

WINDHOEK LOW-INCOME HOUSING PROGRAMME

INCEPTION REPORT

Submitted by:

THE NATIONAL HOUSING ENTERPRISE (NHE)
NAMIBIA

to

THE KREDITANSTALT FUR WIEDERAUFBAU (KfW)
FRANKFURT - GERMANY

PREPARED WITH THE ASSISTANCE OF S.U.M.-McNAMARA CONSULTANTS

DECEMBER 4th 1992
WINDHOEK
NAMIBIA



TABLE OF CONTENTS**Covering letter****Summary**

- 1. Introduction**
- 2. Problem analysis**
 - 2.1 Central problem
 - 2.2 Increasing housing problems
 - A. Problems identified in the workshop
 - B. Comments
 - 2.3 Land development policies
 - A. Problems identified in the workshop
 - B. Comments
 - 2.4 High costs
 - A. Problems identified in the workshop
 - B. Comments
 - 2.5 Inappropriate solutions
 - A. Problems identified in the workshop
 - B. Comments
 - 2.6 Low incomes
 - A. Problems identified in the workshop
 - B. Comments
 - 2.7 Institutional problems
 - A. Problems identified in the workshop
 - B. Comments
 - 2.8 Non-participation of private sector
 - A. Problems identified in the workshop
 - B. Comments
- 3. Target population**
 - 3.1 NHE Priorities
 - 3.2 The socio-economic survey
 - A. Demographic characteristics
 - B. Migration and urban-rural linkages
 - C. Aspirations and priorities
 - D. Employment
 - E. Income and expenditures
 - F. Savings
 - G. Affordability
 - H. Present housing conditions
 - I. Community organization and participation
 - J. Self-help potential
- 4. Objectives, concept and justification of the Programme**
 - 4.1 Objectives
 - 4.2 Programme outline
 - A. Basic hypothesis
 - B. Sub-projects and supporting components
 - C. Participation concept
 - D. Appropriate solutions
 - E. Affordability and subsidies

- F. Replicability and cost recovery
- G. Financing
- H. Selection of beneficiaries
- I. Institutional development
- 4.3 Justification
- 4.4 Other related low-income housing projects
 - A. Some recent NHE's projects
 - B. Cooperation with the People's Republic of China
 - C. The Ombili Project
 - D. The Build Together Programme
 - E. Conclusion

- 5. Sub-projects and components**
- 5.1 The upgrading Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.2 The core-house Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.3 The Loan-Guarantee Fund Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.4 The Building Materials Revolving Fund
 - A. Target groups
 - B. Owner-builder improvement process in Katutura
 - C. Operation of the scheme
 - Purpose
 - Type of loans
 - Procedures
 - Repayment
 - Personnel requirements
 - D. Activities
 - E. Costs
- 5.5 Community Development

- 6. Implementation**
- 6.1 Executing agency
 - A. Legal base
 - B. Organization and management
 - C. Financial status
 - D. Relation to target groups
 - E. Implementation capacity

- 6.2 Programme's organization and management
 - A. Steering Committee
 - B. Special Task Group
 - C. Management of the Loan Guarantee Fund
 - D. Consultant's assistance
- 6.3 Other participating agencies
- 6.4 Implementation schedule
- 6.5 Monitoring and evaluation
- 6.6 Contracting and procurement
- 6.7 Operation and maintenance

7. Costs, financing and related matters

- 7.1 Costs and sources of financing
- 7.2 Subsidies and loan conditions
- 7.3 Affordability and cost recovery
- 7.4 Disbursement schedule for KfW funds
- 7.5 Programme's cash flow
- 7.6 Financial control

8. Effects, assumptions and risks

- 8.1 Social effects
- 8.2 Economic effects
- 8.3 Environmental effects
- 8.4 Institutional and political effects
- 8.5 Assumptions and risks

ANNEXURES

- 1/A Participatory planning workshop results

- 2/A Comments on costs included in NHE loans
/B Comments on the implementation of the National Housing Policy

- 3/A The socio-economic survey
/B Case studies-life histories

- 4/A Housing survey
/B Cost comparison of three housing processes
/C Alternative construction technologies

- 5/A Level of services in resettlement areas
/B Information campaign and video outline
/C Cost of upgrading services in resettlement areas
/D Loan Guarantee Fund proposal
/E Letter from SWABOU
/F Job descriptions for Cty.& technical assts.
/G Report on establishment and functions of committees in resettlement areas



NATIONAL HOUSING ENTERPRISE

Head Office: 7 Omuramba Road, Eros • P.O. Box 20192, Windhoek, Namibia
Telephone (061) 37224 • Fax (061) 222 301

4 December 1992

K F W Kreditanstalt für Wiederaufbau
Postfach 11 11 41
D - 6000
Frankfurt am Main 11
GERMANY

ATTENTION: DR. BICKEL

Dear Dr. Bickel,

LOW COST HOUSING PROJECT : WINDHOEK

The Inception Phase is now in the final stage of completion.

Attached to this letter is our Inception Report compiled jointly by NHE and SUM-McNAMARA Consultants. This report describes in detail the way the project will be implemented.

You will notice that the Project, as described in the Inception Report, differs markedly from the original proposal, especially with regard to the location, and the type of housing solutions. These changes have been necessitated by the realisation that the KfW grant money should be utilised in such a way that the poorest people benefit from the Project.


We also hope that after perusal of the report, the questions raised in your faxes of 6 and 20 October 1992, especially regarding subsidies, will have been answered.

Obviously, with such major changes, we do not intend going ahead with the project without the prior approval from KfW. We are therefore anxiously awaiting your response to the Report.

We would also like to express our satisfaction with the SUM Consultants. Their professionalism which they displayed has been beyond reproach. A good working relationship between ourselves has been established which is a pre-requisite for the successful implementation of the Project.

We look forward to hearing from you and take this opportunity of wishing you a Merry Christmas and a prosperous 1993.

Yours sincerely,



T.K. ALWEENDO
GENERAL MANAGER

Attachments:

1. Inception Report
2. Annexures

Summary

The Government of the Republic of Namibia and the KfW signed a financial agreement for the execution of a 600 unit low-income housing project at Otjomuise in Windhoek, addressed to households with incomes below 3PHSL (In Oct.92 approx. Rs.2.490). For this purpose, KfW has granted an amount of DM. 9.600.000 to NHE. Due to changes in the political and socio-economic environment and in the perception of housing needs of low-income groups, it was decided to begin implementation with an Inception Phase where the original project would be revised and, if found necessary, an alternative programme proposed.

A German-Namibian consulting team was appointed to assist NHE in this task, carried on between September and December 1992. 960 families of squatters resettled from Single Quarters and other areas, and 1700 families registered in NHE's list of housing applicants were given priority as beneficiaries. Socio-economic research on these selected groups, housing surveys and other analyses were carried on. Substantial differences were found to exist among them.

The crucial point in the Inception Phase was a Participatory Planning Workshop held in early November with representatives of all interested parties. Housing problems of the low income groups were analysed and a new concept, the Windhoek Low-Income Housing Programme proposed.

The central problem was identified as **"housing needs of low income families are not sufficiently met by the local market"**. Seven reasons were established the most important causes: increasing housing problems, land development policies, high costs, low incomes, institutional problems and the non-involvement of the private sector in this market.

The main objective for the Programme was established as: **"Improve access to housing for low-income groups, applying new approaches and encouraging the participation of the community and the private sector"**.

Rather than one single kind of solution as the Otjomuise Project proposed, the Programme will address the varied socio-economic situation of households with incomes below the 3PHSL. It will be structured in three different Projects, roughly aimed at households earning averages of less than one PHSL, between one and two and between two and three PHSL:

- i) An urban and housing improvement Project for the resettlement and squatter areas will provide community centers, extend infrastructure and make available title for the land and starter solutions.

WINDHOEK LOW-INCOME HOUSING PROGRAMME....INCEPTION REPORT

- ii) A 400 core-house Project will be developed on at least three locations, addressed to families in NHE's waiting list, and
- iii) A Loan Guarantee Fund to encourage private sector's involvement in providing housing solutions for the low income population through guaranteed loans in the range from Rs.15000 to 35000.

Two innovative components will support the upgrading and the core-house projects:

- * A Community Development Programme will be an instrument for long term social and physical improvement, and
- * A Building Material Revolving Fund will assist with loans and advise a process of home improvement adjusted to each household's possibilities and needs.

Responsibility for providing housing for the family will be placed on the head of each household with the Programme facilitating access to serviced land, finance and technical and social assistance. Participation of beneficiaries, affordability of solutions, initial savings and strict cost recovery of loans have been incorporated as essential concepts of the Programme. Subsidies will cover community needs rather than individual costs.

NHE will be the executing agency, and will make available the necessary personnel and institutional resources; it will be assisted in the task by the Consultant's team. The MLGH, the Municipality, the beneficiaries the private sector will have specific roles during implementation. A Steering Committee will assure the coordination and will monitor the execution, expected to begin in early 1993.

KfW grant, equivalent at Rs. 17.280.000 will mobilize more than double this amount. The total cost of the Programme will be of Rs.34.904.300 (DM. 16.391.300), that, besides KfW funds, will be financed by Rs.5.096.000 from NHE, Rs.3.528.300 contributed by the beneficiaries and Rs.9.000.000 from the private sector. Out of this total, Rs.7.882.000 will be applied for the upgrading project; Rs.7.500.000 for the core-house project; Rs.11.800.000 for the Loan Guarantee Fund project and Rs. 4.025.000 for the Building Material Loans Scheme. The balance will be used for personnel, logistic and other expenditures.

Design and implementation of the Programme is expected to strengthen NHE executing capacities, to provide experiences with new types of housing solutions and to contribute to improve inter-institutional coordination. The Programme fits perfectly in the framework of Namibia's National Housing Policy and fully corresponds to the guidelines of German development policy.

1. Introduction

The Government of the Republic of Namibia and the KfW (the German Bank for Reconstruction and Development) signed an agreement to co-finance the construction of approximately 600 low-cost houses at Otjomuise.

Changes in the political and socio-economic environment since the Project was designed in 1990, and an increasing awareness regarding the housing problems of low-income families in Windhoek led both NHE and KfW to the conclusion that the original project could be revised to better adjust it to the needs of lower income groups than initially envisaged.

To assist NHE with Project implementation, a tender for consultancy services was called, and a consortium formed by SUM Consult, a German firm, and Kerry McNamara Architects from Windhoek was appointed for the task.

It was decided to begin implementation with an Inception Phase. A revision of the original Otjomuise project with reference to the suitability of the site, costs of solution in relation with affordability, subsidy levels envisaged, and target population was to be made and, if found necessary, an alternative programme be proposed.

In the meanwhile, an important development affecting the Otjomuise Project took place in Windhoek. Nearly 800 squatter families from Single Quarters, one of the target groups originally identified as potential beneficiaries of the Otjomuise Project, were resettled in July 1992 by NHE to several locations in Okuryangava and Goreangab. NHE indicated its interest in maintaining this group as beneficiaries, but moving them to the Otjomuise site was now out of question.

The Inception Phase lasted from September to December 1992. A crucial step was a Participatory Planning Workshop held in early November. Representatives from NHE, the MLGH, the Municipality, the Communities, the private financial sector, NGOs and the Consultants spent two days at the Rossing Foundation in Khomasdal with the objective of reaching consensus on a new concept for the Project.

Housing problems of low-income groups were analyzed, objectives and a programme concept proposed, resources, contributions by different participants, expected results, activities, assumptions and indicators of success defined.

WINDHOEK LOW-INCOME HOUSING PROGRAMME- INCEPTION REPORT-1

The **Windhoek Low-Income Housing Programme** described in this report is the outcome of the workshop agreed by the institutions represented. In Annex 1/A a synthesis of the workshop's conclusions is attached.

The proposal was prepared by a joint NHE-Consultants team under the supervision of Mr. Axaro Tsofaseb, Managing Director of NHE and the general coordination of Mr. Tom Alweendo, NHE's General Manager.

Following members of NHE staff were involved in programme's preparation, some of them practically on a full-time basis:

Mr. Louis Wessels, Sr.Mgr.Tchncl.& Social Services
Mr. Louis Fick, Sr.Mgr.Finance,Plnning.& Control
Mr. Jurgen Lehnert, Manager Contracts
Mr. Gottfried Uandere, Mgr.Projects
Ms. Anna Muller, Self-help section
Mr. Schalk Kruger, Community Participation section
Mr. Adolf Botes, Architect
Ms. Maria Dax, Mgr. Public Affairs
Mr. Jonathan Sam, Media Producer
Mr. Adolf Wienecke, Sr. Draughtsman
Ms. Estelle Martin, Office Administrator
Ms. Charlotte Dunstan, Confidential Secretary MD

The consulting team that worked in the preparation of the Programme was formed by:

Mr. Juan A. Crispo, Chief Technical Advisor
Mr. Roland Ziss, Policy and Institutional
Advisor
Mr. Chris Lewin, Financial/Cty.Development
Advisor
Ms. Njoki Ndungu, Cty.Development Advisor
from SUM Consult, and
Mr. Kerry McNamara, Field Coordinator
Mr. Andrew Walton, Construction Advisor
Ms. Sophy Shaningwa, Cty.Development Specialist and
Ms. Salmi Kaulinge, Cty. Development Specialist.

2. Problem analysis

2.1 Central problem

The central problem was defined at the Participatory Planning Workshop as:

"THE HOUSING NEEDS OF LOW INCOME FAMILIES ARE NOT SUFFICIENTLY MET BY THE LOCAL MARKET."

Causes resulting from this central problem may be grouped under seven headings dealing with the increasing housing problems, land development policies, high costs, inappropriate solutions, low incomes, institutional problems and the non participation of the private sector.

2.2 Increasing housing problems

A. Reasons identified by workshop participants

- * Housing backlogs inherited from the past.
- * No appropriate response to migration resulting from influx control removal.
- * Present escalated urbanization exacerbate the problem.

B. Comments:

Windhoek is experiencing an accelerated process of urbanization. The influx of an increasing number of poor migrants results in the emergence of serious housing problems. Stresses in the public systems of health and education, sanitation, water, electricity and transport; pressures on the land, the appearance of squatter settlements, overcrowding of existing houses and plots are now a reality previously unknown.

Preliminary findings of the 1991 population census compared with figures of the two previous census illustrate the situation:

Population of the District of Windhoek (1)

	1970	1981	1991	Annual growth rates %	
				1970-81	1981-91
Total	75656	110644	158609	3.5	3.7
Urban		98662	144558		3.9

(1) Windhoek District has an area of 33489 square km; urban Windhoek refers to Greater Windhoek (Windhoek, Khomasdal and Katutura)

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-2

In 1992 the number of persons living in greater Windhoek may be between 150.200 (assuming conservatively an annual growth rate of 3.9 %) and 151.800 (assuming a growth rate of 5.0 % for the last year).

According to the Municipality's town planning office, in November 1991 Greater Windhoek had 23.334 houses (Windhoek 8.871, Khomasdal 2.994, Katutura 11.469). These houses have been officially approved and inspected after construction. There are not many permanent houses without a building permit in Windhoek, probably not more than 100, so that the registered number is probably almost identical with the real one. With an average of 60 building permits per month, there are 24.000 houses in October 1992.

The total number of family dwellings or residential units, including the 24.000 officially registered may be estimated at 30.000 (15.000 in Katutura), based on the following hypotheses:

- The vast majority of the houses consist of one residential unit. There are only 180 apartment houses with a total number of approximately 3.000 flats that should be added to the number of houses.
- The Single Quarters of Katutura consist of 146 blocks or row houses which originally had 2.144 double rooms. There might be more than 10.000 people living there what may add another 1.000 units to the number of dwellings.
- In Katutura a process of densification is taking place characterized by non registered subdivisions and temporary structures often referred to as "backyard squatters". Though no empiric information is available, the number of backyard squatter units may easily exceed 1.000.
- Families that have been recently resettled or who are squatting in the northern areas of Katutura count for another 1.000 provisional dwelling units approximately.

The number of 30.000 residential units gives us an average of 5.0 persons per family. This figure is supported by a socio-economic survey conducted by the Namibian Institute for Social and Economic Research in 1991, according to which the average number of people per family in Katutura is five (mean = 5.1), but varies considerably from a low 3.2 in the new settlement of Okuryangava to a high of 7.0 in the consolidated settlement of Shamdumbala. Another interesting result of that survey is that on average 1.6 families share a plot in Katutura.

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-2

The following table shows the segmentation of the housing market in Greater Windhoek:

Area	Av. size of dwelling 1) (m2)	Av. con-struct.2) cost (R)	Av. plot size (m2)	Av. total mkt.value (R)
Windhoek	150	150,000	1,000	190,000
Khomasdal	80	60,000	400	80,000
Katutura	60	36,000	300	44,000

Sources: Rough estimates based on discussions with real estate agents, contractors, house owners and municipal officers.

1) Only considering registered dwellings with permanent building materials

2) Only building without land

Though there is no reliable data, the rental market in Greater Windhoek is still very limited. Due to the limitations of developed land and access to capital for financing rental units, it is unlikely that the formal market will respond rapidly to the increasing demand for housing. Low elasticity of the formal market leads to a rapid expansion of the informal market, particularly in Katutura. The monthly rent for a room in a permanent house may cost in Katutura between R 80 and R 150, depending on services and location. The recent sprawl of backyard squatters can be interpreted as an incipient form of letting or subletting. Low-income families looking for accommodation may even opt for squatting, still a rather exceptional and heavily controlled informal housing alternative in Windhoek.

2.3 Land development policies

A. Reasons identified by workshop participants

- * Available land too expensive for low income groups.
- * Scarce land available for low income housing programmes usually inappropriate for topographic and location reasons.
- * Existing urban structure pushes new low income areas to the periphery.
- * Pricing mechanism for land not fully geared to incremental development.
- * Present rating system does not allow special betterment tax for specific areas.
- * There is a single provider of serviced land for low income groups in Windhoek.
- * Survey and registration requirements too expensive.
- * Lengthy procedures to obtain proclaimed land.

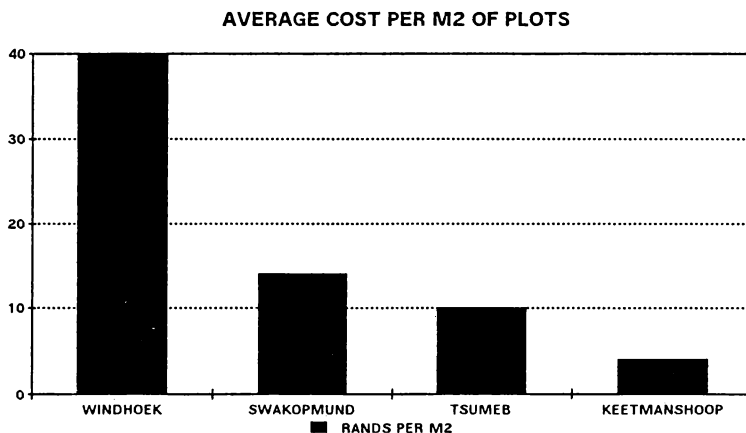
B. Comments:

The question of the cost and availability of land is a crucial issue for low-income housing programs in Windhoek. There is not an open market for land as the Municipality has a virtual monopoly on supply.

Theoretically the ground itself is free of cost. The selling prices are established to cover only development costs which, besides direct on-site costs include also a 25% contribution to primary road construction, administrative, survey, design, legal registration, financial and interim taxes costs. Costs for water and electricity connections are additional.

Till recently, only capital costs for roads and public lighting were charged directly, as capital costs for the sewerage and water mains and reticulation were recovered through monthly tariffs. This is now changed, and capital costs for this items are included in the outset prices.

In practice, it is obvious that land selling prices include also some location value, as for a similar level of services prices vary widely in different parts of the city. A recent (Sept/92) survey done by the SWABOU shows that average costs per m² in Windhoek are nearly three times as much as in Swakopmund, the second most expensive city in Namibia, and ten times the price in Keetmanshoop.



This average cost has increased practically tenfold in the last 11 years; in 1981 it was Rs.4.50/m². Prices are administratively established on a case-by-case basis, and each new development is supposed to pay its share of costs for city infrastructures like nearby link roads. A cross subsidy criteria exist so richer areas are supposed to help defray costs of poorer ones.

Charging development costs in the selling price of the plots is the only way for the Municipality to recover them. This is a peculiar situation due to the fact that the Municipality owns all undeveloped land in Windhoek. Municipal regulations have no provision to recover future costs of incremental development. Due to this fact, when selling land, even for low-income housing, the Municipality includes all present or future development costs in the selling price; a reduction of initial development standards would thus not necessarily translate in a reduction of plot costs.

Although the principle of cost recovery is sound and shall be maintained, the high development standards and level of services, and the municipal methodology for calculating and recovering development costs should be revised. Current pricing policies make it extremely difficult to find affordable land for low-income housing programmes in Windhoek.

The introduction of a development tax to recover future developments at the time they are introduced would reduce initial land costs and allow for incremental infrastructure upgrading; this is common practice for most municipalities that do not own all land and thus cannot recover costs through selling of the plots.

Although apartheid planning was discontinued in the early eighties, current policies and planning and zoning regulations seem geared to maintain a socio-economic segregation of the city. Land made available by the Municipality for low-income housing programmes keep pushing them to isolated locations, always further away from higher income residential areas and from the Central Business District, where most job opportunities are.

Scarcity of services, job opportunities and transport in these locations result in increased hardships for the poor. The Programme's socio-economic survey indicated that as an average, residents of the resettlement areas spend on transportation nearly 25% of family income. After more than five years of creating the Hakahana settlement, where over 900 families with a population of more than 4.000 people live, no school exist in the area, and some children have to travel several kilometers to find accommodation in another area's school.

Efforts have been made to better integrate in the city the core-house components of the Programme, locating them closer to the western and northern fringes of town in the vicinity of areas already populated.

2.4 High costs

A. Reasons identified by workshop participants

- * Cost of basic infrastructure too high.
- * High standards, of services, infrastructure and urban development, inappropriate for low income housing.
- * Lack of people's participation in planning alternative standards of services.
- * High costs of building materials, mostly imported.
- * High costs of labour and expertise.

B. Comments:

The usual pattern of growth of the city is by the development and proclamation of new townships. According to availability of bulk services and other planning considerations, the Municipality decide the creation of an new township, surveys the land, prepares lay-out and infrastructure plans, obtains approval and tender the construction works.

New townships normally result in the creation of thousands of new plots. There is a tradition of high development standards in the city, probably arising from the apartheid period, when most planning was done for white settlers as black or colored people were not allowed to own property.

Automobile traffic considerations seem to have top planning priority. Expensive wide surfaced link and distributor roads provide a framework where underground electricity, water and sewerage reticulation is developed. Abundant and exceedingly big surfaces (running into several hectares each) are reserved for primary and high schools, open spaces, and other community uses, resulting in higher unit costs per plot. Plot areas vary according to the planners views of what kind of income level the new township should cater for, but the minimum plot size is 300 m². One by-product of these unnecessarily high standards is that the expectancy levels of the poor in Windhoek are also of a high order.

A limited time for constructing the house (usually 2 years) and a relationship between the cost of the plot and the value of the house to be built on it (at least 4 times) is established, further accentuating economic segregation.

All these standards and procedures are obviously not geared for low-income housing projects. Not only beneficiaries are excluded from participating in the planning stage, but even the NHE does not have a say in

it. While programming a new housing project, NHE will go to the Municipality, express its needs and will be offered on a "take-it-or-leave-it" basis whatever "product" is then available. The concept that land-development planning should be an integrated part of the overall planning of low-income settlements is not yet fully incorporated into the housing delivery process in Windhoek.

SWABOU's already mentioned survey shows that Windhoek is also the most expensive city in Namibia with regard to water and electricity tariffs, municipal fees and property taxes. On average, these charges are 32% higher than in Tsumeb or Keetmanshoop and nearly double those in Swakopmund.

The high cost of building materials stems also from the past, as most building materials are still imported from South Africa. A committee was called into being by the Housing Policy Advisory Board some two years ago to undertake a study of possibilities for locally manufacturing imported building materials. This committee has since become dormant. The NHP [Page 25-11 (b)] calls for a study to solve this problem. It is recommended that such a study be initiated.

Current Municipality's and NHE's procedures for recovering costs of expertise applied to low-income housing programmes could be reconsidered. Annex 2/A discusses in detail the cost structure of NHE houses, and proposes some adjustments. Part of the costs of expertise is for research and development, it could become a hidden subsidy, thus reducing the effective cost of access to expertise of the poor.

2.5 Inappropriate solutions

A. Reasons identified by workshop participants

* There is little scope for participation of beneficiaries in the planning process".

- The formal housing process excludes low income groups' involvement in deciding solutions.

- Support structures for participation are not provided by the agencies.

- Product-oriented results in lack of knowledge of the process.

*There is no tradition of community involvement;

- There is not sufficient pressure from low income families.

- There was a lack of communication and understanding.

- The culture of group action was not developed.
- Unrealistic expectations of the community, from the government.
- Low income groups fear to approach the government.

B. Comments:

Participation of the beneficiaries was seen at the Workshop as a crucial issue to improve the low-income housing delivery system. It has not been the rule in Namibia; new approaches to project design and community development are needed.

Housing projects have tended to surge on a case-by-case basis, more as response to some urgent need arising than as implementation of longer term policies. The three attempts to date to attend the housing needs of the lower income brackets, the Pole & Roof (Gumpole) House, the Hakahana Project and the Ombili Project, are the main sources of reference and public experience.

Inappropriate locations, inadequate starter solutions, poor initial planning, different rules for each project and bad communications result from this "crisis management" approach, which does not allow for participation of the beneficiaries.

The Hakahana project run into severe problems with a payment boycott, destruction of public buildings and community resistance. Disconformity and public outcry regarding the architectural starter solution resulted in that only three years after completion substantial structural reforms (moving outside the core the location of the toilet) are now under way.

The autocratic colonial authorities were not easy to approach for the low-income groups. Mistrust to the Government remains, and there is a paramount need to rectify this distortions of the past. Efficient communication channels must be established in both directions.

2.6 Low incomes

A. Reasons identified by workshop participants

- * Many struggle to earn just enough for food and clothing.
- * Few jobs are available in Windhoek, a situation aggravated by the current depression.
- * Low levels of education and training.

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-2

B. Comments:

Although a per-capita income of nearly US\$ 1,200 places Namibia firmly among middle-income countries, this figure tells only part of the story. The wealthiest five percent of Namibians receive more than 70 percent of the country's GDP, while the poorest 55 percent receive only 3 percent. To a large extent, the beneficiaries of public resources have been the white owners of the formal economy, not the broader population. The following tables illustrate the skewed distribution of income in the country.

