8			Ave. Hh. size			5.6
Urban	5.9			Urban			
Malaysia				**Uganda**			
Ave. Hh. size	6	5.2		Ave. Hh. size	4.8		5.4
Urban	6			Urban			

Source: Social Indicators of Development, The World Bank, 1994.

Another observation which can be made from Table 5 is that the average urban household size in the least developed OIC countries and the rapidly urbanising countries is slightly higher than that in the middle income countries. Also the available data indicates that, in general, the average urban household size in the OIC countries is much higher than that in the industrialised countries. While it is around 5.8 persons per household for the OIC general, it is approximately 3 persons per household in the industrialised countries. Since the number of countries for which such data is available is small, it is difficult to make generalisations in this respect. However, it can be said that in countries where the overall economic situation is better, the average household size is relatively smaller than that in countries with lower incomes; and that the lower the number of persons per household is, the higher the quality of housing will be--with the reservation that in these countries socio-cultural influences on housing, such as the existence of extended family systems, do make themselves felt.

A useful indicator in assessing the quality of physical housing conditions is the types of dwelling units and the types of building materials used in the construction of these dwellings. It is believed that the type of building materials used for the construction of a housing unit reflects its durability. Housing units constructed of cement or bricks and roofed properly are generally regarded as being of the highest quality. In the light of this information, the data available for the least developed OIC countries point to less durable forms of housing made of less durable materials.

For example in Bangladesh, almost 64% of the houses are made of bamboo and straw, 20% of mud, 11.6% of wood and only 5% of cement or bricks. In Comoros, 65.4% of the houses are straw huts, 1.2% are semi-durable and only 25.1% are durable. Again in Guinea-Bissau, a least developed OIC country, 20% of the houses are made of quirintin (weaved branches and straw) and mud, 32% of mud, 44% of adobe, and only 2.2% of concrete and bricks *(Housing in The World*, 1993). These examples may be multiplied. The situation in the middle-income and oil-exporting OIC member countries are different indicating that almost 70 or 80% of the houses are made of durable construction materials and only around 10-15% are made of semi-durable materials as in some types of squatting houses and rural traditional houses.

3.3. Housing Expenditures

Current expenditure patterns on housing in OIC member countries also vary according to the disparities between these countries in terms of economic situation and financial resources directed to the housing sector. The data in Table 6 presents information on housing expenditure as a percentage of GDP, reflecting actual and imputed household expenditure outlays, such as actual and imputed rents and repair and maintenance charges, as well as fuel and power for heating, lighting, cooking and so forth. The second type of information is on fixed investment in housing as % of GDP; it includes all outlays, public and private, on residential buildings, plus net charges in the level of inventory which in this context relates primarily to work in progress (*Social Indicators of Development*, 1994).

Table 6
Housing Expenditures

	Latest single year		Most recent estimate		Latest single year		Most recent estimate
	1970-75	1980-85	1987-92		1970-75	1980-85	1987-92
Albania				**Libya**			
Housing			4.2	Housing			14.2
Fixed invest.: housing			5.9	Fixed invest.: housing	6.2	2.2	2.7
Algeria				**Malaysia**			
Housing			5.7	Housing	6.6		
Fixed invest.: housing	2.2		6.5	Fixed invest.: housing	3.7		
Azerbaijan				**Mali**			
Housing			4.7	Housing		6.5	
Fixed invest.: housing			4.9	Fixed invest.: housing		3.9	
Bangladesh				**Morocco**			
Housing		14.5		Housing		6.7	
Fixed invest.: housing		5.7		Fixed invest.: housing		4.1	
Benin				**Nigeria**			
Housing		9.8		Housing		3.4	
Fixed invest.: housing		4		Fixed invest.: housing	2.2	0.6	
Burkina Faso				**Oman**			
Housing			15.2	Housing			11.1
Fixed invest.: housing			3.5	Fixed invest.: housing			1.7
Cameroon				**Pakistan**			
Housing		10.9		Housing	9.4	12.4	

Fixed housing	invest.:	4.1	6.4		Fixed housing	invest.:	2	1.7	
Chad					**Saudi Arabia**				
Housing				7.8	Housing				13.1
Fixed housing	invest.:			2.1	Fixed housing	invest.:			11.2
Comoros					**Senegal**				
Housing				4.2	Housing			9.8	
Fixed housing	invest.:			0.4	Fixed housing	invest.:		3.9	

Table 6
Housing Expenditures (Continued)

		Latest single year		Most recent estimate			Latest single year		Most recent estimate
		1970-75	1980-85	1987-92			1970-75	1980-85	1987-92
Djibouti					**Sierra Leone**				
Housing				6	Housing			12.7	
Fixed housing	invest.:			3.5	Fixed housing	invest.:		1	
Egypt					**Somalia**				
Housing			6.2		Housing			11.9	
Fixed housing	invest.:	10.5	2.7		Fixed housing	invest.:		2.3	
Gabon					**Sudan**				
Housing				1.4	Housing			13	
Fixed housing	invest.:			2.1	Fixed housing	invest.:		1.8	
Gambia					**Syria**				
Housing				7.8	Housing		8.1		
Fixed housing	invest.:			2.2	Fixed housing	invest.:	4.3	6.2	
Guinea					**Tajikistan**				
Housing				8.5	Housing				4.7
Fixed housing	invest.:			4.8	Fixed housing	invest.:			4.9
Guinea-Bissau					**Tanzania**				
Housing				11.9	Housing			6.9	
Fixed housing	invest.:			5.8	Fixed housing	invest.:	2.1	1.7	
Indonesia					**Tunisia**				
Housing			8.2		Housing			9.4	
Fixed housing	invest.:		3.5		Fixed housing	invest.:		5.1	
Iran					**Turkey**				
Housing		7.7	15.3		Housing			9.2	
Fixed housing	invest.:	6.7	7.9		Fixed housing	invest.:	2.6	0.6	
Jordan					**Turkmenistan**				

Housing		5.7	5.7		Housing				4.7
Fixed housing	invest.:	7.8	9.6		Fixed housing	invest.:			4.9
Kyrghyzstan					**Uganda**				
Housing				4.2	Housing				12
Fixed housing	invest.:			5.4	Fixed housing	invest.:			2.6

Source: Social Indicators of Development, The World Bank, 1994.

