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Project Planning Assistance
to the
Ministry of Housing
Zimbabwe

QUARTERLY REPORT NO. 3.

1 July 1983 - 30 September 1983

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Best Available Document

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I Introduction

This report covers the activities of the Project Planning Advisor during the third full quarter of the implementation of the Limited Scope Grant Agreement for Technical Assistance to the Ministry of Housing, Zimbabwe. The quarter saw the planning and implementation of the HG program reach a new level of detail and a growing understanding of the undertaking on the part of MOH staff.

II Modus Operandi

The distinction between the role of advisors and that of Ministry employees remains in those areas where adequate numbers of local staff are employed. In areas where there are significant staff shortages however such as the Technical Services Department, the distinction is often blurred. For example, I am becoming increasingly involved in "doing" rather than "advising". This increased requirement to get involved in day-to-day matters of the Ministry does not mean that I have been given any authority to make decisions. On the contrary, decision making powers in the Ministry hierarchy have been almost exclusively concentrated in the hands of the Secretary and his three Deputy level department heads. Virtually all matters are referred up to the top level for decision. This pattern has not helped morale among employees in the Technical Section which stands to lose its three remaining expatriate architects by the end of the year.

A condition of the Grant Agreement stipulating that advisors "will report directly to the Secretary of MOH" notwithstanding, it has been decided that we will come under the supervision of the Director, TSD. The justification for this decision is that since we are providing technical assistance to the Ministry we should fall under the Technical Services Department. One might consider this to be a very limited interpretation of technical assistance. It is more likely that the Secretary feels more secure knowing that he has put responsibility for the actions of advisors in the hands of a professionally qualified but junior member of staff. In addition since the Director is an expatriate on contract he can be scapegoated for any intransigencies of the advisors more easily than can a permanent and pensionable Zimbabwean, should the need arise.

The relationship between the Ministry and the City of Harare at the political level is still very tense. The Minister and the Mayor are heading for a major confrontation on the issue of the apparent foot-dragging of the council to establish brigades. At the technical level, however relations are much improved. The review of the revised PDP with the City, begun in early October, has resulted in a genuine "meeting of the minds" and a willingness all round to make progress. Full credit for this must be given to the new TSD Director, Cde Ismail.

III Work Accomplished

The following description of work accomplished follows the terms of reference of my contract. Reference should also be made to the work programme contained in last quarter's report.

1. Assist MOH to establish systems for project identification, feasibility analysis and selection.

A major piece of work carried out in this regard concerns the preparation of a project plan for using the second USAID HG loan of \$25 million. See Annex A and Work Programme item 2 (WP # 2) in QR 2. The plan is, for all intents and purposes, a Draft Master PDP for the Phase II loan. In practice it has been called an approach to planning designing and managing an integrated low-income community development project in Zimbabwe. The distinction between the two has been made for two inter-related reasons

- a) Under the current modus operandi, it is the responsibility of representatives of MOH to produce the Master PDP;
- b) The preparation of the PDP by advisors could be construed as the donors dictating policy to MOH.

The continued absence of assigned counterparts precluded the possibility of a collaborative effort in doing the PDP. I therefore adopted the tactic of preparing a document for submission to MOH as a piece of advice which did not necessarily reflect USAID or GOZ policy. MOH could then, if it wished, review the plan and decide what parts if any, were appropriate to their needs in preparing the PDP.

Part 1 of the plan starts with the definition of the goal and objectives of the project as defined in the Second IA. It outlines the major principles agreed with AID which should govern the project. A section defines the design standards applicable to land use planning, infrastructure and housing. The roles of various Ministries, departments and agencies are described. Achievement of project objectives is predicated on the implementation of eight "programmes": land servicing, land allocation, brigade, aided self help, and co-operative house construction, construction of community facilities, monitoring and evaluation and manpower training. Execution of these programmes is, in turn predicated on the implementation of key procedures including beneficiary selection, plot allocation, building material loan administration, procurement of goods and services, financing, project management and project reporting. A summary of project financing is given in the final section of Part 1. Parts 2 to 5 inclusive give specific technical and financial details on each of the four towns involved in the project: Harare, Marondera, Kadoma and Chinhoyi. Reaction to the document by MOH is awaited.

It should be noted that of the three secondary towns requested to submit draft information for the PDP in March 1983 only Marondera has complied. Refer to Annex A of QR 2. I reviewed the Marondera submission, presented comments to MOH (WP # 3) and subsequently incorporated the affected issues in the Project Plan (WP # 3).

Kadoma is reportedly ready to submit their plan. Chinhoyi does not appear to be capable of meeting this request. Nevertheless information concerning these latter two towns' projects was obtained from the Town Clerk and municipal consultants respectively. Technical assistance trips were taken to each town on 8 September and 4 August respectively. See Annex B. (WP # 4).

A second event of importance occurred during the quarter: an Apple IIE micro-computer with wide - carriage printer and assorted software was ordered and delivery is expected before the end of October 1983 (WP # 6). The Apple was selected when it was learned that Osborne Corporation has gone out of business. Total cost of the system was, approximately US\$6 900 including shipping and insurance. It is anticipated that the equipment will be used extensively to up-date PDP's.

During the quarter I assisted with the review of the revised PDP for Phase I of the Parkridge/Fontainbleau (WP # 2). This document has been cleared by MOH in principle and is to be reviewed in detail by the City of Harare in October prior to finalization and dispatch to RHUDO. No comments on the PDP have yet been received from MFEPD.

2. Co-ordinate with other donors to ensure rational use of scarce resources.

As of 30 September 1983 no orders for any commodities had been placed except those for vehicles and locally procured stationery. A Peugeot 504 Sedan and the local stationery have been received.

Delay in ordering USA source and origin goods is attributed to the small value of the order and its correspondingly low priority in the USAID Mission's list of things to do. It is unlikely that any of the items originally intended for use in the Project Management Training Programme, now scheduled for the first two weeks of November 1983, will be on hand. Substitute equipment will have to be rented locally.

So far there has been no duplication of effort in so far as donor-supplied resources are concerned.

Dr Fred Fisher, USAID Training Specialist, assisted with the UNDP/MOH Pilot Housing project training program in July 1983.

I presented a case-study of self-help in Lesotho to the UNDP/MOH Training Workshop on 15 July 1983. See Annex C.

3. Provide recommendations to MOH based on analysis of critical constraints in the low-cost shelter delivery system

A number of interesting issues received my attention during the quarter under this topic.

a) Proposed adjustment to income limits

RHUDO's consultant on housing demand requested additional information re: incomes in the three secondary towns from MOH.

In anticipation of the receipt of Ms Hock-Smits' analysis, I calculated the impact on the median income of including low-density households in the survey. See Annex D. The adjustment changed the ranking of the towns but did not succeed in raising any limit to \$156 pm. The exercise assumed that domestic workers did not form households in low-density areas.

b) Proposed adoption of principle of progressive development

On 1 August 1983 the five most senior civil servants and the whole team of advisors met to reach a consensus on a solution to resolve the impasse created by the opposing forces of "affordability" and "mandatory construction of 4-roomed houses". The working party resolved to recommend to the Minister that progressive development be embraced as part of MOH policy, thus resolving the dilemma in favour of affordability. See Annex E. On 3 August the Minister reportedly agreed to this proposal. It was believed that a new era in Zimbabwe housing policy had begun. On the surface of it, my paper on affordability (Annex E of QR1) seemed to have won the day. However subsequently a series of qualifications were introduced, namely the concept of progressive development is supported:-

- i) only in respect of donor-funded projects; and
- ii) allottees must nevertheless complete a four-roomed house within 18 months of allocation; and
- iii) all houses must initially include the foundation and floor slab for all four rooms.

None of these qualifications have been put into writing but they are policy nonetheless.

I advised the Director TSD of the impact of iii) on Parkridge/Fontainbleau. See Annex F.

c) Financial appraisal of proposed City of Harare involvement at Parkridge, including brigades

I prepared comments on two financial reports submitted by the City Treasurer to the Harare City Council in respect of Parkridge and brigades. See Annex G. The predominant conclusion one comes to is the fact that brigades as presently conceived are affordable neither to low-income households (3 750 for a one room core) nor to the nation (\$3,250,000 to set up and run for 6 months). It has been tacitly agreed by all officials of both MOH and CoH that brigades, while being a theoretical mode of construction at Parkridge, will in practice be a non-starter. The politicians have yet to face this fact.

d) Project Cost Control

I wrote a series of three memos on the subject of project cost control. See Annex H. The first was to the Secretary and pointed out cost overruns of \$4,5 million on Phase I of Parkridge detailed in the revised PDP and recommended that attention be given to establishing a mechanism for cost control.

The second memo was to the Deputy Secretary, Admin/Finance and described the magnitude of the Ministry's on-going commitment to fund \$7.5 million of work in Phase II for which Treasury had allocated no money in 83/84. It also drew attention to similar though smaller potential commitments to the Secondary towns should MOH approve borrowing powers in advance of receiving Treasury funding. In the absence of responses to these notes I drafted a third memo to the Director, TSD. It summarized the first two memos and outlined in admittedly pointed terms the situation in more detail. This memo was passed to the Secretary who ordered that the Director prepare a rebuttal using the most severe language sufficient, if necessary "to destroy my credibility in the Ministry". When I heard that such a rebuttal was being written I spoke to the Director who advised that the Ministry was afraid that if my memo should fall into the hands of the Ministry's "enemies", the Public Accounts Committee was likely to take a more than passing interest in the financial affairs of the Ministry. Satisfied that my account of these affairs had been truthful and taken seriously but concerned that my loyalty to the Ministry had been questioned I offered to withdraw my third memo. The Director agreed and the "devastating rebuttal" has not been delivered. It is now up to the Director to convince the Secretary that my intentions were honourable and there is no need to ruin my reputation. We appear however to be no closer to dealing with the issue. See discussion in 2. Modus Operandi above for further analysis of this incident.

4. Assist with developing monitoring and evaluation systems

No action this quarter except for drafting Section 1.6.7 in Annex A.

5. Assist with project implementation

A. Parkridge/Fontainbleau Phase I

I continued to carry out many tasks normally the responsibility of MOH staff members. See 2 Modus Operandi above. All of the activities listed under this section of QR2 were pursued. In addition the following new issues were attended to :

- i) Finalize design of road intersections and shopping centres. See Annex I
- ii) Expedite survey of stands by Surveyor General
- iii) Advise AID of appointment of new "Project Manager"
- iv) Recommend reinvestment of \$5 million in escrow until 31 October 1983.
- v) Processed approval of variation orders to infrastructure works

B. Parkridge/Fontainbleau Phase II

My activities were confined to revising the budget for purposes of including it in the Project Plan. See Annexes A and E.

C. Secondary towns

I visited Chinhoyi on 4 Aug and Kadoma on 5 Sep 1983. Officials from Kadoma visited MOH on two occasions to confer on the FDP. Engineering consultants from Chinhoyi also visited to present data required for Annex A.

D. Other projects/activities

I assisted MOH in deliberations with representatives from the Sandi Fund for Development. They are interested in providing a soft loan of US\$14 million for infrastructure and community facilities at Parkridge Fontainebleau Phases III and IV. See Annex J for a preliminary financial plan.

6. Assist MOH to determine need for short-term TA

MOH response to a proposal to engage a consultant to investigate the potential for housing co-operatives has been minimal. See Annex K. It appears that a major source of support for co-operatives comes from adherents to political parties other than the party in power. This may explain in part why co-ops in general and housing co-ops in particular are receiving rather less material support from Government than official policy statements would suggest.

The City of Harare has not followed up the suggestion of seeking short-term assistance to review its revenue collecting operations. It appears as if Cooper and Lybrand have been engaged to review the whole financial operation of the City Council, including the potential for increased application of EDP techniques.

7. Prepare draft TORs for Short-term TA

See Para 6 above.

8. Participate in forward planning

See Para 1 above.

