

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY
Botswana

3. PROJECT NUMBER

633-HG-002

4. BUREAU/OFFICE

Africa

06

5. PROJECT TITLE (maximum 40 characters)

Gaborone West Housing and Facilities

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
09 30 86

7. ESTIMATED DATE OF OBLIGATION
(Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY 83 B. Quarter C. Final FY 87

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	()	()	()	(1,070)	()	(1,070)
(Loan)	()	()	()	()	()	()
Other US						
1 HG Loan	7,700		7,700	15,400		15,400
2.						
Host Country					17,000	17,000
Other Donor(s)						
TOTALS	7,700		7,700	16,470	17,000	

9 SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1 Grant	2 Loan	1 Grant	2 Loan	1 Grant	2 Loan	1 Grant	2 Loan
		(1) HG	720		865				
(2) IIPUP	663		865			420		420	
(3) DG	660		866			650		650	
(4)									
TOTALS						1,070	15,400	1,070	15,400

10 SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

840

11. SECONDARY PURPOSE CODE

710

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code BUW DEL EQTY INTR LAB PART
 B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

A. To strengthen the institutional framework for housing at both the national and municipal levels.
 B. To expand the role of the private sector in developing human settlements.
 C. To increase the availability of low-cost self-help housing in Gaborone.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 02 84 02 85 09 87

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY

Signature: *Pamela B. Hussey*
 Title: Assistant Director/East and Southern Africa, PRE/HUD

Date Signed MM DD YY
 09 01 82

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY
 08 30 82

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Exchange Rate: P.90 = US\$1.00

I. SUMMARY AND RECOMMENDATIONS

A. INTRODUCTION AND BACKGROUND

The proposed project is a follow-on to a \$2.4 million Housing Guaranty (HG) loan AID authorized in 1976 to assist in the development of the site and service concept in Botswana and to contribute to the expansion and strengthening of the Gaborone Self Help Housing Agency (SHHA), a department of the Gaborone Town Council. The Implementation Agreement was signed in October 1978. The HG inputs were part of the overall development of an area of Gaborone, the capital of Botswana, known as Broadhurst II and financed the construction of part of the infrastructure (roads, drainage, and sanitation substructures) for some 1,300 plots, building materials loans for these plots plus an additional 500 plots, and some capital equipment for the SHHA. The remainder of site and service plots in Broadhurst I and III, which total approximately 1,600 plots, was financed domestically or by other donors. (See Section III.A.5.)

In addition, AID authorized an Operational Program Grant (OPG) in 1977 to the Cooperative Housing Foundation, a non-profit U.S. institution, which included provision for a resident advisor to the SHHA. The OPG was amended to extend its scope and time by providing an additional advisor to the Ministry of Local Government and Lands (MLGL) to help expand the SHHA concept nationwide and by providing an advisor to the SHHA in Selebi-Phikwe (one of the four major urban centers in Botswana). The current MLGL advisor's tour has about nine months to go and the Selebi-Phikwe advisors' tour is finishing.

The MLGL advisor played a key role in the work during 1980 of a Presidential Commission on Housing Policy (the Commission) in Botswana. The report of this Commission contained a number of recommendations which have been accepted for the most part by the Government of Botswana (GOB) and formally adopted by Parliament in April 1982. They constitute a basic and comprehensive national housing policy for Botswana. An implementation plan to carry out these policies must now be prepared.

AID has had preliminary discussions with the GOB over the past several years about the possibility of an additional HG supplemented by appropriate technical assistance. This culminated in a request by government in March, 1982 to proceed with preliminary design of a new HG to be utilized in the financing of a part of Phases 1 and 2 of the continued expansion of Gaborone, known as Gaborone West.

As a result of this request, the Office of Housing and Urban Development (PRE/HUD) fielded a team under the management of the Regional Housing and Urban Development Office (RHUDO) in Nairobi to undertake the preparation of a PID. Field work was carried out in June, the PID was submitted to AID/W in early July and approved at the end of July. (See Annex 1 for PID Approval Cable.)

Final project design work was completed in the field during August and this Project Paper (PP) is the result of that work. The GOB has been actively involved in the preparation of both the PID and PP. All aspects of the project have been thoroughly discussed with and reviewed by the GOB which concurs in this proposal.

B. THE PROBLEMS TO BE ADDRESSED

A downturn in projected government revenues, particularly due to the fall in diamond prices, has led the GOB to seek to expand its external financing for development projects. In this connection it evidenced an interest in seeking HG financing for the site and service component of Gaborone's planned expansion along with related community facilities.

Due to delays in the planning process, the development of Gaborone is about two and a half years behind schedule. Thus, both the Botswana Housing Corporation (BHC), a government parastatal, and the SHHA have long and growing waiting lists. Unless the overall financing is assured for the expansion of Gaborone and its development moves ahead, the backlog of applicants for housing, particularly low-income families, will become completely unmanageable. While squatting in Gaborone currently has been eliminated, the potential exists for this problem to spring up anew unless alternatives are available.

The President's Housing Commission identified implementation capacity as the major constraint to Botswana meeting its shelter needs. While the Gaborone SHHA is basically a sound institution, improvements must be made to make it a more effective agency. The delays in the expansion of Gaborone have retarded the development of the SHHA staff by reducing activity levels. Particularly important is the need to strengthen the SHHA in its provision of technical assistance to plotters in constructing their houses and in the administration of the building materials loan program.

Finally, now that the lengthy and comprehensive process of developing the national housing policy has been carried out and that policy formally adopted by government, there remains the effort to carry out that policy and form a sound implementation plan. Unless this moves ahead vigorously, momentum can be lost. Some objectives, such as the reduction in subsidies, reorganization of the MLGL to give added emphasis and effectiveness to the housing function and inducing the private sector to play a larger role, already difficult to achieve, will be hindered.

C. SUMMARY PROJECT DESCRIPTION

1. The Project

The proposed project is for an HG loan to support the growth of the site and service concept in Botswana by financing building material loans, sanitary facilities, and related infrastructure and community facilities for the site and service component of Phases 1 and 2 of the continuing planned and orderly expansion of Gaborone. Included will be two small pilot efforts to bring private enterprise initiatives into play; a program for supplemental loans on a

market basis to individuals holding SHHA plots who wish to further expand their houses and financing for commercial facilities which will be rented to small entrepreneurs.

In addition, it is proposed to provide grant funds for two resident advisors in the MLGL, one resident advisor to the SHHA, related short-term technical assistance and training. The MLGL advisors will assist the government in the establishment and operations of a new Housing Division within the MLGL and in the preparation of a plan to implement the housing policy recommendations. While countrywide in scope and in impact, it will strengthen the framework in which the Gaborone SHHA operates and is consistent with USAID strategy to assist the urban sector endeavours of the GOB to more economic and effective ends. The SHHA advisor will concentrate on technical assistance to plottolders in constructing their houses.

2. Goal and Purpose

The GOB's long-term goal in the shelter sector, as enunciated in the recently affirmed National Policy on Housing, "is to ensure safe and sanitary housing for everyone." AID shares this goal and will concentrate its efforts in this project on low-income households.

The purpose of the project is to strengthen the institutional framework to achieve this goal at both the municipal and national levels, to expand the role of the private sector in developing human settlements, and to increase the availability of low-cost self-help housing in Gaborone.

3. Project Inputs

The project inputs envisioned in this PP will be a Housing Guaranty loan of \$15.4 million. Funds will come from the U.S. private capital market on a long-term basis at commercial terms and repayment will be guaranteed by the U.S. Government.

Technical assistance and training amounting to \$1,070,000 will be financed by grant funds, \$650,000 to come from the Africa Bureau, subject to the availability of funds, and \$420,000 from central funds administered by PRE/HUD.

The HG loan will cover approximately half of the cost of development by the MLGL of Phases 1 and 2 of Gaborone West. The remainder will be financed by the GOB.

4. Project Outputs

The HG Loan will finance minimally serviced plots including sanitary sub-structures, related roads and drainage, water standpipes for every twenty plots, building materials loans for the plot allottees, prorated costs for primary schools, clinics, market stalls, local community centers and maintenance equipment and a SHHA warehouse, ward offices and equipment. The loan will also finance some commercial facilities and supplemental housing loans to plottolders on a pilot basis.

The outputs resulting from the grant-funded technical assistance and training will be a functioning housing division in the MLGL, an implementation plan for the National Housing Policy, and a strengthened SHHA.

5. Beneficiaries

The direct beneficiaries will be those families who are allocated a serviced plot under the self-help program. These families average about five persons in size and, based on existing applications, most have been living in Gaborone for at least five years.

To be eligible for a SHHA plot, a family's annual income must be between P300 (\$270) and P2,500 (\$2,250). Conservative estimates (See Section VI, Social Analysis) indicate a median annual family income of P2,400 (\$2,160). Most of the applicants, however, are well below the median.

6. Issues and Constraints

The PID Approval Cable (Annex 1) indicated no outstanding issues. It did, however, identify a number of points to be specifically addressed in the PP. The points included the following:

- the project's fit with the CDSS--While workforce training and employment generation are the focus of the Botswana CDSS, the USAID has included selected projects for improved transportation links and upgrading urban settlements as closely related and supportive. The proposed HG supports this concept and contributes to necessary improvements to housing which relate to the total development of Gaborone (see Section III.A.4.).
- the encouragement of private sector participation--Self-help housing endeavors, pilot programs for supplemental plotholder loans and financing of commercial facilities and the utilization of small local contractors for portions of the construction will also assist in increasing private sector participation.
- identification of the crucial recommendations in the Presidential Commission Report on Housing and ways to implement these recommendations--Preparation of an implementation plan is, in the first instance, the first important step. Creation and staffing of a new Housing Division to do this is crucial. Subsidies and increased private sector efforts also rank as priority items.
- appropriateness of standards and costs--Review of the plans and specifications for Gaborone West indicate that the standards are reasonable and cost are appropriate for low-income families.
- effects of project on rural-urban migration and on employment generation--The provision of housing will not affect rural-urban migration. It is, however, an integral part of the overall development of Gaborone, which includes as Advanced Industrial area. The AIA will create jobs and attract some people (see Section VI.E.).

- quantification of project beneficiaries and the role of women and the extended family--Direct project beneficiaries will be the approximately 3,400 families who will be allocated self-help plots financed by the HG Loan. Many of these families are headed by women and are also part of the larger extended family unit which exists in Botswana.
- detailed administrative analysis--This is contained in Section IV. An effective working relationship has been established between the MLGL and the Town Council and, within the Town Council, of its various departments, including the SHHA.
- recurrent costs and subsidies--Recurrent cost increases will primarily fall on the Town Council. In addition to cost recovery aspects of the self-help program, costs will be met primarily through local taxes and central government assistance. The overall subsidy question is being addressed in the National Housing Policy implementation plan.
- provision of adequate water and sewage disposal--The World Bank is financing an expansion of Gaborone's water supply. Provision has been made for adequate sewage disposal.

All of the above are treated in more detail in the appropriate sections of the PP.

The only major potential constraint to achievement of project objectives is the assignment of qualified counterpart personnel to the resident advisors. This has been a continuing problem in Botswana with aid projects due to the shortage of basically trained people in all sectors. RHUDO and the USAID have been assured by the GOB that counterparts will be provided at both the MLGL and SHHA.

Experience in the past with the SHHA has been reasonable and given the high priority attached to implementing the National Housing Policy it is believed that counterparts will be provided.

D. RECOMMENDATIONS

Based on the proposed project set forth in this paper and the request for assistance received from the Government of Botswana, it is recommended that a Housing Guaranty supplemented by grant financing be approved as follows:

Housing Guaranty:	\$15.4 million
Integrated Improvement Program for the Urban Poor (IIPUP):	\$420,000 over the life of the project (The IIPUP project is a centrally-funded grant project administered by PRE/HUD, which has already been approved.)
Africa Bureau Grant Funds:	\$650,000 over the life of the project subject to the availability of funds.

II. THE HOUSING SECTOR IN BOTSWANA

A. HOUSING IN BOTSWANA

1. The Existing Situation

The Presidential Commission Report on Housing policy in Botswana used a population estimate for the country of 819,999 in 1980. This was divided into growth centers and the rural areas. The growth centers included the four major towns of Lobatse, Selebi-Phikwe, Francistown, and Gaborone, ranging in size from 20,000 up to Gaborone's 54,200. Also included as "urban" growth centers were the mining towns of Orapa and Jwaneng, with populations of 3-4,000.

Classified as "non-urban" growth centers were six large traditional villages with populations of 16-26,000. The urban centers totalled some 143,000 people, the non-urban centers 122,000 and rural areas 554,000.

There is very little data on the total existing housing stock in Botswana nor a breakdown of types or condition. In fact, the Presidential Commission report, in projecting housing needs for the country, says that no attempt was made to estimate the current shortfall in housing or the replacement needs due to deterioration of existing stock.

However, that report does indicate an average family size in urban areas of five and in rural areas of six. Recognizing that there are also differences in family size by income levels, e.g., a housing study conducted in 1977 indicated a household size of 5.4 in traditional areas and 5.8 in site and service areas of an urban center, and that the extended family has some bearing. It is, nevertheless, possible to arrive at a rough estimate of the number of household units in Botswana. Using the family size figures in the Presidential Commission report would indicate some 28,600 families in urban areas, 20,300 in traditional villages, and 92,300 in rural areas in 1980. However, the number of actual housing units would be greater because of different homes associated with different pursuits of families, e.g., cattle post, village, etc. (see Section VI).

The Commission report, as stated, makes no attempt to describe the existing housing stock in any detail although it does indicate that in 1980 about 100,000 of the households lacked any sanitation facilities. For the urban centers, higher income families occupy standard housing built by contractors or developed by the Botswana Housing Corporation. The latter is mostly rented (6,000 units) and the majority is in Gaborone (see Section II on government programs). Except for BHC housing, rental is not common in Botswana, and in traditional areas only perhaps five percent of the housing is rented--home ownership is highly valued.

The majority of traditional housing, which exists in urban centers as well as traditional villages and rural area, consists of rondavels, round houses

built with walls of sun-dried mud blocks and thatched roofs. Unfortunately, the material is usually not durable. Sometimes, and this is particularly true in the villages, there will be 3 or 4 rondavels surrounded by a low mud wall to accommodate the extended family with a further enclosure or fence to keep animals in. Some of these accommodations in the villages have pit latrines with communal standpipes for water sparsely located. Much of the family activity, including cooking, is carried on in the open air.

Site and service areas (see also government programs) are now the accepted way of providing houses in urban areas for lower-income families. Normally this housing is constructed of concrete block walls, galvanized iron roof and metal door, and window frames. Traditional housing is usually built by family and friends, while in the site and service areas, small informal contractors are often employed as well.

With regard to tenure, land in Botswana is categorized as tribal land or state land. In tribal areas, there is customary land tenure (a grant of land to a tribesman for residential, grazing or farming), common law leasehold and leasehold. All are allocated by the Land Board under the Tribal Land Act.

On state land there is leasehold, freehold, fixed-term grant (FTG) and a certificate of rights (COR). The latter two concern this project. The COR is used in the self-help housing areas of the major towns and is an allocation of a plot spelling out the rights and obligations to the holder. The rights include transferability with the consent of the town council, inheritability, and use of the plot. The obligations include the building of a house up to prescribed standards, enclosure of the sanitation unit, and the requirement to pay for services provided by the town council.

Although the government retains ultimate title to the land under the COR and only transfers the right to use the land, repossession is difficult. The State Land Act is currently being amended to provide for repossession in the event of default on obligations. There is also no form of registry of CORs and this is also being developed. The former is necessary if the SHHA is to insure collections from delinquent plotholder. Both are crucial if private lenders are to loan for housing improvements connected with CORs.

The FTG is basically a long-term lease whose payment has been capitalized. It is a hybrid between leasehold and freehold. The government actually vests title to the "grantee" for the period, but requires substantial home improvements. The title deed is registerable in the deeds registry. The FTG is transferable and is accepted by private lenders as mortgagable property.

A holder of a COR can convert to an FTG provided the plot is surveyed, an individual water connection is installed, and all infrastructure costs associated with the plot are paid. Currently, the costs of undertaking this conversion would cost about P2,000.

2. Projection of Needs

The Presidential Housing Commission indicated a need for some 65,000 new housing units during the period 1980-1990, based on a population estimate of

1.17 million in 1990 compared to 819,000 in 1980 (this was subsequently revised upward to 860,000 and current estimates place it even higher), and a household size of five in urban areas and six in rural areas.

Urban housing requirements were estimated to be over half of this at 35,800 and Gaborone itself was projected to require 18,800 units during this period. Using five persons per urban household and six per rural household, the following table indicates the projection of housing needs by category, with 1980 and 1990 shown as separate years for contrast and a total for the entire 10-year period.

<u>Dwelling Units Needed</u>			
<u>Dwelling Units</u>	<u>1980</u>	<u>1990</u>	<u>Total 1980-1990</u>
Urban	2,600	5,100	35,800
Other "Growth Centers"	1,100	2,100	15,000
Rest of Botswana	1,500	1,200	13,500
TOTAL	5,200	8,400	64,500

SOURCE: Presidential Housing Commission Report

Such a projection, however, provides no breakdown of housing needs by income group. The Commission, therefore, utilized housing "supply plans" for the six urban growth centers which were prepared based on studies by the Department of Town and Regional Planning and various other growth and planning studies to give a rough estimate of urban housing requirements by type through 1980-1990. This information is contained in the following table and approximates the overall estimate of urban housing needs.

Projected Urban Housing Need By Type

	<u>High Cost</u>	<u>Medium Cost</u>	<u>Low Cost</u>	<u>Self Help</u>	<u>Total</u>
Stock 1980	3,355	4,165	7,500	16,870	31,890
Stock 1990	4,530	7,100	14,380	39,420	65,430
Stock 1980-1990	1,175	2,935	6,880	22,550	33,540

SOURCE: Presidential Housing Commission Report

As mentioned above, no attempt was made to estimate replacement housing or to eliminate any backlog which exists. Although not an accurate measure of backlog, it is worth noting that the Botswana Housing Corporation waiting list in Gaborone for all of its housing types totalled over 9,000 in March 1982, and the Gaborone SHHA had a waiting list of 3,200. To put this in perspective, it is estimated that the current backlog for SHHA serviced plots will not be met until after 1986 at current projected rates of construction in Gaborone West.

Production over the past three years (1979-1981), taken from data available from the BHC and SHHA, show less than 5,000 units of all types completed. Thus, at the present rate of production, the needs will not be met.

B. GOB HOUSING POLICIES, PROGRAMS, AND INSTITUTIONS

1. The Planning and Budgetary Framework

a. The National Development Plan: The housing policy of the GOB is governed by two major planning documents, the National Development Plan 1979-1985 (NDP V) prepared by the Ministry of Finance and Development Planning (MFDP), and the recently approved National Policy on Housing.

NDP V is the fifth full national development plan published since independence. The plan is aimed at four objectives--rapid growth, social justice, economic independence, and sustained development. More specifically, the government's strategy is to achieve rapid and large returns from intensive capital investment in mining and to reinvest those returns to improve the living standards of those who do not benefit directly from mining sector expansion. Rural development and employment creation are emphasized.

A key factor in NDP V is to balance and integrate the planning for urban and rural development with a proposed decrease in the percentage of direct government expenditures going to housing. The Plan proposes to achieve this by strengthening the implementation capacity of the MLGL and decreasing financial dependence of local authorities on the central government. Self-help schemes were to be increased, squatter settlements upgraded, and cost recovery stressed. Gaborone West was set forth in NDP V as the basis for dealing with Gaborone's housing needs.

Since the formulation of NDP V, the economy has been adversely affected by events described in Section VII. The effect has been to reduce the ability of GOB to fulfill the plan as set out in 1979, and has caused a reduction in planned development outlays for fiscal years 1983 through 1985.

b. The National Policy on Housing: Recognizing the growing housing problem, a Presidential Commission on Housing Policy was appointed in January 1980 and spent a year investigating the activities of all existing organizations and institutions involved in housing, housing standards, land policy and the development of rural housing. Its report, delivered in February 1981, contained a comprehensive strategy for improving Botswana's housing and human settlements. The GOB fashioned the recommendations in the report into a national policy on housing, summarized this policy in a white paper delivered in December 1981 and approved by Parliament in April 1982. (See Annex 7 for a comprehensive policy report.

The national housing policy is based on a series of identified constraints and problems in the housing sector: no comprehensive housing implementation plan; rapidly growing housing demand; lack of institutional capacity; excessive and misdirected housing subsidies; and inadequate internal mobilization of resources for housing. The Commission itself identified implementation capacity as the major constraint to meeting Botswana's housing needs.

Given these constraints, the national housing policy is designed to remove fundamental problems within the context of both a long-term goal of insuring safe and sanitary housing for all households and developing shorter-term strategies to encourage the construction of urban housing at all income levels, eliminate squatter settlements, and improve the quality of rural housing.

To implement these goals, a policy was adopted that contains the following elements:

- Creation of a new housing division in the MLGL and the preparation of a comprehensive national housing plan.
- A reduction in housing subsidies and redirection of those subsidies exclusively to low- and moderate-income households.
- A gradual increase in rents on government housing to an economic level.
- The withdrawal of the government from the high-income housing market.
- Increased mobilization of parastatal and private sector resources and specifically encouraging the Botswana Building Society to revise eligibility standards to allow more households access to private market finance.
- Extension of the SHHA approach to rural areas to provide homes for low-income households.

The next step to be taken by the GOB relative to the housing policy is an implementation plan to achieve the policy objectives. For instance, a detailed plan of action must be prepared for a phased reduction in subsidies. Such a sub-plan will probably require additional studies on subsidies. The question of land tenure must be addressed if private sector lenders are to initiate programs to lend to lower-income households.

Because of the lack of staff to undertake the preparation of an implementation plan, work has not yet started. It is to this end that the technical assistance proposed in this project is partially addressed.

c. Relation of Project to the Budget: The current National Budget of the GOB authorizes maximum Development Fund Expenditures for fiscal years 1982-83 through 1984-85. For 1982-83, this figure is approximately P220 million. The table below shows the Ministry of Local Government and Lands development budget for 1982-83 and for 1983-84 and 1984-85 combined (the fiscal year is April 1 - March 31) as it relates to the total GOB development budget. Of the total MLGL budget, that portion which is urban development is shown and, in turn, within urban development the housing portion and, of this Gaborone West.

Approved Development Budget 1982-85

For MLGL
(millions)

Category	1982-83		1983-85	
	Pula	%	Pula	%
Total Government	219.8	--	640.0	--
Ministry of Local Government and Lands	54.0	100	150.0	100
Urban Development	22.7	42.1	65.4	40.9
Housing-including upgrading and site and service	18.2	33.8	55.0	34.9
Gaborone West	10.0	18.5	40.0	25.1

However, the Ministry of Finance and Development Planning has reduced the overall ceiling to about P177 million for FY 1982-83 because of deteriorating economic conditions. When this reduction of ceiling is combined with constraints on implementation capacity, actual development spending for fiscal year 1983 will likely be about P140 million. This, however, still represents a 27 percent increase over actual development spending in fiscal year 1982.

Each ministry is responsible for the allocation of its authorized ceiling across projects. It is currently estimated that MLGL will spend about P39 million on development projects in FY 1983. Of this, approximately P20 million will be for urban development and P10 million of that will be accounted for by Gaborone West.

2. Government Organization for Housing

The Ministry of Local Government and Lands (MLGL) contains most of the key shelter and urban development responsibilities under the direction of a Deputy Permanent Secretary for Urban Affairs and Housing. Among other things, he monitors the work of the Lost-Cost Housing Officer who is responsible for coordinating the nationwide production of housing for lower-income households. Project implementation is the responsibility of three Urban Development Coordinators, one assigned to Gaborone and the other two covering Lobatse, Francistown, Selebi-Phikwe and Jwaneng.

MLGL's other departments relating to housing and urban development include Town and Regional Planning, Survey and Lands, Unified Local Government Services, and specialized units such as architecture/engineering, staff development and training, finance, and planning. A detailed treatment of the ministry is contained in Section IV.

The Botswana Housing Corporation (BHC), a parastatal reporting to the Permanent Secretary, MLGL, is engaged in the construction of low, medium, and high-cost units, mostly for rent which it manages. The BHC has historically tended to serve households at or above the median income. BHC-developed housing will be a key part of Gaborone West.

Four Town Councils (Gaborone, Francistown, Selebi-Phikwe, and Lobatse) have each established Self Help Housing Agencies as full departments responsible for the implementation and administration of site and service projects. The Principal Housing Officer is the SHHA's chief executive officer who, in turn, reports to the Town Clerk. Coordination between the SHHA and other town departments is facilitated through the a SHHA Management Committee. The main point of contact between the SHHA and the central government is through the MLGL Urban Development Coordinator.

The organization and operations of the Gaborone SHHA are also discussed in depth in Section IV. Other organizations involved in the overall development of housing are the Water Utilities Corporation and the Botswana Power Company, again treated in more detail in Section IV.

The Ministry of Finance and Development Planning has officers who work closely with MLGL on setting the levels for the financing of housing, schools, clinics, and other related facilities and services.

3. Urban Planning and GOB Housing Programs

The GOB's housing programs are carried out within the context of overall town plans prepared by the MLGL's Department of Town and Regional Planning (DTRP), which include provision for housing and also community, recreation and commercial facilities. The DTRP then assists the local Town Councils in preparing "supply plans" for providing housing.

Self-help housing solutions for Botswana date to independence and construction of the new capital of Gaborone in 1965-66. The first such area was south of the city center. By 1971, the GOB had concluded that site and service would be an integral part of meeting the housing needs of Botswana. In addition to a plot and sanitation sub-structure, an allottee was entitled to a loan to pay for building materials issued to construct a basic house. Following surveying of individual plots and installation of infrastructure and sanitation units, the local SHHA issues certificates of rights (previously described) for the individual plots.