The most recent estimates for 1987-1992 reveal that housing expenditures as a percentage of GDP are highest in such OIC countries as: Burkina Faso with 15.2%, Libya 14.2%, Guinea-Bissau 11.9%, Oman 11.1%, and Saudi Arabia where this figure is 13.1% and where fixed investment in housing is the highest with 11.2%. Needless to say, for this information to make more sense, these figures should be examined in conjunction with the respective countries' housing policies, economic development plans and also with the other housing indicators. However, it is not possible to elaborate on all of these points here, since limitations of data on the housing indicators and the housing policies of these countries prevent us from making such comparative analyses.

When we compare the OIC member countries with the advanced countries, we will find that according to the most recent estimates, housing expenditure and housing as fixed investment as percentage of GDP have respectively reached 13.5 and 4.5 in Canada, 12.7 and 3.2 in Germany, 12.5 and 3.5 in the U.K., and 12.7 and 4.1 in the U.S.A. (*Social Indicators of Development*, 1994). Despite the fact that similar percentages may be found in both the OIC and the developed countries, it is difficult to say that housing conditions in those countries are similar. We can say that expenditure on housing as an indicator shows us the rate of progress in the housing sector in a particular country. However, these percentages do not shed enough light on the housing situation considering the disparities between these countries in social, economic and demographic terms, and in the degree of housing availability and types of housing found in each of these countries.

3.4. Housing Prices

Housing prices are subject to direct manipulation by public authorities as well as to fluctuations in supply and demand forces. Housing affordability which is measured by house price-to-income ratio may differ between

industrial and developing countries. As seen in Table 7, the ratio of house price-to income in developing countries is higher than in industrial countries.

Table 7
Housing Price - Income Ratio

Developing countries	House price/income	Industrial countries	House price/income
Tunisia	7.8	Norway	3.8
Egypt	7.5	Canada	4.8
Nigeria	6.1	Germany	4.4
Malaysia	6.0	U.K.	3.7
Turkey	5.7	U.S.A.	2.8
Morocco	4.6	France	3.4
Indonesia	4.5		

Most data are for the mid-to-late 1980s.
Source: The World Bank, 1993.

The differences in this ratio indicate that housing is relatively more expensive in the developing countries than in the developed countries (The World Bank, 1993). However, the price-to-income ratio is expected to be higher in industrial countries than in developing countries. This can be explained by the distortions in the housing market, in the sense that markets with unresponsive supply systems may have a comparatively higher housing affordability ratio than the countries where the market is responsive to supply systems. “While there are situations in which the ratio can be higher in a less distorted market or lower in a more distorted market, it is consistently true that markets with unresponsive supply systems have comparatively high house price-to-income ratios while those with the most responsive systems have comparatively low ratios” (ibid., p. 96).

Housing market distortions become more obvious when data on individual cities are looked at (Table 8). There is an immense diversity among these cities in terms of housing affordability and construction costs. Housing market distortions and the diversity of data on housing affordability and construction costs make it difficult to establish a theoretical relationship between them. When, for example, Jakarta and Ýstanbul are considered as similar-sized cities in countries of comparable per head income, it can be seen that the construction cost per square metre in Ýstanbul (110 $) is almost twice as much that in Jakarta (which is 65 $ per square metre). And in Algiers where housing affordability is highest with 11.7, the construction cost reaches a high value of 500 $ per square metre.

Table 8
Housing Prices in Selected Cities

1990	House price to income ratio+	Construction cost, $ per sq m.
Algiers	11.7	500
Ýstanbul	5	110
Jakarta	3.5	65
Karachi	1.9	87

+Median price of house as a multiple of median annual household income.
Source: The Economist, 29th July 1995.

Variations in housing prices occur in similar types of housing in different countries. Also house price indicators vary according to tenure relations and regulations in these countries. In the case of rental housing, for example, the available data indicates that "..the relative cost of similar dwellings, compared with the cost of other consumer goods and services, is far more variable among developing than among industrial countries, ..in addition, relative costs of rental housing were found to be considerably lower in countries with actively enforced rent control" (The World Bank, 1993, p.96).

Table 9
Housing Units by Tenure

(as percentage)

(most recent estimates)	Owned	Rented	Free of rent	Other
Oil exporting countries				
Algeria	63.0	24.6	12.4	
Bahrain	48.2	33.6	8.6	9.6
Nigeria	37.0	44.0	17.0	2.0
Oman	70.2	19.8	9.0	1.0
Middle income				
Egypt	30.9	44.6		24.4*
Malaysia	63.4	25.0		11.6
Morocco	41.2	43.3	11.7	3.8
Pakistan	78.4	7.7	13.9	
Tanzania	56.1	38.0		5.9
Tunisia	78.9	12.6	8.5	
Least developed				
Benin	76.8	10.1	11.5	1.7
Comoros	87.5	3.1	2.6	6.8
Sudan	85.9	8.0	3.0	3.1

Yemen	78.0	8.0		14.0

* Of this figure; 16% stands for housing not yet acquired, 4.4% purchased and 4.0 other.
Source: Housing in the World, U.N., 1993.

The legal rights and obligations related to the security of tenureship differ immensely among the OIC countries. This is mainly due to the fact that property rights, regulations of rent control, and systems of tenureship in general differ not only among countries with different income levels but also among similar income groups of countries according to their political systems and their approach towards housing policies. Population density, urbanisation and abundance of land are also important factors affecting ownership. Table 9 presents the housing units by tenure in some of the OIC countries. When looked at within different income groups, the percentage of owned housing appears to be high in the least developed countries. This might result from differences in the characteristics of the housing supply regimes; from the diversity of property rights among these countries; or else from the abundance of land as in the case of Sudan for example. Also these data might be disguising some factors like co-operative ownership systems. In short, property rights and tenure systems should be analysed separately in each country to shed more light on their housing provision systems.

4. ASPECTS OF HOUSING IN SELECTED OIC COUNTRIES

In order to see the different aspects of housing problems in the OIC countries, four case studies are presented in this section. These countries are not chosen because they are representative of all housing problems, but because there are adequate information and data on them to enable us to present a history of their housing policies. Within the limitations of the available data, this section will try to describe the housing policies, their incorporation into the development plans, housing markets and problems in Saudi Arabia, Turkey, Egypt and Indonesia in a historical perspective.