IV Issues Requiring Resolutions

- a) The impasse in the debate between housing standards and affordability remains albeit it has been transformed into an impasse with a time dimension. In other words, progressive development is approved but the allottee must have a four-roomed house after 18 months, regardless of how small his initial shelter may be. Moreover the initial structure must include foundations and floor slab for four rooms.
- b) MOH and the City of Harare have agreed on the need for additional house designs which have lower costs and better shapes to fit 200m² stands. A redesign and re-costing exercise is underway.
- c) As outlined in Section III 2 above USAID in Harare should expedite the ordering of commodities under the Grant Agreement.
- d) RHUDO has not yet advised MOH of the impact on median income levels the inclusion of low density areas would have in Secondary towns.
- e) The continued lack of counterparts is becoming a growing concern.

a

V Proposed Work Programme

It is intended to undertake the following tasks in the quarter ending 31 December 1983:

- 1) Implement Parkridge/Fontainebleau Management Training programme from 31 October to 11 November 1983.
- 2) Install micro-computer at MOH.
- 3) Assist MOH to finalize Master PDP for the Second loan.
- 4) Assist MOH to prepare detailed PDP for each subproject covered in the Master PDP in 3) above.
- 5) Assist MOH to finalize the revised PDP for Phase I.

See attached report in blue cover for Annex A

2/5/72

**MINUTES OF A MEETING HELD AT KADOMA MUNICIPALITY ON 8TH SEPTEMBER, 1983
at 9.30 a.m.**

PRESENT:

Cde. D. Priddy, Town Clerk
Cde. A. Town Engineer
Cde. M. de Villiers, Assistant Town Engineer
Cde. S. Nagge, Architect, Ministry of Housing.
Cde. J. Nagge, Self-help Housing Adviser, MOH
Cde. R. Beardmore, Project Planning Adviser, MOH

1. The Town Clerk opened the meeting by welcoming the delegation from Ministry of Housing. He said that the Project Delivery Plan for the self-help housing project at the Waverly site was virtually complete in draft form. The purpose of today's meeting was to review the major elements of the PDP with MOH officials before they made a formal submission.
2. Cde. Beardmore suggested that, since this was the first visit to Kadoma, by the Ministry in respect of the US AID funded project, MOH officials be shown the proposed site before starting the discussion. This suggestion was agreed to and a site visit was undertaken. See attached map for location of the site.
3. Upon returning to the office, the following points were discussed:
 - (a) Part of the site is currently owned by MKZ who are willing to sell it to Kadoma. The Municipality must also buy back a number of undeveloped stands purchased by individuals several years ago. The current General Plan of the area, showing these individual stands, must be amended to reflect the new site layout.
 - (b) Council has approved the layout and the Town Clerk confirmed that approval of the Minister of Local Government and Town Planning under Section 160 of the Urban Councils Act has been sought.
 - (c) Kadoma Municipality employs Reeler and Reeler as surveying consultants. They will undertake the complete survey of the site for title purposes using schedules of stands tied to a General Plan rather than producing individual stands diagrams. The new revised Land Surveyor's Tariff will apply.
 - (d) KM proposes to build 5 demonstration houses.
 - (e) All primary infrastructure required for the project is either in place or under construction. The new off-site water main already has take-off valves positioned to serve the proposed site layout.
 - (f) KM propose to install all on-site infrastructure using their own departmental resources with the exception of some road works which will require the hire of additional plant. On-site water and sewer

reticulation will have individual connection ready for hook-up to homes. Connections charges were currently \$30 each for water and services in town.

- (g) KM propose to build modest site administration facilities including a revenue office and a material depot.
- (h) One KM has been assured that MCH has funds to allocate under a Borrowing Powers application, they will publicise the project and solicit applications to up-date their waiting list for plot allocations.
- (i) The Town Clerk would oversee the implementation of the project and coordinate the preparation of an interdepartmental monthly report to be presented to full Council.
- (j) The Town Clerk was concerned about the risk of self-builders installing electrical reticulation without proper supervision. Various methods of undertaking this work were discussed including using (a) Council employed electrician; (b) using an electrician hired by the council on contract; (c) allocating funds within the material loan to permit the self builder to hire the necessary skilled labour and (d) letting the allottee get on as best he/she can without financial assistance from the Council for this element of the work. KM to make a proposal on this.
- (k) KM proposed to start off by hiring 3 building promoters who would report to the Assistant Town Engineer who in turn would be allocated half time to the project.

4. On the question of the legal agreement to be used, the Town Clerk suggested that MCH might want to prepare a standard agreement for use by all local authorities engaged in self-help housing projects. This would ensure that consistent policies were followed on questions of grace periods, repayment terms, building periods, sessions, transfers, sub-letting etc, MCH officials promised to take this up with their superiors.

5. After lunch the meeting was resumed to review project costing and scheduling. All on-site infrastructure costs appeared consistent with current norms except road costs which were somewhat high compared to those of Marondera's scheme. This aspect to be checked.

6. The Town Engineer is finalising the design of some new house plans which cater for progressive development from the toilet stage through to four-roomed house stage. Costings were not yet available.

7. A draft bar chart of the project was prepared to get an indication of how long it would take before the last house was completed. Assuming the infrastructure took 12 months to complete and the building period for a house was 18 months a total period of 2½ years would lapse before the last house was completed, all other things being equal.

8. The Town Clerk expressed concern that the 18 month period would be too short a time within which a household had to complete four rooms especially if there was no additional credit program. He said it would be unwise to impose a development condition which would be politically very difficult to enforce. He anticipated that many applicants especially low-income ones would refuse to participate in the scheme if they had to commit themselves to meeting this condition. MCH officials agreed to convey this concern to Headquarters.

9. The meeting adjourned at 4.30 p.m.

OBJECTIVE: describe one particular application of ASHH approach that of Lesotho.

- PROCEDURE:**
- I. Review principles adopted by GOL for design of aided self-help schemes.
 - II. Introduce LEHCO-OP as institution with specific organisation/functions and describe project planning process.
 - III. Describe aided self-help process using perspective of beneficiaries.

TOOLS: Hand out describing the goals, organization, functions of the institution in Lesotho: Lower Income Housing Company.

Visual aids: documents produced to guide process, namely:-

1. Draft National Housing Policy
2. Manual of Administrative Procedures
3. Application form
4. Legal Agreement
5. "Building Your Own House"
6. Home Owner's Manual
7. Construction Supervisor's Manual
8. Loan Disbursement Record System
9. Loan Repayment Record System

Slide/Sound Presentation

15 minute documentary on a typical project prepared for use in a Beneficiary Training Session.

- I. Review principles adopted by GOL for design of Aided Self-Help Housing Schemes

Background: landlocked country of 1,5 million people surrounded by S.A.

Low level of urbanisation (10%) - half of male labour force goes to S.A. to work rather than come to towns because of chronic shortage of employment opportunities. Hence virtually no squatters.

The capital city Maseru, doubling in size every 10 years (7% p.a.)

GOL anticipates increasing rate of urbanisation as S.A. repatriates Basotho workers because of -

- increasing mechanisation of mines
- policy of destabilizing Lesotho

GOL has realized:

- It may not be able to suppress the growth of squatter settlements by Police power once returning migrant labour starts to flow back.
- Rapid growth of Maseru not significantly mitigated by policies of rural development.
- It cannot afford to give everybody permanent suitable accommodation.
- Improved housing technology cannot solve housing problem by itself.

GOL has adopted following principles which govern design of the major housing strategy (defined in terms of % population served):-

1. Provide channels of upward mobility

- (a) work within areas of existing employment opportunities.
- (b) Guarantee mixture of income-producing opportunities for all members of family.
- (c) Ensure provision of housing services for those who do not want/cannot afford a dwelling.

2. Recognizing inadequacy of Government Resources, Strategy must mobilize Private Resources

- (a) value for money i.e. benefits with paying for: low income are "economically rational".
- (b) Cost/family do not exceed amount families pay for in absence of strategy.
- (c) Guarantee security of tenure to encourage development.
- (d) Stimulate investment by providing credit.

3. Program must be self-financing, i.e. costs not recovered from private sources must be capable of payment by the sponsor on scale of large continuing program.

- (a) select participants of basis of ability to pay.
- (b) Ensure effective system for collecting payments.

(c) ~~Ensure upgrading to effective demand.~~

(a) increase supply, reduces price puts more units in hands of poor.

(b) Do not start demolishing "substandard" dwellings.

5. Principle of self government in housing (Turner)

i.e. separate personal and local activities from standardized/supra-local levels.

suggests that Government should reinforce normal/natural housing processes - self help.

This policy is one of aided self help on serviced land.

II. Lower Income Housing Company (LEHCO-OP) and the project planning process

Refer to hand-out.

First and foremost a team effort.

Identify "target" income group and define eligibility criteria.

Assess what they are able and willing to pay for housing.

Design standards accordingly:

Lesotho has opted for water supply at public standpipes, improved pit latrines/minimal but improvable standards.

Acquire land:

leased to LEHCO-OP by GOL.

Prepare site layout showing plots, design services.

Estimate costs.

Install infrastructure both off-site and on-site (contractor or direct labour, i.e. brigades).

Meanwhile design publicity program/solicit applications from public/screen applicants.

Prepare standard core-house designs one or two rooms with sanitation unit build models of houses and site.

Establish site facilities/order material.

Select allottees using Beneficiary Selection Committee - when number of eligible beneficiaries exceeds number of available plots, pick from hat, remainder on waiting list for the scheme.

Letter of Offer.

15
4/...

IV. Describe process from perspective of beneficiary

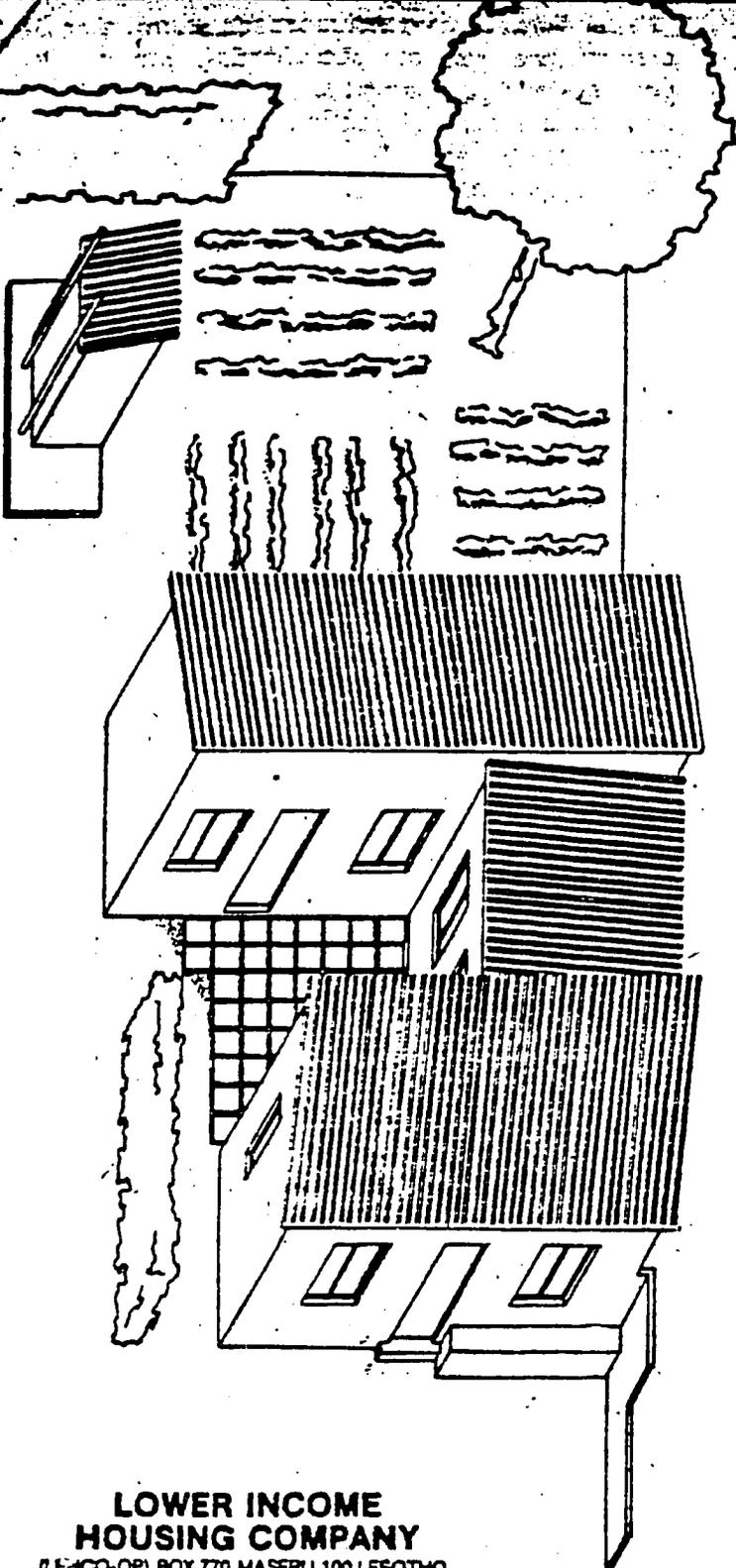
Training aid for use during beneficiary orientation.

