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9. ABSTRACT

Since 1971, the Office of Housing of AID has been conducting preinvestment surveys in countries where housing investment guaranty programs are anticipated in order to provide the background and framework for its intervention. These surveys are, in fact, increasingly sophisticated analyses of the shelter sector of each country. Each report is intended to provide the Office of Housing with the information necessary to enable it to answer three primary questions about a specific country:

- . What is the country's capacity to undertake a large-scale housing program?
- . What is the effective demand for housing at a given price level?
- . What is the country's capacity to repay a foreign loan?

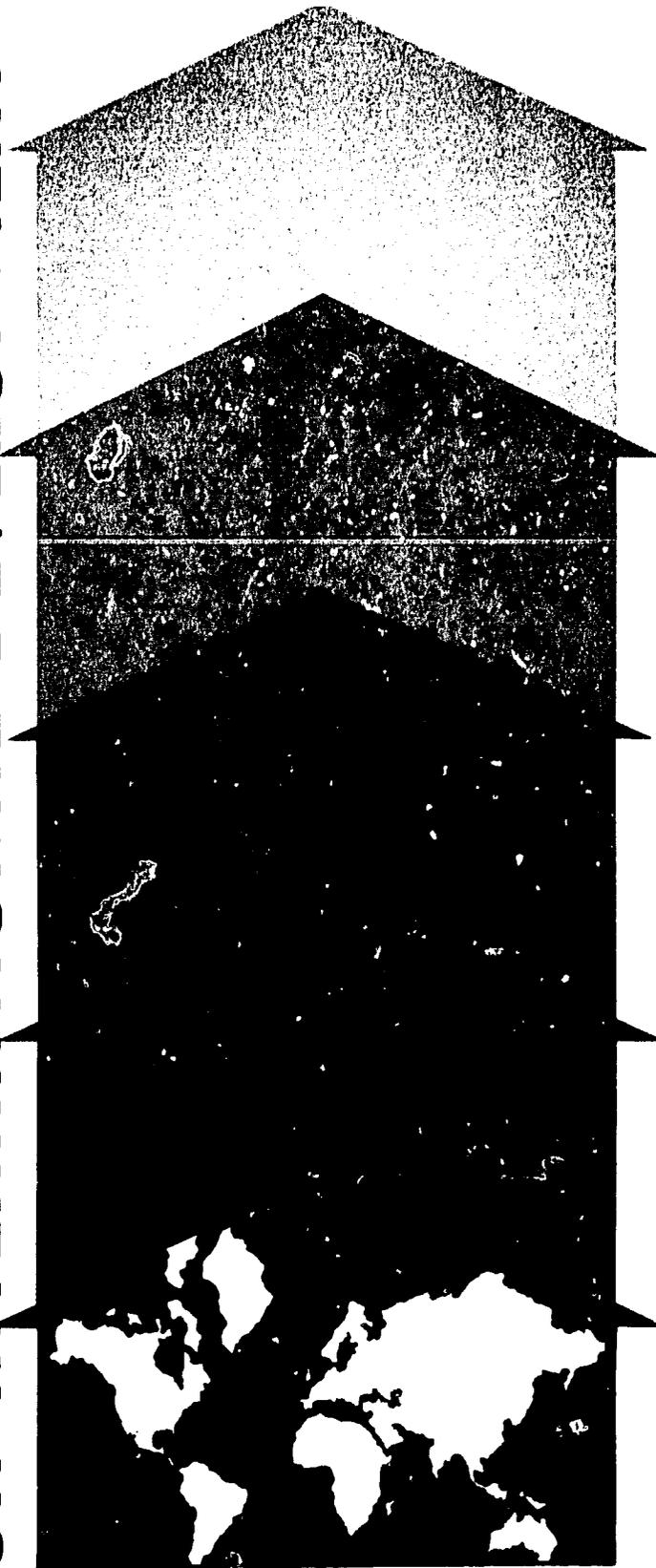
To paraphrase the introduction to the scope of work for a recent survey, its objectives are to determine the need for housing at all socio-economic levels of society, to determine the ability of each socio-economic group to pay for housing; to assess the capabilities of the Government to plan and manage large scale housing programs and projects; to analyze the impact of large scale foreign borrowing on the country's economy and its ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries.

These objectives have been realized with varying degrees of success. Some of the more recent surveys, in particular, provide broad panoramas of the country housing sectors. Some of the earlier ones are more limited in scope and cover only a part of the sector.

These reports provide valuable orientation for anyone becoming involved in housing sector in one of these countries. They should also be useful for comparative studies of housing programs and policies on a regional or world-wide basis.

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AGENCY FOR INTERNATIONAL DEVELOPMENT



OFFICE OF HOUSING

**Stanley Baruch, Director
Peter Kimm, Deputy Director**

**PRE INVESTMENT
SURVEY REPORT
HOUSING GUARANTY
PROGRAM
FORT LAMY, CHAD
1971**



FCH INTERNATIONAL, INC.

A Subsidiary of The Foundation for Cooperative Housing

1012 FOURTEENTH STREET, N.W. WASHINGTON, D.C. 20005 TELEPHONE 202 737-3411

April 29, 1971

Mr. George Hazel
Housing Officer
AID Office of Housing
Washington, D.C.

Dear Mr. Hazel:

This is to transmit our final report on the FCH survey work in Chad for your consideration.

We appreciate the support we received from your office and from the U.S. Embassy in carrying out this work, and we look forward to assisting AID on project implementation. Thank you for your personal cooperation.

Sincerely,

Charles Dean
Vice President

CC: S. Baruch
P. Kimm
W. Campbell
J. Edmondson
E. Bueneman
D. Coleman

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FINAL REPORT

FCH Pre-Investment Survey
Housing Investment Guaranty Program
Fort Lamy, Chad
February, 1971

I. BACKGROUND AND PURPOSE

During a recent visit to Washington by the U.S. Ambassador to Chad, Terence A. Todman, a meeting was held with Mr. Stanley Baruch, Director of the AID Office of Housing, on the possibility of developing a housing investment guaranty project in Fort Lamy. Upon his return to Chad, Ambassador Todman had further discussions on this subject with President Tombalbaye, and as a result requested a pre-investment survey through the AID Office of Housing. The Office of Housing responded to this request by providing for the TDY services of two housing consultants: Charles Dean and Daniel Coleman, from the Foundation for Cooperative Housing (FCH). The FCH team arrived in Fort Lamy on February 8, 1971 upon completion of a similar survey in Kinshasa, Congo.

Ambassador Todman briefed the FCH team upon their arrival and provided a great deal of assistance in conducting the survey through his staff: Mr. John Blane, Counselor of Embassy; Keith Wauchope, Counselor Officer; and Basile Yannoulis, Counselor/Commerical Clerk. Ambassador Todman also arranged for the FCH team to meet with President Tombalbaye during the first week of the survey. The President indicated his strong personal interest in the development

of the proposed housing investment guaranty project, as a complement to other Chadian development activities.

A brief interim report was prepared at the end of the first week, suggesting an initial pilot project involving a total of 250 housing units for a total of \$1 million. Mr. Dean returned to Washington on February 13 and Mr. Coleman remained in Chad until March 3, 1971 to complete the survey work.

II. SUMMARY OF FINDINGS AND RECOMMENDATIONS

A. General

The FCH survey team found that there is an existing effective demand in Fort Lamy for the proposed initial project of 250 units, and it is technically feasible to develop the project through the negotiated housing investment guaranty program. However, project implementation in Fort Lamy will be considerably more difficult than developing a similar HIG project in a more developed, less remote location.

Several potential problems are noted so that special provisions can be made to resolve them during project development: a) construction costs are very high in Fort Lamy and salaries are relatively low; b) almost all construction materials must be imported and transported by rail and truck for long distances, resulting in a considerable time lag from time of ordering to time of delivery; c) there is lack of trained and experienced Chadian

technical personnel; d) there is no USAID Mission in Fort Lamy to support the activity, and the U.S. Embassy staff is quite small.

On the positive side, there are people who need and can afford better homes, there is a good potential sponsor, land is available, and the government of Chad strongly supports this activity. The HIG program offers perhaps the only possibility of a tangible demonstration of U.S. concern for the development problems facing the Chadian government. Both President Tombalbaye and Ambassador Todman expressed their opinions that this should be a high priority project and would be worthwhile even if extra effort were required.

FCH believes that the project is technically feasible if it receives high priority and could be developed with a great deal of technical assistance, perhaps out of proportion to the size of the initial project. There would be a definite need for at least one full-time resident U.S. project coordinator for a period of at least 18 months.

B. Housing Market - Fort Lamy

The population of Fort Lamy is about 140,000. The annual growth rate of the city is 8% to 11%. The preliminary housing market information gathered by the FCH team indicates that there are approximately 3,000 wage earners in the US\$55-\$91 per month range and approximately 1,300 wage earners in the US\$91-182 per month range, with a third group of approximately 300 persons in the over US\$182 per month income range. It was not possible to determine

how many people in each group already have adequate housing and therefore would not be in the market for a house under the HIG program. However, a very conservative estimate would be that at least 10 per cent of each group would be qualified, potential home buyers. Based on the information, we have suggested a relatively small initial pilot project of 250 units. This could be greatly expanded if the effective demand for considerably more houses could be verified, or if after the sales program is under way, it becomes clear that there are many more qualified home buyers.

C. Project Sponsor

The logical sponsor for a HIG project in Fort Lamy would be the Chadian Development Bank, the BDT. The BDT was founded in 1952 and its operation includes the granting of industrial, agricultural, and housing loans. In 1970, twenty-two per cent of its total loan program, 635 loans, was made for housing. The BDT receives its funds from the Chadian Central Bank and the European Development Fund, as well as from savings deposits.

The BDT does not build housing "projects" but rather, loans to applicants who own their own lots and utilize small Chadian contractors for construction of individual single family detached homes. Some of the loans are for home improvement. The average loan during 1970 was about US\$1,300. New houses constructed under BDT loans average about US\$2,000. Construction is normally from

locally available mud brick and stucco with metal roofs. The repayment rate on all BDT housing loans is apparently very good.

D. Land

The capital city, Fort Lamy, borders the Chari River and is located on low, flat land subject to occasional flooding from rains or overflow from the river. For this reason, any site selected in the capital area will be subject to potential water problems and special attention would be required to provide adequate drainage.

The most desirable site for a HIG project in Fort Lamy seems to be the Cuvette St. Martin site, located close to the city's center and owned by the Chadian government. The site contains more than 100 acres and the proposed 250 unit initial project would utilize only a small percentage of the available land.

An additional advantage of utilizing the Cuvette St. Martin site would be that it is on the "boundary" between the Arab, Moslem, northern half of Fort Lamy and the southern non-Moslem half of the city. If only one project is to be built and occupied on an integrated basis, it is perhaps the only feasible location. If the Chadians recommend two projects, one for each group, two sections of the same project could be built on separate parts of the Cuvette St. Martin site. The FCH team has no recommendation on this aspect of the project which should be resolved by the

Chadian government.

E. Construction Industry

There are several relatively large, well built, modern structures in Fort Lamy built by foreign construction firms permanently located in Fort Lamy. The quality of this work is good but very expensive. All cement, steel, wiring, mechanical equipment and hardware are imported, mainly from Europe, and material costs are therefore very high. Concrete blocks, structural clay tile, and fired clay bricks are made locally. Wood construction is extremely expensive because wood is not available near the capital city.

There are several competent but small Chadian contractors building houses for the BTD and acting as subcontractors to foreign firms on larger projects

We did not meet any Chadian engineers or architects, and we understand that most technical work in both public and private sectors is done by French technicians.

F. Pilot Project Approach

We recommend that the first HIG project should be developed in two sections on the Cuvette St. Martin site with approximately 100 units in the first section at about US\$2,500 per unit and a second section of approximately 150 units at about US\$5,000 per house.

The US\$2,500 houses would be developed as "core" houses, defined here as complete but small houses designed for self-help expansion as the homeowner's income increases. The US\$5,000 unit in the second section would be larger and of higher quality, but also designed

for future expansion.

We recommend that the project be developed to include a cooperative type homeowners' association, in which community facilities are owned by the association and overall project maintenance is controlled by the association. Individual homeowners, however, would have title to their individual lots and houses.

III. HOUSING MARKET

A. General

The population of Chad in 1971 has been estimated at 3.7 million. The country growth rate of 1.5 per cent per annum is one of the lowest of the underdeveloped countries. Fort Lamy, the capital and largest city in Chad, has an estimated population from 136,000 (U.S. Embassy) to 150,000 (Chadian government). The annual growth rate of 8 per cent to 11 per cent is based on estimated 1964 population of 81,000 inhabitants.

According to the latest Department of Commerce Overseas Report on Chad (July 1969), 1.1 million persons comprised the work force that year. Of this amount, only 68,700 are wage earners, the great majority of whom work for the government or in the service sector. Only 8,000, or 15 per cent, of the wage earners are employed by private firms and industries.

Most financial assistance to Chad comes from the European Development Fund. The French Government provides the most technical assistance to the Chadian government which includes the payment of

salaries of almost 450 French technicians and managers.

B. Market for Proposed HIG Program

In order to estimate the potential market for the proposed HIG project, the FCH team gathered information from the following sources:

- 1) Survey dated 1/70 by BTCD (private bank) of 237 firms with 12,914 Chadian employees on average monthly income in different "occupational" categories.
- 2) Study of income distribution of government employees excluding police and military - Bulletin Mensual de Statistique, Ministère du Plan, June 1969.
- 3) Report of UNITCHAD (Union of Employers) on average income in eleven occupational categories.
- 4) Data from Chadian Development Bank on age and income distribution of borrowers in 1968, 1969 and 1970.
- 5) Overseas Business Reports, U.S. Department of Commerce, Basic Data on Chad, July, 1969.
- 6) Personal interviews with bankers, businessmen and government officials.

The terms to the house buyer for a potential HIG program in Fort Lamy will probably be as follows:

Interest	9% to 9½%
Term	25 years
Down Payment	10%

Several sources of information on income distribution in Fort Lamy use the following categories: less than CFA 15,000; 15-25,000; 25-50,000; and over 50,000. All income data gathered includes only Chadians, thus excluding most of the expatriate population earning

more than 50,000 CFA* per month.

The Chadian Development Bank (BDT), the principal mortgagee in Fort Lamy, requires as a rule of thumb that the final cost of a house be roughly thirty times the monthly income of the purchaser. This rule of thumb is consistent with guidelines generally acceptable in other countries. Thus, based on the probable HIG terms and BDT income requirements, unit costs and the monthly required payments could be calculated as follows:

Table 1

CFA

<u>Monthly Income by Category</u>	<u>House Unit Cost (X30)</u>	<u>Less 10% Down Payment</u>	<u>Mortgage</u>	<u>Monthly Payment (CFA)</u>
15,000	450,000	45,000	405,000	3,600
25,000	750,000	75,000	675,000	6,000
50,000	1,500,000	150,000	1,350,000	11,800

Table 2

US \$

<u>Monthly Income by Category</u>	<u>House Unit Cost (X30)</u>	<u>Less 10% Down Payment</u>	<u>Mortgage</u>	<u>Monthly Payment (\$ US)</u>
55.00	1,650.00	165.00	1,485.00	\$13.00
91.00	2,730.00	273.00	2,457.00	\$22.00
182.00	5,460.00	546.00	4,914.00	\$43.00

*Exchange rate CFA 275 = US\$1.00

Although the BDT requires a potential borrower to allocate one-third of his monthly income for housing, this is generally considered to be too high. A monthly payment ranging from 20% to 25% of his income^{1/} is considered normal in most developing countries and this assumption will be used here.

In order to cross-check the validity of this assumption, the monthly payment is calculated as a fixed percentage of income and then compared to the actual required payment in Table 3.

Table 3

US \$

<u>Monthly Income of Wage Earner</u>	<u>% of Income for Housing</u>	<u>Ability to Pay</u>	<u>Actual Payment</u>
55.00	20%	11.00	13.00
55.00	25%	14.00	13.00*
91.00	20%	18.00	22.00
91.00	25%	23.00	22.00*
182.00	20%	36.00	43.00
182.00	25%	45.00	43.00*

The above table shows that a potential homeowner in all three income ranges would allocate about 25% of his monthly income for housing in order to participate in the HIG program (marked with asterisk). Twenty per cent might be acceptable, particularly if

1/ NOTE This refers to income of wage earner. Most family incomes in Fort Lamy are higher but statistics were not available on family income.

it could be proved that there are other sources of income within the family group.

Conversations with individuals and public officials, including the Minister of Planning, plus data obtained from various sources (see list of contacts and sources), have indicated the following market information: Wage earners with monthly incomes below CFA 15,000 (US\$55,000) simply do not have sufficient income to make a substantial (for them) monthly payment. To back up that statement, the BDT has made only 2% of its housing loans in 1968 and 1969 to wage earners in that income group.

The next highest income group, CFA 15-25,000 (US\$55.00 to US\$91.00) has sufficient incomes to support a mortgage debt and therefore could participate in a very low-cost housing program, particularly if the program includes some sort of government subsidy or self-help element. The third income group, CFA 25-50,000 (US\$91.00 to US\$182.00) is in a more normal income range for the HIG program.

In order to determine the potential number of units to be built under the proposed program, it is necessary to know the number of wage earners in each income group. Table 4 shows the number of wage earners and "others" in several income ranges in Fort Lamy. As mentioned earlier, only Chadians are included.

Table 4

<u>US\$</u>	<u>CFA</u>	<u>Private Firms (C of C)</u>	<u>Government</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>
55.00-91.00	15-25,000	1,338	1,581	2,919	200	3,119
91.00-182.00	25-50,000	567	679	1,246	100	1,346
over 182.00	over 50,000	64	211	275	50	325

The above column marked "other" includes the self-employed, merchants, professionals and all other income earners whose exact income is difficult to determine. This is an estimate only, backed up mainly by observation. According to the BDT loan policy, this group usually does not qualify for a BDT loan since the "check-off" salary deduction system is not applicable.

To cross-check the figures on employees of private firms, another source of information was secured -- a report by UNITCHAD. This smaller survey conflicted somewhat with the Chamber of Commerce study. Whereas the percentage number of wage earners in the CFA 15-25,000 income group in both reports was consistent, there was an obvious discrepancy in the CFA 25-50,000 income group. The UNITCHAD report had 148 in this income group out of a total of 6,690, while the Chamber of Commerce (C of C) report showed 567 out of 13,689. Our simplistic conclusion is that the correct figure is somewhat between the two. However, we are using the higher figure, taking into consideration that this income group has and will increase, that probably

all firms were not surveyed, and that new firms will be initiated in Fort Lamy prior to completion of the proposed project.

There was no way to cross-check the government figures, and it is assumed that they are correct.

The number of wage earners in each income group has already been estimated in Table 4. However, for a variety of reasons, not all would participate in the program. First, there are those people who have an adequate home and do not need or want a new home. Secondly, there are those people who do not place a priority on housing and prefer to save or spend on other items, such as a car, education, entertainment, etc. Thirdly, some people will not like the design, location, or some other such factor.

To determine the number of people who now have adequate housing, it should be noted that the BDT made 1379 loans in 1968, 1969, and 1970 to individuals whose incomes varied between CFA 11,000 and 60,000, which is more or less the same income group being considered for the HIG program. It is safe to assume that most of these people would not participate in the HIG program, yet they have been included in the income grouping as shown in Table 4. There is no accurate way of determining the actual number of Chadians who need and can afford housing under the HIG program.

A conservative estimate might be that 10 per cent of the total in each income group would participate in the HIG program, i.e., are potential purchasers.

C. Market for Potential First Project

Two sections of the first project could be built as proposed in the interim report: 100 units with an average cost of US\$2,500 and 150 units at about US\$5,000.^{1/}

Table 5

<u>No. of Units</u>	<u>Average Cost US\$</u>	<u>Totals US\$</u>
100	US\$2,500	US\$250,000
150	US\$5,000	US\$750,000
250	US\$4,000	US\$1,000,000

If 10 per cent of each income group as computed in Table 4 want and can afford to participate in the potential HIG project, a comparison can be made between the potential buyers in each income group and the proposed number of units for that group.