4.1. Housing in Saudi Arabia

Housing policy in Saudi Arabia is incorporated in five-year Development Plans. So far, four development plans have been put into effect and the fifth one covers the period 1990-95. Housing expenditures make up 13.1% of the GDP according to the most recent estimate (See Table 6). As opposed to many countries where the private sector plays a predominant role in the housing sector, it is the government who is mostly financing and providing

private housing in Saudi Arabia. The private sector depends largely on government financial assistance which has funded a sizeable proportion of private housing at zero interest rate. During the first five-year development plan (1970-1975), Saudi Arabia faced a serious housing shortage which was due to the influx of foreign workers and the increasing migration of the Saudis from the rural to the urban centres.

As a result, the provision of decent housing became a national objective since the early 1970s. The first housing agency was organised in 1971 as the General Housing Department under the Ministry of Finance and National Economy, which was later upgraded to a full ministry in 1975. The Ministry of Housing had two types of housing programmes. One is Rush Housing Programme aimed at alleviating the housing shortage within a short span of time by constructing high-rise multi-storey apartment blocks. The second type is the General Housing Programme which aimed at constructing mini-cities for low and moderate-income Saudi households.

Table 10
The Role of Principal Contributors to Housing Development in Saudi Arabia

Sector	Agency	Role and Function	Putative Effect
PUBLIC	Ministry of Finance (dept. of statistics)	Assesses number of population	Assesses housing need
	Ministry of Planning	Formulates housing policies	Directs housing development
	Ministry of Housing	Provides public housing	Increases housing supply
	Ministry of Municipal and Rural Affairs	-Allocates land -Provides free plots (land grants) -Sanctions subdivision plans for private lands and provides infrastructural facilities -Controls housing development through building permits	Controls housing development and access to land
	Ministry of Electricity and Industry	Provides electricity to houses through electricity companies	Encourages housing development
	Ministry of Agriculture and water	Provides major water installations for cities, towns and villages	Encourages housing development in urban and rural areas
	Authorities of Water and Sewerage	Provides water and sewerage for cities and towns	Encourages housing development in urban areas

	The REDF (Associated with Ministry of Finance)	Provides interest-free loans to citizens to build their own houses in urban and rural areas	-Increases the number of owner-occupiers -Activates the housing market
	The Saudi Credit Bank	Provides limited interest-free loans for housing repair	Improves the quality of stock housing
P R I V A T E	Urban Development Corporations in Makkah, Madina and Riyadh	Regenerate inner cities	Increase housing supply
	Housing investors	Provide housing for rent and sale	Increase housing supply
	Individuals	Satisfy housing need	Increase housing supply

Source: Al-Rahman, H.A., 1994.

The first development plan recommended the establishment of the Real Estate Development Fund (REDF). This institution was established in 1974 to mobilise finance for housing and real estate development by providing interest-free loans and to encourage private sector residential buildings. “The fund is administered by the Ministry of Finance and National Economy. The REDF manages two types of loan activities. One is a long-term (25 years’ maturity) interest-free loan programme for the construction of owner-occupied houses. The other is a medium-term (10 years’ maturity) interest-free commercial loan programme for the development of investment-oriented residential housing for eventual renting.” (Tuncalp, 1987, p.349).

Housing in Saudi Arabia can be divided into three groups: public, private and *waqf* (charitable foundation). As stated above, the Saudi government has played a crucial role in the provision of housing for all sections of the society. The REDF which plays a prominent role in the housing market promotes its policies within an Islamic framework and considers the provision of decent housing a basic necessity for the individual and a duty of the government. “Land use planning has also a direct influence on housing provision through a set of regulatory measures including development controls, such as zoning and land subdivision regulations. Fiscal controls on land prices and housing development are not applied in Saudi Arabia for various political and administrative reasons” (Al-Rahman, 1994, p.14).

Table 11
Planned and Achieved Housing Targets in the Development Plans of Saudi Arabia

(Number of houses)

Development Plan		Public Sector		Private Sector		Total	Achievement level of targets %
		Ministry of Housing	Other Governmt. Agencies	REDF sponsored	Private		
70-75 1st	Planned						
	Achieved					87,500	
75-80 2nd	Planned	130,500*		122,100**		225,600	
	Achieved	104,600		150,000		254,600	113
80-85 3rd	Planned	32,900	53,300	103,000	78,000	267,000	
	Achieved	17,800	121,600	195,000	103,400	437,800	164
85-90 4th	Planned	7,800	67,200	150,000	60,000	285,000	
	Achieved	2,207	64,400	87,000	37,000	172,607	61
90-95 5th	Planned	5,676	-	78,792	36,741	121,209	
	Achieved	-	-	-	-	-	

* General figure for public sector.
** General figure for private sector.
Source: Al-Rahman, 1994.

As Table 11 indicates, following the housing policy measures taken by the first development plan and the government's success in the housing programme, the 1970s housing gap was closed to the extent that there was a housing surplus. The overall achievement of the housing programme in the second development period (1975-1980) was 113% of the target. Similarly, the target was exceeded by 164% for the third development plan period (1980-85). This excess housing supply can be explained by several interdependent macro-economic factors some of which are: firstly, government revenues from crude oil were reduced with the unexpected glut in the international oil market; secondly the growth of the economy slowed down affecting thereby the construction sector; thirdly, when a number of private companies went out of business, the foreign workers who lost their jobs went back to their countries lowering the demand for housing. The other factor was the completion of public sector projects at a time when there was an obvious drop in the demand for housing. This was at the end of the third plan when work on those projects was so advanced that it was considered economically sounder to finish rather than abandon them (Tuncalp, 1987).

To conclude, it could be said that efforts made so far have been very successful in satisfying demand for housing and consequently increased the

number of owners/occupiers and lowered the rents. However, if the housing policy in Saudi Arabia is to be reviewed, it could be pointed out that the financial reliance of private sector housing on the state could be reduced on the grounds that the private sector has great potentials in funding private housing and also that the surplus of government resources from housing could be redirected to other forms of public expenditures.