Post Script :

Rate of development demonstrated by five slides:

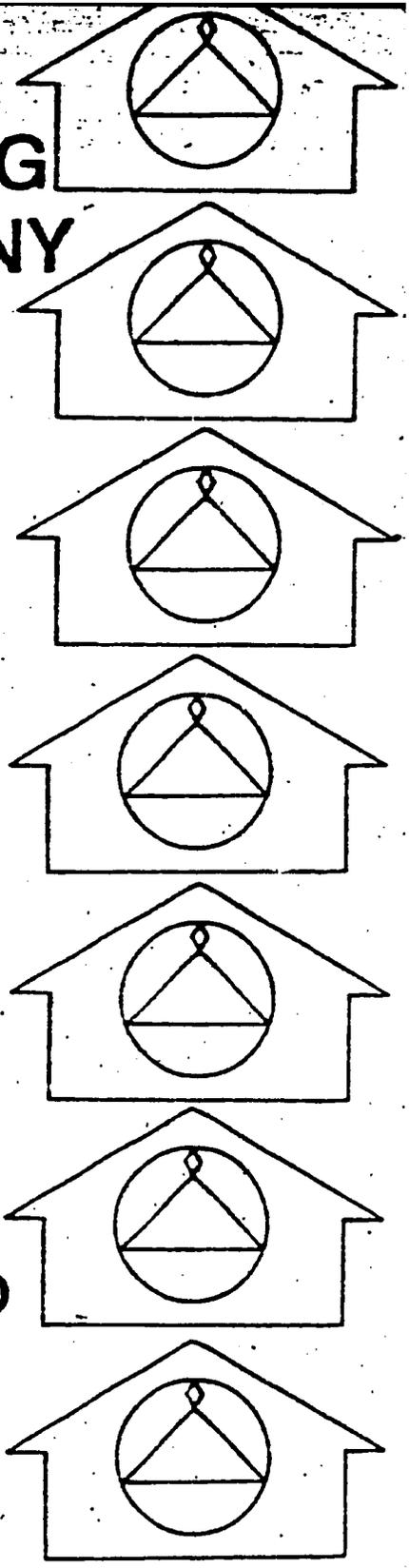
- 4 April 1980
- 2 September 1980
- 3 January 1981
- 3 January 1981
- 5 July 1981
- 3 January 1982.

14th July, 1983



**LOWER INCOME
HOUSING COMPANY**
(LEHCO-OP) BOX 770 MASERU 100 LESOTHO

**LOWER
INCOME
HOUSING
COMPANY**



**Assisted
Self-Help
Housing
In
Lesotho**

The Lower Income Housing Company (LEHCO-OP) is a non-profit State-owned organization dedicated to assisting Lesotho's lower income groups to obtain improved shelter. Since it was established in 1975, the Company has assisted hundreds of families earning less than the median household income to obtain serviced land and building materials to construct their own homes. This program of assisted self-help housing has been the major focus of the Company's community development efforts.

LEHCO-OP strives to assist the Basotho to create viable urban communities organized on the principles of co-operation, self-help, and self-reliance. The Company offers a variety of services designed to support the normal housing process practised by Lesotho's lower income groups. These services are as follows :

SERVICES

Newly Serviced Sites - LEHCO-OP offers serviced residential sites to members of the lower-income groups in Lesotho's urban areas.



The services provided include roads, stormwater drainage, water supply, streetlighting, and low-cost systems of sanitation. In some cases, services are minimal but improvable. That is, gravel roads are designed to be paved later. Water supply lines are designed to extend into houses and sanitation units can be upgraded to water-borne systems. Allottees repay the capital cost of providing services at below-market rates of interest over 20 years. To date all newly serviced sites have been developed as part of projects accommodating 75 to 800 families.

Construction Loans for Core Houses - Site allottees are eligible for construction loans. These loans include building materials, and allowances for labour, transportation, and technical assistance. The loans are sufficient to construct core houses of up to three rooms and a sanitation unit. Building materials are issued from LEHCO-OP warehouses at the project sites. Families are also given technical advice on such issues as the design of the house they want to build, how to plan for extensions, and how to ensure that it is properly built. Families are encouraged to work together.

As with newly serviced sites, the loans are repayable over 20 years at below-market rates of interest.

In 1981 LEHCO-OP will offer construction loans and technical assistance to families who already have been allocated sites by Government.

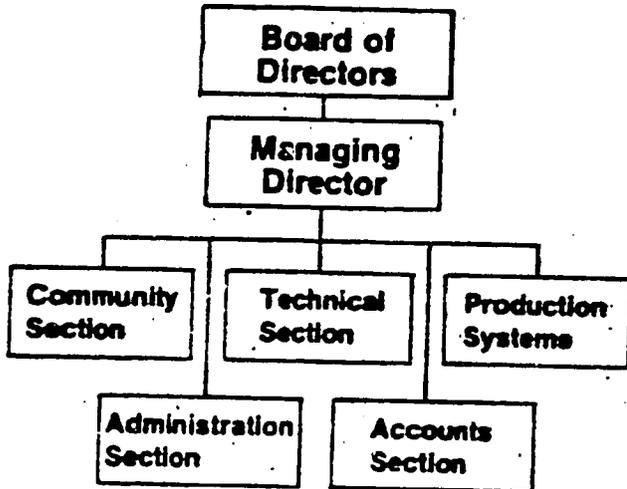
This program of home-improvement loans will enable low-income families to progressively upgrade their existing dwellings.

Technical Advice to Low Income Families - For those low income families who already have sites and who do not need loans, LEHCO-OP offers a technical advisory service. A house holder can consult with LEHCO-OP and obtain drawings of house designs and advice about developing their plot. This assistance is given for a nominal fee.

Town Planning Consulting Services - LEHCO-OP has acted as town planning consultants on projects related to low-income housing. These

services have been retained by the Government for projects in Maseru and Maputoe.

Production of Building Materials - LEHCO-OP produces concrete products and joinery products for sale to the general public and for use by families in constructing their homes. The Company produces a standard line of blocks, bricks, windows and doors which are offered to Government approved low-income housing projects at below-market prices.



ORGANIZATION AND FUNCTIONS

LEHCO-OP is composed of five Sections under the general direction of a Managing Director.

The **Community Section** is responsible for all liaison with the public. It publicises the Company's programmes and solicits applications from the lower income groups. It carries out training sessions for successful applicants and prepares the relevant legal documents. Thereafter it assists families on-site during the building of the houses. The Community Section also monitors the repayment of loans and facilitates development of community facilities.

The **Technical Section** is responsible for the physical planning, design and construction of the community layout and services. The planners prepare a site design. The section oversees the work of engineering consultants who are retained to do the design of roads, water systems and drainage. Civil engineering contractors are engaged to install the infrastructure. The Technical Section is also responsible for the design of core houses and fully developed house plans.

The **Administration Section** - is responsible for the day-to-day running of the Company. It also procures all building materials and stores them at the various project locations for issue to families.

The **Accounts Section** - is responsible for keeping all the financial records of the organization.

Production Systems - runs the manufacturing arm of the Company. It operates a block slab which produces up to 2000 concrete blocks per day. It also runs a joinery which produces wooden furniture fittings, and window and door frames.



TYPICAL LOAN

All loans are devised to be affordable by families earning between M50 and M180 per month, assuming no one pays more than 25% of their income on housing. A break down of a loan for a serviced site and a two room core house is as follows (1980 prices):

Roads, water supply	M300
Streetlights	50
Sanitation Unit	300
Materials for house	1100
Technical assistance	50
	M1800

This loan requires a monthly repayment of M17.70 including urban service charges. Hence it is affordable by families earning M70 per month or more. Smaller core units and sites without building material loans are available for those families earning less than M70 per month. Alternatively partial sub-letting is approved as a means of augmenting income. This policy also encourages the creation of rental accommodation for families not wanting home ownership.

Families taking loans from LEHCO-OP are given eight months to build their house. During this period no repayments are required. Thus they avoid having to pay rent and repaying the loan at the same time.



SOURCES OF FUNDS

LEHCO-OP efforts have been funded by the Government of Lesotho and several foreign donors.

The United Nations Capital Development Fund (UNCDF) financed the original housing cooperative, Mohalalitoe, and the founding of the Company in 1975 in the amount of M700.000.

The United States Agency for International Development (USAID) supported the expansion of Production Systems, valued at M100.000 in 1977.

In 1978 the Canadian International Development Agency (CIDA) granted M2.33 million to finance the servicing of 1100 sites, the purchase of building materials and plant and equipment, and personnel training. The project has developed sites and provided loans in Maseru and Maputsoe.

In 1980 LEHCO-OP was appointed as the principal housing developer for the Maseru urban project funded by the International Development Association (IDA). The Company is providing a variety of services to assist some 1700 families to improve their shelter. The project involves M11 million in building material loans.

The Government of Lesotho has provided counterpart funding of nearly M700.000 for all of these projects.

Repayments of many of the loans given by LEHCO-OP flow into a revolving fund. This fund will be used to finance similar projects starting in 1983.

For more information write to :

Lower Income Housing Co. (Pty.) Ltd.
P.O. Box MS 770
Maseru 100
Lesotho

Telephone : 22324
Telegraph : LEHCO-OP

TO : Director TSD
Deputy Secretary (Policy)

FROM : Project Planning Advisor

REF : HK/48/2, HK/19/2
HK/39/2

DATE : 3rd September, 1983

USAID - FUNDED PROJECTS IN SECONDARY TOWNS

Further to my memorandum to Cde. Zinyanda reference HK/48/2 of 28th July, 1983 I now present my completed analysis of the impact on the media urban household income level (MUHIL) of including low-density and institutional households in the three towns of Marondera, Kadoma, and Chinhoi.

	Original MUHIL	Adjusted MUHIL	% INCREASE
Marondera	130	142	9.2
Kadoma	121	130	7.4
Chinhoi	118	135	14.4

See attached income distribution graphs for each town.

You will note that the inclusion of higher income households does not succeed in raising the MUHIL to \$156pm., the figure agreed in the second Implementation Agreement of November, 26, 1982. Since this agreed figure is subject to amendment in the light of the Housing Demand Surveys, we can expect USAID, who solicited the data for the adjustment exercise, to come back to us with proposed revised figures similar to those given above.