In 1976, at the time of design of the AID Housing Guaranty project in Broadhurst, the concept of site and service was well in place, but the capacity to implement this type of shelter solution was still limited. By 1977, the Gaborone SHHA had processed about 600 plots, but only some 140 building material loans had been made. With Broadhurst, the SHHA staff was expanded to provide community development services and technical assistance to construct houses. The Broadhurst scheme was also a much more integrated approach with a greater emphasis on completing the construction of houses.

The Gaborone SHHA has also been responsible for the successful upgrading of Gaborone's one squatter areas, Old Naledi, through provision of infrastructure and loans for building materials.

Self-help housing solutions implemented through local SHHAs have also been pursued in four other major formal towns of Botswana--Francistown, Selebi-Phikwe, and Lobatse. Francistown has also had two phases of squatter upgrading since 1971.

SHHA plottolders pay a regular monthly service levy, currently P8.00 (US\$7.20) in Gaborone, to the Town Council to cover infrastructure costs and services provided by the SHHA. Building material loans (BMLs) are provided according to affordability, with a current maximum loan of P800 repayable over 15 years at 9 percent. The monthly payment on a maximum BML is P8.12 which together with the service levy results in a maximum monthly payment for a Gaborone SHHA plottolder of P16.2 (US\$14.51). Current estimates are that the cost of building materials for a latrine super-structure and a basic 9m2 one-room house is slightly over P740 (US\$666).

The GOB is considering consistent with the new National Housing Policy, the possibility of expanding the site and service concept into traditional villages. One factor which will bear on this is a planned evaluation of the SHHA concept and its possible application to village site and service programs.

Most land planned for residential development, and not designated site and service, is conveyed to Botswana Housing Corporation (BHC) for a price ranging from the cost of infrastructure for low-cost housing to the cost of infrastructure plus P1,000 for high-cost housing. A covenant goes with the transfer of title to BHC which requires a minimal expenditure per plot, based on the type of housing designated, within two years.

Government housing types are defined by services and plot size. Low-cost housing has on-site water and sewer with a plot size of about 400 sq. meters. Medium-cost and high-cost housing are fully serviced, including power. The former has plot size of 600-1,000 sq. meters, the latter 1,000 sq. meters.

For the most part, BHC housing is rented and the current stock is about 6,000 units, most of which are in Gaborone. A variety of housing is provided, ranging in rent from P43 (\$38.70) for the least expensive "low-cost" unit (3 rooms) to more than P343 (\$308.70) for the most expensive house. Tenants in BHC housing have the option to buy, at a price set by BHC (less than full market). Almost 700 have opted to do so since BHC came into being in 1972.

Although BHC has had two large rent increases in recent years, most notably 20 percent in June 1981, it continues to charge sub-economic rents. Actual rents are about 75 percent of economic rents primarily because BHC receives concessional loans from the Ministry of Finance and Planning. (Most borrowing in the past was at six and eight percent, but the figure is currently 10 percent.) This subsidized rental policy is now contrary to the newly approved government policy and tends to discourage home ownership for those who are able to get a subsidized rental house.

C. THE PRIVATE SECTOR

1. Housing Finance

There are three private financial institutions operating in Botswana, two commercial banks and the Botswana Building Society (BBS). The commercial banks do not make long-term loans for housing. The BBS, organized as a traditional building society, has about P17 million in assets, with the bulk of these in long-term mortgages.

There are two fundamental problems limiting private sector finance for housing. The first of these is the ambiguity of tenancy status. Currently, BBS will not accept certificates of right as the basis for a mortgage loan. This restricts BBS financing to those holding freehold title or long-term leaseholds. The second problem involves the banks' traditional unwillingness (but not BBS's) to make loans longer than five years' maturity.

The National Housing Policy gives specific focus to the question of housing finance. Its strategy states "Botswana's financial institutions should be encouraged to expand their housing lending activities to lower income and rural areas. To accomplish this, mechanisms to utilize Botswana's financial resources for housing must be developed." The Policy goes on to say that the Ministry of Finance and Planning should conduct a study in this area and that the National Development Bank, a parastatal, should lend for the building of rural housing. It also notes that "commercial banks and the building society should adapt to the nation's needs by lending to lower income and rural households."

If there is passage of an amendment to the State Lands Act (and this is considered imminent) which will permit repossession of property in default, the BBS has expressed interest in developing a program for supplemental loans to SHHA ploholders. A small portion of the HG will be set aside to support a pilot effort. BBS is described in more detail in Section IV. C.

To support private housing finance activities, the GOB has a program to guarantee a portion of mortgage loans. The guarantee is free, but limited to 20 percent of the mortgage loan up to a loan limit of P15,000. This limit focusses the guarantee on medium-cost housing. To date, 296 guarantees have been issued with an average guarantee in the P2,500-3,000 range (\$2,250-2,700).

2. Construction and Private Development

Private development activity in Botswana has been limited by the preponderance of public and tribal lands. Since only about 3 percent of the country is freehold, developers must rely on allocation by the government in order to become active in residential and commercial construction. In the latest development area, for example, private developers have been allocated slightly over 200 plots for medium- to high-cost housing. This represents about 7 percent of all plots in this area. For Gaborone West, no plots have been allocated to private developers as yet, but about 70 plots have been set aside in Phase 1 for private sector allocation.

Interviews were conducted with two private developers, both insurance companies, who are developing in the latest development area. Neither had any problem in their dealings with government. The government places little or no requirements on private developers other than a three-year development time limit and the necessity to build medium- or high-cost units. Densities are up to the developer, although the Town Council must approve the plans. Work on these private developments appears to have gone well.

Botswana Development Corporation (BDC), a parastatal, has also developed some high-cost flats on freehold lands. However, it does not plan any future development and has not been active in housing since 1979.

BDC is, however, quite active in industrial and commercial development. It is currently working with a private developer to put a supermarket into the Broadhurst commercial area and plans another for Gaborone West. Additionally, it is working on attracting developers to the Gaborone West industrial area.

Major infrastructure contracts in Botswana are carried out by expatriate firms and this will probably be true in Gaborone West as well. Primary contracts concerning Phase 1 have already been let for water and sewer and an on-site contract for infrastructure (water, sewerage, roads, and drainage) has also been let. All of these contracts are with expatriate firms. However, the MLGL intends to break up the work for sanitary sub-structures on site and service plots into small segments along with clearing and tree surgery, and possibly some small buildings to encourage small local Botswana firms to bid.

An important point to note in this project, however, is that the construction of houses is, in reality, all private sector--either by self-help means or through petty contracting. Most allottees usually engage individuals to help with the construction work and studies which have been carried out substantiate this. In a site visit during PID design work, the project design team talked to an allottee who had engaged two employees from an expatriate firm who were working independently on weekends.

III. PROJECT DESCRIPTION

A. PROGRAM STRATEGY

1. Evaluation of First HG

As described earlier, the first HG in Botswana had as its primary objectives assistance in the further development of the site and service concept in Botswana and contributing toward expanding and strengthening the Gaborone SHHA. To help achieve this, a resident advisor was placed in the SHHA and, subsequently, a second advisor in the MLGL. To help expand the concept nationwide, a third advisor was placed in Selebi-Phikwe SHHA. It should be pointed out that until a resident was placed in the Ministry, the AID focus was on the Gaborone SHHA.

Two evaluations of the Broadhurst II Project have been carried out, the most recent (and final one) being in November 1980. This evaluation, while concluding that Broadhurst represents a "model shelter program for developing countries," also noted some areas requiring attention. Most important were the failure to provide a full range of community and commercial facilities concomitant with the allocation of plots, the need to increase the level of collections and a commitment on the part of the GOB to assign the full range of staff, particularly counterparts, and maintain this level. Other areas noted for attention were to improve the relationship and functioning of the SHHA with other Gaborone Town Council departments, increased training opportunities for the staff, the need to set the service levy so as to recover more of the costs, and the need to set an adequate BML limit so that it would finance the cost of an adequate shelter.

Some of these elements have already been dealt with; all were carefully addressed in the formulation of this new project.

2. Project Goal and Purpose

AID's goal in this project is to help ensure safe and sanitary housing for lower income households in Botswana. The goal is consistent with the GOB's long-term goal in the shelter sector set forth in the National Housing Policy.

The purpose of the project is to strengthen the institutional framework for housing at both the national and municipal levels, to expand the role of the private sector in developing human settlements, and to increase the availability of low-cost self-help housing in Gaborone.

3. Strategy and Objectives

The strategy for this project is based on an acceptance of the National Housing Policy and its goals and objectives, and seeks to assist in implementing this policy. As such, it does not seek to influence policy shifts (these have already been set forth) but instead, through the use of HG and

grant resources, to emphasize those aspects of the policy which appear to be the most important and which can be addressed most effectively with AID assistance. While obviously financing an absolute increase in low-cost shelter solutions through the HG resources, the long-term gains and replicability induced by this financing are where the payoff is.

The immediate approach will be to improve the institutional capacity of government, both at the central and municipal level, so that it can more effectively solve Botswana's housing problems. As a pilot effort, the need to increase private sector involvement will be addressed.

The short-term strategy in the first instance is to assist in and influence the establishment of a new housing division in the MLGL. At present there is one low-cost housing advisor assigned in the ministry and this position is staffed by the OPG advisor. The ministry currently envisions a three-person division, but the positions have yet to be approved. As pointed out above, no concrete plans to implement the various components of the national policy have been developed.

Without the establishment of a new housing division and its staff, it is likely that development of an implementation plan to address the new policies will not proceed and momentum will be lost. The division is also to be responsible for overall coordination and further development of all SHHAs in Botswana.

At the municipal (town council) level, the strategy is to continue to foster the SHHA concept by strengthening the Gaborone SHHA as the leading example. While the SHHA concept is now well accepted in Botswana and the National Housing Policy talks about expanding this concept into rural areas, the existing SHHAs still need to be improved substantially if they are to successfully carry out their roles. While well established, the Gaborone SHHA needs continual improvement and upgrading at all levels. Most important, at present, is a need to expand and improve the level of technical assistance provided to plotters in building their houses and in the administration of the SHHA on-site ward offices. It is also necessary that the SHHAs continue to gradually expand cost recovery through increased levies.

The long-term strategy is partly to continue the efforts to expand the implementation capacity of the government and partly to introduce efforts by the private sector to play a more significant role. That is, the creation and functioning of a new housing division in the MLGL, the preparation of a specific implementation plan relating to the National Housing Policy and all the ramifications thereof, and the expansion and improvement of the Gaborone SHHA are all endeavors that take time and must be assisted on a long-term basis if they are to succeed.

Up to now, the provision of housing in Botswana has been heavily dependent on government programs. While the National Housing Policy recognizes this and specifically identifies a larger role for the private sector, this has become even more important as mining revenues have declined drastically from earlier projections and government resources are pinched. Thus, the need for private endeavors to supplement the government programs becomes more important.

The advent of a larger role for the private sector will be addressed, on the AID front, in two ways. One is on the housing finance side. The approach will be to try and work with government and the Botswana Building Society to permit and induce this organization to lend to lower-income families, and, specifically, to SHHA plottolders to construct their housing or to add to their house once constructed.

The second way in which an attempt will be made to facilitate greater private sector involvement in housing projects concerns the development of necessary commercial areas. The Gaborone Structural Plan prepared by the Department of Town and Regional Planning includes commercial areas in all projects. The actual implementation of commercial development in these areas has been spotty, however. The longer-term strategy calls for these areas to be developed in an orderly and timely fashion with emphasis on assisting the small entrepreneur so as to provide both services and employment to the residential area.

4. Relation to CDSS

The Botswana CDSS focusses on complementary goals of workforce training and employment generation and targets the rural poor as the primary beneficiary group. While concentrating project activities toward this end, selected projects of a closely related and supportive nature are included to improve transportation links and upgrade urban settlements.

The percentage of Botswana living in urban settlements has risen from 4 percent in 1964 to 16 percent in 1981. The GOB has recognized for more than a decade that government inaction in urban areas would not discourage the rural exodus and correctly decided in 1974 to legitimize existing squatter areas and deal with the realities of urban migration. Today, the government is endeavoring to accommodate nationally rapid urbanization while stressing rural development. Until programs to provide employment in rural areas become sufficiently large and productive to absorb new labor force entrants, urban migration will continue unabated.

USAID has supported this analysis from the beginning and, as described, supported a Housing Guaranty for the development of a site and service project in Gaborone in 1976. The FY '83 CDSS delineates a housing strategy which builds on this successful experience and specifies further assistance to the GOB and Gaborone SHHA for an expansion of activities. The strategy cites HG assistance for the development of a large scale shelter and community development program in Gaborone West and continued support for related technical assistance and training.

Short-term employment opportunities will result with the implementation of the project, but these are insignificant from the perspective of USAID program goals. The central purpose of this effort, as spelled out in the current CDSS, is to help implement GOB policy so that shelter sector institutions, e.g., the Gaborone SHHA and Ministry of Local Government and Lands, are able to mobilize and apply resources in increasing proportions to the shelter problems of low-income households.

5. Coordination With Other Donors

Botswana's housing sector has been fortunate in receiving considerable external assistance. To date, it has been complimentary and reasonably well coordinated.

In the Broadhurst project, where the first HG was located, the EEC contributed to the financing of the water system for the area. Canada's CIDA financed a portion of the project as well as the upgrading of Gaborone's one squatter area. Both CIDA and Sweden's SIDA also had advisors to the SHHA, and the British ODA topped off the cost of the MLGL's urban coordinator for Gaborone.

Over the same period, the World Bank assisted in site and service programs in Francistown and Selibe-Phikwe. The British have assisted in site and service programs in all of the four major towns over the past decade, most recently in Lobatse. The British Commonwealth Development Corporation (CDC) has also made two loans to the BHC.

At present, the principal urban shelter donors in Botswana are the World Bank, the British (both through ODA and CDC) and USAID. The World Bank's proposed Urban III project would continue assistance to the SHHA in Francistown for the provision of site and service and upgrading. In addition, Urban III would extend the World Bank program to Lobatse for an upgrading program (there is an ODA-funded SHHA advisor in Lobatse). Training will be an important component of Urban III. The Bank is also involved with the expansion of the Gaborone water system.

Britain's current shelter sector involvement is concerned primarily with providing salary supplementation to a wide variety of expatriate GOB-line officers, including those connected with shelter. Besides the Lobatse advisor, ODA directly funded a preliminary engineering study of Gaborone West in 1979, with a grant of approximately \$425,000.

No further capital assistance for Gaborone West is currently planned, although ODA will fund an additional site and service program in Lobatse. The CDC is considering a third loan to the Botswana Housing Corporation for medium-cost housing in Lobatse and Jwaneng. The Canadians are interested in village development although it is only at a preliminary stage.

The USAID and RHUDO have worked closely with British technicians working in Botswana. Regular meetings have been conducted with World Bank to ensure complementarity of projects, particularly with regard to training.

B. DETAILED PROJECT DESCRIPTION

1. Capital Assistance

The HG loan will contribute to financing the expansion of Gaborone, known as Gaborone West. Gaborone West is scheduled for development over the next 10-15 years. It is organized into eleven approximately equal neighborhoods of 2-3,000 housing units. Consistent with national policy, 65 percent of the

housing will be site and service. The remainder will be developed by BHC as low, medium, and high-cost housing and by the private sector (largely high cost housing) either as serviced lots for sale to individuals or blocks tendered to private developers. Housing types in each neighborhood in Gaborone West will be integrated spatially to prevent undue isolation of income groups.

The first two phases of Gaborone West include the project under consideration. Detailed plans have already been completed for Phase 1.

In its entirety, Phases 1 and 2 will be comprised of approximately 3,500 site and service plots, about 1,100 low-cost housing units, and about 1,300 medium- and high-cost housing units. Included will be a full range of community and commercial facilities as well as two ward offices and building material warehouses for the SHHA.

The HG loan will finance all direct costs associated with developing site and service plots, subsequent building material loans for the plot holders and certain SHHA plant and equipment. It will also finance prorated costs of community and commercial facilities, infrastructure, services, and common areas for the entire project area. A timetable for project expenditures in Phases 1 and 2 is shown in Table III.B.1.

TABLE III.B.1.

PROJECT EXPENDITURE TIMETABLE
(in P000's)

	82/3	83/4	84/5	85/6	86/7	87/8	88/9
<u>Phase 1</u>							
Total	3150	8413	4360	594			
USAID	1046	4032	2349	594			
<u>Phase 2</u>							
Total	35	515	1440	5334	8579	3030	226
USAID	30	177	933	1794	3322	1961	226

Technical details of the project are discussed in Section V.

The World Bank will finance the primary costs associated with the expansion of the water supply system. BHC and the private developers will finance tertiary infrastructure costs directly related to their development areas. The remaining costs associated with infrastructure and community facilities will be financed by the GOB from its own resources.

2. Technical Assistance and Training Program

It is proposed that an advisor be provided to fill the now vacant post of Senior Technical Officer in the SHHA with a counterpart provided by the SHHA. This new project advisor will have responsibility for on-the-job training of

technical officers at the new Gaborone West ward office and the other existing ward offices, as well as assisting in training activities for community development group workers, operation and monitoring the establishment of a new warehouse for building materials at Gaborone West, and establishing the proper accounting procedures for distribution of these materials.

At the national level, the MLGL has requested three new positions to establish a Housing Division. However, during this period of budgetary restraint, the Directorate of Personnel is reluctant to create new positions absent external support.

At present, MLGL's Low-Cost Housing Advisor is the only officer solely concerned with assisting the SHHAs with their existing problems, such as setting economic service levies, devising appropriate cost recovery and collection policies, and planning for future expansion. For instance, the Gaborone SHHA will require additional services from the MLGL during the implementation period of the Gaborone West project. These services could best be provided from officers of the contemplated Housing Division.

It is proposed, therefore, that AID provide two positions in the Housing Division (for a two-year period) for its establishment and start-up operations. These positions would be localized at the completion of the two-year period by developing counterparts. The GOB would also assume responsibility for funding and localizing the third post within the Division, that of the Low-Cost Housing Advisor (now filled and funded under the OPG).

While the GOB and the USAID are involved in a number of training studies and projects, the primary emphasis of existing programs concerns senior level training within the civil service. The needs of the Gaborone SHHA are more related to on-the-job skills improvements. As part of the technical assistance and training package, a sum of money will be made available for tuition costs, supplies, and materials for an in-country training program for the Gaborone SHHA.

Finally, specialized expertise will be required on a short-term basis from time-to-time, both at the ministry level and the SHHA level. An additional 12-person months of such expertise is being budgeted as part of the technical assistance.

3. Pilot Programs

Preliminary discussions were held with GOB officials during the PID work with regard to incorporating within the HG loan components which will assist the announced policy of an increasing role for the private sector. Two elements have been suggested as presenting the best possibilities for these efforts.

The first concerns the possible participation by the private financial sector, particularly the Botswana Building Society (BBS), in making housing loans to occupants of SHHA serviced plots. SHHA plot residents: can often afford to build houses larger than can be financed with the maximum SHHA building materials loan of P800; may need the assistance of a small contractor to do some of the work; or might desire to convert to a long-term leasehold

and hook-up to an individual water connection, but need to finance the associated costs of doing these things.

At the moment, BBS (and commercial banks) have problems with making such loans because of tenure questions associated with certificates of rights (COR) holdings, high servicing costs, and what they perceive to be risk. These issues can be addressed through three actions. The first two are being taken by GOB. The cabinet is considering amendments to the State Land Act that would reduce financial risk by allowing greater access to the property in cases of delinquency and default. At present, a creditor has access only to moveable property in the case of the COR plotholder; with the amendments, the plot itself can be repossessed. The second action is the development of a registry for CORs. Such a registry would clarify tenure to the point where private financial institutions have a basis for lending. Both these actions are proceeding apace and should be completed in the near future.

Following discussions during PP design work, BBS has indicated an interest in setting up a pilot program to make home improvement loans and encourage the development of SHHA properties. In this connection, the BBS Board has established a sub-committee to look into greater participation of BBS in low-income housing finance. This program will be part of BBS's effort to support the implementation of the National Housing Policy. The basis and conditions of the program, as now contemplated, are contained in Annex 12.

The program would be aimed initially at residents of Broadhurst, since they would have build a permanent dwelling and paid off part of their building materials loan. If the program proves successful, it would be extended to Gaborone West as that development matures. The first loans would be financed from BBS's own resources, which would allow for ample margin to cover administrative costs and a contribution to reserves. These resources would be backed up by funds from the HG loan, to be used as the program expands beyond that which could be supported by BBS if it is successful.

The second area concerns the provision of commercial facilities in the project areas such as shops, stores, or even small manufacturing facilities. Provision has been made in the Gaborone West Master Plan for these activities, but at present plans are only at a preliminary stage. Initial discussions have been held with the MLGL, the Town Council, the Ministry of Commerce and Industry and the National Development Bank as to the appropriate mechanism for financing and developing these facilities. These discussions are continuing and a final approach will be developed prior to negotiation of the Implementation Agreement. The intent is to finance and develop commercial facilities for rental to private entrepreneurs. This will provide some level of employment, as well as provide essential commercial services to the community.

Project cost estimates include notional amounts for these pilot efforts.

C. IMPLEMENTING INSTITUTIONS

The Government of Botswana, acting through the Ministry of Finance and Planning, will be the borrower of the HG funds.

The Ministry of Local Government and Lands has overall responsibility for the development of the project and prepared the internal GOB Project Memorandum setting forth the financing request and justification for Phase I. The MLGL will also be responsible for carrying out the infrastructure work, with the exception of water by the Water Utilities Corporation and power by the Botswana Power Corporation, on behalf of the Town Council. The Council will be directly responsible for all buildings, vehicles, equipment, and other SHHA requirements such as building material loans.

D. PROJECT INPUTS

1. HG

The loan will be for \$15.4 million and will finance site and service costs, including prorated infrastructure and community facilities, building material loans and pilot efforts for supplemental loans through the building society, and to finance commercial facilities.

The HG funds will be borrowed by the GOB from private U.S. lenders at commercial terms. Repayment will be guaranteed by the U.S. Government.

2. Grant Funds

a. Integrated Improvement Program for the Urban Poor

This is a centrally-funded project administered by PRE/HUD. Funds from this project amounting to \$420,000 will finance the resident SHHA advisor and local training for the SHHA.

b. Africa Bureau

Two resident advisors and short-term technical assistance amounting to \$650,000 will be funded from Africa Bureau grant funds.

3. Local Inputs

The GOB will fund from internal sources about \$17 million of the costs associated with Gaborone's expansion. These costs do not include the costs related to BHC and private developer housing, both the actual costs of the housing and the related site infrastructure. Finally the Water Utilities Corporation will borrow funds from the World Bank to finance the primary water system.

The GOB will meet the recurrent costs of the project and finance the counterparts on the national level.

E. PROJECT OUTPUTS

1. Physical

The project will finance 1,770 site and service plots along with basic houses financed with building material loans in Phase 1. Final site plans for

Phase 2 are not yet completed, but the number of site and service plots and building material loans will be approximately the same.

The project will also finance the prorated costs of secondary roads, drainage, water and sewerage, and power related to the site and service plots (sewerage and power costs relate only to community facilities), and all infrastructure costs directly applicable to the site and service areas.

HG cost will be applied on a prorated basis to the community facilities serving the site and service areas. For each phase there will be four primary schools, a clinic, a parks department building (not in Phase 2), vending stalls, public toilets relating to commercial facilities, and various vehicles, such as refuse collection trucks, related to maintenance of the community.

For the SHHA, a ward office and warehouse will be constructed and related maintenance equipment and vehicles provided.

Finally, the pilot efforts will finance supplemental loans resulting in expanded SHHA houses and commercial facilities. Since the amount in the loan for these two items is notional and the details have to be worked out, no attempt to quantify outputs has been made.

2. Institutional

At the conclusion of the project, it is planned that the MLGL will have a functioning housing division staffed with Batswana. A detailed implementation plan will have been prepared to carry out the recommendations of the National Housing Policy with initial steps having been taken to carry out this plan.

The SHHA will emerge from this project as a strengthened institution. Specifically it will have the capacity to provide technical assistance to plotters in constructing their houses and to operate the building materials loan program more effectively. The collection procedures for the service levy and BMLs will be improved and outstanding delinquencies significantly reduced.

3. Employment Generation

The GOB, in its own Project Memorandum, states that it is not possible to quantify employment generated by the Gaborone West project because supporting data is not available and plans for the commercial and light industrial plots are still preliminary. However, the specific employment-generating activities for Phase 1 are discussed in Section VIII, Economic Analysis.

F. BENEFICIARIES

1. Direct Beneficiaries

The proposed HG project will be structured so that all solutions are affordable by families below the estimated median urban income. There are, however, no direct data available on household income in Botswana, which enables the median income to be determined with precision. For project

purposes, an estimate of P2,400 p.a. is being used, which is based on such data as is available. This figure translates into P200 (US\$180) per month. Further discussion of this appears in Section VI, Social Analysis.

With the above as the framework and based on previous experience, it has been determined that typical allottees for SHHA serviced plots will include such people as laborers, technicians, factory workers, government clerks, and service sector employees. Many of these allottees will be women. The SHHA has recently completed an analysis of existing applicants for serviced plots covering employment, family size, income, age, etc. This is also discussed in Section VI.

Relating the median income of P200 per month to current SHHA charges to plotheolders of P16.12 per month including a maximum BML and assuming 25 percent of income available for housing expenses indicates that families well below the median will be able to afford a SHHA plot and BML, i.e., P16.12 is only about 8 percent of P200. This would permit many beneficiaries to add to their basic house if supplemental, long-term financing were available.