4.2. Housing in Turkey

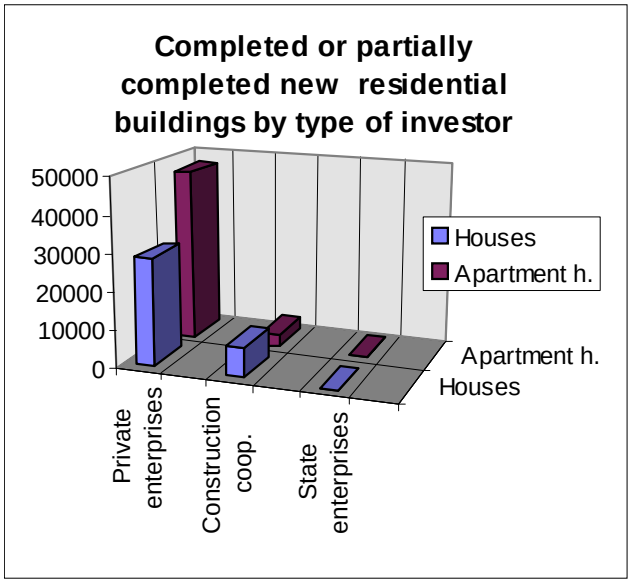
4.2.1. Housing in Historical Perspective

The housing problem in Turkey has reached significant levels mainly as a result of the rapid increase in population and of the migration from rural areas to urban centres. According to the 1990 census, 55% of Turkey's population lives in cities. It is projected that by the year 2000, 70% of the population will be urban. Turkey has adopted various housing policies in different periods of the history of the republic. Production of mass housing in Turkey started first in Istanbul in 1922. But the first building co-operative attempts started in order to find solutions to housing for the increasing population of the newly founded capital city Ankara. During this period, mass housing projects were carried out by the state which mostly concentrated on housing for civil servants. From 1937 onwards a housing allowance has been granted by the government.

The period after the second world war was marked by an increase in the rate of urbanisation, an increase in the population in the industrial sector, and the setting up of workers' unions and social security institutions. Rapid urbanisation and the increase in shanty town settlements necessitated the establishment of the Ministry of Construction and Housing in 1958 and the need to design national housing policies. In the period 1945-1960, housing projects were shifted from housing for civil servants to housing for workers and the shanty town areas. On the one hand, the construction of shanty town houses (*gecekondu* in Turkish means built overnight) was banned, and on the other hand, measures were introduced to prevent the construction of new shanty houses. These consisted of provision of cheap land, low interest rates, long-term housing credits and some technical assistance. However, because of the lack of urbanisation and settlement policies based on national economic development strategies, these measures proved to be of no avail. Land speculation continued unhampered, existing housing policies and land distribution methods provoked further speculative tendencies.

During the planned period which started in 1960, changes were introduced in the housing policies. For example, in the first planned period (1963-1967), it was decided that housing investments should not exceed 20% of the total investments. Also in this period, and for the first time, *gecekondu*s were declared not illegal but as social and economic phenomena. In the second planned period (1968-1972), the liberalisation of the planning phase was brought forward, and the state was thought to intervene in the housing sector more as an arbitrator than as an investor. In the 1970s, mass housing began to be seen as a solution to the housing problem and state policies were geared towards motivating the private housing companies and local housing co-operatives. The state was mostly involved in the building of disaster housing and lodgings which comprise a small proportion of all the mass-housing projects anyway. This trend can be seen in Table 12 and Chart 1 which shows the completed residential buildings by type of investors, and also in Table 13 which shows the increase in the number of building co-operatives from 143 in 1970 to 1127 in 1991.

Chart 1



(According to occupancy permits)
Source: SIS, Turkey, 1995.

Table 12
Completed or Partially Completed New Residential Buildings by Type of Investor
(According to occupancy permits - 1991)

	Total		Private enterprises		Construction coop.		State enterprises	
	number of	number of	number of	number of	number of	number of	number of	number of
Total	buildings	dwelling units	buildings	dwelling units	buildings	dwelling units	buildings	dwelling units
Houses	36899	41262	28819	33048	8023	8130	57	84
Apartment houses	50607	186308	46729	127969	3547	53712	331	4627

Source: SIS, Turkey, 1995.

Definitions of terms and phrases used in Table 12:

House: building intended for residential use with one or two dwelling units, regardless of the number of storeys.

Apartment house: residential building with three or more dwelling units, regardless of the number of storeys.

Dwelling unit: a separate or independent enclosure used for residence by a single person, a family, or a group of persons having a covered roof and separate access to a street, corridor, or common place.

In the 1980s, the housing supply systems in Turkey can be summarised under two headings: a) housing supply for the planned urban areas; b) housing supply for the *gecekondu* areas. Different forms of housing supply for the planned urban areas are: private housing production, housing production by housing co-operatives, build-and-sell type of production, production by private housing companies and local government-initiated housing co-operatives' unions. The *gecekondu* production can be divided into private initiatives and half-organised *gecekondu* production (Tekeli, 1982). *Gecekondu* housing will be further discussed in the next section.

Table 13
Completed or Partially Completed New Residential Buildings and Additions Built by Construction Co-operatives

(According to occupancy permit)

Year	Number of cooperatives	Houses		Apartment houses		Total number of dwelling units
		Number of buildings	Number of dwelling units in house	Number of buildings	Number of dwelling units in house	
1967	61	1198		81		2231
1970	143	1014	1022	234	2712	3734
1975	129	886	1121	885	6771	7892
1980	287	1079	1240	726	10816	12056
1985	365	1200	1336	1565	19937	21273
1990	709	6133	6268	3942	52298	58566
1991	1127	8023	8130	3547	53712	61842

Source: SIS, Turkey, 1995.

4.2.2. The Recent Situation

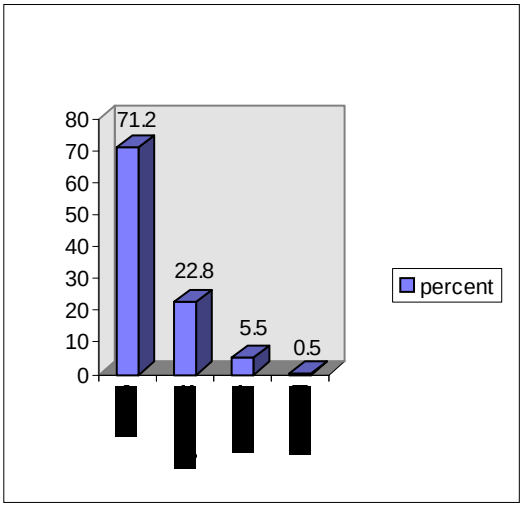
The government of Turkey established the Mass Housing Fund (hereinafter MHF) in 1984 to support the housing sector which was in dire straits. The ongoing structural adjustment policies in the economy led to increases in real interest rates and big fluctuations in real wages. These fluctuations, in turn, caused a bottleneck in the housing sector which ended up with thousands of unfinished housing units. The MHF mobilised resources through taxes (like the fund taken from travelling abroad), and on-lent the funds through the banking system at low, fixed interest rates. Thus, the MHF led to more production, protected the sector from the effects of the adjustment policies

and provided a domestic stimulus to the economy. However, it faced many problems as well.