Per-capita GDP by sector (1980 US \$)

Year	Total	White modern	Black wage employment	Subsistence
1980	1,140	12,830	900	59
1988	921	12,839	585	55

Average earnings by occupational category (1990 Rs/month)

	Unsk.	Semi-sk.	Profssnl.	Senior manager
Public Str.	270	850	2,000	10,000
Prvt.Str.	250-400	1,200	2,000-2,500	7,000-10,000

Katutura household cash income by quintile (1990 Rs/mnth)

All	Q1	Q2	Q3	Q4	Q5
618	107	252	470	832	1,460

Source: UNICEF (HHNS, Preliminary Situation Analysis, and Food security Workshop), NBIC, 1990

At Katutura the lowest 40 % on the income ladder earn 12.8 %, the highest 20 % earn 46.2 % of the income.

Katutura: Percent of household receiving income from selected sources (1990)

Gov. job	Non-gov.	Self-empl.	Family farm	Remit-tances	Pensions
53.6	38.7	14.7	1.0	9.8	8.2

Average unskilled wage rates in 1990 were less than half the 1989 Windhoek primary household subsistence level (PHSL) of R 570 per month. Including housing and transport, the Windhoek PHSL of R 650 per month is nearly

2.5 times the unskilled wage rate in the public sector. Real wages have declined for all classes of workers since 1975. In 1990, the NBIC estimates that nearly 60 percent of urban black households live below the PHSL.

Note: The PHSL is an unofficial urban poverty line for Windhoek. It is calculated by the University of Port Elizabeth (SA) as minimum local cost of a basket of goods required to maintain a household of six. It includes costs of food clothing, fuel, light, washing and cleansing materials (in Sept. 1992 was estimated at Rs. 830.00).

The Programme's socio-economic survey shows an average monthly income of Rs.651,3 for households in the resettlement areas, and of 1.392,2 for families in NHE's waiting list. Unemployment in the resettlement areas may run as high as 35%, considering temporary and self employment as partially hidden joblessness. As mentioned, high transportation costs further erode the meager available income.

Education and skills are lacking. As an average, head of households in the resettlement areas had only 4 years of formal education and little training. The building industry, a major formal employers of semi-skilled people tends to be an unstable source of income. During the times of high building activity many of the major private sector institutions involved in the building industry initiate training schemes in order to produce much needed building skills. Unfortunately, such initiatives cannot be sustained during the slumps in the activity.

2.7 Institutional Problems

A. Reasons identified by workshop participants

- * National Housing Policy not fully implemented;
- * Implementation strategies not yet developed;
- * Mistrust, inefficient collaboration and duplication of activities between different agencies.
- * Lack of experience, limited implementation capacity.
- * Self-help is a slow process.

B. Comments:

The approved National Housing Policy clearly define activities and responsibilities of the various implementing agencies. It also establishes goals and criteria for all major issues that arise from the low income housing process, such as levels of cost recovery, subsidization and loan repayment discipline, response to squatting etc.

However, as implementation strategies are not yet developed, confusion, inconsistencies and overlapping of functions persist. The MLGH is of recent creation; the Municipality and the NHE have been in a continual state of transition since the mid 1980's. This process was intensified over the period of Independence from 1988 and is not yet finished. As a result, the roles of these institutions, responsible for the delivery of appropriate, sufficient and affordable housing solutions for low-income groups remain not clearly established. Further comments on the implementation of the NHP are attached as Annex 2/B

2.8 Non participation of the private sector

A. Reasons identified by workshop participants

- * The Private Sector does not participate in the financing or the delivery of housing for low income groups
- * High risk of funding loans.
- * Financial security is low because of high risk of loss of employment or fluctuating incomes in the informal sector.
- * Restrictive financial legislation.
- * Inexperience in low income portfolio management.
- * Low income housing not considered profitable by private developers.
- * Low profit margin per unit and high possibility of theft in townships, increases risks for developers.

B. Comments:

This is the one problem area where application of the policies advocated by the National Housing Policy could have the most effect.

The Private Sector cannot become involved in loan finance until, in the first instance, the money that they can sell is sold at market related interest rates, and in the second instance, the risk of lending money is lowered.

Risk could be lowered by inducing reliable loan repayment behavior. The public perception of such behavior is ensured by people consistently repaying their loans. The Zimbabwe experience indicates that the low income sector is essentially a reliable sector in terms of the repayment of loans.

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-2

The commitment to reliable repayment is induced by proper participation practices; full involvement of each beneficiary in making decisions as to identifying needs and relating that to capacity to repay. Conflicting policy formulation; erratic subsidization and failure by the implementing agents to insist on repayment of loans, will throw the above pattern into confusion, causing misinformation, mistrust, public resistance and lack of co-operation. This will increase the public perception that low-income groups is a high risk group to lend money to. It is therefore of paramount importance that the authorities apply consistent project formulation strategies, with due regard to participation, in order to bring financial order to the low income housing market. The private sector will then become involved.

The level of public theft in the Katutura is chronic and does increase risk and cost for private developers working there. Until the government and the people themselves co-operate to reduce the level of theft, it will continue to disrupt and undermine development at all levels.

With regard to the negative effect of employment and fluctuating incomes, it must be noted that the more a beneficiary is liable to suffer from fragile or intermittent sources of income, the lower the monthly repayment of loans must be as a portion of his monthly income. This discipline must be accepted by the beneficiaries and the authorities. The beneficiaries must also then take greater advantage of all self-help and other strategies designed to lower the cost of housing.

The government should also encourage all the implementing agencies to reduce the costs of the provision of houses by efficient and productive project execution. The existing cost structures of both the NHE and the Municipality should be rationalized to reduce the cost of housing delivery. It must also be noted that misplaced subsidization also pushes up the cost of housing at all levels.

3. Target population

The Agreement signed between the Government of Namibia and the KfW established at 3 PHSL (approx. Rs 2490 in September 1992) the maximum household income for potential Programme's beneficiaries. Families with incomes below this level may certainly be considered among the low-income groups in Windhoek, and as a group they probably include the bulk of households with housing problems. It is not, however, a coherent group. Significant differences exist between very poor families with monthly incomes below Rs 300/400, and households with incomes in the order of Rs 2400, which already approach lower-middle class status.

3.1 NHE priorities

At the outset of the inception phase, NHE assigned priority to three target groups as potential beneficiaries of the programme, using criteria of income and affordability as well as their present housing situation:

- i) households recently resettled from Single Quarters and other areas,
- ii) households included in the registration list drawn by the Steering Committee for Squatters.
- iii) Housing applicants registered in NHE's Waiting List.

3.2 The socio-economic survey

A socio-economic survey was conducted in October 92 among households from these priority groups by a team of 7 interviewers supervised by the Consultant with NHE personnel and logistic support. The objective was to identify demographic, socio-economic and other characteristics of the selected groups, their present housing conditions, felt needs and priorities and community organization potential.

Altogether 307 households were interviewed, of which 212 in the resettlement and squatter areas and 95 selected from the NHE Waiting Lists of housing applicants.

Other available data, like the information included in NHE application forms and in a recent study of Katutura by NISER (Namibian Institute for Socio-Economic Research) was used to cross check survey findings.

A detailed description of the socio-economic survey is attached as Annex 3/A. An interpretation of the main findings is below. The following table resumes the principal characteristics of the two groups:

SUBJECT	SQUATTER/RSTTLD.AREAS	NHE LIST
Age (years)	35.0	33.2
Years of formal education	4.3	8.3
Years living in Windhoek	10.5	19.4
Years living in settlement	0.6	12.3
Relatives/friends living with HH	1.2 pers.	0.5
Household size	4.1 p.	3.2
No. family members living elsewhere	5.4 p.	3.0
<u>Monthly income in Rands</u>		
- Head of household	480.9	1077.2
- Spouse	22.0	137.8
- Others living with HH	148.4	177.2
- Total household's income	651.3	1392.2
<u>Monthly expenditures in Rands</u>		
- Rent	--	153.1
- Municipal charges	6.8	85.3
- Transport	48.4	108.0
- Food	133.4	269.2
- Help to family	112.7	174.6
- Loan repayments	--	68.5
- Total HH expenditures	303.1	858.7
Available savings Rs	1028.1	1923.9
Money required for construction	3547.7	11240.0
Monthly installments	--	208.6

The table highlights the substantial differences that exist between the two groups. The resettled squatters are relatively recent migrants in a transition stage both in terms of physical settlement conditions and social structure, and are either temporarily employed or making their living in the informal sector. NHE's applicants form a more urbanized and educated group, usually with permanent jobs in the formal sector, higher incomes and smaller, nuclear families. It is constituted mostly by tenants in need of own housing considering the high rents paid and high residential densities.

A. Demographic characteristics

Most primary households are rather small with only 1-2 children under 16 years. Average household varies between 4.1 persons in the resettlement areas and 3.2 persons among NHE applicants. Heads of household are rather young (33-35) and their families are likely to expand in the future.

The perception of nuclear family applies more to the NHE applicants than to the resettled households. These may comprise single heads with or without children, as well as persons temporarily liaised, living together with as many as 9-10 relatives and friends from their home village. Traditionally, the hosts are obliged to accommodate these mostly temporary visitors. When working, guests are expected (but not obliged) to contribute food or cash. They do not pay rent, and will probably search own shelter as soon as they have secured a modest source of income.

22.4% of the heads of households in the resettlement and squatter areas and 29.5% of the waiting list are single mothers, with lower income and thus more vulnerable than the male heads. Marital status characteristics reflect complex social customs and traditions. Male heads of households may have a "main" wife and children in the rural area and another family in Windhoek; women are often abandoned by their partners and live temporarily with other men. This may require special measures to protect women's interests (i.e. in land titles contracts).

B. Migration and urban-rural linkages

The majority of respondents were born outside Windhoek. According to language spoken, 93% of the resettled squatters heads of household originate from Owamboland, and on average have stayed 10 years in the city. Among the NHE applicants, with an average length of stay of 20 years in Windhoek, there is a more even distribution of the national ethnic groups: Owambos represent 28,4% of the total, Hereros 25,3%, Damara/Namas 31,6% and other 14,7%. This suggest that independence has produced changes in rural-urban migration patterns.

Strong rural-urban linkages still remain, particularly among resettled and squatter families, that have an average of 5.4 relatives living in the rural place of origin. Most respondents visit their place of origin regularly once or twice a year, periodically send money to their rural families (monthly transfers average R 113) and occasionally receive from them foodstuff such as millet, dry spinach and meat. These urban-rural ties are somehow less pronounced among NHE applicants, characterized by nuclear families with a higher degree of urban consolidation. They transfer to their rural relatives an average of R 175/month.

To better understand this linkages, that have direct incidence in the daily subsistence and might also have a bearing in the self-help capacity of the households, two family stories were studied in some detail. The findings are attached as Annex 3/B

C. Aspirations and priorities

For both squatters and NHE applicants, the construction of a brick shelter is the main and utmost priority. Housing applicants are not interested in the improvement of their settlement, but would rather build in another location. The resettled and squatters are anxious to improve and extend water supply (29.2%), electricity or street-lights (27.7%), sanitation (24.8%) and water-cum-sanitation (6.6%). Other priorities are: road and transport improvement, refuse collection and cleaning, communal centers and fencing (security).

Housing expectations of the resettled and squatters appear realistic. 45% would like to invest R 2000 or less while 75% estimate construction costs at R 6000 or less. NHE applicants are far more ambitious, and 50% would like to build a Rs. 10.000/50.000 house.

D. Employment

All NHE housing applicants are employed either in the private (86.3%) or in the public (13.7%) sector. They may thus be entitled to housing allowances, increasing their affordability.

18.2% of the resettled and squatter heads of households stated that they were employed by the public sector, 47.1% by the private sector (not always permanently, for ex. in construction), 25% are self-employed, 8% unemployed or under-employed).

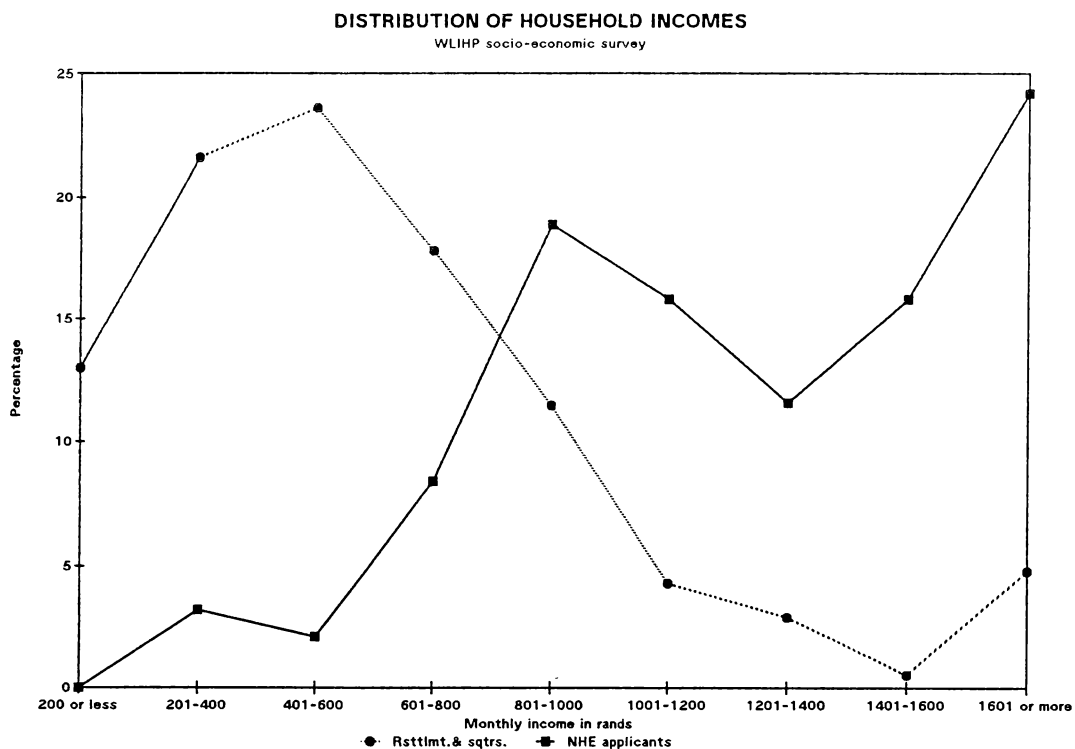
E. Income and expenditures

The data on income and expenditures can be considered relative rather than absolute for several reasons. Both income and expenditures tend to fluctuate considerably, not only in the case of self-employed, but also when more than one person (spouse, relative) contributes to household's income. In addition, it is probable that respondents have either exaggerated or underestimated their income, depending on their expectations.

Average monthly household's income of the resettled and squatters amounted to R 626.3, while that of the NHE housing applicants to R 1077.2. 44.7% of the resettled and squatter household but only 16.9% of the applicants depend on more than one earner.

The survey results indicate that 3-4 major income groups can be identified: the lowest and most vulnerable group with incomes under R 400 per month (one minimum

wage in the public sector); a second group with incomes between R/401-1200; a third income bracket earning between R 1200/1600 and relative higher earners with incomes above R 1600 per month.



Data on household's expenditures is less reliable, showing inconsistencies between declared incomes and expenditures. According to survey results, the share of expenditures does not exceed 60% of household's income, a percentage that seems too low, particularly for the lowest-income brackets. It may be assumed that both income and expenditures, particularly of the resettled and squatter households fluctuate considerably, and that surplus available for housing is rather limited.

F. Savings

Compared with most other Third World countries, the rate of savings in Namibia is surprisingly high. 59% of the resettled and squatters and 93.7% of the NHE housing applicants have accumulated some savings, usually deposited in the banks. 28% of the first group and 48% of the second have saved more than R 1000. Although these savings are not envisaged for housing but rather for consumption, education or emergencies, it is obvious that the habit of savings is widespread and may advantageously be used for programme's financing.

The experience of the Shipena residents, who have jointly saved more than R 4000 for the purchase of land, shows that there is also considerable scope for group and not only individual savings.

G. Affordability

The survey results show that 38.2% of the resettled and the squatters can afford installment of R 50 or less per month, 30.5% can pay R 51-100 and 18.3% can afford R 101 or more. The corresponding share of NHE housing applicants is 3.3%, 30.3% and 52.9%.

These results must be treated with caution. The question regarding affordability is rather abstract for most respondents as long as it does not have concrete information regarding proposed housing solutions and loan conditions. It is therefore not surprising, that lower income households tended to exaggerated their payment capacity, whereas higher income earners underestimated affordability (3-5% of their income).

On the other hand, it is difficult at this stage to assess other household's resources which might be mobilized for the purpose of housing. In addition to the (often irregular) monetary incomes, these may include non-monetary rural-urban transfers, existing savings, relatives and friends loans and help of different kinds.

Comparison of rents currently paid by NHE applicants and stated affordability show that most respondents are prepared to allocate a higher share of their income to acquire own housing, particularly in the higher income brackets.

Considering the limited reliability of the data on affordability, payment capacity should be determined based on income criteria in relation to the costs of solution selected by the applicant and loan conditions. Monthly installments should not exceed 10% of household income for the lowest income brackets (up to R 400 per month). This percentage may gradually be increased up to a maximum of 25% for households with incomes above Rs. 1000/1100. These criteria need to be adjusted to the individual cases. Larger households with considerable obligations, probably would have to accept more modest solutions.

H. Present housing conditions

The resettled families have been relocated to the present locations together with their shacks whereas the squatters have erected similar temporary shelters. These consist mainly of corrugated iron sheets or cardboard as walling materials; C.I. sheets, cardboard or canvas for

roof and earth floors. As they have not been granted titles as yet, none has started improving the shelter. Infrastructure services are limited to few communal taps and public toilets.

The NHE housing applicants, the great majority of whom are tenants, occupy brick or cement units (93.7%) with C.I. sheet roof (95.8%) and a cement floor (94.7%). Most of them (94.7%) have individual water connections, private toilets (82.1%) and private or shared electricity connections (85.3%). It may be assumed that their level of expectations and aspirations is relatively high compared with that of the resettled and the squatters.

I. Community organization and participation

Only few of the respondents are acquainted with existing community organizations (NGOs or other), and even fewer are members of these. The committees in the resettlement areas are not yet conceived as a representative community organization, even though their members may have been elected by the residents. This is not surprising considering that relocation took place only 2-3 months ago and the settlements are still in the process of transition and social consolidation.

Nevertheless, embryonic community organization can be noted in most of the settlements, as the communities are collecting water charges (fees), cleaning public toilets and (in one case) digging of trenches for water pipes .

J. Self-help potential

38.6% of the resettled and squatters, but only 18.1% of the housing applicants have some experience in construction works. It may be assumed that a substantial share of the first group will be willing and interested to mobilize self-help including that of friends and relatives in order to curtail labour and construction costs. Others might require local builders to do the construction work for them.

The majority of NHE housing applicants, on the other hand, are less likely to show interest in self-help construction as most lack the experience and the needed time. They may, however, manage the extension of the house by themselves and even get involved in actual construction work at a later stage.

4. Objectives, concept and justification of the Programme

4.1 Objectives

The objective of the Windhoek Low-Income Housing Programme as defined in the Planning Workshop is:

"Improve access to housing for low-income groups, applying new approaches and encouraging the participation of the community, public and private sectors."

Two indicators have been established to measure the success after implementation:

- i) "Within two years 1,200 households with monthly income up to 3 PHSL have improved their housing situation."
- ii) "Financial obligations are met: arrears of loans and municipal charges are less than 20 %."

The superior/longer term goal was defined as:

"Improve the living conditions of low-income households through replicable and sustainable housing development within the framework of the National Housing Policy."

The following indicators have been formulated to evaluate the attainment of this goal:

- i) "Within one year of Programme completion, similar projects have been initiated in Windhoek and/or other Namibian cities." (Indicator of replicability)
- ii) "After two years Programme beneficiaries continue to improve their houses by investing cash or further loan funds." (Indicator of sustainability)

4.2 Programme outline

A. Basic hypothesis

The Programme is based on the following hypothesis:

- i) with adequate assistance and support, most people will be able to gradually solve their housing problems by themselves, mobilizing resources that go far beyond their monetary income, and

ii) with proper incentives, the private sector will get involved in the financing and provision of appropriate housing solutions for the low-income sectors.

B. Sub-projects and supporting components

Given their substantial differences, each identified target group will require solutions adapted to their specific socio-economic situation. NHE has decided to develop a multi-component programme, to better adjust the housing solutions to each group's (and each individual family's) specific priorities, needs and financial possibilities.

The Programme will be structured in three different projects, roughly aimed at households earning averages of less than one PHSL, between one and two and between two and three PHSL:

- i) An urban and housing improvement project for the resettlement and squatter areas;
- ii) A core-house project, and
- iii) A loan guarantee fund project to encourage private sector's involvement in providing housing solutions for the low income population.

Two innovative components will support the implementation of the first two Projects:

A Community Development Programme will assist self-help and community organization, as a tool for long term social and physical improvement. Including this component as part of a housing programme is a relatively recent concept in Windhoek, where housing has been envisaged as provision of a finished product.

A Building Material Revolving Fund will assist with loans and technical and social advise a process of home improvement adjusted to each household's possibilities and needs. An important demand for house improvement loans exists also in Katutura and other low-income areas of Windhoek; after experience is gained the system could be gradually extended to these areas.

C. Participation concept

Beneficiary's participation is a meaningful feature of the Windhoek Low-Income Housing Programme, going far beyond the mere provision of labour for self-help construction. Representatives of the beneficiaries have been involved in the definition of the Programme's

concept, that will allow each individual family a say in community decisions and in designing its particular housing solution.

On the other hand, following Namibia's National Housing policy, responsibility for providing housing for the family will in all cases be squarely placed on the head of each household. The Programme will supply a framework for his/her efforts, facilitating access to serviced land, finance and technical and social assistance, but each family shall have to manage the process of solving its housing problem.

D. Appropriate solutions

Adjustments to restrictive zoning regulations, unnecessarily high land development and construction standards not appropriate for low-income housing programmes, of municipal land-cost calculation and recovery procedures, were either introduced or at least proposed as planning concepts for the Programme; they will require further work during the Implementation Phase.

Over-developed road networks; the use of expensive underground as opposed to aerial electricity distribution; zoning regulations that do not allow for informal activities at home or establish very short time-spans for building the house, thus hindering the concept of housing as a process; the tendency to locate low-income housing in far-away, non serviced areas are just illustrations of some of the issues that the Programme has addressed trying to adjust the solutions to real needs and possibilities.

The purchase of well located "block" or undeveloped land from the Municipality, to be developed at lower standards and costs by the Programme will be a test for the idea of more appropriate low-income housing solutions.

On the other hand, research on owner-built houses, on concepts and costs of prior low-income housing programmes in Namibia and on alternative construction technologies was carried on during the inception phase to gain insights for the design. Annexes 4/A, 4/B and 4/C provide detail on the findings.

E. Affordability and subsidies

The Programme will offer beneficiaries a range of options, permitting the selection of a housing solution adapted to their needs and possibilities. Affordability

of the selected option will be a guiding criteria to provide loans, that in all cases will be secured by the title deed over the land. An initial saving of 10% of the cost of the selected housing solution will be required.

Subsidies will be used to increase affordability for beneficiaries of the upgrading and core-house projects. The National Housing Policy proposes the use of up-front subsidies; traditional NHE's practice is to subsidize interest-rates. As this matter is pending decision, it was decided to stick to the usual interest-rate subsidy system. (See Subsidies' section on chapter 6 for more details on this issue).

Community facilities, technical and social assistance and certain technical infrastructures will be provided as indirect subsidies by the Programme.

F. Replicability and cost recovery

Given the accelerating urban growth in Windhoek, replicability of this kind of programme is of the utmost concern; it was established as a superior goal in the Participatory Planning Workshop. This concept involves the implementation of appropriate solutions and strict recovery of loans, a task that NHE is well prepared to handle.

G. Financing

While designing the WLIHP, a basic concept has been to utilize the KfW grant money as a catalyzer to mobilize further resources. Besides the KfW grant and NHE's counterpart contribution, the beneficiaries' and private sector's contribution will now participate in financing the Programme.

H. Selection of beneficiaries

All beneficiaries of the Programme will have to comply with the two basic criteria established in the Agreement:

- i) That their monthly family income should be no higher than three times the Primary Household Subsistence Level (in September 92 1 PHSL=Rs 830, 3 PHSL=Rs 2490)), and
- ii) That the maximum financial burden arising from a loan for a plot and housing solution, in addition to fees for use of municipal infrastructures, must not exceed 25% of total household income.

Selection procedures will also make sure that beneficiaries:

- Are Namibian citizens;
- Are older than 18 years (legal age);
- Do not possess another house in Windhoek;
- Save 10% of total loan amount prior to final approval;
- Have a stable (not necessarily wage) employment;
- Demonstrate payment capacity and affordability of the credit.

Each target group will require a communications approach and selection procedures adjusted to its particular situation and the situation of women will be given special consideration. The process of beneficiary selection will be responsibility of NHE and the Programme's Team, monitored and supervised by the Programme's Steering Committee. Information regarding the WLIHP should timely reach all interested parties.

I. Institutional development

All institutions involved in provision of low-income housing are to some degree still in a process of adjustments brought by Independence. Although there is a sound Housing Policy, important aspects of it are not yet being implemented, and inter-institutional coordination problems persist.

As a concrete application of the Housing Policy, design and implementation of the Programme is expected to help solving some of these problems by getting all institutions involved in the day to day work. The Participatory Planning Workshops and the Programme's Steering Committee will be tools to attain this goal. The Programme should also contribute to strengthen NHE executing capacities, allowing experiences with a variety of new instruments that could be applied in future low-income programmes.

4.3 Justification

Housing is one of the four priority sectors for Namibia's first post-independence Government, the other three being agriculture and rural development, education and training and health. With its clear orientation towards the urban poor the Programme is supporting the general political goals of poverty alleviation and overcoming the inherited imbalances between the different ethnic groups of Namibian society.

WINDHOEK LOW-INCOME HOUSING PROGRAMME- INCEPTION REPORT-4

The Programme fits perfectly into the framework established by the National Housing Policy. With reference to the central goal it makes resources available for providing "access to acceptable shelter in a suitable location at a cost and standard which is affordable to the individual on the one hand, and to the country on the other hand." As far as basic housing policy guidelines are concerned, the Programme:

- is based upon participatory planning and consensus building among the main actors involved,
- fosters home ownership and the responsibility of the household for the housing process, limiting public involvement to an enabling role,
- strengthens the capacity of the participating institutions,
- supports the organization and development of communities,
- assigns resources to meeting the needs of the lowest income groups in Windhoek,
- puts a particular emphasis on upgrading and self-help support,
- provides affordable solutions and an approach that is replicable and sustainable,
- contributes to effective standard and cost reduction reflected in low unit costs of the different housing solutions,
- intends to operate with market interest rates,
- maintains the necessity of strict repayment discipline,
- intends to rationalize the use of subsidies limiting them to infrastructures, services and community facilities,
- encourages the informal builders involvement in the housing process,
- mobilizes individual resources as much as possible, both through the requirement of initial savings and stimulating self-help labour, and
- facilitates private sector involvement in low-cost housing finance through the loan guarantee fund

Considering the number of envisaged beneficiaries and the relatively short implementation period of two years, the Programme is one of the first large scale efforts to effectively implement the National Housing Policy.