2. Beneficiary Participation

Individual families receiving a plot under the SHHA program must build to a certain minimum standard within a specified time period. To accomplish this, they can apply for a loan up to P800 for building materials. One room plus the toilet must be completed within one year, but within these limits the family can build at its own pace, can utilize whatever portion of the loan it needs, can supplement the loan from other sources to build a larger house, can add on to its house as it goes along; in short, the family has a great degree of freedom in developing its housing.

3. Indirect Beneficiaries

Indirect beneficiaries will include those individuals who will gain employment as a result of the construction generated by the project, both in the form of direct wages or remuneration but, as a longer-term aspect, in the experience gained. This will be particularly true of the smaller local contractors who will be encouraged to bid on portions of this project.

IV. ANALYSIS OF IMPLEMENTING AGENCIES

A. GOVERNMENT MINISTRIES AND AGENCIES

1. Ministry of Finance and Development Planning (MFDP)

MFDP is the senior ministry in Botswana employing over 1,000 people in seven departments whose responsibilities cover a wide range of subjects from tax, statistics, customs, accounting to economic affairs. MFDP coordinates the needs of the various line ministries for project finance with the overall GOB requirements and constraints.

AID has worked closely with the MFDP's Division of Economic Affairs in the preparation of this project. The Chief Economist (Planning) has served as the focal point for AID's discussions with ministry representatives. The Ministry has informally reviewed the project's concepts and funding levels and has found them compatible with the GOB's development priorities, requirements for foreign exchange and ability to repay foreign obligations.

2. Ministry of Local Government and Lands (MLGL)

a. Overall Organization: MLGL contains most of the key shelter and urban development responsibilities. The Ministry has approximately 450 employees in "regular posts" and another 400 in "industrial class positions" who are paid on a daily basis. The Ministry has seven departments organized as follows: Headquarters (80 posts), District Administration (120 posts), Local Government Audit (40 posts), Survey and Lands (100 posts), Food (20 posts), Town and Regional Planning (50 posts), and Unified Local Government Service (40 posts). Housing and urban development functions are incorporated in the Headquarters Department as are other specialized functions such as architecture/engineering, staff development and training, finance and planning. The operating head of the Ministry is the Permanent Secretary who is also Chairman of the Botswana Housing Corporation. A summary organization chart is presented as Annex 11.

Development of projects being proposed by the Ministry is carried out, in the first instance, by a Planning Officer working closely with all concerned departments in the Ministry and with outside ministries and agencies. Development of the Gaborone West project was the responsibility of such a Planning Officer who was also designated as the primary contact point in developing the proposed AID inputs. The project design team worked closely with this individual throughout the project preparation.

b. Housing Activities: Until recently, the housing function for the Ministry was organizationally located in the Urban Affairs Division headed by an Undersecretary. However, MLGL is currently reorganizing line responsibilities for housing and urban development as was recommended in the Presidential Commission Report on Housing. Within the last month, the post of Deputy Permanent Secretary, (Urban and Housing) has been created and filled. This is

the first step in the creation of a separate Housing Division which will have oversight responsibilities for the development of national housing policies and programs.

The Housing Division will report to an Undersecretary and be staffed by the Low-Cost Housing Officer (LCHO), an existing post, and the new posts of Housing Officers I and II (job descriptions for these two positions are contained in Annex 9. It is intended that the new posts will be filled initially by individuals financed under the technical assistance component of the proposed project. The Ministry will provide counterparts to the two positions as soon as possible to assist in the transfer of responsibilities to Botswana staff.

The existing LCHO occupies a key policy formulation position in the Ministry and the previous occupant played a lead role in the Presidential Housing Commission Report. The LCHO is also concerned with enhancing the local SHHA housing effort through the provision of implementation assistance, design of training programs and evaluation of existing programs. The new Housing Officers will relieve the LCHO of some of these burdens, especially with regard to implementation activities. Housing Officer I will devote considerable time to resolving various issues in the field of housing subsidies and the related area of rental policy. Housing Officer II will concentrate on increasing private sector involvement in housing, among other duties.

Through the technical assistance program, short-term consultants will be available to the Housing Division. It is anticipated that some short-term consultants will be required early in FY 1983 to begin the process of transforming the recommendations of the Presidential Commission Report into a series of implementation procedures.

As pointed out in Section II.B.2., coordination and implementation of central government housing programs initiated with the main urban towns is carried out by Urban Development Coordinators. Each UDC is responsible for coordinating planning of SHHA areas with the town and various central government ministries; for approving SHHA claims for reimbursement for the purchase of building materials; for monitoring the construction of sanitation substructures, primary schools, clinics, etc.; and for general project expediting. In Gaborone, the UDC is also chairman of the development steering committee which is composed of representatives of MLGL, MFDP, Ministry of Works and Communications, and GTC. The Gaborone UDC is physically located within the SHHA complex and has proven to be an able and willing partner for the SHHA staff.

MLGL and the GOB have been fortunate in having had some outstanding civil servants in the urban sector over the last few years and MLGL has provided strong leadership to the SHHAs in the development of their programs. The Gaborone SHHA has been particularly fortunate since its close proximity to MLGL allows frequent, productive contact between the agencies. However, the creation of a new division focussed specifically on housing is an important and needed organization move at this time. The staffing of this division to permit the implementation of the housing policy to go forward is a key element in achieving the objectives of this project.

c. Department of Town and Regional Planning: Responsibility for developing long-range planning strategies as well as physical plans rests with the Department of Town and Regional Planning (DTRP). This responsibility includes undertaking specific studies such as: the Gaborone growth study; outlining of planning standards to be used in town planning; and preparing structural plans for each of the town councils and village plans for the traditional settlements.

DTRP is also responsible for preparing a regional development plan for the Gaborone Metropolitan Area. While structural plans are strictly physical land use plans, a development plan addresses economic and social development issues as well as physical land use. The planning of Gaborone, for which DTRP has been largely responsible, is described in Section V.B.1.

DTRP also undertakes the preparation of site plans and plot layouts for land developed by MLGL or by town councils. The level of technical capability at DTRP is quite high. The senior staff is both well-qualified and experienced. Generally speaking, DTRP is responsive to meeting the housing needs of low-income families although there is some tendency toward slightly excessive standards for open space and road reserves considering the level of development projected. It is intended that AID will review the site plans and plot layouts for Phase 2 of Gaborone West prior to the contract being let for design of the infrastructure.

d. Department of Surveys and Lands: Responsibility for land management, mapping, aerial photo and satellite imaging interpretation, and preparation of cadastral and boundary surveys rests with the Department of Surveys and Lands (DSL). Therefore, DSL is a key participant in the process of land allocation whether it be for agriculture, mineral resources, or urban development.

In the case of extensions to Gaborone or other urban areas, DSL assists by providing information on the suitability of available land to DTRP. Subsequently, DSL provides boundary surveys to identify plots according to the approved site layout and prepares the covenants and restrictions which accompany the transfer of land to BHC, GTC, or private developers.

3. Other Involved Agencies

a. Water Utilities Corporation: In June 1970, the Water Utilities Corporation (WUC) was established by the Water Utilities Act. Its activities are restricted to the urban areas where public water supply services can be financially self-supporting. The Minister of Mineral Resources and Water Affairs appoints the members of the board. The chief executive is responsible to the board for directors of the corporation. There are 393 permanent posts including nine professional posts which are designated as Senior Officers.

There are two operating divisions, each headed by a Divisional Engineer with overall technical and managerial support and supervision from the Headquarters Office. Divisional Engineers are responsible for the design and construction of works by direct labor contract, but when major projects are undertaken the corporation employs consulting engineers and, when appropriate, project control may be exercised by the Divisional Engineer (New Works) in

Headquarters. The Accounting Division is partially decentralized. Collections are made at cashier's offices in each town, but much of the accounting work is centralized in Gaborone, although separate accounting is maintained for individual towns.

The Corporation appears to be well staffed at the professional level and has a new general manager who is quickly taking charge and dealing with the problems caused by the unprecedented growth of Gaborone.

b. Botswana Power Corporation: The Botswana Power Corporation (BPC) was established in 1970 by the Botswana Power Corporation Act. In addition to providing power to urban areas and industrial development, the BPC acts as an agent of the GOB for installation, commissioning and subsequent operation of the reticulation in each of the vilages in the Rural Development Electrification Program. The Minister of Mineral Resources and Water Affairs appoints the members of the board. The chief executive is responsible to the board for direction of the corporation, There are 873 permanent posts including 18 in the Head Office, 398 in the Southern Division, 363 in the Shashe Division, and 94 in the Rural Division. Each division is headed by an engineer/manager.

In 1981, total generation of electrical power in the Southern Division amounted to 76.5 million kwh. Botswana is tied into the South African power grid. No difficulties are anticipated in supplying electrical power for Gaborone West. Present capacity exceeds the anticipated demands of Phase 1 and a second power transformer will be in place by 1985.

B. THE GABORONE TOWN COUNCIL

1. Overall Organization

Since Gaborone is both the capital and largest town in Botswana, the Gaborone Town Council (GTC) occupies a particularly important position in local government. The GTC is organized into a number of departments with approximately 315 employees in established posts and another 400 daily "industrial class" employees. The most significant GTC departments are the Town Clerks's (30 posts), Treasurer's (50 posts), Engineer's (12 posts), Health (75 posts) and SHHA (68 posts). Since many critical functions related to SHHA activities are performed by other departments, good GTC inter-departmental coordination is essential. Gaborone achieved a high level of coordination through the establishedment of a SHHA Management Committee which all chief officers of the GTC attend. The main points of contact between the SHHA and the central government are the MLGL's Urban Development Coordinator and Low Cost Housing Officer.

The MLGL project designers of Gaborone West recognized the vital role that these other town departments play in SHHA operations: i.e., maintenance of roads and public areas within SHHA areas is the responsibility of the Town Engineer; purchasing of building materials and financial authorizations are ultimately the responsibility of the Town Treasurer; and overall executive responsibility rests with the Town Clerk. In like manner, adequate collection of service levies and building material loans has a political dimension which can be properly addressed only if the SHHA has full council backing. The

Gaborone West project proposal, therefore, requested both additional GTC posts and funds for new capital equipment. Project preparation has focused particularly on the Town Engineer's Department to ensure that his staff and equipment are adequate for the increased work load of maintaining Gaborone West.

2. Gaborone Self Help Housing Agency (SHHA)

The Gaborone SHHA was established in 1972 and grew rapidly after AID provided both capital and technical assistance to assist with the implementation of the Broadhurst project. The SHHA provides on-going administrative, financial management, community development, and construction assistance to plotters of self-help housing areas for the construction and maintenance of their homes.

The SHHA staff now totals 68 persons at a central headquarters and four outlying ward offices and warehouses. The chief executive officer is the Principal Housing Officer (PHO) who reports to the Town Clerk. The SHHA has four sections: administration, finance, technical, and community development.

By the end of 1981, all of the SHHA positions had been filled and have remained so with the exception of the Senior Technical Officer (STO). The STO's principal duties are to coordinate all self-help construction in SHHA areas. The SHHA has turned to AID for assistance in filling this post and the position is proposed as part of the project's technical assistance package. A qualified counterpart will be recruited.

Apart from the STO, the senior SHHA staff has been in place for more than one and one-half years and has received considerable on the job training. Nevertheless, the SHHA will have to concentrate on continued training plus improving a number of other areas to ensure successful implementation. One problem that must continue to occupy SHHA attention is that of collection of service levies and building material loans. Although the Gaborone SHHA has consistently had the lowest arrearage rate (20 percent) of any SHHA in the country, it still remains too high if adequate cost recovery is to be attained. The SHHA is confident of improvement as a result of continued support from GTC councillors and officers, and from proposed amendments to the State Land Act which will expand remedies available to town officials. The Gaborone West HG project will lend support to efforts to amend the State Land Act and through technical assistance will provide further training for SHHA staff in debt management matters. (Annex 8 contains a detailed training program for SHHA staff developed during project design work.)

The SHHA will be able to implement the Gaborone West project with little increase in existing staff levels through transfer of personnel from other areas. In early-1983, construction will begin on a new ward office and warehouse for Phase 1 of Gaborone West. The new office will be supervised by a ward officer, assisted by approximately 15 staff. The STO furnished through AID technical assistance will have significant responsibilities in establishing this office and training its personnel.

C. BOTSWANA BUILDING SOCIETY

The Botswana Building Society (BBS) was opened in 1971 as a branch of the United Building Society of South Africa. In 1977, it became an independent

entity with assets of P3.5 million. It is a mutual institution owned by its share depositors and run by a seven-member board. Of the seven, two are appointed by government, currently the Director of Financial Affairs of MFDP and the General Manager of the National Development Bank. A third board member is a Gaborone Town Councillor and former Undersecretary (Urban) in MLGL. The BBS is regulated by MFDP whose Permanent Secretary is the Registrar of Building Societies for Botswana.

BBS sets its own interest rates and offers both share and deposit accounts. Currently, its rates are below those of commercial banks, although the situation was the reverse last year. Paid-up shares (90-day term accounts) are currently offered at 9.5 percent and subscription accounts at 8 percent. Interest on shares is tax-exempt. Savings accounts are taxable and earn 9.5 percent, but have a minimum balance of P200 and restricted withdrawal privileges. It should be noted that for the majority of Botswana, tax-exemption is not a significant factor. BBS also offers regular savings accounts which pay 2 percent with a minimum balance of P40 and a minimum withdrawal of P5. The bulk (about two-thirds) of BBS deposits are in share accounts and deposits are split equally between individuals and institutions, such as life insurance companies. In addition to deposits, BBS has negotiated a loan (at 11 percent) from GOB for P1.5 million to be repaid over 5 years. The loan is meant to assure liquidity while BBS builds its new corporate headquarters.

Current BBS assets stand at P17 million, most of which are in mortgage loans. Borrowers are predominantly high income households, but there has been significant business with median income households. The maximum loan amount is P30,000 for up to 25 years. The maximum loan-to-value ratio is 75 percent, although GOB offers a guarantee scheme that could raise the loan-to-value ratio to as high as 95 percent. Mortgage loans are made at initial rates of 14.5 percent for loans up to P25,000, and 15.5 percent on loans above the amount. All loans are variable rate with BBS required to give one month's notice of rate increases. The amount of increase is not restricted. In considering borrower eligibility, BBS restricts initial loan payments to 25 percent of monthly income.

BBS appears well qualified to carry out the pilot program set forth in Section III.B.3. if steps are taken by the GOB to get the State Land Act amended. If the program is successful and expands, staff would have to be added. The manager has indicated an interest in short-term technical assistance to help develop procedures and staff training programs.

V. TECHNICAL ANALYSIS

A. THE OVERALL PLANNING FOR GABORONE

The 1963 Gaborone Structure Plan was prepared to provide a framework for the growth of the capital for 20 years, until 1983. The original development area provided about 7,250 dwelling plots. The maximum population envisaged for 1983 was under 20,000. By 1971, the population had reached 17,700. A new structure plan was undertaken which anticipated a population of 35,000 by 1981 and a maximum population of 72,000 by 1990. This plan recommended development to the north of the existing town in the area known as Broadhurst, but again did not foresee the fast growth rate of the capital nor did it outline proposals to accommodate long range future growth. Staged development of the Broadhurst area began in 1975. In 1977, the 1971 estimate for 1981 was revised again, to 50,000. The provisional 1981 census indicates a population of 59,700, nearly three times the previously estimated maximum population.

In response to this consistent underestimation of population growth, and following the realization that the limits of northward expansion would soon be reached, the Department of Town and Regional Planning (DTRP) was requested to examine options for future growth. The Gaborone Growth Study which recommends westward expansion was completed in 1977 and approved by cabinet in mid 1978. On this basis an engineering study of Gaborone West was undertaken and a draft structure plan prepared by DTRP (June 1979). This plan provides for more than 19,000 dwelling plots. It is estimated that above 15,000 of these will be needed to accommodate a population of 148,000 projected for 1990. Beyond this level of development, planning for Gaborone will require a metropolitan area approach.

B. THE DEVELOPMENT OF GABORONE WEST

1. Overall Planning and Cost Estimates

The Structure Plan for Gaborone West (available from RHUDO files) designates some 34 housing blocks each holding approximately 600 dwelling plots. These blocks are grouped into eleven residential "super blocks", to be developed in phases which include primary school(s) and other civic, community and commercial facilities. A remaining area of Broadhurst known as Tsholofelo will be incorporated into Phase 2. There are also three industrial areas, a new town center and a number of recreational zones. The geographic area of Gaborone will be approximately doubled when the development of Gaborone West is complete. The land lies west of the railroad tracks, parallel to the existing developed area of Gaborone on the east side of the rail line.

Table V.B.1

GABORONE WEST PHASE 1 LAND USE

<u>Category</u>	<u>Area (Ha)</u>	<u>Percentage</u>
a) Residential		
Site and Service	141.5	
Government Fully Serviced	50.2	
BHC Fully Serviced	72.2	
Private Block	5.3	
	<u>269.2</u>	74.3%
b) Commercial/Industrial (Light)		
Local Center	8.8	
Local Markets (4)	1.0	
Garages/Filling Stations	4.2	
Cottage Industries/Workshops	8.2	
	<u>22.2</u>	6.1%
c) Civic and Community		
Schools	28.0	
"Civic/Community" plots	7.9	
Church/Pre-school	6.0	
Sportsgrounds	11.7	
"Major" Openspaces	12.0	
	<u>65.6</u>	18.1%
d) Pedestrian Ways	5.3	1.5%
T O T A L	362.3	100%

NOTES

- 1) Roads and local open spaces are included in the areas for each category.
- 2) Primary road carriageways are excluded.
- 3) The apportionment of areas to various categories of commercial, light industrial, civic and community are based on the engineering consultants' interpretation of DTRP's plot layout.

Detailed plans have been developed for Phase 1 and contracts have been let for construction of roads, sewerage and storm drainage. Consistent with national policy emphasis on site and services, 60 percent of the dwelling plots provided in Phase 1 will be site and service plots. The remainder will be developed by BHC as "low", "medium" and "high" cost housing, and by the private sector. Phase 2 will contain a roughly similar distribution of housing. Land utilization of Phase 1 is shown in Table V.B.1.

Preliminary cost estimates for the total development of Gaborone West were prepared in 1979 and are out of date. A more realistic assessment of total

costs was computed by extrapolating the detailed cost projections available for Phase 1. This process gives a total estimated cost for the development of Gaborone West of P127 million (\$114.3 million) including physical contingencies and price contingencies but assumes a constant rate of development will be maintained throughout all ten phases.

Cost estimates for Phases 1 and 2 are shown in Table V.B.2. These estimates are based on a 6 year construction period with Phase 1 being completed by the end of 1984 and Phase 2 by the end of 1987. A contingency equal to 10 percent of construction costs has been added and an 11 percent inflation rate is assumed.

Contracts have been let for Phase 1 roads, drainage and sewerage. Final designs are available for the remaining elements. The costs below are based on actual contract prices for the roads, drainage and sewerage, the water and power costs are based on utility corporation estimates, streetlighting on consultant's estimates and building, vehicles and SHHA facilities on estimates of the GTC engineer. Phase 2 cost estimates are extrapolated from those of Phase 1.

Table V.B.2

SUMMARY OF ESTIMATED COSTS

(P 000's)

	Phase 1		Tsholo- felo Ext.		Phase 2	
	<u>TOTAL</u>	<u>USAID</u>	<u>TOTAL</u>	<u>USAID</u>	<u>TOTAL</u>	<u>USAID</u>
Infrastructure	10,392	4,315	1,000	700	8,000	2,700
Buildings	1,604	1,000	310	-	1,450	725
Vehicles & Equip.	383	243	50	50	250	125
BMLs & DGs	<u>907</u>	<u>805</u>	<u>300</u>	<u>250</u>	<u>660</u>	<u>550</u>
Physical Conting	1,311	642	165	100	1,040	410
Inflation	<u>1,934</u>	<u>956</u>	<u>380</u>	<u>335</u>	<u>5,555</u>	<u>2,500</u>
T O T A L	<u>16,531</u>	<u>8,021</u>	<u>2,205</u>	<u>1,435</u>	<u>16,955</u>	<u>7,010</u>

- 1) An annual rate of 11% inflation has been assumed, i.e. the following inflation factors have been used: 1982/3 5%; 1983/4 11%; 1984/5 23%; 1985/6 37%.
- 2) See Annex 15 for breakdown of project components eligible for HG Funding.

Expanding Gaborones Water supply is essential to orderly growth of the city. The WUC has underway a project to double the capacity of the Gaborone Dam reservoir and construct two additional dams. IBRD financing is contem-

plated. In order to move ahead, the Ministry of Finance gave WUC authorization in August to proceed with plans and construction for the Gaborone Dam extension. Based upon this commitment a timetable for completion was established and its effects on the development of Gaborone West evaluated. The necessary rescheduling of Phase 2 is reflected in the project timetable outlined in Table III.B.1.

2. Infrastructure

The infrastructure standards for GW Phase 1 have been derived from a review of those used in Broadhurst II. Significant cost reductions have been achieved by modifying road standards and the peak load design for storm drainage. The standards used conform with those recommended in the Urban Development Standards Report which was approved by cabinet in 1979 except for a few minor deviations. In general, these standards appear reasonable Table V.B.3 provides information on the extent of the services provided to the different types of housing areas. A detailed description of the infrastructure in Phase 1 is contained in a separate technical report available from RHUDO files.

3. Community/Commercial Facilities

Planning standards for community and commercial facilities for Phase 1 are similar to those used in Broadhurst II and in other parts of Gaborone. They conform with the approved Urban Development Standards and are generally considered to be reasonable both in terms of allocation of land for future needs and proposed construction standards for those facilities to be built along with the initial development.

The only exception to this general agreement with the standards used is in the local open space which appears to be excessive for the development densities proposed. Phase 1 has been planned to provide one 4,000 sq. meter open space for every 15 plots. In the sites and services areas they coincide with the location of the standpipes. In addition to the local open space, the planning standards call for 10 sq. meters of major open space per resident. AID is suggesting that fewer local open spaces be provided in Phase 2 and that consideration be given to possible alternative use for some of the local open spaces provided in Phase 1. The large amount of major open space is not undesirable as it serves as a reserve for future community facilities.

The following buildings will be provided in Phase 1.

- Four standard 14 classroom schools with kitchens, administration and toilet blocks
- A 500m² clinic with water-borne sanitation
- Four local markets, each with 70 vending stalls of 12m² and a public toilet
- A park's depot
- Five miscellaneous offices for law enforcement and community development

TABLE V.B.3

GABORONE WEST TERTIARY INFRASTRUCTURE STANDARDS

Area	Approx Annual Household Income Served	Plot ₂ Size m	Road Standard	Stormwater Drainage Standard	Sanitation	Water Supply	Power	Street Lighting
High Cost	P9,600+	1,000+	Tertiary - Double Seal	Drainage for sealed surface roads to be full standard all other areas to be most economically and technically acceptable standard	Full Water-bourne system	Domestic Connection	Domestic Connection	Fully reticulated along main pedestrian routes Primary roads and business District
Medium Cost	P3,600-P9,600	600-1,000	Tertiary - Double Seal					
Low Cost	P2,000-P3,600	400+	Tertiary - Engineered					
Site and Service	P 300-P2,500	400+	Tertiary - Engineered Earth/De Stumped "Compromise"		Approved Low Cost System	No Stand-pipe in excess of 200mm from plot (one-way walking distance)		

- Local Center - this will contain commercial facilities but final plans have not yet been completed. This is the area being considered for possible HG financing.

4. Shelter Solutions

Four approaches will be used by MLGL to develop the desired range of shelter solutions in Gaborone West on the serviced land provided. The Gaborone SHHA on behalf of GTC will develop site and service areas. The Botswana Housing Corporation (BHC) will develop "low cost", "medium cost" and "high cost" units mostly for rental, private developers will build houses for sale to higher income families and government will sell individual fully service plots.

Table V.B.3 indicates the level of services provided for each type of solution, the plot sizes and approximate annual household income served. Table V.B.4 indicates the number of each type of solution found in Phase 1.

Table V.B.4

<u>Type</u>	<u>Number</u>	<u>Percentage</u>	<u>NDP V Percentage</u>
Sites and Services	1,770	60%	70%
Low Cost	660	22%	15%
Medium/High Cost	547	18%	15%
T O T A L	2,957	100%	100%

5. Site and Service Plots/Building Material Loans

The lowest cost shelter solution and the only one funded by HG loan funds is provided in the site and service areas administered by SHHA. After completing on site sub-structures for pit toilets, plots will be allocated. Upon receiving their certificate of rights (COR) the allottees may apply for a building material loan of up to P800 and receive technical assistance with house construction. This is sufficient for constructing a superstructure for the toilet and a one room house of 9 m². There is nowhere else in Gaborone that a family of five can acquire both adequate sanitation and housing at that price.

6. BHC - Low, Medium, High Cost Units

The majority of the land which is designated for residential development but not designated sites and services is conveyed to BHC for development of low, medium and high cost housing. The lowest cost BHC unit, a three room house now costs approximately P7,500 to build. The unit has water borne sewage and an individual water connection but does not have electrical service. Medium and high cost units have full utility services and offer a variety of plan layouts and sizes.

7. Private Sector - Low/Medium/High Cost Houses

In Broadhurst private developers were allocated about 7 percent of the plots (slightly more than 200) for medium to high cost housing. The diversity

of house types which resulted gives greater visual appeal to the area and meets market demand for individualized houses. A similar approach will be used in Gaborone West. In addition, MLGL will sell some serviced sites directly to individuals who will build their own houses. The table below (V.B.5) gives the apportionment of sites in each category for Phase 1. Those listed as government are the sites which are serviced by MLGL for direct sale to individuals.