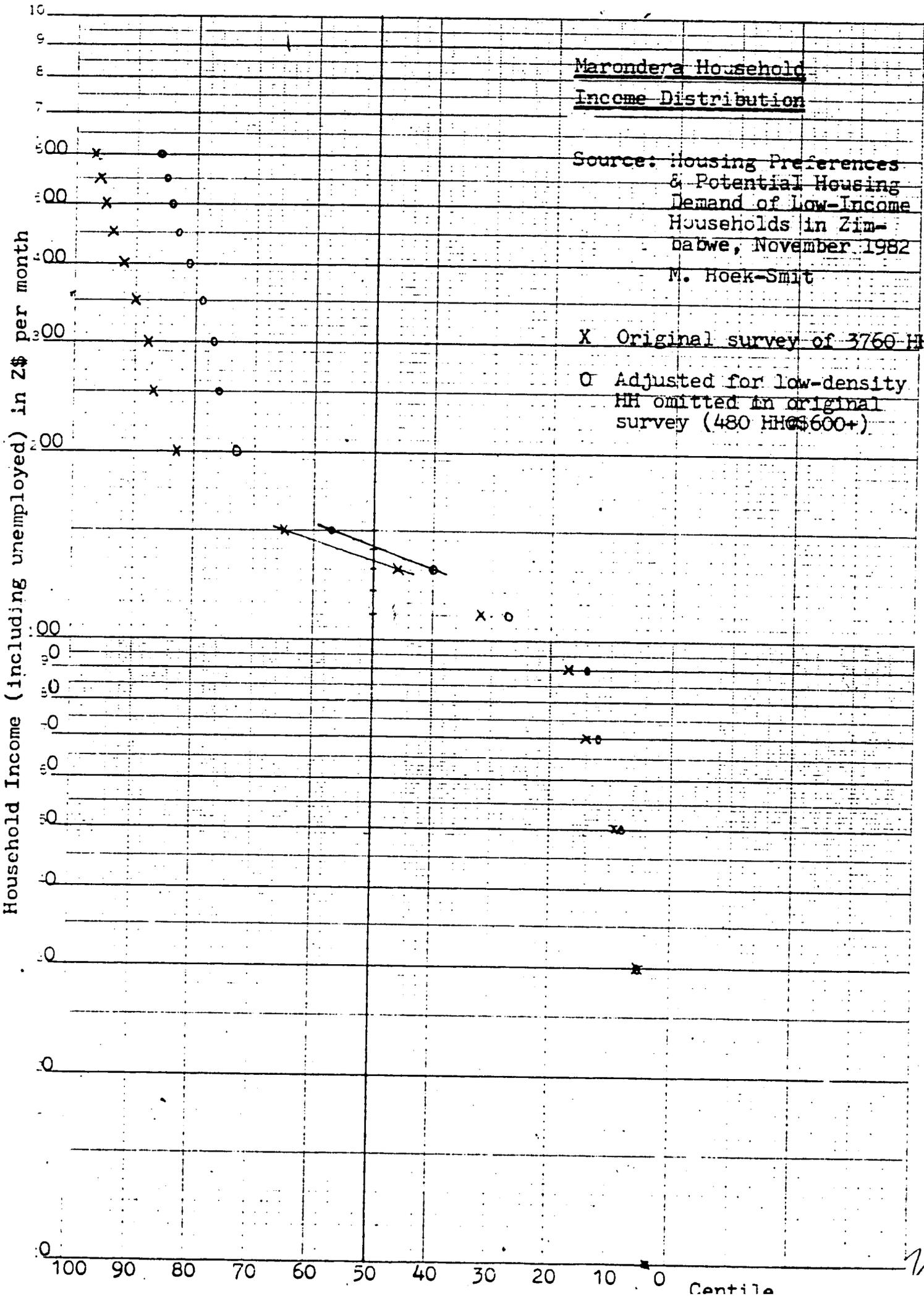
In the meantime project planning should proceed using \$156 as the target figure.

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Marondera Household
Income Distribution

Source: Housing Preferences
& Potential Housing
Demand of Low-Income
Households in Zim-
babwe, November 1982
M. Hoek-Smit

X Original survey of 3760 HH
O Adjusted for low-density
HH omitted in original
survey (480 HH < \$600+)



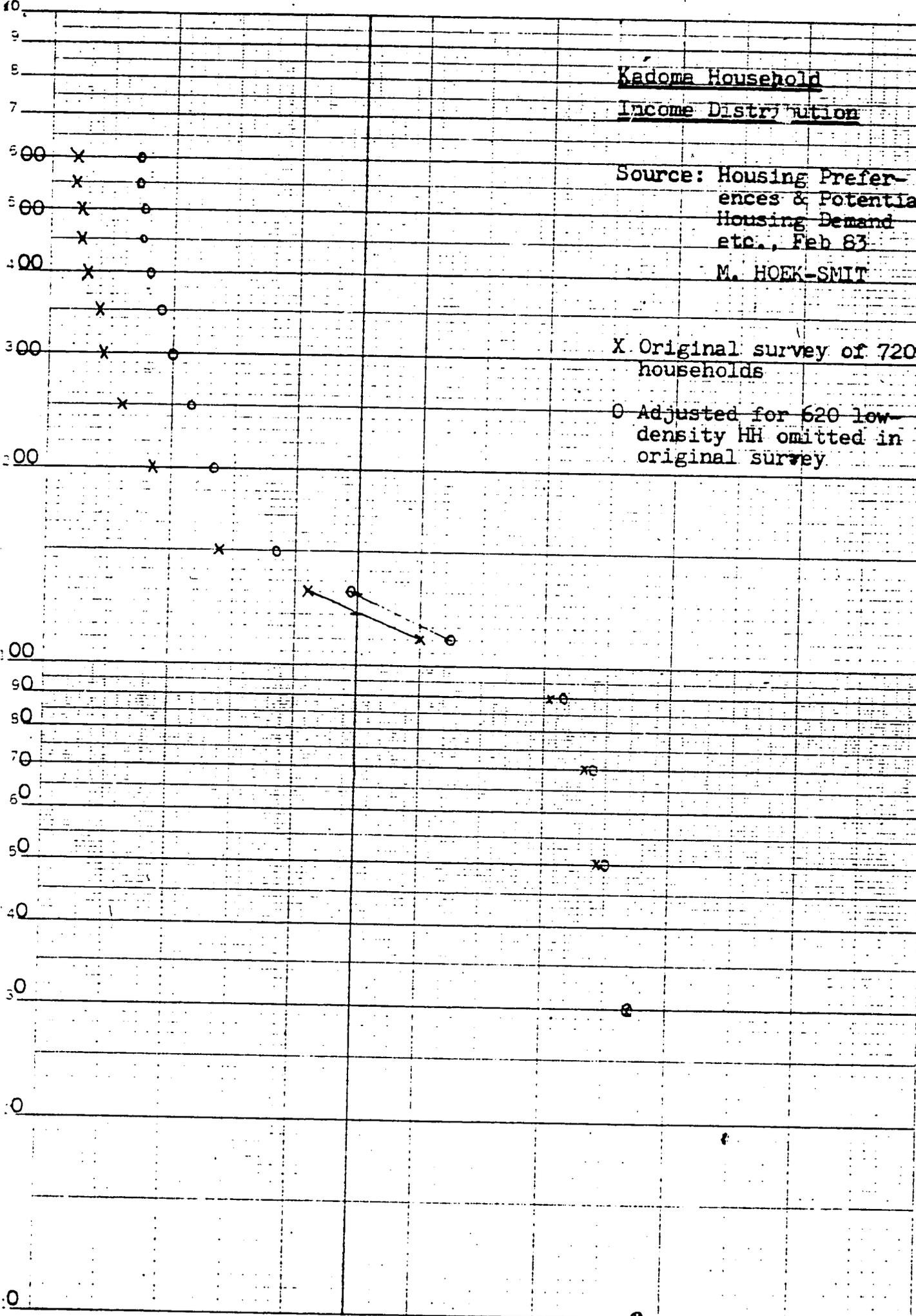
Kadoma Household
Income Distribution

Source: Housing Preferences & Potential Housing Demand etc., Feb 83
M. HOEK-SMIT

Household income (including unemployed) in Z\$ per month

X Original survey of 7200 households

O Adjusted for 620 low-density HH omitted in original survey

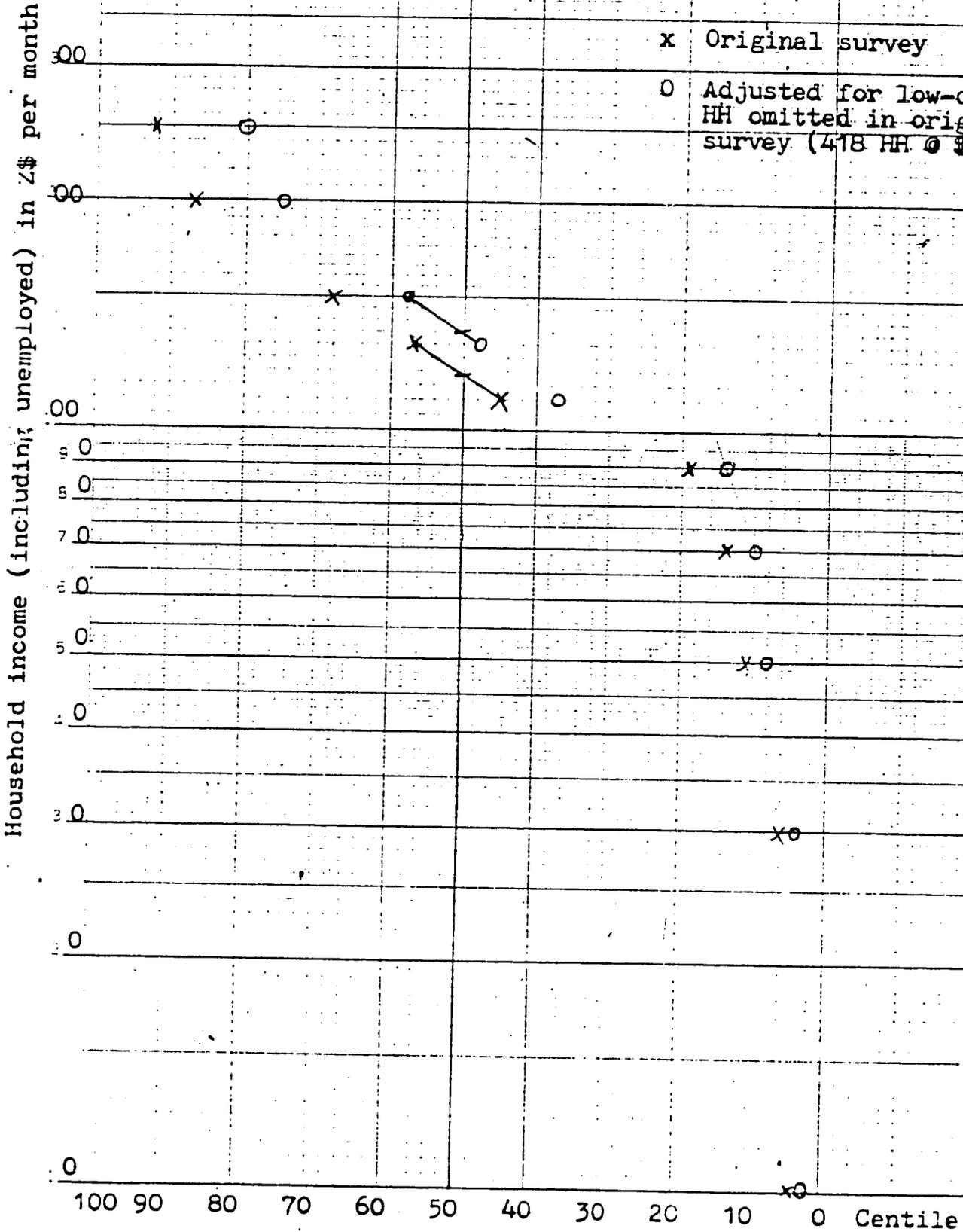


100 90 80 70 60 50 40 30 20 10 0 Centile

100 90 80 70 60 50 40 30 20 10 0 Centile

Chinhoyi Household
Income Distribution

Source: Housing Preferences
& Potential Housing
Demand etc., Nov 1982
M. Hoek-Smit



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**REPORT AND RECOMMENDATIONS OF A WORKING PARTY CONVENED
BY THE PERMANENT SECRETARY ON 1ST AUGUST, 1983.**

Present : Cde. M. Chenga Permanent Secretary
Cde. M. Ncube Deputy Secretary (Policy)
Cde. C. Mutiwanyuka Deputy Secretary (A/F)
Cde. H. Magdon Ismail Director, TSD.
Cde. N. Horrell Principal Architect

In Attendance: Cde. Y. Gurer UNCHS Advisor
Cde. T. Chana UN. C.T.A.
Cde. J. Wegge Self Help Housing Advisor
Cde. R. Beardmore Project Planning Advisor

1. The Working Party met in two sessions (5 hours) to examine the following :-
 - a) Housing Policy for Minimum Wage Earners
 - b) Agreements governing the USAID Housing Guarantee Projects and UNCHS/USAID Pilot Project. Summaries of these agreements are attached.
2. The members of the Working Party reached consensus on the following issues:
 - a) Households earning the minimum domestic wage of \$50 per month can only afford \$12 for housing payments.
 - b) Households earning the minimum industrial wage of \$105 per month can only afford \$26 for housing payments.
 - c) Analysis of actual construction cost data of a four-roomed house implied a minimum monthly repayment of \$28,35 for the house only.
 - d) Analysis of actual stand development costs implied a minimum monthly repayment of \$15, including recurrent service charges.
 - e) A four-roomed house on a serviced stand is affordable only to households earning more than \$175 per month.
 - f) A serviced stand can be progressively developed by households with a wide range of incomes thus ensuring that, over time, even the minimum wage-earner can develop a fully completed home.
 - g) The plot allocation agreements can be drawn up to ensure that the beneficiary completes house construction to an acceptable standard over a period of, say, 18 to 36 months.