The relevance of the Programme is not only due to size and amount of investment; politically more relevant is the general approach that looks out for replicability and sustainability. This approach is materialized in a number of innovations: reduced standards and smaller

finance requirements per housing solution, shorter loan periods, market level interest rates also for smaller loans, support of self-help construction through building material loans and technical assistance, community development support and the loan guarantee fund.

The Programme also corresponds fully to the guidelines of the German development policy: it is targeted to the poor, provides self-help support and applies an approach that is both sustainable over time and replicable in other locations. It also follows the principles of the policy papers on shelter (process orientation, mobilization of own resources, minimisation of subsidies, subsidies only for public goods) and urban development (promoting densification, private sector participation, institutional strengthening, linking settlement projects to urban management).

4.4 Other related low-income housing projects

A. Some recent NHE's Projects

In 1989 three projects with a total of 98 low-income houses were executed in Tsumeb (26h), Grootfontein (26h) and Gobabis (26h). Additionally, 20 starter shelters were constructed in Okahandja, with a 2m² toilet and a wash trough each at a cost of Rs.2000 each. Selling price was Rs. 3640 including the plot. In 1990 and 91 construction activities dropped because of the reorganization of NHE after independence. 38 houses were built at Otjiwarongo, 34 at Okahandja, 35 houses for policemen built on behalf of the MLGH and a 316 low-income house project was completed in Okuryangawa.

During 1992 NHE completed five projects with a total of 81 fully finished houses in several areas of Windhoek and in Swakopmund, with selling prices ranging from Rs.32-108.000 and has 196 houses under construction in 4 different projects. For 1993 NHE is preparing projects for Otjiwarongo (28h), Rundu (175h), Rehoboth (60h), Mariental (25h), Keetmanshoop (30/50h) and for Katima Mulilo, Luderitz and Ongwediva.

The typical NHE's product is thus a package of a contract built low-income solution on a plot developed by a municipality, linked to a long-term loan. NHE has thus delivered a great variety of housing solutions, from a small Rs. 2.000 wet-core to houses in the Rs. 100.000 price range.

The Windhoek Low-Income Housing Programme will permit NHE to experiment the partial unbundling of this

traditional package. For the first time, a household will be able to obtain a building material loan from NHE or a loan from the private sector supported by NHE to finance a solution not necessarily produced by NHE.

B. Cooperation with the People's Republic of China

In the framework of a general cooperation agreement with the Government of Namibia, the Government of the People's Republic of China assigned a soft loan of Rs. 50 million to the MLGH, of which 30 million have been earmarked for NHE's housing projects. In September 1992 an agreement for Phase I was signed, envisaging the construction of 135 conventional houses for middle-income families, at a total investment of some Rs. 6.000.000.

Nine different type of houses are to be constructed, with areas ranging from 34 to 67 m² and finishes including ceilings, painting, floor covering and provision for hot water. Average size will be 49 m², and average construction cost per house Rs. 44.345 (Rs.905/m²).

The initial Phase will be developed on land belonging to NHE at Okuryangawa Extension I. Plots sizes will be in the range of 250/300 m²; in June 1992 their cost was approximately Rs. 4.500.

The houses will be built on a turnkey basis by the China National Complete Plant Export Corporation. Beneficiaries will have conventional NHE loans with terms between 20/30 years for repayment. The loans will be affordable to households with monthly incomes between Rs. 2.500/4.000.

In Phase II, under preparation, bigger houses targeted for higher income groups will be constructed at Dorado Park, with selling prices probably exceeding Rs. 100.000.

C. The Ombili Project

This Project was started in June 1990 to urgently relocate hostel dwellers. The Municipality developed land at Ombili, an area of Okuryangava in the northern part of Katutura, with earth roads, public water taps, sewerage, street lights and separate toilets. NHE was charged with the construction of a toilet in each plot and a Market Hall for at least 20 vendors.

People were then supplied with tents provided by the UN and resettled to the area. In 1991 CRIAA, a French NGO proposed to develop a housing project at Ombili, with

French Government financial assistance. An initial phase consisting of 120 single room core houses of 28 m² (6.60 x 4.20) adjacent to the existing toilets was completed in June 1992.

Construction costs per unit (materials and labour) totalled R 10,000, an investment which CRIAA is expecting the Municipality to pay back. The occupants pay rent to the Municipality, R 10 per month for the plot and R 30 per month for the house. In addition, they pay service charges of approximately R 40 to the Municipality. Theoretically they also can acquire ownership, at monthly instalments of R 27.70 for the plot and R 70 for the house; but nobody has actually signed a purchase contract.

The Ombili Project was initiated without proper planning and with no participation of the beneficiaries; CRIAA's involvement at a later stage began to operate in a very difficult situation. As an ongoing improvement process, it is certain to influence people's expectations, and many experiences are relevant to the WLIHP:

- * CRIAA successfully negotiated the reduction of plot sizes with the Municipality.
- * Originally designed as a self-help project, the beneficiaries did not really participate in the construction process; the houses were built by hired workers.
- * Beneficiaries have the option between renting or purchasing the house. However, the difference between renting and purchase was not sufficiently explained; there is no incentive for buying the house.
- * Loan and repayment conditions were established too late and there is substantial rent default.
- * There was no support for community development; only recently the Ombili Committee was involved into the project.
- * Many original "owners" no longer live in the plots. A dramatic densification process is going on in the area; there is no control over the many cases of co-occupants and subtenants.
- * The occupants are not aware of their maintenance responsibilities.

In a recent seminar CRIAA has evaluated the Ombili experience. In a second phase currently under preparation, that will involve the construction of another 180 houses, it is expected that some of the problems identified will be gradually corrected.

D. The "Build Together" Programme

With technical assistance from UNDP/UNCHS the Ministry of Local Government and Housing is now launching a National Housing Programme named "Build Together". It will involve the beneficiaries, NGOs, local authorities and central Government agencies.

Its stated principles are responsiveness to people's needs and open to their participation, decentralized implementation, mobilization and use of local resources and materials, affordability and cost-effectiveness of solutions. It stresses the concept of housing as a process rather than as a product.

Beneficiaries should be households with monthly incomes below Rs.1.250; inhabitants of unserved or squatter areas and low-middle income families without access to credit from banks and building societies. It has a rural and an urban housing sub-programmes.

The programme aims at assisting families to obtain basic services like water, sewerage or electricity; to improve existing houses, to obtain serviced plots, to build new houses, to help communities to establish building-materials production centers and community facilities.

In each area of operation, a "Community Housing Development Group" will be established, with representatives of the beneficiaries, local, regional and national authorities, NGOs and other interested persons. The Programme also encourages the formation of community based organizations that will initiate settlement and housing development, hold regular meetings, assess the repayment capacity of each household, establish a management and cost-recovery system for communal facilities and other tasks. Resource centers will be established in each region of Namibia to centralize and disseminate information on the Programme and health and educational issues.

Ideally, programme's funds should be handled by the municipalities, but NGOs, Credit Unions or Banks may also be appointed as Agents for managing funds. Funds for the Programme have been allocated by the Government from the capital budget for housing, and basic procedures for spending money established. All loans will be interest-rate subsidized. Up to Rs.13.000 the rate will be 9%, then it will increase by half point for each additional Rs.1.000, to a maximum of 14,5% for loans of Rs.22.500 or over.

E. Conclusions

As can be seen, the matter of low-income housing is receiving higher priority since Namibia's Independence. Some Programmes, like Ombili, started like an urgent answer to a pressing situation; others, like the Build Together Programme of the MLGH intend to put forward more comprehensive solutions.

As noted before, coordination problems persist; the diverse financial conditions, development standards, housing solutions and selection criteria proposed by different programmes might result in confusing signals to the beneficiaries, that certainly are aware of everything going on.

Increased efforts by all institutions involved are required to gradually give more coherence to different actions.

5. Sub-projects and components

5.1 The upgrading Project

A. Specific target group

The sub-Project is aimed at 960 families, 860 resettled squatters plus some 100 families in the Shipena squatter settlement. Over 70 % of these households have monthly incomes of less than 1 PHS� (R 830 in Sept/92). The following table and Plan No 1 give details of the new locations; except for the Shipena squatters and the Onghuuo Yepongo group, all other were resettled from the Single Quarters area.

LOCATION	NAME OF NEW SETTLEMENT	NUMBER OF HOUSEHOLDS
OKURYANGAVA	Onheleiwa	157
"	Onyeka	64
"	Nangolo/Ondunduluka	60
"	Joseph Nepando	121
"	Ebandulu	30
"	Freedom Land	81
"	Onghuuo Yepongo	61
"	Shipena squatters	100
GOREANGAB	Greenwell Matongo	286
Total		960

B. Background

The National Housing Policy establishes that "squatters and other low-income families who are recent migrants to urban areas will be settled in reception areas on site-and-service plots, pending their eventual entry into home ownership schemes".

To implement this policy, the Ministry of Local Government and Housing created two separate committees: the Squatter Steering Committee, reporting to the Permanent Secretary of the MLGH, and the Single Quarters (Otjomuise) Steering Committee, established in 1992 to "eradicate within 6 months the Single Quarter problem". Both include delegates from the MLGH, the NHE, the Municipality and several other institutions.

Their usual form of operation is to relocate the squatters to "reception areas". Partially developed land is purchased from the Municipality, the ground is cleared and levelled, and plot boundaries demarcated at the site.

NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

GREATER WINDHOEK
SHOWING
RESETTLEMENT AREAS

PLAN No. 1

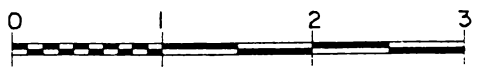
LEGEND:

- 1. EPANDULO
- 2. ONHELEIWA
- 3. OMBILI
- 4. JOSEF NEPANDO
- 5. FREEDOM LAND & SHIPENA
- 6. ODUDULUKA
- 7. NANGOLO
- 8. ONGHUUO YE PONGO
- 9. ONYEKA
- 10. ERF 39
- 11. ERF 41
- 12. GREENWELL MATONGO
- 13. ERF 1430
- 14. ERF 1373 & 1374
- 15. NHE OFFICES

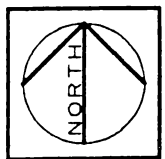
CORE HOUSE PROJECT SITES ●

RESETTLED AREAS ▼

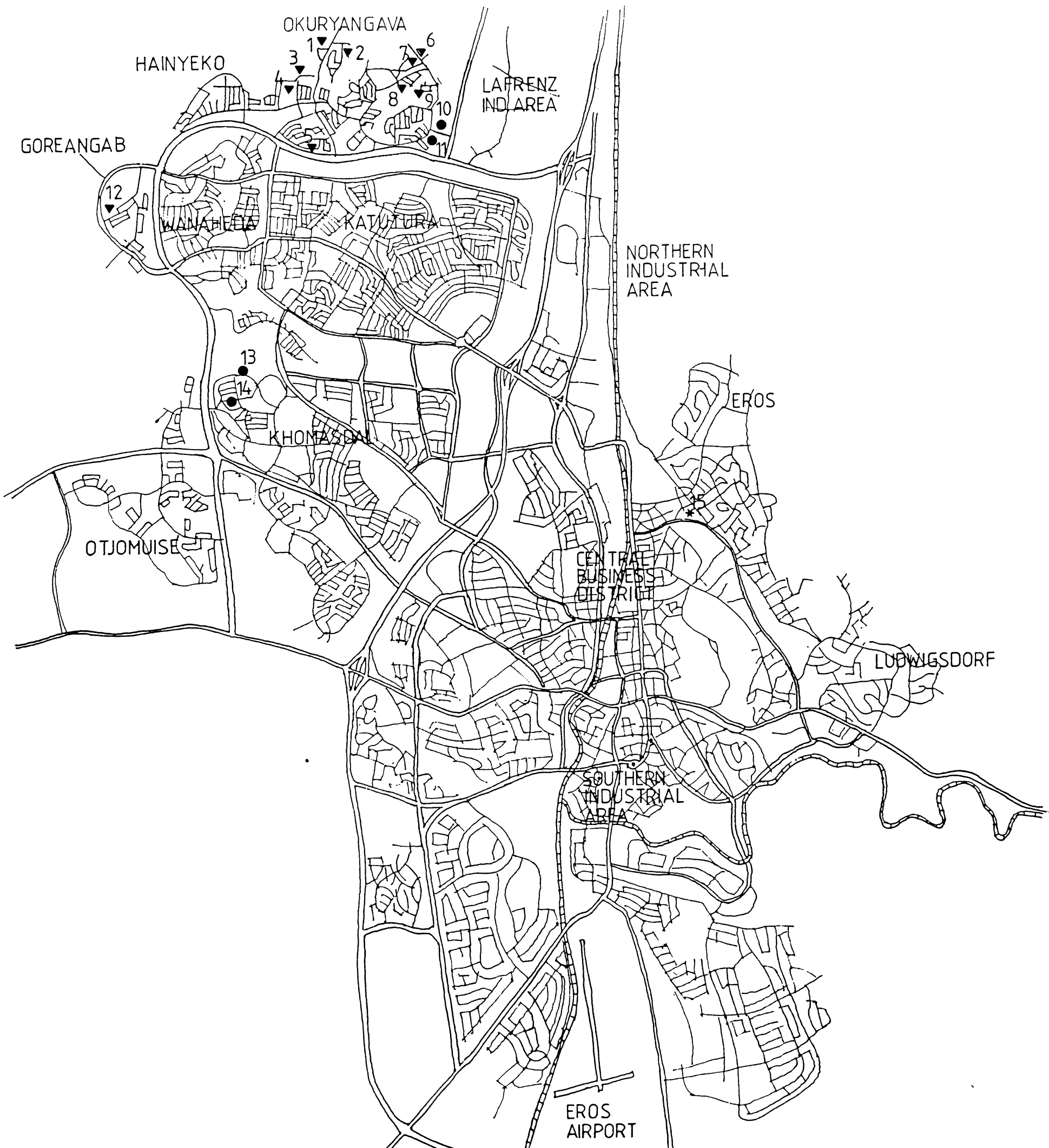
SCALE:



kilometre



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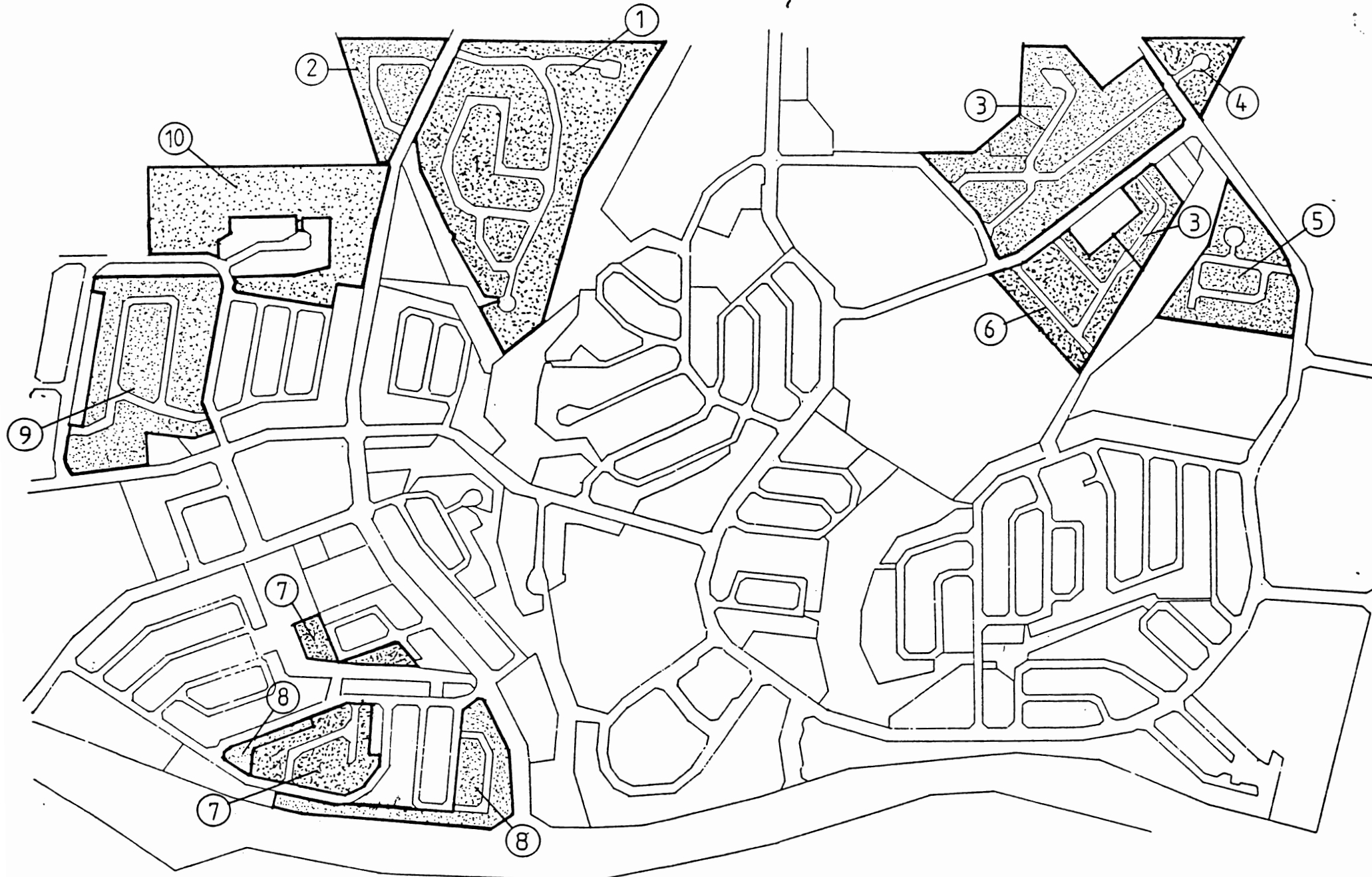
NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

RESETTLEMENT AREAS
OKURYANGAVA

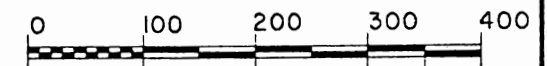
PLAN No. 5

LEGEND:

- 1. ONHELEIWA
- 2. EPANDULO
- 3. NANGOLO
- 4. ODUDULUKA
- 5. ONYEKA
- 6. ONGHUUO YE PONGO
- 7. SHIPENA
- 8. FREEDOM LAND
- 9. JOSEF NEPANDO
- 10. OMBILI



SCALE:



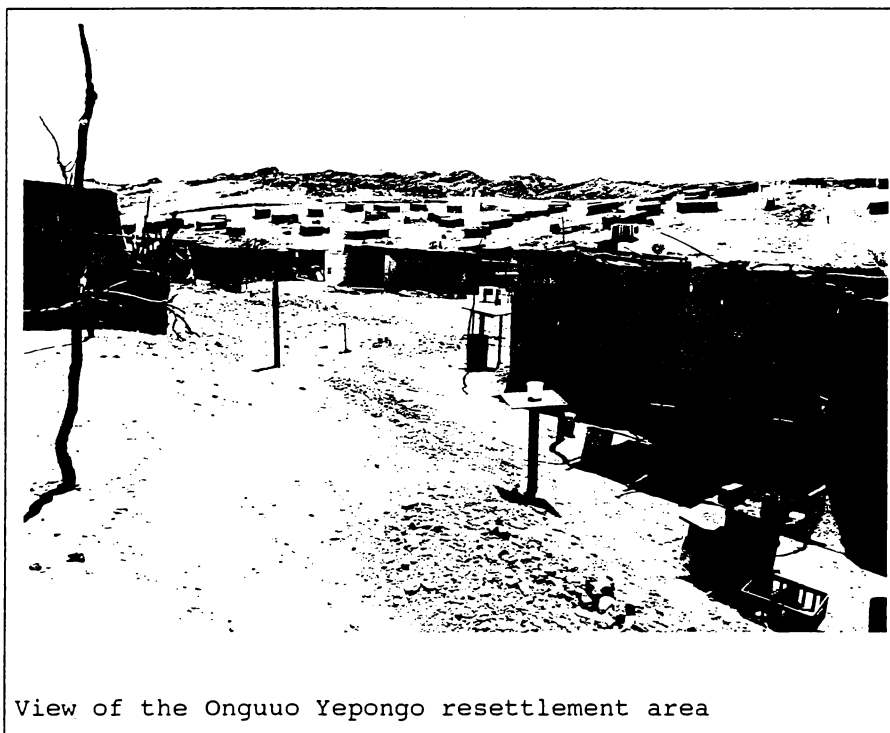
metre



DEC.92

The main distributor roads are graded and basic services like public water taps, communal toilets and dustbins introduced. After preparation of the communities working through local leaders, shacks in the original settlement are dismantled and the families are moved in trucks to the new location. A plot is then assigned to each family on a "first come first served" basis and, as resources permit, assistance for the construction of a house will be provided.

Between both committees, 860 families were moved in 1992 to the Okuryangava and Goreangab areas in the northern part of Katutura, where they now live in meager conditions. An analysis of the present (Sept.92) level of services in these locations was made and is attached as Annex 4/A



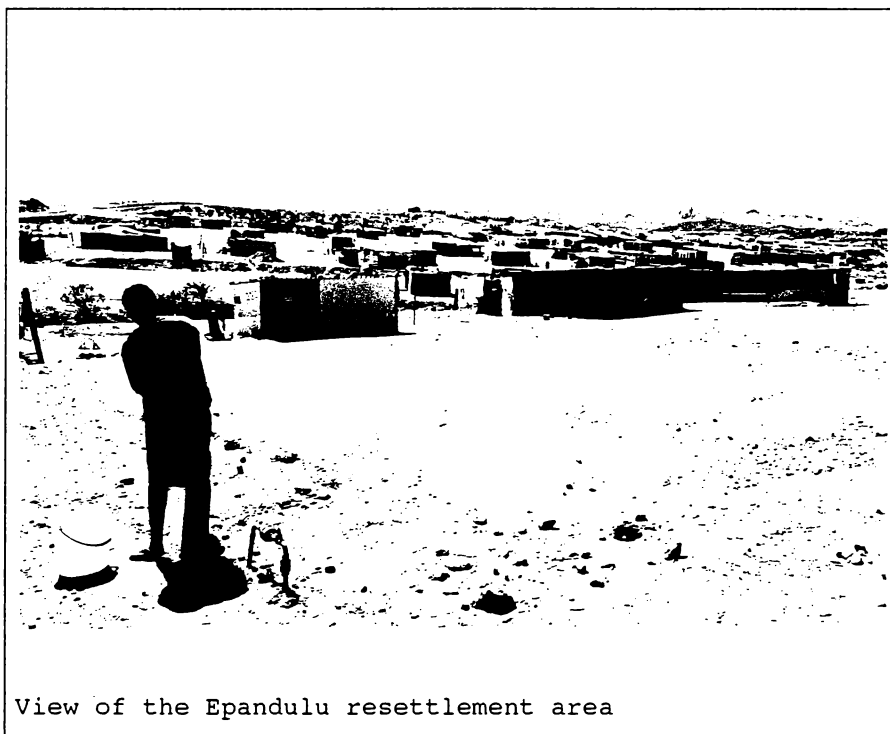
View of the Onguuo Yepongo resettlement area

The Shipena squatters is a group that initially sub-let the land where they settle from a person leasing it from the Municipality; on expiration of the lease they lost security of tenure. Socio-economic and physical conditions in their community are similar to the ones prevailing in the resettlement areas.

C. General description of project

Starting from the present situation, the aim of the upgrading project is to gradually bring these settlements up to urban standards of comparable areas in Windhoek.

Title for land will be extended by NHE, and the possibility of a starter solution (foundations, wet core, a room etc) will be offered to each family. Land price plus the cost of the starter solution selected will constitute the basic loan. 10% of this amount should be saved by the interested household before signing of the contract.



As far as possible, each housing solution will be adjusted to the individual households' needs and financial possibilities. When families can afford increased repayments, building material loans will be available for further improvements.

Infrastructures will be extended according to people's priorities. Improved water supply, more communal toilets and provision of street lights were the most urgent needs detected in the socio-economic survey.

The Programme's community development component, physically based on the Community Centers, will support settlement upgrading, house improvements and community build-up.

D. Activities

Implementation of this Project will involve the following activities:

- * Information campaign (under way, see Annex 5/B)
- * Community development programme (detailed below)
- * Construction of community centers;
- * Design, tender and construction of infrastructure improvements;
- * Definition of individual priorities with each family;
- * Assistance in regularization of titles for land and establishment of total cost of housing solution;
- * Initial saving;
- * Signature of basic loan contract;
- * Construction of starter solutions through self-help and/or by local builders;
- * Improvement/extension of starter solution with support from building material loans;

E. Components and costs

i) Purchase of land:	Rs. 4.800.000
ii) Extension of infrastructures (details of calculation in Annex 5/c)	
* Street lights.	Rs. 410.000
* Stand pipes	Rs. 20.000
* Water lines	Rs. 100.000
* Communal toilets	Rs. 140.000
* Sewer lines	Rs. 162.000
Sub-total	Rs. 832.000
iii) 3 Community centers	Rs. 450.000
iv) Starter solutions	Rs. 1.800.000
(Estimated 600 u @ Rs 3000 average)	
TOTAL COST OF PROJECT	Rs. 7.882.000

F. Selection of beneficiaries

Only heads of households belonging to the originally resettled group, thus holding a right to a plot recognized by NHE would be eligible as beneficiaries.

Information to these groups will be directly transmitted by team field workers through a series of meetings involving groups of 30/40 households, where the residents will have the opportunity to discuss and ask for clarifications and additional information.

As the resettled families are eager to start improvements as soon as possible, NHE is already organizing the information campaign. A video will be produced as a tool for communicating the main issues. Besides explaining the project, it will convey ideas regarding urban life, house ownership and loan and services repayment. (Outline of video in Annex 5/B). In addition, written information on land purchase, starter solutions and building material loans will be distributed.

Each eligible household will then have the opportunity to individually discuss its particular situation with members of the project's team, and apply for a loan adjusted to its needs and possibilities.

5.2 The Core-House Project

A. Specific target group

Household with monthly incomes between one and two PHSL registered in NHE waiting list. NHE list of housing applicants includes nearly 800 families in this income category, who do not have access to private sector finance for housing. They may live any place in Windhoek, most of them as tenants or "backyard squatters" in Katutura and Khomasdal, usually in brick houses with all the services but in crowded conditions. Some of them have registered with NHE many years ago.

B. Background

The core-house concept is a variant of the sites and services idea that allows families with urgent housing needs to move right away into the core and expand their shelter as time and funds allow.