Table V.B.5

APPORTIONMENT OF FULLY SERVICED PLOTS TO SERVICING AGENCIES

<u>GABORONE WEST PHASE 1</u>						
<u>Agency</u>	<u>Low Cost</u>	<u>(%LC)</u>	<u>Medium/ High Cost</u>	<u>(%M/HC)</u>	<u>Total</u>	<u>(% Total)</u>
Government	256	(39)	173	(32)	429	(36)
BHC	404	(61)	305	(56)	709	(58)
Private	-		69	(12)	69	(6)
T O T A L	660	(100)	547	(100)	1,207	(100)

NOTE: The medium and high cost totals are subject to alteration following completion of plot layouts by BHC and private developers.

C. THE SELF HELP HOUSING PROGRAM

1. Detailed Technical Description

When a SHHA applicant is found to be eligible, he or she is contacted and is asked to participate in a planned group orientation session designed for new plottolders. SHHA staff conduct these sessions all of which are to impart information to the new plottolders about the program. Plottolders are taken to the SHHA areas and shown their new plots. The final orientation session concludes with the signing of the certificate of rights (COR).

The plottolder pays a monthly service levy as opposed to rates. This service levy includes the cost of infrastructure (surveying and grading of the plot, installing stand pipes, road construction, installation of the toilet substructure, etc.) water, road maintenance, rubbish and trash collection and SHHA costs.

A COR for a SHHA plot goes with the requirement that the allottee construct within six months a toilet superstructure and a house of at least 8 m². Both structures must be of block or burned brick, waterproofed below grade. Every third block course requires steel wire reinforcement. The roof must be permanently attached and of corrugated steel, asbestos, or other acceptable material. It must have a window and a concrete floor at least 150 mm above grade. The roof must be at least 2.75 m above grade.

2. Implementation

Once a plottolder begins construction on the plot he/she is immediately assisted in the tasks by the SHHA's technical staff. First the toilet is con-

structed using the approved type of toilet which the Town council has designated. After the completion of the toilet, the plotheader can select one of a number of SHHA house plans which have been developed by the Town Architect. These house plans offer to the plotheader one, two, three and four room models from which to choose depending on individual financial situations.

All house plans are designed so that additional rooms can be easily added on to the basic house, plotheaders are encouraged to do so as their incomes increase. Although encouraged to utilize the self-help method, plotheaders are free to use hired laborers and contractors for the construction of their toilet and houses if this is their desire, provided they have the means to cover the cost of the added expenses. Experience in Broadhurst indicates that about 20 percent of the allottees build in the purely self-help manner i.e. with cooperative assistance from their neighbors, and 50 percent receive assistance from some family member who has construction experience. The remaining 30 percent hire a local builder to do the construction.

One technical assistant is assigned to the ward office for each 200 plots. When the allottee is using a local builder the task of the SHHA advisor may be little more than site supervision and assistance with contracting and payments to the builder, but when the house is to be built by the allottee directly, much more SHHA involvement is required. Unskilled labor usually requires close supervision and demonstration of each step as well as assistance in laying out the foundation. The most critical step seems to be starting the walls. Toward this end a corner is usually built first with the SHHA advisor assisting. With the stability provided by the corner, and a demonstration of the procedure for mixing mortar and laying blocks, allottees are generally able to complete the walls with minimal oversight. Other critical steps include setting of windows and doors, placement of lintels and erection of the roof.

With as many as 70 percent of the allottees attempting some degree of self-help construction, the technical advisory service of SHHA is essential to the success of the program. Improvements in this service are the objective of the Technical Assistance to SHHA proposed in this project.

3. Cost estimates

A 9 m² unit has been used for the cost estimates of a one room house since experience has shown that a 8 m² room to be far less usable and most allottees choose to build the slightly larger room. Costs estimates for building materials for one, two and three room units and for the toilet superstructure is shown below:

	Pula
one room 9 m ² house	564
two room 18 m ² house	1089
three room 27 m ² house	1614
toilet superstructure	185

Annex 13 contains the detailed cost estimates as well as examples of standard house plans.

The local builder (i.e. one or two man team) charges P250-300 to build a one room house and toilet, P600 for two rooms and P900 for three rooms. Therefore, total cost to a non self-help family using the BML is somewhere from P999 to P1049 for a one-room house and toilet, P1874 for two rooms or P2699 for three rooms.

D. CAPACITY TO IMPLEMENT

From the technical perspective project implementation can be divided into four basic steps: design, contracting, project coordination (phasing) and construction supervision. The MLGL has considerable experience in implementing large scale land development projects using this approach. While there is a heavy emphasis on the use of consultants, MLGL has in-house technical staff capable of overseeing the work of the consultants. The Urban Development Coordinator performs a critical role in project implementation as does the senior engineer and the public health engineer. In addition to these key individuals it is felt that the SHHA requires an in-house technical advisor to assist with the process of house construction. A separate Technical Report available from RHUDO contains details on the four steps of implementation for each component of Phase 1.

E. ENVIRONMENTAL CONSIDERATIONS

An initial environmental examination was conducted in June 1982 for the proposed HG Program in Gaborone, Botswana. The environmental analysis, performed in accordance with the AID Regulation 16, as amended in 1980, recommended a Negative Threshold Decision. This determination was based upon the fact that orderly development of Gaborone will be less likely to adversely affect the natural environment and infrastructure requirements than will unplanned squatter settlements and that the proposed site and service housing areas have broad social acceptability in Botswana. (A copy of the JEE is attached to this paper as Annex 16; it was approved by the Environmental Officer of the Africa Bureau).

VI. SOCIAL ANALYSIS

A. INCOME DISTRIBUTION

In order to be eligible for HG financing, housing solutions must be affordable to families at or below the urban median family income.

There are no direct data bearing on income distribution for Botswana or for median household income in Gaborone. Accordingly, such data as exist must be used to approach what may be regarded as a reasonable representation of the distribution of income in Botswana. In any such approximation for Botswana, two difficulties present themselves. First, the presence of cattle wealth in virtually all households and the readiness of the market for beef cause an understatement of actual command over goods. The laborer in the city who earns P1200 (\$1080) per year may be in fact able to pay cash to build a house on his site and service plot because he sold two head of cattle from his family lands in the countryside. This suggests that measured income from formal sector employment is a low estimate of the ability of households to afford goods and services. Any income distribution will thus be biased downward.

The second problem deals with the definition of a household. The typical Botswana family unit may have four dwelling places: cattle post, lands, village and urban. In addition, a member of the unit may be absent working in South Africa. Each of the dwelling units is used by various family members as need dictates with the village dwelling place being the most active. The urban dwelling area is often a temporary dwelling as one or more family members works in the formal urban sector. At the urban dwelling, the population of workers varies over the course of a year or several years, and each member of the family unit has a claim over the income of all earners. This suggests the difficulty of arriving at a "household" income for a specific area, like Gaborone, since to do so would require establishing all income sources to which the urban dweller has at least partial claim, and the number of people in an urban "household" for the relevant measurement period.

A final minor problem bearing on the establishment of a median family income deals with the extent that households derive income from informal sector employment. In Gaborone, this appears to be insignificant, with the possible exception of Old Naledi. This was a squatter section, so indigenous economic activity preceded upgrading. In the newer sites and services areas, there appears to be little informal economic activity of consequence.

To arrive at an urban median family income for Botswana, the design team utilized a household expenditure survey in 1979 done in conjunction with the National Migration Study by the Central Statistics Office and a 1980 country profile also done by CSO. In addition, the MLGL has conducted surveys in upgrading areas of Francistown, Selibe-Phikwe and Gaborone.

The Planning Officer in MLGL responsible for Gaborone West proposed a figure of P2200 (\$1980) as the median urban income. The project design team,

taking into account all data available, feels P2400 (\$2160) is a more reasonable figure. The basis of this is contained in Annex 14.

B. PROFILE OF GABORONE'S POPULATION

Botswana has one of the highest rates of urbanization within Africa. In 1964, 3.9 percent of the population were urban dwellers; by 1971 this figure was 14 percent and preliminary 1981 census tabulations indicate this figure has reached 16 percent. Total enumerated population in Gaborone in 1971 was 17,713 and 1981 provisional census figures totalled 59,700, a 237 percent increase since 1971 (12.92 percent annual growth rate). Prior to independence in 1966, Gaborone was a tribal village and a colonial administrative center for the British Protectorate of Bechuanaland. In 1964, Gaborone was designated the site of the new capital and nearly all of the present day population are migrants to the new town.

Urban areas in Botswana present a numerical sex imbalance in favor of women: 44 percent males, 54 percent females, (2 percent unaccounted). The greater proportion of females to males has similarly been demonstrated in Gaborone. While the reverse is true in other parts of Africa, Botswana's situation is attributed to men accepting employment in the South African economy.

Gaborone has a disproportionate share of young adults compared with the national age distribution. Recent studies on migrants to the town indicate that the mean age is 31 years and the median age is 29. Of the urban dwellers in Botswana, 63.5 are single; 34.7 percent married; and 50 percent of Gaborone's households are female headed.

An analysis of the educational profiles of urban dwellers in Gaborone illustrates that in 1971, 30 percent had attained six years of primary education and 21 percent had some secondary education. The spread of educational opportunities indicates a changing trend: in 1976, 27 percent of the population in Gaborone had no education as compared to 40 percent in 1971.

While Botswana's indigenous population and, also, its urban areas, contain people from a number of Tswana and non-Tswana tribes, the official Botswana Government policy seeks to eliminate tribalism and foster a sense of national identity.

C. PROFILE OF TARGET POPULATION

We have described above the income distribution of the total population in Gaborone. The target population of this project, however, are lower-income households. To get a profile of the population, the Applied Research Unit (ARU) of the MLGL examined applications for site and service plots placed with the Gaborone SHHA. ARU took a 15 percent sample of the 3000 applications currently on file with the SHHA. Taking all applications from self-employed individuals increased the sample percentage to 15.8 percent, or 474 applications. For the most part, those applying to the SHHA will be placed in Gaborone West, so the following breakdown describes the population which will benefit from the HG loan.

The typical applicant on the SHHA waiting list for a site and service plot allocation has lived in Gaborone about 5 years. In fact, nearly a third of all applicants have been in Gaborone more than 8 years and nearly two-thirds at least 5 years. Yet, the typical applicant has only been on the SHHA waiting list since mid-1981. Most are young, with a mean age of about 31. the typical household has three children, with nearly a fifth having four or more children and a slightly lower percentage having no dependent children.

In general, those applicants who are self-employed have very low incomes relative to the population in general and incomes also lower than wage earner applicants. Self-employed applicants had an average monthly income of about P71 (\$64), with the median income only slightly higher. Of those self-employed that listed occupation (this was not required before 1981), the vast majority were street vendors. Wage-earner applicants had a mean income of P86.85 per month, with the median for the group P82 per month. Thus, both self-employed and wage-earner applicants have incomes substantially below the median household income for Gaborone of P200 (\$180).

Table VI.C.1 gives the income distribution for wage earners on the SHHA's sample applicant list.

Table VI.C.1

INCOME DISTRIBUTION FOR WAGE EARNERS; GABORONE SHHA APPLICANTS

<u>Monthly Income</u>	<u>Number</u>	<u>Percent</u>
Under P50	53	13.8
P51 - 100	214	56.1
P101 - 150	88	23.0
P151 - 200	26	6.8
P201 - 250	1	0.3
T O T A L	382	100.0
Mean Income = P86.85		
Median Income = P82		

In summary, a sampling of the SHHA applications indicates a typical household benefiting from Gaborone West will be young, relatively small and of very low income relative to the entire population of Gaborone. In addition, the typical household will have been resident in Gaborone for about five years, indicating that the project will largely be serving the indigenous population.

D. SUITABILITY OF PROJECT

1. Social Acceptability

No major behavioral changes are required for the success of the project.

The proposed housing will provide the physical infrastructure to meet an established need. Over 3,000 people are presently registered on the SHHA

waiting list, a list which increases by approximately 150 persons per month. These numbers are a good indication that the project is perceived as beneficial by potential recipients.

2. Affordability

As described above, the target population for the site and service component of Gaborone West is of an income well below the Gaborone median household income. This raises the question of whether the housing financed by the HG loan is affordable by the target group. The costs to the plotholder are the monthly service levy collected by the SHHA and, where applicable, the monthly payment due on a building materials loan (BML).

The monthly service levy currently assessed by the Gaborone SHHA is P8 (\$7.20). This represents approximately 85 percent of a full cost recovery level. (Exact costs are uncertain since the Gaborone Town Council has not yet commenced the repayment of some infrastructure loans). For the median income household, this represents only 4 percent of monthly income; for the median applicant currently on the SHHA waiting list, it represents about 9.75 percent of monthly income.

With the advent of Gaborone West, costs to the SHHA will increase both because of increased capital costs and higher recurrent costs. Thus, the full cost recovery level for the monthly levy will rise to approximately P11.50 (\$10.35) per month. If the levy is raised to this level, it would represent about 14 percent of the income for the median applicant household.

The BMLs are granted at somewhat concessionary terms (9 percent interest for 15 years) to SHHA plotholders up to a maximum amount of P800 (\$720). The monthly payment connected with the maximum loan is P8.12, or about 10 percent of the income of the median applicant. Thus, a household with an income of 41 percent of Gaborone median (i.e., the median household on the SHHA's list) who is allocated a plot in Gaborone West, pays the cost recovery service levy and takes out a maximum BML, will devote about 24 percent of its income to housing. To the extent that the household chooses to take a smaller BML, and to the extent that the Town Council keeps the service levy below cost recovery levels, this percentage will be lower. For those households closer to the Gaborone median income, the share of income devoted to housing will likewise be lower.

The costs involved in the Gaborone West site and services scheme, when arrayed against the target population, appear reasonable. For one of the probable polar cases, housing outlay could reach as high as 24 percent of income. In the more likely event, the percentage will lie in the 10-20 percent of income range. In either case, there does not appear to be an affordability problem connected with the HG financed portion of Gaborone West.

E. EFFECT OF PROJECT ON RURAL-URBAN MIGRATION

The conclusion of the project design team and the USAID is that the housing associated with the proposed project will not increase urban migration. About 1/3 of the people applying for SHHA plots have been in Gaborone longer than 8 years and about 2/3 longer than 5 years. Urbanization is an integral

part of the socio-economic condition of Botswana. The majority of the people in Botswana's urban areas are there for employment-related reasons. Financial incentives are reflected by the fact that 77 percent of working age males in urban areas are in wage employment as compared to 17 percent in peripheral villages; the average amount earned for males is 68 percent higher in urban areas than in rural areas. Furthermore, a National Migration Survey has substantiated that although there is an awareness of better facilities in urban areas, this is not a sufficient condition by itself to trigger an urbanward move. As long as there remains a lack of parity between rural and urban areas in terms of employment opportunities and/or remuneration, this movement will continue. The development of the Advanced Industrial Area in Gaborone West which will create about 4,000 new jobs (discussed in Section VII.C. Project Benefits) will likely attract job seekers.

F. ROLE OF WOMEN AND EXTENDED FAMILY

The proposed project will not result in any structural reorganization or disintegration of the extended family. The Tswana extended family is an active and remarkably flexible institution in securing an individual's livelihood which is constrained by the environmental and economic limitations and opportunities in Southern Africa. It is well known that arable agriculture alone cannot support a rural family in Botswana. Similarly, the poverty datum line for urban areas indicates that wage employment is frequently unable to sustain an entire family. As a consequence, extended families or households subsist by sending individual members to participate in different economic endeavours and thereby contribute to the maintenance of the family as a whole. It is, therefore, not unusual for members of an extended family to be resident at a given time in five different locations, as described earlier, although the village remains the focal point of tribal life. Kinship bonds continue to be strong and are particularly manifested by ties to the place of origin.

The project's impact on women is expected to be favorable; 939 or 31.3 percent of the applicants on the SHHA waiting list are single females. The number of de facto female headed households in the proposed project area may be larger as men are drawn into recurrent migration to South Africa. The project's provision of a serviced plot which meets basic needs will explicitly benefit women. A 1975 study of women in Gaborone singled out the worst problems confronting women. Housing issues were second only to those of employment among the many "problem areas" cited by these women. When asked to rate the adequacy of their housing (on a continuum from adequate to inadequate), women who lived in self-help housing under SHHA administration considered it adequate for the following reasons: there was access to a water standpipe; there was security of tenure; and additional rooms could be built onto the original structure without fear of relocation through an upgrading plan. Furthermore, there were few regulations on the plot use at that time, permitting women to grow a small vegetable garden and sell their produce in a make-shift marketing facility on the front of the lot. While specifications on the use of plots have been tightened to limit informal income ventures to those approved by the Town Council, the reality of this sector of Botswana's economy is that it is underreported and difficult to regulate.

Neither collateral nor deposits are required for the building materials loan. Since women frequently have difficulty accumulating collateral, this feature helps to eliminate any sexual bias in favor of men.

G. CONCLUSION

The analysis indicates that the project is soundly designed in terms of the social factors of Botswana and will have a measurable positive impact on the quality of life of many poor households in Gaborone. While the project is unlikely to restructure economic disparities within Gaborone to any significant extent, by providing access to housing it will lessen these disparities and will satisfy some of the basic human needs of disadvantaged groups and women.

VII. ECONOMIC ANALYSIS

A. ECONOMIC OVERVIEW OF BOTSWANA

Botswana is a land-locked country in southern Africa with a population most recently estimated at 935,000 in 1981. Estimated Gross Domestic Product (GDP) per capita in 1981 was about P820, making it a middle income African country. The economy is based heavily on minerals and beef. In 1980, sales of meat and meat products constituted 7.5 percent of exports by value, copper/nickel matte constituted 20.7 percent and diamonds constituted 60.8 percent. Up until 1981, the economic performance of Botswana was strong, with a real annual GDP per capita growth rate of about 12.6 percent between 1970 and 1980.

During the 1970s, Botswana enjoyed rapid and relatively steady economic growth (diamonds, copper-nickel and coal) and favorable export prices for the livestock sector. GDP was equivalent to only \$47 million at current prices in 1966, the year of Botswana's independence, but reached \$243 million in 1973/4 and \$689 million in 1979/80. Since diamond production began in 1970, the mining sector's share of GDP has grown to over 24 percent, and it now accounts for more than 80 percent of exports and over 33 percent of government revenues.

The national herd of cattle more than doubled between 1966 and 1977. Under the Lome Agreement, Botswana beef commands prices in the European Economic Community that are 25-30 percent above world market levels. At present, livestock accounts for about 10.5 percent of GDP and 70 percent of value added in the agricultural sector.

During calendar year 1981, however, a severe slump in demand for diamonds on the world market as well as the slump in copper-nickel prices, accompanied by a rapid increase in imports, brought the budget of Botswana into a deficit in the first time since 1975. This trend may continue for the immediate future. The GOB is currently reviewing its budgetary situation in light of its development commitments with the intention of cutting back marginal or unnecessary activities. At the same time, it is committed to continue its development program relying on foreign borrowing whenever necessary. The development of Gaborone West is among the high priority projects with actual development already begun on the new industrial area.

B. GOB EXTERNAL DEBT AND EFFECT OF HG

Up until recently, the GOB has had little reason to use external financing to fund development projects. Revenues from customs duties, mineral concessions, other taxes and grants have been sufficient to fund both recurrent and development fund expenditure. The recent reverses in copper, nickel and diamond prices have sharply reduced revenues and necessitated the drawdown in early 1981 of a \$30 million Eurodollar loan from First National bank of Boston, negotiated in 1978. Nonetheless, total government borrowing as of May 31, 1982, stood at only P113.35 million, the vast majority of which was

external. The proposed HG loan would increase this by about 13 percent. Table 7.A.1 breaks down the outstanding GOB debt as of the end of May 1982.

The impact of this debt on the national economy is quite minor. The ratio of total debt service to GDP ranged from 0.9 percent to 2.3 percent during the 1970s indicating considerable debt absorption capacity. However, this low ratio is partly due to the large share of concessional loans in total debt. For 1980, the latest year available, these loans constituted nearly 60 percent of total external debt. Moreover, all external debt was of a fixed rate nature, indicating an insensitivity of total debt service to rising interest rates.

The GOB has projected external debt repayments, broken out by principal and interest, over the next sixteen fiscal years, i.e. to April 1, 1998. Table 7A.2 displays this breakdown. Scheduled principal repayments rise suddenly in 1984 due to the short-term nature of the First National bank of Boston loan, and remain high as other, earlier, loans mature. Total scheduled debt repayments fall after 1986 as these loans are extinguished. Note that this projection deals only with loans already negotiated and disbursed.

The exact burden of this debt is hard to measure without accurate projections of GDP. However, under the somewhat pessimistic assumption that GDP remains at its 1979-80 level (P689.4 million), total scheduled debt service never exceeds 4.6 percent of domestic output, still a very low ratio.

In terms of the recurrent budget expenditures of GOB, scheduled debt service is still minor. For fiscal year 1983, scheduled public debt service amounts to 5.5 percent of consolidated fund (recurrent) expenditures. Again, under the pessimistic assumption that budget expenditures remain constant, total scheduled debt service never amounts to more than 10.9 percent of budget. This is significant, but still relatively small. By all measures then, it appears that GOB has a considerable capacity to absorb external debt.

C. PROJECT BENEFITS

Given the very basic nature of housing, the economic benefits of providing low income households with dwellings are spread throughout the society and are generally of long duration. Hence, it is usually difficult to quantify these benefits. In the case of the proposed HG project, housing is an integral part of the overall development of a specific area which is to accommodate the planned expansion of Gaborone and which is to include substantial industrial development. Thus, it is not possible to break out housing benefits in a discrete way. This discussion focusses on some of the benefits of Gaborone West and relates housing to these benefits. For the total development of Gaborone West, the qualitative benefits can be classified under two headings:

1. Contribution to total economic development
2. Contribution to housing quality

1. Gaborone West and Economic Development

One of the basic problems facing Botswana is the need to diversify its economy by developing commercial and industrial enterprises on a variety of

Table 7.A.1

BOTSWANA GOVERNMENT DEBT OUTSTANDING AS AT END OF MAY, 1982

(PULA THOUSAND)

	Balance 1-4-82	Draw- downs MAY	Repay- ment MAY	Balance 31-5-82
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>STERLING LOANS</u>				
Sinking Funds	3	-	-	3
Supplier Credit	1	-	-	1
 <u>US DOLLAR LOANS</u>				
IDA	12149	-	-	12149
USAID	19781	-	-	19781
IBRD	55125	804	-	55929
BADEA	4730	1712	-	6442
UNDP HOUSING LOAN	280	-	-	280
OPEC	2359	-	-	2359
<u>AFRICAN DEV. BANK</u>	9061	91	-	9152
<u>DANISH STATE LOANS</u>	3452	-	-	3452
EIB	1667	-	-	1667
RAND LOANS	<u>1637</u>	<u> </u>	<u> </u>	<u>1637</u>
TOTAL EXTERNAL DEBT	110245	2607	-	112852
 <u>PULA LOANS</u>				
POSB	64	-	-	64
<u>BOTSWANA GOVERNMENT BOND</u>	<u>332</u>	<u> </u>	<u> </u>	<u>332</u>
TOTAL INTERNAL DEBT ^a	496	-	-	496
GRAND TOTAL	110741	2607	-	113348

a Gov ceased issuing short-term internal debt as of December 31, 1981

Table 7.A.2
EXTERNAL DEBT - GOB
FY 1983 - FY 1998 PROJECTED PAYMENTS ^a
(P millions)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>% of 1979/80 GDP</u>
1983	3.49	13.25	16.74	2.4
1984	13.49	14.86	28.35	4.1
1985	15.63	15.62	31.25	4.5
1986	18.56	13.48	32.04	4.6
1987	16.82	13.33	30.15	4.4
1988	14.12	12.76	26.88	3.9
1989	15.47	12.43	27.90	4.0
1990	14.42	11.32	25.74	3.7
1991	14.82	10.72	25.54	3.7
1992	15.30	9.40	24.70	3.6
1993	15.82	9.08	24.90	3.6
1994	16.00	7.28	23.28	3.4
1995	16.13	5.82	21.95	3.2
1996	16.63	5.03	21.66	3.1
1997	14.85	3.85	18.70	2.7
1998	10.40	3.81	14.30	2.1

a Based on debt outstanding as of May 31, 1982

scales. This development is the easiest way to create the 17,000 jobs a year estimated to be needed over the next decade. An urban environment is conducive to the success of many commercial and industrial enterprises since densely populated areas allow the attainment of useful economies of scale. In turn, the provision of serviced land and associated housing is necessary to accommodate the workers. It will also promote the rate of economic expansion by creating markets and encouraging entrepreneurship. The recognition of this relationship is one of the factors motivating the GOB commitment to Gaborone West.

Gaborone West Phase 1 will generate employment in three ways: the infrastructure and plot development activities will directly employ construction personnel; the Advanced Industrial Area will house a variety of large scale enterprises; and the residential area of Gaborone West itself will contain provision for small scale businesses and activities serving the population as well as some light industry and commercial activities.

The MLGL attempted to quantify the employment effects of the latter. However, they found that estimates of the quantitative dimension of these employment generation activities are difficult to obtain both because of the inexact nature of data concerning the Botswana economy and because of the still preliminary nature of the plans for the commercial and light industrial plots. Some estimates of the potential for employment can be gained by indicating the types of commercial/light industry that is contemplated.

- Local Center - over 5,500 m² of commercial floor space will be provided for formal sector activities. In addition, sites will be identified for other service activities such as a cinema, restaurant and office space.
- Local Markets - a total of 40 cubicles will be provided for street vendors.
- "Cottage Industries Workshops" - as part of the 27 hectares reserved for other civic, commercial and community use, plots will be made available for light industrial activities.
- Garage, filling station - this same 27 hectares also includes provision for an unspecified number of garages and filling stations.