- b) The rate of house construction will depend on the beneficiary's willingness, and ability to afford, save and build; technical, financial and community development assistance can be provided to facilitate this process.
 - 1) The progressive development of the fully serviced stand could enable the beneficiary to save and mobilize his own domestic thrift potential to supplement public sector resources, leading to a more equitable spread of limited public financial resources over a greater number of people.
3. In view of the concensus reached in 2. above, the working group unanimously agreed the following points -
- i) that financial resources for housing are limited, if not scarce, at both the household and national levels;
 - ii) that a fundamental element of a successful housing policy is the principle of affordability at both the household and national levels;
 - iii) that, at present, a serviced residential stand is affordable by all urban households earning the legal minimum wage, i.e. \$50 per month; must
 - iv) that an "open door" national housing policy/provide, a full range of housing options and emphasises progressive development, i.e. it should allow for a continuum of solutions ranging from the "site only" option to a completely developed house.
 - v) that the adoption of the policy outlined in iv) above would:
 - a) maximise self-reliance in keeping with socialist policies of the Government;
 - b) facilitate the successful implementation of the Public Sector Investment Programme both domestically - and donor-funded.

WHAT WAS AGREED BETWEEN THE GOVERNMENT OF ZIMBABWE AND USAID WITH REGARD TO THE FUNDING AND DEVELOPMENT OF LOW COST HOUSING AT PARKRIDGE FONTAINEBLEAU AND SECONDARY TOWNS OF CHINHOYI, KADOMA AND MARONDERA ?

The following points of agreement are drawn from these legal agreements between the GOZ and USAID: the Implementation Agreement for Phase I; the Implementation Agreement for Phase II, and the Project Delivery Plan for Phase I submitted by GOZ in February of 1982 and subsequently approved by USAID.

1. It was agreed that the project (Phase I and subsequently Phase II) would be a programme of activities :
 - a) to increase the production of shelter and community facilities and provision of services in Harare and other urban areas in Zimbabwe;
 - b) to strengthen the capacity of national and local authorities to design and administer large low income shelter projects;
 - c) to continue to support shelter programmes and policies with a view toward providing affordable shelter and services for the urban poor.

More specifically, the documents state that the program of activities will support :-

- a) more economical house designs;
 - b) more economical land use;
 - c) more economical services;
 - d) more economical design of community facilities;
 - e) support for smaller builders;
 - f) support for small scale enterprises;
 - g) increased institutional and financial capacity, including the possible utilization of building societies to originate and service mortgages and building loans.
2. It was agreed that the project would consist, in two phases, of the following components :-
 - a) Phase I:-
 1. US\$ 13 million in retroactive funding (reimbursement) for GOZ-constructed shelter and services in Chitungwiza. This amount was determined on the basis of housing actually constructed and infrastructure actually constructed for which the total monthly charges were affordable to the occupants of the housing by payment of 25% of their monthly total household incomes. This sub-project amounted to reimbursement for the construction of 6,748 houses and associated infrastructure.
 2. New works at Parkridge Fontainebleau, consisting at the time of :-

- a) 10,000 shelter units; (modified to 4,135 in Phase II IA)
- b) supporting on-site infrastructure;
- c) units ranging from empty serviced lots alone to serviced lots with an expandable core structure;
- d) community facilities and services.

b) Phase II:-

1. Parkridge Fontainebleau Phase II, consisting of the construction of :-
 - a) 3,300 serviced plots;
 - b) community facilities;
 - c) 3,300 building materials loans averaging Z\$1 500.
2. Marondera, Chinhoyi, and Kadoma Phase II, consisting of the construction of 2,500 serviced plots, community facilities, and 2,500 building materials loans averaging \$1 500. with :-
 - a) 1,000 in Marondera;
 - b) 1,000 in Kadoma
 - c) 500 in Chinhoyi.

3. It was agreed that the project (both phases) would be funded jointly by USAID and GOZ. USAID funding consisted of guaranteeing two Housing Guaranty Loans each of US\$25 million. At the time of the Phase II IA signing, the GOZ funding was estimated to be US\$20.1 million. The funding was agreed to be split as follows :-

Phase I City	(US\$) ('000,000)		Phase II	
	USAID	GOZ	USAID	GOZ
Harare	12.0	8.0	13.0	7.0
Chitungwiza	13.0	2.0	—	—
Marondera	—	—	4.7	0.6
Kadoma	—	—	4.9	2.0
Chinhoyi	—	—	2.4	0.5
Totals :	25.0	10.0	25.0	10.1

4. The agreement state that:

- a) USAID agreed to guaranty the first US\$25 million loan as the first tranche of the total \$50 million USAID project contribution;
- b) USAID agreed to make available the second \$25 million tranche as soon as practioable, subject to mutual agreement on the progress and needs of the project and the availability of funds;

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- c) GOZ agreed to provide or cause to be provided for the project all funds, in addition to the USAID grant and loan funds, and all other resources required to carry out the project effectively and in a timely manner.
5. It was agreed that GOZ/local authorities would provide the land for the project and USAID would provide grant-funded technical assistance for project design and implementation.
 6. It was agreed that as the general basis for disbursement of the HG Loan funds :-
 - a) Generally, USAID shall permit disbursements to reimburse GOZ for eligible expenditures for shelter and community services, and to provide GOZ with reasonable advances to meet project needs;
 - b) Each disbursement shall be approved by USAID upon submission of a project delivery plan satisfactory to USAID and evidence of eligible expenditures.
 - c) Prior to the final disbursement, GOZ to certify and provide evidence (such as a list of beneficiaries, loan sizes, etc.) that all units or lots have been completed and transferred to eligible beneficiaries; that mortgage or lease purchase agreements have actually been made and building loans disbursed; and that agreed-upon community facilities and services have been provided.
 - d) The documents also state that if conditions specified for disbursements are not met by the dates specified in the Loan Agreement, USAID may at its option terminate its guaranty of the HG Loan, have no obligation to guaranty further notes, and may require GOZ to prepay immediately to the investor all of any part of the unpaid principal with accrued interest.
 7. Expenditures which were agreed to be eligible for HG Loan funding are:
 - a) Expenditures for design, acquisition of land, installation of infrastructure, construction costs and costs of materials, and other costs as reflected by the sales price of units or lots as reflected by the sales price of units or lots and appearing in mortgages or lease purchase agreements;
 - b) Expenditures on costs of construction of community facilities and related services;
 - c) project management and administration;
 - d) Building Material Loans — the principal amount of loans actually made;
 - e) Project Assistance — actual expenditure for technical assistance, training, and studies as mutually agreed.

8. Agreement on Standards, Affordability, and Eligible Beneficiaries:

It was agreed that : "Legislation governing USAID requires that the benefits of the project be affordable by households earning less than the median household income. Such households are referred to as eligible beneficiaries. It is mutually agreed that median income is \$150 per month in urban areas and that the median income figure may be revised from time to time by mutual agreement in Project Implementation Letters.

Costs will be kept at a level to insure that the benefits of these activities are affordable to the eligible beneficiaries.

9. Agreement on Reasonable Prices for Procurement : no higher than reasonable prices to be paid. All goods and services shall be procured on a fair, and to the maximum extent practicable, on a competitive basis.

10. Phase II Agreement : the second Implementation Agreement re-states the agreements set out in the first IA, and includes the following agreements in the project description:

1. That Phase II is a continuation of Phase I, and that infrastructure and shelter design standards will be affordable to below-median income households.
2. Capital development and recurrent costs for the fully serviced plots, the material loans, and services provided to the beneficiaries will be recovered through monthly repayments and user rates (charges) by the City Council of Harare.
3. The Council to manage the project under the coordination of the Department of Community Services after the infrastructure construction stage.
4. The agreement then provides an illustrative affordability analysis: This analysis bases repayments on 25- year loans at 9¹/₂% interest; affordability at 25% of monthly income; minimum loan at \$1 000; maximum loan at \$2 000. It also notes that median income in Harare is estimated now at \$175 per month, and that although the estimated median for the three secondary towns is \$156 per month, the Effective Housing Demand Survey will provide definitive information on median incomes.

The Phase I Agreement was signed on 15 January, 1982.

The Phase II Agreement was signed on 26 November, 1982.

GOZ/UNDP AGREEMENT ON THE LOW INCOME
HOUSING PILOT PROJECT - SUMMARY OF
RELEVANT SECTIONS

The following is a summary of relevant sections of the GOZ/UNDP agreement on the Low Income Housing Pilot Project in Kwekwe and Gutu with respect to the issue on affordability and housing options:

The relevant major agreement documents consist of:

- (a) "Project Document" signed in April 1982;
- (b) "A proposal for two experimental low cost housing project and community development programmes, with attendant financial and thrift generating solutions for lower-income groups," June 1981;
- (c) "Planning and Design Concepts for Gutu-Mupandawana and Kwekwe", October 1981.

The agreement documents state, amongst others, that:

- (i) Two housing schemes are of approximately 1,000 dwellings in Kwekwe, an urban centre, and one of 200 dwellings in Gutu-Mupandawana, a rural growth point will be implemented.
- (ii) The innovative pilot projects will be implemented to test and monitor the following objectives:
 - (a) New planning, design and construction solutions which attempt to achieve a closer match between the specific functional requirements of the prospective lower income group beneficiaries and their financial capacities;
 - (b) New methods of organisation in aided self-help, co-operatives and building brigades which will enable the beneficiary group to be involved more closely in the achievement of their own housing solutions through participation in the design and/or finance and/or construction stages of housing and community development;
 - (c) The possibility of expanding domestic thrift potential for low income home finance through the establishment of new mechanisms in existing savings and loan institutions geared

savings capacity of low income beneficiaries; and

- (d) The suitability of these new solutions for replication in future national housing programmes.
- (iii) The target population (i.e. the low income beneficiaries) can roughly be defined as those poorer sections of the population whose income level and housing affordability index would not normally qualify them for inclusion even in the Government's current (June 1981) housing programme for the provision of "ultra-low-cost" housing, who are unlikely to be included in Government's low-cost housing programme for several years because of the shortage of institutional financial and other resources, although their own incomes would qualify them for such schemes.
- (iv) In Kwakwe, the housing application forms (June 1981) showed that the bulk of applicants are unskilled industrial workers or self-employed people in the informal sector with a monthly median income in the wage band Z\$85-100. A further significant proportion are skilled workers, earning Z\$100-125 and in some cases up to Z\$200 per month.
- Calculated on an affordability index of 22% of the gross income of the household it is estimated that 68% of the registered January 1981 applicants (approximately 7,000 total) can afford total monthly payments of (house plus service charges) of around Z\$20.
- (v) In Gutu-Mupandawana, because of its rural situation, the majority of low income wage earners do not even earn the minimum wage of Z\$85 per month (June 1981 figures). The majority of the targeted low income population receive Z\$30-70 per month, in some cases less. The initial estimated monthly housing affordability index of this group was about Z\$8-10 per month, for a home ownership scheme.
- (vi) House construction in Kwakwe will be to test the acceptability of providing one-roomed core house, and to compare the acceptability of the one-roomed core to possibly the provision of the house roof only and/or any other option that may become evident during the consultative phase of the project, i.e. to tap the desires and logic of the people themselves.