Some experience exist in Namibia with core-house projects: the gum-pole program by NHE and a pre-NHE program developed in 1981 by McNamara Architects. However, no technical, financial or community development support was provided and, after moving to the new location beneficiaries were left to their own.

C. General description of project

This project aims at the development of 400 core-houses in three different locations. Over a 200 m² serviced plot, cores of 18/25 m² will provide affordable initial solutions where families can move in immediately and, with post-occupancy support, extend/improve their houses and develop the new communities thus created.

LOCATION: In the very restricted land market of Windhoek, all efforts were made by NHE to secure well located and appropriate land for the Project. "Block" land with bulk services will be purchased by NHE and developed internally with Project funds. For this purpose, three plots have already been identified in different locations shown in Plan N.1:

- * Plot 41 (25.794 m²) or plot 39 (39.511 m²) in Katutura, where 100 or 160 core-houses respectively could be developed;
- * Plot 1430 (39.627 m²) in Khomasdal extension 14, where 160 core-houses will be developed, and
- * Plots 1373 and 1374 (25.692 m²) also in Khomasdal extension 14, where another group of 100 core-houses will be built.

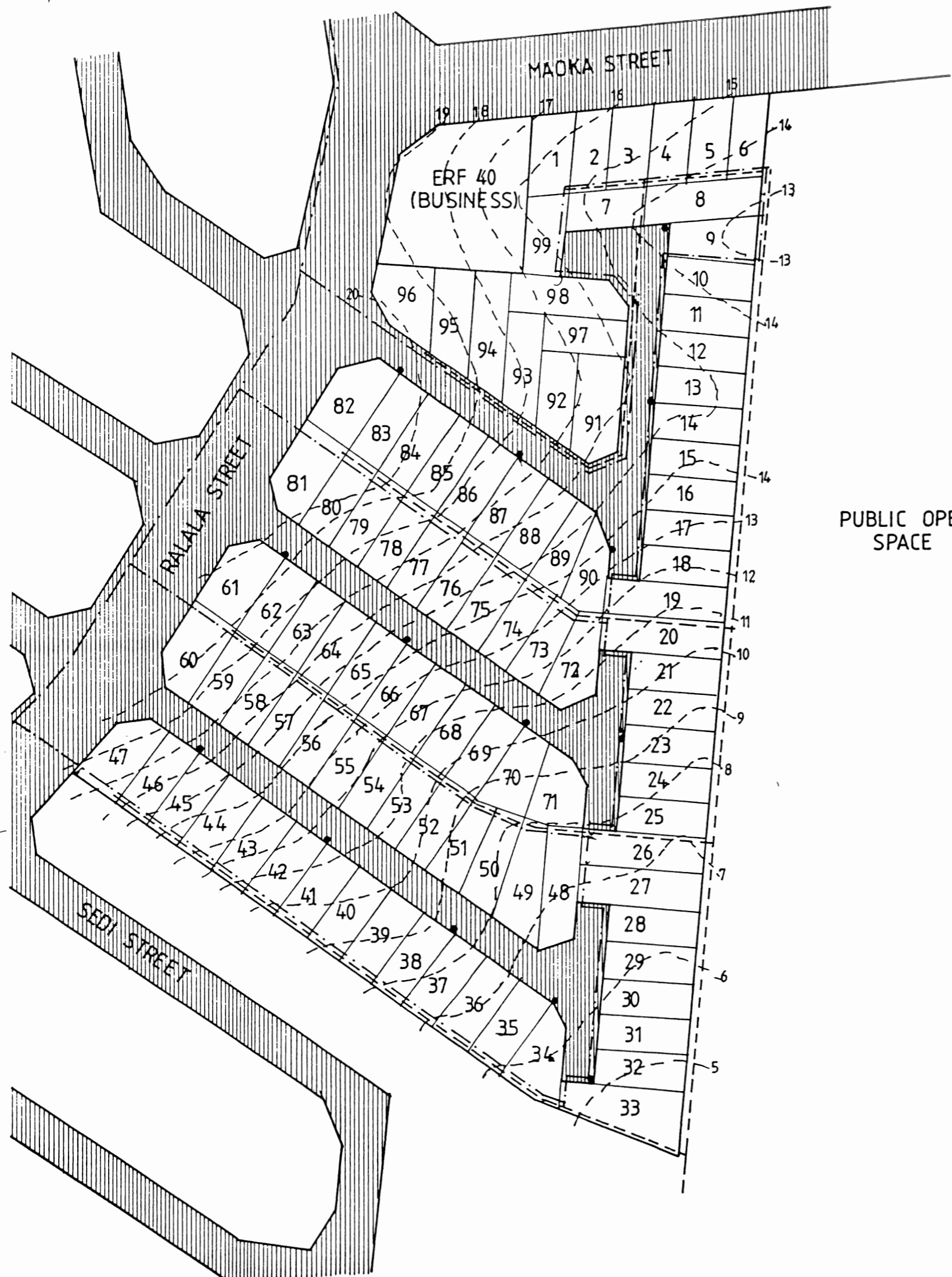
LAYOUT: A preliminary lay-out and development plan has been prepared for erf 41 as a model. It proposes reduced street standards and 200 m² plots. Detailed plans will be prepared in the implementation phase as a basis for tenders. Plan N.2 shows the proposed model lay-out, infrastructure lines and estimated development costs.

CORE DESIGN: Two alternative preliminary design have been developed. From a minimum core of 18 m² with toilet and wash-trough, with construction costs estimated at Rs. 8.200, they can gradually expand up to a four bedroom house. The basic cores and their growth possibilities are shown in Plan N.3.

D. Activities

The following activities were identified in the Workshop as necessary for the implementation of this Project:

- * Purchase of land from the Municipality in acceptable locations;
- * Introduce infrastructure and services at affordable standards;
- * Information campaign;
- * Screen and select applicants, assign individual plots;



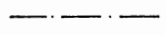
NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

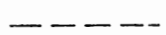
CORE HOUSE PROJECT
MODEL LAYOUT


TOWNSHIP:
OKURYANGAVA PROPER
ERF.41

PLAN No. 2

LEGEND:

WATER SUPPLY LINES: 

SEWERS: 

STREET LIGHTS: 

COSTS:

*ROADS:
550m R.147.00 per m.
=R.81 050.00

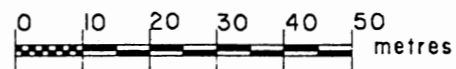
*SEWERS:
820m R.134.00 per m.
=R.109 926.00

*WATER SUPPLY:
820m R.79.00 per m.
=R.65 599.00

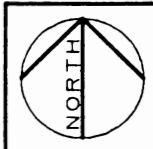
*STREET LIGHTS:
14 at R.1 500.00 each
=R. 21 000.00

TOTAL: R.277 575.00
99 ERVEN
COST PER ERF: R.2 803.80

SCALE:



0 10 20 30 40 50 metres

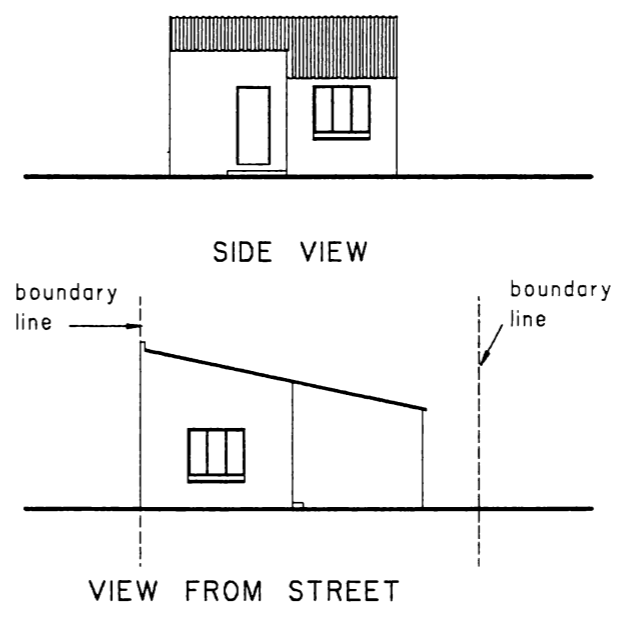
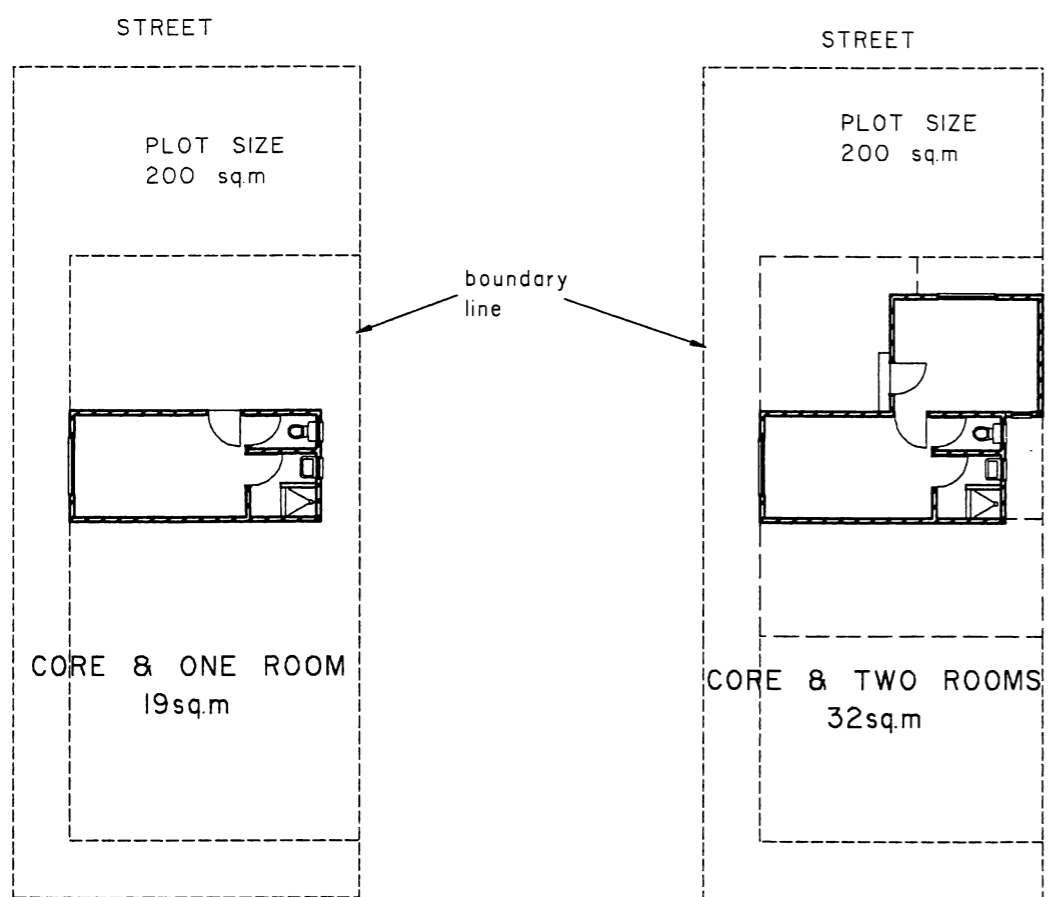
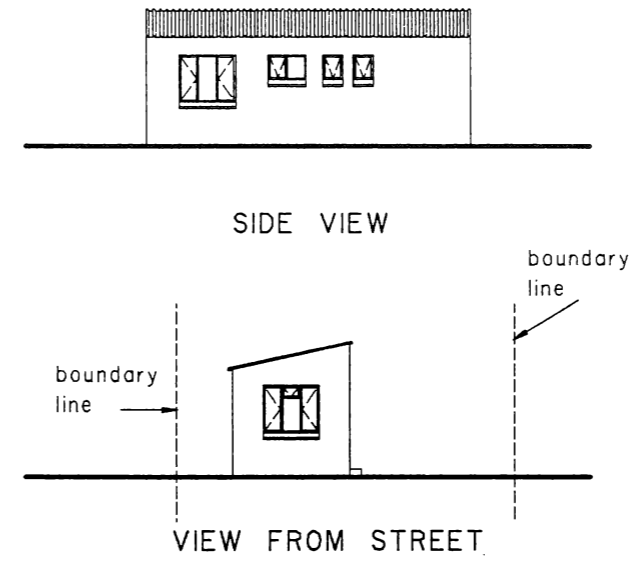
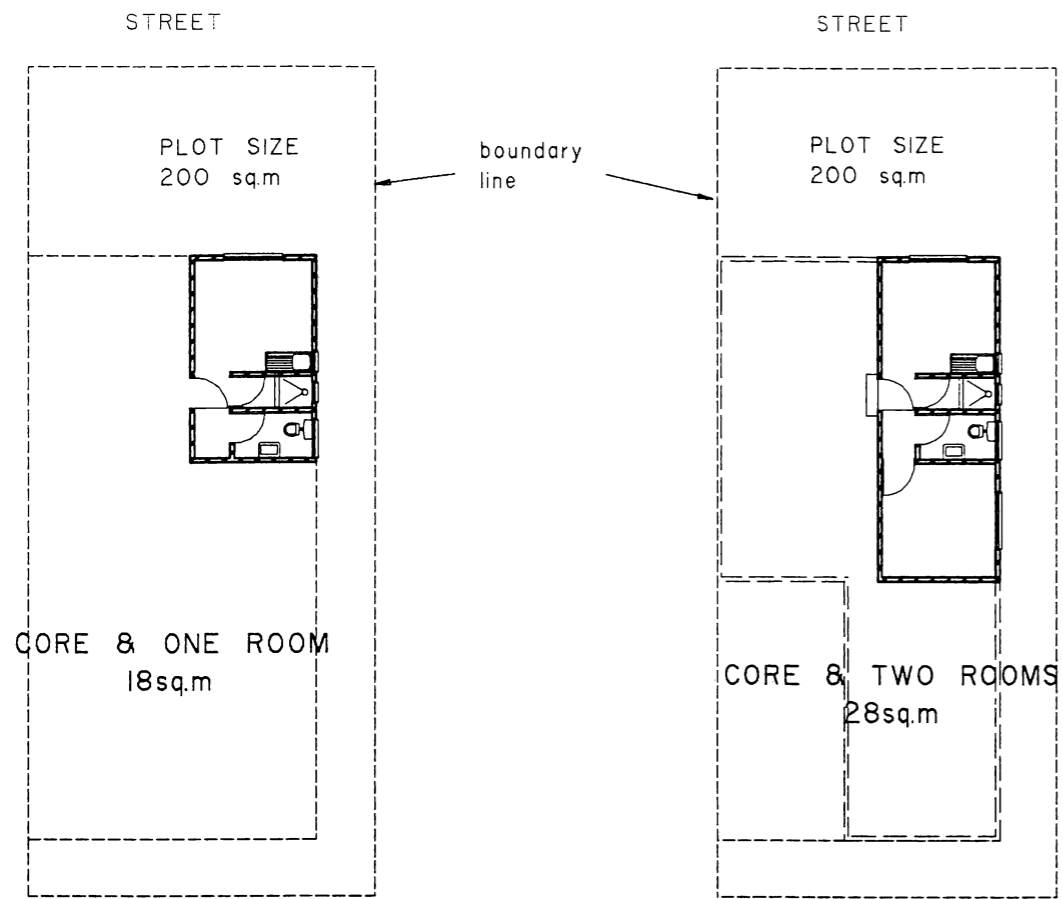


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NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

CORE HOUSE MODELS

PLAN No.3



SCALE:
0 2 4 6 8 10
metres

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- * Organize initial savings;
- * Tender, assign contracts and supervise construction;
- * Organize and support relocation of beneficiaries to project areas;
- * Facilitate community development;
- * Offer building material loans for house improvement and extension;
- * Identify needs for community facilities and settlement improvement.

E. Components and costs

i)	Purchase of bulk land	Rs. 1.480.000
ii)	Land development	Rs. 1.120.000
iii)	Construction of 400 core-houses	Rs. 4.600.000
iv)	2 community centers	Rs. 300.000
	TOTAL COST OF PROJECT	Rs. 7.500.000

F. Selection of beneficiaries

For NHE housing applicants complying with established selection criteria, priorities will be assigned according to the length of the period an applicant has been on the list.

As soon as final design and costs are known, NHE will begin an information campaign. As names and addresses of all housing applicants on the Waiting List are known, NHE can directly contact them through the post and mail them printed information (project location, type and design of shelter, costs and credit conditions). It is probably not advisable to advertise the project through television or radio, as this may raise excessive expectations.

The interested shall be invited to either attend information meetings or visit one of the NHE offices for further clarification and filling-in an application form. Project's social workers will then verify the data of the application forms with employers, at present location, etc. Applicant evaluation and selection should be performed by NHE's Programme Team, and monitored by the Steering Committee. If there are more eligible applicants than solutions, the core-houses will be assigned through a public lottery system at which all interested might assist.

5.3 The Loan Guarantee Fund Project

A. Specific target group

This Project is addressed to households with incomes between 2 and 3 PHS�. Not less than 300, even 500 or more families of NHE housing applicants are in this income group. It is also probable that many other families within this income range, although not registered in NHE waiting list are facing housing problems.

B. Background

One of the goals of the National Housing Policy is to supplement public funds supporting housing delivery through the stimulation of private sector finance system.

In June 1990 the SWABOU submitted to the Ministry of Local Government and Housing a proposal to encourage private sector involvement in the financing of housing solutions with costs ranging from 15000 to 35000 Rands.

Despite sufficient availability of capital funds, private institutions are reluctant to attend the housing finance needs of low-income groups due to the high risks involved. To limit this risk, the creation of a Loan Guarantee Fund was proposed, that would cover the insured building societies in the event of a loss on the sale of a repossessed property arising from default of whatsoever nature by the borrower.

C. General description of project

Part of the funds granted by KfW for the Windhoek Low-Income Housing Programme will be applied for the creation of a Loan-Guarantee Fund, open for the participation of any interested financial institution (Potentially 5 Banks and 2 Building Societies). A preliminary proposal was presented to the Building Societies (see Annex 5/D).

The resulting reduction of risks will encourage private financial institutions to extend loans to the target group, thus making effective their existing demand for housing. When a sufficient number of seekers of housing solutions in the 15/35.000 Rs. range appears, it is expected that the market will respond by supplying them. Pressure on the Public Sector for the provision of housing will then be reduced correspondingly.

Loans will be provided at market rates, permitting the institutions to make a profit after administrative costs are paid. An initial saving of 10% of the amount of

the loan will be a precondition to participate in the scheme. It could be integrated in cash or through a contract saving plan, but should not be capitalized in the loan.

Each participating institution will manage its end of the operation according to its own internal procedures and criteria and assume the corresponding administrative and publicity costs.

Loans should permit the borrower a flexibility of choice. They could for instance be used for the purchase of new or existing houses, flats in apartment buildings or for the construction of a second house in a plot, provided there is sufficient mortgage guarantee.

As the availability of proclaimed land is certainly one of the major bottlenecks for providing housing solutions, mechanisms other than mortgage based loans have to be developed, including intermediary loans through development companies that, after proclamation of land could be transformed into mortgage loans.

After the first year of operation, a joint evaluation by the Committee and the Consultants will be made, focussing on the hypothesis made when establishing the Fund. The characteristics of the borrowers, uses of the loans, number and value of claims etc. will be assessed, and adjustments proposed if required. If it is found that it is not mobilizing private capital as expected the Fund may be cancelled and the money used as additional capital for the Building Materials Revolving Fund.

In a recent letter to NHE, the SWABOU confirmed its interest in the Loan Guarantee Fund idea (See Annex 5/E). NAMIB Housing Society has also expressed informally interest in participating in the Fund.

D. Activities

The following activities were identified in the Workshop as necessary for the implementation of this Project:

- * Establishment of a joint committee including NHE, Banks and Building Societies;
- * Elaborate rules of Loan Guarantee Fund;
- * Prepare Manual of Operations, with terms and conditions of loans, information duties and control mechanisms;
- * Prepare loan agreements between NHE and individual financial institutions;
- * After signing the first agreement, establishment of the Fund. Money will be held in trust in a financial institution of NHE's choice.

- * Information campaign;
- * Banks and Building Societies start giving risk-reduced loans;
- * Committee meets periodically to evaluate experiences and adjust procedures;
- * After one year of operation, evaluation of performance and introduce modifications if necessary.

E. Components and costs

An amount of DM 1.000.000 will be assigned for the creation of the Loan Guarantee Fund from the KfW's grant. Money will be held in trust by NHE at a financial institution of its choice for an initial period of five years .

F. Selection of beneficiaries

Each participating financial institution will take care of promoting its own loan scheme through mass-media campaigns. NHE will make available to all institutions the names and addresses of families in the Waiting List that comply with the income-level criteria so they may be contacted directly.

Participating institutions will apply their own lending criteria, as long as they remain within the two basic criteria established in the Agreement. Loan contracts will be signed directly between the lending institution and the beneficiary. NHE will monitor that loans supported by the LGF go to the targeted group.

5.4 The building materials revolving fund

A. Target groups

The Revolving Fund is conceived as an instrument that initially will support the Upgrading and Core-house projects ; eventually it could be extended by NHE to cover other areas and low-income groups in Windhoek.

B. Owner-builder improvement process in Katutura

With the purpose of gaining some insights into how the owner-builder families use their houses and plots, understand their priorities and the process of self-improvement and extension of their dwellings, a housing survey was carried on.

16 houses of different kind in Katutura and neighboring areas were selected. Shacks in squatter and

resettlement areas, SAAMSTAAN houses, different NHE formal and alternative solutions were examined. All of them were either totally built or improved/extended by their owners.

Generally, the first priority was for additional rooms rather than for improvements. Better off families might follow a more conventional approach, seeking NHE financial assistance. Most other cases were financing improvements through their own savings, some with employer's assistance. NHE-built core houses (the gumpole program) have generated the most involvement by the owners, but the lack of technical or financial assistance has hindered the process.

The only technical assistance available is from the builders hired for the job; materials are obtained both new from formal suppliers or used from neighbors or informal sources; no credit is available for their purchase. A draft synthesis of the housing survey findings is attached as Annex 4/A.

C. Operation of the scheme

PURPOSE: The building material loan scheme will help households to improve their housing situation according to their particular needs and financial possibilities. Building material loan schemes have proved in many countries to be the most important single instrument to promote self-help construction and mobilize the resources of the households. According to the level of community organization the system may also provide community loans for the construction of community buildings, for the improvement of infrastructure, to start a building material production center of other community priorities.

TYPE OF LOANS: Will be for small amounts (Rs.500/3.500), short payback periods (6 months to 3 years) and at market interest rates (currently 17%). They will be usually given in materials, although for convenience of the beneficiaries, cash intake at the field office may be organized.

PROCEDURES: A loan will usually involve the following steps:

- * The household applies for a building material loan at NHE's field office (could be in the community center);
- * The community development worker prepares the socio-economic evaluation of the household to determine what loan amount the household can afford.

* The self-help construction advisor prepares the technical evaluation taking care that the cost of the project does not exceed the affordable loan amount.

* The loan committee makes sure that the applicant qualifies for the loan and approves it on the basis of the socio-economic and technical evaluations.

* The loan agreement is prepared and signed between the loan taker and the loan agency.

* The loan is then given to the loan taker, either in a one step arrangement if it is small, or in two or three disbursements according to work progress which has to be controlled by the self-help construction advisor.

REPAYMENT: As soon as he receives the first disbursement or material delivery the loan taker starts paying back the loan in monthly instalments. After cancelling 75% of the debt, the household will be eligible to apply for a next loan to continue the improvement of his house. If the borrower falls in arrears the social worker has to find out the reasons and a solution, together with the loan committee. In such a way building material loans are flexibly responding to the requirements of the individual household's gradual consolidation process.

REQUIREMENTS OF PERSONNEL: The success of a building material scheme depends heavily on field teams of two persons that intermediate between NHE and the borrowers: the community development worker (CDA) and the self-help construction advisor (SCA). According to experiences of successful schemes in other countries, a well trained team working full time can address the needs of some 60 individual improvement projects per month: 20 in preparation, 20 in implementation and 20 in termination, assuming an average implementation time of three months per project. Allowance should be made for an initial period of three months when strong training assistance is required to acquire experiences and adjust procedures. A profile and job description for these two key personnel is attached as Annex 5/F.

D. Activities

The following activities were identified in the Workshop as necessary for the implementation of the building material revolving fund:

- * Prepare loan administration within the NHE;
- * Prepare loan contract with conditions, terms of payment, securities etc.;
- * Identify and train construction advisors and community workers;
- * Information campaign;

- * Organize initial savings (individual or group deposits)
- * Prepare flexible system of material supply, including deliveries and security measures;
- * Start material loans concentrating in one area;
- * Evaluate experience after one month and introduce modifications if necessary;
- * Start loan disbursements in other areas;
- * Follow-up loan repayment;
- * Evaluate performance after one year: beneficiaries, uses, arrears, assistance etc., and introduce modifications if necessary.

E. Costs

Estd. 1000 initial loans of Rs. 4.025= Rs 4.025.000

5.5 Community development

A. Target groups

This component is conceived as an instrument supporting the upgrading and core-house projects and will be addressed to their specific target groups.

B. Background

Scant experience of support for community development in urban programmes exist in Namibia, where low-income housing has been till recently seen more as the delivery of a finished product than as a process involving the beneficiaries.

The Hanyeko Community Center, a grass roots experience developed by the Hakahana residents with little official assistance, proves that considerable scope and potential exist for resident participation in Windhoek. This group is dealing in an articulate way with authorities and NGOs, manages a house improvement programme and a community center built through their own effort where a nursery, adult education and health programmes, a brick-production facility and other activities take place.

Embryonic community organizations exist among the squatters and resettled squatters. In order to facilitate the process of moving to the new settlements, the MLGH and the Municipality selected group leaders and encouraged the formation of committees. These committees continue to exist and claim to represent the residents. They now help organize collection of water fees on behalf of the municipality, maintenance of public toilets, digging of trenches for water network and other positive experiences.

However, until now community organization is weak; the committees have little legitimacy vis-a-vis the residents and information network between leadership and community seems wanting. An evaluation of existing organizations in the resettlement areas was made to assess this issues. Annex 5/G contains the relevant findings.

C. Objective and concept

The objective of this component is to support the communities to organize themselves to cater for their own needs. Active community involvement in the upgrading and core-house projects may contribute to the:

- * Mobilization of residents resources and self-help potential;
- * Development of community initiatives and programs;
- * Long-term upkeep and maintenance of the facilities and services provided;
- * Rationalization of implementation;
- * Recovery of loans.

This will require a long term process that should go beyond project's life and scope. The communities may be encouraged to identify and seek resources for activities which do not necessarily correspond to those of the sponsor (like job creation). The danger of developing dependency through paternalistic attitudes towards the communities should be avoided. Participation does not emerge in a vacuum. It is a gradual process of common acquisition of practical experience which leads to solidarity among the residents.