^{1/} This assumes that unit cost and mortgage are the same. To total out a US\$1.0 million mortgage, US\$2,500 and US\$5,000 plus a 10 per cent down payment should be computed, giving a unit cost of US\$2,777 plus US\$5,555 respectively.

Table 6

<u>US\$ Income Range</u>	<u>US\$ Average Unit Cost</u>	<u>Qualified Persons in Each Range</u>	<u>10% Potential Participants</u>	<u>No. of Units Proposed</u>
55 - 91	2,500	3,119	312	100
91-182	5,000	1,346	135)) 150
over 182	5,000	325	33	

According to the above tables, there would be no problem in marketing the US\$2,500 units. For each unit, there are over 30 qualified persons and three potential participants. However, the margin is much thinner for the US\$5,000 units, particularly considering that the number of qualified persons computed for this income level was optimistically taken.

IV. POTENTIAL PROJECT SPONSOR

The BDT was founded in 1952. Its scope of operation includes the granting of industrial, agricultural, and housing development loans. In 1970, 22 per cent of its loans were made for housing (See Figure 3).

The main sources of funds for the BDT are the Chadian Central Bank and the European Development Fund, who both make loans at low interest rates (5 to 10 per cent).^{1/} The relatively short terms of these loans of 5 to 10 years do not permit the bank to make the long-term loans for housing.

^{1/} The Caisse Central de Cooperation Économique also provides some financing.

The BDT permits only local Chadian contractors to build houses financed by the bank. The effect has been that 80 per cent of all loans are for construction of low-cost, improved mud-brick (pote pote) houses. Construction has been of single detached units, built one at a time. The bank provides the construction financing on a piecemeal basis to the mortgagor, which in turn permits the contractor to buy materials and pay his labor costs as construction develops. The Chadian contractors are not set up for large scale projects, nor are they able to secure the necessary line of credit for large-scale construction as are the French contractors.

Originally BDT loans were made for purchase of land as well as construction. However, this policy was changed several years ago, and now all applicants for housing loans must have clear title to the land as a prerequisite for the loan.

The BDT terms to the home buyer vary from 5 to 10 years. The interest rate is 5 to 6 per cent per annum, depending on the size of the loan, plus an administration fee of $2\frac{1}{2}$ per cent. This makes an effective interest rate of $7\frac{1}{2}$ to $8\frac{1}{2}$ per cent. The bank has a strict lending policy as follows:

- 1) A loan cannot amount to more than 30 times the monthly income of the applicant.
- 2) The applicant must agree to allocate at least one-third of his monthly income for the monthly payments, which determines the term of the loan.

3) In order to insure repayment of the loan, there is the following policy:

- a) For government employees, the salary deduction "check-off" system is required.
- b) For employees of private firms, the employer must co-sign the note.
- c) Self-employed persons do not qualify.

The result of this policy has been that most recipients of the loans are government employees, which limits the scope of operation of the bank. However, a real plus factor is that there are, for all practical purposes, no delinquent loans.

The bank's operations are not unsubstantial. The total number of housing loans in 1970 was 635, amounting to an investment of US\$810,000. However, the most important aspect of its housing policy is the income group benefiting from the bank's loans. Figures 1 and 2 point out very clearly that well over 50 per cent of the loans in 1968, 1969, and 1970 were to wage earners making US\$37 to US\$144 monthly. The bulk of the loans in 1970 were about US\$1,000, which demonstrates again the income level the bank is reaching.

The BDT is the only institution in Chad with considerable experience in social interest housing. Their programs are designed to meet the needs of low middle income families, and their collection record is excellent. There does not seem to be any other institution in Chad which could qualify as a non-profit sponsor for the proposed

HIG program. The BDT would need considerable U.S. technical assistance and would need to add several staff members before undertaking a HIG project.

Figure 1

BDT 1970 Housing Loan Portfolio

<u>Type of Loan</u>	<u>No. of Loans</u>	<u>Amount CFA</u>	<u>Average Loan CFA</u>	<u>US\$ Equivalent</u>
Short Term (1 yr)	60	10,000,000	166,000	600.00
Medium (1-5 yrs)	516	141,000,000	273,000	1,000.00
Long (5-10 yrs)	<u>59</u>	<u>72,000,000</u>	1,200,000	4,300.00
TOTALS	635	223,000,000		

Figure 2

Income Distribution of Borrowers for Housing Loans - BDT -

<u>CFA Monthly Income</u>	<u>1968</u>		<u>1969</u>		<u>1970</u>		<u>US\$ Monthly Income</u>
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	
Less than 10,000	17	3	9	2	6	0.9	36.00
11-20,000	178	34	133	26	195	28.8	37-72.00
21-40,000	180	34	186	37	240	35.5	73-144.00
41-60,000	69	13	89	18	109	16.3	145-216.00
61-90,000	22	4	34	7	45	6.6	217-324.00
91-150,000	32	6	23	4.5	46	6.7	325-540.00
More than 150,000	16	3	18	3.5	23	3.3	Over 540.00
Income not determined	<u>15</u>	<u>3</u>	<u>12</u>	<u>2</u>	<u>13</u>	<u>1.9</u>	Income not determined
TOTALS	529	100	504	100	677	100	

Figure 3

BDT Total Loan Distribution

<u>Type</u>	<u>%</u>	<u>CFA (thou.)</u>	<u>US\$000</u>
Agriculture	45.82	460,816	1,672
Artisan/industrial	10.07	100,586	365
Commerce/transp.	13.37	134,512	490
Building/construction	22.19	223,342	812
Small equipment	6.78	68,408	248
Automobile	<u>1.77</u>	<u>18,108</u>	<u>66</u>
TOTALS	100.00	1,005.762	3,653

V. CONSTRUCTION INDUSTRY

A. Contractors and Methods

There are several large foreign construction companies working in Chad which have been responsible for the construction of almost all large-scale construction, including the airport, the Presidential Palace, a new hotel, etc.

We met with representatives from one French firm, SATOM, to evaluate their capability as a potential contractor on a HIG project. The main SATOM office is in Paris but they have field offices throughout Africa. They provided detailed information on their past experience, which includes housing projects in Africa, other than Chad. SATOM would definitely be interested in both the architectural design, and engineering and construction phases of a housing investment guaranty project in Chad. They have the

capability to do competent work; however, a HIG project constructed by SATOM or any of the large French contractors in Chad would be expensive.

As mentioned earlier, there are several small Chadian contractors building houses for the Chadian Development Bank and also working as subcontractors to the French firms on larger projects. It might be possible to develop a lower-range HIG project in Chad, using essentially the same system as the BDT. Under this system, the BDT advances funds to the contractors as the work progresses and makes periodic technical inspections of the work, using a private engineer under contract to the Bank. The houses constructed under this system are often built from the traditional mud bricks (sun-dried), but with important improvements over the traditional method of building mud brick housing in Fort Lamy. Under the traditional system, the exterior walls are not protected from the heavy rains, and the roof-design does not include overhangs to provide necessary water protection. The traditional roofing material is wood poles covered by woven fiber mats and then covered with mud. The traditional house in Fort Lamy does not stand up well in the heavy rains, and complete collapse is a frequent occurrence. Even when the house does not completely fail, major repairs and rebuilding are required almost every year after the heavy rains. For this reason, there is a strong feeling within the

office of the President and within the U.S. Embassy that the traditional type of construction would definitely not be acceptable for a HIG project.

We are in agreement with this position. However, we believe that further technical study is needed to determine just what construction system can best be used to produce an acceptable house in the US\$2,500 range. Several alternatives were discussed during the survey visit:

Alternative No. 1 - Improved Mud Brick Houses (similar to those built by the Chadian contractors for the BDT)

The improvements over the traditional mud-brick houses include metal roofs with overhangs to protect the walls, cement grout (stucco) over the mud bricks to keep out moisture, concrete floors, plumbing, toilets, and electricity. Preliminary information indicates that a 70 M² house of this type costs about US\$2,500.

Alternative No. 2 - "Core" Houses

"Core" houses could be built, using modern materials (fired brick or concrete block walls, concrete floor, metal roof) and including water, electricity, and sanitary facilities. The core houses would initially be quite small, but it would be designed for future expansion by self-help as the homeowners' incomes increase.

Alternative No. 3 - Stabilized Earth Blocks

A variation on Alternative No. 1 could be to use stabilized earth blocks (CINVA RAM) to reduce costs. Success on this type of project has been sporadic. There are several successful projects in Africa and Asia, but there have also been several failures in Latin America.

The final "solution" to the problem of constructing a US\$2,500 house may well involve a combination of the alternatives suggested above.

The construction of houses in the US\$5,000 range would be by more conventional methods, i.e., pre-selected bidding by local construction contractors and a lump sum contract. Construction materials would probably include metal roofs, concrete block, or fired brick walls (with stucco) concrete and tile floors and water, electricity, toilets and showers.

All construction materials except sand and gravel are imported, usually from Europe, and their normal shipping time is from 2-4 months. Some items might be purchased from nearby countries since import duties may total 60% of European material costs. Efforts should be made to have import duties eliminated on an AID project to reduce costs to the home buyers.

Maximum effort should be made for on-site fabrication of certain items, such as pre-cast concrete sinks, toilets, etc.,

for the lower range houses. A low volume automatic block machine might also be set up. Also, consideration should be given to on-site final cutting and forming of corrugated metal roofing. This would allow importation of rolled sheet metal, thereby reducing initial costs and shipping costs. On-site fabrication of some items would also produce jobs, and perhaps create some permanent small industries.

B. Water System

The water system for the city of Fort Lamy consists of five main deep wells and a distribution system in the central area, which is supplemented by many small, privately dug shallow wells on private lots. The private wells are usually contaminated.

C. Waste Disposal System

The waste disposal system for the city consists mainly of septic tanks and cesspools. Some sewage is also dumped directly into the Chari River. In some areas, chamber pots are dumped in open fields, and in others, pit latrines are also used.

D. Basic Construction Materials

Most construction materials are imported over long distances by road, rail and riverboats. The three most common routes are (1) Pointe Noire-Bangui-Fort Lamy, 1800 miles; (2) Lagos-Fort Lamy, 1200 miles; and (3) Benoui-Buruta-Garoua-Fort Lamy, 1300 miles.

- 1) Cement is all imported, usually from Europe, and is very expensive. (See attachment for typical material cost.) Several companies keep a stock of cement and the cost varies according to supply and demand.
- 2) Sand and gravel is locally available.
- 3) Clay is available locally and a local company, CONABA, produces over 5000 fired bricks per day.
- 4) Steel is imported from Europe.
- 5) Wood is not available near Fort Lamy and is imported and expensive (about the same as steel for structural uses).

E. Construction Material Cost

Attachment #4 shows three typical BDT house plans with detailed cost estimates prepared by Chadian contractors and checked by the BDT engineer. The BDT does not have a "standard" approved plan although many of the houses are similar in design and construction. We have labeled the three typical plans in Attachment #4 as BDT plans A, B and C for this report.

Plan A (100 M²+) is in the upper BDT range, constructed of "modern" materials; fired brick walls, cement stucco exterior, metal roof, bath and kitchen, at costs of about US\$6800 without land.

Plans B (85 M²+) and C (95 M²+) are constructed of more "traditional" materials (mud-brick walls) but with important improvements over the traditional way of building. Plan B has interior

bath with fixtures but no kitchen. The Plan B house costs about US\$3500 without land.

Plan C house provides space for future interior bathroom, but neither kitchen nor bath is included in cost estimate. Plan C house costs about US\$3000 without land.

In both Plans B and C cooking is done outside in the courtyard and latrines are used in the Plan C house.

Attachment #5 gives the SATOM (French construction company) corrected cost estimate on the BDT 100 M² house (Plan A). The Satom estimate is higher and reflects the increase in material costs from December 1969 (date of BDT estimate) to February 1971 (SATOM estimate). According to SATOM, the Plan C house would now cost about US\$9500 without land.

F. Construction Financing

Construction financing is available from local banks if the contractor selected for a project is one of the large established foreign firms. Special arrangements would have to be made if one of the smaller Chadian firms were to construct a HIG project.

VI. INITIAL HIG PILOT PROJECT

Housing is not the highest priority development activity for Chad. However, a small successful housing program could complement other development activities as suggested during the meeting with President Tombalbaye.

The market information gathered during the survey indicates that there is a fairly large group of middle income Chadians, including government employees, professionals and private and public sector management personnel who badly need decent housing and could afford to pay for it, if long-term credit were available. A second larger group which also needs better housing and could pay for it consists of lower middle income people employed as civil servants, clerks, teachers, and skilled workmen. A large portion of the income of both groups now goes for rental housing and for constant repair and rebuilding of their mud-brick (pote pote) houses.

The approach to a HIG program in Chad could be to develop a modest "pilot" project through the BDT, with two sections serving the needs of these two groups. A larger, more ambitious program could be developed later, based on the experience gained during development of the pilot project.

A. Location of Pilot Project

As a result of our discussions with Chadian officials and private professionals, a site has been tentatively identified for a potential HIG project in Fort Lamy, designated as Cuvette St. Martin. (See Attachment #2) The site is centrally located close to the city center on land which has been reserved for some time by the GOC. The potential problems with this site are typical for any site in Fort Lamy -- the site is low and flat with potential

drainage problems and the soil is not stable (both city-wide problems). Corrective measures for both problems would add to the total unit cost of each house. On the positive side, the Cuvette St. Martin site is in an excellent location in relationship to the city center and employment areas. There is probably no better site in Fort Lamy for the proposed pilot HIG housing project.

There are apparently some very important socio-cultural considerations in selecting a site for any housing project in Fort Lamy, as a result of the existing pattern of development whereby the population of the northern half of the city is Moslem and the southern half is non-Moslem. The FCH team has no recommendation on this aspect of site selection.

B. Number of Units and Price Range

The first project should include two sections corresponding to the groups mentioned in Section III (C), Table 6. We would suggest a total of about 100 units in the US\$2,500 range for Section #1 (low income) and 150 units in the US\$5,000 range in Section #2 (middle income). The total HIG pilot project would be 250 units at about US\$1.0 million. This program could be expanded considerably over a five-year period upon successful completion of the first phase pilot project.

C. Architectural and Engineering Work

If this potential pilot project is approved, the architectural work could be done by local private professionals under contract to

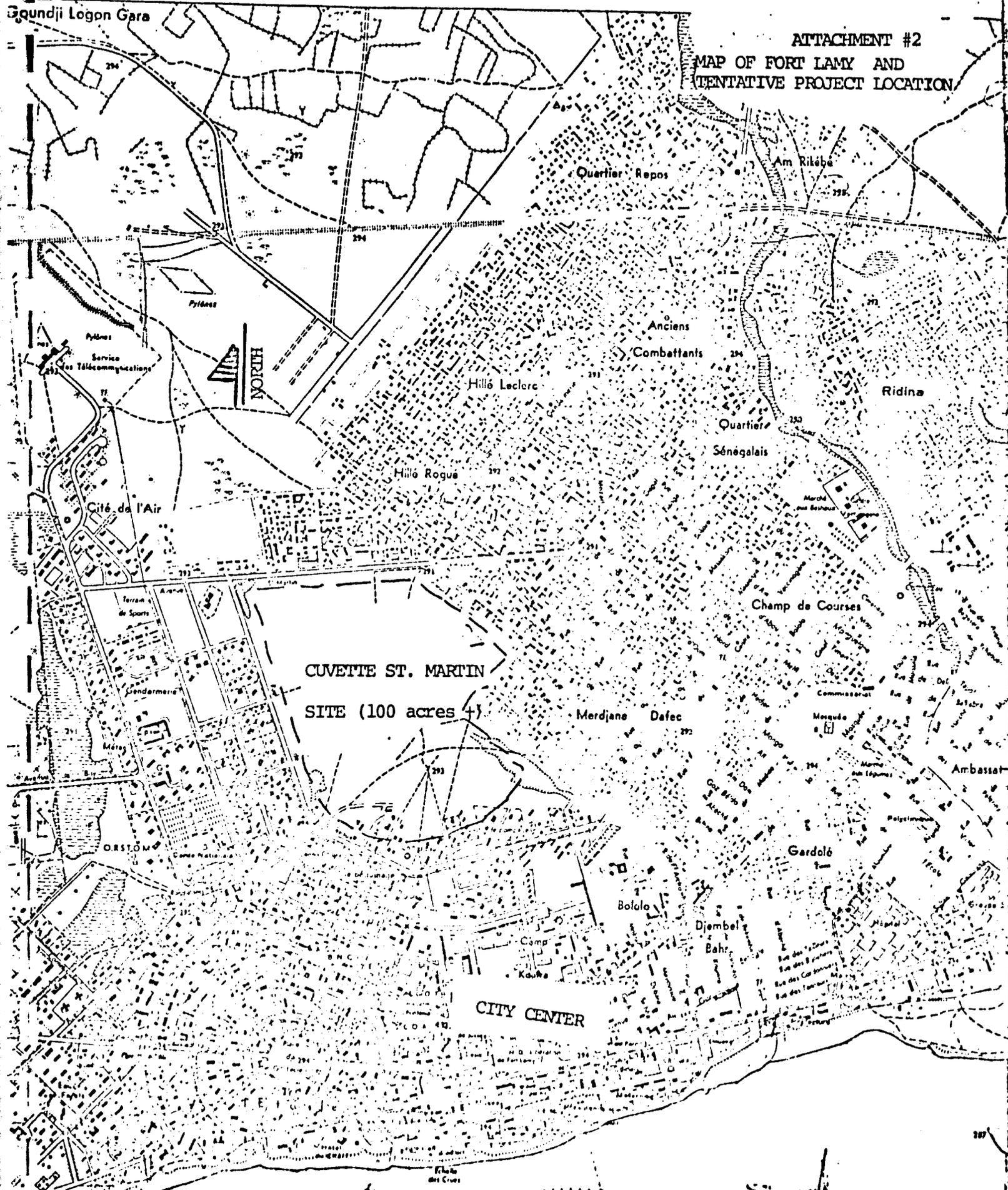
the sponsor. One of the several French-owned construction firms, which also provide architectural and engineering service, could do this work. Apparently, there are no Chadian professionals available, although more discussion is needed on this point. In any case, AID would need to provide a great deal of technical backup in all phases of a HIG project in Chad.

D. Co-op and Homeowners Association

We would recommend a homeowners association or housing cooperative for any HIG project in Chad to help maintain and improve the project after occupancy. This would be especially important to help solve some of the chronic problems caused by heavy rains in Fort Lamy, such as home repair, clogged drainage ditches, drinking water problems, etc. A housing co-op would also provide a way for homeowners to provide special community services and to encourage democratic participation in community problem solving.