The exact number of jobs associated with these enterprises is uncertain, but they will be of a varied nature.

The Advanced Industrial Area itself is anticipated by MLGL to be responsible for about 4,000 jobs in a series of large scale enterprises. At the moment, work is underway on the area. Construction activities themselves for both the Advanced Industrial Area and for the residential areas of Phase 1 will generate employment. The macro-economic model of Botswana maintained by MFDP estimates, using an input-output table approach, that one job is created per P9,000 value added in construction. Such a model ignores substitution effects, and its coefficients are insensitive to large changes in activity, such as Gaborone West. Accordingly, the actual impact of this project will be somewhat lower than the model suggests. In addition, only a portion of the

expenditure on Gaborone West represents construction value added. Finally, some of this expenditure may accrue to foreign firms. Taking all this into account it appears that an estimate of 1000-1500 jobs created throughout the economy of Botswana during the life of the project by the construction of Phase 1 appears to be reasonable.

Beside these direct job creation effects, Gaborone West Phase 1 will also have indirect effects. Expansion of central and local government as a result of this development will create 240 jobs by 1986. As the formal sector activities emerge, informal sector jobs will also be created. MLGL estimates that an additional 500 informal sector income opportunities may emerge as the result of Phase 1.

In summary, the exact impact of Gaborone West Phase 1 on employment generation cannot be ascertained for a variety of reasons. However, it appears that the project will be responsible for the creation of a variety of clerical, construction, manufacturing and entrepreneurial jobs at a number of different levels and will thus contribute substantially to the creation of employment in Botswana.

2. Gaborone West Housing Quality

While the majority of the 4,000 jobs in the Advanced Industrial Area will be filled by Gaborone residents, the area development will doubtless attract further migrants. In light of both the increase in jobs and the current housing shortage, the failure to expand the amount of serviced land available for housing will necessarily result in the creation of squatter settlements.

In addition to the detrimental health and social repercussions, the eventual costs of upgrading such settlements are considerably higher than those of servicing a planned development. Though no squatters currently exist in Gaborone, failure to provide low income housing in the near future will undoubtedly lead to the formation of squatter areas.

Thus, the development of Gaborone West will both sustain and increase housing quality and abet needed economic development. The GOB is committed to meet housing demand at a minimum cost to itself by ensuring that standards are affordable by low-income households; by providing for cost recovery to the greatest extent possible within the current context; and by increasing the role of parastatal and private sector entities.

VIII. FINANCIAL ANALYSIS

A. SUMMARY PROJECT COSTS

1. HG Costs

Because of the length of the project, Phase 1 and Phase 2/Tsholofelo are shown separately along with total costs to indicate levels of borrowing by the GOB. Notional amounts of \$200,000 each were included for the supplemental loan scheme and the financing of commercial facilities.

Estimated Costs

(\$ millions)

	<u>Phase 1</u> <u>Total</u>	<u>HG</u> <u>Component</u>	<u>Phase 2</u> <u>Total</u>	<u>HG</u> <u>Component</u>	<u>TOTAL</u>	<u>HG</u> <u>Component</u>
Gaborone West						
Infrastructure	9.4	3.9	8.1	3.1	17.5	7.0
Buildings	1.4	.9	1.6	.7	3.0	1.6
Vehicles & Equip.	.3	.2	.3	.2	.6	.4
BMLs & DGs	.8	.7	.9	.7	1.7	1.4
Sub Totals	<u>11.9</u>	<u>5.7</u>	<u>10.9</u>	<u>4.7</u>	<u>22.8</u>	<u>10.4</u>
Phy. cont.	1.2	.6	1.1	.5	2.3	1.1
Inflation	<u>1.7</u>	<u>.9</u>	<u>5.3</u>	<u>2.6</u>	<u>7.0</u>	<u>3.5</u>
TOTAL	14.8	7.2	17.3	7.8	32.1	15.0
Pilot Projects						.4
TOTAL HG						15.4

2. TECHNICAL ASSISTANCE

Technical assistance costs will include the proposed SHHA advisor for three years at \$120,000 per year plus \$60,000 of local training to the SHHA. This will be financed on a grant basis using IIPUP project funds.

Two MLGL advisors will be provided for two years each at \$120,000 per year plus 12 person-months of short term technical experts at \$10,000 per month. A contingency of \$50,000 is included. These costs will be funded from Africa Bureau grant funds.

3. Summary of Project Funding

	<u>HG</u>	<u>IIPUP</u> (\$ millions)	<u>Africa Bureau</u>
Gaborone West	15.00		
Pilot Programs	.40		
Resident Advisors		.36	.52
Short Term Consultants			.13
Training		.06	
TOTAL	15.40	.42	.65

B. COST RECOVERY AND PROJECT SUBSIDIES

The major method used by the TC to recover development costs is the service levy, a monthly payment required of all SHHA ploholders. The levy currently stands at P8 per month, having been recently increased from P5.

The service levy is determined by spreading both capital and recurrent costs over all plots allocated. The recurrent costs include SHHA administration, refuse collection, roads maintenance, effluent removal and water, while capital costs are determined by the debt service levied by MFDP according to the schedule described below. In addition, an allowance for a 5 percent delinquency and default is built into the service levy. A project like Gaborone West will increase the costs on which the levy is based by increasing the debt service burden, and the total recurrent cost, but this increase would be mitigated by the increase in the number of allocated plots over which these costs would be spread and the development grants associated with these allocated plots.

However, on balance, the advent of Gaborone West will increase the economic cost recovery service levy beyond P8 per month because the addition of Gaborone West pushes costs up in a greater proportion than it increases the number of SHHA plots. Since these costs are spread across all SHHA areas, the increase in the cost recovery service levy would be less than the incremental levy for Gaborone West.

As described earlier, the SHHA also administers a building materials loan program. Financing is received from the MJDP at 8 percent for 15 years, and the TC, in turn, makes loans to the ploholders at 9 percent for 15 years.

Two things are necessary for a reduction in the rate. First, public officials need to emphasize the importance of prompt payment to the continuation of services; second, the State Land Act needs to be strengthened to allow SHHA to effectively pursue those in arrears.

In the allocation of costs for low income housing in Botswana, there exist three major subsidy elements, the effect of which is to reduce the amount the SHHA needs to recover from the ploholder through the service levy. Two of these take the form of transfers from the Ministry of Finance and Development Planning (MFDP) to the town councils (TC), while one represents an internal cross-subsidy between high and low income households:

1. As part of its absorption of all development planning costs, MFDP gives a one-time grant to the TC of P90 per SHHA plot allocated to defray the development administrative costs incurred at the local level. This grant allows the TC to maintain a lower service levy. Without this grant, low income families in SHHA areas would incur higher housing outlays.

2. Infrastructure costs and financing for building material loans are passed on from MFDP to the TC through loans which bear interest rates below the government's opportunity cost. For example, costs of secondary and tertiary infrastructure for residential areas are charged as loans to the TC at 8 percent interest over 25 years; community facilities with their infrastructure, are provided as a grant; vehicles are amortized at 8 percent over 5 years and building material loan financing is provided at 8 percent over 15 years. Since these costs are, in turn, passed to plottolders, the effect of the concessionary terms is, again, a lowering of the service levy.

3. Direct sales of serviced plots by government at a somewhat higher than cost price provide a cross subsidy applied to SHHA plots. A modest cross-subsidy between owners and plottolders also exists in that TC budgets are balanced through property taxes applied to owners.

All these subsidies allow the local TC to recover part of their costs, or incur lower costs, and thus decrease the housing outlay required of the plot-holder. The President's Commission on Housing Policy recommended a thorough study of these subsidies and all other housing subsidies, e.g., Botswana Housing Corporation, and a reorientation towards low-income housing. A final determination on subsidies will be made following completion and consideration of the study.

C. IMPACT OF PROJECT ON GOB BUDGETARY CONSIDERATIONS AND RECURRENT COSTS

The development of Gaborone West will generate additional recurrent costs to both the central government and the town council. The major increase in GOB recurrent expenditures will be due to the debt service connected to the HG Loan, although the GOB will incur some additional expenses. On the local level, budgetary increases will be necessary for both the repayment of additional debt (to the GOB for infrastructure capital) and for additional operating expenditures attributable to Gaborone West. Because GOB recovers part of the cost of the HG loan and the TC recovers its costs from the plot-holder, the net budgetary impact of Gaborone West will be quite small.

An exact estimate of the increase in expenditure occasioned by debt service connected with the proposed HG loan is impossible without knowledge of the interest rate, term and grace period for the actual loan. However, as previously discussed, COB has a considerable capacity to absorb debt service payments. Further, because of cost recovery policy, additional debt service expenditures would be offset by payments from the Gaborone Town Council and some parastatals on loans financed by the HG loan. The terms under which GOB grants these loans compared with the potential range of HG loan terms suggest that 50-75 percent of required debt service on the HG loan is likely to be recovered from TC and parastatal loan repayments.

In the area of operating recurrent costs, GOB will need to fund the salaries of primary school teachers in Gaborone West. Assuming a 10 percent

inflation rate in salaries and the current phasing plan, the MLGL projects these expenditures to rise from P14,000 in 1984 to P135,700 in 1986. This represents a very small portion (0.03 percent at maximum expenditure) of total GOB expenditures, but would not be offset by any related revenue item.

Gaborone West will generate a significant increase in TC expenditure due to both capital and recurrent costs. Additional recurrent costs will be borne by all Council departments due to expenditures on personnel (both staff and unskilled labor), vehicles, buildings, utilities and other costs. Table 8.B.1 indicates MLGL's estimates of the incremental recurrent cost arising out of Phase 1.

Capital costs will also increase, but in an amount determined by the government's concessional loan terms (see Section VIII. B). It is estimated by MLGL that TC loan burdens due to Gaborone West will rise from P70,000 in 1984 to a peak of P635,000 in 1986. This represents an increase of 20 percent on 1982/83 TC expenditures. A part of this additional expenditure will be offset by revenues from service levies collected in Gaborone West. However, at current projections, the deficit in the TC budget for 1982/83 exceeds its projected resources to cover the shortfall, i.e. property taxes and accumulated surplus. While the increase in the property tax base represented by the non-SHHA housing created in Gaborone West will increase revenue potential, an increase in property tax rates may be necessary if Gaborone West is to be successfully absorbed into the TC budget. Currently, Gaborone has the lowest level of tax rates among the towns. A detailed study examining the town council finances is scheduled for the near future.

Table 8.B.1

COUNCIL ADDITIONAL RECURRENT COSTS RELATING TO PHASE 1 4/

	<u>1982/3</u>	<u>1983/4</u>	<u>1984/5</u>	<u>1985/6</u>
Staff 1/	-	18,100	109,700	145,900
Industrial Class	-	20,000	129,100	178,100
Vehicles 2/	1,000	-	-	-
Buildings & Utilities	-	5,000	25,900	33,100
Other 3/	-	10,000	50,000	75,000
TOTAL	1,000	53,100	314,700	432,100

NOTES

- 1) It has been assumed that only 75 percent of the posts will be filled
- 2) Depreciation is not included. By 1985/6 this will equal about P64,000 in 1982/3 prices).
- 3) SHHA ploholders water consumption: 1984/5 - P10,000; 1985/6 - P18,600
School supplies: 1983/4 - P5,700; 1984/5 - P28,400; 1985/6 - P45,400.
Drugs: 1983/4 - P2,000; 1984/5 onwards - P8,000.
- 4) An increase of 11 percent p.a. in salaries, wages, maintenance, etc. is assumed.

IX. PROJECT IMPLEMENTATION

A. FLOW OF PROJECT FUNDS

MFDP, as the borrower for the project, will negotiate directly with the U.S. lender, execute all documents on behalf of the GOB, process all results for disbursements and remit all payments to the lender.

Because of the construction period, it is intended that the GOB will undertake a series of borrowings in about equal amounts for Phases 1 and 2 from a U.S. lender.

Based on drawdowns approved by AID against eligible expenditures, US dollars will be deposited in a GOB account. An advance will be made to the GOB to cover initial costs. The MFDP will, in turn, authorize an equivalent amount of local currency to cover payments by the MLGL in the case of costs financed by the Ministry and to the Town Council for project costs incurred by the SHHA.

The GOB will be responsible for repayment of the loan in dollars. The local currency proceeds of the HG loan will be repayable to government as described in Section VIII. C.

B. GOB PROGRAM MANAGEMENT

The Ministry of Local Government and Lands (MLGL) is the key ministry concerned with shelter and urban development. In conjunction with the SHHAs, the Ministry controls almost all sectoral functions either directly or through statutory corporations under its direction. At the local level, the ministry's representative, the Urban Development Coordinator (UDC), performs the crucial function of ensuring that national housing policies and procedures are incorporated in SHHA program activities. It is anticipated that MLGL will designate its UDC for Gaborone as the USAID Project Coordinator.

The AID technical assistance program to MLGL will enable the Ministry to effectively create and staff its new Housing Division which will monitor overall project progress within the GOB. This Division will provide such oversight functions as may prove necessary during project implementation.

C. AID PROGRAM MANAGEMENT

USAID/Botswana will be responsible for the policy framework within which the overall project is implemented. The AID Office of Housing and Urban Development (PRE/HUD) will be responsible for HG program development, negotiation and implementation within the Mission policy framework. The Office of Housing's responsibilities will be carried out by the Regional Housing and Urban Development Office (RHUDO) for East and Southern Africa located in Nairobi.

The Office of Housing and Urban Development will finance the resident contract advisor assigned to the Gaborone SHHA from the centrally funded

Integrated Improvement Program for the Urban Poor (IIPUP). The Office of Housing or the RHUDO will process this contract and the training package with appropriate clearance from USAID. Authority for AID reviews and approvals called for in HG Program Implementation Agreements have been delegated by PRE/HUD to RHUDO/E&SA.

Mission funds, most probably ESF, will finance the two resident technicians who will be assigned to MLGL's Housing Division. Following appropriate RHUDO clearances, the Mission will negotiate the Project Agreement for these advisors with the GOB. This Project Agreement will also cover short term consultants who will be assigned to the project from time to time. It is anticipated that the Mission will advertise for a technical services contract to provide the individuals and back up services required for this portion of the project.

Every six months during the implementation of the project, representatives from AID (Mission and RHUDO) and GOB (MFDP, MLGL and SHHA) will conduct a formal project review. During each project review, the GOB's progress towards completion will be compared against the then current project delivery plan. The review session will pay particular attention to the technical and financial progress as it relates to anticipated loan drawdown schedules. The role and progress of the Technical Assistance program will also be reviewed at this time. Remedial measures will be initiated to address problem areas discussed during project reviews.

D. PROGRAM MONITORING AND EVALUATION

Evaluation of progress in meeting the outputs for the overall program will take place through RHUDO-coordinated regular annual evaluations as prescribed in the PRE/HUD Evaluation and Monitoring Guidelines. These evaluations will note any deviations from the program purpose, goals and schedules and will present a detailed factual basis for such revisions of the program as may be necessary.

The reporting process will include periodic progress statements made by both MLGL and SHHA to AID. Additionally, the technical assistance team will submit quarterly progress reports. These reports will include quantitative measures of the physical progress of program elements, progress in meeting institutional objectives, identification of problem areas and related recommended strategy for meeting problems and objectives for the next quarter.

The annual evaluation will concentrate primarily on:

1. Progress towards the stated objectives spelled out in the Logical Framework;
2. Major accomplishments of the program to date;
3. Major problems of the program and corrective actions taken by GOB and AID;
4. Recommendations for further improvements and expectations for the next year.

E. NEGOTIATION STATUS

Pursuant to approval of this Project Paper, AID will authorize a \$15 million HG loan and send a Letter of Advice to the GOB's Ministry of Finance

and Development Planning (MFDP) advising them of AID authorization of the guaranty for the HG loan. Following this, AID and the GOB will negotiate an Implementation Agreement setting forth the mutual responsibilities of the parties in ensuring effective implementation of the HG Program. Concurrently, PRE/HUD and RHUDO/E&SA will provide the GOB with detailed information on borrowing procedures and current options in the U.S. capital markets. Interested and eligible U.S. lenders will be notified by AID's Office of Housing and Urban Development of this lending opportunity. Upon submission of an acceptable Project Delivery Plan by MLGL for Phase I to AID, approved by RHUDO/E&SA, MFDP may formally enter negotiations with U.S. Lenders for the initial borrowing. The terms and conditions of the loan, including a schedule of disbursements, will be reflected in the Loan Agreement between the U.S. Lender and the GOB.

The legal agreements for the HG project are as follows:

1. The Implementation Agreement between AID and MDPF
2. The Loan Agreement between the U.S. Lender and MFDP for Phase 1
3. The Guaranty Agreement between AID and the U.S. Lender for Phase 1
4. The Guaranty Agreement between AID and MFDP for Phase 1.

The borrowings for Phase 2 of the project will proceed in similar fashion.

F. PROGRAM IMPLEMENTATION SCHEDULE

Third Quarter CY 1982

1. AID approval of Project Paper and authorization of \$15 million HG.
2. PRE/HUD issues Letter of Advice to GOB's MFDP.
3. GC/H prepares draft Implementation Agreement for review and comment.
4. MFDP prepares draft Project Delivery Plan for Phase 2.
5. Construction of infrastructure begins for Phase 2.

Fourth Quarter CY 1982

1. GOB's Attorney General delivers required legal opinion.
2. AID and MDPF sign Implementation Agreement.
3. MFDP completes Project Delivery Plan for Phase 1.
4. MFDP and US Lender sign Loan Agreement for First Tranche for Phase 1 first borrowing.
5. AID and US Lender sign Guaranty Agreement for first borrowing.
6. AID and MFDP sign Guaranty Agreement for first borrowing.
7. MFDP draws down authorized advance under initial loan.

First Quarter CY 1983

1. RHUDO/Mission complete review design standards and preliminary plans for Phase 2.
2. Short term consultants arrive to begin tasks for MLGL.
3. IIPUP funded training activities begin at Gaborone SHHA.
4. Construction of SHHA Ward Office and warehouse for Phase 1 begins.

Second Quarter CY 1983

1. Design contract for Phase 2 infrastructure let.
2. Long-term resident technicians arrive for placement in MLGL & SHHA.
3. First site and service plots delivered.
4. Construction of Phase 1 community facilities begins.
5. MLGL prepares draft Project Memorandum for Phase 2.
6. AID and GOB conduct formal Project Review.

Third Quarter CY 1983

1. Additional site and service plots delivered.
2. MLGL prepares final Project Memorandum for Phase 2.

Fourth Quarter CY 1983

1. AID and GOB conduct Formal Project Review.
2. MLGL submits Phase 2 Project Delivery Plan to RHUDO.

First Quarter CY 1984

1. Additional site and service plots delivered.
2. Office of Housing conducts annual evaluation of project.

Second Quarter CY 1984

1. AID and Borrower conduct formal Project Review.
2. Civil contracts let for Phase 2.

Third Quarter CY 1984

1. Detailed design work for community facilities commences for Phase 2
2. Construction begins for Phase 2.

Fourth Quarter CY 1984

1. AID and Borrower conduct Formal Project Review.
2. MFDP and U.S. Lender sign Loan Agreement for Phase 1 and partial Phase 2 second borrowing.

First Quarter CY 1985

1. Office of Housing conducts annual evaluation of project.

Sent out
priority
8/2

UNCLASSIFIED

AID/AFR/SA: BBOYD: MJG
07/29/82 EXT. 28570
AID/AFR/SA: ~~JHICKS~~ *Ray Love*

AFR/DR: KNURICK {DRAFT}	AID/GC/AFR: TBORK {DRAFT}
AID/PPC/PDPR: JWOLGIN {DRAFT}	AID/PRE/HUD: WMANN {DRAFT}
AID/PRE/HUD: JHOWLEY {DRAFT}	AID/AFR/DR: GTHOMPSON {DRAFT}

ROUTINE GABORONE

ROUTINE NAIROBI

AIDAC FOR RHUDO

E.O. 12065: N/A

TAGS: N/A

SUBJECT: GABORONE WEST HOUSING AND COMMUNITY FACILITIES
PID {633-HG-002}

JH
BB *BB*
KN *KN*
LH *LH*
JH *JH*
TB *TB*
WM *WM*
GT *GT*

1. REVIEW OF SUBJECT PID HELD JULY 27, 1982 WITH MISSION DIRECTOR DESIGNATE MALLEY AND RHUDO REPRESENTATIVE IN ATTENDANCE. PID FOUND TO BE COMMENDABLE DOCUMENT, APPROVED WITH NO OUTSTANDING ISSUES AND CONCURRENCE GIVEN TO PROCEED WITH PREPARATION OF PP FOR SUBJECT HG AND TA PROJECT. ALTHOUGH TO BE OF AN AMOUNT LESS THAN DOLS. 20 MILLION, PP IN THIS INSTANCE WILL BE SUBMITTED TO AID/W FOR APPROVAL.

2. DURING DISCUSSION SEVERAL POINTS WERE IDENTIFIED FOR COVERAGE IN THE PP:

{A} DETAILED PROJECT DESCRIPTION. PP SHOULD: {1} ELABORATE PROJECT'S FIT WITH CDSS ESPECIALLY IN AREA OF EMPLOYMENT GENERATION; {2} CONDENSE PROJECT PURPOSE AND REVISE LOG-FRAME ACCORDINGLY; {3} EXPLAIN HOW PROJECT APPROACH WILL ENCOURAGE PRIVATE SECTOR PARTICIPATION; {4} IDENTIFY CRUCIAL RECOMMENDATIONS IN PRESIDENTIAL COMMISSION REPORT ON HOUSING AND SUGGEST WAYS TO ASSIST IMPLEMENTATION; {5} SUGGEST PREFERRED WAYS OF CONTRACTING TA.

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| 2

{B} ECONOMIC ANALYSIS. PP ECONOMIST TO: {1} MAKE EXTERNAL DEBT ANALYSIS INDICATING GOB'S ABILITY TO REPAY HG LOAN OBLIGATION; {2} REVIEW APPROPRIATENESS OF PROJECT STANDARDS AND COSTS.

{C} SOCIAL ANALYSIS. PP SHOULD: {1} REVIEW PROBABLE EFFECT OF PROJECT ON RURAL/URBAN MIGRATION; {2} REVIEW PROBABLE EFFECT OF PROJECT ON URBAN EMPLOYMENT GENERATION; {3} QUANTIFY DIRECT AND INDIRECT PROJECT BENEFICIARIES; {4} REVIEW ROLE OF WOMEN IN DEVELOPMENT; {5} DETERMINE IF ELEMENTS FOSTERING CONSERVATION OF EXTENDED FAMILY SITUATIONS CAN BE INCLUDED IN THE PROJECT.

{D} ADMINISTRATIVE ANALYSIS. PP SHOULD CONTAIN ORGANIZATIONAL CHARTS OF PROPOSED IMPLEMENTING UNITS AND SHOULD DESCRIBE FUNCTIONAL INTERRELATIONSHIPS AMONG INSTITUTIONS TO BE INVOLVED.

{E} FINANCIAL ANALYSIS. PP SHOULD: {1} ESTIMATE PRINCIPAL RECURRENT COSTS ASSOCIATED WITH CAPITAL PROJECT AND TA AND GOB PLANS TO MEET COSTS; {2} PRESENT PRINCIPAL SUBSIDIES CONNECTED WITH PROJECT AND SUGGEST WAYS FOR REDUCTION.

{F} TECHNICAL ANALYSIS. WATER AND SEWERAGE SHOULD BE ANALYZED IN DEPTH. DETERMINE IF IBRD WATER PROJECT WILL GO FORWARD.

3. RHUDO/NAIROBI WILL PROVIDE DETAILS OF PP PREPARATION AND ETAS OF TEAM MEMBERS.

4. IEE HAS BEEN CONCURRED IN BY BUREAU E.O.

5. TA AND TRAINING COMPONENT. PP SHOULD PROVIDE FULL DESCRIPTION OF THIS COMPONENT SHOWING WHY TA AND TRAINING IS NECESSARY AND WHAT TYPES OF TA ADVISORS TRAINING AND COMMODITIES ARE NEEDED. JOB DESCRIPTIONS, A TRAINING PLAN AND BUDGET SHOULD ALSO BE INCLUDED. 44

UNCLASSIFIED

AID 100-20 (1) 701
SUPPLEMENT 1

633-HG-002

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: Gaborone West Housing and Facilities

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project: 82 to FY 86
From FY 82 to FY 86
Total U S Funding \$16,470,000
Date Prepared JULY 1, 1982

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal The lower objective to which this project contributes: (A-1)</p> <p>To ensure safe and sanitary housing for lower income households in Botswana.</p>	<p>Measures of Goal Achievement (A 2)</p> <p>Increase in the number of low income households living in permanent safe and sanitary housing with secure land tenure and access to community facilities and services.</p>	<p>(A-3)</p> <ol style="list-style-type: none"> Household sample surveys Census data Reports of social service and public works agencies. 	<p>Assumptions for achieving goal targets (A 4)</p> <ol style="list-style-type: none"> Continued GOB commitment to housing policy goal of ensuring safe and sanitary housing for everyone. Regulations and tenure continue to prevent undue speculation in low-cost housing.
<p>Project purpose</p> <ol style="list-style-type: none"> To strengthen the institutional framework for housing at both the national and municipal levels. To expand the role of the private sector in developing human settlements. To increase the availability of low-cost self-help housing in Gaborone. 	<p>End of Project Status</p> <ol style="list-style-type: none"> Gaborone West developed, houses being built, and community facilities operating. A 90-day arrearage on SHHA service levies and BML's reduced to 10%. <ol style="list-style-type: none"> Gaborone SWR effectively delivering technical and community services and performing administrative and finance functions. MLGL Housing Division coordinating activities, assisting SHHA's and providing housing plan implementation leadership. Supplemental credit facility for lower-income households established by Botswana Building Society 	<ol style="list-style-type: none"> SHHA records AID evaluations MLGL Planning Document 	<p>Assumptions for achieving purpose</p> <ol style="list-style-type: none"> Domestic financing committed to non-HG elements of Gaborone West. GOB approves establishment of Housing Division in MLGL. Counterpart staff provided in MLGL and SHHA. Financial incentives introduced to make private sector participation feasible.