The social workers shall assist the resident groups to organize themselves and articulate their priorities. Rather than solve problems on behalf of the communities, the social workers should encourage them to seek and accomplish their own solutions. The common experience with the implementation of priority schemes shall contribute to legitimate present and future leadership of the community.

The organization of group-saving schemes among residents will be promoted. The socio-economic survey showed that nearly 48% of the households in the resettlement areas have incomes under Rs. 400 and thus extremely low repayment capacity. Regular voluntary contributions to a grass-roots saving group based in personal trust and regulated by participant will increase affordability and permit members access to housing loans.

For the core-house programme social work shall begin immediately after selection of beneficiaries. Social

workers shall motivate initial savings, assess the need and priority for community centers and assist the relocation process. In the post-occupancy stage, the development of a sense of community in the new settlements, with families mostly unknown to each other and with no previous relations will be a difficult but crucial step as a basis for social integration and core-house extension.

place community center plan here

Community centers, where people can meet and discuss their problems, and where the programme social workers will find an appropriate environment for their work will be an important tool for this component. The need for such a place was frequently expressed to Programme's social workers.

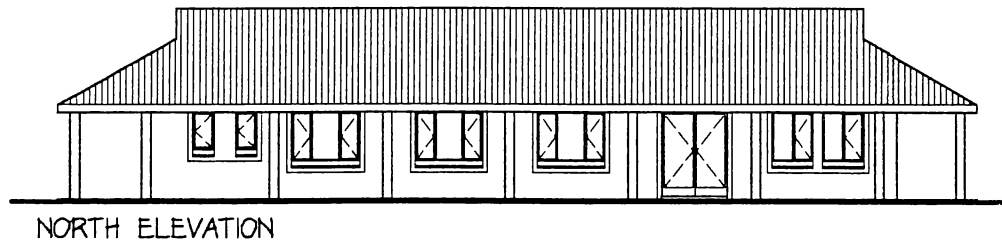
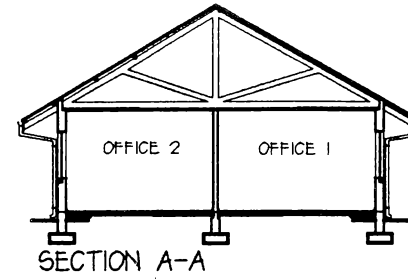
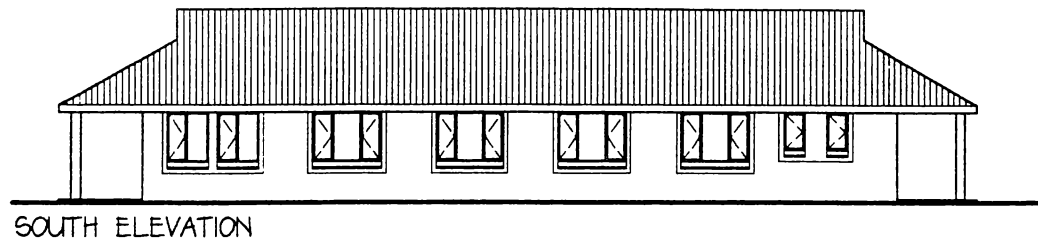
In the resettlement areas, construction of the community centers would probably be a very good starting point for project implementation and would give to the people a clear signal that their participation is required and sought. Discussion with community leaders have been held to define responsibilities for management and maintenance of such facilities. A preliminary design of a possible prototype is attached as plan N.4.

To carry on the field work, it will be necessary to train personnel as there is limited experience with this kind of tasks in Windhoek. It is envisaged to conduct a practical training programme including methodology on the one hand and on-the-job experience acquisition on the other. After a short initial course of 3-4 days, the trainees shall commence working with the residents of the settlements and their representatives. Initial instruction and preparation shall include:

- * Project discussion and understanding;
- * Participative instruments;
- * Communication with residents and their representatives;
- * Leadership development;
- * Handling of conflict situations;
- * Elaboration of information system and campaigns;
- * Planning, implementing and monitoring of activities with the community;
- * Promotion of saving for housing management of the building material loan programme.

D. Activities

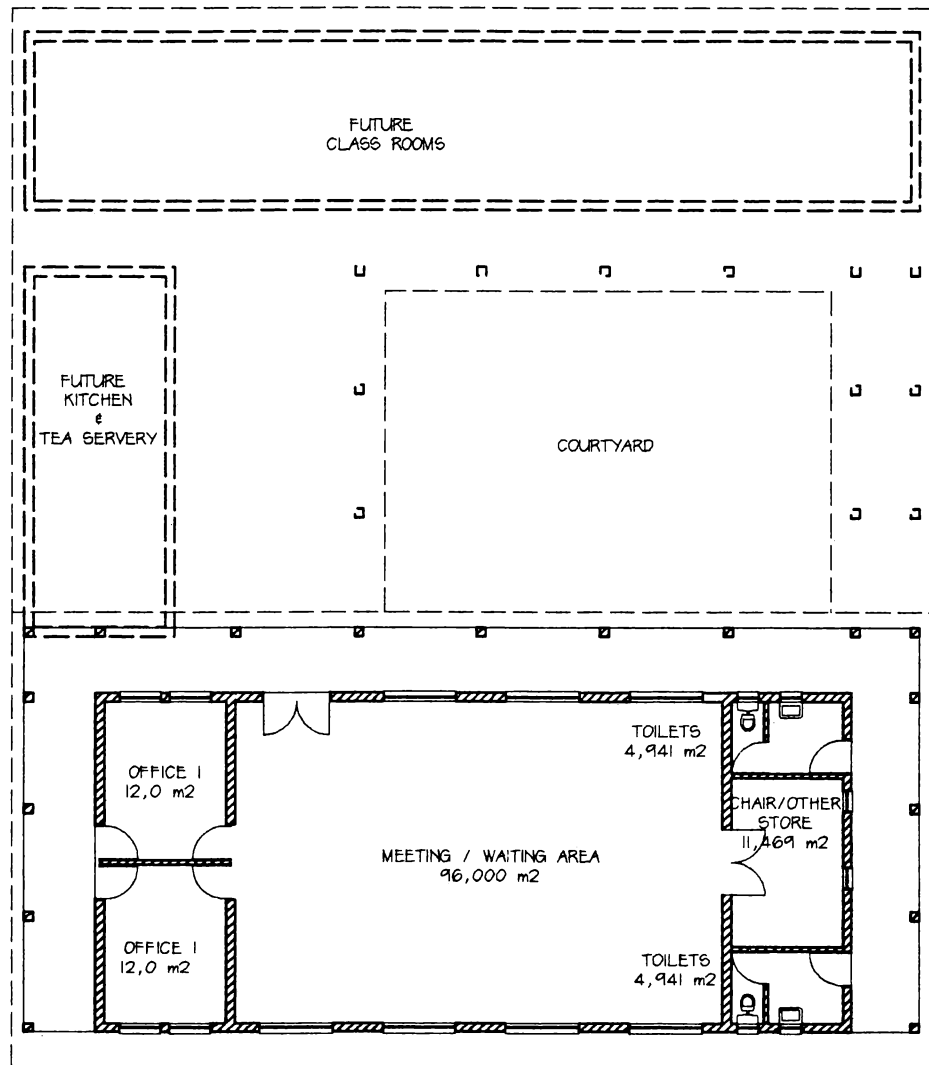
The following activities were identified in the Workshop as necessary for the implementation of the community development component:



NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

PROPOSED COMMUNITY
CENTRE

PLAN No. 4



PLAN

TOTAL AREA OF BUILDING = 157,195 m²

157,195 m² @ R 870.00/m²

R 137,000

ADD:

DESIGN CONTINGENCY

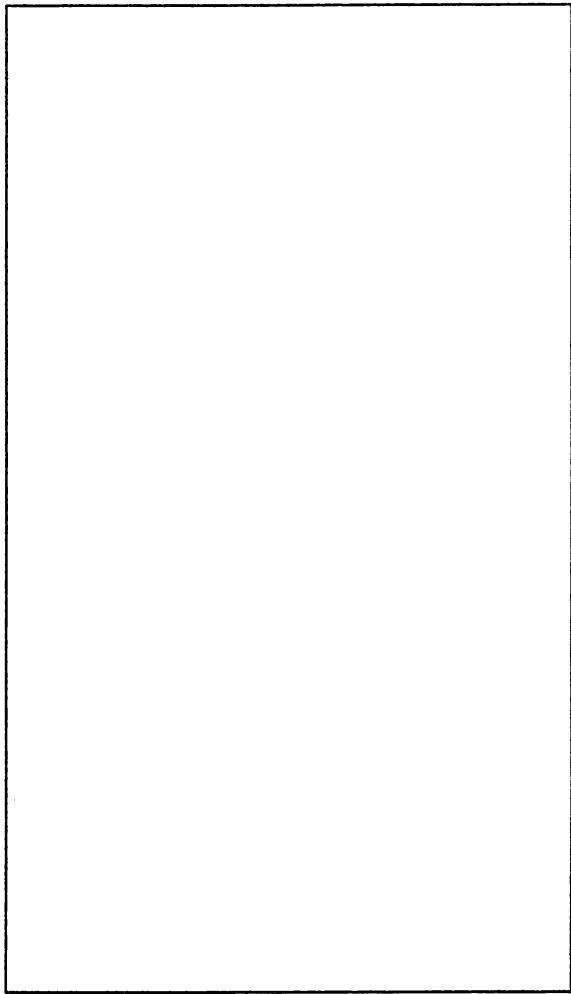
R 8,000

PLANNING, DESIGN & SUPERVISOR COSTS @ 6%

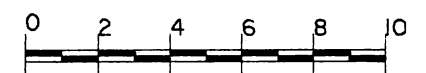
R 5,000

TOTAL ESTIMATED PROJECT COST

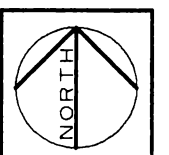
R 150,000



SCALE:



metres



DEC.92

- * Employ and train community development workers;
- * Inform communities about the Windhoek Low-Income Housing Programme;
- * Verify whether community leaders are representing the communities;
- * Facilitate election of area representatives;
- * Promote participation in construction, management and maintenance of infrastructures and community facilities;
- * Make sites available and build community facilities with community participation;
- * Support group actions, i.e. community centers, community services, cleaning up campaigns;
- * Encourage environmental upgrading activities (i.e. tree planting)
- * Support the mobilization of households to improve their homes;
- * Foster the organization of saving groups;
- * Organize participatory workshops with community representatives to share experiences;
- * Enable development of communication networks between the residents, their representatives and NHE, and provide information about possibilities of support.

E. Costs

The bulk of the cost for this component will consist in hiring and training personnel. Training costs and hiring of two community workers are included in costs of consultancy. The Ministry of Local Government and Housing will provide two more community workers for the Programme. To complement the training, after some months of field work, a visit to relevant housing projects in South Africa and Botswana is scheduled for Programme's community development personnel.

A small (DM 40.000) Open End Community Fund is provided in the budget. It will serve the purpose of financing the production of videos and other communication tools, and to support community initiatives. Its use will be under the control of the Chief Technical Advisor.

6. Programme's implementation

6.1 Executing agency

A. Legal base

The executing agency of the Windhoek Low-Income Housing Programme is the National Building and Investment Corporation of Namibia Limited trading as National Housing Enterprise (NHE). The Corporation was established in terms of Proclamation AG. 60 of 1978. It is a statutory body of which the Government of Namibia is the sole shareholder.

The Corporation had been under the supervision of the Ministry of Finance until 1990 when the newly elected Government created the Ministry of Local Government and Housing to whom it is accountable today. The name was changed into NHE, sign of the new image and identity in post-independence time, and an institutional reorganization started which was concluded by mid 1992.

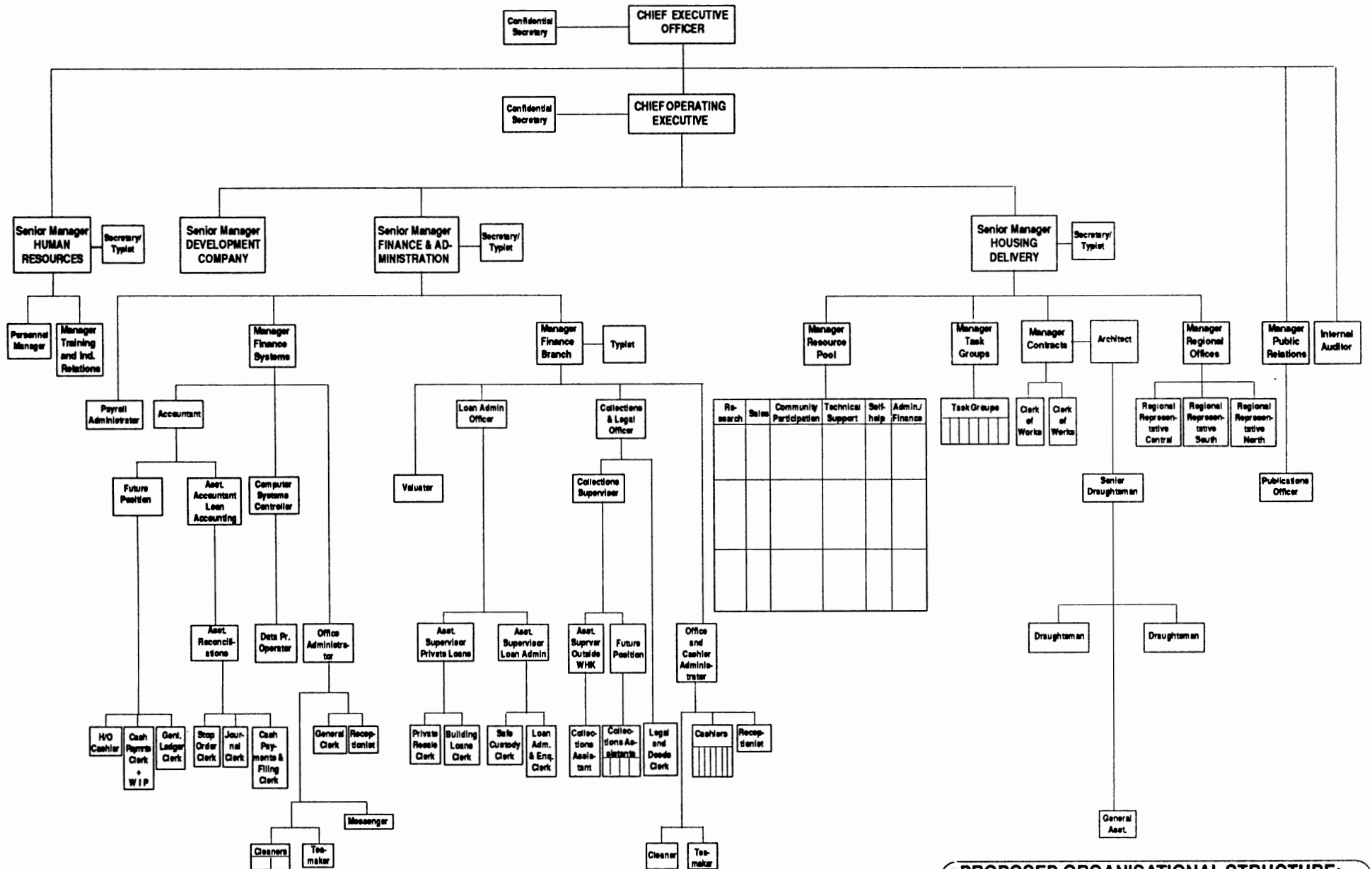
Until the parliamentary proclamation of the new bill of NHE which is expected for 1993, Proclamation AG. 60 of 1978 will remain the legal basis of the Corporation, defining the objective as follows:

"The objects of the Corporation shall be the financing of housing for inhabitants of the territory and generally the providing for the housing needs of such inhabitants."

By directives of MLGH of December 1991 NHE was assigned "the main implementing agency of the National Housing Policy where the private market fails. This mandates the NHE to translate National Housing Policy into action."

B. Organization and management

With the institutional reform a new organizational structure was introduced, shown in the attached chart. NHE is led by a Managing Director and a General Manager. The main operation functions are carried out by two Departments under senior managers, one in charge of financial planning and control, the other providing the technical and social services. A third senior manager takes care of the personnel and human resource development department.



**PROPOSED ORGANISATIONAL STRUCTURE:
NATIONAL HOUSING ENTERPRISE
APRIL 1992**

The two major changes in comparison to the previous organizational structure of NBIC are the introduction of regional offices and of task groups that operate on a regional basis. During 1992 two regional offices have been opened, one in Tsumeb (North), the other one in NHE Keetmanshoop (South), each one run by one permanent officer. The Katutura office hosts most of the collection and some of the loan administration staff (approximately 30 persons).

The task groups are preparing and assisting the projects under community development aspects. A task group is usually formed by a coordinator with a social or technical professional background, a senior community activator and a junior community assistant. There are four task groups: North, South, Central and West. They have special administrative support by two persons who attend according to necessities. A slightly modified task group model has been adopted as organizational structure for the implementation of the Windhoek Low-Income Housing Programme.

In November 1992 NHE's staff complement was 93: 41 in the finance department, 30 in the technical and social services department, 12 in the personnel department, 4 in the regional offices, 2 dealing with public relations, 2 top managers and 2 confidential secretaries.

As any other non-profit making parastatal NHE is controlled by a Board of Directors appointed by Government to represent the different public and private bodies involved in housing. In 1992 the Board has ten members: the Permanent Secretary of the MLGH (Chairman), the Director of Housing of the MLGH, the Managing Director of NHE, representatives of the Ministry of Finance, the Ministry of Transport and of the Municipality of Windhoek, representatives of a building society, real estate agency, legal profession and NGO.

C. Financial status

NHE is a very solidly financed housing institution, as shown in the attached balance sheet at the 30.06.92. Own capital is more than sufficient to cover current assets and liabilities. Debt equity ratio (shareholder's funds to long-term liabilities) is 1: 12,7 and has improved since the last financial year.

Over the years NBIC/NHE has continuously reduced dependence from Government subsidies. When starting operations in 1982, the entire budgetary requirements were covered by Government; in the financial year 1988/89

NATIONAL BUILDING AND INVESTMENT CORPORATION

BALANCE SHEET
30 June 1992

	<u>Notes</u>	<u>1992</u> R	<u>1991</u> R
CAPITAL EMPLOYED			
Share capital	5	68 512 248	60 389 348
Non-distributable reserve	6	37 854 753	29 400 382
		<hr/>	<hr/>
TOTAL SHAREHOLDER'S FUNDS		106 367 001	89 789 730
DEFERRED INCOME	7	2 210 172	2 245 782
LONG-TERM LIABILITIES	8	8 412 351	12 076 507
		<hr/>	<hr/>
		116 989 524	104 112 019
		<hr/>	<hr/>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	9	3 964 717	3 773 527
SUBSIDIARY COMPANY	10	100	100
ADVANCES	11	87 628 685	82 258 269
CURRENT ASSETS			
Sundry debtors		932 895	303 589
Funds at call and on deposit		27 636 583	16 610 155
Bank balances and cash		765 580	430 340
Short-term portion of advances	11	6 213 634	5 201 266
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		35 548 692	22 545 350
CURRENT LIABILITIES			
Creditors		1 759 639	2 159 859
Short-term portion of long-term liabilities	8	8 393 031	2 305 368
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		10 152 670	4 465 227
NET CURRENT ASSETS		25 396 022	18 080 123
		<hr/>	<hr/>
		116 989 524	104 112 019
		<hr/>	<hr/>

28 % of the revenues were Government funds, in the financial 1991/92 only 15 %. Increasingly deposits and mortgage repayments generate NHE's income and additional funding requirements are raised on the national capital market, particularly from the building societies.

The cost structure still suffers from the recent political and institutional changes. Whereas before 1989 development costs were three times or more the value of current expenditures (employment and administration costs), this ratio has dropped dramatically in 1990 and 91 when employment and administration costs exceeded development costs. In a similar way personnel productivity has decreased since 1990 when per person employed more than 8 housing solutions had been produced. For 1992 not even 2 houses are expected per NHE employee. When all projects which are in the pipeline are executed, for the financial year 1992/93 a ratio of more than 6 houses per employee may be achieved. An analysis of the cost structure for the past five budget years is attached.

NHE has inherited a consequent full cost pricing and recovery policy from NBIC. All house costs that can be assigned to the beneficiary are capitalized and incorporated into the selling price, including fees for technical, financial and administrative services and project identification. These overhead costs may total from 15 % to 20 % of the selling price. An evaluation of the criteria used by NHE for overhead calculation in the case of low-income housing programmes is attached as Annex 2/A. Other costs that cannot be attributed to the beneficiary, like community development, a part of loan administration costs, research and policy advise costs, or should not be attributed, like interest subsidies, are charged to the Government.

This market related pricing policy has definitely the enormous advantage that selling prices are not distorted and private developers are not kept away from offering solutions in the same market segment. A relevant critique however is that this market oriented house production comes along with subsidized finance. NHE has realized this problem and will try to apply market interest rates for the first time in the envisaged Programme.

Cost recovery was seriously affected by the political and institutional changes since 1990, but has significantly improved since January 1992 when the Board of Directors decided to take legal action against defaulters. From January till November 1992 approximately 300 served eviction notices were distributed and in 52 cases houses were repossessed. In October 1992 out of 5,600 loans approx. 1,350 (24 %) were in arrears with 3

NBIC COST STRUCTURE - R'000

	1992	1991	1990	1989	1988	1987
1. <u>Capital Expenditure</u>						
Development Cost	5 779	6 438	12 499	14 087	16 853	9 963
2. <u>Current Expenditure</u>						
Employment Cost	5 789	5 005	4 261	3 832	2 758	2 186
Salaries & Wages	3 427	3 116	2 707	2 525	1 884	1 503
Pension/Gratuities	527	496	551	511	400	344
Housing allowance	823	686	542	392	188	140
Motor vehicle allowance	575	448	338	283	194	149
Other employment cost	437	259	123	121	92	50
3. Administrative costs	1 280	1 891	1 077	799	553	446
4. Financing Cost	2 063					
5. <u>Abnormal Cost</u>	<u>1 046</u>	<u>1 451</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. <u>Total Current Expenditure</u>	<u>10 178</u>	<u>8 347</u>	<u>5 763</u>	<u>4 631</u>	<u>3 311</u>	<u>2 632</u>
7. <u>Time analysis of total Current Expenditure</u>						
Public Relations	355	488	272	239	76	57
Services to Government	74	334	342	147	150	160
Community Motivation	895	959	749	526	369	154
Development of systems	6	192	177	202	104	186
Socio-economic research	748	471	326	201	90	53
Loan administration	2 154	2 235	1 895	1 482	959	538
Technical Services	1 513	739	808	868	806	738
Marketing	63	218	473	668	570	467
Conveyancing	83	121	75	93	117	53
Total time value of current expenditure	<u>5 891</u>	<u>5 757</u>	<u>5 137</u>	<u>4 426</u>	<u>3 241</u>	<u>2 406</u>
8. Staff Component	84	83	87	89	73	65
9. Value of outstanding mortgages/loans	82 605	80 883	78 671	70 203	58 789	44 114
10. Number of outstanding loans	5 541	5 543	5 663	5 092	4 354	3 071
11. Number of houses produced	158	351	719	822	1 303	482
12. Financial ratios						
(a) Technical Services Costs:						
Development costs	0,26	0,11	0,065	0,062	0,048	0,074
(b) Loan admin costs : value of loans	0,026	0,028	0,024	0,021	0,016	0,012
(c) Loan admin costs per loan - R	389	403	335	291	220	175
(d) Marketing costs per unit produced - R	399	621	658	813	437	969
13. Average salary per person - R	40 798	37 542	31 115	28 370	25 808	23 123
14. Consumer Price Index (December)	539,9	445,5(90)	401,7(89)	322,9(88)	275,8(87)	249,5(86)
15. Inflation Rate	21,2%	10,9%	24,4%	17%	10,5%	

Average 16,8%

months or more. This represented an amount of R 3.3 million, or 3,9 % of totally outstanding balances (R 84 million). 97.6 % of the envisaged payments were collected, compared to 63 % in December 1991.

NHE has developed a simple and efficient way of following up arrears and communicating sanctions with letters of different color; a red letter is used to announce eviction, providing the last chance to pay the arrears or re-schedule the debt. Different possibilities of re-scheduling debt exist, from short-term acknowledgement to a totally new loan agreement after reassessment of the property.

D. Relation to target groups

From the beginning the corporation had a clear orientation to address the housing needs of the poor usually defined as households with monthly incomes less than three times PHSL. This limit is practically defined by access criteria. Households with higher incomes have access to private sector housing finance and housing solutions offered in the market. Below the limit access to home ownership of a market solution is very difficult; banks and building societies are reluctant to lend to this target group because of higher risks and administration costs involved and private housing developers are also not interested in poorer clients.

NHE, and previously NBIC, follows as strictly as possible market principles of housing delivery, e.g. a full cost approach of pricing, selection of beneficiaries according to affordability, full cost recovery and effective application of sanctions against defaulters. Affordability criteria have excluded the poorest from becoming project beneficiaries. 95 % of NBIC beneficiaries have regular formal sector employment; 5 % are self-employed and in a position to prove a certain level and regularity of income, e.g. taxi drivers. Informally employed households with irregular incomes are usually rejected as borrowers.

From 1989 till 1992 altogether 1,593 housing solutions have been produced and sold, all including the costs of serviced land, with exception of the 299 toilets at Ombili location in the lowest price category (R 2,000 per unit in 1991). The average selling price was R 35,000. Half of total housing solutions have been in the price category between R 20,000 to R 40,000, accounting for more than 46 % of total sales. The following table provides an overview of NHE construction and sales activities since 1989:

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-6

Selling prices of NHE housing solutions 1989 - 92

Unit selling price (R)	No.	Total sales (1,000 R)	%	Av. selling price (R)
up to 10,000	319	807	1.4	2,530
10,001 - 20,000	27	533	1.0	19,741
20,001 - 30,000	489	13,580	24.3	27,771
30,001 - 40,000	307	12,198	21.9	39,733
40,001 - 50,000	194	8,430	15.1	43,554
50,001 - 60,000	40	2,061	3.7	51,525
60,001 - 70,000	57	3,699	6.6	64,895
70,001 - 80,000	28	2,009	3.6	71,750
80,001 - 90,000	39	3,291	5.9	84,385
90,001 -100,000	65	6,171	11.1	94,938
over 100,000	28	2,995	5.4	106,964
Total	1,593	55,774	100.0	35,012

Source: NHE Technical and Social Services Department
Note: The original prices have been adjusted assuming
an average inflation of 15 % per year.

Recent changes have been accompanied by a growing awareness of the necessity of community development as an integral part of low-income housing projects. Whereas NBIC was very much oriented towards the provision of the housing product, NHE is increasingly recognizing the process character of low-income housing. The following projects provided NHE with important experiences of self-help and community development support:

- 3 "pole-and-roof" projects in Windhoek (29 units, implemented in 1986), Gobabis (25) and Otjiwarongo (40): The project provided a roof structure with a wet core and foundations, at a selling price of between R 13,000/R 28,000 including the serviced site; the beneficiaries later on erected the walls with their own means in Windhoek and the other towns with NHE support.