Quandji Logon Gara

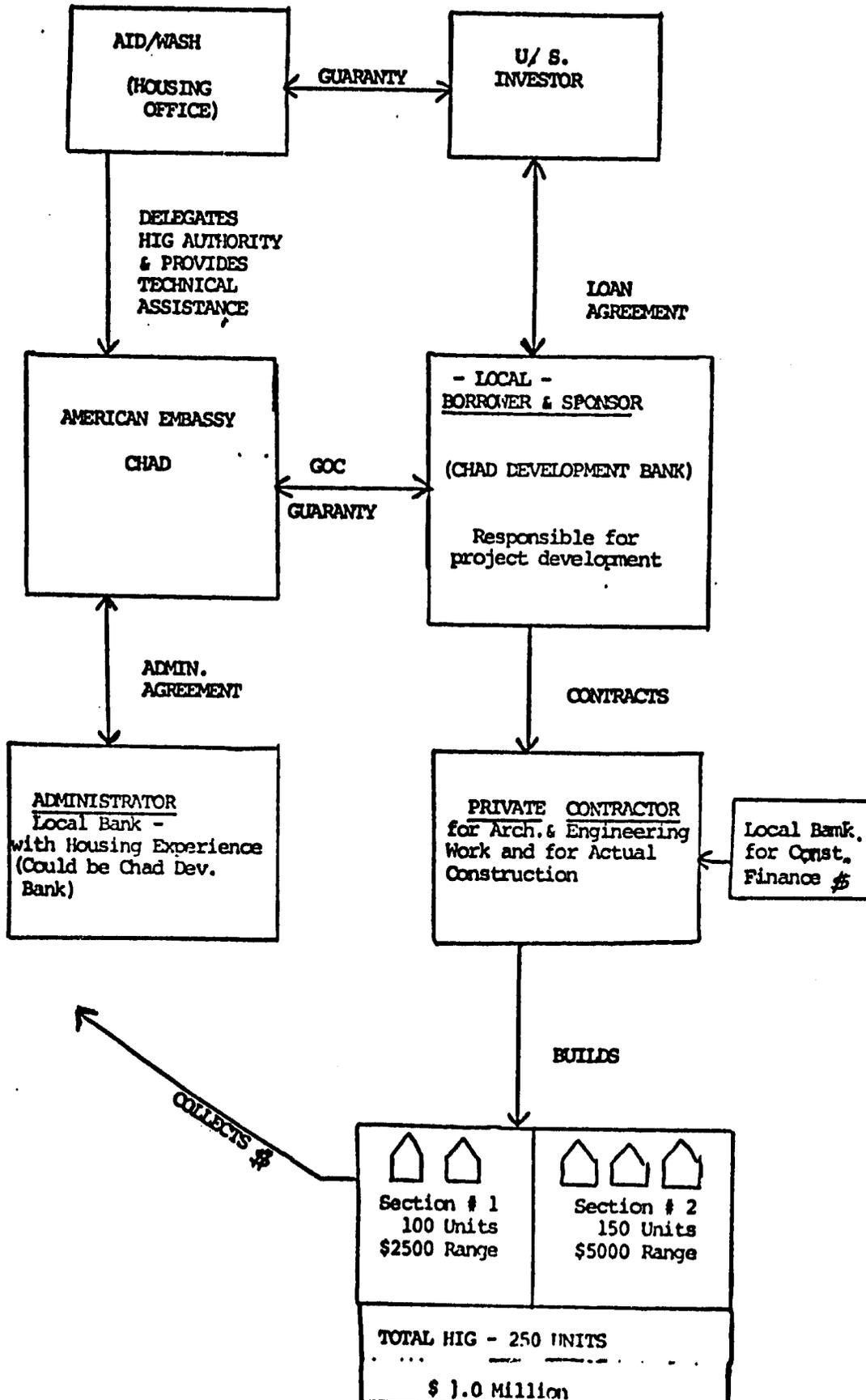
ATTACHMENT #2
MAP OF FORT LAMY AND
TENTATIVE PROJECT LOCATION



CHARI River

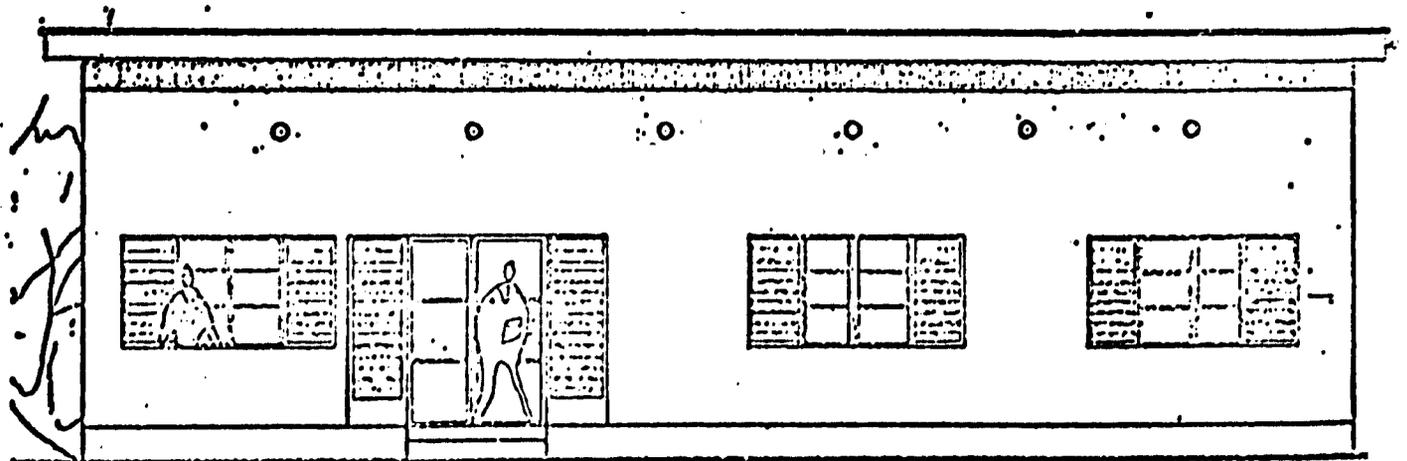
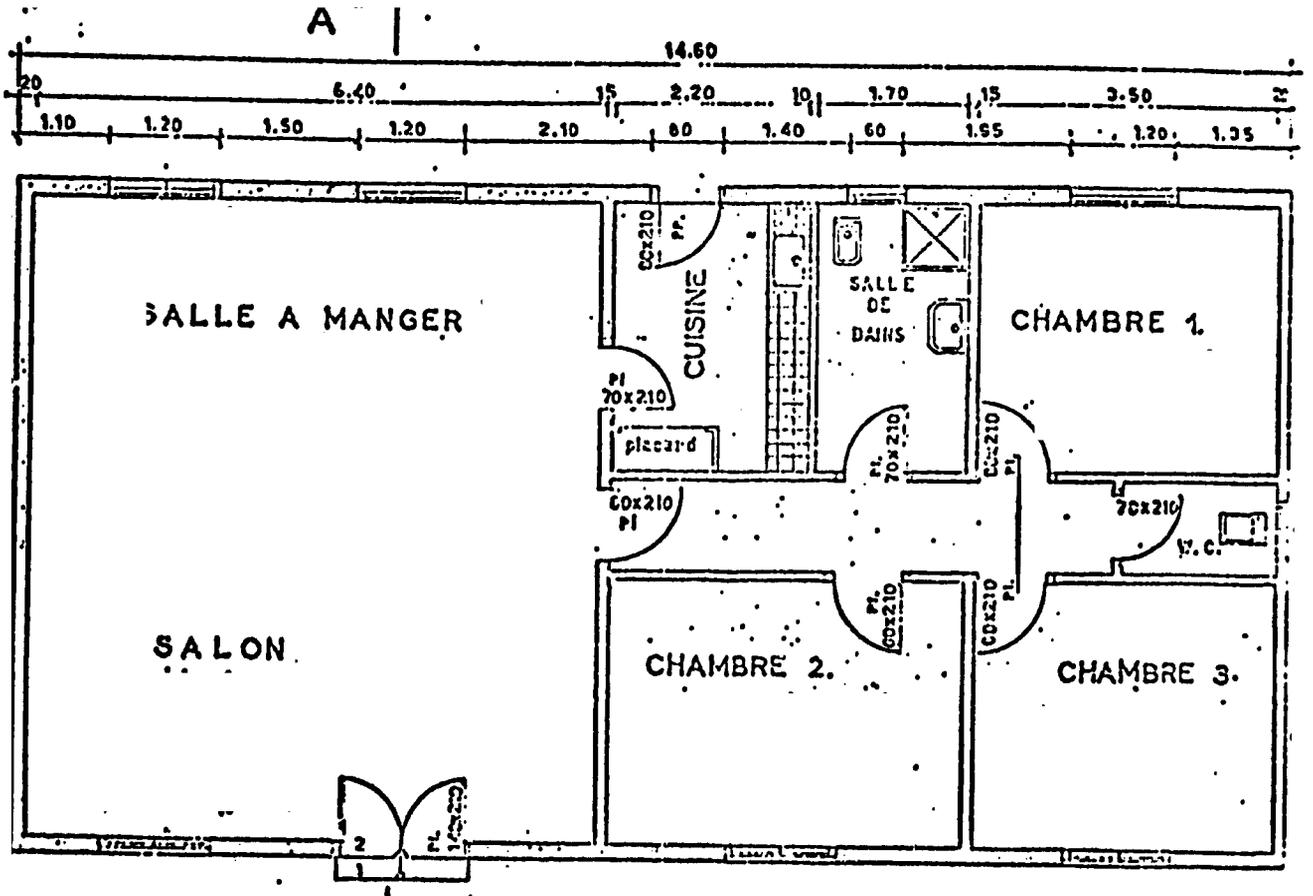


PROPOSED HIG PROJECT -- CHAD



BDT PLAN A

Typical BDT House 100 M²
(fired brick) \$1,875,722CFR
or US\$6,800



FACADE

COST ESTIMATE/BDT PLAN A
 (100 m² house)

DEVIS ESTIMATIF : "COULE A 100 M²"

DESIGNATION DES COUVRAGES	UNIT U.	QUANTITY QUANTITE	UNIT PRICE PRIX UNITAIRE (CFA)	TOTAL PRICE PRIX TOTAL
Fouilles en rigoles descendues à 0,50 FOUNDATION DITCH	M3	10,400	500	5.200
Béton de propreté CONCRETE (FINISHED)	M3	0,880	10.000	8.800
Béton armé : Longrine, poteaux en élévation, chaînage général	M3	5,517	40.000	220.680
Maçonnerie en fondation : briques artisanales hourdées au ciment	M3	5,780	6.000	34.680
Maçonnerie en élévation : briques artisanales hourdées au mortier de ciment de C,20	M2	137	1.200	164.400
Maçonnerie en briques de C,10	M2	52	600	31.200
Enduits extérieurs au mortier ciment	M2	175	120	21.000
Enduits intérieurs au potopoto	M2	730	100	73.000
Maçonnerie marche escalier y compris la chape	M3	0,225	15.000	3.375
Remblai sous dallage	M3	24,800	600	14.880
Béton de forme de C,C8 7'épaisseur	M3	8,180	10.000	81.800
Chape	M2	102,240	550	56.232
Ménisseries persiennes métalliques				
1 porte persiennée 1'0/2'10 2,940				
1 " " " 0,80/2'10 1,500				
6 fenêtres 1'20/1'30 8,600				
2 fenêtres 60/1'0 0,480	M2	17,740	12.000	212.880
17 portes isoplans	U	7	12.000	84.000
Charpente bois 3 fermes	PCITTAIT			50.000
Couverture toile galvanisée 6/10	M2	117	1.450	169.650
Plafonnage contre plaqué	M2	102	1.250	127.500
Planche de rive	mL	13,60	600	8.160
Ventilation plafond, métal déployé et buses	U	12	1.200	14.400
Fosse septique 5 personnes	U	1	60.000	60.000
M. Puisard 100 descendu à - 5m	U	1	85.000	85.000
Colonne douche receptrur ciment	U	1	12.000	12.000
Lavabo, glace porte serviette et tablette lavabo	U	1	31.000	31.000
Evier et paillasse en béton	U	1	70.000	70.000
W.C. 1'anglais avec abattant	U	1	26.000	26.000
Badigeon chaux sur murs	M2	75	100	7.500
Peinture huile	M2	75	300	22.500
Fom sur plafond	M2	102	300	30.600
TOTAL partiel à reporter.				1789.720

Continuation Cost Estimate BDT Plan A

DESIGNAGNATION DES COVRAGES	U.	QUANTITE	PRIX UNITAIRE	PRIX TOTAL
ELECTRIC WORK Electricité				1.789.720
Reports				
FLUORESCENT TUBES 2 tubes fluor de 120	U	2	8.500	17.000
LAMPES 6 lampes pendantes	U	6	5.000	30.000
WALL OUTLETS 6 prises de courant	U	6	4.000	24.000
WIRING Ligne de répartition y compris boîtes dérivation	mL	30	500	15.000
TOTAL			CFA →	1.875.722
				U.S \$ 6800

ESTE LE PRESENT DEVIS ESTIMATIF A LA SOMME DE UN MILLION HUIT CENT SOIXANTE QUINZE MILLE SEPT CENT VINGT DEUX FRANCS.

2.000.000

Cette construction comprend :

- Une semelle filante en B.A
- Chainage général en B.A à hauteur des linteaux
- Toutes les menuiseries sont m' alliques y compris les : cadres des portes isoplanes
- Electricité
- Sanitaire complet.

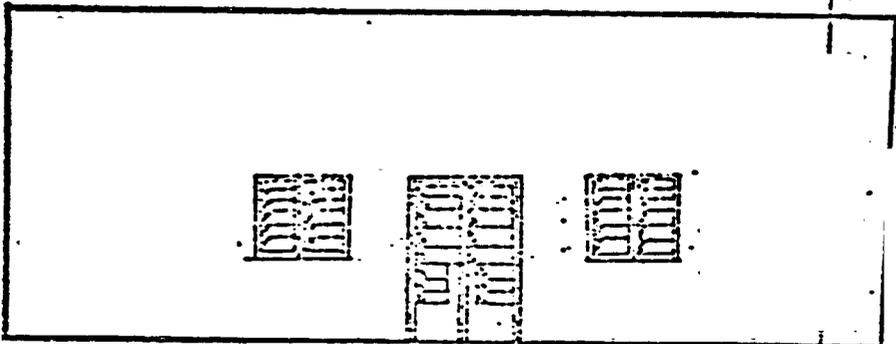
Construction sans sanitaire : 1.619.722

Construction sans sanitaire ni Electricité : 1.575.722

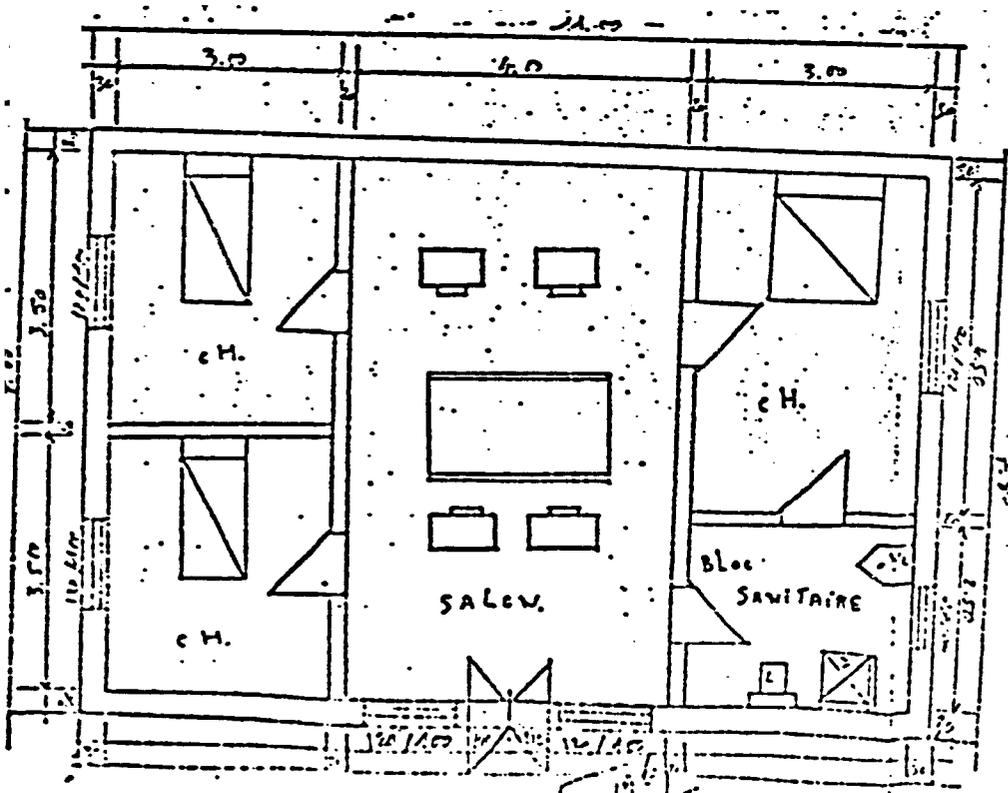
Construction sans Electricité seulement : 1.792.722

Majoration à prévoir : 4 %

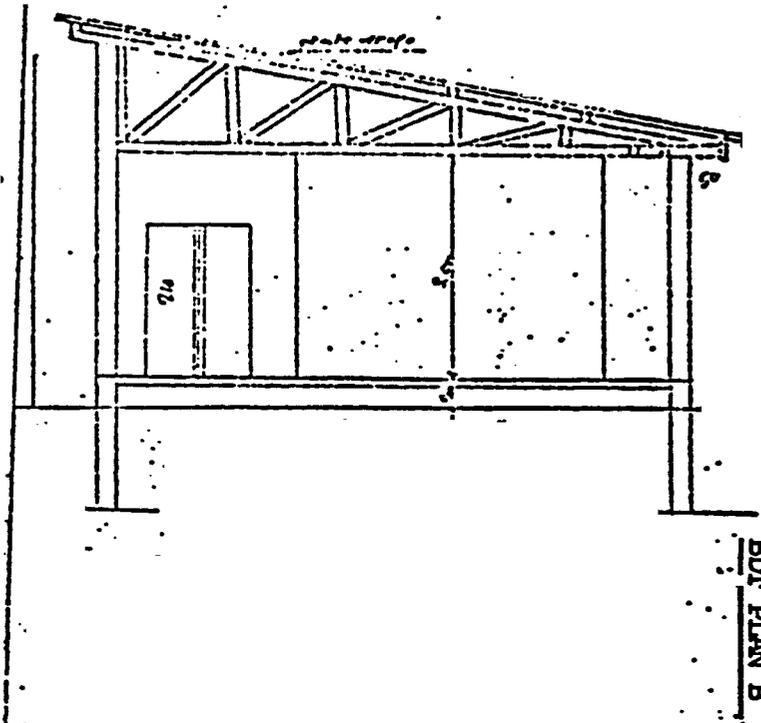
FACADE



PLAN



O - E 3/4



PROJET D'UNE VILLA

A

TROIS CHAMBRES

PROPRIETE DE

ENTREPRENEUR MOUTAR.
BARKA.

PLAN - FACADE - COUPE

ECHELLE 1/500.