AID 100-20 11 700
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project
From FY 82 to FY 86
Total U.S. Funding \$16,470,000
Date Prepared: JULY 1, 1987

Project Title & Number: Gaborone West Housing and Facilities 633-HG-002

PAGE 2

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Outputs (C-1)</u></p> <ol style="list-style-type: none"> 1. Functioning Housing Division at new MLGL entity. 2. Gaborone SHHA technical and community development capacity strengthened. 3. Plots allocated, loans made, and community and commercial facilities operating. 4. Supplemental credit facility provided by private sector. 	<p><u>Magnitude of Outputs (C-2)</u></p> <p>Housing plan formulated and being implemented and forward-planned capacity established.</p> <p>House construction on schedule and 15 SHHA community development workers trained.</p> <p>3500 serviced plots 1750 building materials loans 8 primary schools 2 clinics 2 major commercial areas 2 major recreation areas 2 community centres SHHA and Town Council plant and equipment, Botswana Building Society offering second loans.</p>	<p>(C-3)</p> <ol style="list-style-type: none"> 1. SHHA records 2. MLGL records 3. PRE/HUD quarterly reports 4. AID evaluations 	<p><u>Assumptions for achieving outputs (C-4)</u></p> <ol style="list-style-type: none"> 1. Infrastructure costs do not escalate unexpectedly. 2. BML's remain popular 3. GOB draws down HG loan
<p><u>Project Inputs</u></p> <ol style="list-style-type: none"> 1. Housing guaranty loan 2. Technical assistance <ol style="list-style-type: none"> a. IIPUP <ol style="list-style-type: none"> 1) Aided Self-help Advisor- 3 years. 2) Training of SHHA staff b. DG/ESF <ol style="list-style-type: none"> 1) 2 MLGL Housing Advisors- 2 years 2) Short term consultants 	<p><u>Implementation Target</u></p> <p>\$15,400,000 |</p> <p>\$ 420,000</p> <p>(\$360,000)</p> <p>(\$ 60,000)</p> <p>\$650,000</p> <p>(\$480,000)</p> <p>170,000</p>	<p>Lender and borrower reports T.A. contract AID evaluation</p>	<p><u>Assumptions</u></p> <ol style="list-style-type: none"> 1. HG loan authorized and GOB borrows 2. GOB provides domestic financing 3. AID grant funds available for technical assistance and training.

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

GUARANTY AUTHORIZATION

PROJECT 633-HG-002

PROVIDED FROM: Housing Guaranty Authority

FOR : The Government of Botswana

Pursuant to the authority vested in the Assistant Administrator, Bureau for Africa, by the Foreign Assistance Act of 1961, as amended (FAA), and the delegations of authority issued thereunder, I hereby authorize the issuance to eligible U.S. investors (Investor) acceptable to A.I.D. of guaranties pursuant to Section 222 of the FAA of not to exceed Fifteen Million Four Hundred Thousand Dollars (\$15,400,000) in face amount. The guaranties shall assure against losses (of not to exceed one hundred percent (100%) of loan investment and interest) with respect to loans, including any refinancings thereof, made to finance housing projects and related facilities and services in Botswana.

These guaranties shall be subject to the following terms and conditions:

1. Term of Guaranty: The loans may extend for a period of up to thirty years (30) from the date of disbursement and may include such terms and conditions as shall be acceptable to A.I.D. The guaranties of the loans shall extend for a period beginning with the disbursements of the loans and shall continue until such time as the loans have been paid in full.
2. Interest Rate: The rate or rates of interest payable to the Investor pursuant to the loans shall not exceed that prescribed pursuant to Section 223(f) of the FAA and shall be consistent with rates of interest generally available for similar types of loans made in the long term U.S. capital markets.
3. Government of Botswana Guaranty: The Government of Botswana shall provide for a full faith and credit guaranty to indemnify A.I.D. against all losses arising by virtue of A.I.D.'s guaranties to the Investor or from non-payment of the guaranty fee.
4. Fee: The fee of the United States shall be payable in dollars and shall be one-half percent (1/2%) per annum of the outstanding guaranteed amount of the loans plus a fixed amount equal to one percent (1%) of the amount of the loans authorized or any part thereof, to be paid as A.I.D. may determine upon disbursement of the loans.

- 5. Other Terms and Conditions: The quaranties shall be subject to such other terms and conditions as A.I.D. may deem necessary.

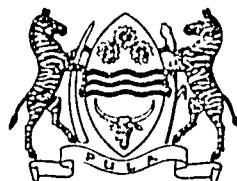
F. S. Ruddy
 Assistant Administrator
 Bureau for Africa

Date

Clearances:

PRE/ HUD: JHansen	_____	Date	_____
PRE/ HUD: JHowley	_____	Date	_____
PRE/ HUD: WMann	_____	Date	_____
GC/ HUD: MGKitay	_____	Date	_____
FM/ LD: ES Owens	_____	Date	_____
GC/ AFR: TBork	_____	Date	_____
DAA/ AFR/ EA/ SA: GPatterson	_____	Date	_____
AFR/ DR: DJohnson	_____	Date	_____
AFR/ DR: NCohen	_____	Date	_____
AFR/ SA: JFHicks	_____	Date	_____
AFR/ DP: HJohnson	_____	Date	_____

GC/ HUD: MGKITAY:prj:09/01/82:0507P



REPUBLIC OF BOTSWANA

GOVERNMENT PAPER NO. 2 OF 1981

NATIONAL POLICY ON HOUSING

APRIL 1982

(As Approved by the National Assembly on 6th April 1982)

The Presidential Commission on Housing Policy in Botswana December 1981

GOVERNMENT PAPER NUMBER 2 - OF 1981NATIONAL POLICY ON HOUSINGINTRODUCTION

1. This White Paper outlines Government's future housing strategy based upon the recommendations contained in the report of the Presidential Commission on Housing Policy.
2. The appointment of the Housing Commission was announced in the President's Circular No. 1 of 1980, dated 28th January, 1980. The Commission's terms of reference were very broad and included reviewing the following:
 - (a) The activities of all existing organizations and/or institutions involved in housing.
 - (b) The financial policies with special attention to the use of subsidies.
 - (c) Rental policies.
 - (d) Housing standards and their cost implications.
 - (e) Land policy including land tenure.
 - (f) Distribution of investment in rural areas and possible implications for housing development.
3. The Commission submitted its report in February 1981 after a year of work representing the most extensive study of housing policy ever undertaken in Botswana. The Commission visited all Districts, major villages and towns. Because of the wide range of issues, the Commission appointed sub-committees to study certain technical questions. In addition to consulting with a wide range of individuals, institutions, organizations and agencies, the Commission sent teams on external visits to compare Botswana's policies against international standards.
4. The Commission's report is the first comprehensive strategy for improving Botswana's housing and communities. Since housing and community building activities are noted for long forward planning time frames, it is expected that the Commission's Report and this Paper will serve as guidelines for a change in policy that may take several years.
5. In some cases, implementing organizations will find detailed recommendations, but in most instances, the spirit of the intent of the Report and this Paper will be the best guide. Continuing consultation and evaluation of major issues is essential for the successful development of housing programmes.
6. Government has accepted the Commission's Report on National Housing Policy, with the exception of the recommendations, and with the addition of the modifications, listed below.

- (a) That NDB should extend its role to making housing loans. This recommendation be accepted in principle but should not be implemented until adequate capacity within NDB has been proved.
- (b) That Government should sell BHC built "Pool" houses. This recommendation should be modified to limit sales to those houses surplus to requirements.
- (c) That the Housing Allowance be re-introduced. This recommendation should be rejected. Instead, rents should be increased gradually towards economic levels.
- (d) That free hold tenure be made available to all citizens of Botswana, whether in Tribal or Urban areas for residential and ploughing uses. This recommendation should be deferred. A Commission should be appointed to look into the whole question of land tenure, and its implications.
- (e) That SHHA Schemes should be introduced to rural areas. This recommendation be accepted in principle but prior to implementation a more detailed study should be undertaken.
- (f) That Government sell its stock of surplus rural housing by Public Tender. This recommendation be accepted subject to the amendment that the mode of sale should be left to the Ministry of Local Government and Lands' discretion.

IDENTIFICATION OF PROBLEMS AND CONSTRAINTS

7. The Housing Commission's Report identified several fundamental problems that must be overcome:

- (a) The role of the housing sector is not clearly defined; there is no comprehensive national housing implementation plan and the formal housing sector planning process is weak. As a result the process of setting long term goals and mobilizing resources to meet these goals has not been well focussed.
- (b) A huge demand for housing exists in Botswana and the situation threatens to become out of control unless action is taken in the near future. The Commission's Report estimates that 65,000 new housing units will be needed by 1990. This probably understates the need because the central problem in rural areas and to some degree in the older towns is the need to upgrade the quality of thousands of existing houses.
- (c) The institutional capacity of Government at all levels is inadequate to properly manage the increased scope of work. There is no strong central Government housing unit to co-ordinate semi-independent departments, and local authorities lack manpower, management and training.
- (d) If the current policies for financing housing are continued, widespread improvement of housing would not be possible without spending more on housing at the expense of other development needs.

- (e) Most existing housing subsidies are given to urban households that have the least need for subsidy.
- (f) National wage policies and housing rental policies are interwoven and often confused. This works to the disadvantage of the housing sector.
- (g) Mechanisms for mobilizing internal resources for housing investment are weak despite evidence that such funds are becoming available. This is a constraint for the nation as a whole and especially for the private sector.
- (h) Limited housing assistance is given to rural areas. Tribal land tenure and the current policy and capacity of the financial institutions are a constraint to private initiative because they restrict access to credit. The result is less progress in housing improvements in rural areas which is a contributing factor to the increasing rate of urbanization.
- (i) With the exception of the SHHA schemes, there is a growing trend in the urban areas to expect Government to provide all housing solutions. This is not in accordance with the national principle of self reliance and would result in Government being overwhelmed as urban areas grow larger.

A HOUSING STRATEGY FOR 1981-1990

8. Government's long term goal is to insure safe and sanitary housing for everyone. Short term goals include the following:

- (a) To encourage the building of new urban housing for all income levels at a pace which will ensure that no citizen of an urban area is forced to reside in an unauthorized settlement.
- (b) To begin improving the quality of housing in rural areas by offering Government assistance in the form of additional village and regional planning, and the introduction of a modified version of the self help site and service scheme (SHHA) following a study of that issue.

9. To meet these goals, a new housing development strategy is proposed. The strategy that Government intends to pursue has the following elements:

- (a) The role of housing should be given greater importance in development planning and a comprehensive national housing plan should be prepared.
- (b) A housing division should be created within the Ministry of Local Government and Lands.
- (c) Housing subsidies should be reduced over a period of time. Remaining subsidies should be redirected to middle and lower income housing, from urban to rural areas, and from housing consumption to investment.
- (d) In order to control the use of subsidies, rents should be allowed to rise to economical levels. Free institutional housing should

be restricted.

- (e) Sub-economic loans to Botswana Housing Corporation should be removed and BHC should allow rents to rise gradually to economic levels.
- (f) Government should withdraw from the easier higher-cost housing market by strengthening the private sector and concentrating on the more difficult lower-cost housing problems.
- (g) A greater range of housing opportunities should be introduced including a new middle income housing scheme. Affordable standards should be stressed.
- (h) The SHHA Scheme should be extended to rural areas following a detailed study.
- (i) Government built expatriate housing should be constructed to more modest standards.
- (j) Mine towns should conform to the same housing policies as other urban centres.
- (k) The NDB should be expected to play a more important role in the utilization of internal funds and making housing loans in rural areas when it has the administrative capacity to do so.
- (l) The commercial banks and the building society should adapt to the nation's needs by lending to lower income and rural households.
- (m) Local Authorities should be allowed to build housing for their staff. The method for determining rentals should be the same as that used for BHC housing.
- (n) Government should allow the sale of BHC built "Pool" houses if they are in surplus and should sell surplus Government owned houses in the rural areas.

10. The following sections of this White Paper present in greater detail the main points of the Government's intended policy. Numbers appearing in brackets refer to the paragraph number of the recommendation in the Presidential Commission on Housing Policy Report.

A NEW STATUS FOR THE HOUSING SECTOR

11. During the first 10 years following Independence, housing was given a low priority while other sectors were strengthened. This strategy was possible because limited housing assistance was provided to rural areas and the urban areas were small. The strategy was correct because of the necessity for stressing fundamental development after Independence.

12. Government intends to modify this strategy in view of its current level of development. It should be emphasized that the quality of Botswana's housing is connected to the fundamental objectives in the fields of health, education, and economic productivity; therefore, housing should be given more importance in national planning. (1.09)

13. This new emphasis on housing must be accomplished without an increase in public sector housing investment as percentage of GDP. Instead housing productivity should be maximised by better allocation of resource and by improving our institutional capacity to plan, implement and manage housing programmes.

14. The cause of many of the problems and constraints listed above can be traced to the fact that Government does not have a strong central housing unit. Government agrees with the Commission's view that adequate management and coordination can only be achieved by the creation of a Housing Division within the Ministry of Local Government and Lands. This should be part of a reorganisation of the entire Ministry. (1.17)

MOBILIZING HOUSING RESOURCES

15. As Botswana's development accelerates, the demand for better housing will increase substantially. This situation will continue even if the rate of population growth were decreased. If the total public sector expenditure for housing as a percentage of the GDP is not to increase against this demand, it will no longer be practical for the Government to be the ultimate landlord. The Government should provide a framework which encourages increased self-help and private sector initiative in partnership with its own efforts. The strategy for mobilizing all housing resources is as follows:

- (a) Government and its housing parastatal should move away from taking as much responsibility for housing construction itself. The role that Government should play in the future includes: land acquisition, overall planning and control, provision of infrastructure and community services, and provision of technical assistance. As will be seen below, the Government effort will vary according to the income level and the location served.
- (b) Botswana's financial institutions should be encouraged to expand their housing lending activities to lower income and rural areas. To accomplish this, mechanisms to utilize Botswana's financial resources for housing must be developed. The Ministry of Finance and Development Planning should supervise a study to determine what these mechanisms should be. The National Development Bank should also be encouraged to lend for rural housing as soon as it has the administrative capacity. (1.57, 1.63, 1.70, 1.79).
- (c) Higher income urban housing construction will be left to the private sector. BHC should not build high cost housing unless the private sector fails to do so. Government would acquire land, supervise overall planning, and install primary infrastructure for high cost blocks of land. Alternatively, the private sector would be encouraged to take part in the tasks of land development and detailed planning; subject to the approval of the Town and Country Planning Board. (h.77, h.78).
- (d) A new middle income housing scheme should resemble the SHHA scheme except that it will be placed near fully serviced areas to allow for such upgrading as water-borne sewers and on-plot water. Building material loans, but no technical assistance, would be offered. BHC will concentrate on middle

income rental housing in urban areas and major villages. The private sector should be encouraged to enter this market as well and will be offered plots not assigned to the new self-help scheme. (2.16, 4.78).

- (e) Construction of lower income urban housing is already in private hands under the supervision of the SHHA programmes. This will continue, however, as the building materials industry of any given town becomes stronger, the materials distribution part of the SHHA scheme should be turned over to the private sector by converting the building material loan scheme to a voucher loan scheme. Government will not totally withdraw from low income urban housing because this is the area where people are least able to help themselves. (4.77).
- (f) Rural areas are expected to require Government assistance for a longer period because of financial institutions' reluctance to invest there. A rural version of the SHHA scheme will be started in certain rural villages after careful study. (5.13).

16. Government agrees that Local Authorities should be allowed to build housing for their staff. However, the standards of such housing and methods for cost recovery must conform to Government guidelines. (4.42).

17. Whereas Government shares the Commission's concern to encourage private ownership of housing, the sale of EHC built "Pool" houses should not exacerbate the shortage of accommodation for Government officers. Accordingly these houses should only be sold if in surplus. (4.13).

18. The recommendation that Government sell its surplus stock of rural housing (particularly those houses that were overdesigned) should be implemented; however, it would be inadvisable to predetermine the mode of sale. The Ministry of Local Government and Lands should therefore decide the appropriate method in the light of the number and type of houses involved. (5.27).

HOUSING SUBSIDIES

19. Current Government intervention in the housing sector evolved from the inherited colonial policy of limiting assistance to a relative small percentage of the population. As a result most current Government expenditures on housing subsidies, and most investment in housing production, goes to urban families with above average incomes. If the current housing policies are continued, the projected high demand for housing through 1980 would require large housing subsidy expenditures at the expense of other sectors and would fail to meet the nation's housing goals because existing subsidies are not focussed on the areas of greatest need.

20. The Housing Commission Report has listed some guidelines for the use of housing subsidies: (1.43).

- (a) Subsidies should be directed toward production rather than consumption.
- (b) Government should not become involved in providing housing subsidies where housing can be produced without Government assistance.

- (c) Subsidies should, as a rule, be directed at those people least able to help themselves.
- (d) Subsidies should be directed first at those people lacking basic shelter.
- (e) Hidden subsidies should be avoided.
- (f) Housing subsidy policies should not be confused with wage incentive policy.
- (g) Housing subsidies which cannot be replicated should be avoided.

21. Government accepts the Commission's suggestion that remaining subsidies be applied to the more difficult housing problems. While a small amount of the remaining subsidy may be directed at middle income housing, most should go to site and service housing and more subsidy would go to rural areas than urban areas. (1.49).

22. Government accepts the Commission's recommendations that free institutional housing be more restricted. The right to receive free institutional housing should be determined on an individual basis rather than given to entire departments. The guidelines suggested by the Commission should be used in the future. (4.36)

23. The Government should not give sub-economic loans to Botswana Housing Corporation because that, is in fact, a subsidy and most people in BHC houses do not require subsidies. This is a key part of the plan to redirect subsidies. (1.48)

RENTAL POLICY

24. Government feels that the reintroduction of the housing allowance is not the most appropriate means of reducing consumption subsidies. The following disadvantages have been considered:

- (a) The privileges of the civil service vis-a-vis the rest of the community would be intensified.
- (b) In order to attract skilled staff, small employers in the private sector would be forced to raise wages to a level that could threaten their viability.
- (c) An unnecessary revision of the salary structure might be required.
- (d) In the short term, before higher loan repayments are made by BHC, Government's deficit would be exacerbated.

25. Government has determined that the most appropriate way to redirect subsidies is to gradually raise rents to economic levels. This method would allow subsidies to be clearly visible as tenants would be made aware of the difference between the actual and the economic rent. (1.48, 4.25)

26. As economic rents gradually increase over a period of years, the

increase would be more rapid in urban areas. This action, the reduction of sub-economic interest rates for BHC housing, and the removal of other consumption subsidies would result in public sector savings which would be used to expand the production of housing. (Figure III, p.11)

27. As rental levels increase, tenants may choose to remain and pay higher rentals, move to rent a lower and affordable standard of housing, or to participate in home-ownership. Economic rents and the simultaneous reduction of other subsidies such as sub-economic loans for above median income housing will help remove the current disincentives for home-ownership.

HOUSING STANDARDS

28. Policies regarding housing standards, rentals and subsidies are interrelated. Under existing policies, some people are living in Government subsidized housing that is constructed to a standard that they could not afford if they had to pay all the costs of the housing. For example, a type II BHC house receives a subsidy of more than F900 per annum. As part of the long range plan for better use of subsidies, standards for people in this category will be adjusted to bring housing costs in line with their ability to pay for the housing. This policy is necessary to avoid future subsidies.

29. Introduction of building codes modelled after developed countries will be discouraged in favour of an approach that stresses upgrading affordable housing over a period of time.

30. Government is aware that the plan to gradually remove subsidies from higher income urban household and redeploy them elsewhere can cause short-term hardships unless all households have access to affordable housing. Government policy will, therefore, be to offer a greater range of housing opportunities including the introduction of a middle income housing programme described above.

31. The problem of building very high standard housing for expatriate advisors, officers and technicians is another case of distorting goals of the housing sector to meet other objectives. The result can mean designing a house with a 25 year life for an expatriate officer who may serve only a few years. After localization, the house may not be affordable without subsidies. The solution which requires that expatriate housing be isolated must be rejected because it does not conform to Botswana's democratic principles. In the longer term, as Government redirects its resources to middle and lower income housing, these problems will be resolved by supply and demand in the higher income market place. In the shorter term, Government should not increase standards for expatriate housing and should look for methods of reducing standards wherever possible. (2.38)

32. The growing number of people living in "mine towns" means that these towns can no longer be regarded as the exception to the rule by being built to a higher standard. Towns created for mineral resources extraction can not be exempted from housing and rental policies that apply to other towns. To do so would invite serious cost recovery problems. Furthermore, it is known that if the funds spent on deep subsidies for mine employees were spent on the well being of the entire mine town, a better community could be developed. (4.83, 4.84, 4.85, 4.86, 4.87)

IMPROVING RURAL HOUSING

33. The Housing Commission found that the land tenure system has slowed the progress of rural housing development and rural economic development. The Housing Commission recommended changing all land tenure in Botswana to freehold. (5.08)

34. Government recognises the importance of the rural credit problem and the fact that its solution is critical to rural development. However, any change in land tenure can have serious implications extending beyond housing needs. Firstly, the impact on customary and common law land rights must be assessed; a complete conversion to freehold might eventually lead to the dispossession of the poorest members of the community. Secondly, conversion of the Fixed Term Grant to freehold tenure would have serious financial repercussions through the loss of reversionary value accruing to Government. Thirdly, there will always be a need for other forms of tenure where circumstances make such tenures more suitable (e.g. the Certificate of Rights in site and service areas). Lastly, consideration should also be given to the costs of conversion. The cost of a survey, of the development of a land registration system, and of the legal fees, may be prohibitive.

35. Further, it is not yet apparent that a change in tenure would greatly affect the availability of rural credit. Other alternatives such as the reorganization of existing financial institutions and the development of new lending mechanisms should first be considered.

36. Rather than accept the recommendation and then risk discovering it to be unworkable in practice, it is recommended that any proposal to convert land titles to freehold should be preceded by the detailed study of a Commission charged solely with this task. No reports to date have analyzed the issues in sufficient detail. The Urban Land Advisory Committee was concerned only with Urban Land Tenure, the Local Government Structure Commission only made a cursory study (devoting less than one of its 128 pages to tenure), and the Commission on National Housing Policy, while providing a more detailed approach, still largely ignored the repercussions and the validity of the link between credit availability and land tenure.