"Production of housing was stimulated to levels unsustainable given the available funds, because of per loan subsidy rates of 80 to 90%. The amount of the subsidy was difficult to measure and was larger than commonly appreciated. MHF expenditures came to substitute for mortgages to the middle class, which could have been supplied by the commercial banking system without subsidies. The MHF therefore became a large drain on the government budget. In response to these problems, lending terms were changed and linked to wages so that the real value of repayments was maintained, mortgages were indexed so that higher income households could be provided with loans by private financial institutions, and subsidies were made explicit and were more carefully targeted, in part by limiting the size of dwellings which qualified for subsidisation. As a result of these and other changes, the MHF was able to continue to cushion the housing sector from the effects of structural adjustment" (The World Bank, 1993).

The recent data on the facilities of residential buildings in Turkey shows that almost 100% of the completed and partially completed buildings since 1985 have infrastructural facilities such as electricity, piped water, and drainage (State Institute of Statistics, 1995). And also in terms of housing quality almost all of the residential buildings completed since 1980 have kitchen, bathroom and toilet facilities. As for the other facilities such as septic tank, natural gas, gas, central heating and hot water, only some of the residential buildings are equipped with them. For example, according to estimates made by the Ministry of the Environment, only 25% of the urban population in Turkey is connected to a sewerage system (Parker, 1995). Most of the *gecekondu* areas lack infrastructural and critical facilities like running water, sewerage, electricity, waste disposal and amenities like paved streets, parks, health care, and educational and recreational services.

Chart 2
Households by type of dwelling (1989 figures)



Source: Housing in the World, U.N., 1993.

Chart 2 shows the households in Turkey by type of dwelling. According to this data 94% of the housing units are houses and apartments. 5.5% of the households constitute squatter settlements. And the 0.5% marginal type of housing refers to tents, huts, barracks, caves, etc. However, this classification may be misleading since it is difficult to distinguish *gecekondu*s which have been recently built as apartment houses, and the squatter houses which have been legalised through a pardoning process by the several governments from the general categories stated in the chart.

4.2.3. Informal Settlements - Gecekondu Development

The rising urban population and shortage of affordable housing have forced low-income groups into informal settlements in metropolitan areas, namely,'*gecekondu*' houses which are illegal and unplanned. Examples of these spontaneous settlements are: 'casbah' in Algeria, 'gourbiville' in Tunisia, and 'bidonville' in Morocco (Keleþ and Geray, 1995).

Table 14
Number of Gecekondus and their Population

Years	Gecekondu	Inhabitants	% of Urban Pop.
1955	50.000	250.000	4.7
1960	240.000	1.200.000	16.4
1965	430.000	2.150.000	22.9
1970	600.000	3.000.000	23.6
1980	1.150.000	5.750.000	26.1
1990	1.750.000	8.750.000	33.9

Source: Keleþ, R. Kentleþme Politikasý, 1990.

According to the statistical data in Table 14, during the period 1955-1990 *gecekondu* houses increased from 50,000 to 1,750,000. In the same period, *gecekondu* population increased from 250,000 to almost 9 million. This means that in terms of the overall urban population about 34% live in *gecekondu*s. There are common features of *gecekondu* houses which can be summarised as follows: "Usually they are built on somebody else's land without the owner's permission, they are constructed without regard to building codes and regulations, they are built without a building permit, and the areas where they are found are either inconsistent with residential use, or used in violation of city development plans and other land use regulations (ibid., p.140). Recently, *gecekondu*s have been built spending more time and money than before; there are even *gecekondu*s as apartment houses with three or more storeys.

With the new *Gecekondu* Law passed under the sixth and most recent development plan, some measures were introduced. Policy objectives of upgrading, demolition and prevention of *gecekondu* houses have been adopted as before. This new law empowers municipalities to limit the construction of *gecekondu* settlements, to increase their land area. The new law also makes it compulsory for the *gecekondu* inhabitants to pay user fees for the services provided by the municipalities (Parker; Keleþ & Geray, 1995). Along with cheap urban land, financial support is also provided for the *gecekondu* funding. The first type of funding is used by the municipalities to buy and expropriate land for various housing projects. The second *gecekondu* fund is under the Mass Housing Fund which is mainly used for public services, infrastructure and maintenance. This fund is also used in providing credits for low-cost housing for homeless families (Keleþ & Geray, 1995).

4.3. Housing Policy in Egypt

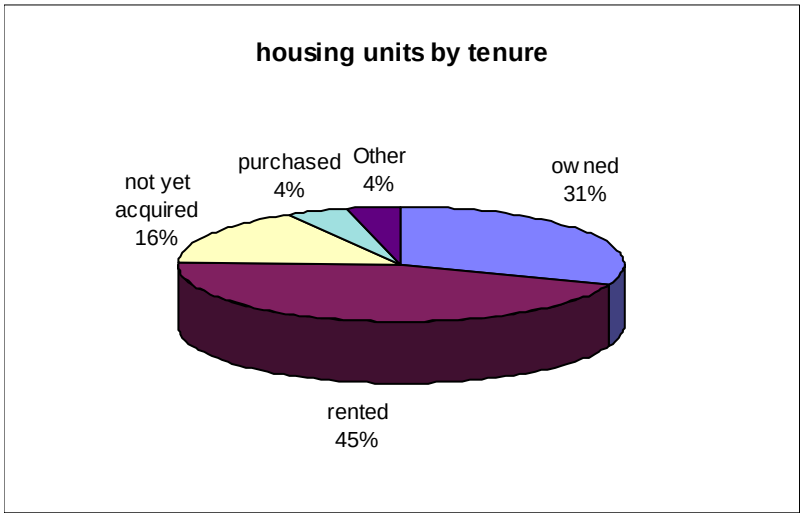
Until the late 1950s, financing and construction of housing were mostly carried out by the private sector in Egypt. In 1958, with the new policies as part of Arab Socialism, some measures such as rent control and efforts in public housing were introduced (Feiler, 1992). These measures generally favoured the low-income groups. "During the 1960s, the average annual investment in urban low-income housing was 5 to 6 million Egyptian pounds, which enabled the construction of nearly 10,000 units per year. During this period the state intervened in the housing market not only directly, as an agent, but also indirectly. The rent control acts, the increase in the price of construction materials (due to the restriction of imported goods) and the rigid bureaucratic formalities which private investors had to face, reduced the development of new housing projects" (ibid., p.298).