972,994 CPA or US\$3,500

85 M² (mod brick)

TYPICAL BDT HOUSE

ATTACHMENT #4/Page 4

COST ESTIMATE/BDT PLAN B
(85 m² house)

DEVIS ESTIMATIF

POUR LA CONSTRUCTION EN SECTEUR DE MADAME KITCHO
SUZANNE à FORT-LAMY

NOTE

FOUNDATIONS - FIRED BRICK ~~WALLS~~
WALLS - MUD BRICK
METAL ROOF

	QUANTITY	UNIT PRICE (CFA)	TOTAL
1-Fouilles en rigoles descendue de 0,60 dans le sol et de 0,40 de large 35x40x0,60x0,40=	m3 2,735	500=	4.368 Frs
2-Maçonneries de fondation les briques cuites de 0,35 de large, soulevée de 0,20 par rapport à l'axe de la route, se trouvant face cet terrain, maçonnerie s'apposée avoir une hauteur de 0,90.. 25x40x0,35x0,90=	m3 11,166	6.000	66.796
3-Remblais de sable de rivière de 0,20 ép. 10,40x7,20=	m3 14,976	600	8.985
4-Béton de forte de 008 épaisseur dosé à 200 kg de ciment pour 200 litres bri-cailion, 400 litres de sable 74,900 x-008=	m3 5,990	10.000	59.900
5-Maçonnerie en briques crues de 0,30 ép. 35,40x4,25x5,25 = 120,500 reduire 2.....	m2 127,500	600	76.500
6-Maçonneries crues de 0,30.....	m2 51	350	17.850
7-Enduits ciment sur grillage métallique..	m2 127,500	600	76.500
8-Enduits potopoto sur murs intérieurs....	m2 250	150	36.000
9-Chape dosées à 450 kg de ciment pour 1m3 de sable.....	m2 74,800	550	41.144
10-Charpente bois couverture en tôles gal. 6/10 10,20 x 4,30=	m2 29,640	1.500	134.460
11-Plafonnage contreplaqué 4,4/m ép.....	m2 74,880	1.200	89.856
12-MÉNAGERIES PERSIENNES BOIS ROUGE de 0,32 d'épaisseur au.			
1 porte de 140/210.....	2,960		
5 fenêtres 120/100.....	6,000		
1 fenêtre 000/040.....	0,240		
Portes isoplanes sur cadre métallique.....	U 5	12.000	60.000
3- 1 fosse-septique 6 personnes.....	I 1	60.000	60.000
Puissard descendu à 8 m. de 1 m. Ø met. U	I 1	85.000	85.000
Lavabo,.....	U 1	25.000	25.000
1 glace 1 porte serviette 1 tablette L.U	U 3	6.000	6.000
repeteur douche en ciment bonde sp. U	I 1	16.000	16.000
avec colonne de douche			
U,C abattant matrées plastique.....	U 1	25.000	26.000
4- Enduits ciment sur murs de la douche sur 2 mètres de hauteur 17m2 x 600= 10,200) reduire enduits potopoto 1'x 150.....)		7.650	7.650
Construction d'un regard maçonné.....	forfait		6.000
Radigeon à la chaux int. et extérieurs.....	m2 367,500	150	55.125
Peinture à l'huile sur menuiseries	m2 52	300	15.600

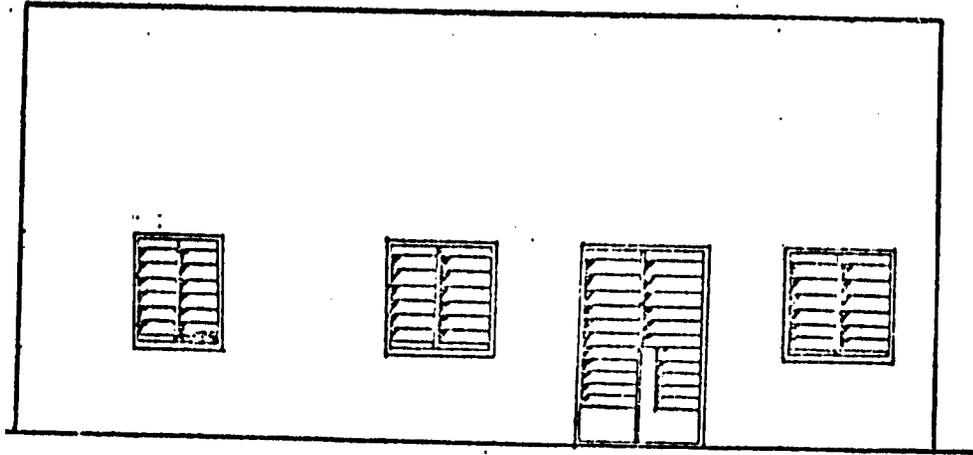
Vu pour accord
le Client

L'entrepreneur

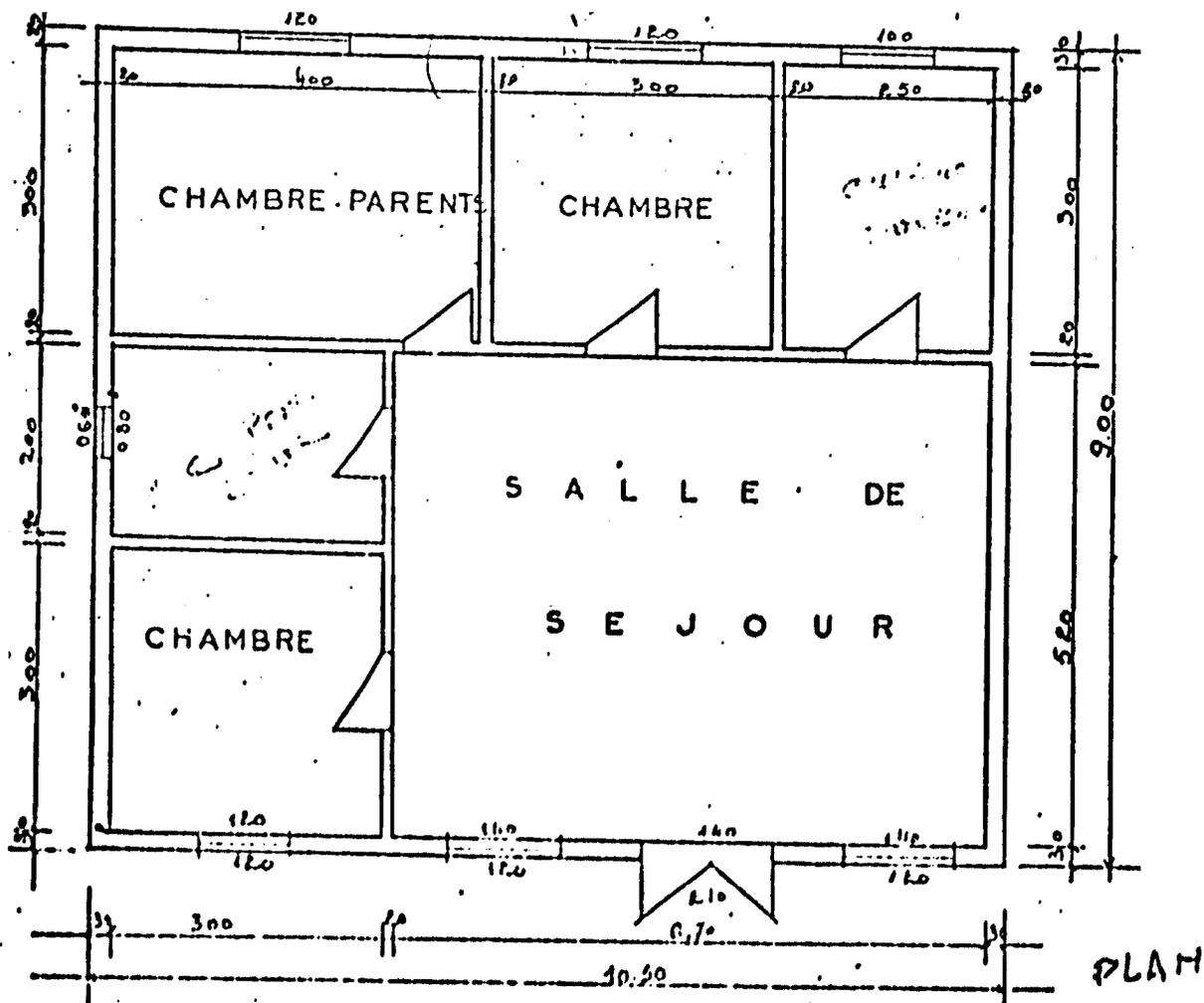
25.12.1969
972.894
\$ 3500 U.S.

BDT PLAN C

Typical BDT House
95 m² (mud brick)
823,550 or US\$3,000
December, 1969



F A Ç A D E



PLAN

LEVIS ESTIMATIF-

COST ESTIMATE/BDT PLAN C
(95 m² house)

CONSTRUCTION EN SEMI-DUR POUR LE COMPTE DE MME
BARNIERE ANOUA BERTEE A FORT-LAMY.

Désignation des ouvrages	MATERIALS	UNIT	QUANTITY	UNIT PRICE	Total PRICE
		U	Quantité	P.U. CFA	
3' Fouilles en rigoles descendues à 0,60	FOUNDATION DITCH	m3	10	500	5.000
Maçonneries cuites de 0,35 de large	FIRE BRICK FOUNDATION	m3	11,250	6.000	67.500
Remblai de sableux de 0,20 d'épaisseur	FILL	m3	17,200	600	10.320
4' Maçonneries de briques crues en élévation de 0,30 épais.	CRUDE BRICK WALLS EXTERIOR	m2	131	600	78.600
Maçonneries de briques crues pour cloisons intérieures	CRUDE BRICK WALLS INTERIOR	m2	67	350	23.450
Enduits potopoto pour extérieurs	MUD PLASTER EXTERIOR	m2	131	100	13.100
Enduits potopoto pour intérieurs lissés	MUD PLASTER INTERIOR	m2	277	150	41.550
Charpente en bois et couverture en toles galvanisées	WOOD ROOF SUPPORT AND METAL ROOFING	m2	100,500	1.500	150.750
Plafondage en contreplaqué de 4 m/m épaisseur	FINISH CEILING	m2	86,200	1.200	103.440
3' MENUISERIES METALLIQUES		m2	11,820	12.000	141.840
Portes isoplans	DOOR	U	5	12.000	60.000
Badigeon à la chaux	WHITEWASH	m2	265	150	39.750
2' Peinture à l'huile sur menuiseries 2 couches	PAINT	m2	55	350	19.250
Béton de forme au sol simple bricaillon bien damé de 008 d'épaisseur avec chape de 003 d'épaisseur au dessus bien lissé	FLOOR (ROUGH FILL WITH CEMENT)	m3	6,900	10.000	69.000

CFA 823.550

823,550 CFA

résumé le présent détail estimatif à la somme de **QUATRE CENT VINGT TROIS MILLE CINQ CENT CINQUANTE CFA**

VU POUR ACCORD :

LE CLIENT.

Bertie

Accord de 30 12 1969

Fort-Lamy, le 27/12/69

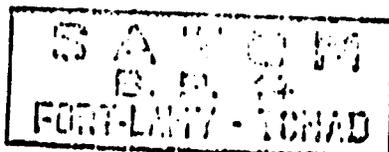
L'ENTREPRENEUR.

ABDIA...
E. B. A. K.

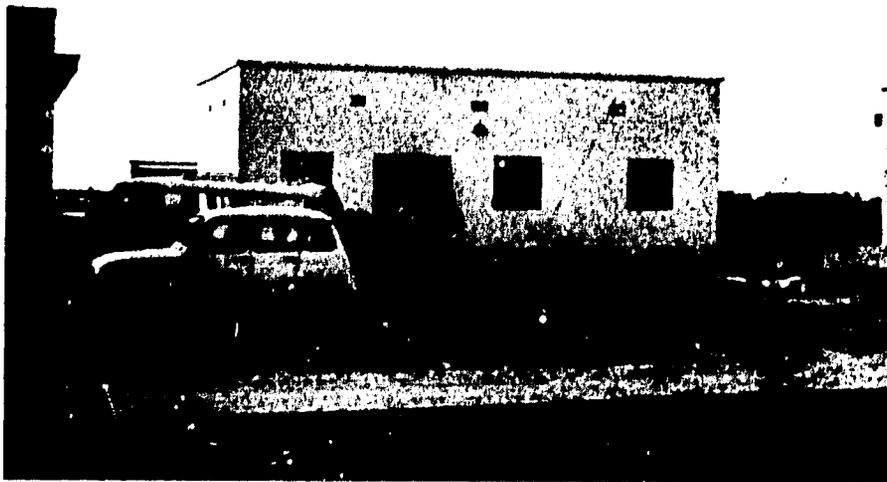
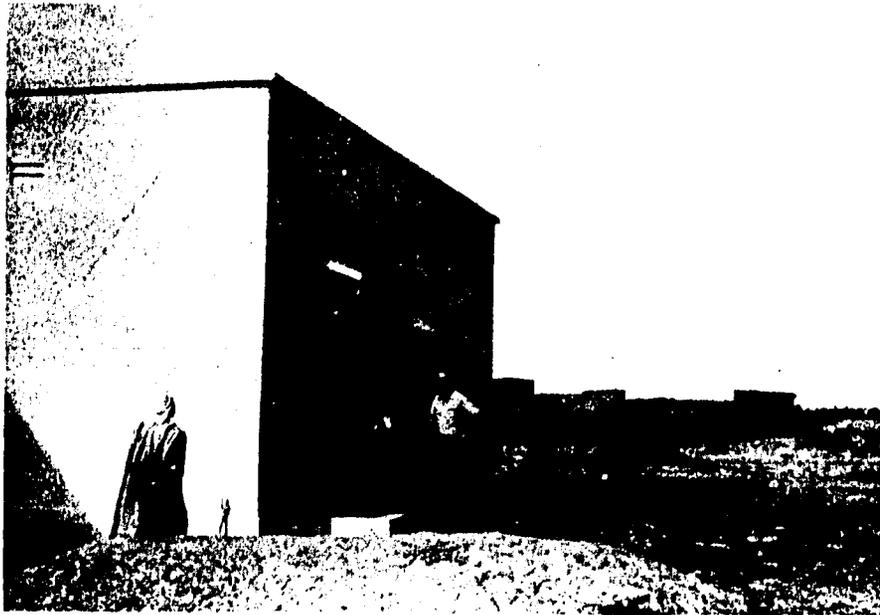
SATOM COST ESTIMATE/BDT 100 m² housemaison individuelle type 100 m²

Designation des ouvrages	U	Quantité	Prix Unitaire	Prix Total.
Fouilles en rigoles	m ³	10,400	550	5720
Béton de propreté	m ³	0,880	20000	17600
Béton armé	m ³	5,917	45000	266265
Plafonnage en fondation	m ³	9,780	11000	107580
Plafonnage en élévation briques de 0,20	m ²	137	2420	331540
Plafonnage - briques de 0,10	m ²	92	1380	126960
Enduit extérieur au mortier de ciment	m ²	145	450	65250
Enduit intérieur au potspoto	m ²	330	200	66000
Plafonnage marche escalier	m ³	4,0325	20000	65000
Rembalai sous dalle	m ³	24,800	350	8680
Béton de forme de 0,08	m ³	8,180	20000	163600
Chape	m ²	102,240	730	74635
Meneuses persiennes métalliques				
2 portes persiennes (4,620 m ²), 8 fenêtres (9,120 m ²)	m ²	13,740	22000	302280
7 portes isoplans	U	7	16000	112000
Charpente 3 fermes			60000	60000
Couverture Toile galvanisée 6/10	m ²	117	1500	175500
Plafonnage contreplaqué	m ²	102	1250	127500
Planche de rive	ml	14,60	600	8760
Ventilation plafond, métal déployé et buses	U	12	1200	14400
Fosse septique 6 personnes	U	1	130000	130000
1 puits Ø 100 descendu à - 8 m.	U	1	105000	105000
Colonne douche récepteur ciment	U	1	15000	15000
Lavabo - glazé - porte serviette et tablette lavabo	U	1	31000	31000
Evier et paillasson en béton	U	1	30000	30000
WC à l'anglaise avec abattant	U	1	28000	28000
Badigeon chaux sur mur	m ²	475	150	71250
Peinture huile	m ²	75	350	26250
Form sur plafond	m ²	102	300	30600
2 tubes fluor de 120	U	2	10000	20000
6 lampes pendantes	U	6	6000	36000
6 prises de courant	U	6	6000	36000
ligne de répartition y compris boîte de dérivation	ml	30	600	18000

le 10 Février 1971.



2617.270
US \$ 9500



Recent housing by Chadian Development Bank, Fort Lamy - US\$3,000 range
(See BDT Plan C, Attachment #4).

PARTIAL LIST OF CONTACTS

President Francois Tombalbaye
Ambassador Terence A. Todman
Georges Diquimbaye - Minister of Plans
John Blane - Counselor of Embassy
Keith Wauchope - Counselor Officer
Gaston Pallai - Director of BTCD (bank)
Claude Regaud - Director of BIAO (bank)
Lerno - Loan Officer BDT (bank)
Basile Yannoulis - Counselor/Commercial Clerk
Michel Nyangbet - Secretary General of Chamber of Commerce
de Joue - Advisor Chamber of Commerce
Jean List - SATON (construction company)
Luis Adolphe Mear - Ministry of Plans
Felix - Land Registry Office
Ferret - Architect
Herhel - Ministry of Public Works
Lamotte - Director, Catastry Service
Charles Steedman - Director, Peace Corps
Antoine Abtour - Builder (Lebanese Consul)
Konate - CONABA (brick factory)
L. Aboulafia - COFICOMEX (French financing company)
Robert Browstein - COFICOMEX (French financing company)
Chevalier - Lawyer
Chuck Graden - AID Regional Director - Yaounde
Jim Wilson - AID Regional Desk Officer - Washington
Mahamet Yakouma - Mayor, Fort Lamy

on annual payments due of approximately Kt 1/2 million (\$28,000/\$1.4 million), an acceptable rate. The experience of the Corporation is that Nairobi, Mombassa, Nakuru, El Doret, Kitale, Thika, and Kisumu have proven themselves to be credit-worthy. These authorities have established structures for administering housing projects.

The staff considers subletting of tenant purchase units to be a problem. Owners can often rent part or all of their house at considerable profit. To combat this, a penalty clause for subletting is built into the tenant purchase contract (see appendix B).

They provide design and implementation assistance to most of the authorities and farm out work to private firms of architects and engineers when the workload is too great. The office is expanding and includes a number of architects in addition to accounting and programing staff, but some important positions are vacant and any increase in volume would require stepping up the personnel capacities and continued use of private firms.

The General Manager, presently S.G. Ayany, M.A. Dip. Ed. (E.A.), is appointed by the Corporation which as provided in the Housing Act (Cap.117) of 1953 and amended in 1967 and 1968 consists of the Permanent Secretary to the Ministry of Housing, a representative of the Treasury (usually the Permanent Secretary), and not less than six nor more than eight other persons appointed by the Minister of Housing of whom at least three should be public officers. The Minister also designates one of these members as chairman.

b) The City Council of Nairobi and Other Municipalities

Municipal Councils in Kenya have broad authority in the development and administration of urban areas. They often have political strength of their own and can sometimes negotiate on an international level for development financing. From the times of colonial administration they each have had a well established system of local government. The Town Clerks and their staffs direct a variety of departments responsible for public works, housing, education, health, and social services. They raise operating revenue through personal and property taxes and capital funds through loans and the sale of Council Stock. From Independence through 1970, the seven municipalities* spent nearly K£ 18 million (\$50 million) on capital projects.** The largest expenditures were for sewerage, roads, water supplies, and particularly housing. Total expenditures by municipalities including wages and administrative expenses were over K£ 14 million in 1970 of which about K£ 9 million was spent by Nairobi (an economic analysis of income expenditures of the municipal councils is given in appendix B)..

Expenditures on housing including capital investments, administration, and maintenance comprised K£ 3.5 million of that K£ 14 million total, the largest single item on the account. The councils build and maintain public rental housing, council staff housing, and tenant purchase projects.

The largest part of this activity is undertaken by the Nairobi City Council. They have built over 7,000 houses since independence

* Nairobi, Mombassa, Kisumu, Nakuru, Eldoret, Thika, Kitale

** The Development Plan 1970-74 and the Statistical Abstract 1971

as the table on the following page shows . Over 2,000 of these were site and service or aided self-help projects; over 2,000 were rental units; and the rest built most recently are tenant-purchase schemes. The number of units built each year has risen steadily to over 2500 in 1971. These along with almost 15,000 built between 1929 and independence make a total of about 22,000 units that the Council administers in its housing program.

A number of experiments have been conducted by the Council. They have built test structures of stabilized earth block, wood, and precast concrete. They have recently completed a sites and service scheme and they are developing programs of aided self-help, (see section K of this report) but most of their projects lately have been tenant purchase schemes ranging from around K£ 1200 to K£ 2400. They are currently finishing up a large project of expandable homes that will cost K£ 110 to 1300. Phase I, about 600 units, of a high rise apartment complex, the Aerodrome, is near completion and will be followed by two more soon. Flats there are being built at a cost of K£ 2000-2300 each. A 1000 unit first phase of a tenant purchase scheme costing K£ 1700 per house and up is being negotiated with the Commonwealth Development Corporation. At the other end of the scale, the council is involved in squatter settlement improvement programs installing community sanitary facilities. Most of their financing has come from the National Housing Corporation at 6 1/2%, but several projects have been financed by the Commonwealth Development Corporation, the Housing Finance Company of Kenya (both of whom consider the Council to be a reliable borrower) and AID. Some of the small experimental structures have been funded by the

National Christian Council of Kenya. They are discussing a major sites and service loan with the World Bank.

The work of the Council is of good quality. They have some direct hire crews and equipment. Some jobs are contracted out and on others workers are hired and paid on a piecemeal basis. In all cases good on-site supervision is provided. The City Engineer's office has a staff of inspectors, engineers, and architects.