- Site-and-services projects in Koës, Arob, Ariamsvlei and Grünau, rural locations in southern Namibia, altogether 120 loans in the range of R 1,500/2,500 self-administered by cooperatives, from 1988 till 1990.

j
- The WAS (Windhoek Assisted Self-help) Project in 1991/92: 41 houses were built by local builders with materials which the project provided in bulk; the beneficiaries participated with their labour in construction.

- Hainyeko project in 1992: 907 units, originally designed for male lodgers, were improved by the community and converted into family houses, mainly by building

separate toilets and building additional rooms, with funds made available by MLGH and NHE after a payment boycott.

A completely new experience with another target group was the resettlement of more than 800 households who squatted in front of the Single Quarters area in Katutura. NHE, in accordance with the MLGH, bought the land from the Municipality and organized a peaceful resettlement process in only three months, from July to September 1992, making intensive use of community activators. It is this group of people who will be the beneficiaries of the resettlement area upgrading subprogramme.

E. Implementation capacity

NHE is a typical Third World housing institution as far as it covers all functions of the housing process which in industrialized countries with a fully developed housing market are carried out by specialized agents: buying developed land, planning of a housing scheme, tendering and supervision of construction, selling (traditional developer functions), financing (building society function), resettlement, community development and research (other functions). The normal NHE product is a package of a contractor built low-income solution on a plot which is developed by a municipality, linked to a long-term loan with subsidized interest rates.

Concerning managerial and professional skills, administrative efficiency, accountability and institutional reliability NHE has achieved a high standard, comparable to similar institutions in developed countries. NHE will have the managerial and professional skills for overall implementation of the Windhoek Low-Income Housing Programme.

6.2 Programme's organization and management

NHE, as the executing agency for the Programme, will have overall responsibility for all aspects of implementation, including the coordination with other participating agencies, the provision of sufficient and adequate personnel and for the use of KfW funds. NHE's institutional resources will be made available to facilitate the execution of Programme related tasks.

A. Steering Committee

The implementation of the Programme will be monitored and supervised by a Steering Committee. Chaired by NHE's General Manager, the Committee will include representatives of the Ministry of Local Government and

Housing, the Municipality, the Financial Institutions, the Beneficiaries and the Consultant's Chief Technical Advisor. NHE's Programme Coordinator will act as executive secretary.

The Steering Committee shall meet at least quarterly. Besides its monitoring and supervising functions, it will coordinate actions between participating agencies and will make final decisions regarding selection of beneficiaries.

B. Special Task Group

NHE will create a Special Task Group to be in charge of day to day implementation of the Programme. A senior professional, reporting directly to the Senior Manager, Technical and Social Services, will be the full-time Programme Coordinator. He will organize and supervise the execution of the upgrading and core-house sub-projects and its supporting components. He will be assisted in his task by a Field Coordinator provided on a permanent full-time basis by the Consultant.

Three field teams, each one consisting of one community development worker and one self-help construction advisor will complement the task force. They will establish a permanent presence in the project areas, assisting with community development, selection of beneficiaries, self-help improvements, building material loans and related tasks.

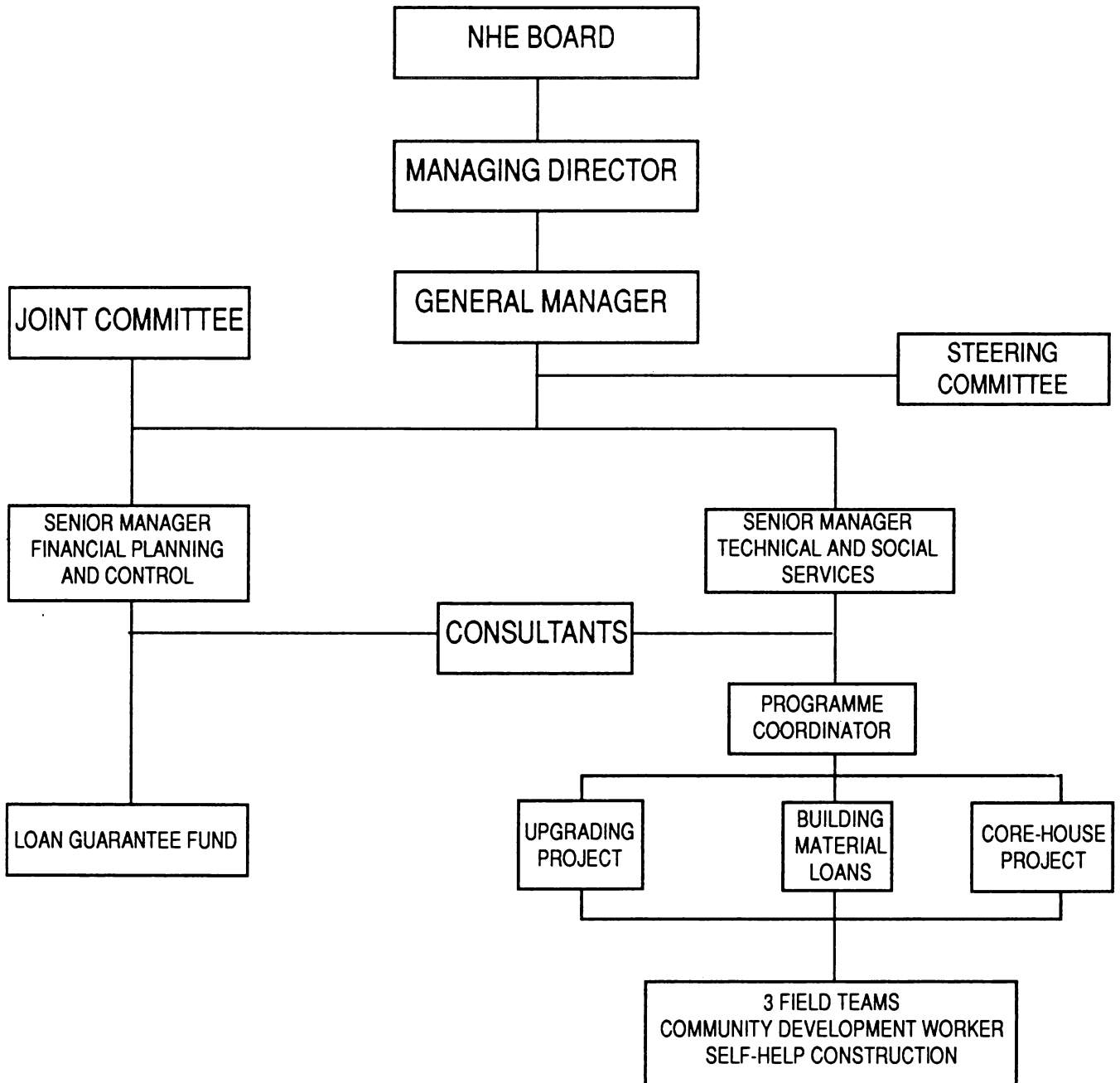
Support from NHE's existing divisions will be available to assist in specific tasks like preparing technical designs for buildings and infrastructures, tendering and contracting works, procurement of equipment or materials, legal advice, loan administration, financial control of the Programme, communications etc.

C. Management of the Loan Guarantee Fund

This sub-project will operate basically outside NHE, which will have only controlling and supervising functions. A Joint Committee presided by NHE and including representatives of the Banks, Building Societies and the Consultant will be established; it will elaborate the rules and manual of operation for the Fund and meet regularly to evaluate its performance.

NHE's Senior Manager of the Financial, Planning and Control Division will be in charge of the day-to-day supervision of the Fund. After participating in the negotiations to establish the Fund, his tasks will include to establish the Fund and monitor the account, to receive and file copies of all guaranteed loan contracts

SPECIAL TASK GROUP ORGANIZATIONAL CHART



and evaluate claims. He will be assisted by NHE's staff from his Division. No additional personnel will be required. The attached chart shows the proposed organization for Programme's implementation.

D. Consultancy support requirements

The Consultant's tasks for the implementation phase can be classified into three categories:

* Tasks related to the KFW supervision and control conditions (countersigning cheques, monitoring and evaluation, progress reports, etc.). They will be the responsibility of the Chief Technical Advisor, assisted by the Field Coordinator Advisor.

* Tasks related to skills that are not readily available at NHE but necessary for successful implementation (training experts, construction advisors, community development workers, advisors on building material loan scheme and on policy issues, evaluation and programme revision, etc.). These tasks will be organized and performed by SUM Consult's team of international advisors.

* Tasks related to skills that are basically available at NHE but not for the Programme because of personnel shortage (community workers and field coordinator). They will be performed on a permanent basis by Kerry McNamara Architects personnel. NHE has expressed interest in the possibility of including the hiring of building technicians as an extension of the consultant's contract.

With reference to the different activities identified to carry out the Programme components the following observations can be made:

IMPROVEMENT OF INFRASTRUCTURES AND SERVICES: As these kind of activities are usually carried out by municipalities, NHE does not have direct experience with this component. Technical skills are however highly developed at NHE. Some limited support may be necessary, e.g. for the introduction of new low-cost sewerage solutions.

CORE-HOUSE PROJECT: The Programme component where NHE has most experiences and which fits best into existing routines. Limited support may be useful to develop appropriate standards.

LOAN GUARANTEE FUND: An innovative component with little personnel requirements. The head of the finance department who helped develop the proposal will assume

the implementation responsibility himself. Support is required to monitor performance and adjust the operation procedures.

BUILDING MATERIALS LOAN SCHEME: Although there are some precedents (WASP, Hainyeko), implementation capacity for a large-scale building material loan scheme is limited. Support is required to elaborate a detailed manual of operations, train construction advisors and introduce a monitoring system.

COMMUNITY DEVELOPMENT SUPPORT: Implementation capacity for this component is limited; NHE has some experiences in this field gained in small pilot projects. Support is required to elaborate procedures and train community development workers.

6.3 Other participating agencies

Besides NHE and the Consultants, implementation of the Programme will involve the active participation of the KfW, the Ministry of Local Government and Housing, the Municipality, the beneficiaries, the private sector, other public institutions and Non-Governmental Organizations.

At the Participative Planning Workshop specific contributions from these agents were defined for each expected result (see Annex 1/A for details); they will cover the following areas:

KfW: Donor of funds

MLGH: Coordinate implementation of the National Housing Policy; nominate a delegate for the Steering Committee; provide community development personnel (to be trained by the Programme); assist in coordinating with the Municipality a revision of development standards, in informing the community, send customers for loans.

Municipality: Nominate delegate for Steering Committee, provide personnel to be trained and assist with training for special purposes; provide land for community purposes; provide technical information; make available collection points for loan repayment, sell land for core-house projects and try to modify cost recovery procedures to allow for incremental developments.

Beneficiaries/community: Elect and nominate area representative for Steering Committee; organize labour, management and maintenance of community centers; initial savings, loan repayment and management of housing process; participate in design of appropriate solutions and assist in spreading of information.

Private sector: Nominate representatives for Loan Guarantee Fund Joint Committee, organize initial savings and grant guaranteed loans with own resources.

NGOs: Provide trainees, share and help disseminate own experiences with Programme and others.

Efforts will be made to coordinate with the Ministries of Health and Education the provision of services under their responsibility.

6.4 Implementation schedule

After approval by KfW of the Inception Report, implementation of the Windhoek Low-Income Housing Programme is expected to start early in 1993. A general work program is attached.

6.5 Monitoring and evaluation

Appropriate monitoring procedures for each different sub-project and component will be elaborated. Day-to-day supervision and monitoring of implementation will be the responsibility of the Programme Coordinator assisted by the consultant.

An evaluation of the operation of the Building Materials Loan Scheme is scheduled for July/93 to assess the feasibility of extending its operation to other areas.

An evaluation of the Loan Guarantee Fund is scheduled after one year of operation. Details of its purpose are given in Annex 5/D.

A Participatory Planning Workshop to evaluate progress and propose adjustments if required is scheduled for March 1994. At the end of the Consultant's assignment a final evaluation will be prepared, and recommendations for the continuation of the Windhoek Low-Income Housing Programme included.

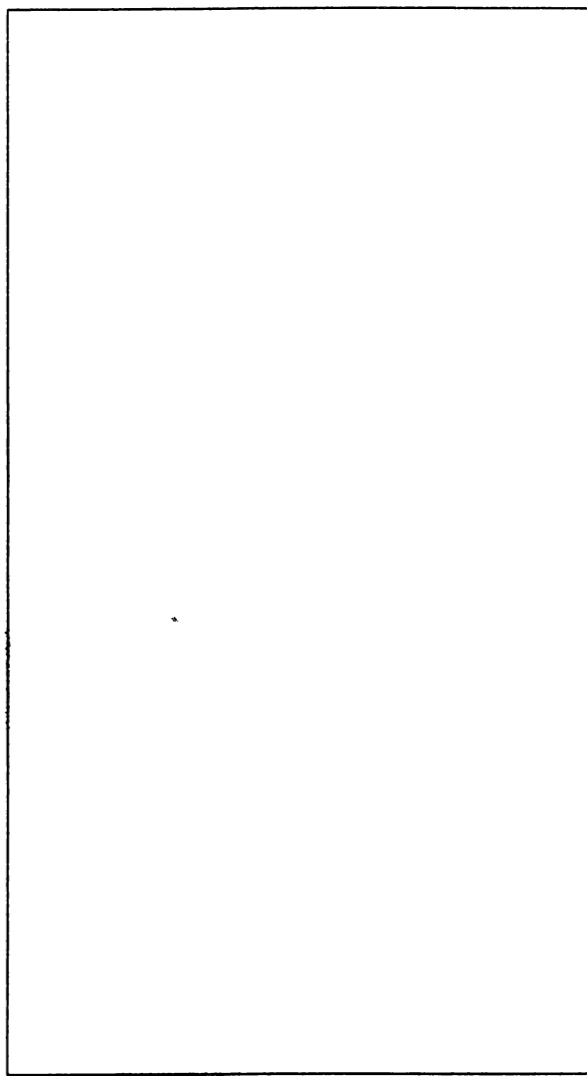
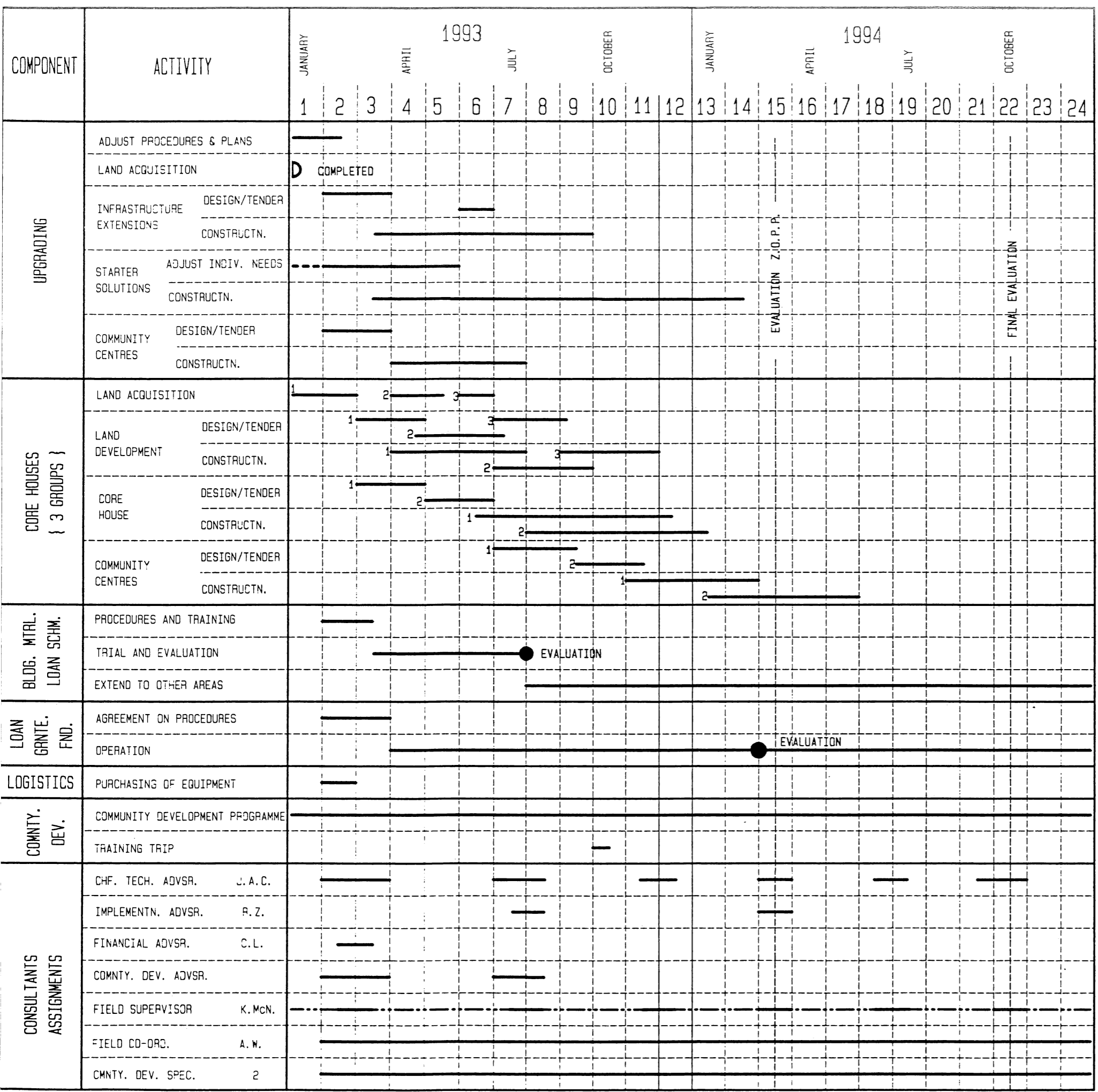
6.6 Contracting and procurement

All contracts for works and purchases of materials will be performed in accordance with the conditions established in the Financing Agreement and Separate Agreement.

NHE current tendering and contractual procedures are fully in accordance with internationally accepted commercial practices. They are referred to the Standard

NHE-KfW
WINDHOEK LOW INCOME
HOUSING PROGRAMME

WORK PROGRAMME
FOR THE
IMPLEMENTATION PHASE



Contractual Terms and Conditions developed by the South African Association of Consulting Engineers.

6.7 Operation and maintenance

Operation and maintenance of all public infrastructures: streets, water, sewerage and electricity lines are the responsibility of the Municipality of Windhoek, that also collects the garbage and, in future, will undertake maintenance of the aqua-privies. To defray the costs, monthly fees are charged as "Remunerative Services".

The existing public toilets are been operated and maintained by the families using them; it might be noted that, despite an intensive use, they are extremely clean and well kept. For the use of communal stand pipes a fee to pay the Municipality's charge is collected by the committees. A similar system will be used for future extension of these services.

The community centers will be operated and maintained by the communities, that will also collaborate in the construction. This question is already under discussion with committees' members in the resettlement areas with the aim of reaching agreement on the modes before beginning the construction.

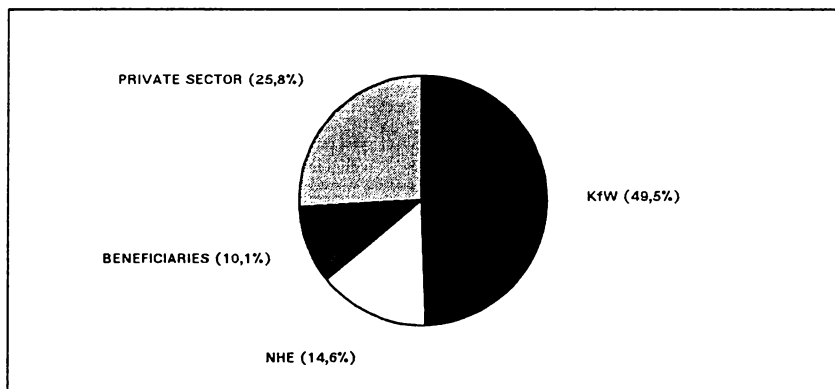
As already stated, each head of household will be responsible for managing his/her house construction process and for mantaining the dwelling.

7. Costs, financing and related matters

7.1 Costs and sources of financing

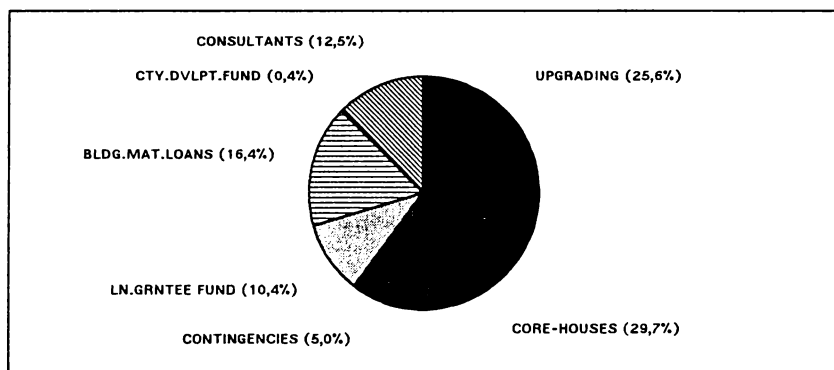
The total cost of the Programme will be Rs. 34.904.300 equivalent to DM 19.391.300 (exchange rate used for all calculations is 1DM = Rs.1,8). Out of this total, Rs. 17.280.000 (DM 9.600.000), 49,5% will be financed by KfW grant contribution; Rs 5.096.000, 14,6%, will be NHE counterpart contribution; Rs. 3.528.300, 10,1% will be the beneficiary's contribution in cash and as sweat equity, and Rs. 9.000.000, 25,8% will be private sector funds mobilized by the Programme.

SOURCES OF FINANCING



22,6% of total Programme funds will be used for the upgrading project (25,6% of KfW funds); 21,5% for the core-house project (29,7% of KfW funds); 33,8% for the loan guarantee project (10,4% of KfW funds); 11,5% for the building materials revolving fund (16,4% of KfW funds). The remaining 10,6% (17,8% of KfW funds) will be used for other purposes as detailed in the attached Programme's budget.

% OF KfW FUNDS
Projects and components



WINDHOEK LOW-INCOME HOUSING PROGRAMME - GENERAL BUDGET

SUB-PROGRAMMES/ COMPONENTS	NR.OF HSG. SOLUTIONS	UNIT COSTS RS	TOTAL COSTS RS	TOTAL COSTS DM	SOURCE OF FINANCING		% OF				
					KfW-DM	KfW-RS	NHE-RS	BENEF-RS	PRVTE.SECTOR	TOTAL COST	% OF KfW FUNDS
1. UPGRADING RSTLT.AREAS	960		7.882,0	4.378,9	2.457,2	4.423,0	2.545,7	913,3	0,0	22,58	25,60
Land & basic infrastr.	960	5,0	4.800,0	2.666,7	1.066,7	1.920,0	2.400,0	480,0	xx		
* Infrastr.extension	xx	832,0	832,0	462,2	430,5	774,9	45,1	12,0	xx		
* Starter solutions	600	3,0	1.800,0	1.000,0	739,6	1.331,2	77,5	391,3	xx		
* Community centers	3	150,0	450,0	250,0	220,5	396,9	23,1	30,0	xx		
2. CORE-HOUSES			7.500,0	4.166,7	2.849,7	5.129,5	1.630,5	740,0	xx	21,49	29,68
Land & basic infrastr.	400	3,7	1.480,0	822,2	xx	xx	1.332,0	148,0	xx		
* Land development	400	2,8	1.120,0	622,2	529,2	952,6	55,4	112,0	xx		
* Core-house construct.	400	11,5	4.600,0	2.555,6	2.173,5	3.912,3	227,7	460,0	xx		
* Community centers	2	150,0	300,0	166,7	147,0	264,6	15,4	20,0	xx		
3. CONTINGENCIES	(10% of #)		908,5	504,7	477,0	858,5	50,0	0,0	0,0	2,60	4,97
4. LOAN GUARANTEE FUND			11.800,0	6.555,6	1.000,0	1.800,0	0,0	1.000,0	9.000,0	33,81	10,42
LGF			1.800,0	1.000,0	1.000,0	1.800,0	xx	xx	xx		
400 Lns/2yrs		25,0	10.000,0	5.555,6	xx	xx	xx	1.000,0	9.000,0		
5. BLDG.MATERIAL LOANS	1000	4,0	4.025,0	2.236,1	1.576,8	2.838,2	311,9	875,0	0,0	11,53	16,42
6. CTY. DEVELOPMENT FUND			80,0	44,4	40,0	72,1	7,9	xx	xx	0,23	0,42
Production of 2 videos			20,0	11,1	10,0	18,0	2,0	xx	xx		
Unassigned			60,0	33,3	30,0	54,1	5,9	xx	xx		
7. NHE PERSONNEL COSTS			550,0	305,6	0,0	0,0	550,0	0,0	0,0	1,58	xx
8. CONSULTANTS			2.158,8	1.199,3	1.199,3	2.158,8	0,0	0,0	0,0	6,18	12,49
Inception phase			519,8	288,8	288,8	519,8	xx	xx	xx		
Implementation phase			1.638,9	910,5	910,5	1.638,9	xx	xx	xx		
9. TOTALS			34.904,3	19.391,3	9.600,0	17.280,0	5.096,0	3.528,3	9.000,0	100,00	100,00

All figures x 1000

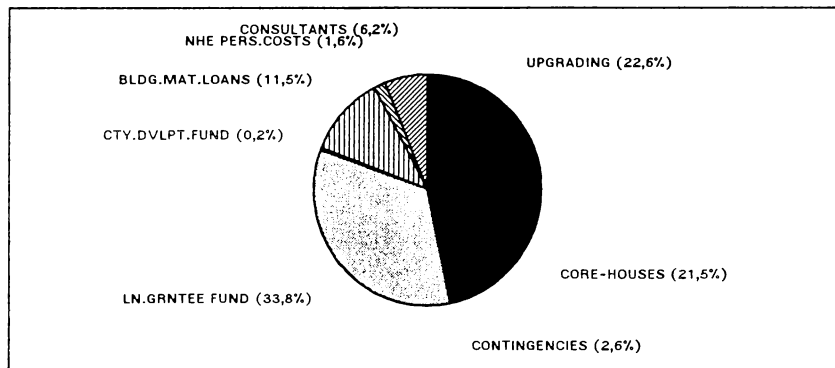
1DM=1,8 RS

Numbers rounded; they might not add up exactly

* Costs considered for contingencies calculation

Estimated number of solutions: 2600

% OF TOTAL COSTS OF WLIHP
Projects and components



The following criteria have been used to impute the different kind expenditures among the various sources of funding:

KfW GRANT: Money from the KfW grant will be used to pay for construction and contingency costs of infrastructures, starter solutions, core houses and community centers, to finance the building material loans and the loan guarantee fund, the open end community fund and consultancy fees. As stated in Chapter 3, some of these components will be subsidized. Costs have been estimated at Sept.92 prices; details on calculations can be found in chapter 3 and relevant annexes.