37. Land tenure is only one of several interlocking factors which together serve to hamper rural housing development. Others are: lack of marketability, lack of rural job creation, difficulties in providing infrastructure to rural areas, higher costs of materials and transport, and lack of technical assistance. Improvements in the quality of rural housing will depend on finding long term solutions to these larger problems. However, the Commission Report has identified some actions that can be taken in the interim to strengthen rural areas through housing development:

- (a) Planning guidelines for villages should be created. This will guide on-going plot allocations and make future infrastructure and community facility installation more feasible. (5.19)
- (b) Land Boards should be strengthened. An improved recruitment and training programme will enable the Land Board to improve their performance. (5.19)
- (c) A "rural SHHA" scheme will be studied for feasibility in certain major villages. Such a scheme would help remove some of the disparities between urban and rural areas. (5.13)

38. Government is unlikely to be successful in encouraging rural investment by others until Government itself exercises leadership in this areas. Accordingly, an interministerial committee will be appointed to consider moving certain departments to rural areas. (5.22)

TRAINING PROGRAMME FOR STHA PERSONNEL

AGENCY/INSTITUTE	DESCRIPTION OF TRAINING COURSE	DURATION (Weeks)	PARTICIPANTS: DESIGNATION AND GRADE	NUMBER	PARTICI- PANT DAYS	Pula		
						ESTIMATED COST: TUITION/BOARD & LODGING/OTHER		
Institute of Development Management (IDM)	Communication for Middle Managers	4	Group Workers LGA 6/5	11	220	9	240	
	"	"	Senior Group Workers & Asst. Comm Officer LGA 3	3	60	2	520	
	"	"	Communication Officer LGA 3	1	20		840	
	"	"	Ward Officer LGA 4/3	3	60	2	520	
	"	Basics of Finance	3	Asst. Officer HQ LGA 3	1	15		630
	"	Local Government Administration	4	Ward Officer LGA 4/3	3	60	2	520
	"	Intermediate Finance	3	Senior Asst. Officer LGA 2	1	15		630
	"	Senior Finance	4	"	1	20		840
	"	Certificate in Financial Management	16	"	1	80	3	360
	"	Certificate in Management and Administration	15	Principal Housing Officer LGA 1	1	75	3	150
Botswana Institute Adm. and Commerce (BIAC)	Induction Course (Course A)	6	Accounts Clerk LGA 6/5	6	180		300	
	Supply Induction Course (Course B)	6	Accounts Clerk LGA 6/5	6	180		300	
	"	"	Supplies Clerk LGA 6/5	3	90		150	
	"	"	Asst. Officer HQ LGA 3	1	30		50	
	"	Basic Supply Administration (Course F)	12	Supplies Clerk LGA 6/5	3	180		150
	"	"	Asst. Officer HQ LGA 3	1	60		50	
	"	Advanced Supply (Course G)	8	Asst. Supplies Officer LGA 4	2	80		100
	"	"	Asst. Officer HQ LGA 3	1	40		50	
	"	Local Administration (Course B)	12	Asst. Officer HQ LGA 3	1	60		50
	"	"	Ward Officer LGA 4/3	3	180		150	
Botswana Poly- technic	Advanced Administration (Course C)	8	Senior Asst. Officer LGA 2	1	40		50	
	"	6	Principal Housing Officer LGA 1	1	40		50	
	Carpenetry (1st & 2nd)	12	Senior Technical Assistant LT 4/5	17	1020	9	435	
	Basic/Block Laying	12	"	3	180	1	665	
	Drafting Technical & Plan drawing	12	"	16	960	8	880	
	Bricks Laying	2	Group Workers LGA 6/5	11	110	1	017.50	
SPECIAL TRAINING COURSES TO BE PLANNED:	"	2	Community Development Officer LGA 3	3	30		277.50	
	"	2	Community Development Officer LGA 3	1	10		92.50	
	"	2	Senior Technical Assistant LT/4/5	16	160	1	480.50	
	"	2	"	16	160		1 480.50	
Botswana Agri- cultural College (BAC)	Community Development (including group dynamics, behavioural aspects, etc.)	8	Group Workers LGA 6/5	11	440	5	500	
MLGL (DTRP - BTU)	Lap Reading	1	"	11)			
"	"	1	Senior Group Worker LGA 4	14	)	1	400
"	"	1	Asst. C.D. Officer LGA 3	3)			
MLGL with Olivetti	Audit & Machine operation	1	Accounts Clerks LG LGA 6/5	6)			
"	"	1	Administrative Officer HQ LGA 3	1	)	55	550
"	"	1	Ward Officer LGA 4/3	3)			
"	"	1	Senior Asst. Officer LGA 2	2)			
MLGL (IG Audit Dept. Staff)	Accounting Procedure	1	Supplies Clerks/Asst. Supplies Officer LGA 4	5	25		250	
MLGL	STHA EML Records	1	"	5	25		250	
MLGI (Radio Botswana)	Production of Broadcasting Programmes	1	Communications Officer LGA 3	1	5		50	
GRAND TOTAL							26,250.00	
							22,846.00	
							8,000.00	
							57,546.00	

MINISTRY OF LOCAL GOVERNMENT AND LANDS
JOB DESCRIPTION

HOUSING OFFICER I:

BACKGROUND

Housing Officer I's prime function would be to implement certain aspects of The National Housing Implementation Plan. In that role, this person's main responsibility would be in the area of housing subsidy and the related area of rental policy. This full time position would primarily be concerned with the implementation of the two above areas: however, there are additional tasks which would require this person's attention. The first such task would be the investigation, analysis and development of housing policy issues not covered by the President's Commission on National Housing Policy.(1) Policy decisions based on the above policy development would possibly need lender/donor funding, for their implementation. This person would have the responsibility of writing these funding proposals. In the role of policy developer or funding proposal writer, this person may choose to do the tasks himself or utilize short-term consultants which

(1)

Examples of issues covered in the President's Commission Report on Housing Policy which would require additional policy or program Development.

1. A housing delivery system for rural areas;
2. A housing delivery system for major villages;
3. A housing delivery system for small townships (e.g. Kasane and Ghanzi).
4. A middle-income housing delivery system (e.g. cooperative housing, expanded participation by the Botswana Building Society);
5. A method for increasing the amount of low-income rental housing.
6. A method for encouraging the development of low-income and middle-income multi-family housing;
7. A method to encourage the continual improvement of housing by home-owners and long-term lease holders.
8. Incentives to encourage greater design variation in all housing.
9. An improved SHHA debit collection system (e.g. private agents, other Council Departments).

may be available under the terms of the funding.

TERMS OF REFERENCE

1. Implementation to Meet National Housing Production and Investment Goals

a. Subsidies: Based upon the identification of all subsidies in the implementation plan, implement the program described in that plan which would achieve the following goals:

- i) enhance housing production rather than consumption;
- ii) increase incentives for home ownership;
- iii) target the population lacking basic shelter;
- iv) not produce housing where it can be produced privately;
- v) not produce housing for those people able to help themselves;
- vi) no longer subsidize Botswana Housing Corporation (BHC) with sub-economic loans;
- vii) gradually diminish the subsidies in BHC rents;
- vi-i) produce housing for those least able to help themselves;
- ix) place greater emphasis on rural housing.

b. Rental Policy: Based upon the rental policy in the implementation plan, implement the program in that plan to achieve the following goals:

- i) calculate annually and thereafter stage the rise in rents to economic, cost recoverable, levels;
- ii) allocate some subsidy in order to achieve the government's end of housing delivery in rural areas and to poorer families;
- iii) implement a program for subsidies to institutional housing, based on conditions of service, housing location and house type;
- iv) direct local authorities to structure their rents at the same cost recoverable level as central government, contingent upon good management practices and similar standards;
- v) calculate annually the economic rents (cost recover-

able) for all types and locations of housing where it applies. This calculation should be carefully described to be certain it includes related land and infrastructure costs.

2. Policy Issue Development and Fund Raising for Those Issues not Addressed in Housing Implementation Plan

a. Policy Development

- i) investigate and analyze housing issues which have the potential for becoming housing policy (both within and outside the country);
- ii) based on this investigation, write papers detailing housing policy options;
- iii) manage a comment/revise/acceptance process with those members of Government or Councils who would be affected by the policy;
- iv) manage a comment/revise/acceptance process with the Permanent Secretary, Minister and, if appropriate, Cabinet members responsible for making the policy decision.

b. Fund Raising

- i) based on the approved policy write funding proposals as necessary;
- ii) manage a comment/revise/acceptance process with the potential benefactors of the funding;
- iii) liaise with the ILGL Planning Unit and Ministry of Finance and Development Planning (IFDP) on any issues which involve funding.

MINIMUM QUALIFICATIONS

1. Degree in Business or Public Administration, City or Regional Planning, Urban or Community Planning,
2. Five years experience in a policy making/planning capacity in the field of housing.
3. Two years experience (can be two of the five years above) working in a developing country in housing planning, policy making or program development.

ORGANIZATIONAL RELATIONSHIP

Directly Responsible to : Under Secretary Urban Affairs/Housing
Indirectly Responsible to : Deputy Permanent Secretary Urban
Affairs/Housing
Co-equal With : Low Cost Housing Officer

COUNTERPART

This position would carry with it the obligation for recruiting and working with a local counterpart for the period of one year with the objective of localizing the position after a period of two years.

LCHO
10 August 1982

MINISTRY OF LOCAL GOVERNMENT AND LANDS
JOB DESCRIPTION

HOUSING OFFICER II:

BACKGROUND

Housing Officer II's main function would be to implement certain aspects of the National Housing Implementation Plan. This person's major responsibilities would lie in the areas of increasing private sector involvement in housing development, development more modest and diverse housing standards and initiating the important effort of providing public support to housing in rural areas. Additionally, this person would be responsible for program development of the policies resulting from the activities of Housing Officer I.(1) If these developed programs are to be effectively and efficiently implemented, Housing Officer II would, as required, give technical assistance to the implementation staff. If the technical assistance is to be appropriately viewed as a temporary measure, then this person would also be expected to do some staff development and training. Finally, to enable experience to inform future program development, this person would be responsible for evaluating the implementation of various programs. In the role of developer of specific programs, provider of discrete elements of technical assistance or the evalua-

(1)

Examples of Issues not Covered in the President's Commission Report on Housing Policy which would require additional policy or program Development.

1. A housing delivery system for rural areas;
2. A housing delivery system for major villages;
3. A housing delivery system for small townships (e.g. Kasane and Ghanzi);
4. A middle-income housing delivery system (e.g. cooperative housing, expanded participation by the Botswana Building Society);
5. A method for increasing the amount of low-income rental housing;
6. A method for encouraging the development of low-income and middle-income multi-family housing;
7. A method to encourage the continual improvement of housing by home-owners and long-term lease holders;
8. Incentives to encourage greater design variation in all housing;
9. An improved SHHA debit collection system (e.g. private agents, other Council departments);

tion of program components; Housing Officer II may choose to do the tasks himself, or utilize short-term consultants which may be available under the terms of the funding.

TERMS OF REFERENCE

1. Implementation to Meet National Housing Production and Investment Goals

a. Private Sector: Based on the strategy for greater private sector involvement in housing, implement the parts of the implementation plan which would provide the following:

i) Housing Construction:

- a. incentives to enable greater private participation, including the role Government would play;
- b. a decrease in EHO's role in high cost housing;
- c. incentives for small contractors;
- d. incentives for the increased production of middle-cost housing.

ii) Housing Financing:

- a. incentives for Botswana Building Society to loan to lower and middle income people;
- b. methods for building the capacity at the National Development Bank (NDB) for a housing division;
- c. incentives for commercial banks to become more active in housing development, especially in the area of construction lending.

iii) Building Materials:

- a. incentives to encourage the production of locally produced or assembled building materials;
- b. designs and design standards to assure to the fullest extent possible, compatibility with the local building materials.

b. Housing Standards: Based on the implementation plan program for more modest and more diverse housing standards, implement the parts of that plan which would accomplish the following tasks:

- i) provide three types of site and service housing according to corresponding income ranges;
- ii) provide three types of middle-cost housing according to corresponding income ranges;
- iii) bring expatriate housing to those standards local people can afford.

c. Rural Housing Delivery: Based on the implementation plan, implement the parts of that plan which would require the following:

- i) that SHHA has the adequate administrative capacity and roll definition to bring housing delivery to rural areas.
- ii) that base line surveys and other techniques be used to define housing needs and plans for the development of housing appropriate to fill that need.

2. Program Development, Technical Assistance, Staff Development and Training and Program Evaluation for Those Issues not Addressed in Housing Implementation Plan

a. Program Development:

- i) develop housing programs for housing policy which is promulgated;
- ii) manage a comment/revise/acceptance process with those responsible for implementing a program;
- iii) liaise with Housing Officer I on any funding requirements.

b. Technical Assistance

- i) give technical assistance, as required, to the housing staff implementing a program;

-4-

c. Staff Development and Training:

- i) Liaise with the Unified Local Government Services (ULGS) Establishment Secretary and the Ministry of Local Government and Lands (MLGL) Staff Development and Training Officer to promote the:
 - a. filling of vacancies;
 - b. training of those in post;
 - c. refining of the Self Help Housing Agency (SHHA) schemes of service;
 - d. development of a SHHA transfer policy.

d. Evaluation

- i) Evaluate program results against the initial programmatic goals and objectives.

MINIMUM QUALIFICATIONS

1. Degree in Business or Public Administration, City or Regional Planning, Urban or Community Planning,
2. Five years experience in a policy making/planning capacity in the field of housing.
3. Two years experience (can be two of the five years above) working in a developing country in housing planning, policy making or program development.

ORGANIZATIONAL RELATIONSHIP

- Directly Responsible to : Under Secretary Urban Affairs/Housing
- Indirectly Responsible to : Deputy Permanent Secretary Urban Affairs/Housing
- Co-equal With : Low Cost Housing Officer

COUNTERPART

This position would carry with it the obligation for recruiting and working with a local counterpart for the period of one year with the objective of localizing the position after a period of two years.

LCHO
1st August 1982

TECHNICAL ASSISTANCE FOR
GABORONE TOWN COUNCIL SELF HELP HOUSING AGENCY

SENIOR TECHNICAL OFFICER

The Senior Technical Officer will supervise the technical assistance and inspection programme. The Senior Technical Officer will report to the SHHA Housing Officer. The STO will have the responsibility to ensure that the construction programme operates smoothly and efficiently.

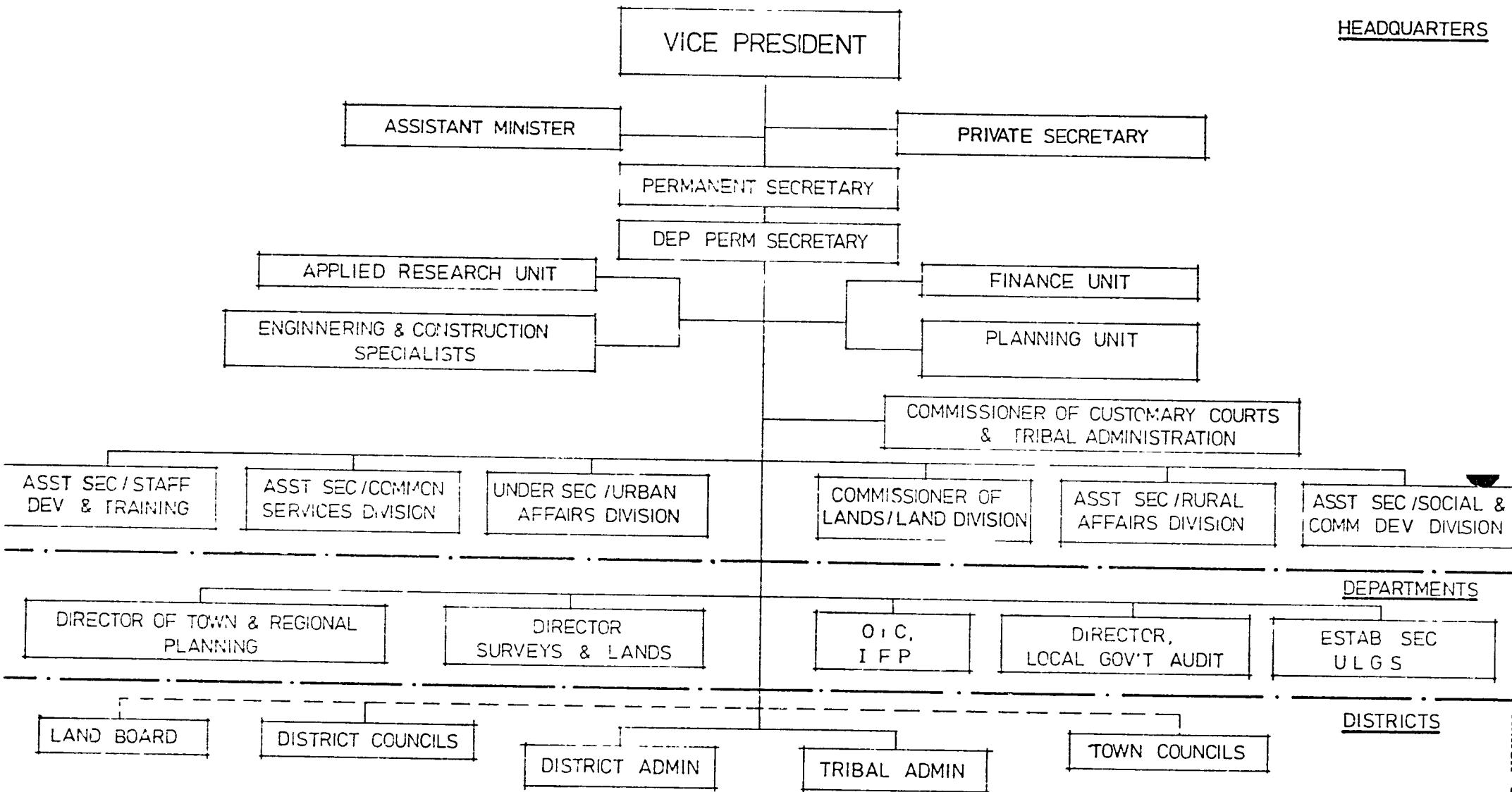
The duties of the SHHA Senior Technical Officer are as follows:

- (i) Coordinate all self-help construction, cost estimation and monitoring of construction progress.
- (ii) Monitor the progress of development in each ward, advising the Senior Technical Assistants and Technical Officer's of construction schedules, and any changes in the construction schedules.
- (iii) Implement training programmes for SHHA Technical Assistant section. This will involve implementing programmes already designed, as well as designing new programmes.
- (iv) Help design and distribute materials dealing with various aspects of construction (e.g. dwelling and superstructure design alternatives, roof angle and house siting for solar comfort, and designs which increase the potential for using locally produced material.
- (v) Prepare monthly reports on construction progress of sanitation units and houses.
- (vi) To work with the Senior Technical Assistants and Technical Officers to ensure that every plot has a Technical Assistant assigned to it.
- (vii) Select and work with a counterpart.
- (viii) Any other duties that the Housing Officer may assign to the Technical Officer.

ORGANISATION CHART - MLGL

FUNCTIONAL STRUCTURE

HEADQUARTERS



TERMS AND CONDITIONS FOR BOTSWANA BUILDING SOCIETY
PROPOSED LOANS TO SHHA PLOTHOLDERS

It is proposed that loans would be made for a minimum of P1,500 at a variable rate (initially 14.5 percent) for 10-15 years. The plotholder would put 5 percent down.

BBS would conduct this pilot program with several conditions:

- Any outstanding building materials loans must be repaid, but could be wrapped into the home improve-
loan.
- The proposed COR registry must be finalized and
COR plots classified as "urban immovable property"
for the purposes of BBS regulation.
- The BBS will hold the COR until repayment of the
loan.
- Applicants must be screened in cooperation with
the SHHA, which will provide information about the
borrowers' service levy and building materials loan
payment record.

Given these conditions, the BBS would release funds to the borrower according to an agreed schedule tied to the construction process.

SHHA COST ESTIMATES AND PLANS

A Certificate of Rights for a SHHA plot goes with the requirement that the allottee construct within 6 months a toilet superstructure and a house of at least 8 m². Both structures must be of block or burned brick, water-proofed below grade. Every third block course requires steel wire reinforcement. The roof must be permanently attached and of corrugated steel, asbestos, or other acceptable material. It must have a window and a concrete floor at least 150 mm above grade. The roof must be at least 2.75 m above grade.

Detailed cost estimates are attached for the materials required to build the superstructure for the toilet, a 9 m² one-room house, an 18 m² two-room house, and a 27 m² three-room house. The 9 m² one-room plan has been used as experience has shown an 8 m² room to be far less usable and most allottees choose to build the slightly larger room.

Plans for a two-room and three-room units are also attached along with the plans for the toilet.

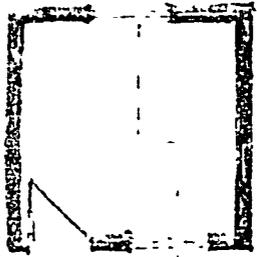
CURRENT BUILDING MATERIAL COST FOR A THREE ROOM HOUSE OF 27 m²

Cost of Two Room House	P	1,088.82	
Cost of One Room House	-	<u>563.93</u>	
Incremental Cost of an Additional Room	P	524.89	
Cost of Three Room House	P	<u><u>1,613.71</u></u>	\$1,452.34

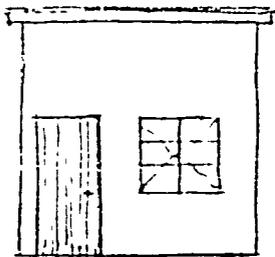
CURRENT BUILDING MATERIAL COST FOR REC II TOILET

90 Blocks x 10 t each	P	36.00	
4 pockets Cement = 2 x 3.40t		6.80	
1 Roll brickforce		1.42	
25 Stock bricks @ 8t each		2.00	
2 purlins, 1.85 m long @ 2.62 each		5.24	
3 Roofing sheets, 1.85 m x P4.24 each		12.72	
1 Door frame 4½		13.00	
1 lock @ P4.50		4.50	
1 Door		17.77	
8 pieces roofing wire @ 6t each		0.48	
Half load river sand		8.00	
Roofing screws and washers		5.50	
1 Pocket semi-wash		10.00	
Fiberglass Toilet seat/pedestal		36.00	
Hole plug (opposite side from pedestal)		2.50	
Vent pipes (2) and Flyscreen 9.98 each x 2		<u>19.96</u>	
	P184.75		\$166.28

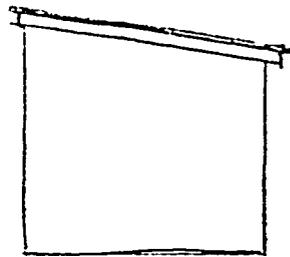
3.00M



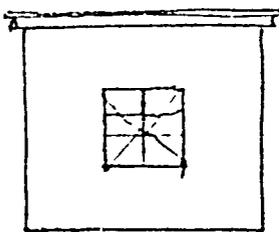
PLAN



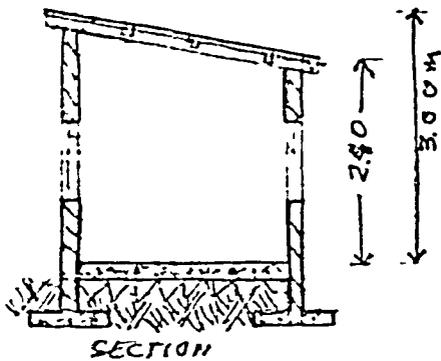
FRONT ELEVATION



SIDE ELEVATION



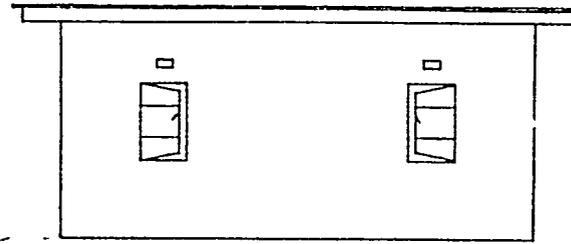
BACK ELEVATION



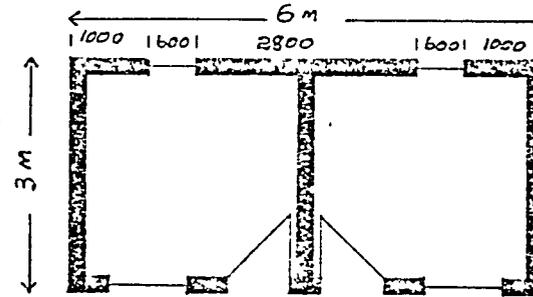
SECTION

SCALE 1-100

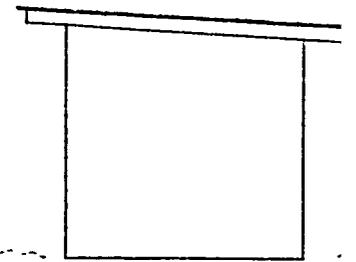
ONE ROOM UNIT



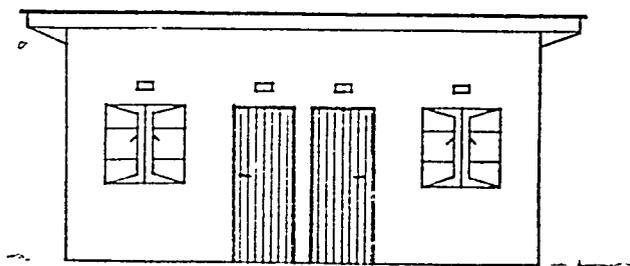
BACK ELEV.



GROUND PLAN

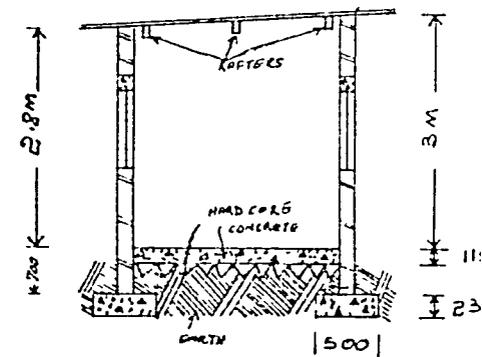


SIDE ELEV.

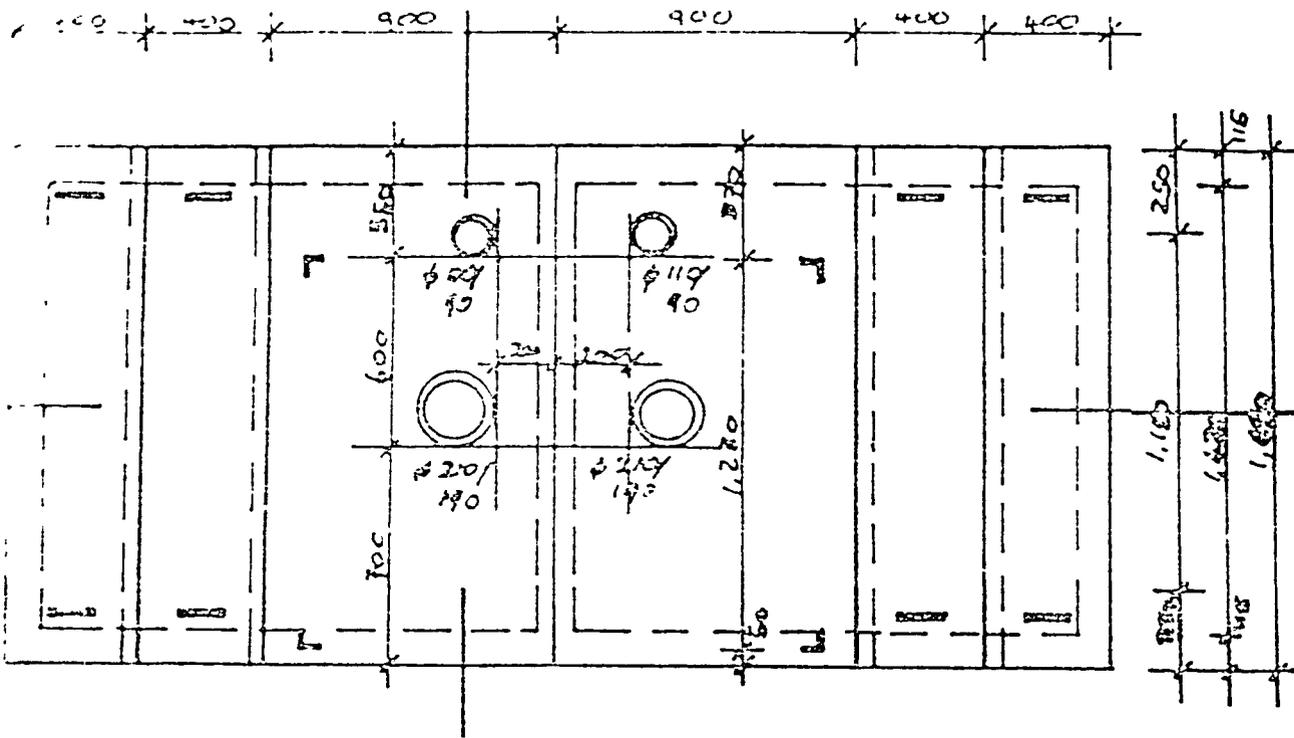


FRONT ELEV.