- (vii) House construction in Gutu-Mupandawana will be to test the ability of the rural population to construct core affordable units (i.e. in the region of Z\$10 per month), including pit latrines and communal water taps, on a self-help basis.
- (viii) Loan funds for building materials (estimated at Z\$250 per room in June 1981) to extend the house a further one, two and three rooms will be provided on the basis of the progress achieved by the beneficiary.
- (ix) Close collaboration will be established with building societies, who will make during this project loans available in the region of Z\$1,000 - Z\$2,000 per stand.
- (x) The average estimated monthly repayments ranged from Z\$9,04 per month for a minimum serviced core stand to Z\$21,12 per month for a minimum serviced core stand with three rooms in Kwekwe, while in Gutu-Mupandawana these ranged from Z\$7,30 per month for a minimum serviced core stand to Z\$11,33 per month for a minimum serviced core stand with two rooms.

Based upon the relevant project documents agreed between the GOZ and NIP, the USAID agreed to provide capital development funds for an equivalent of Z\$2.5 Million from the Commodity Import Programme (CIP) through the Ministry of Finance, Economic Planning and Development. Any proposed amendments/revisions to the agreed documents between the GOZ, NIP and USAID would involve re-negotiations and amendments, which would involve several months thus resulting in delays, cost overheads, inflation and generally further making the housing solutions unaffordable by the low income people in Kwekwe and Gutu. Other implications are similar to those highlighted in the case of the GOZ/USAID agreement for the Housing Tenure Projects in Harare, Kadoma, Marondera and Chinhoyi.

Cde Director

Cde Beardmore

3rd October, 1983

PROGRESSIVE DEVELOPMENT OF HOUSING

Herewith some information on the impact of including a four-roomed foundation as a part of every house built in donor-funded projects as requested.

Paul Harris and Associates indicate that the cost of materials included in the foundation and floor slab of House 183 is +404,42 (in Sept 1983 prices). This represents about 12% of the total cost of materials for the full four-roomed core.

Reference to Table 1.2 from the forthcoming FDP for Phase II indicates that mandatory inclusion of the full foundation and floor slab would have the following effect on affordability at the lower levels of the income scale :-

Households earning +80 pm or less would be excluded from participation in the project.

Households earning between +80 and +90 pm could afford a plot only and four-room foundation and slab.

Households earning the minimum industrial wage could afford a serviced plot, materials for a four roomed foundation, and an additional +600 worth of materials for, say, one room without plumbing or electrics.

All other participating households could afford +400 less of material for construction of rooms.

STANDARD CORE HOUSE - FOUNDATION WALLS AND FOOTINGS

<u>Item</u>	<u>Description</u>		<u>Rate</u> <i>incl. S/Tax</i>	<u>Amount</u> \$. c	
A	50 kg Pocket of PC 15 Portland cement	<u>No</u> 13	2.93	38	09
B	River sand for concrete	<u>m³</u> 1.1	15.00	16	50
C	Building sand for mortar	<u>m³</u> 0.6	12.00	7	20
D	20 mm Crushed granite for concrete	<u>m³</u> 1.2	21.24	25	49
E	Approved hardcore or gravel filling under floor slab <i>(1.11122 m³)</i>	<u>m³</u> 4.5	9.44	42	48
F	450 mm Long x 110 mm thick x 220 mm high precast sand/cement hollow building block of approved manufacture	<u>No</u> 230	0.40	92	00

FOUNDATION WALLS AND FOOTINGS

Total carried to Summary

\$ 221 76

45

STANDARD CORE HOUSE - CONCRETE FLOOR SLAB

<u>Item</u>	<u>Description</u>		<u>Rate</u>	<u>Amount</u>	
				\$	c.
A	50 kg Pocket of PC 15 Portland cement	<u>No</u> 24	2.93	70	32 ^v
B	River sand for concrete	<u>m³</u> 3,1	15.00	46	50 ^v
C	20 mm Crushed granite for concrete	<u>m³</u> 3,1	21.24	65	84 ^v

CONCRETE FLOOR SLAB.

Total carried to Summary

182 66

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STANDARD CORE HOUSE

SUMMARY

	<u>Page</u>	<u>Amou</u> \$
FOUNDATION WALLS AND FOOTINGS	1	221 76
CONCRETE FLOOR SLAB	2	182 66
SUPERSTRUCTURE BLOCKWORK	4	1163 9
ROOF STRUCTURE	5	422 6
DOORS, IRONMONGERY, GLAZING, PAINTING	8	524 8-
PLUMBING AND DRAINAGE	13	393 14
ELECTRICAL	17	207 62
		<hr/>
<u>TOTAL</u>		\$ 3116 62

Allow for sales tax on all items except cement and gravel filling

Item

included in rates

Allow for transportation of materials where not included in rates

Item

included in Home in rates

STANDARD CORE HOUSE

Total materials cost

\$ 3116 62

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Table 1.2 Illustrative Affordability Guide (All figures in Z\$)

Monthly HH Income	Maximum Affordable on housing	Monthly service charge	Monthly plot charge	Balance for BML loan	Maximum affordable BML loan	Deposit payable by allottee	Total capital for house	Remarks
80	22.00	14.12	6.23	-	-	-	-	Can afford plot only
90	24.75	14.12	6.23	4.40	490	25	515	
105	28.87	14.12	6.23	8.52	960	50	1010	Minimum industrial wage
110	30.25	14.12	6.23	9.90	1100	55	1155	
120	33.00	14.12	6.23	12.65	1420	70	1490	
130	35.75	14.12	6.23	15.40	1730	90	1820	
140	38.50	14.12	6.23	18.15	2040	100	2140	
156	42.90	14.12	6.23	22.55	2530	130	2660	Upper limit in secondary towns
175	48.12	14.12	6.23	27.77	3120	160	3280	Upper limit in Harare

- Notes:
1. Column 2 based on a maximum of 27.5% of HH income spent on housing
 2. Monthly service charges include water, sewerage, refuse removal, supplementary and loan administration charges
 3. Plot development charge is based on an allocable capital cost of \$700 for a 300m² plot (excluding deposit)
 4. Beneficiary's deposit assumed to be five (5) percent of value received as a token of good faith

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TO: DIRECTOR, TSD

FROM: PROJECT PLANNING ADVISER
R. HEARDMORE.

REF: HC/HAR/4/1

DATE: 6th September, 1983

PARKRIDGE FONTAINELEAU HOUSING PROJECT PHASE I

Reference your request for my comments on the financial appraisal for the above project prepared by the City of Harare and submitted to us under cover of their letter reference DCT/5/050P of 31st August, 1983.

The submission consists of two parts each one being a part of a longer document made to Council but not submitted to us. The section entitled Appendix I deals with the financial appraisal of the whole of Phase I. The Section entitled Report No. 145 - 83 describes the financial requirements for the establishment of full scale production and construction brigades and the associated operational costs for ~~one year~~. Six monthly.

1. Financial Appraisal Of P/F Phase I (excluding Brigades)

1. Availability of funds

- (a) CoH's estimate of \$6 747 278 for final costs of infrastructure are as per John Burrow and Partners revised costings submitted to us. Calculations by MCH Accounts reveal that accrued interest on works in progress as of 30.6.83 amounts to \$200 000. Note that the \$564 000 for servicing of shopping centres is not included in these figures. CoH reflects this amount under their own category which is incorrect. While the amount of \$564,000 is the correct estimate it has not yet been approved as part of the estimated total cost of the project.

When it has been approved it together with accrued interest, should be added to the \$6 747 278 under the MCH column.

- (b) In the absence of any formal reply by MCH to the City's request for \$3.5 million for the bus depot, they have included it in their overall list of items but not in their request for Council for supplementary estimates. MCH did in fact receive Treasury approval of this amount for a bus depot as part of the 83/84 PSIP but indications are that MCH requires this money elsewhere.
- (c) CoH is aware of their requirement to build primary schools but appear to want to delay such activity until Government finalises the question of cost recovery.

Our letter HC/HAR/4/45 of 7th July, 1983 requesting information on their schools construction programme refers) Therefore the \$1.4 million allocation is not required this financial year.

- (d) In the table on page 2 an amount of \$512 745 given for the construction of demonstration houses, is shown as "previously provided" This simply means that council has approved the sum for the construction of 68 units. It does not mean that MCH has approved it.

- (e) CoH is assuming that the average loan made to a developer will be \$1 500. This figure does not agree with MOH's revised figure of \$3 100. This will increase the allocation required for 4104 stands from the \$6 156 000 shown by the City to \$12 722 400.
- (f) The CoH list in Annexure "A" correctly includes an item for street signs not currently shown in our PDP.
- (g) CoH's estimates for toilets at \$110 680 represents an increase of \$97 680 over the original estimate. No reason given.
- (h) It is not clear why the allocation for land has been reduced from \$226 000 to \$201 335.
- (i) There is a major discrepancy between the PDP figure for basic electricity layout (\$1 120 000) and CoH's (\$869 400) I suggest CoH's figure prevail.
- (j) Discussion of brigade related items is omitted since they were the subject of a separate report to Council. See Brigade Operations below. However, the amount of \$556 150 is sufficient to construct 3 sets of construction unit facilities, each for 600 houses a year (excluding furniture and equipment) If one or more of these units are for Hatcliffe or Warren D or Dzivaresekwa why are they included in the P/F budget? Similarly the block making factory is all budgetted under Parkridge.

2. Stand Selling Price

This section appears all right with the following exceptions : paragraph (d) refers to the need for \$45 for future survey of the stand for title purposes. My understanding is that (for Phase I only) no additional survey work will be required since the Surveyor General has waived the necessity and is willing to use the General Plans as the survey document. Our PDP needs amending to reflect these selling prices.

3. Monthly Payments

This section is noteworthy for two reasons. Firstly, it talks of a deposit of approximately 5% to be made in respect of a plot loan for \$595 and a building material/house construction loan of \$3750. I agree with the idea of such a nominal deposit. Note our PDP does not say much on this. Secondly this section assumes that a one-room core built by brigades will cost \$3 750. I assume this figure was picked for illustrative purposes only and does not reflect estimated costs of core houses. The conclusion to the section is that monthly repayments will amount to \$50,28 for a one-roomed core. Can this be true?

4. Recurrent revenue burden

CoH has used 9.5% instead of 9.75% which became effective on 1st July, 1983.

II. Building brigade Operations

A major assumption underlying this report is that the price of blocks and the price of a brigades' services required to build a one-room core will remain fixed over the whole six year period, using the principle of average costs. See paragraph 4. This assumption has implications for affordability, namely, all families obtaining shelter in the first year of the programme will be pay prices "inflated" by 44% to the end of year three. The converse applies to families obtaining shelter in year six. Such a policy is more appropriate for rental accommodation but seems punitive on families developing a house during the early years of a home ownership scheme.

1. Manufacturing Unit

This section summarizes the capital and revenue expenditures for producing concrete blocks. The basic average price of blocks will be \$0.4261 for Year 1, \$0.6439 for Year 6 and therefore \$0.5277 at the mid-point. This is 5.12 cents lower than the draft proposal. See my memo HC/HAR/4/16 of 30th August, 1983.

2. Construction Unit

This section summarizes the operational costs of the Construction Brigade for one year as outlined in Annexure B. The average cost of brigade services to produce one core house is \$1376 during the first year. This figure includes labour, general expenses, repairs and maintenance and capital charges. All costs except labour are defined as ~~on-site~~ at 57.7% down from 70% used in earlier calculations. No material costs are included in this section.