HOUSING SCHEMES COMPLETED SINCE INDEPENDENCE

BY THE NAIROBI CITY COUNCIL

	number of units	source of finance	type of scheme	cost per unit	
				Kb	\$
1964	350	NIC	sites & service	60	168
1965	400	NIC	sites & service	62	174
	250	NIC	rental (flats)	1,090	3,052
1966	-	-	-	-	-
1967	604	NIC	rental	632	1,770
	10		stock issue - rental	3,758	10,522
1968	660		stock issue-rental & T-P	1,500	4,200
	256	NIC	rental	800	2,240
	208	NIC	tenant purchase	674	1,887
1969	216	NIC	tenant purchase	700	1,960
	206	NIC	tenant purchase	980	2,744
	228	CDC	rental & T-P	3,100	8,680
1970	154	HFCK	tenant purchase	2,200	6,160
	294	NIC	tenant purchase	1,320	3,696
	390	NIC	tenant purchase	1,140	3,192
	360	NIC	rental	1,060	2,968
1971	345	AID	tenant purchase	2,300	6,440
	156	NIC	tenant purchase	1,203	3,368
	320	NIC	tenant purchase	1,203	3,368
	250	NIC	tenant purchase	1,100	3,080
	60	NIC	tenant purchase	1,400	3,920
	292	NIC	rental	1,185	3,318
	500	NIC	sites & service	100	280
	760	NIC	aided self-help	276	773
	<u>7,265</u>				

Source: Nairobi City Council Dept. of Social Services

The Nairobi Urban Study Group, a multidisciplinary team set up within the City Council with support from the UNDP provides economic, housing, and physical planning services for the area. It has completed data collection and analysis phases of its programme (see Appendix I) and is presently preparing long range strategies.

The office of the Housing Manager screens applicants for Council Housing from the long waiting lists (actual selection is made by political representatives) and supervises management of the projects once built. Collections are handled through the City Treasurer's office. Delinquencies are not a serious problem.

The operations of the Council are substantial with a budget of around K£ 7.5 million excluding capital expenditures in 1970 as the following summary of statistics shows. A detailed summary of the accounts of the Council is given in Appendix D.

SUMMARY OF NAIROBI CITY COUNCIL STATISTICS

	1967	1968	1969	1970
Areas (Acres)	170,364	170,364	170,364	170,364
Population	438,000	450,000	480,000	545,100
Rateable Value (Unimproved Site Value) (Original Area)	£52,883,332	£55,839,592	£56,169,193	£56,614,317
Rate % Levied	2½	2½	3½	3½
Rate Income	£ 1,381,532	£ 1,626,032	£ 2,119,661	£ 2,124,987
Graduated Personal Tax	£ 1,632,856	£ 1,232,723	£ 1,332,773	£ 1,570,095
Gross Revenue including Rates and Taxes for Year	£ 5,992,453	£ 6,095,289	£ 6,903,268	£ 7,754,144
Gross Revenue Expenditure for Year	£ 6,027,382	£ 6,239,486	£ 6,600,502	£ 7,446,834
Capital Expenditure for Year	£ 2,085,626	£ 2,587,470	£ 2,037,485	£ 1,709,641
Total External Debt	£12,750,611	£13,676,601	£15,080,939	£16,898,244
Building Plans Approved –				
Commercial, Industrial and Domestic	£ 8,773,600	£ 7,679,796	£10,898,693	£15,980,015
Government and City Council	£ 485,825	£ 1,219,065	£ 2,075,520	£ 2,725,640
Number of persons employed at end of year: –				
Salaried Staff	3,190	3,422	3,277	2,492
Wages Staff	5,562	4,858	5,747	5,739
Teachers	—	1,602	1,702	1,768
Casual Workers... ..	—	—	—	1,520
Total Employees	8,752	9,882	10,726	11,519

source: Nairobi City Council Abstracts of Accounts

c) Commercial Banks

Banks in Kenya function in the commercial banking tradition of short-term lending to commerce and industry with export and import financing being of prime importance. In spite of the fact that Kenyan law allows banks to maintain 15% of their assets in mortgages, the banks, with one exception, have not entered the home mortgage field. According to interviews, bankers would not be interested in home mortgages even if backed by GOK guarantees, though occasionally one will be granted to an unusually good customer. The prime rate for commercial bank lending is 7%, and rates range up to 9%. Bridging finance is provided for construction, the rates being 10 to 13% with most financing at 11-1/2%. There are six commercial banks and in descending order of size are Barclay's, Grindley's, Standard, Kenya Commercial Bank, Commercial Bank of Africa, and National. Currently, there is discussion of a merger between Barclay's and Standard to be named Union Bank and with a 50% GOK participation. Kenya Commercial Bank is 60% GOK-owned and 40% private; National Bank of Kenya is 100% GOK. Grindley's is a different situation in that the international division is 60% private and 40% GOK whereas the domestic division is 40% private and 60% GOK. The other banks are strictly private. Kenya Commercial Bank used to make home mortgages, but the practice has been discontinued. Inexperience in the area leading to the granting of risky mortgage loans appears to be the reason for the failure of the program. National Bank is very small and apparently is under heavy competitive pressure.

The basic reserve requirement is the maintenance of a 12.5% liquidity ratio on both demand and time deposits, which can be met by either cash or treasury notes. This requirement was increased to 17.5% in November 1971 in order to tighten credit to restrain imports but has been lowered to the original level as a result of the adverse effect on small African businessmen and large foreign investment projects. Less than one-half year ago, in addition to liquidity ratios, a further requirement was passed stipulating that 5% in cash calculated on deposits had to be placed in a non-interest-bearing account at the Central Bank.

The Central Bank has influenced monetary conditions, in cooperation with the treasury, in absorbing excess liquidity in the banking system which has been a problem (see section Liquidity in Banking System). Influencing general economic conditions by means of monetary tools, such as open market operations, changes in the rediscount rate, and in reserve requirement, is not generally practiced. Rediscount facilities are readily available. As noted, the recent increase in the liquidity requirement was aimed at curbing imports. Variable reserve requirements on various types of lending for developmental purposes are not used, a practice that is typical of some Latin American countries. The bank acts as fiscal agent for the government.

Savings in the monetary sense have shown rapid increases; basically, it is short term money and should be divorced from the concept of true savings. The banks do not actively pursue small

individual accounts; these accounts are even discouraged by a requirement that the initial deposit must be Sh500. Interest paid on savings is only 3% which is the result of a cartel-type agreement among banks in East Africa. The Commercial Bank of Africa, following American banking practice, has built Sh4 million in savings deposits by encouraging one shilling accounts. For this bank savings have been highly concentrated among Africans, and an increasing number of Africans have been saving in recent years.

Interest Rates on Financial Instruments

	<u>PERCENT</u>
Time Deposits 1 month to 24 months	3-4 1/2
Savings Deposits	3
Kenya Post Office Savings Bank Deposits	3
Hire Purchase Companies	3-6
Building Societies	4 1/2-7
Rediscount Rate of Treasury Bills, 1971	1.9/10
Discount of Notes under Crop Finance Scheme	5
Discount of other Bills and Notes	5 1/2

Interest Rates on Loans

	<u>PERCENT</u>
Commercial Bank Loans	7-10
Agriculture Finance Corp. Medium and long-term loans	7 1/2
Industrial Commercial Development Corp. Medium and long-term loans	7-7 3/4
Regular medium and long-term loans	8 1/2-9
Hire Purchase Company loans	10-12
Building Society Mortgage loans	8 1/2-10
Source: World Bank and A.I.D.	

Information on each of the commercial banks and also the insurance companies contacted is listed in appendix F.

1) Liquidity in the Commercial Banking System

One of the reservations raised, in regard to the Housing Investment Guarantee program in Kenya, is the high liquidity position of the commercial banks. This has been a problem for a number of reasons during 1970 and is the result of capital flight, both private and corporate, from Uganda and Tanzania, blocked expatriate accounts in Kenya, and the encouragement of high liquidity by the COK to stimulate development, especially of the African businessman and farmer. In 1970 much of the increased liquidity went for the financing of trade,

which represented almost 40% of all bank financing, and in the following year manufacturing showed a strong gain in loans granted. Late in 1970 and early 1971, it was believed that the shilling would be devalued. The result was a rapid payment of import bills and placement of advance orders along with an extension of credit to the buyers of exports, if they paid in their own currency. In spite of the above demands, excess liquidity continued to plague the banking system. Large deposits were placed with the Central Bank at no interest, and the treasury issued 91 days notes to absorb excess liquidity at a very low interest rate with the proceeds used for development projects. The stoppage of capital flight from Uganda and Tanzania in March 1971 helped to dry up excess funds. The problem of excess liquidity is past, but there are still more short-term funds available than is typical of LDC's.

The abundance of short-term funds is in contrast to long-term lending. Money of 15 or 20 years duration, or longer, is in very short supply and is needed for development purposes. Basically there is a structural difference between funds available and the type of funds needed. Short-term funds are easily borrowed from individuals or corporations who will undoubtedly move their fund out of the country at an opportune time. Also Kenyans speak of the availability of 5 year money and where the rate of return would be 20%. The Asians who control large quantities of money seek this type of return because of uncertainty in regard to their tenure in the country.

The availability of funds in Kenya should be looked upon as short-term, medium-term, and long-term. There is no problem in raising funds in the first two categories; in fact, money is readily available. The problem is a shortage of long-term funds (20 years). A conclusion in regard to the IIIG program is that the 25 year money offered would be beneficial and would neither exacerbate the liquidity problem in the banking system nor could it possibly solve it.

d) Housing Finance Company of Kenya

No. of offices 1 in Nairobi
1 in Mombasa

The Housing Finance Company is considered a public institution at least in the monetary statistics of the country and is 50% owned by the GOK and 50% by the CDC. The program as envisioned is ambitious in regard to expanding home ownership loans, and most loans are made on houses costing less than those serviced by private financial institutions. The minimum cost house that they will finance is K1,200. Below that cost level a decent house, meeting all standards, is not considered acceptable, and a 90% loan on a K1,000 house is viewed as too risky. The maximum cost house that they will finance

is £7,000. Most financing involves houses in the £2,000 to £5,000 range. The maximum loan is £6,000, and the average is £3,080. The company is the only one in Kenya willing to grant a 90% loan and only then on new construction. This type of loan is granted only to citizens. On existing houses the maximum loan permitted is 75%. Part of the individual's down payment consists of private mortgage insurance, and mortgage payments are made by salary deductions. Currently, 2.4% of all mortgages are in arrears. In contrast to the East African Building Society, HFCK has more deposits than mortgages ready to be granted. Interest charged is 8 1/2%, and the term of a mortgage can go as high as 20 years, although 15 years is the normal period of payment. The HFCK provides bridging or contractor financing, and interest for this is 8 1/2% which is below bank rates. Also it can deal with municipal bodies or the National Housing Corporation. Funds have been loaned to the Nairobi City Council at 8 1/2%.

The HFCK has sought to increase savings deposits and has been highly successful. Anyone desiring to deposit funds may make payments through any Bank of Kenya. Small passbook accounts earn 4 1/2% interest and larger accounts 5 1/2%. Interest on fixed term accounts is from 6 to 7% and varies from 1 to 5 years in duration. Large funds have come to HFCK from CDC to 7 1/2% and from the Kenyan Govern-

HFCK has grown phenomenally since its founding in 1966. Then mortgage lending was less than half a million shillings, in 1970 it was Sh16 million, and in 1971 an estimated Sh27 million. The company demonstrated spectacular increases last year. For example, total assets rose from Sh78 million to Sh106 million, a gain of

36%, and total deposits advanced 30% to Sh83 million. This government-supported company anticipates rapid growth over the next few years.

Mortgage Lending by BECK

(Millions of Shillings)

1966	0.4
1967	5.3
1968	7.8
1969	21.5
1970	16.1
1971	26.9 est.

e) East African Building Society

No. of offices 2 in Nairobi
1 in Mombasa

This building society has achieved phenomenal growth since 1965, and expansion to other sections of the country is planned when capable personnel can be hired. It is the only major financial institution exclusively involved in housing that is 100% privately-owned and operated. For owner-occupied houses the interest rate is 8 1/2% on mortgages and the term is 10 to 20 years, although 15 years is average. Interest on a mortgage may go as high as 10%. There are still many old mortgages on the books with a 7 1/2% loan rate. The amount loaned is 70 or 75% of the house's market value, and the minimum cost of homes that they care to finance is K2,000. Although expressing interest in low-cost housing, they do not make mortgage loans on them. Anything below K1,200 is considered low-cost. Currently, there

are more applications for mortgages than the society can handle. Deposits are actively solicited, especially small accounts. Passbooks earn 5%; an account requiring a one-month's notice earns 6%, and a one-year deposit 6 1/2%. Interest is paid annually on all accounts. Many savers are actively building their accounts for a down payment on a house while others use the society as a bank.

After independence a strong pitch was made to Africans, via radio and newspapers, to save with East Africa Building Society and the campaign was a success in that accounts rose steadily in spite of withdrawals by European residents. In general, Africans save providing there is sufficient incentive such as marriage or buying a house. The general uncertainty of life is another incentive for the African with a steady job. There are no government guarantees on mortgages granted by Building and Loan Societies nor is there deposit insurance. Under the Building Society Act reserves are not required, but a registrar (government) of building societies checks audited accounts.

Between 1965 and 1971 the number of members more than doubled and mortgage assets per member rose about 20-fold. Last year assets increased 74%, mortgage assets increased 50%, and savings shares rose 36%.

<u>EAST AFRICAN BUILDING SOCIETY</u>		
<u>Year</u>	<u>Mortgage Assets per Member</u>	<u>Members</u>
1965	151,000	7,243
1966	300,000	8,336
1967	434,000	9,227
1968	641,000	9,681
1969	1,000,900	10,651
1970	1,744,362	14,578
1971	3,000,000	17,096

f) Cooperatives

At the end of 1968, there were about 900 registered and active cooperative societies. The majority, over 700, were primarily agricultural societies.* Most of the rest were either consumer societies or credit and savings cooperatives in the urban areas.

The case cited of the one cooperative in the Mathare Valley that did register and is still active seems to be one of the few examples of a housing cooperative in Kenya. It is worthwhile noting that the society did achieve the original goals of obtaining full participation and ownership for all of the heads of households in the village. Only one of the housing companies did. It is also the only organization that is not now having squatter vrs. landlord problems.

That so many of the villages even attempted to improve their situation through the formation of a coop indicates a basic understanding of the advantages of cooperation. The national motto of Kenya is "Harambee." It is used frequently in many contexts and means "let's get together."

The Nairobi City Council, with assistance from the National Christian Council of Kenya has been developing a system of Harambee-aided-self-help housing that resembles another kind of housing cooperative. Social workers from the Council's Department of Social Services visit villages in squatter settlements that are to be relocated to a site and service project. They interview families and help formulate small cooperative groups of about 20 families

whom they organize and teach cooperative techniques.

As the group forms, each member contributes an agreed upon amount or begins making payments towards it. This money is deposited with the City Council and construction materials are drawn down against it from a Council warehouse near the site. The six room stabilized earth structures require about 5,000 sh. or about 250 sh. (\$35) per member for materials which the group erects in short time on the old "barn raising" method. The city makes a roof loan to complete the unit. The group must make monthly payments of 30 sh. over 20 years for each unit they build to cover repayment of the roof loan and the serviced plot with communal sanitary facilities that are installed before work begins. As a cooperative group finishes a unit they rent some or all of the rooms at 100 sh. each per month, applying part of this revenue towards monthly payments and depositing the rest again with the Council towards construction of the next unit until all of the members have a new home - each large enough to then provide him with rental income.

The legal status of the group and ownership of the properties is not clear. So far the Department has relocated some 360 families with good results. Continuation of the cooperatives after completion would not be difficult after the initial hurdle of working together to build the units and would be a good way to assure maintenance of communal sanitary facilities and grounds.

The initial successes of these groups versus the general failure of the cooperative attempts in the squatter settlements demonstrate the importance of competent assistance to groups undertaking cooperative efforts. The people of the Mathare Valley might not have run

into difficulty if they had had someone to help them through the bureaucracy of cooperative societies and the legal structure of land purchases. Likewise, the self-help scheme which so far is working well depends on a lot of dedicated work from a few people in the Social Services Department of the Council and although they are becoming more efficient as they themselves learn, expanded programs could reduce their effectiveness. If cooperative efforts are to be serious, a strong technical service organization similar to those established in Latin American systems needs to be built into the program. In the case of Kenya this might best be done through the Ministry of Cooperatives although the emphasis would have to be on service and assistance with cooperative regulations, rather than on supervision and auditing. If in the Ministry, such an organization should be apart from other offices to assure this function.

Interest in cooperative housing has been expressed from time to time in Kenya. Selling Government-owned staff housing to cooperatives has been discussed briefly in the past as an alternative to Government maintenance of projects. Establishing cooperative communities for worker-housing projects in industrial and plantation areas could be based on existing employee credit unions, and could be one method to build new communities around the industrial developments outside of Nairobi that the Government hopes to attract. The Cooperative Bank of Kenya and the National Cooperative College could play a role in these programs. They might also provide a base for a technical service organization. The Development Plan and the Co-

operative Societies Act emphasize the encouragement of cooperatives. With this background they could play a useful role in urban development.

D. Technical Considerations

a) Building Construction Industry

1. The private building construction industry is capable of meeting the current level of house construction. The National Housing Corporation and The Nairobi City Council have had an adequate number of tenders for their projects to assure competitive prices. Constraints may appear if the large scale development of new housing schemes requires experienced private entrepreneurs and supervisory personnel. In the future some shortages may also appear in the supply of skilled craftsmen. In the past many of these skills were provided by the Asians who are now leaving the country. At the present time, however, there seems to be an adequate supply of native carpenters, masons, plasterers, plumbers and electricians to meet current demands. An example of this labor supply is identified in the labor force used to build the 34-story government building that is being completed in the center of Nairobi. The Architect and his supervisory personnel are from Italy but the skilled craftsmen and common labourers are native Kenyan. Vocational training programs will have to be expanded in the future to increase the supply of supervisory personnel and skilled craftsmen.

There are over 40 private registered contractors in Nairobi and the construction industry is viewed by the government as a major generator of employment. Up to now the private developer has not

played a major role in building housing on a speculative basis. In most cases he is unable to compete with the land pricing system and the money interest rates used by the public sector. Economic incentives and government guarantees will have to be developed if the private developer-builder is to play a more active part in increasing the housing supply. Also, the role of government must be shifted toward the 70% of the population who cannot afford a house which costs more than K 600. The proposals made in this study are an attempt to meet the goals of the 1970-74 Development Plan by shifting the orientation of present housing activity toward the private sector and concentrating on the areas of need not now being met.

The present role of public and institutional activities in housing are described in section III of this report.

2. Kenya has an adequate supply of architectural and engineering firms although most of their efforts are spent on industrial and commercial ventures. The National Housing Corporation and the Nairobi City Council have very competent technical staffs but occasionally "farm out" projects to private firms. There are 43 private architectural and engineering firms in Nairobi, 5 in Mombasa and one each in Kitale and Kiambu. Most of these firms offer the full range of professional services from surveying and civil engineering to Town Planning. The typical professional fee schedule conforms to the British standard varying between 4% and 6%.

3. There are a number of professional organizations in Nairobi such as the Architectural Association of Kenya located at the University of Nairobi and a home builders association which is subsidized by the Ministry of Works. This association maintains a display center of building materials, mostly hardware products and imported materials. Home Builders Associations or Chambers of Construction are sponsored by the Kenya government.

b) Availability of Land for Housing

About 50% of the land in the city of Nairobi is owned by the National Government. In other urban centers this percentage is somewhat higher. There is very little land available for housing within a 3 mile radius of the center of Nairobi, but an adequate supply exists within a 6 mile radius from employment centers downtown. There is a good bus transportation from the center of the city to the suburbs but many of the people walk this distance in the morning and at night.

One out of 10 houses are constructed by private enterprise on privately-owned land. The Nairobi City Council and the National Housing Corporation lease land for 99 years from the National Government and pay an annual land rent of 5% of the market value. Private individuals or private developers may also lease land but they must pay an additional fee, called a "stand premium," which is equal to 20% of the market value. In almost all cases this stand premium is waived for public facilities and housing built by public bodies. The houses produced by the Nairobi City Council and the National Housing Corporation are for the upper 30% of the population who should be able to afford housing built by the private sector if it were available.

Unserviced public land is available for development on the East side of the city at a market rate of K 250 (\$712.00)/acre.

To service this land with water, sanitary sewers, streets and electricity, land costs would double. Public land is rarely sold as Freehold (fee simple) but must be leased, usually for 99 years. The market value of improved land would then be about £ 500/acre. Assuming 200 m² lots, this would be about 20 lots/acre or a market value of £ 25/lot. With annual land rent at 5% of market value, the land cost/serviced building lot would be about £ 1.25/year. This is a low land cost for public projects and puts the private sector at a competitive disadvantage in providing housing.