Note: It has been agreed that interest earned by KfW funds deposited in Namibia will be applied by NHE to the financing of the Programme. Till December 1/1992, the amount deposited by KfW in the Commercial Bank of Namibia had produced Rs 186.253 in interests. Total amount in the account was of Rs.3.913.931 at the same date.

NHE COUNTERPART CONTRIBUTION: NHE will finance the purchase of land both for the upgrading project (already disbursed) and the core house project. 340.000 m² of partially developed land were bought for the resettlement of squatters at an average price of some 15m². Cost of this land is included in the Programme's budget on the basis of the selling prices established by NHE: Rs. 4.600 for the 286 Goreangab plots (Rs.1.315.600) and Rs.5.160 for the 674 plots in Okuryangawa (Rs.3.477.840). Actual amount paid to the Municipality is probably slightly higher, but the total cost of the land is not yet established as some issues affecting the price are still under discussion. According to Municipal practices, the amount includes costs of bulk services to the area plus costs of planning, surveying and some land development. Average price of block land to be purchased for the core-house project is estimated at Rs.15/m².

As established in the financing agreement (paragraph 1.3), NHE will also have to assume the payment of the 11% General Sales Tax in all Programme's purchases subject to it. The following assumptions were made to estimate the amount involved:

- i) Regarding construction costs, GST is paid on the purchase of building materials. As an average for this kind of construction it was estimated that building materials constitute 50% of the total cost, and this percentage was used to calculate the amount of GST.
- ii) For the building material loans, it was assumed that 90% of the funds would go for the purchase of materials, and the remaining 10% would be used for other purposes.
- iii) For the purchase of equipment, the GST was estimated over the total amount to be spent.
- iv) When corresponding, the beneficiaries' contribution (assumed to cover also the GST) was deducted from the total amount prior to calculation.

NHE will also assume as counterpart contribution the costs of its personnel directly involved in the execution of the Programme. An amount of Rs.550.000 was estimated on the basis of the cost of 2 years of the Programme's coordinator (a senior NHE's officer) plus part time work of several other NHE's managers and employees.

BENEFICIARIES' CONTRIBUTION: To estimate the amount, only direct contributions in cash or kind have been taken into account. Although it is expected that once started the Programme will mobilize many other resources, it would not be possible to value them at this stage. Direct contributions will be of three sorts:

- i) Initial savings: 10% of the amount of the selected housing solution;
- ii) Sweat equity: For infrastructure extensions and construction of community centers it is estimated at Rs. 70.000. Value of self-help labour added to loan amounts in starter solutions and building material credits has been estimated at 15% of the loans.
- iii) Loan repayments: Amounts received by NHE as repayment of loans are not included as an initial source of finance but will constitute a source of financement for future programmes addressed to low-income target groups.

PRIVATE SECTOR CONTRIBUTION: It has been estimated assuming that in the first two years of execution the participating financial institutions will adjudicate 400 guaranteed loans of an average amount of Rs.25.000. Administration costs incurred will be included in the benefits produced by loan returns.

The combination of all the resources that will be mobilized by KfW's grant with an innovative approach to low-income housing is expected to permit the Programme to assist over 2000 families in improving their present housing situation.

7.2 Subsidies and loan conditions

The following costs will not be recovered and may be considered as indirect subsidies:

i) Community centers	Rs. 750.000
ii) Community development fund	Rs. 80.000
iii) NHE personnel	Rs. 550.000
iv) Consultancy costs	Rs. 1.190.130

	Rs. 2.570.130

equivalent to 7% of the total cost of the Programme. The justification for these subsidies is that the Programme involves substantial institutional strengthening, proposing the implementation of new instruments that will permit NHE to reach lower income groups than it has done till now.

The question of direct subsidies to the households is not yet solved. A National Housing Policy goal is "to phase out the current practice of subsidising loan interest rates and applying the necessary subsidies in the form of a one time, up-front subsidy for the acquisition of serviced building plots".

Up-front subsidies were proposed for the original Otjomuise Project. NHE and the Consultant strongly support this policy goal as up-front subsidies, besides being financially healthier for the Government in the medium-term, tend to favor the lowest income groups. However, at the time of preparation of this Inception Report no decision regarding a shift from interest-rate to up-front subsidies was taken. NHE will promote and try to obtain from the Government a decision on this crucial issue before the WLIHP implementation phase begins.

As this question affects the affordability of the proposed solutions in the upgrading and core-house Projects, the two possibilities will be analyzed. Loans given by financial institutions participating in the Loan

Guarantee Fund Project will be at market rates. The usual term is 20 years. It is noted that market interest rates have been recently (Nov/92) reduced by 0,5 to 1 percentage point. They stand now between 17,5 and 18%.

NHE has decided to adopt 15 years as maximum term of loans granted within the Programme; longer terms increase interest repayment without substantially reducing monthly installments for a given capital. Building material loans will be for shorter terms (6 months to 5 years) and at market interest rates.

All beneficiaries will be required an initial saving of 10% of the cost of their housing solution, either in cash or as contract saving over a period of time to be established.

7.3 Affordability and cost recovery

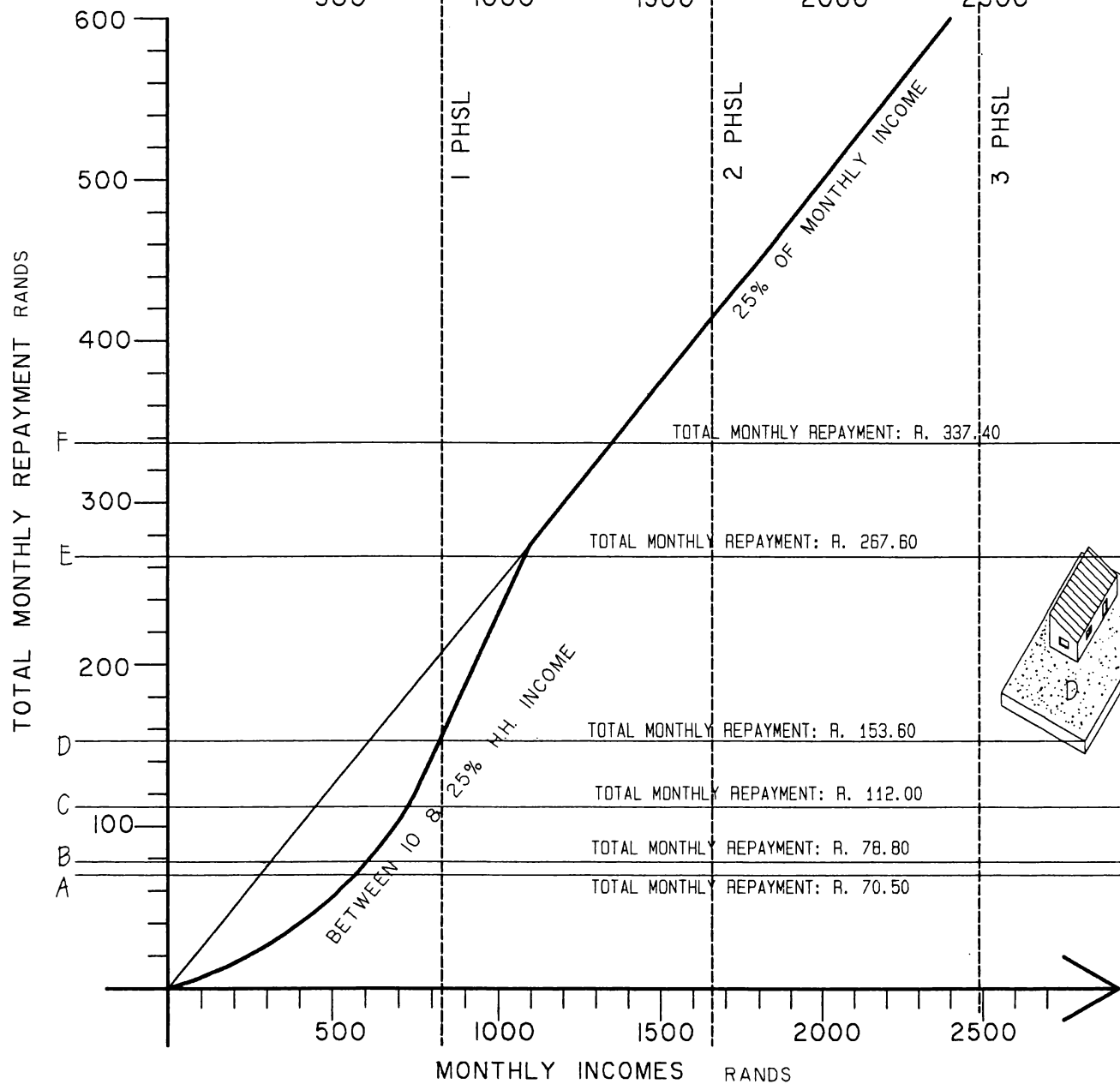
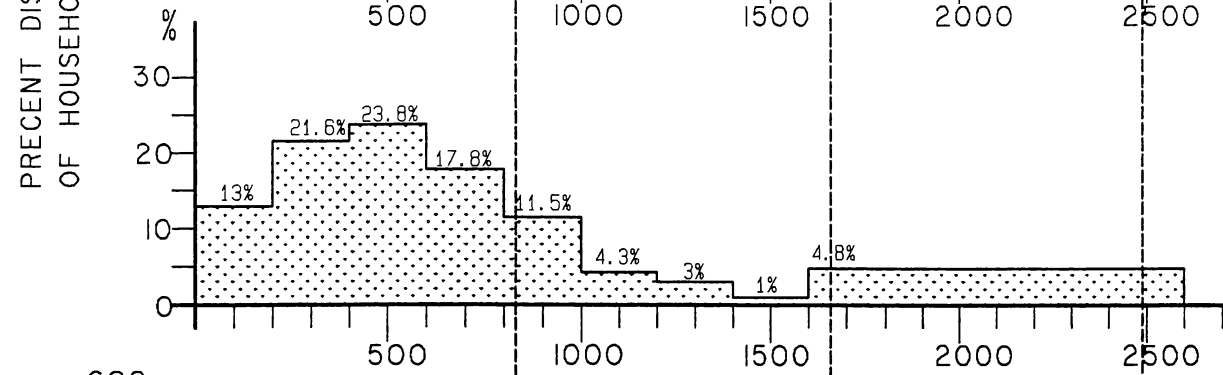
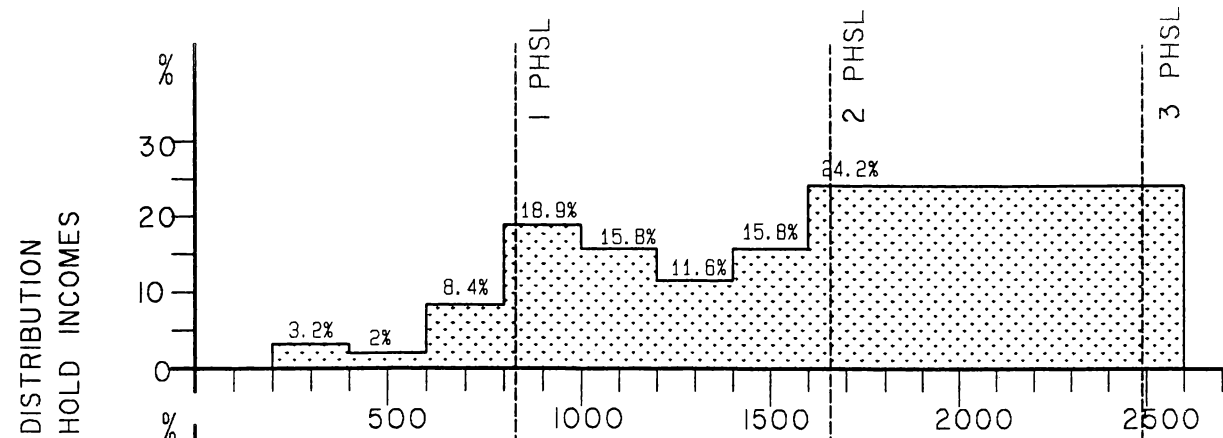
The Programme offers a wide range of options, the possibility to each individual beneficiary to actively participate in tailoring a housing solution according to his/her situation and to further develop it at their own pace. It is therefore expected that most families within the selected target groups will be able to find a solution they can afford.

Monthly repayment capacity of each household should be assessed by the social workers while discussing its particular request; loan contracts should not be formalized before the 10% initial saving is integrated. As a general rule, the financial burden arising from loan repayment plus fees and monthly municipal charges should not exceed 25% of the total household income. However, it is estimated that this percentage could be too high for households with monthly incomes below Rs. 1000/1100. The following table indicates the percentages of total income that households in different income brackets may be able to afford, and the percentage of households in each bracket for the different target groups investigated in the socio-economic survey.

MTHLY.INC. IN RS.	SHARE OF INC. FOR HSG.	% OF HHLDS. RSTTL.AREAS	% HHLDS NHE LIST	AFFORDB. INSTALT.
< 200	10,0%	13,0%	-	< 20
201- 400	10,0%	21,6%	3,2%	< 40
401- 600	10-12,5%	23,6%	2,0%	40- 75
601- 800	12,5-17,5%	17,8%	8,4%	75-140
801-1000	17,5-23,0%	11,5%	18,9%	140-230
1001-1200	23,0-25,0%	4,3%	15,8%	230-300
1201-1600	25,0%	3,4%	27,5%	300-400
> -1601	25,0%	4,8%	24,2%	>-400

NHE-KfW WINDHOEK LOW INCOME HOUSING PROGRAMME

AFFORDABILITY OF PROPOSED HOUSING SOLUTIONS WITH UP-FRONT SUBSIDIES



LEGEND:

P.H.S.L. R. 829.91pm ±SEPT. 92

- A: PLOT ONLY: R. 5 000.00
- B: PLOT AND FOUNDATIONS FOR ONE ROOM: R. 5 100.00
- C: PLOT AND ONE ROOM: R. 8 000.00
- D: PLOT AND TWO ROOMS: R. 9 000.00
- E: PLOT AND ONE ROOM CORE: R. 14 853.00
- F: PLOT AND TWO ROOM CORE: R. 19 889.00

The subsidy scheme finally adopted for the Programme will obviously affect the kind of solution that these amounts may pay for. Monthly repayments in the upgrading and core-house projects have been calculated for both possible subsidy situations based on the following criteria:

UP-FRONT SUBSIDIES: For the upgrading project Rs. 2000 and for the core-house project Rs.1500 have been applied as up-front subsidies for plot purchase, the justification being that this subsidies will partially finance costs of infrastructures included in the price of the land. The balance of the loan will be repaid over 15 years with a 17% interest rate. Monthly municipal and NHE charges of Rs. 32 in the upgrading areas, Rs. 85 in the core-house project and Rs. 115 in the loan guarantee fund solutions are included in the calculations.

INTEREST-RATE SUBSIDIES: NHE's current policy charges a 9% interest rate on loans up to Rs.13.000; and gradually increases rates according to loan amounts: from Rs.13/14.000-10%; Rs.14/15.000-10,5%; Rs.15/16.000-11%; Rs.16/17.000-11,5%; Rs.17/18.000-12%; 18/19.000-12,5%; Rs.19/20.000-13%; Rs.20/21.000-13,5%; Rs.21/22.000-14%; 22/30.000-14,5%; over 30.000-18%. The same amounts of municipal and NHE charges has been considered.

The two tables in the next page explore what a household can afford with the income available for housing in the envisaged subsidy situations. The attached charts attempt to visualize the whole affordability analysis.

Loan recovery will be managed directly by NHE, who has personnel, experience and adequate procedures to handle the task. Existing site offices in Katutura and Khomasdal and the future community centers may be used for this purpose. Amounts recovered will be accounted for separately and used for future low-income housing programmes.

Despite all efforts to provide solutions to every income level within the target groups, it is evident that households in the resettlement areas earning less than Rs. 2/300 per month will not be capable to repay even for the plot and municipal services. No easy solution exist for these cases short of outright giveaways. In the implementation phase the social workers will evaluate these situations. Alternatives like leasing rather than selling the land may be explored. Some of them could be assisted to organize themselves in saving groups and envisage a slower rhythm of housing development.

AFFORDABILITY ANALYSIS WITH UP-FRONT SUBSIDIES

TYPE OF SOLUTION	AVERAGE COST	UP-FRONT SUBSIDY	10%INIT. SAVING	LOAN MTHLY.REPYMUNICIPAL/ AMOUNT	15 Y-17% OTHER CHGSMTHLY.REP.HH.INCOME	TOTAL MIN.REQD.	
UPGRADING							
A. Land purchase	5000	2000	500	2500	38,5	32	70,5
Land+strtr.solu ⁿ .							
B. +foundations	600	2000	60	3040	46,8	32	78,8
C. +toilet enclos.	750	2000	75	3175	48,9	32	80,9
D. +12m2 room	3000	2000	300	5200	80,0	32	112,0
E. +2 bsc.rooms	6000	2000	600	7900	121,6	32	153,6
CORE-HOUSES							
Cost of land	6.500,0						
F. Land+18m2 core	14.853,0	1.500,0	1.485,3	11.867,7	182,6	85	267,6
G. Land+29m2 core	19.889,0	1.500,0	1.988,9	16.400,1	252,4	85	337,4
CONV.HOUSES(LGF)							
					<u>20 Y-18%</u>		
H. Loan of	20000	xx	2000	18000	277,7	115	392,7
I. Loan of	25000	xx	2500	22500	347,2	115	462,2
J. Loan of	30000	xx	3000	27000	416,6	115	531,6
K. Loan of	35000	xx	3500	31500	486,0	115	601,0

Connection costs:

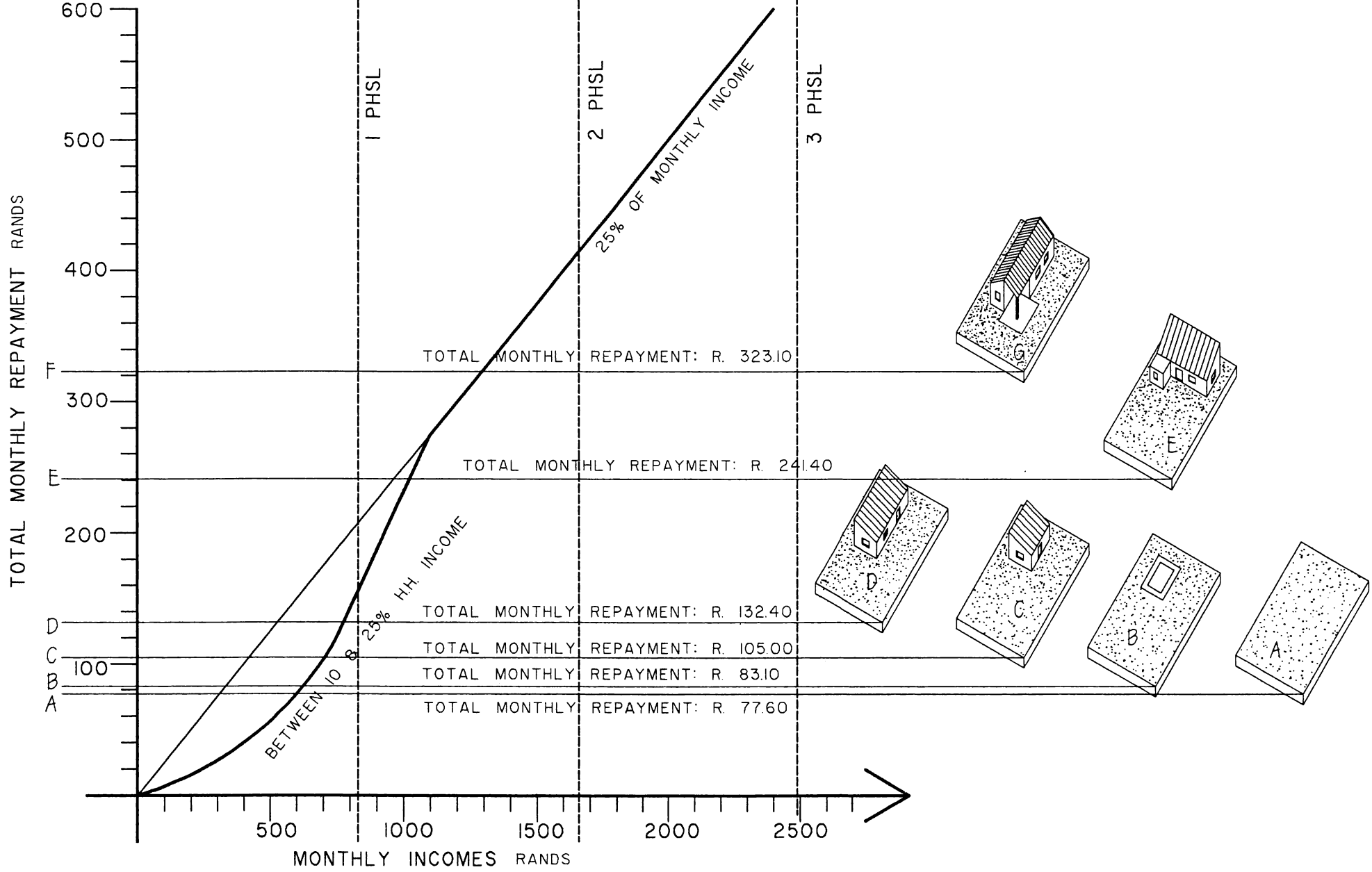
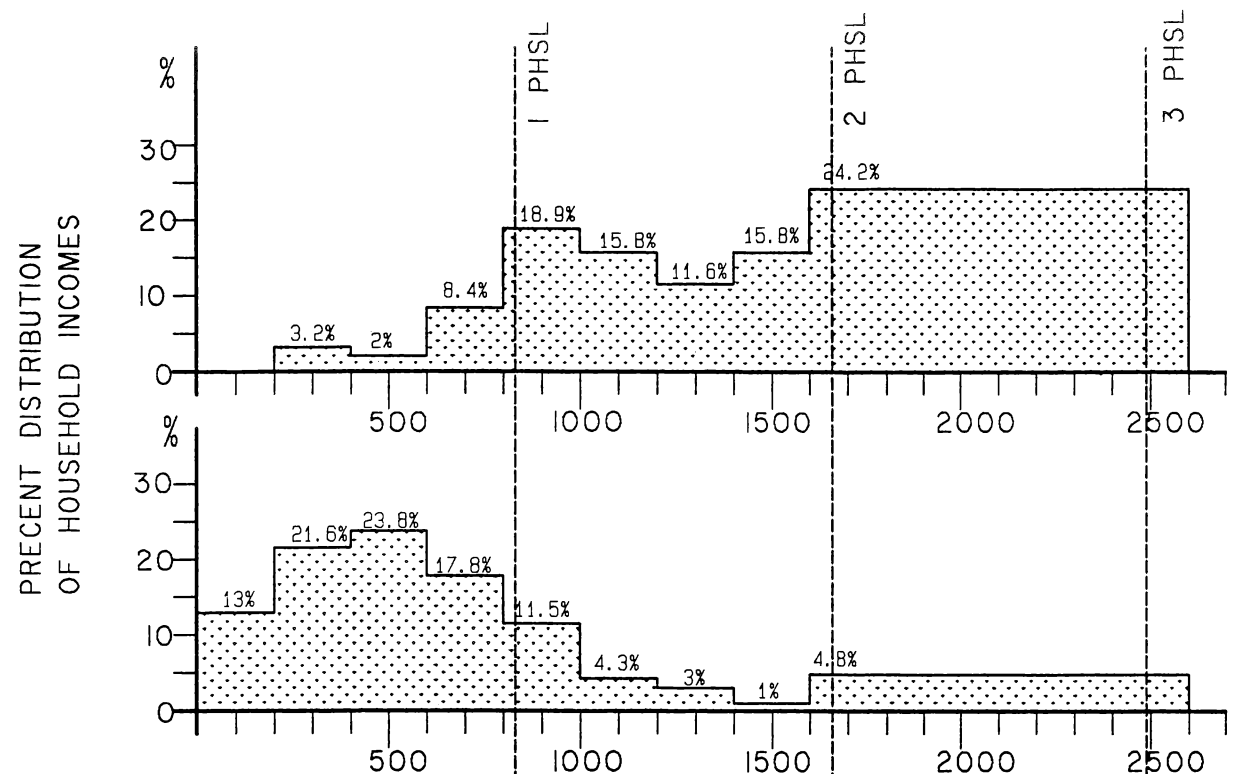
Electricity	Rs.1200
Water	Rs. 675

AFFORDABILITY ANALYSIS WITH INTEREST-RATE SUBSIDIES

TYPE OF SOLUTION	AVERAGE COST	10%INIT. SAVING	LOAN MTHLY.REPYMUNICIPAL/ AMOUNT	15 Y-9% OTHER CHGSMTHLY.REP.HH.INCOME	TOTAL MIN.REQD.	
UPGRADING						
A. Land purchase	5000	500	4500	45,6	32	77,6
Land+starter solu ⁿ .						620
B. +foundations	600	60	5040	51,1	32	83,1
C. +toilet enclos.	750	75	5175	52,5	32	84,5
D. +12m2 room	3000	300	7200	73,0	32	105,0
E. +2 bsc.rooms	6000	600	9900	100,4	32	132,4
CORE-HOUSES						
Cost of land	6.500,0					
F. Land+18 m2 core	14.853,0	1.485,3	13367,7	156,4	85	241,4
				<u>15 Y-14%</u>		966
G. land+29m2 core	19.889,0	1.988,9	17900,1	238,1	85	323,1
CONV.HOUSES(LGF)						
				<u>20 Y-18%</u>		
H. Loan of	20000	2000	18000	277,7	115	392,7
I. Loan of	25000	2500	22500	347,2	115	462,2
J. Loan of	30000	3000	27000	416,6	115	531,6
K. Loan of	35000	3500	31500	486,0	115	601,0

NHE-KfW WINDHOEK LOW INCOME HOUSING PROGRAMME

AFFORDABILITY OF PROPOSED HOUSING SOLUTIONS WITH INTEREST RATE SUBSIDIES



- LEGEND:**
- P.H.S.L. R. 829.91pm SEPT. 92
- A: PLOT ONLY: R. 5 000.00
 - B: PLOT AND FOUNDATIONS
FOR ONE ROOM: R. 5 600.00
 - C: PLOT AND ONE ROOM:
R. 8 000.00
 - D: PLOT AND TWO ROOMS:
R. 11 000.00
 - E: PLOT AND ONE ROOM CORE:
R. 14 853.00
 - F: PLOT AND TWO ROOM CORE:
R. 19 889.00

QUARTERLY DISBURSEMENT SCHEDULE FOR KfW FUNDS

(All figures DM x 1000)

DISBURSEMENTS DM/ COMPONENTS	1992		1993.....				1994.....				TOTALS
	1st.Qtr.	2nd.Qtr.	3rd.Qtr.	4th.Qtr.	5th.Qtr.	6th.Qtr.	7th.Qtr.	8th.Qtr.			
UPGRADING RSTLT.AREAS											
Land & basic infrastr.	1.066,7									1.066,7	
Infrastr.extension	30,5	250,0	150,0							430,5	
Starter solutions	39,6	200,0	300,0	150,0	50					739,6	
Community centers	120,5	80,0	20,0							220,5	
CORE-HOUSES											
Land development		89,2	170,0	170,0	100,0					529,2	
Core-house construct.		350,0	700,0	700,0	350,0	73,5				2.173,5	
Community centers			40,0	33,5	40,0	33,5				147,0	
CONTINGENCIES											
					400,0	77,0				477,0	
LOAN GUARANTEE FUND											
	1.000,0									1.000,0	
BLDG.MATERIAL LOANS											
		276,8		800,0		500,0				1.576,8	
CTY. DEVELOPMENT FUND											
	15,0		15,0		10,0					40,0	
CONSULTANTS											
Inception phase	288,8									288,8	
Implementation phase		200,0	100,0	100,0	100,0	100,0	100,0	110,5		910,5	
TOTALS	288,8	2.472,3	1.346,0	1.495,0	1.953,5	1.050,0	783,9	100,0	110,5	9.600,0	

7.4 DISBURSEMENT SCHEDULE

7.5 Programme's Cash-flow

Two versions have been prepared, one for each possible subsidy scheme. The main difference lies in loan recovery. The following assumptions were made:

INTEREST AND UPFRONT SUBSIDY

For the interest-rate subsidy system, repayment was calculated as follows:

Repayment period of 15 years for core houses and starter shelters, 3 years average for building material loans.