3. Availability of Funds

This section records MOH's "intimation" that it would provide all necessary loans funds for the construction of houses by building brigades. COH is unaware of the source of the funds to be used to establish the brigades. They propose three possible alternatives:

- (a) US AID funds through the NHP
- (b) MOH funds through the NHP
- (c) Local authority funds.

According to Mr. Chana of US AID alternative (a) is a non-starter as he indicated in his last visit.

The section concludes by requesting Council's approval of supplementary estimates totalling \$3 252 045 for 1983/84 to allow for the establishment of both types of brigades and their operation for six months. This sum excludes all building materials except those for manufacturing blocks, fees of 2% levied by DOW and labour for electrical works to the houses. Perhaps the \$6 156 000 for loans to developers covers these items in which case the amount is probably insufficient.

III. CONCLUSIONS

Appendix I with its Annexure "A" is a valuable document which will allow us to draw up an "official" budget for Phase I of Parkridge Fontainebleau. It does however, omit building brigade operations.

Report No. 145-83 is also a valuable document outlining the costs of establishing and running the brigades. It does however, omit the cost of most materials, fees and labour for electrical works.

Until we are appraised of the cost of these latter items per unit it is impossible to determine the estimated total cost of the brigade programme. I think it would be unwise to entertain an application for borrowing powers for the estimated \$3 252 045 without receiving a simultaneous application for funds for materials related to brigade houses if indeed the two sums are not part of the same application.

HC/HAR/4/1

28th July, 1983

FARRIDGE/FONTAINBLEAU PROJECT PHASE I

Please refer to page 35 of the Revised Project Delivery Plan for the above-named project. Table 7.2.2 describes those items to be funded by GOZ as originally budgeted and as currently estimated.

You will note an estimated increase in the GOZ contribution of \$4,496,300. The reasons for this increase are as follows :-

- (a) \$29,000 cost increase on provision of bulk water supply.
- (b) \$441,000 cost increase on community facilities owing to inflation during the past 12 months.
- (c) Omission of funds for servicing of shopping areas (\$560,000), land survey (\$100,000), cycle tracks (\$70,000) and roundabout lights (\$45,000).
- (d) Increased professional fees owing to higher cost of on-site infrastructure (\$54,300).
- (e) Increased requirement for funds for housing loans caused by :-
 - (i) increasing average loan size from \$1 500 to \$2 038.
 - (ii) increasing number of loans to off-set reduction in number of loans funded by USAID contribution from 1 395 to 2 522.
- (f) Omission of project administration costs (\$195,000) to cover City of Mtwara salaries.

Two important policy issues emerge as a result of this analysis :-

- (1) what mechanism does the Ministry wish to use to monitor project costs and to make decisions about which additional costs should be incurred? At present there appears to be no such mechanism.
- (2) Is there an overall maximum budget figure, i.e. a ceiling, above which Phase I costs will not be allowed to rise.

These two issues should be considered at our meeting on Monday, 1st August, 1983.

c.c. Cde Ignall

c.c. Cde Mutiwanyuka

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Cde Mutiwanjuka
Thru' Director, TSD

Cde Beardmore

HC/HAR/4/1

10th August, 1983

1983/84 FUNDS FOR FONTAINBLEAU PHASE II

Please find attached a draft budget for the above Phase of Fontainbleau.

It sets forth items of expenditure in two groups :- those funded by HG money and those funded by GOZ. You will note that nine items are already committed and works are in progress. These items are :- A1, A2, A3, A4, A5, A6, B3, B4 and B5.

The total value of these items is \$7,579,000 of which approximately \$1,411,000 was spent in 1982/83. Since all items will be complete before 1 July, 1984, we require \$6,168,000 in 1983/84.

You will recall that there is no money in the 1983/84 NHF allocation to cover this work since the Phase II loan has not yet been negotiated. Information from Cdes Horrell and Hodder suggest that only \$1,487,000 is available from Treasury's Vote of Credit for this work. once the loan is in place.

All of this suggests a possible cash-flow problem between now and next July.

This situation could be compounded if the City of Harare puts in an application for borrowing powers for items A7 and B2 as they are reported to be doing.

We can discuss at your convenience.

P.S. Looking at this situation more broadly, the programme for Secondary towns is also affected since their donor contributions are also lodged in the currently inaccessible Vote of Credit. Marondera has indicated a desire to start construction this month, borrowing powers formalities notwithstanding.

(13)

HC/HAR/4/1

5th September, 1983

PARKRIDGE FONTAINBLEAU HOUSING PROJECT
APPROVAL OF ESTIMATED TOTAL PROJECT COSTS

1. Effective planning of the above project is being hampered by a lack of clarity on the question of the correct procedure for approving estimated total costs of the project. This issue has come to light as a result of the tight financial situation facing the Ministry this year. It would appear that in 1982/83 the MHP had sufficient money as to make project budgeting an exercise virtually without constraints. As we are well aware, the situation in 1983/84 is dramatically different.
2. MOH is receiving a number of requests from the City, JOHN Burrow and even from within the Ministry for amendments to the project which, if approved, would cause the estimated total cost of the works to increase. Examples are :-
 - 1) Revision of road junction design
 - 2) Increase in cost of materials
 - 3) Inclusion of serviced shopping centres accidentally omitted from original budget.
 - 4) Increase in average size of building material loans.
3. To date the tendency has been to approve or disapprove of the proposed changes on grounds other than financial ones. More often than not the changes are approved and the estimated total cost of the works increases. The current figure for Parkridge/Fontainbleau Phase I is \$25 000 000 compared with \$15 600 000 as at February, 1982.
4. It is unclear to me who has the authority to approve such increases in total project cost. Does it lie with the Honourable Minister or the Secretary? Does it lie with the Deputy Secretary (Finance) or yourself, or indeed the CEO? Does it, in fact, lie with the Ministry of Finance Economic Planning and Development.

5. Approval of the revised estimated total cost of the project tends to be confused with two other types of approvals common within RME. These are :-

a) Approvals by Zimbabwe Tender Board.

The ZTB dictates the method used to secure goods and services. The method itself is a function of the estimated total cost of the works. The Board also ensures that the relevant method is properly used. A Board resolution to accept a tender or issue a variation order to an existing contract is given on the assumption that funds are available for the work. The resolution itself does not authorize the allocation of the funds, nor does it bless an increase in the total project cost.

(b) Approval to spend funds in the RME.

Many projects take more than one year to implement and consequently require successive annual disbursements from the RME. At present annual allocations for Parkridge are being determined not so much with reference to total project costs but more on what does the Ministry need this year to keep going or to finish the work.

6. Note that those portions of the Parkridge project being implemented by the Ministry are not subject to the checks and balances of the Borrowing Powers Application process.

7. We recently obtained ZTB approval (in arrears) to issue variation orders to existing Phase I infrastructure contracts costing \$1 040 000 above the original tender amounts. The work has in fact already been done and is largely paid for. But this rather large increase in expenditure did not "ring any bells" in the Ministry. Notice, however, what bells are rung when a local authority requires an extra \$45,000 to complete one of its own projects.

8. The problem is manifesting itself in a different way in Phase II. During the latter half of 1982/83 we obtained ZTB approval to enter into new contracts for infrastructure in Phase II valued at \$6 000 000. RME, however, did not check the tender amounts against the engineers estimates to see if they were "within the budget". It should also be said that John Burrow, Project Management Consultants, did not do so either. It therefore transpired that one contract was entered into for \$1.4 million when the estimate for the work was half that amount.

Thus the opportunity was lost to revise the scope of the works or otherwise amend the project to stay within the targeted figure. In point of fact, no "official" budget figures have yet been produced for Phase II, despite the fact that expenditure is running at \$500 000 per month.

9. I recommend that :-

- 1) MFEPD's role in approving estimated total costs of projects be determined.
- 2) this matter be taken up at a Minister's Group Meeting with a view to establishing a proper project budgeting system.

PRESENT :

- Cde. N. Hurrell : Principal Architect Ministry of Housing
- Cde. E. Beardmore : Project Planning Advisor, Ministry of Housing
- Cde. J. Wagg : Self Help Housing Advisor, Ministry of Housing
- Cde. E. Iyall : Mohm Burrow and Partners
- Cde. P. Morris : John Burrow and Partners
- Cde. A. Hughes : City of Harare
- Cde. D. Bain : City of Harare

1. Cde. Beardmore opened the meeting by outlining the outstanding issues concerning the planning, design, funding and servicing of the five local shopping centres in Phases I and II of the Parkridge Fontainebleau Housing Project as follows:-

(a) In July, 1982 Cde. G. Atkins developed sketch designs for centres in Units 1, 2, 3 and 4 of Phase I.

(b) By October, 1982 John Burrow and Partners had produced detailed engineering designs for each of the four centres.

(c) In March 1983 Burrow requested instructions from Ministry of Housing Re : the levels of services to be installed at the centres. It was realised then that no funds were earmarked for this work as part of the on-going civil works contracts since the designs were not prepared until tenders were invited for Phase I.

(d) In May, 1983 Burrow produced an estimate of \$564 000 for servicing the four centres, assuming omission all of pedestrian paving.

(e) In July, 1983, the City of Harare, having received the designs, raised some reservations concerning the size and shapes of shop stands and the ability of the centres to handle expected traffic.

The purpose of today's meeting was to reach an agreement on a course of action which would allow servicing of the shopping centres to proceed without further delay.

2. Cde. Iyall replied that work completed as of 27th July, 1983 affecting the shopping centres was limited to the following:-

Unit 1: Construction of pull in terminus on north side of "Masley Road" completed as part of contract No. 01/81 Installation of main sewer completed as part of contract No. 02/81.

Unit 2 : No work done yet.

Unit 3 : Construction of pull-in terminus on north side of "Parkridge Area" completed as part of contract No. 06/81

Unit 4 : Construction of pull-in terminus on North side of 40m road started and 90% completed as part of contract. No. 06/81.

Refer to JPB letter ref. MCO/jz/Z/104/5B of 27th July, 1983. It was pointed out that funding for construction of bus stop and laybys in Units 1, 3, and 4 was provided as part of the civils contracts and was not part of the allocation required for servicing the shopping centres. However bus facilities at the centre in Unit 2 were to form part of the as-yet unavailable allocation of \$564 000.

3. Representatives from the City indicated that the three pull in terminus near the centres in Units 1, 3 and 4 were not large enough to accommodate the expected bus traffic. Refer to Dow letter PD/tr/P-F/6 + 6/3 of 22nd July, 1983. John Burrow have consequently requested Ministry of Housing authority to extend each of the three facilities at a cost of \$7,500 of 31st August, 1983.

- 2 -

Ministry of Housing representatives tentatively agreed to this request subject to approval of the Director, TSD and the Secretary. Ministry of Housing to follow this up urgently.

4. City representatives have proposed alterations to the design of the shopping centres in Unit 2 to better accommodate bus and other traffic. Refer to their T.E.F. 749 of 15th July, 1983. It was agreed that City officials would review the layout from the point of view of shop stands and forward their comments to the Principle Architect who would then liaise with Burrows on cost estimates. It was further agreed that the Unit 2 centre should be serviced as soon as the design was agreed, funds allocated, and Tender Board authority was obtained to add the work to an on-going contract. It was agreed that black topping of car parks could be omitted from the works in the interests of lowering costs.

5. The modifications to traffic handling in Unit 2's centre would also apply to Unit 6's centre in Phase II, a detailed design for which has not yet been prepared. City of Harare to prepare such a design.

6. City officials also agreed to review the shop design layout for the centres in Units 1,3 and 4 and advise the Principle Architect accordingly who will liaise with Burrows as per (4) above.

7. It was agreed that the Surveyor General would be requested to authorise surveying of shopping centres when all details of the design were agreed. In this way surveying of blocks and individual stands could be done in one operation. Funds were provided for in the budget for survey fees.

8. The following points were raised under other business:-

(a) City officials requested Ministry of Housing to advise the Town Clerk of the possibilities or otherwise of Ministry of Housing funding the \$3,5 million bus depot.