The physical characteristic of the land is quite suitable for development although the depth of the cotton soil is a problem in some places. Foundations must go down below this soil but in many cases this soil is only about 1 meter deep.

All subdivisions must be approved by the Ministry of Lands. The zoning and subdivision controls have fairly high standards and in many cases they are too restrictive if low-cost housing is to be built in designated areas so that a different quality house at a much lower cost can be built. See Appendix K for a copy of these by-laws.

c) Methods of Construction and Available Building Materials

1. Building materials for housing are generally available, although shortages occur from time to time in imported items such as sanitary fittings, roofing materials and construction machinery. Imports are presently estimated at between 15% and 25% of the total cost of the house. The basic building material is stone and concrete block although considerable research is taking place in the use of pre-cast concrete panels and the development of timber as a building material. The use of timber has some limitations because of termite control; however, demonstration timber houses have been built by The Nairobi City Council. The Department of Civil Engineering at the University of Nairobi is carrying out research to utilize the pine species which is expected to replace cypress as the country's major timber in the next few years. Some estimates indicate that a change will be made in the next 5 years from stone as the basic standard building material to a greater use of the surplus of sawn timber. Whether this happens or not remains to be seen since stone and concrete are considered a more permanent building material. Wood structures are viewed by most people as second class construction.

2. There is a wood prefabrication plant in Nakuru, about 100 miles northwest of Nairobi which at the present time produces about 2 houses a day. The price in Nakuru for a fully erected

unit of 300 sq. ft. is less than KSh 200 or about 1/2 the cost per sq. ft. for houses built out of stone and concrete.

Two cement plants exist in Kenya, one near Nairobi and one in Mombasa. Murram block has been used as a building material in Nairobi and has been tested and found acceptable by the Department of Civil Engineering at the University of Nairobi, and by the Ministry of Works. The cost of murram block is about 1/2 the cost of concrete block and results in a saving of from 10%-15% on a completed house. Murram block is a form of stabilized earth material using 2 parts cement, 4 parts of sand and 20 parts of murram earth which is usually found in fairly abundant quantities in Kenya.

d) Construction Costs - Materials and Labor

Average construction costs reported by the National Housing Corporation and the Nairobi City Council range from sh. 27/ sq. ft. for a two room house to sh. 60/ sq.ft. for a 5 to 6 room house. These costs do not include urbanization costs or land costs. Urbanization costs at the lower price range are about 20% of the total cost and at the upper range about 30%.

Site and Service Schemes for Pit Latrine or W.C. and Shower cost about sh. 60/sq.ft. of building area with the urbanization costs amounting to about 50% of the total cost. For Core Housing the average cost per sq. ft. of building area is about sh. 20 with the urbanization costs nearly 1/3 of the total.

For minimum wage rates as they relate to the construction industry see Appendix L. These rates are still in effect but since they are about 2 1/2 years old the actual wages paid are about 10% higher than these minimums.

The following material and in-place costs were obtained from Mr. J.A. Deans, Chief of Quantity Surveyors, Ministry of Works. The in-place costs include all social costs associated with labor such

as those identified in the Employment Act of 1969, see Appendix B. Mr. Deans estimated that about 2/3 of the cost of a house is represented by materials and about 1/3 by labor. He observed that standard minimum housing could be built for about sh. 25/sq.ft. using the following cost figures.

Item	Material Cost (sh)	In-place Cost (sh)
General Excavation		.15/cu.ft.
Conc. Foundations	4.0 / cu.ft.	4.5 / cu.ft.
Reinforcing rods for slab	.9 / lb	1.0 / lb
Damp proofing	1.10/sq.ft.	1.25/sq.ft.
Hard core under slab	.60/cu.ft.	.75/cu.ft.
Conc. Floor slab (4")	1.75/sq.ft.	2.00/sq.ft.
Walling: 9" Conc. Block	2.10/sq.ft.	3.00/sq.ft.
6" Conc. Block	1.70/sq.ft.	2.50/sq.ft.
4" Conc. Block	1.20/sq.ft.	1.80/sq.ft.
Murrum Block	.90/sq.ft.	1.20/sq.ft.
Roof Truss 2"x5" podocarpus	1.20/lin.ft.	2.00/lin.ft.
Roofing: Asbestos Cement	1.85/sq.ft.	2.20/sq.ft.
G.C.I. (after paint)	1.85/sq.ft.	2.20/sq.ft.
Ceiling finish 1/2" Celetex	.85/sq.ft.	1.00/sq.ft.
Doors - flush, Hollow Core	65.00/EA	80.00/EA
Door hardware	45.00/EA	50.00/EA
Door framing material	2.00/lin.ft.	2.50/lin.ft.
Window framing (average size- excluding glass)	10.00/sq.ft.	12.00/sq.ft.

Item	Material Cost (sh)	In.-place cost(sh)
Clear sheet glass (32 oz)	2.50/sq.ft.	3.20/sq.ft.
Plastering (internal)	.65/sq.ft.	.70/sq.ft.
Floor screeding 1"	.90/sq.ft.	1.00/sq.ft.
Painting	.25/sq.ft.	.30/sq.ft.
W.C. (including all plumbing inside building)	600.00/EA	650.00/EA
Wash basin (including all plumbing inside building)	350.00/EA	400.00/EA
Shower & tray (including all plumbing inside building):		
cold only	600.00/EA	650.00/EA
Hot and Cold	800.00/EA	850.00/EA
Water Tank-100 gal. (for storage on top of house)		400.00/EA
Murram Road & hard core base		1.20/sq.ft.
Paved gutter-conc.		7.00/lin.ft.
Fencing - 5' high (galv.)		8.00/lin.ft.
Drains - 6" sewer		14.00/lin.ft.
Manholes - 3' 6" deep		300.00/EA
Septic Tank - 1000 gal.		2000.00/EA
Filter bed piping		6.00/lin.ft.
Paving slab on hard core base		3.00/sq.ft.

e) House and Urbanization Design

A wide range of agencies are involved in town planning and urbanization design. The Town Planning Advisor in the Ministry of Lands approves all subdivision developments before they can be built. In addition, the approval of the Town Planning Department in each Municipality is required. Unfortunately, planning for the landless or the land poor is behind schedule. Most of this development is unplanned, and results in crowding into existing accommodations with relatives or building some sort of a house on land without Municipal services. Corrective measures are being made, however, and some very positive proposals have been made. A great deal of information is available about the squatter settlements in Nairobi, much of which is an attachment of this report. Anyone designing a housing program for Kenya would be remiss not to take advantage of this information. Appendix M shows a number of house types at a variety of price ranges. These designs have been built or are in the process of being built.

f) Public Utilities

i. Water Supply & Distribution System

The public water supply system in Nairobi is adequate especially in the northwest part of the city. Pressure decreases due to water usage and water loss as the distribution lines reach the southeast end of the city. The bulk of the people living in the unplanned settlement areas are in the eastern end of the city where the supply may be low during the dry season. From the point of view of health standards people living in squatter settlements often do not realize that standards of sanitation which are adequate in rural areas may create a major health problem at urban densities. Many times they are slow to demand urban services and are usually too poor to pay their share of the cost of Municipal services.

The 1970-74 Development Plan identifies 45 urban centers outside of Nairobi which are expected to grow to more than 10,000 population in the next 30 years. Very few of these have a local autonomous government, and only 2 or 3 have the technical and administrative capacity to install and maintain their own water and sewage systems. To provide adequate urban infrastructure for housing developments outside the City of Nairobi a much more active role will have to be played by the Central Government. Much of the Central Government's involvement at the present time is through the Ministry of Works which provides staff housing and infrastructure

solely for public works such as schools, hospitals and other government related projects. Treated water supplies have so far only been available to residents of urban areas.

ii. Sanitary Sewerage & Treatment System

The City of Nairobi has a fairly comprehensive system of sanitary sewers and treatment facilities. Most of the city that is included within the old city limits of 30 sq. mi. is served by sanitary sewers or is within reasonable distance from sewer trunk lines. Most of the streams are polluted, but this is not an uncommon fact in even the more developed parts of the world. Most of the pollution in Nairobi results from illegal housing units which are prevented from using the public water-borne sewage system. A policy should be developed to deal with the present illegal developments so they can be connected to the existing sewer system. Several Municipalities outside of Nairobi are beginning to plan and carry out sewerage programs of their own. Some Municipalities will finance these programs from their own revenues, but a large part of the cost will be covered from Local Government Loan Authority coming from the National Budget.

iii. Electrical Supply & Distribution System

The growth in electrical demand has been about 6.0% per year over the past 10 years. Electricity is supplied by the East African Power and Lighting Company, Ltd. Present plans are to develop

the present system to meet increased demands of about 9.0% per year. The main demand for electricity occurs in Mombasa and Nairobi. Hydro-power is the main source of power. It is a fairly common practice to put all telephone and electrical utilities underground, especially in Nairobi.

g. Public Facilities

i. Educational Facilities

Since independence in 1963, primary school enrollments have increased by 61%. Universal primary education is the stated objective of the National Government although total enrollment in 1970 only represented 65% of the age group. About 35% of the primary school leavers go on to secondary education representing 9% of the age group. Even with this low percentage, many secondary school graduates are unable to find employment. There are strong social and political pressures to provide additional secondary school facilities although technical and vocational education receives minor attention.

Overall responsibility for providing educational facilities resides with the Ministry of Education. However, to provide a system of primary education responsive to local needs, the government delegates much of the responsibility to local authorities. The rate of growth of Harambee self-help secondary schools shows that in 1968 the enrollment in this type of school equalled the enrollment in government maintained schools. The government has discouraged the further expansion of the Harambee school system because experience has shown that they are usually inferior in quality, and, once established, pressures are put on the Ministry of Education for staffing and upkeep. Although resources for the expansion of educational facilities are

limited, the government has been fairly responsive in supplying the facilities and staff when they are needed.

ii. Recreational Facilities

The responsibility for developing urban physical standards with respect to land use rests with the Town and Country Planning Department in the Ministry of Lands and Settlement. The space for recreation land is based on the British Town and Country Planning standards and is fairly liberal. The big problem is in areas where unplanned growth does not reflect these space standards. In these areas the density is high, the families are large and the need for open space is much more acute.

iii. Shopping Facilities & Job Opportunities

The Town and Country Planning Department in the Ministry of Lands has completed regional planning studies in most of the seven Provinces. Based on a fairly sophisticated Regional Planning methodology, they have identified growth points for the country consisting of 40 Urban Centers, 141 Rural Centers, 276 Market Centers and 600 Local Centers. The Urban Centers are designed to serve a population of 100,000; Rural Centers - 30,000; Market Centers - 10,000; and Local Centers - 4,000.

These Centers are located at nodal points in the local transportation network for the country. These growth points form the basis for detailed physical land use plans for the siting of new

schools, health facilities, wholesale and retail shops and job opportunities. The government is also pursuing an energetic policy to attract new industry and the decentralization of existing industry from Nairobi and Mombasa.

From the point-of-view of planning public facilities to support urban growth there is no lack of plans or sophisticated thinking in Kenya. Problems due to unplanned growth is where more thinking and energy must be applied. Unanticipated problems may result in planning public facilities if the HIG program is physically juxtaposed with unplanned growth areas. This should be watched and local services required if projects are developed as part of a renewal or rehabilitation scheme.

IV. HOUSING SECTOR POLICY

A. Prime Objective of Government Housing Program

The Government has declared, "The prime objective of Government policy in housing is to move towards a situation where every family in Kenya will live in a decent home, whether privately built or state-sponsored, which provides at the least the basic standards of health, privacy, and security."

The 1970-74 Development Plan emphasizes directing "an increasing share of the total resources available to the nation towards the rural areas." It continues though, "The emphasis given to rural development in the Plan will not, however, be allowed to obscure the fact that substantial resources will also have to be spent on developing the towns. However successful the Government's efforts to increase the pace of rural development and to slow down the exodus from the countryside towns, the urban population of Kenya is bound to rise during the next few decades at an exceedingly rapid rate."

Translated into more realizable terms, the Development Plan projects a total investment, both public and private, of KSh53 million as shown in the following table:

TOTAL PLANNED AND PROJECTED EXPENDITURE ON HOUSING

KSh'000

Programme	1969/70	1970/71	1971/72	1972/73	1973/74	Plan Period
Central Government	2,260	2,470	2,870	3,320	3,970	14,890
Institutional Housing†	1,570	2,360	2,700	2,890	2,770	12,290
E.A. Community	220	230	180	160	160	950
Local Authorities	1,770	3,050	3,310	3,960	4,410	16,530
Less: HECK/NHC double-counted	-1,670	-1,900	-2,250	-2,650	-3,250	-11,720
Sub-total, Public Sector	4,150	5,230	6,810	7,680	8,060	32,940
Private Sector‡	3,000	3,500	4,000	4,600	5,300	20,400
Totals	7,150	8,740	10,810	12,280	13,360	53,340

†Expenditure included in individual Ministry budgets.

‡During 1964-68 private investment in modern dwellings grew 12 per cent a year, in constant prices. The projection is based on an annual growth rate of about 15 per cent.

Over Ksh 27 million of the Ksh 53 is Government expenditure representing more than 13% of the total development spending for the Plan period. About half this is through the Ministry of Housing and half through the other ministries for construction of Government staff housing. Allocation of funds channeled through the Ministry of Housing is shown in the next table. Most of it goes to the National Housing Corporation which in turn relays it to the local authorities.

PLANNED ALLOCATION OF DEVELOPMENT FUNDS BY MINISTRY OF HOUSING

Programme	1969/70					Plan Period
	1969/70	1970/71	1971/72	1972/73	1973/74	
Urban Housing:						
NHC*	1,520	1,750	2,100	2,500	3,100	10,970
HFCK†	150	150	150	150	150	750
Total Urban	1,670	1,900	2,250	2,650	3,250	11,720
Rural Housing:						
NHC‡	200	250	300	350	400	1,500
Total Urban and Rural	1,870	2,150	2,550	3,000	3,650	13,220
Government Staff Housing	250	300	300	300	300	1,450
Refinancing, Compensation and Research (through NHC)	140	20	20	20	20	220
GRAND TOTALS	2,260	2,470	2,870	3,320	3,970	14,890

*For housing up to Ksh1,200/unit.

†Loans for housing in the cost range of Ksh1,200-Ksh7,000 (emphasis on Ksh1,500-Ksh4,000) (maximum loan Ksh6,000).

‡For rural pilot schemes, loans on conventional housing, and small loans for higher standards in traditional housing.

Recognizing that low income groups have the greatest needs and are least able to obtain private financing, the Plan stipulates that all Government lending through the National Housing Corporation will be designed to produce houses at Ksh 1200 or below. Houses costing more will be financed through the Housing Finance Company of Kenya and the private sector. It goes further to say that as far as possible, the production of houses at different cost levels must be matched to the relative need according to income groups. Final-

ly since the overall shortage is so acute, available financing should be reserved for expanding the total stock of homes rather than to clear slums or purchase existing dwellings.

Some expenditures for rural housing are outlined in the Plan, but they are not emphasized since all but a small proportion of the families meet their needs by building traditional type homes themselves; 40,000 units are built this way each year.

Government investment in staff housing does represent an important part of the Plan allocations. In 1969 there were about 19,000 Government staff houses in the country, of which over 6,700 were in Nairobi. The policy was inherited from the colonial administration when employers had to supply their workers with a place to live. The East African Railway, for example, built around 17,000 and many firms still build or give allowances to their personnel. The stated policy of the Government is to gradually move away from this practice except when necessary, but the following table shows that significantly more housing has been constructed in the first two years of the Plan than projected figures of K£ 300,000 - 100 to 150 houses per year:

MINISTRY OF WORKS HOUSING CONSTRUCTION, 1963/64-1969/70

Table 12.8

	INSTITUTIONAL HOUSING*			POOL HOUSING†		
	Units Built	Cost K£'000	Cost per unit K£	Units Built	Cost K£'000	Cost per unit K£
1963/64	134	57.6	430	108	68.2	631
1964/65	133	58.9	443	22	10.9	497
1965/66	263	201.6	775	63	54.9	871
1966/67	152	177.6	1,169	25	44.8	1,791
1967/68	394	379.3	963	108	140.0	1,296
1968/69	515	539.8	1,048	63	134.0	2,127
1969/70	407	453.0	1,113	19	45.7	2,407

*For specific Ministries.

†For general civil service use.

The housing sector is completely dominated by public agencies and institutions. The following table shows that the private sector reported completion of only 400 some units totaling K£ 3.23 million in 1970. Most of these were very expensive homes. No account is made of unreported constructions most of which were squatter:

REPORTED COMPLETION OF NEW PRIVATE BUILDINGS IN MAIN TOWNS, 1966-1970

Table 6.9

	NUMBER			ESTIMATED COST K£ million		
	Residential	Non Residential	Total	Residential	Non Residential	Total
	1966 ..	121	69	190	0.62	1.15
1967 ..	245	107	352	1.44	1.61	3.05
1968 ..	390	155	545	1.77	2.51	4.28
1969 ..	296	144	440	2.40	3.52	5.92
1970* ..	418	99	517	3.23	3.99	7.22

*Provisional.

To a certain extent this may be because private builders cannot compete with the terms and subsidies available through the public sector which gets financing at below market rates, has access to publicly owned land, and can use regular staff for some of the project design and implementation. Rents charged have been frozen since independence, and the World Bank quotes estimates that overall the rents represent a subsidy of approximately 60 percent when compared to equivalent market rates.*

Studies by John R. Harris at the University of Nairobi indicate that a much higher proportion of people in middle and upper income brackets are able to obtain this subsidized housing while those in the lower income groups more often have to find homes through the private sector. His estimates are on the following page

* IBRD/IDA report on urban development and housing

**Distribution of Nairobi Residents Classified by Monthly
Income Among Types of Housing Classified by Ownership**

Income (shillings per month)	Private Housing	City Council Housing	Government Housing	Housing	Total
	(percent)	(percent)	(percent)	(percent)	(percent)
0-200	64.0	22.2	2.7	11.1	100.0
201-400	35.0	35.8	5.8	23.4	100.0
401-700	31.4	44.3	3.0	20.8	100.0
701-1000	34.5	34.5	17.2	13.8	100.0
more than 1000	18.2	37.9	39.4	4.5	100.0
Total	34.0	35.5	12.8	16.7	100.0

Source: Calculated from preliminary data collected by the Statistics Division Ministry of Economic Planning and Development, January-June 1968, in connection with a survey of consumer expenditures in Nairobi.

Harris, IDS paper on Housing policy, 1969

Some 30 different agencies in Kenya are involved in the decision-making process for housing and urban development policies.* In the end, the Ministry of Finance with control over funds may be the most influential. The Ministry of Works, Ministry of Housing, the Ministry of Lands and Settlement, the Ministry of Local Government, the National Housing Corporation, the Housing Finance Company of Kenya, and the various local authorities, especially the Nairobi City Council, play leading roles. A serious constraint on planning and policy implementation has been a shortfall in aid receipts from donor countries estimated by the Ministry of Finance at KSh 26 million over the first three years of the Plan period.** This will have a very limiting effect on the development budget and in turn on housing policy

* Lock report on Physical planning and development in Kenya, 1971

** Republic of Kenya report on Plan performance expectations, 1972

B. The Importance of Housing to the Economy

The effects of housing investment on the economy are discussed in the 1970-74 Development Plan which points out that "in addition to being a major element in living standards and the general welfare, housing accounts for a significant share of capital formation, and thus contributes importantly to national output and employment. Housing construction in the monetary sector - excluding the substantial volume of traditional, self-built dwellings, largely in the rural areas - has risen from KSh 2.0 to KSh 6.7 million a year during 1964-68 (in current prices), accounting for about four to seven percent of gross fixed capital formation. If the estimated value of traditional type housing in the non-monetary sector is included, housing represented about 14 to 16 percent of gross capital formation.