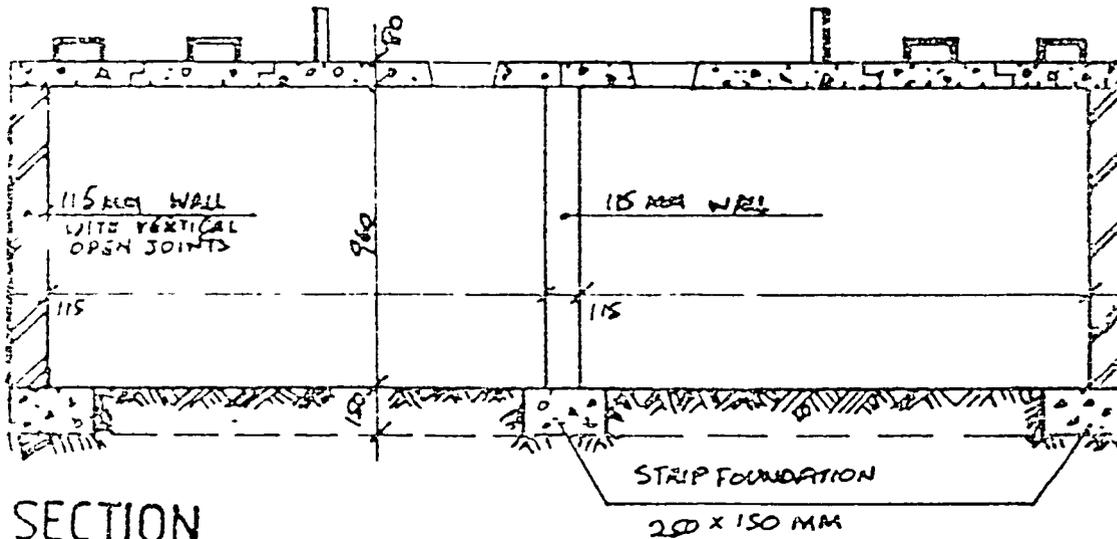
TWO ROOM UNIT



SECTION A A

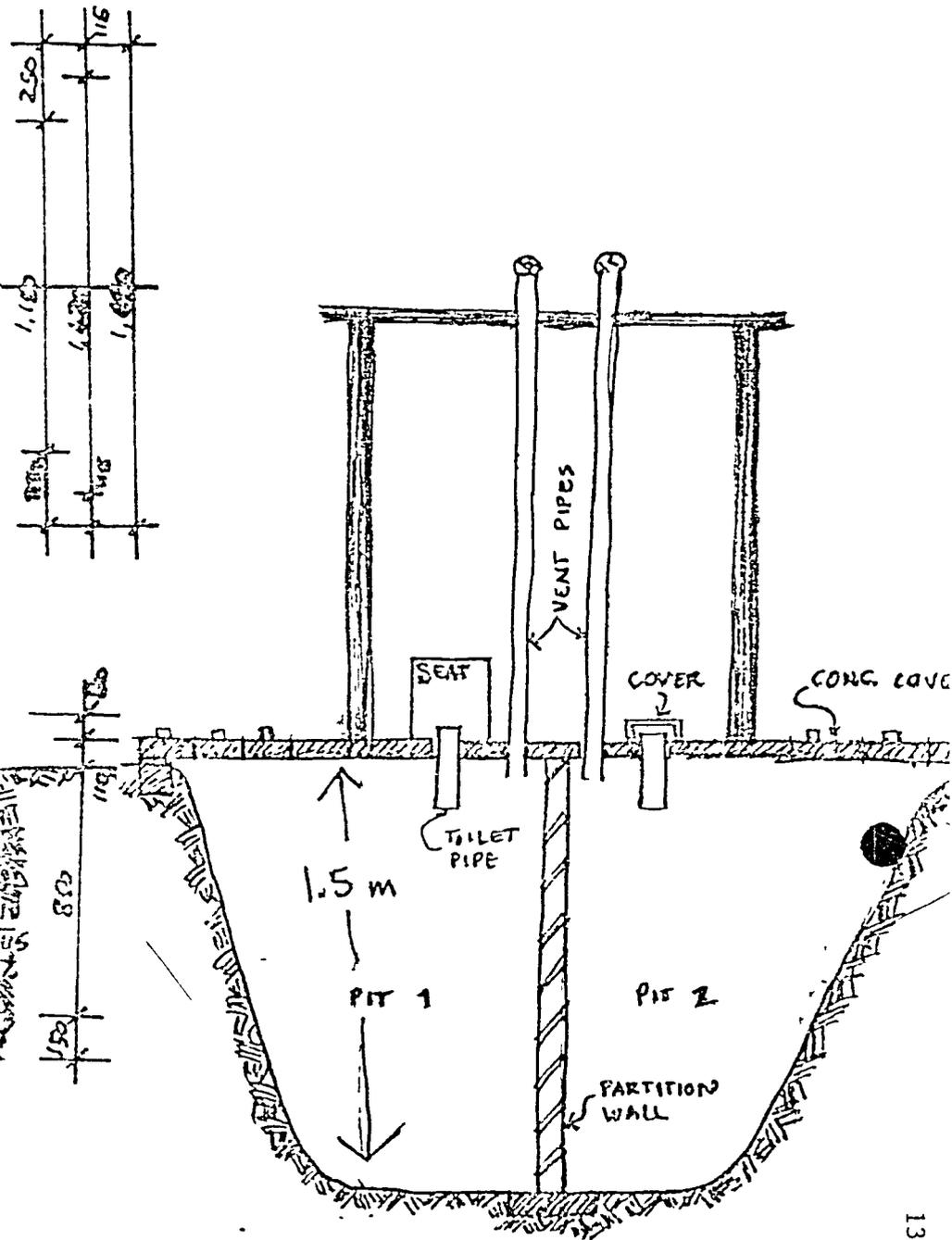


PLAN OF SLABS



SECTION

REC II TOILET — LINED PIT



REC II TOILET — UNLINED PIT

INCOME DISTRIBUTION BACKGROUND

In 1980, the Central Statistics Office (CSO) estimated a distribution of workers employed by basic monthly earnings (excluding overtime and bonuses) and sector of employment. Excluding those engaged in mining and agriculture, median monthly income per worker stood at P92.7 in August 1979. Using inflation factors, this would translate to P130 in 1982. Under the conservative assumption that each household has an average of 1.5 wage earners, urban household median income would be above P2,350 based on these data.

The Ministry of Local Government and Lands has conducted surveys in upgrading areas in Francistown, Selebi-Phikwe and New Naledi. Included in these are monthly wages in the formal and (for New Naledi) informal sectors. For New Naledi, median income was approximately P175, implying an annual median of P2,100. It should be noted that residents of New Naledi are displacees from Old Naledi. Hence, their incomes are probably low relative to Gaborone as a whole.

In 1979, in conjunction with the National Migration Study, the CSO conducted a survey of household expenditures. Although there is some question regarding the survey's reliability, the data for urban areas appears much better than that for rural areas. Expenditure results for urban areas by type of housing are as follows:

<u>Type</u>	<u>Monthly Expenditure</u>
All Urban Households	P 198
High Cost Housing	P 670
Median Cost Housing	P 232
Low Cost/SIHA	P 135
Traditional/Peri-Urban	P 98
Domestic Servants Quarters	P 64

This last category is included because a few urban dwellers in medium and high cost housing will rent out the areas designated as servants' quarters. This tabulation implies a mean annual income for urban households in 1979 of P2,375 - P2,550. Using the cost of living factor determined by CSO this would translate into a 1982 range of P3,379 - 3,628. Mean income in Botswana exceeds median income, so these figures are consistent with a median urban household income in the P2,300 - 2,700 range.

These figures are suggestive, but by no means conclusive. The Planning Officer in the Ministry of Local Government and Lands proposed an urban household median income of P2,200 per year, a figure based on the extrapolation of data derived for Broadhurst in 1977. The Gaborone SIHA, has a maximum income of P2,500 for sites and services plot eligibility. Taking into account all the evidence, a median annual income figure for Gaborone of about P2,400 appears to be justified.

A detailed profile of the target population gleaned from applications for Gaborone West on file at the SHHA indicates a typical plotholder to have an annual income of less than P1,100, or less than half the estimated median income for Gaborone. Moreover, only about 7 percent of SHHA applicants were near or at the median. From the available data, it can be concluded that the Gaborone West project will reach well down into the income distribution for SHHA allottees.

CRITERIA AND COSTS FOR HG SHARE OF THE SITE AND SERVICE COMPONENT

The HG Loan Financing is limited to site and service plots and the facilities that the SHHA ploholders require. On this basis, HG financing can be categorised as follows:

a) 100% Funding

The HG will fund all infrastructure costs attributable to site and service plots, both tertiary and those secondary costs apportioned to SHHA. In addition to the SHHA ward office, warehouse and vehicles all Building Material Loans will be fully HG funded.

b) 53% Funding

In addition to direct funding of site and service plots the HG will fund a portion of the services to the civic, community and commercial ploholders. Though these will account for about 60% of the residents of Phase 1 it has been agreed that a more appropriate apportionment of these servicing costs would be the proportion of residential land taken by SHHA (this is to account for the greater lengths of secondary reticulation required on account of the larger plot sizes of fully serviced plots). This amounts to 53%.

c) 60% Funding

Site and service ploholders will also benefit from the buildings to be constructed and the vehicles which will be used to maintain the infrastructure. As these benefits relate mainly to the number of beneficiaries rather than to plot size, it has been agreed that 60% of these costs be funded by the HG.

Adoption of these criteria result in the HG's contribution representing the following proportions of the components:

- Roads, Drainage, Sewerage	...	41.6%
- Consultants for above	...	30.7%
- Water (including Consultants)	...	59.5%
- Power	...	23.0%
- Streetlighting	...	50.2%
- Total Infrastructure	...	48.4%
- Buildings	...	60.0%
- Vehicles	...	60.0%
- BMLs	...	100.0%

PROJECT COSTS - PHASE I (in Pula)

<u>INFRASTRUCTURE</u>	<u>TOTAL COST</u>	<u>HG FUNDING PROPORTION</u>	<u>HG FUNDING</u>
SECONDARY			
Roads, Drainage, Footpaths & Open Spaces			
- Site and Service	771 080	100%	771 080
- Commercial & Community Facilities	881 280	53%	467 080
Sewerage			
- C & CF	231 830	53%	122 870
Water			
- Site and Service	738 300	100%	738 300
- Commercial & Community Facilities	461 680	53%	244 690
Power (including Fees)			
- C & CF	205 285	53%	108 800
Streetlighting			
- Site and Service	100 720	100%	100 720
- C & CF	62 980	53%	33 380
SUB TOTAL			
Site and Service	1 610 100	100%	1 610 100
C & CF	1 843 055	53%	976 820
T O T A L			<u>2 586 920</u>

<u>INFRASTRUCTURE</u>	<u>TOTAL COST</u>	<u>HG FUNDING PROPORTION</u>	<u>HG FUNDING</u>
TERTIARY			
Roads, Drainage, Sewerage			
- Site and Service	117 210	100%	117 210
- C & CF	794 460	53%	421 070
Water			
- Site and Service	134 930	100%	134 930
- C & CF	20 000	53%	10 600
Power			
- C & CF	164 820	53%	87 350
SUB TOTAL			
Site and Service	252 140	100%	252 140
C & CF	979 280	53%	519 020
T O T A L			<u>771 160</u>
TOTAL INFRASTRUCTURE			
Site and Service	1 862 240	100%	1 862 240
C & CF	2 822 335	53%	1 495 835
T O T A L			<u>3 358 080</u>

BUILDINGS

	<u>TOTAL COST</u>	<u>HG FUNDING PROPORTION</u>	<u>HG FUNDING</u>
1 Primary Schools	1 201 800	60%	721 080
Clinic	85 600	60%	51 360
Public Toilet (Local Centre)	12 000	60%	7 200
Parks Dept. Building	15 250	60%	9 150
Miscellaneous Offices	17 750	60%	10 650
SHHA Ward Office/Warehouse	106 970	100%	106 970
SUB TOTAL			<u>906 410</u>

RECREATIONAL SPACE

Vending Stalls/Shelters	107 000	60%	64 200
4 Public Toilets	49 000	60%	29 400
SUB TOTAL			<u>93 600</u>

EQUIPMENT

SHHA			
500 Dustbins	2 050	100%	2 050
Washing Machine & Drums	5 500	100%	5 500
2 C.B. Radios	1 200	100%	1 200
Pick Up Truck	10 000	100%	10 000
2 8-Ton Trucks	31 000	100%	31 000
SUB TOTAL			<u>49 750</u>

ON-SHHA

"Non-SHHA Vehicles"	161 600	53%	85 650
Refuse Collection Equipment	150 000	60%	90 000
Ambulance	24 000	60%	14 400
UDC Vehicle	6 000	60%	3 600
SUB TOTAL			<u>193 650</u>

TOTAL

243 400 ^{15/4}

<u>SITE AND SERVICE DEVELOPMENT</u>	<u>TOTAL COST</u>	<u>HG FUNDING PROPORTION</u>	<u>HG FUNDING</u>
Building Material Loans @ P650	805 350	100%	805 350
1770 Sanitation Sub-structure	584 100	100%	584 100
T O T A L			1 389 450

CONSULTANTS FEES

Roads, Drainage, Sewerage			
- Site and Service	134 750	100%	134 750
- C & CF	287 800	53%	152 540
Water			
- Site and Service	87 320	100%	87 320
- C & CF	48 170	53%	25 530
Streetlighting			
- Site and Service	15 800	100%	15 800
- C & CF	9 880	53%	5 240
Buildings	20 000	60%	12 000
T O T A L			433 180

TOTAL

1982 Q1 Prices			6 424 120
Physical Contingencies (excluding EMLs)			642 410
Price Contingencies @ 13.5%			955 505
T O T A L			8 023 035

Project Location: Gaborone, Botswana

Project Title: Gaborone West

Funding: \$16,700,000

IEE Prepared By: Stafford Baker

Environmental Action Recommended: The environmental impact of a 50% increase in the population of Gaborone cannot be dismissed out of hand. However, the development of Gaborone West has been the subject of many years of careful planning, coordinated by the MLGL Department of Town and Regional Planning. An examination of the environmental impacts of the project indicates that the numerous USAID environmental concerns have been adequately addressed in the final development plan. Short of physically denying people the right to seek out employment in Gaborone, the alternative to the planned accommodation of these people would be to allow them to develop squatter settlements like those that sprung up in Botswana towns in the 1960's and early 1970's. Planned expansion of the town is preferable. No specific issues requiring further environmental study have been identified, and it is therefore recommended that a Negative Determination be made.

Action Recommended By:



Louis A. Cohen, Mission Director

Date: JUL 8 1982

Concurrence: _____

Bureau Environmental Officer

Approved: _____

Disapproved: _____

Date: _____

Clearance: GC/AFR _____

Date _____

I. DESCRIPTION OF THE PROJECT

Gaborone was built as the new capitol of Botswana beginning in 1967. With an urbanization rate averaging 15% a year, it's growth has far exceeded the estimates of the original town planners. Expansion of the town began in a northward direction into what is called the Broadhurst area in 1976, but only after a major squatter area (old Naledi) developed to the south-west of the town. AID and other donors assisted in the development of Broadhurst and the upgrading of old Naledi.

By 1977, it became apparent that the Broadhurst expansion would be inadequate for the continuing growth of the town, and a team of consultants was commissioned to recommend the most appropriate area for further expansion. The consultants recommended, and government approved, expansion into undeveloped land to the west of town. The Department of Town and Regional Planning began a structure plan for Gaborone West in 1979, dividing it into ten neighborhoods and a new commercial town center for phased development over a ten year period. Gaborone West is planned to provide sufficient land for the town's expansion until the mid - 1990's. Development plans include phased expansion of existing Gaborone water supply, sewage treatment, electrical power, storm water drainage and road systems to accommodate the increased demands on these services.

This project provides assistance to Phases I and II of Gaborone West. Phases I and II consist of development of industrial, commercial, public and residential areas on approximately 800 hectares of land. Site and service plots share water stand pipes (one per twenty plots), do not have electricity supply and use pit latrines for sanitation. All other areas are fully serviced with water, electricity and sewerage connections. Residential plots will be allocated as follows:

	<u>Total Units</u>
Site and Service	2400 to 3000
Low Cost	1000 to 1525
Medium/High Cost	675 to 1025

The variation in plot numbers reflects different alternatives that have been proposed to address shifting of plots to avoid rock conditions in site and services areas. The rock would make digging of pit latrines difficult and expensive. AID will fund development of the site and services plots and the infrastructure, public facilities and maintenance equipment benefiting site and services ploholders. AID will also provide capital for building material loans. When all residential plots are occupied, Phase I and II will have a population of approximately 30,000.

Gaborone West is located on what has been for many years unutilized farm land immediately West of the north-south railroad tracks that currently define the Western limits of the town. Phases I and II border the railroad and are divided by the east-west paved road to Molepolole. The area is generally covered by sparse grasses and small thorn bushes with some clusters of thorn trees along two normally dry steam beds, that together drain the area.

- 3 -

Surface soils are Kalahari sand covering. At various depths are soft weathered bed rock. Where close to the surface, the bedrock is easily worked by machinery and provides good base material for roads and buildings

II. EXAMINATION OF NATURE, SCOPE AND MAGNITUDE OF ADVERSE ENVIRONMENTAL IMPACTS

(relevant to attached Impact Identification and Evaluation Form)

The relatively unused and unpopulated land will become completely developed with a full range of infrastructure serving an eventual population of about 30,000. Except for parkland and pedestrian walkways, the land will usually be completely cleared of the sparse grasses and bushes now covering it. Buildings will be sited to minimize removal of trees. Although rainfall is sparse, the clearing will lead to some loss of topsoil through stormwater drainage.

There is no surface water in Gaborone West but the occasional stormwater runoff will carry increased loads of soil and refuse. Runoff is not generally used before it has become part of the groundwater resource.

The cleared land will contribute to dust in the air. Prevailing winds are from the North-East and will deposit most dust outside of the town.

Plans have been made to increase the storage capacity of the Gaborone reservoir and dam two additional small streams to the Southwest of town to provide adequate water for the expanding town population and a safety margin for drought years.

In traditional villages, Batswana live in large compounds shared with extended family members surrounded by other villagers of common tribal background. Site and services plots will be smaller than is customary, too small to support much more than a nuclear family. Allocation of plots are made with no attempt to group people from the same rural locations. These changes from tradition have not created problems in other areas of Gaborone or other towns in Botswana.

Rural villages are surrounded by farm lands within a day's walk of the house, which are in turn surrounded by grazing lands at a further distance. People moving into Gaborone West will be abandoning, at least temporarily, the traditional farm economy that this system of land use supports, for employment in government or the Gaborone commercial sector. Migration from rural villages to towns like Gaborone is not a new phenomenon, and should not be significantly accelerated by the availability of more developed land for housing.

Site and services housing is constructed to a lower standard of workmanship than higher cost housing. The resulting contrast in appearance is especially noticeable when blocks of housing types are mixed together as they are in Botswana. People from outside the country sometimes find the contrast objectionable, but this feeling is not shared by most Batswana.

Impact
Identification
and

Impact areas and Sub-areas

Evaluation

A. Land Use

I. Changing the character of the land
through:

- | | |
|--|---|
| a. Increasing the population _____ | M |
| b. Extracting natural resources _____ | N |
| c. Land clearing _____ | L |
| d. Changing soil character _____ | L |
| 2. Altering natural defenses _____ | N |
| 3. Foreclosing important uses _____ | N |
| 4. Jeopardizing man of his works _____ | N |
| 5. Traffic access _____ | N |
| 6. Land use planning _____ | N |
| 7. Squatter, other development _____ | N |

B. WATER QUALITY

- | | |
|---|---|
| 1. Physical state of water _____ | L |
| 2. Chemical and biological states _____ | L |
| 3. Ecological balance _____ | N |

C. ATMOSPHERIC

- | | |
|--------------------------|---|
| 1. Air additives _____ | N |
| 2. Air pollution _____ | L |
| 3. Noise pollution _____ | N |

D. NATURAL RESOURCES

- 1. Diversion, altered use of water _____ L
- 2. Irreversible, inefficient commitments _____ N
- 3. Wildlife _____ N

E. CULTURAL

- 1. Altering physical symbols _____ N
- 2. Dilution of cultural traditions _____ L

F. SOCIOECONOMIC

- 1. Changes in economic/employment patterns _____ L
- 2. Changes in population _____ M
- 3. Changes in cultural patterns _____ L
- 4. Dislocation and relocation of area
residents _____ N
- 5. Support facilities _____ L

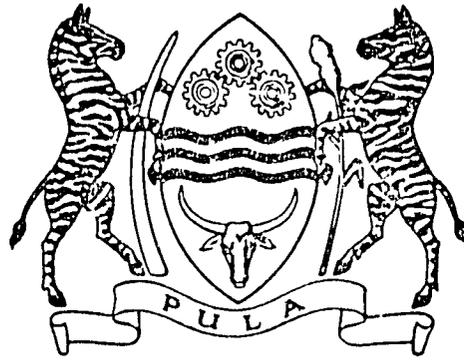
G. HEALTH

- 1. Changing a natural environment _____ N
- 2. Eliminating an ecosystem element _____ N
- 3. New pathways for disease vectors _____ N
- 4. Safety provisions _____ N

H. GENERAL

- 1. International impacts _____ N
- 2. Controversial impacts _____ N
- 3. Larger program impacts _____ N
- 4. Aesthetics _____ L

N - No environmental impact
 L - Little environmental impact
 M - Moderate environmental impact
 H - High environmental impact
 U - Unknown environmental impact



REPUBLIC OF BOTSWANA

CERTIFICATE OF RIGHTS

..... Town Council

CERTIFICATE OF RIGHTS issued on the day of

19..... by the Town Council under authority of the President of the Republic of Botswana in terms of the State Land Act (Cap. 32:01).

The..... Town Council (hereinafter referred to as the "Council") grants to:

Name (Print).....

Address:.....

.....

(hereinafter referred to as the "Occupier") the Rights set out below, and subject to the

obligations, terms and conditions therein, in respect of Plot No.....

.....

.....

as shown in Plan No..... held by the Department of Surveys and Lands.

1. This Certificate of Rights is the property of the Occupier but may be pledged, ceded, assigned, transferred or made over with the written consent of the Council.
2. On the death of the Occupier the rights granted to him under this Certificate shall be inheritable
3. The Occupier shall not give up occupation or possession of the plot or any portion thereof without notifying the Council in advance
4. The plot shall only be used for residential purposes, provided however, that the Occupier shall be entitled to use the aforesaid plot for any other purposes which are authorised in writing by the Council
5. The Occupier shall be entitled to reside on the plot himself and with members of his family and with his friends and with any of his lodgers.
6. Should the Occupier wish to lease the plot he shall obtain written permission of Council.
7. The Occupier shall develop on the plot at least one habitable room and a toilet of a type

approved by the Town Council within months from the date of issue of this Certificate, failing which the Council shall have the right to cancel this Certificate and re-take possession of the plot

8. (a) The Occupier shall pay to the Council a regular service payment in consideration of the rights hereby granted to him and for the services to be provided by the Council to the plot for which this Certificate is granted and to the locality in respect of which this plot is situated
 - (b) The payment referred to in sub-clause (a) above shall be such sum as Council may from time to time determine subject to approval of the Minister
 - (c) The Council shall give the Occupier 60 days' notice of any variation of the amount of payment by publishing such notice once in the Gazette and a newspaper circulating in Botswana
- 9 (a) In the event of the Occupier being aggrieved by a decision of the Council made in terms of this Certificate, the Occupier shall have the right to appeal to the Minister within 30 days of the date of such decision or any longer period as the Minister may determine
 - (b) The Occupier must exercise his right of appeal through the District Commissioner. It shall be the duty of the District Commissioner –
 - (i) to assist the Occupier in drafting and framing any appeal;
 - (ii) to transmit the appeal forthwith to the Minister,
 - (iii) to advise the Minister if applicable, of all the circumstances relevant to any appeal not having been made within 30 days,
 - (iv) to assist the Occupier to obtain any necessary information to enable him to draft and frame the appeal in terms of sub-clause 9 (b) (1) above.

SIGNED at on this day of 19

As witness: for the Council

SIGNED at on this day of 19

As witness: Occupier

GABORONE WEST PHASE 1 BAR CHART

	1982		1983				1984				1985				1986			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. INFRASTRUCTURE																		
Main Civils Contract	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Lalou Stream Drainage		=====																
Tertiary Services to "Other Civil/Commercial"							=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
RFC Hs		=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Water-force Account		=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Water-Contract		=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Power																		
Streetlighting							=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
2. BUILDINGS																		
Primary Schools			=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Clinic			=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SEHA			=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Center							=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
3. UTILITIES																		
Council	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
4. SEHA																		
Development Grants				=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Building Material Loans				=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Key:- ===== Tender/tender adjudication period. _____ Implementation/purchase.