Interest rates of 9% for starter shelters and 11,5% or 14% (depending on amount of loan) for core houses.

For the up-front subsidy system, repayments were calculated as follows:

Repayment period of 15 years for core houses and starter shelters, 3 years average for building material loans.

Interest rate: 17%

VOLUME OF EACH SHELTER TYPE:

Starter Shelters: 960 split as follows:

	Upfront Subsidy	Interest
--	--------------------	----------

600 x	Dm 1680	Dm 2800
360 x	Dm 2800	Dm 3640

Core Houses

	Upfront Subsidy	Interest
--	--------------------	----------

200 x	Dm 8330	Dm 9170
200 x	Dm 11350	Dm 12200

AMOUNT OF UP-FRONT SUBSIDY

Starter Shelters	Dm 1120
Core Houses	Dm 840

REPAYMENT PERCENTAGE

The payment percentage was estimated at 90% in both situations.

SAVINGS

It was assumed that the savings required in the budget would be achieved.

LOAN TAKE UP

A gradual take up and completion of the core houses was used with a completion date of the first houses in the fourth quarter of 1993. The starter shelters would begin repayment in the second quarter of 1993 and the material loans repayment starting in the third quarter of 1993.

LOAN GUARANTEE FUND

Since the loan guarantee fund operates with the private sector the cash flow is shown separately. The following assumption on volumes and loan amounts was used:

Year	Loan Amount	Units per Quarter
1993	Dm 14 000	50
1994	Dm 14 000	50
1995	Dm 16 800	70
1996	Dm 16 800	80
1997	Dm 19 600	90

The claims experience would start with claims of Dm 10 000 per quarter and increase to Dm 18 000 per quarter increasing to Dm 10 000 per quarter by 1997.

The percentage cover on loans by the loan guarantee funds would decrease to 7% at the end of 1997. Therefore one could expect that the fund could not repay the amount to NHE for re-investment into housing loans.

7.6 Financial control

Separate account will be kept by NHE of all Programme's funds; quarterly reports, controlled by the Consultant will be submitted to KfW along with the Progress Reports.

Disbursement of KfW funds will be governed by the "Guidelines for the Disbursement of Funds of German Financial Cooperation with Developing Countries by Kreditanstalt fur Wiederausbau". They will be approved by the Consultant's Chief Technical Advisor.

If an urgent need for funds arises during a period when the CTA is not present in Windhoek, NHE will advance the funds till the CTA's next visit.

QUARTERLY CASH FLOW STATEMENT FOR KFM WINDHOEK LOW INCOME HOUSING PROJECT
(Interest Rate Subsidy)

COMPONENT	1992				1993				1994				1995				1996				1997				Total	
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4		
A.1 Expenditure KFM FUNDS																										
1. Resettlement																										
Land & Infrastruct	1,067																								1,067	
Infrastruct extension	31	250	150		50																				431	
Starter solution	40	200	300	150																					740	
Community Centres	121	80	20																						221	
2. Core Houses																									0	
Land Development		89	170	170	100																				529	
Core house construct		350	700	700	350	74																			2,174	
Community centres			40	34	40	34																			147	
3. Contingencies					400	77																			477	
4. Loan Guarantee Fund	1,000																								1,000	
5. Building Material Loans		277		800		500																			1,577	
6. CTY. Dev Fund	15		15		10																				40	
7. Consultants																									0	
Inception	289																								289	
Implementation	200	100	100	100	100	100	100	111																	911	
8. Total out flow KFM FUNDS	289	2,472	1,346	1,495	1,954	1,050	784	100	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,600
A.2 Expenditure NHE FUNDS																										
1. Resettlement																									0	
Land & Infrastruct	1,344																								1,344	
Infrastruct extension	2	15	9																						25	
Starter solution	2	12	17	9	3																				43	
Community Centres		7	5																						12	
2. Core Houses																									0	
Land and infrastru	746																								746	
Land Development		5	10	10	6																				31	
Core house construct		20	41	41	20	4																			126	
Community centres			2	2	2	2																			9	
3. Contingencies					23	4																			28	
4. Building Material Loans		30		88		55																			173	
5. Community Dev Fund	2		2		1																				4	
6. Personnel Costs	68	34	34	34	34	34	34	37																	308	
7. Total out flow NHE FUNDS	2,090	75	123	119	183	90	99	34	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,849
A.3 Expenditure of Individuals Funds																										
1. Savings	278	267	232	408	77	165	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,428	
Total Application of Funds	2,379	2,824	1,736	1,847	2,545	1,217	1,048	134	148	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13,877
B. INCOME																										
1. Savings																									0	
1.1 Upgrading	(278)	(117)	(104)	(33)	(11)																				(543)	
1.2 Core Houses		(65)	(128)	(128)	(66)	(11)																			(399)	
1.3 Material Loans		(85)	0	(247)	0	(154)	0	0																	(486)	
2. Repayment Credits																									0	
2.1 Starter Solutions	0	0	(6)	(9)	(12)	(16)	(19)	(22)	(25)	(28)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(481)
2.2 Material Loans	0	0	0	(10)	(10)	(38)	(38)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(46)	(46)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(668)
2.3 Core Houses	0	0	0	(12)	(12)	(12)	(24)	(24)	(36)	(36)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(679)
3. KFM Disbursements	(289)	(2,472)	(1,346)	(1,495)	(1,954)	(1,050)	(784)	(100)	(111)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(9,600)
4. NHE Disbursement	(2,090)	(73)	(123)	(119)	(183)	(90)	(99)	(34)	(37)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,849)
5. Interest Earned on Investment	(87)																								(87)	
6. Total Inflow	(2,465)	(2,824)	(1,743)	(1,866)	(2,579)	(1,283)	(1,129)	(236)	(265)	(120)	(135)	(135)	(135)	(135)	(135)	(126)	(126)	(97)	(97)	(80)	(80)	(80)	(80)	(80)	(80)	(15,792)
C. Net Cash Flow	(87)	0	(6)	(19)	(34)	(66)	(81)	(102)	(117)	(120)	(135)	(135)	(135)	(135)	(135)	(126)	(126)	(97)	(97)	(80)	(80)	(80)	(80)	(80)	(80)	(1,914)
D. Loan Guarantee Fund																										
1. Investment	1,000	1,028	1,057	1,095	1,133	1,173	1,213	1,252	1,292	1,333	1,375	1,416	1,458	1,496	1,535	1,573	1,611	1,645	1,678	1,712	1,745	1,779	1,812	1,846	27,076	
2. Interest Earned	28	28	28	28	25	25	25	25	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	493	
3. Claims	0	0	10	10	15	15	15	15	18	18	18	18	15	15	15	15	10	10	10	10	10	10	10	10	252	
4. Net Value of Fund	1,028	1,057	1,095	1,133	1,173	1,213	1,252	1,292	1,333	1,375	1,416	1,458	1,496	1,535	1,573	1,611	1,645	1,678	1,712	1,745	1,779	1,812	1,846	1,880	27,822	
5. Investment Created (Private Sector)	0	700	700	700	700	700	700	700	1,176	1,176	1,176	1,176	1,344	1,344	1,344	1,344	1,764	1,764	1,764	1,764	1,764	1,764	1,764	1,764	22,036	
6. Total Loans Priv Sector	0	700	1,400	2,100	2,800	3,500	4,200	4,900	5,600	6,300	7,000	7,700	8,400	9,100	9,800	10,500	11,200	11,900	12,600	13,300	14,000	14,700	15,400	16,100	66,532	
Due to low % cover given no flow back in first five years:		2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

QUARTERLY CASH FLOW STATEMENT FOR KFH WINDHOEK LOW INCOME HOUSING PROJECT
(Assumption *Upfront Subsidy)

COMPONENT	1992				1993				1994				1995				1996				1997				Total
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
A.1 Expenditure KFH FUNDS																									
1. Resettlement																									
Land & Infrastruct	1,067																								
Infrastruct extension	31	250	150																						
Starter solution	40	200	300	150		50																			
Community Centres	121	80	20																						
2. Core Houses																									
Land Development		89	170	170		100																			
Core house construct		350	700	700		350	74																		
Community centres			40	34		40	34																		
3. Contingencies						400	77																		
4. Loan Guarantee Fund	1,000																								
5. Building Material Loans		277		800			500																		
6. C/P. Dev Fund	15		15			10																			
7. Consultants																									
Inception	289																								
Implementation	200	100	100	100		100	100	100	111																
8. Total out flow KFH FUNDS	289	2,472	1,346	1,495	1,954	1,050	784	100	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A.2 Expenditure NHE FUNDS																									
1. Resettlement																									
Land & Infrastruct	1,344																								
Infrastruct extension	2	15	9																						
Starter solution	2	12	17	9		3																			
Community Centres		7	5																						
2. Core Houses																									
Land and infrastruct	746																								
Land Development		5	10	10		6																			
Core house construct		20	41	41		20	4																		
Community centres			2	2		2	2																		
3. Contingencies						23	4																		
4. Building Material Loans			30		88		55																		
5. Community Dev Fund	2		2			1																			
6. Personnel Costs	68	34	34	34		34	34	34	37																
7. Total out flow NHE FUNDS	2,090	73	123	119	183	90	99	34	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A.3 Expenditure of Individuals Funds																									
1. Savings	278	267	232	408		77	165	0	0																
Total Application of Funds	2,379	2,824	1,736	1,847	2,545	1,217	1,048	134	148	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B. INCOME																									
1. Savings																									
1.1 Upgrading	(278)	(117)	(104)	(33)		(11)																			
1.2 Core Houses		(65)	(128)	(128)		(66)	(11)																		
1.3 Building material loans		(85)	0	(247)		0	(154)	0	0																
2. Repayment Credits																									
2.1 Starter Solutions	0	0	(6)	(10)	(13)	(16)	(19)	(23)	(26)	(29)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	
2.2 Material Loans	0	0	0	(11)	(11)	(43)	(43)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(51)	(51)	(20)	(20)	(20)	(20)	(20)	(20)		
2.3 Core Houses	0	0	0	0	(14)	(14)	(27)	(27)	(41)	(41)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)		
3. KFH Disbursements	(289)	(2,472)	(1,346)	(1,495)	(1,954)	(1,050)	(784)	(100)	(111)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4. NHE Disbursement	(2,090)	(73)	(123)	(119)	(183)	(90)	(99)	(34)	(37)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5. Interest Earned on Investment	(87)																								
6. Total Inflow	(2,465)	(2,824)	(1,743)	(1,867)	(2,582)	(1,290)	(1,138)	(246)	(277)	(133)	(149)	(149)	(149)	(149)	(149)	(138)	(138)	(107)	(107)	(87)	(87)	(87)	(87)		
C. Net Cash Flow	(87)	0	(6)	(21)	(38)	(73)	(89)	(112)	(129)	(133)	(149)	(149)	(149)	(149)	(149)	(138)	(138)	(107)	(107)	(87)	(87)	(87)	(87)		
D. Loan Guarantee Fund																									
1. Investment	1,000	1,028	1,057	1,095		1,133	1,173	1,213	1,252	1,292	1,333	1,375	1,416	1,458	1,496	1,535	1,573	1,611	1,645	1,678	1,712			27,076	
2. Interest Earned	28	28	28	28		25	25	25	25	23	23	23	23	23	23	23	23	23	23	23	23	23		493	
3. Claims	0	0	10	10		15	15	15	15	18	18	18	18	15	15	15	15	10	10	10	10			252	
4. Net Value of Fund	1,028	1,057	1,095	1,133		1,173	1,213	1,252	1,292	1,333	1,375	1,416	1,458	1,496	1,535	1,573	1,611	1,645	1,678	1,712	1,745			27,822	
5. Investment Created (Private Sector)	0	700	700	700		700	700	700	700	1,176	1,176	1,176	1,176	1,344	1,344	1,344	1,344	1,764	1,764	1,764	1,764			22,036	
6. Total Loans Priv Sector	0	700	1,400	2,100		2,800	3,500	4,200	4,900	6,076	7,252	8,428	9,604	10,948	12,292	13,636	14,980	16,744	18,508	20,272	22,036				
Value of fund/loans Granted %		2	1	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Due to low % cover given no flow back in first five years																									

8. Effects, assumptions and risks

8.1 Social effects

The Programme will produce strong social effects, on the levels of the individual household, the settlement communities and the urban society of Windhoek.

By the end of implementation after two years, at least 1,200 families will have obtained house ownership and improved significantly their housing situation compared to what they had at the beginning. Thus the Programme will provide a strong push to family consolidation. Self-reliance will be stimulated, as the individual household will bear full responsibility over its housing process.

In many cases, especially in the resettlement areas, overcrowding will be alleviated; more privacy will allow for more peace among the members of the household and between neighbors. A better housing quality and access to better services will reduce illness of adults and children and the work load of women. Women and children who are normally more affected by poor housing conditions than adult males will, in particular, benefit from the Programme.

Some stress during construction and moving to the new plot is unavoidable, as the beneficiaries themselves will have the main management responsibility. In the resettlement areas they also will suffer from dust and noise during construction. As the construction process absorbs more than what they usually spend on housing, they may even face temporary difficulties in meeting their other basic needs like food, transportation, participation in social life and entertainment. However, considering the lasting positive effects, these temporary inconveniences may be tolerated.

The Programme will definitely have a strong impact on community life. As a matter of fact, community bonds that rarely exist today will be defined and developed during implementation. They hopefully will translate into legitimate leadership, internal information and decision making mechanisms and a growing capacity to negotiate with public institutions and private organizations.

Well organized communities will advance more under the Programme than less organized ones. To what extent infrastructure and services will be improved and community facilities constructed, will depend on the commitment of the different communities, their contributions, management and maintenance capacity. Obviously the Programme cannot enforce involvement, but it will certainly reward those who actively participate.

Although the Programme does not aim at the creation of permanent employment, except for those associated with the implementation team, the amount of required construction jobs will at least temporarily help relieve the pressure on the labour market, both in the formal and informal sectors.

Here, employment generation may be quantified : If all construction activities were perfectly distributed during implementation and with an estimated share of self-help construction of 25 %, it is estimated that the Programme would provide direct employment for approximately 475 construction workers over a two year period, as well as provide indirect benefits for the suppliers of building materials.

This assumption has been based upon project construction costs of R 22,9 million, of which 40% - viz R 9,16 m, is the cost of labour, and an average monthly construction worker's wage of R 650.00. This calculates out at 14,092 wage months. An amount of 10,500 man-months is created if an allowance of 25% is made for self-help. The above assumed calculation results in the creation of employment opportunities for approximately 475 workers.

The Programme allows a more intensive use of urban land, through provisions for densification in the resettlement areas and in the case of the core house project(s) by introducing a residential use on land unused so far. The growth effect for the urban economy is evident: the Programme will increase consumption of municipal services and the number of payers of municipal charges.

As the German financial contribution is a grant, for NHE the Programme is a lucrative investment. It will pay back not only in the borrowers' instalments over years, but also in terms of institutional experience and improved image. The prerequisite is that the Programme is carried out by well qualified and highly experienced personnel.

8.3 Environmental effects

Through the improvement of infrastructure and services, such as sewer lines, public toilets and refuse collection, and by supporting community control over land use, the Programme will improve the environmental quality of the resettlement areas. Within the community development support component, environmental upgrading such as tree planting and the use of waste water for garden cultivation, will be encouraged.

The construction advisors will inform the builders on environmental aspects of construction, e.g. the

importance of cross ventilation, dust prevention measures and thermal properties of building materials. The Programme will strictly ensure that asbestos cement products are not used, either in the resettlement areas or in the core house projects; the application of this rule will not be difficult, as asbestos cement products are generally not used in low-income houses in Windhoek.

The reduction of standards and costs to make housing solutions affordable will necessarily lead to environmental compromises, as in the case of road surfaces. Tarred roads would increase infrastructure costs prohibitively; gravel roads are much cheaper but less comfortable, especially because of dust. Even if roads were tarred, dust would still be stirred because the scarce natural vegetation only binds a little of the ground surface.

Another example is the elimination of waste water; it cannot be guaranteed that all beneficiary households will be connected to the main sewerage disposal system and waste water thus be treated at Gammams Sewerage Works, one of the most advanced treatment plants in developing countries. Aqua privies provide an acceptable alternative, due to the logistical difficulties of connecting the resettlement area (Greenwell Matongo in particular) to the Gammams Sewerage Works, which also currently does not have the capacity to accommodate an increased inflow. For a description of the functioning of aqua privies, see Annex 5\A

Land consumption, as envisaged with the core house projects and encouraged with the loan guarantee fund, may be considered ecologically negative. However, in order to minimize virgin land consumption the Programme will promote densification, not only in the resettlement areas, but also in the core house project(s) by reducing plot sizes significantly in comparison to conventional land development, and by stimulating subdivision of large plots and the construction of an additional house with private sector loans.

According to the information of the Municipality of Windhoek, the increased need of water will be entirely covered by existing sources and networks of distribution. The Municipality has offered personnel to instruct communities about how to use water economically, not only because of the drought the country is currently suffering, but also as water is rather expensive and payment effectively enforced.

8.4 Institutional and political effects

NHE will have to carry the implementation burden of the Programme, partially relieved by the Consultant's

support. NHE will gain valuable experience with various innovations, like the building material loan scheme, community development support, alternative development of land and the loan guarantee fund. The Programme will allow NHE to effectively address the housing needs of post-independence and translate reorganization into projects and housing solutions.

The Programme is one of the first large-scale efforts to implement the National Housing Policy. It will provide an example that illustrates that it is possible to address the housing needs of more people, with less capital requirements and subsidies per housing solution. It will be a political success for the MLGH, eager to reach as many families as possible, in that the number of beneficiaries will, at least, have doubled in relation to the original Otjomuise proposal of 600 core houses, and that important private resources will have been mobilized by beneficiaries and financial institutions.

The Programme is designed to produce sustainable and replicable results. The sustainability of the building materials loan scheme will result in good repayment performance, applications for follow-up as well as new loans in the Programme areas, by people who could not afford loans earlier. The core house project(s) will be sustainable when house owners take the initiative to improve and extend their houses, the loan guarantee fund when losses will be at least partially covered by beneficiaries' premium. Once sustainability is proved, the National Housing Policy will have a vested interest in replicating the experience in other locations.

One of the most relevant political effects will be created by the principle of participation and consensus building that is underlying the Programme. As the Programme was prepared with the active participation of the MLGH, Municipality, NGOs, community representatives and the private sector, a Steering Committee formed by representatives of the different actors in the housing process will follow up implementation. The political message is that housing is not the responsibility of one institution, but the result of coordinated action between different actors, whose interests have to be carefully balanced out.

The Programme will not only provide a forum for exercising the rules of democracy at an institutional level. Even more important is that participation in decision making is facilitated in the communities. With Programme support the communities will develop accountable organizations with legitimate leaders to articulate their needs and take action. Accountable community organizations will be much more effective in

exercising pressure on defaulters than public institutions or a parastatal, like NHE.

A certain demonstration effect on donors may be produced by the Programme. If the ambitious objectives and expected results of the Programme are really achieved according to the implementation schedule, not only Germany but also other donors will win confidence and be readier to invest in the future of the country.

8.5 Assumptions and risks

Assumptions, that are beyond the direct control of Programme management, are necessary conditions of Programme success, but may seriously affect the achievement of objectives and expected results. Most of the following general assumptions have been formulated during the participatory planning workshop:

- The economic situation in Namibia will not seriously deteriorate.
- Inflation will not increase dramatically.
- Borrowers will not suffer a substantial decrease of their real income which would affect their ability to repay the loans.
- The supply of building materials will not experience shortages, due to excessive demand by other big projects or supply limitations in South Africa.
- Peace and democracy will remain and no political complications to community participation arise.
- The Government will not take any action that may jeopardize the implementation of the Programme, e.g. announcements of writing off housing debts.
- Coherent financial and cost recovery criteria will be applied for all low-income housing programmes and projects in Namibia.
- The Municipality of Windhoek will accept lower service levels.
- Community leaders will not interfere politically in a way which would adversely affect the acceptance of the Programme.
- Community development will keep pace with the evolution of the Programme so that no major delays occur.
- There will be no massive payment boycotts.

The core house projects cannot be initiated unless the Municipality makes affordably priced land, which is acceptably located, available. Construction can only be started soon, if the Municipality short circuits the usual approval procedure.

With reference to the success of the loan guarantee fund the following assumption has been made:

- The private sector financial institutions will accept the loan guarantee fund and approve the respective

WINDHOEK LOW-INCOME HOUSING PROGRAMME -INCEPTION REPORT-8

changes in their lending policies towards low-income groups.

The major risks of the Programme can be summarized as follows:

- Economic depression or significant increase of inflation will affect the target group's capacity to pay back loans.
- Institutions will not coordinate efficiently.
- Other programmes operate with lax criteria of affordability and cost recovery.
- Community leaders introduce party politics into the Programme.
- Private sector will remain reluctant in providing housing loans to low-income families.

The Programme management will permanently monitor assumptions and risks and develop appropriate counteraction if the achievement of objectives and expected results is in danger.

TABLE OF CONTENTS**Covering letter****Summary**

- 1. Introduction**
- 2. Problem analysis**
 - 2.1 Central problem
 - 2.2 Increasing housing problems
 - A. Problems identified in the workshop
 - B. Comments
 - 2.3 Land development policies
 - A. Problems identified in the workshop
 - B. Comments
 - 2.4 High costs
 - A. Problems identified in the workshop
 - B. Comments
 - 2.5 Inappropriate solutions
 - A. Problems identified in the workshop
 - B. Comments
 - 2.6 Low incomes
 - A. Problems identified in the workshop
 - B. Comments
 - 2.7 Institutional problems
 - A. Problems identified in the workshop
 - B. Comments
 - 2.8 Non-participation of private sector
 - A. Problems identified in the workshop
 - B. Comments
- 3. Target population**
 - 3.1 NHE Priorities
 - 3.2 The socio-economic survey
 - A. Demographic characteristics
 - B. Migration and urban-rural linkages
 - C. Aspirations and priorities
 - D. Employment
 - E. Income and expenditures
 - F. Savings
 - G. Affordability
 - H. Present housing conditions
 - I. Community organization and participation
 - J. Self-help potential
- 4. Objectives, concept and justification of the Programme**
 - 4.1 Objectives
 - 4.2 Programme outline
 - A. Basic hypothesis
 - B. Sub-projects and supporting components
 - C. Participation concept
 - D. Appropriate solutions
 - E. Affordability and subsidies

- F. Replicability and cost recovery
- G. Financing
- H. Selection of beneficiaries
- I. Institutional development
- 4.3 Justification
- 4.4 Other related low-income housing projects
 - A. Some recent NHE's projects
 - B. Cooperation with the People's Republic of China
 - C. The Ombili Project
 - D. The Build Together Programme
 - E. Conclusion

- 5. Sub-projects and components**
- 5.1 The upgrading Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.2 The core-house Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.3 The Loan-Guarantee Fund Project
 - A. Specific target group
 - B. Background
 - C. General description of project
 - D. Activities
 - E. Components and costs
 - F. Selection of beneficiaries
- 5.4 The Building Materials Revolving Fund
 - A. Target groups
 - B. Owner-builder improvement process in Katutura
 - C. Operation of the scheme
 - Purpose
 - Type of loans
 - Procedures
 - Repayment
 - Personnel requirements
 - D. Activities
 - E. Costs
- 5.5 Community Development

- 6. Implementation**
- 6.1 Executing agency
 - A. Legal base
 - B. Organization and management
 - C. Financial status
 - D. Relation to target groups
 - E. Implementation capacity

- 6.2 Programme's organization and management
 - A. Steering Committee
 - B. Special Task Group
 - C. Management of the Loan Guarantee Fund
 - D. Consultant's assistance
- 6.3 Other participating agencies
- 6.4 Implementation schedule
- 6.5 Monitoring and evaluation
- 6.6 Contracting and procurement
- 6.7 Operation and maintenance

7. Costs, financing and related matters

- 7.1 Costs and sources of financing
- 7.2 Subsidies and loan conditions
- 7.3 Affordability and cost recovery
- 7.4 Disbursement schedule for KfW funds
- 7.5 Programme's cash flow
- 7.6 Financial control

8. Effects, assumptions and risks

- 8.1 Social effects
- 8.2 Economic effects
- 8.3 Environmental effects
- 8.4 Institutional and political effects
- 8.5 Assumptions and risks

ANNEXURES

- 1/A Participatory planning workshop results

- 2/A Comments on costs included in NHE loans
- /B Comments on the implementation of the National Housing Policy

- 3/A The socio-economic survey
- /B Case studies-life histories

- 4/A Housing survey
- /B Cost comparison of three housing processes
- /C Alternative construction technologies

- 5/A Level of services in resettlement areas
- /B Information campaign and video outline
- /C Cost of upgrading services in resettlement areas
- /D Loan Guarantee Fund proposal
- /E Letter from SWABOU
- /F Job descriptions for Cty.& technical assts.
- /G Report on establishment and functions of committees in resettlement areas