"Housing construction creates large amounts of direct employment (currently some 12,000 man-years) because its labour content is relatively high. On average, each KSh million spent on modern housing in Kenya means one year's full-time employment for 2,000 men, of whom some 500 are skilled and 1,500 are unskilled workers. The ability of housing activity to absorb large numbers of unskilled workers is especially important, since so many of the men entering the labour force each year have no particular vocational skills. It is estimated that the total expenditure on housing, in both the private and public sectors, will be about KSh 1.9 billion in 1969/70, rising to some KSh 6 billion in 1973/74 (Table 19.5). The total direct employment involved during the Plan period will be about 110,000 man-years, rising from 10,000 to 20,000 men per year.

"In addition to this direct employment, there will be substantial employment created indirectly in associated activities and industries, such as timber, stone, cement, wallboard, other building materials and supplies, and home furnishings and appliances, and in the transport and commercial functions for these products and services. Finally, there are important employment effects in the construction of the infrastructure usually essential to new housing: streets and roads; water, sewerage and electrical services; shopping centres; and schools and churches" - (from the Development Plan, page 505).

Housing also plays a role in the development of industrial investment in Kenya. It is not likely that a lack of housing is limiting expansion, but the Government is attempting to attract new industries in areas outside of the major urban centers as part of its effort to stimulate rural development and relieve some of the growth pressures on Nairobi and Mombassa. Provision of housing for workers is an important consideration. In most cases whole new communities must be built. Finding financing for these projects can be difficult. Attaching it to the industrial package raises the investment involved. A paper pulp mill is being built at Broderick Falls and a sugar refinery at Mumias. Kenya Cannery is developing a pineapple operation near Thika with possibilities of a cooperative worker housing community being established through an existing credit union.

Savings towards purchasing a home can also contribute to economic development in other sectors. The World Bank recently prepared a study of savings in Kenya.* They conclude that

Kenya's impressive economic growth during recent years has not led to a proportionate increase in its savings. Since 1964, total savings as a per cent of aggregate income have hardly increased at all and rough estimates of private savings seem to indicate that private savings as a percentage of total income may even have declined. This stability of the savings ratio in the face of a rapidly rising level of investment suggests the need for measures to increase the mobilization of savings. While government has striven to increase public savings, it has not pursued an active policy of promoting the mobilization

of private savings by the financial system. Taxation is relatively high and has been rising, but the impact it has had on aggregate national savings has been less than could be expected from the emphasis given in the Plan to taxation as the method of increasing total savings. Fiscal policy therefore requires to be reinforced, both in the short-run and in the long-run, by a policy directed at mobilising saving more effectively through the financial system. These two aspects of policy must be seen to be mutually reinforcing rather than as alternatives.

"The report emphasises that the mobilisation of private savings and improvements in its efficiency of allocation requires an effective system of financial institutions, financial instruments and financial policies. Each of these will take time to achieve, since each will require further study, policy decisions, changes in administrative and operation procedures, and possible legislative action before its implementation. It is, therefore, all the more urgent for government to address itself to the resource problem now and to make early decisions on the policies affecting both the short- and the long-run."

C. Foreign Debt Service

Kenya has not been burdened by extremely high debt service ratios. It is difficult to calculate the Kenyan debt service ratio precisely, however, because Kenya is also responsible for the debt obligations of her East African Community partners, Uganda and Tanzania. According to the World Bank, the debt-service ratio was 4.8 for Kenyan debt alone for the 1968-70 period. The ratio was 6.4 if Kenya's one-third obligation for the Community debt is included. The ratio including Community debt was estimated at 7.0 for 1970, somewhat higher because of recent currency devaluation. Kenyan officials feel the ratio should be maintained below

A mounting problem is that debt servicing currently represents an increasing percentage of capital inflows. With foreign aid disbursements presently lower than previous years and debt servicing increasing, Kenya faces possible current accounts deficits. Continued capital inflows and export growth policies must therefore be maintained.

The average interest on external public debt is presently 4.4%. Several government spokesmen have stated that every attempt would be made to obtain new loans at concessionary rates. The GOK Treasury is considering raising funds in the Euro-dollar market, and the Treasury is actively searching new foreign aid funds.

It is clear from the above analysis and from the increase in development budgets that foreign capital resources will continue to play an important role in Kenya's economy. While there is strong feeling in government circles that foreign capital should be used for productive projects, the housing sector is also an area of stated priority. It appears, then, that the net positive balance of payments effects of a Housing Guaranty loan during its disbursement years would contribute significantly to the foreign capital resource gap while also promoting development in a priority sector.

The average debt-service payments including principal and interest for the coming 13 year period (1973-1985) is estimated at \$25.5 million per year. A \$15 million 25 year HG loan would increase the burden by about \$1.4 million per year or about 5% of the total. In view of the stated priorities and economic benefits of such a program, this should not be an unreasonable cost to pay.

V. LIST OF PERSONS CONTACTED

The USAID Mission and the US Embassy in Nairobi were helpful in arranging meetings with the following people:

THE NAIROBI CITY COUNCIL

J.P. Mboqua, Town Clerk
A. Nq'anga, City Engineer
S.K. Mbugua, City Treasurer

I. Wanjohi, Office of the City Engineer
A. Ramsey, Office of the City Treasurer
Mr. Commander, Office of the City Treasurer
S. Shroff, Office of the Chief Architect
A. Price, Office of the Chief Evaluator
T. Cawley, Office of the Quantity Surveyor
B. Giduiku, Housing Manager
J.K. Kirathi, Department of Social Services

THE NATIONAL HOUSING CORPORATION

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L. Smith, Assistant General Manager
K.J. Ball, Chief Architect
G. Maina, Programming Office

THE MINISTRY OF FINANCE AND ECONOMIC PLANNING

A.T. Brough, Economic Advisor to the Ministry
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OTHER GOVERNMENT OFFICES

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A. Ligale, Town Planning Office, Ministry of Lands and Settlement
H.R. Fenwick and H. Punton, the National Construction Corporation
Mr. Mburu, Provincial Commissioner, Nairobi
Mr. Kotud, Industrial Service and Promotion Center
J.L. Murungi, Ministry of Cooperative and Social Services

THE NAIROBI URBAN STUDY GROUP

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A. Vukovich, economist
M. Fogridge, Colin Buchanan & partners
P. Midgley, planner

OTHER CONTACTS

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T. Munton, Director, Housing Finance Company of Kenya
L. Pandit, Director, East Africa Building Society
R. Stanley, Manager, Commercial Bank of Africa
Mr. Smith, Manager of the Loan Portfolio, Standard Bank
Mr. Goldman, Manager, the Old Mutual Life Insurance Co.
Mr. Thompson, Manager, the Norwich Union Life Insurance Co.
Mr. Karuri, Manager, the British American Insurance Co.
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J. Zukka, Economics Section, US Embassy
K. Atchley, Economics Section, US Embassy

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VII APPENDICES

- A. National Housing Corporation excerpts from draft of 1971 annual report
- B. National Housing Corporation tenant purchase agreement
- C. Municipal Councils of Kenya analysis of expenditures and revenues
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- G. Summary of a survey of squatter settlements
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NATIONAL HOUSING CORPORATION

REVISED ESTIMATES OF RECURRENT EXPENDITURE AND INCOME 1971

ESTIMATES OF RECURRENT EXPENDITURE AND INCOME 1972

ADMINISTRATION - SALARIES AND ALLOWANCES

EXPENDITURE	Revised 1971	Forecast 1972	INCOME	Revised 1971	Forecast 1972
	K£:	K£:		K£:	K£:
Administration	16,225	19,288	Professional Fees charged to Local Authorities etc.	28,830	35,000
Finance and Accounts	19,711	22,490	Clerk of Works etc. Salaries charged to Capital Schemes	18,002	22,800
Technical	42,120	75,392			
Miscellaneous	4,080	5,692	Management expenses charged to Repairs & Maintenance of Estates	2,033	2,025
Survey Team	4,083	4,310	Wages charged to Repairs, Maintenance etc. of Estates	5,448	7,250
Building Maintenance Team	2,781	3,510			
Estates Maintenance Team	2,667	3,740			
K£:	91,667	134,422	K£:	54,313	67,075

NATIONAL HOLDINGS CORPORATION

STATEMENT OF CURRENT EXPENDITURE AND INCOME 1971

ESTIMATES OF RECURRENT EXPENDITURE AND INCOME 1972

GENERAL ADMINISTRATION

EXPENDITURE	Revised	Forecast	INCOME	Revised	Forecast
	1971	1972		1971	1972
	K£:	K£:		K£:	K£:
National Social Security Fund Contributions	870	1,100	N.S.S. Charged to Capital Schemes or Estate Maintenance	170	200
Uniforms	150	200			
Staff Training	40	50			
Medical expenses	250	2,000			
Travelling and Subsistence	1,660	2,000			
Advertising	790	500			
Audit Fees	300	300			
Bank Charges	320	350			
Board Members expenses	250	250			
Electricity, Water and Cleaning	100	100			
Official entertainment	50	100			
Insurances	580	600			
Legal Charges	80	200			
Postages and Telegrams	210	250			
Telephones	1,090	1,200			
Publications	30	50			
Rent for offices	8,080	8,180			
Exhibition expenses	200	300			
Repairs - Office furniture	250	250			
Repairs etc. - Motor Vehicles	2,310	2,500			
Depreciation	1,000	1,000			
Library expenses	50	50			
Printing and Stationery	2,660	2,600			
K£:	21,750	24,130	K£	170	200

REVISED ESTIMATES OF RECURRENT EXPENDITURE AND INCOME

RENTAL HOUSING Schemes.

MAINTENANCE ETC.	Revised 1971	Forecast 1972	RENT INCOME	Revised 1971	Forecast 1972
	K£:	K£:		K£:	K£:
<u>LOWER HILL ROAD</u>					
Loan charges	22,300	22,300	Lower Hill Road	43,880	43,520
Repairs and Maintenance	6,710	6,710	Sadi Road	18,720	18,720
Other expenditure	2,501	2,501	Woodley - Phase II Flats	18,050	18,145
	<u>31,511</u>	<u>31,511</u>	Likoni	665	-
			Miscellaneous (Including Homa Bay, Athi River & Embu)	7,769	7,770
<u>SADI ROAD</u>					
Loan charges	8,420	8,420			
Repairs and Maintenance	2,530	2,530			
Other expenditure	1,292	1,292			
	<u>12,242</u>	<u>12,242</u>			
<u>WOODLEY - PHASE II FLATS</u>					
Loan charges	6,970	6,970			
Repairs and Maintenance	2,100	2,100			
Other expenditure	934	934			
	<u>10,004</u>	<u>10,004</u>			
<u>LIKONI</u>					
Loan charges	315	157			
Repairs and Maintenance	186	50			
Other expenditure	65	32			
	<u>566</u>	<u>239</u>			
<u>MISCELLANEOUS</u>					
Loan charges	4,704	4,704			
Repairs and Maintenance	1,418	1,418			
Other expenditure	382	382			
	<u>6,504</u>	<u>6,504</u>			
K£:	60,827	60,500	K£:	89,084	88,155

HOUSING SCHEMES COMPLETED DU*

PLACE (1)	TYPE OF SCHEME (2)	NO. OF UNITS (3)	COST IN K.S. (4)	AVERAGE COST PER UNIT IN K.S. (5)
<u>MUNICIPALITIES,</u>				
<u>NAIROBI.</u>				
Uhuru	Tenant Purchase IV	158	150,000	1,203
Kariobangi	Tenant Purchase V	320	384,000	1,203
Kariobangi	Tenant Purchase	250	250,000	1,100
Kariobangi	Tenant Purchase	60	84,000	1,400
Uhuru	Extension Rental IV	292	292,000	1,185
Mathare Valley	Site and Service	500	50,000	100
Mathare Valley	Aided Self Help	760	210,000	276
TOTAL BUILT BY NAIROBI CITY COUNCIL		2,340 ✓	1,540,000 ✓	658 ✓
Kibera	Aided Self-Help	210	246,000	1,171
TOTAL NHC IN NAIROBI		210	246,000	1,171
NAIROBI TOTAL		2,550 ✓	1,786,000 ✓	700 ✓

PLACE (1)	TYPE OF SCHEME (2)	NO. OF UNITS (3)	COST IN K£. (4)	AVERAGE COST PER UNIT IN K£. (5)
<u>KOMBASA</u>				
Mvita Clinic	Rental	12	12,000	1,000 ✓
Buxton and Tudor	Rental	96	96,000	1,000 ✓
Kisauni	Rental	100	90,000	900 ✓
Kishuni	Site and Service	100	19,000	190 ✓
T O T A L		308 ✓	217,000 ✓	705 ✓
<u>NAKURU</u>				
Nakuru	Rental 12 (b)	43	38,270	890 ✓
Nakuru	Rental 13 (a + b)	40	35,600	890 ✓
T O T A L		83 ✓	73,870 ✓	890 ✓
<u>KISUMU</u>				
Arina	Rental	105 ✓	33,725 ✓	321 ✓
<u>ELDORET</u>				
	Rental	15 ✓	7,500 ✓	500 ✓
MUNICIPALITIES T O T A L		3,061 ✓	2,118,095 ✓	692 ✓

PLACE (1)	TYPE OF SCHEME (2)	NO. OF UNITS (3)	COST IN K£. (4)	AVERAGE COST PER UNIT K£. (5)
URBAN COUNCILS				
Nanyuki	Staff Rental	28	7,500	268 ✓
Kericho	Rental	27	10,738	398
Kisii	Rental	20	16,500	825
URBAN COUNCILS TOTAL		75 ✓	34,738	463
COUNTY COUNCILS (RURAL)				
Mandera	Rental	8	13,500	1,683 ✓
Naivasha	Rental	16	9,800	613
Kajiado	Rental	8	8,000	1,000
Eusia	Rental	34	30,000	882
COUNTY COUNCILS TOTAL		66 ✓	61,300	929
KENYA TOTAL:		3,202	2,214,133	691

✓ A.8

PLANS ADVANCED TO LOCAL AUTHORITIES DURING THE YEAR 1971

	No. of Units	KSh:	KSh:
<u>MUNICIPAL COUNCILS</u>			
<u>NAIROBI:</u>			
Kariobangi Low Cost Housing Scheme	320	90,000	
Uhuru Low Cost Housing Scheme	297	80,000	
Aerodrome Road Housing Scheme	600	170,000	
Mathare Valley - Self-Help	900	110,000	
NCC/NHC Joint Scheme Outer Ring Rd.	363	<u>36,136</u>	486,136
<u>ELDORET:</u>			
Rental Housing Scheme No. 8	225		55,000
<u>KISUMU:</u>			
Arina Estate	105	21,150	
Slum Clearance	10	<u>15,000</u>	36,150
<u>NAKURU:</u>			
Rental Housing Scheme No. 11		10,000	
Rental Housing Scheme No. 12		99,000	
Rental Housing Scheme No. 13		8,200	
Site & Service Scheme Phase II		<u>8,200</u>	125,000
<u>THIKA:</u>			
Site & Service Scheme Phase I & II	88	10,500	
Site & Service Scheme Phase III	73	750	
Site & Service Scheme Phase IV	450	20,000	
Site & Service Scheme Phase V	200	9,250	
Site & Service Scheme Phase VI	238	14,800	
Rental Phase VII	100	4,400	
Rental Phase VII - Roadworks	-	1,200	
Rental Phase IX	224	20,450	
Storm Water Drainage	-	1,000	
Pilot Low Cost Scheme	20	000	
Roof Loan Scheme	100	10,050	
Dendor Road Mortgage Scheme	50	00,000	
Tenant Purchase Phase I	83	765	
Tenant Purchase Phase II	25	<u>2,560</u>	108,125
<u>KITALA:</u>			
Rental Housing Scheme Nos. 4 & 5	80		22,441
<u>MOMBASA:</u>			
Kisumu Rental Housing Scheme	100	77,000	
Likoni Site & Service Scheme Plots	150	<u>15,000</u>	92,000
<u>KAKAMEGA:</u>			
Rental Housing	85	7,000	
Otiendo Estate	-	<u>501</u>	7,500
TOTAL MUNICIPAL COUNCILS			<u>1,023,482</u>

LOANS ADVANCED TO LOCAL AUTHORITIES DURING THE YEAR 1971OTHER LOCAL AUTHORITIES:

	No. of Units	K£:	K£:
<u>BUSIA COUNTY COUNCIL:</u>			
Rental Housing Scheme	34		11,970
<u>CENTRAL RIFT COUNTY COUNCIL:</u>			
Rental Housing Scheme Ph.VII-Naiwaasha	9	6,400	
Molo Site & Service Scheme	38	<u>8,995</u>	15,395
<u>GUSII COUNTY COUNCIL:</u>			
20 Houses - Kisii	20		14,789
<u>KIPSIGIS COUNTY COUNCIL:</u>			
Lumbwa Housing Scheme	15	47	
Londiani Housing Scheme	15	47	
Rental Scheme - Kericho	27	<u>2,018</u>	2,112
<u>KARATINA URBAN COUNCIL:</u>			
Site & Service Scheme - Karatina	94		1,228
<u>KIRINYAGA COUNTY COUNCIL:</u>			
Rental & Tenant Purchase Scheme-Kerugoya	12		21
<u>KILIFI COUNTY COUNCIL:</u>			
Ganze, Kaloleni, Manguani Schemes	62		1,574
<u>KWALE COUNTY COUNCIL:</u>			
Rental Housing Scheme	42		23,246
<u>LAIKIPIA COUNTY COUNCIL:</u>			
Site & Service Scheme Ph.I -Nanyuki	-	2,587	
Rumuruti Staff Rental Scheme	8	3,929	
Rental Housing Scheme - Nanyuki	20	<u>9,517</u>	16,033
<u>MURANG'A COUNTY COUNCIL:</u>			
Rental & Tenant Purchase - Fort Hall	104		8,718
<u>MERU URBAN COUNCIL:</u>			
Pilot Project Scheme - Chuka	16		4,916
<u>NAROK COUNTY COUNCIL:</u>			
Kilgoris Housing Scheme	11		657
<u>OKJEJUADO COUNTY COUNCIL:</u>			
Rental Housing Scheme	8		7,790
<u>STRIKWA COUNTY COUNCIL:</u>			
Kapsabet Rural Housing Pilot Project		154	
Kapunguria Staff Rental Scheme		<u>85</u>	239

LOANS ADVANCED TO LOCAL AUTHORITIES DURING THE YEAR 1971

	No. of Units	KC:	KC:
<u>MANDERA COUNTY COUNCIL:</u> Mandera Housing Scheme	8		10,228
<u>MARSABIT COUNTY COUNCIL:</u> Rental Housing Scheme	10		3,849
<u>GARISSA COUNTY COUNCIL:</u> Garissa County Council Construction	26		14,994
<u>SIAYA COUNTY COUNCIL:</u> Staff Rental Housing Scheme	30		19,672
<u>TANA RIVER COUNTY COUNCIL:</u> Rental Houses - Hola	12		3,825
<u>MALINDI COUNTY COUNCIL:</u> Rental Houses	26		2,364
<u>KISUMU COUNTY COUNCIL:</u> Rental Housing Scheme - Tamu	12		8,534
<u>TAITA TAVETA COUNTY COUNCIL:</u> Voi Rental Housing Scheme	15		11,958
<u>WAJIR COUNTY COUNCIL:</u> Staff Rental Scheme	6		1
<u>NYERI COUNTY COUNCIL:</u> Rental Housing Scheme - Wamagana	16		4,102
<u>SOUTH NYANZA COUNTY COUNCIL:</u> Migori Pilot Project Housing Scheme	10		454
<u>KITUI COUNTY COUNCIL:</u> Rental Housing Scheme			1
TOTAL OTHER AUTHORITIES			<u>KC: 188,676</u>
GRAND TOTAL ADVANCES TO LOCAL AUTHORITIES			<u>1,212,158</u>

EXPENDITURE ON NATIONAL HOUSING CORPORATION PROJECTS

	No. of Units	K£:	K£:
<u>IN NAIROBI:</u>			
Kibera Mortgage Scheme Ph. I	214		276,819
Kibera Rental Scheme	12		259
Kibera Aided Self-Help Ph. I	210		81,539
Kyuna Mortgage Scheme	49		6,587
Mai/Otiende Roadworks	-		2,923
Ngei Estate	170		256,708
			<u>624,833</u>
<u>ELSEWHERE:</u>			
Changamwe Rental Housing Scheme	700	469,719	
Broderick Falls - Rental Housing Scheme	1000	<u>19,370</u>	489,089
			<u>1,113,924</u>

L.B.1

NATIONAL HOUSING CORPORATION

TELENT PURCHASE AGREEMENT

AN AGREEMENT made the _____ day of _____
one thousand nine hundred and _____ BETWEEN THE
NATIONAL HOUSING CORPORATION a Statutory Corporation constitute
under the Housing Act (Cap.117) (hereinafter called "the
Corporation" which expression where the context so admits shall
include its successors and assigns) of the one part and

(hereinafter called "the Purchaser" which expression where the
context so admits shall include his personal representatives
heirs and assigns) of the other part.