Towards the end of the 1960s, the government started searching for private sources of financing in favour of the housing sector. This tendency became stronger in the Sadat era. New plans were initiated to reconstruct and improve housing as well as reduce the population density in Cairo and Alexandria. "During the 1970s not only new state-owned construction companies were established but also the private sector was encouraged to invest in the construction sector. As part of this new state policy in the housing sector, the Egyptian government initiated the development of New Towns"(ibid., p.299). When the period 1960-1983 is looked at, it can be seen that public housing units were less than the private sector housing production.

The percentage of the annual change in the urban population in Egypt between 1985-1990 is 3.6. (Table 1). In the 1980s, with the ongoing rural to urban migration and with the influx of foreign capital into Egypt, the demand for housing increased in the urban centres, and especially in Cairo. There was a boom in the construction of luxurious buildings which in turn increased the costs of real estate. Landlords charged large fees for the right to rent which is called key money, and kept their flats off the market waiting for rich people to rent or tended to sell at extraordinary prices and conspired to oust tenants from rent-controlled building so that they could sell the land at big profits. Since there were no substantial measures to control these tendencies, and no taxes, land speculation increased (ibid.).

The population of Cairo grew at a rate of 19.3% between 1976 and 1986. Cairo City holds 35% of the urban population according to 1990 statistics with a growth rate of 2.2% between 1990-95 *(Human Development Report*, 1995). With the high increase in residential density, and with the increase in demand for housing without sufficient supply in the housing sector, the informal housing sector expanded as we have seen in other mega-cities before. The informal housing sector in Cairo reached 84% of the total housing sector by the 1980s. Parallel to the increase in this type of housing, several environmental, sanitation and health problems exist in today's Cairo. For example, because of a lack of basic infrastructure, although 70% of the city is connected to the public sewerage system, only 15% of waste water collected is fully treated. The rest of the waste water is only partially treated, and most of it is carried untreated for 200 kilometres by open canals to Lake Manzaleh, and then on to the sea (*The Urban Age*, 1995).

Chart 3



Source: Housing in the World, U.N., 1993.

Chart 3 above shows the households by type of tenure in Egypt, where 45% are renters, and 31% are owners. According to a Housing Indicators Survey, in Cairo, low-income families may spend 10% of their incomes on housing, while more prosperous families spend only 5 or 6%. Renters comprising about 70% of the population of Cairo spent, on average, only about 8% of their incomes for rent (The World Bank, 1993). The

fundamental reasons behind the severe housing problems in Cairo and in Egypt in general can be characterised by the following points. Firstly, there is a serious shortage of rental housing and the existing units of housing are poor in terms of maintenance. Secondly, new housing units are built mostly to be sold so as not to increase the stock of rental housing. Most of the new houses are sold at very high prices. Thirdly, there is a black market for the new rental houses where the tenants pay large up-front sums in the form of 'key-money'. And paradoxically, there is a very high vacancy of housing in the face of a serious housing shortage (The World Bank, 1991b).

The New Towns Project, which aimed to alleviate the population pressure on Cairo and to reduce the conversion of valuable land into urbanised land, turned out to be a failure. For future projects with the same target, and for a more sustainable housing policy making, it is important to understand the reasons of the failure of the New Towns to attract inhabitants.

These reasons are summarised by Feiler as follows: There was a lack of co-ordination between the various government agencies; there was also a lack of employment opportunities and social facilities; it was prestigious to live in the old towns; the new towns did not offer housing for different income levels other than the low-income households, as a result professionals and civil servants were reluctant to move in; the price of housing units were too high for the lower income groups; and as a result of the tendency of low-income households to live in communities, many potential New Town residents preferred to live in an unplanned conventional suburb rather than in a planned new town (Feiler, 1992). Therefore, housing policy planners should not only treat housing as an economic sector but also as a sector where socio-cultural values equally may lead to success or failure.

4.4. Housing Policies in Indonesia

Indonesia did not have any significant and effective housing policies until the mid-1960s. Housing was mainly supplied by individuals. The designing and implementation of housing policies started with three important decisions made in 1974. "First, the National Housing Policy Board, consisting of three ministers in charge of (inter-sectoral) formulation of overall housing policies, was established. The second decision was to create the Urban Development Corporation (Perumnas). Finally, it was decided that

the National Savings Bank (BTN) would also act as a housing mortgage bank to provide owner-occupier housing credit" (Seong-Kyu, 1987, p.147).

Housing programmes started to be carried out effectively in 1976 during the second five-year development plan (Repelita) 1974-1979. The Urban Development Corporation was mainly concerned with the construction of low-cost housing. Private housing developers were invited to construct with the support of housing ownership loans made by the National Savings Bank. The Building Information Centre (BIC) was established at every provincial capital city to undertake the responsibility of research in local building materials and of training of housing specialists. They were responsible for housing, sanitation and community health programmes in the rural as well as the urban areas (ibid.).

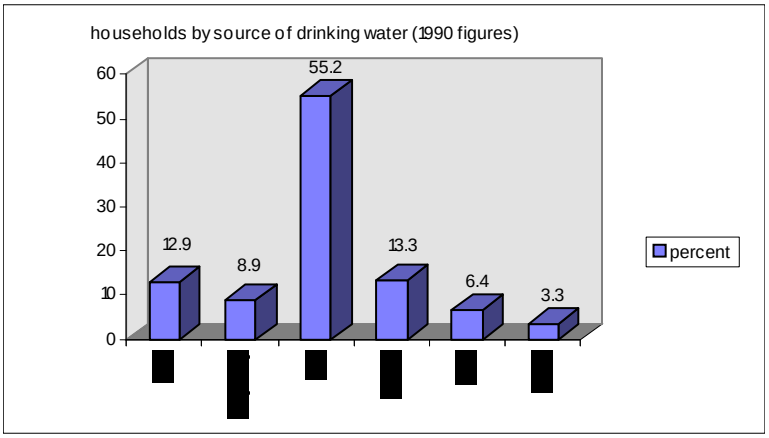
In recent years, the scale of public programmes in housing construction has decreased. The private sector is expected to build more than before with assistance from home-ownership loans. Land for low-cost housing is one of the major problems. Although Indonesia was a late-comer in the field of implementing housing policies and programmes, a serious effort was made to catch up with the construction of urban low-cost housing.