(b) City officials requested Ministry of Housing to advise HUOC of the likely date by which bus services will be required at F/F. This suggested that Ministry of Housing was in control of plot allocations which is really the responsibility of the City itself.

(c) Ministry of Housing officials briefed the meeting on steps being taken by Burrows and the Surveyor General to prepare general plans for use by the City in compiling the register of stands.

(d) City officials reported that they had informed the Ministry of Education that a site in Unit 3 had been allocated for a secondary school.

9. The meeting was adjourned at 10.40a.m.

File : HC/HAR/4/12
HC/HAR/4/13

5th September, 1983

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PRESENT : CDE. H. MAGDON-ISMAIL : DIRECTOR, T.S.D.
CDE. N. HORRELL : PRINCIPAL ARCHITECT
CDE. C. HUMPHREY : ENGINEERING ADVISOR, MOH
CDE. J. WEGGE : SELF-HELP HOUSING ADVISOR, MOH
CDE. R. BEARDMORE : PLANNING ADVISOR, MOH
CDE. H. LYALL : JOHN BURROW
CDE. P. MORRIS : JOHN BURROW
CDE. A. HUGHES : CITY OF HARARE
CDE. D. BAIN : CITY OF HARARE

1. The Director opened the meeting by thanking those present for meeting at such short notice. The purpose of the meeting was to resolve some outstanding issues on the design of road intersections at P/F.
2. On the subject of the use of circle pave at the Bulawayo Roundabout, it was reported that the Zimbabwe Tender Board had approved a request to carry out the works costing an additional \$29,000. MOH to write to John Burrow confirming go-ahead of this design modification. The extra money to be found when the budget for the project is reviewed.
3. On the subject of the intersection between Glen High Road and the Phase I access road, it was reported that MOH had requested John Burrow to supply traffic flow data to justify the proposed addition of slipways and "right-turn" widening. Burrow had in turn asked the City for this information. City representatives said such figures were not readily available but experience at Warren Park at a similar intersection suggested the wisdom of these changes. MOH representatives agreed in principle to right-turn widening but requested the City to re-examine the need for slipways and to report back through John Burrow. A decision on the matter was needed within two weeks if work was to be completed before the next rainy season(!). Approval to carry out any changes by variation order would have to be sought from Tender Board. The extra money, estimated at \$22,500, would have to be found when the budget is formally reviewed.
4. Lengthy discussions were held on the subject of the intersections between Bulawayo Road and the access roads to Phase II and Phase III. Burrow's current proposal is to build both junctions now since they are quite close together. The extra cost would be \$153,000 over the present cost of \$22,000 for the one access to Phase II. Of the total amount of \$175,000, \$65,000 would be charged to Phase III. Tentative and optimistic plans indicate that Phase III work funded by Saudi Fund, could get underway before the end of this financial year, therefore it was wise to build both junctions now, it was said. An additional reason, proposed siting of City of Harare's block production factory west of Phase III, had fallen away since the City intends to locate the facility at their present crusher site on Queensway Road. It was reported that there were long-term plans to construct a dual carriageway road to Bulawayo, implying that road junctions built now would need to be redesigned later. John Burrow and Partners were requested to examine the possibility of using a roundabout conforming to Harare's specification to make a four-way junction that could easily be upgraded to dual lane highway standards. Such a roundabout could cost up to \$300,000.

5. Burrows raised the question of whether or not contractors could be paid for 80% of the value of materials on site instead of the present maximum of 70%. The Director replied that 80% is the usual figure used in Zimbabwe but since the tender documents at P/F specified 70% this figure should stand. After all, contractors had based their tender figures on the assumption that they would get 70%. There would be no objection to future contracts calling for 80% payment.
6. On the question of the grave site in Phase I, the Director said he would raise the issue with MOH department heads to seek a procedure to dispell the phenomenon currently holding up the works.

R. BEARDMORE
2nd September, 1983:

REF: HC/HAR/4/4

MASTER FINANCIAL PLAN PART I - II PORTAIRELUS PHASES I - II

(2 \$ at July 83 prices)
Jan 84

<u>ITEMS</u>	<u>TOTAL</u>	<u>GOZ</u>	<u>USAID</u>	<u>SAUDI FUND</u>
1. CIVIL ENGINEERING WORKS				
On-Site	19 350 000	1 064 000	10 760 000	7 526 000
Off-Site	3 600 000	2 274 000	-	1 326 000
	<u>22 950 000</u>	<u>3 338 000</u>	<u>10 760 000</u>	<u>8 852 000</u>
2. MECHANICAL RETICULATION				
On-Site	5 450 000	1 996 000	1 000 000	2 454 000
Off-Site	-	-	-	-
	<u>5 450 000</u>	<u>1 996 000</u>	<u>1 000 000</u>	<u>2 454 000</u>
3. COMMUNITY FACILITIES	11 232 000	4 400 000	4 552 000	2 280 000
4. DESIGN/SUP SERVICE	2 242 000	1 810 500	-	432 000
5. SURVEY COSTS	544 000	544 000	-	-
6. LAND COSTS	749 000	749 000	-	-
7. CONTINGENCIES	4 782 000	3 773 000	1 009 000	-
	<u>8 317 000</u>	<u>6 876 000</u>	<u>1 009 000</u>	<u>432 000</u>
	<u>47 979 000</u>	<u>16 610 000</u>	<u>17 361 000</u>	<u>14 008 000</u>

Note: line item under GOZ for sales tax relevant to Saudi-funded components.

Best Available Document

FINANCIAL STATEMENTS - Budgeted - Approved - Reported A and B

FUND	PAGE 1				PAGE 2			
	UNAPPORTIONED	APPORTIONED	COMMITMENTS	UNAPPORTIONED	APPORTIONED	COMMITMENTS	UNAPPORTIONED	APPORTIONED

VILL MAINTENANCE FUND	11,024,000	6,040,000	564,000	5,476,000	-	5,704,000	500,000	5,204,000
OFF-STATE	2,274,000	242,000	242,000	-	-	2,032,000	2,032,000	-
TOTAL	14,098,000	6,282,000	806,000	5,476,000	-	7,736,000	2,532,000	5,204,000

GENERAL FUND	2,996,000	1,996,000	1,996,000	-	-	1,000,000	-	1,000,000
OFF-STATE	-	-	-	-	-	-	-	-
TOTAL	2,996,000	1,996,000	1,996,000	-	-	1,000,000	-	1,000,000

DESIGN/SUPERVISOR	6,652,000	3,121,000	1,853,000	1,268,000	-	3,531,000	207,000	3,324,000
PROPERTY TAX	983,000	496,000	496,000	-	-	487,000	487,000	-
PROPERTY TAX	324,000	103,000	103,000	-	-	221,000	221,000	-
LAND COSTS	436,000	227,000	227,000	-	-	209,000	209,000	-
DEVELOPMENT	1,305,000	406,000	262,000	144,000	-	899,000	34,000	865,000
TOTAL	3,048,000	1,232,000	1,018,000	144,000	-	1,616,000	951,000	865,000

TOTAL	16,794,000	12,631,000	5,743,000	6,620,000	-	14,163,000	3,690,000	10,473,000
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FINANCIAL STATE - PARTIAL / APPROVED - 11/19/83 FOR APR. IV

SCHEDULE IV

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TYPE	PARTIAL										
	GRAND TOTAL	S/INTAL	GOZ	USALD	S/ALD	S/INTAL	GOZ	USALD	S/ALD	GOZ	
1. OTHER INVESTMENT WORKS											
On-site	7 326 000	3 300 000	-	-	-	3 360 000	5 320 000	-	-	-	3 320
Off-site	1 300 000	720 000	-	-	-	4 200 000	4 200 000	-	-	-	4 200
	0 000 000	4 466 000	-	-	-	4 466 000	4 306 000	-	-	-	4 306
2. LAND/STRUCTURAL INVESTIGATION											
On-site	2 484 000	1 598 000	-	-	-	1 598 000	806 000	-	-	-	806
Off-site	-	-	-	-	-	-	-	-	-	-	-
	2 484 000	1 598 000	-	-	-	1 598 000	806 000	-	-	-	806
3. COMMITTEE REVENUES											
	4 000 000	2 145 000	1 155 000	-	-	300 000	2 405 000	1 175 000	-	-	1 260
4. DUES/FEES/CONTRIBUTION											
	1 250 000	647 000	451 000	-	-	216 000	612 000	396 000	-	-	216
5. BUYER WORKS											
	220 000	110 000	110 000	-	-	-	110 000	110 000	-	-	-
6. LAND COSTS											
	313 000	153 000	153 000	-	-	-	160 000	160 000	-	-	-
7. CURRENT EXPENSES											
	2 477 000	1 792 000	1 792 000	-	-	-	1 685 000	1 685 000	-	-	-
	5 269 000	2 702 000	2 486 000	-	-	216 000	2 367 000	2 351 000	-	-	216
	21 185 000	10 911 000	3 651 000	-	-	7 260 000	10 274 000	3 526 000	-	-	6 748

TO: CHIEF SECRETARY
MINI DIR OFC, TSO

FROM: PROJECT PLANNING ADVISOR

REF: P/3/60

DATE: 12th September, 1965

HOUSING CO-OPERATIVES

Our Ministry has approved a policy under which houses can be built using three modes of construction, namely:-

- (a) Building brigades whereby local authorities use a permanent direct labour force to build completed core houses for sale;
- (b) Self-help construction whereby the plot allottee undertakes the construction of his/her dwelling with or without the assistance of a hired contractor or labour team; and
- (c) Co-operative construction whereby ten or more allottees form a registered housing co-operative society for the purpose of constructing their dwellings with or without the assistance of a hired contractor or labour team.

The implementation of the building brigade strategy is well advanced with a number of local authorities currently constructing dwelling units under the policy and technical guidance of the Ministry. Plans for implementing the self-help mode of construction are progressing well, especially in regard to urban-based projects, e.g. Kwekwe and Gutu by W&A/BS AID and Harare, Bulawayo, Masvingo and Gwelo by W&A AID. By contrast the Ministry is doing little to make the third alternative, housing co-operatives, a realistic option for prospective home builders.

In the recognition that the Ministry see itself as having a role in promoting housing co-operatives, I would like to recommend that a small study be carried out with a view to assessing the problems and opportunities presented by this mode of construction for both rural and urban housing in Zimbabwe. The study could examine the following issues:

(a) Legal Framework

- (i) What legislation currently governs the establishment and running of co-ops.
- (ii) Is this legislation suitable for housing co-ops?
- (iii) What changes (if any) to current legislation are needed to facilitate the setting up of housing co-ops?
- (iv) Is there a role for less formal unregistered building groups?
- (v) Can co-ops hold land?

(b) Financial Framework

- (i) What institutions presently oversee co-operative affairs?

(ii) What specific role should Ministry of Housing have?

(iii) How do local authorities deal with co-ops?

(iv) Is there a need for a new organization dedicated to the promotion of co-operative housing?

(v) What type of sponsoring organizations would meet with Government approval?

(c) Financial framework

(i) Is there a role for credit unions or co-operative savings societies in mobilising finance for co-op housing construction?

(ii) Should co-ops have access to National Housing Fund monies? If so, how?

(iii) What policy would building societies have concerning lending to co-ops?

(iv) What policy would Government have concerning the resale or rental of houses?

(d) Technical and educational services

(i) What are the critical areas of technical assistance required by co-ops?

(ii) How could the Ministry of Housing provide technical assistance to co-ops?

(iii) What organization should be responsible for co-op education?

(iv) What are the current popular perceptions about co-op housing?

(e) External assistance

(i) Does Government want external assistance in promoting housing co-ops?

(ii) If so, what type of assistance is required?

(iii) What multi-lateral or bilateral agencies exist to offer the type of assistance required.

The execution of this study would require the services of someone with experience in housing co-operatives in Africa. As you are aware, the limited scope grant agreement includes funds for procurement of this type of specialist expertise. I am confident that US AID would respond affirmatively to a request for such technical assistance.

If you agree with this recommendation, I would be pleased to discuss it with you and other Ministry officials and assist with drawing up the necessary terms of reference for the assignment.