As mentioned earlier in this study, Kampung Improvement Programmes (KIP) in Jakarta have attracted worldwide attention for their realistic approach and affordability for the other developing countries. Relatively secure property rights given in the Kampung Programme, with investments in infrastructure, sanitation and health facilities, all worked for the benefit of the community, with new incentives for households to invest in upgrading their houses, and stimulated further private investment.

The most important point about the Kampung Programme is that it was first initiated at the local government level in Jakarta and Surabaya and then facilitated and supported by the central government on a nation-wide scale. After the success of the programme of improving the low-income settlements (kampungs) at the local level, the Indonesian Government, the Dutch Government and the World Bank further assisted the KIP. And by the 1980s KIP was prepared at the national level and integrated into the five-year development plans as a full-scale National Housing Programme (Seong-Kyu, 1987).

Finally, a look at the housing conditions in terms of the facilities available to the households presents a case where the housing sector in Indonesia still faces many problems. Charts I1, I2, and I3 show the housing conditions with respect to households by source of safe water, source of lighting and by toilet facilities in 1990 statistics.

Chart 4



In terms of housing units by water facilities, only 12.9% of the total population receive piped water. About 64% of the population use unreliable and unhealthy water supply systems such as air pumps and wells. The remaining 23% of the households use springs, rivers and other groundwater systems which poses risks of contamination (Chart 4). As for the situation in the capital city Jakarta, "...only 14% of the 8 million people living in the city receive piped water directly. About 32% purchase water from street vendors, and the remaining 54% rely on private wells. There are in the city more than 800,000 septic tanks, installed by local contractors, fully financed by households themselves, and maintained by a thriving and competitive service industry" (Serageldin, 1994, p.14). The existence of such informal, private initiations and hidden economies are an outcome of inadequate services by formal institutions in the urban settlements.

Chart 5

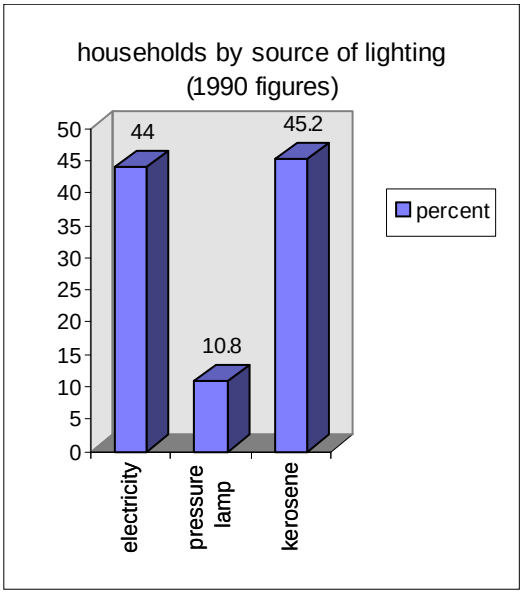
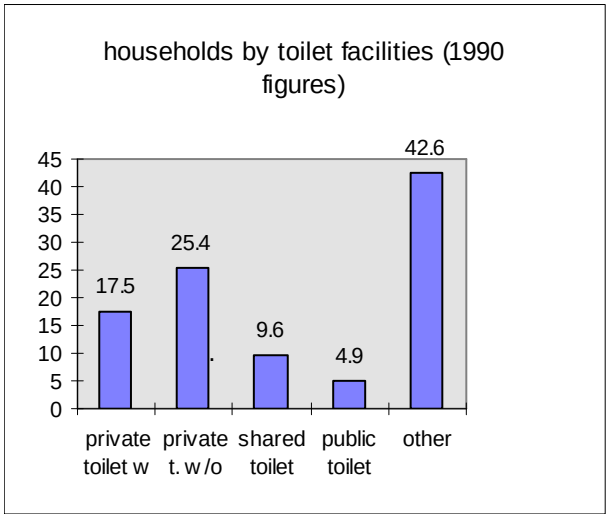


Chart 6



Source: Housing in the World, U.N., 1993.

Charts 5 and 6 present households by source of lighting and by toilet facilities in Indonesia. According to these most recent estimates 44% of the households have electricity. Of the remaining households 10.8% use pressure lamps and 45.2% use kerosene. Another housing quality indicator which is the percentage of households with toilet facilities indicates that only 17.5 of the households have private toilets with septic tanks. But a high percentage of 42.6 households have unconventional and unhealthy toilet facilities. It can be noted here that Indonesia is among countries where the private sector is increasingly being mobilised for wastewater and household infrastructure investments. Faced with constraints on public financing like many other developing countries, private sector investments, especially build-operate-transfer schemes are multiplying.

5. CONCLUSIONS

The formulation of housing policies in the OIC countries is a task of great importance. The formulation of housing policy necessitates contextual analysis both in terms of the dynamics of the housing sector and the assessment of the housing needs over a plan period in the relevant country. While in some of the OIC member countries, institutional development in the housing sector necessitates a move away from direct intervention by the government toward managing the housing sector in order to ensure adequate and affordable housing for all, in some other countries the case might be necessitating more government intervention. Each country should be assessed in its own right in terms of property rights, land regulations, infrastructure systems, and environmental implications of housing provision.

Strategic priorities have to be set for different types of countries. The least developed OIC countries, with rapid urban growth and inadequate institutional and infrastructural systems and with not well-defined traditional property rights, should have certainly different strategies of housing policies than the middle-income and oil-exporting OIC member countries. In the least developed countries priorities should be given to the provision of adequate infrastructure, the relaxation of standards of land use and building, the establishment of mutual credit associations for financing housing, the institution of mortgage lending by financial institutions, etc. The Grameen Bank in Bangladesh is one of the best examples of credit initiatives extending credit to the landless and homeless people.

For the middle-income countries who mostly face serious structural adjustment problems like Turkey and Egypt, the priorities for the housing sector should involve fiscal and financial policies. In these countries, as well as in the others, it is necessary to strengthen the institutional framework in order to co-ordinate the macroeconomic and sectoral policies and to prevent the possible overlapping of critical measures. In the more successful high-income OIC member countries like the oil-exporting countries, a problem may arise from the rigidity and inflexibility of the housing supply systems. Therefore, the most important strategies to be reformed in such countries are related to the supply of housing.

New ideas and recommendations for housing finance and promotion of integrated community development necessitates more co-operation among the OIC countries, and the exchange of various experiences and approaches is needed. Co-operation is mostly needed in terms of sharing experiences on housing projects in order to assess the reasons and conditions of successes and failures of diversity of projects and housing policies. Economic activities should be stimulated by new public-private sector partnerships linked to multi-source financing, innovative technologies and access to small-scale credit systems which at the end of the process will improve housing conditions and therefore the quality of life.

To sum up some of the findings of the survey of the housing sector, it is first of all important to emphasise that issues of housing should be viewed as a barometer of social and economic growth. Housing policies cannot be approached without considering population issues such as migration and population growth. The quality of housing and the quality of the environment in general and residential environment in particular are intertwined. Housing policies and programmes should be concerned with local cultures, socio-cultural values and preferences of the societies they are being designed for.

To make housing more affordable for all income groups, but more so for low-income groups, efficient and equitable housing supply systems must be ensured. “Especially for the least developed and middle-income countries government support must continue to provide seed capital through various public and private partnerships. Financial institutions should seek to understand and design technologies to accommodate the economic characteristics and financial needs of borrowers” (*The Urban Age*, 1995, p.13).

And lastly, it is extremely important to state that the lack of detailed statistical data and modified indicators on housing is an important limitation in analysing and assessing the housing policies and housing situation in the OIC member countries. The collection and dissemination of detailed data on the housing stock and the condition of such stock should be given more importance in order for researchers to be able to present more comprehensive surveys on housing in the Islamic countries.

REFERENCES

Al-Rahman, H.A., "Rethinking the Policy of Housing Finance in Saudi Arabia," *Open House International,* vol.19, no.2 (1994), pp.13-21.

Amin Nurul, A.T.M., "Economics of Rural-Urban Relations Re-examined in the Light of Growing Environmental Concerns," *Regional Development Studies,* vol. 1, Winter 1994/95, UNRCD, 1995.

Feiler, G., "Housing Policy in Egypt," *Middle Eastern Studies,* vol.28, no.2 (April 1992), pp.295-312.

Jagun, A., "Housing Policy Determinants," *Third World Planning Review*, vol.11, no.3 (1989), pp.333-343.

Keleþ, R., Geray, C., "Disaster Vulnerability and Environmental Degradation: Gecekondus" in *Informal Settlements, Environmental Degradation, and Disaster Vulnerability The Turkey Case Study*, Parker, R., Kreimer, A., and Munasinghe, M. (Eds.), The World Bank and The IDNDR, 1995.

Parker, R.S., "Disaster Vulnerability: Lessons from Four Turkish Urban Areas" in *Informal Settlements, Environmental Degradation, and Disaster Vulnerability The Turkey Case Study*, Parker, R., Kreimer, A., and Munasinghe, M. (Eds.), The World Bank and The IDNDR, 1995.

Seong-Kyu, Ha (Ed.), *Housing Policy and Practice in Asia*, Croom Helm Ltd., USA., 1987.

Serageldin, I., *Water Supply, Sanitation, and Environmental Sustainability*, The World Bank, Washington, D.C., 1994.

State Institute of Statistics, *Building Construction Statistics 1991*, Prime Ministry, Republic of Turkey, 1995.

Tekeli, Ý., "The Crisis in the Housing Sector in Turkey", in *Konut 81*, Kent-Koop Publications, Ankara, 1982.

The Economist, 29th July 1995.

The Urban Age, vol. 3, no. 2 (June 1995), Washington, D.C., 1995.

The World Bank, *Social Indicators of Development 1994*, The Johns Hopkins University Press, 1994.

--------, *Housing Enabling Markets to Work*, Washington, D.C., 1993.

--------, *Egypt Alleviating Poverty During Structural Adjustment*, Washington, D.C., 1991b.

--------, *Environmental Assessment Sourcebook Volume II*, Technical Paper No.140, Washington, D.C., 1991a.

Tuncalp, S., "The Housing Programme in Saudi Arabia" *Third World Planning Review*, vol. 9, no. 4 (1987), pp.345-359.

U.N. *Housing in the World Graphical Presentation of Statistical Data*, Studies in Methods Series No.63, New York, 1993.

U.N. *The World's Women 1970-90 Trends and Statistics*, New York, 1991.

Table 14
Housing Conditions in Turkey
Completed or partially completed new residential buildings and additions by facilities included and year
(According to occupancy permits)

A: total number of buildings B: number of buildings in house C: number of buildings in apartment house

Years		Total number of residential buildings(1)	Facilities of residential buildings (2)										
			Electricity	Gas Natural g.	Piped water	Central heating	Hot water	Drainage	Septic tank	Kitchen	Bath room	Toilet	Parquet floor
1970	A	35229	32967	1168	33045	1384	993	16959	18340	35071	34778	35299	1571
	B	26408	24166	36	24269	9		10954	15454	26180	25887	26408	173
	C	8891	8801	1132	8776	1375	993	6005	2886	8891	8891	8891	1398
1975	A	44122	44118	1560	44106	5012	3028	25693	18429	44122	44122	44122	7661
	B	20767	20763	11	20754	1	1	8946	11821	20767	20767	20767	207
	C	23355	23355	1549	23352	5011	3027	16747	6608	23355	23355	23355	7454
1980	A	58970	58837	619	58875	4028	2408	39380	19590	58970	58970	58970	11532
	B	26379	26271	2	26284	159	118	14714	11665	26379	26379	26379	25
	C	32591	32566	617	32591	3869	2290	24666	7925	32591	32591	32591	11507
1985	A	49380	49366	299	49340	2173	747	34332	15048	49380	49380	49380	23693
	B	20425	20416	3	20391	150	47	11687	8738	20425	20425	20425	8734
	C	28955	28950	296	28949	2023	700	22645	6310	28955	28955	28955	14959
1990	A	89217	89178	55	89154	6054	2158	64363	24854	89217	89217	89217	58634
	B	36048	36009	16	35985	336	156	21305	14743	36048	36048	36048	21754
	C	53169	53169	39	53169	5718	2002	43058	10111	53169	53169	53169	36880
1991	A	87506	87506	33	87506	5645	1523	63236	24270	87506	87506	87506	57709
	B	36899	36899	3	36899	755	95	22301	14598	36899	36899	36899	22684
	C	50607	50607	30	50607	4890	1428	40935	9672	50607	50607	50607	35025

(1) also includes those residential buildings which do not have such facilities as electricity, gas, natural gas, piped water.
(2) covers residential buildings which have facilities.

Source: Building Construction Statistics 1991, State Institute of Statistics, Republic of Turkey, 1995.