WHEREBY IT IS AGREED as follows:-

1. The Corporation will sell and the Purchaser
will purchase free from encumbrances ALL THAT leasehold parcel
of land situated in the City of Nairobi and containing
_____ or thereabouts known as

L.R. _____ being the Premises comprised in a LEASE
registered in the Land Registry at Nairobi as Title No.
TOGETHER WITH the buildings and improvements erected and
being thereon (hereinafter called "the Premises") for the residue
of a term of 99 years from the _____ day of _____
_____ at an annual rent of shillings _____
SUBJECT to the covenants and conditions set out in the said
LEASE.

Cont'd/2.....

2. The purchase price of the Premises shall be shillings (Shs) which shall be paid by the purchaser to the Corporation as follows:-

- (a) The sum of Shillings (Shs.) by way of deposit and part payment of the purchase price shall be paid on or before the execution of this Agreement (receipt whereof is hereby acknowledged by the Corporation;
- (b) The balance of the purchase price amounting to shillings (Shs.) together with interest on the amount of such balance for the time being remaining unpaid at the rate of percent per annum shall be paid by equal monthly instalments of principal and interest combined the amount of which shall be shillings (Shs.) each to be paid on the first day of every calendar month the first such payment to be made on the day of one thousand nine hundred and thereafter until the whole balance owing shall have been paid;

PROVIDED THAT:

on any of the aforesaid days the purchaser after giving three months' notice in writing to the Corporation or on payment of three months' interest in lieu thereof may tender payment of the whole or part of the balance then outstanding being a minimum sum of shillings (Shs.) or multiples thereof.

- (c) If default shall be made in payment of any of the instalments of principal and interest mentioned in Clause 2(b) above for fourteen days after the same shall have become due and payable then the whole of the price or the balance thereof remaining unpaid together with the interest thereon as aforesaid shall forthwith become payable and be paid by the Purchaser to the Corporation on demand; but so that interest at the rate as aforesaid shall continue to accrue until the actual date of payment of the principal.
- (d) If the Purchaser shall sublet the whole or part of the Premises, the amount of each monthly instalment thereafter due shall be increased by a surcharge equal to ten per cent thereof during the period of such subletting.

3. Upon payment of all sums under Clause 2 above and all other sums due under this Agreement the Corporation will execute a transfer of all its right title and interest in and to the Premises hereby agreed to be sold, to the Purchaser or as the Purchaser may direct.

4. So soon as this Agreement has been executed and the purchaser shall have paid the said deposit he shall be let into possession of the Premises and shall thereafter be responsible for and shall discharge all outgoings of whatsoever kind in respect of the Premises whether payable by an owner or by an occupier or otherwise howsoever. Upon a default by the Purchaser in discharging any such outgoings, the Corporation may discharge them and add all amounts so expended to the purchase price and/or recover the same as a debt due from the Purchaser.

Cont'd/4.....

4.

5. The Corporation sells the property as beneficial owner.

6. The purchaser having been afforded an opportunity of examining the property shall be deemed to have full notice and knowledge of the nature and extent of the same including the proper position of the beacons (if any) which are or may later be established on the Premises and the purchaser shall be required to sign a beacon indemnity certificate.

7. Until the transfer of the Premises in accordance with Clause 3 hereof has been completed the Purchaser hereby covenants with the Corporation as follows:-

(a) Not to sell assign sublet charge or part with the possession of the Premises or any part thereof at any time during the period of this Agreement without the prior written consent of the Corporation first being obtained which consent shall not be unreasonably withhold; PROVIDED THAT if the Purchaser has sold or assigned the Premises as aforesaid he shall be required to pay forthwith the balance outstanding of the purchase price accrued interest and all other moneys due under This Agreement;

(b) That at all times during the continuance of the Agreement the Corporation may in its own or some other agency and at the expense of the Purchaser insure and keep insured for such amounts in such names and with such insurers as the Corporation may from time to time select any buildings or any effects or property of an insurable nature (whether affixed to the freehold or leasehold or not being or forming part of the said Premises):

- (i) against loss or damage by fire and
- (ii) against such other risks as the Corporation may from time to time think expedient.

AND that the moneys which may become due on claims in respect of such insurance shall at the option of the Corporation be applied either in or towards the satisfaction of the principal interest accrued and all other moneys due under this Agreement or in rebuilding or reinstating the Premises destroyed or damaged;

- (c) To maintain the Premises in good and substantial repair and condition and to permit the Corporation its representatives or agents with or without workmen and appliances to enter upon and view the conditions of the Premises and to give or leave on the Premises 21 days' notice in writing to the Purchaser of all defects and want of reparation then and there found which the purchaser shall be liable to make good. If the Purchaser shall not within the space of such 21 days as aforesaid proceed diligently with the execution of such repairs then and in such case the Corporation shall be at liberty to enter upon the said Premises and execute such repairs and the cost thereof shall be a debt due from the Purchaser to the Corporation;
- (d) Not without the previous consent in writing of the Corporation to erect or permit or suffer to be erected on the Premises or any part thereof any new buildings or erection and not to make nor allow to be made any alteration or addition to the Premises or to any buildings or erections erected unless such consent as aforesaid has been obtained;
- (e) To pay all stamp duty other charges legal and other fees which become payable in respect of this Agreement and of any transfer of the premises to the Purchaser;
- (f) To pay all charges taxes rates and other assessments whatsoever raised or levied on the Premises under any act law by-law or other regulation whether enacted by the Central Government or by a local authority.

8. In the event of the Purchaser failing to perform and observe any of the aforementioned covenants and conditions on his part to be performed and observed or failing to pay the sums demanded by the Corporation in accordance with Clause 2 hereof the Corporation may give the Purchaser one month's notice to quit the Premises and at the expiration of that time the Corporation shall be able to take possession and either:-

- (i) Sell the Premises; (ii) maintain possession and assume the management thereof without being liable for any loss occasioned thereby.

All the moneys so recovered thereby shall be applied by the Corporation towards payment of the purchase price accrued interest and all other moneys due under this Agreement.

PROVIDED THAT:

- (i) If the sum recovered under (i) above shall be in excess of the balance of the purchase price accrued interest and all other moneys due as aforesaid such excess shall be repaid to the purchaser;
- (ii) If the sum so recovered as aforesaid shall be less than the balance of the purchase price accrued interest and all other moneys due as aforesaid such balance shall be forthwith recoverable by action.

9. Any action taken by the Corporation under Clause 7 of this Agreement shall be without prejudice to any right of action or claim the Corporation may have against the Purchaser arising out of any antecedent breach of any covenant or condition hereunder.

SCHEDULE.

DEEDS whereof the Corporation has caused its common seal to be hereto affixed and the Purchaser has hereto set his hand the day and the year first above written.

THE COMMON SEAL OF)
 the NATIONAL HOUSING)
 CORPORATION was affixed)
 hereto in the presence of:)
)
 MINISTER FOR HOUSING)
)
 CHAIRMAN.)
 SIGNED by the said)
)
 in the presence of:-)
)

C.1

**MUNICIPAL COUNCILS,
ECONOMIC ANALYSIS OF EXPENDITURE, 1966-1970**

							K£'000				
							1966	1967	1968	1969	1970*
Consumption Expenditure on Goods and Services:											
(a) Personal Emoluments (Wages and Salaries)							4,008	4,195	4,597	5,078	5,853
(b) Other Goods and Services											
Rents							257	159	212	61	47
Maintenance and Repairs							392	417	511	384	352
Transport and Travelling							421	326	150	223	353
Equipment, Postal and Incidentals							176	128	191	179	213
Stores							779	488	923	649	905
Uniforms							37	40	38	46	57
Rations							48	41	—	—	—
Other (Miscellaneous)							866	863	822	916	1,134
Total							6,984	6,657	7,444	7,536	8,914
Loan Charges							1,655	1,760	1,977	2,106	2,207
Transfers							290	229	271	249	283
Capital Expenditure							1,588	3,022	3,963	3,222	2,618
Error in Double Counting**							-20	+62	+107	-180	+4
Total							10,497	11,730	13,762	12,933	14,026

*Provisional

**This is a Balancing Item.

**MUNICIPAL COUNCILS
ECONOMIC ANALYSIS OF REVENUE, 1966-1970**

							K£'000				
							1966	1967	1968	1969	1970*
Direct Taxes											
Graduated Personal Tax							2,589	2,688	1,915	2,046	1,990
Rates							2,067	2,196	2,393	3,098	3,049
Total							4,656	4,884	4,308	5,144	5,039
Indirect Taxes (Licences and Cesses)							84	67	71	93	113
Income from Property (Building and Land rents etc.)							1,115	1,139	1,272	1,390	1,559
Interest on Investment							315	350	167	429	116
Sale of Goods and Services: School fees							430	453	526	497	549
Other							3,026	2,781	3,102	2,641	2,542
Government Grants							165	211	286	255	198
Loans Raised							581	1,356	2,003	2,157	2,382
Miscellaneous (including court fines, sale of capital assets and non-government grants)							90	132	91	347	483
Total							10,462	11,373	11,826	12,952	12,981

Source: Statistics Division.

*Provisional.

MUNICIPAL COUNCILS
RECURRENT AND CAPITAL EXPENDITURE ON MAIN SERVICES, 1966—1970

							K£'000				
							1966	1967	1968	1969	1970*
Administration							916	862	996	811	959
Community Services											
Roads							1,485	1,210	1,610	1,343	1,428
Sanitary Services							1,176	1,284	1,229	885	1,330
Other							426	237	182	260	331
Total							3,087	2,731	3,021	2,487	3,139
Other Services											
Health							870	1,169	1,442	1,191	1,464
Education							1,471	1,819	2,372	2,202	2,336
Other							483	623	686	645	627
Total							2,824	3,611	4,500	4,038	4,427
Trading Services											
Water Undertakings							1,393	1,518	1,532	1,651	1,284
Markets and Slaughterhouses							164	155	178	193	202
Breweries and Beershops							276	229	356	347	397
Housing Estates (including Staff Housing)							1,324	1,966	2,864	3,135	3,597
Other							271	310	284	280	289
Total							3,428	4,178	5,214	5,606	5,769
Unallocable Expenditure							242	347	31	-10	58
Total							10,497	11,730	13,762	12,933	14,352

Source: Statistics Division.
*Provisional.

MUNICIPAL COUNCILS
EXPENDITURE ON MAIN SERVICES, 1968-1970

															K£'000								
															SERVICES								
			Administration			Community			Social			Trading			Unallocable			All Services					
			1968	1969	1970*	1968	1969	1970*	1968	1969	1970*	1968	1969	1970*	1968	1969	1970*	1968	1969	1970*			
Nairobi			500	453	517	1,897	1,685	1,997	2,688	2,798	2,937	3,761	4,282	3,558	4	2	1	8,850	9,220	9,010			
Nakumbasa			258	196	218	745	488	715	1,212	633	193	483	433	1,217			35	2,728	1,769	2,978			
Nakuru			81	23	47	113	105	118	225	231	241	306	301	321	28	-11	14	853	654	744			
Njumbani			43	45	52	132	93	146	163	183	198	267	267	332			6	695	618	724			
Nyeri			42	37	38	51	40	55	90	84	97	137	100	121	-2	-1	-	318	261	311			
Thika			16	10	27	38	26	37	39	42	48	78	77	86	1		1	172	165	199			
Taita			56	37	61	47	49	71	52	63	112	81	106	145				236	255	389			
Total			996	811	960	3,023	2,487	3,139	4,499	4,038	4,429	5,213	5,606	5,770	31	-10	57	13,762	12,933	14,358			

*Provisional.

GENERAL FUND

Summary—General Fund Revenue Account for the year ended 31st December, 1970

Service	Page	Expenditure K£	Income K£	Net Expenditure K£
Administration—				
Town Clerk's Department (incl. Litigation and Conveyancing)	4	10,524	1,492	9,032
Letters	4	21,315	44,367	Cr. 23,032
Imprests	4	70,824	—	70,824
City Council	4	13,837	25,918	Cr. 12,081
City Hall and Offices	4	Cr. 290	—	290
City Hall Lettings	4	20,214	7,326	12,908
City Hall Bar and Restaurant	4	46,795	39,854	6,941
Former County Hall	4	—	—	—
County Bus Station	4	7,473	3,037	4,436
City Engineer's Department	5	34,467	22	34,445
Town Planning and Building Inspection	5	68,199	41,044	27,155
Valuations	5	52,467	32	52,435
Land Survey	5	15,485	44	15,441
City Treasurer's Department	5	6,149	780	5,369
Social Services and Housing Department	5	7,435	—	7,435
		<u>375,934</u>	<u>163,916</u>	<u>212,018</u>
General Charges—				
Miscellaneous Expenses	6	12,541	—	12,541
Miscellaneous	6	41,783	8,142	33,641
Subscriptions and Donations	6	19,587	—	19,587
		<u>74,211</u>	<u>8,142</u>	<u>66,069</u>
Public Health—				
Administration	7	48,882	—	48,882
Health Inspectorate	7	65,212	4,745	60,467
Communicable Diseases Prevention	7	84,547	8,173	76,374
Insulation Centre	7	7,282	12,337	Cr. 5,055
Special Treatment Centre and Skin Clinic	7	13,003	—	13,003
Cholera Clinic	7	17,039	1,207	15,832
Dispensaries	7	178,281	1,142	177,139
Health Centres	8	84,362	108	84,254
Maternity and Child Welfare	8	170,908	8,909	161,999
Maternity Hospital—Pumwani	8	244,387	37,830	206,557
Day Nurseries	8	86,465	42,696	43,769
Lady Nettle Home	8	17,388	4,443	12,945
Military, Funerals, Cemeteries and Crematorium	8	40,646	31,362	9,284
Cleaning	9/10	352,786	224,502	128,284
Ambulance Service	10	22,250	3,018	19,232
Anti-Malarial Works	10	28,742	—	28,742
		<u>1,462,080</u>	<u>380,522</u>	<u>1,081,558</u>
Education—				
Administration and Inspection	11	138,034	—	138,034
Primary Schools	11	1,241,581	361,038	880,543
Nairobi Primary School (Boarding)	11	46,943	31,943	15,000
School Meals Service	11	15,174	2,211	12,963
School Leavers Study Centre	11	963	124	839
		<u>1,442,695</u>	<u>395,316</u>	<u>1,047,379</u>
Public Works and Services—				
Sewerage	12	427,981	562,125	Cr. 134,144
Roads and Drains	13	583,161	57,673	525,488
Car Parks	14	29,042	16,439	12,603
Parking Meters	14	40,289	71,455	Cr. 31,166
Unadopted Street Works	14	4,934	—	4,934
Urban Study	14	46,111	18,000	28,111
Street Lighting	14	132,949	1,976	130,973
Weights and Measures	14	1,154	847	307
Fire Brigade	14	74,257	3,810	70,447
		<u>1,339,878</u>	<u>732,325</u>	<u>607,553</u>
Carried forward		<u>4,694,793</u>	<u>1,680,221</u>	<u>3,014,572</u>

GENERAL FUND

Summary—General Fund Revenue Account for the year ended 31st December, 1970

Service	Page	Expenditure K£	Income K£	Net Expenditure K£
Brought forward ...				
		<u>4,694,793</u>	<u>1,680,221</u>	<u>3,014,572</u>
City Properties—				
Parks and Open Spaces	15	117,219	5,843	111,376
Sundry Properties	16	12,129	10,679	1,450
Pounds	15	5,310	2,811	2,499
		<u>134,658</u>	<u>19,333</u>	<u>115,325</u>
Housing—				
Pooled Rented Estates	17	830,041	820,815	10,126
Hostels	17	25,824	25,545	279
Staff Housing	17	11,405	9,549	1,856
Privately Built, etc.	17	18,416	8,441	9,975
Land Acquired in Advance	17	14,279	1,726	12,553
Kariobangi Site and Service Scheme	17	12,494	5,313	7,181
Transit Hostel—Ofafa	17	2,048	—	2,048
		<u>915,607</u>	<u>871,339</u>	<u>44,268</u>
Social, Trading and Recreational Services—				
Estate Administration	18	161	260	Cr. 99
Trading Services—Markets, Shops, etc.	18/19	129,166	145,585	Cr. 16,319
Recreational and Welfare Services—Halls, Stadium, etc.	19	81,258	10,345	70,913
General Expenses—Shows, Miji wa Huruma, Waitihaka Y.C.	20	10,088	—	10,088
Women's and Children's Community Welfare Service	20	55,275	5,040	50,235
Library Services	20	38,541	467	38,074
Community Development	20	7,863	—	7,863
		<u>322,357</u>	<u>161,597</u>	<u>160,760</u>
Total of Services		<u>6,067,420</u>	<u>2,732,490</u>	<u>3,334,930</u>
Add:				
Revenue Contribution to Capital Outlay		—	100,000	—
Training		—	82,474	—
Provision for Leave Pay		—	100,000	—
Contribution for Provision for Bad Debts		—	30,000	—
			<u>312,474</u>	
Net Cost of Services				<u>3,647,404</u>
REVENUE BALANCE—				
Brought forward 1st January, 1970		—	—	—
Rate Income (0.1% U.S.V.)		—	2,124,987	—
Graded Personal Tax		—	1,570,095	—
			<u>3,695,082</u>	
Miscellaneous Income—				
Interest on Invested Funds		—	92,691	—
Kenya Bus Co.—Director's Fees		—	750	—
Kenya Bus Co.—Dividends		—	25,228	—
			<u>118,669</u>	
Net Cost of Service as above				<u>3,813,751</u>
				<u>3,647,404</u>
Surplus carried forward 31st December, 1970				<u>K£166,347</u>

CONSOLIDATED LOANS

	EXPENDITURE										REVENUE TRANSACTIONS	
											K£	K£
INTEREST ACCOUNT												
Interest on Loans Raised:												
Stocks											330,543	
Annuity and Instalment Loans											494,460	
Loans from Overseas Agencies											89,365	
Mortgage Loans											31,077	
Internal Loans											75,606	1,023,051
Balance as at 31st December, 1970												34,737
											<u>K£1,057,788</u>	
MANAGEMENT EXPENSES ACCOUNT												
Expenses on Issue of Stock											2,820	
Discount Allowed											190,000	
Registrars' Fees and Expenses											7,804	
Stamp Duty											21	
Central Establishment Charges											7,510	208,155
Balance as at 31st December, 1970												191,883
											<u>K£400,038</u>	
CAPITAL TRANSACTIONS												
Loans Repaid—												
Stocks											972,781	
Annuity—Instalment Loans											186,011	
Mortgages											59,170	
Loans from Overseas Agencies											57,177	
City Council—Internal Loans											84,373	1,359,512
Advances to Borrowing Accounts in Exercise of Borrowing Powers—												
General Fund											1,167,043	
Water											121,390	
Tenant Purchase Schemes											1,395,583	2,684,016
Investments During the Year—												
Short Term Deposits											2,200,000	
Sundry Deposits											2,359	2,202,359
Decrease in General Reserve												315,372
											<u>K£6,561,259</u>	

FUND ACCOUNTS

for the year ended 31st December, 1970										INCOME	
										K£	K£
for the year ended 31st December, 1970											
Interest from Investments											70,303
Interest Charged to Borrowing Accounts											987,485
										<u>K£1,057,788</u>	
for the year ended 31st December, 1970											
Profit on Stock Purchased for Extinction											55,160
Expenses Charged to Borrowing Accounts											29,274
Other											232
Devaluation Surplus											315,372
										<u>K£400,038</u>	
for the year ended 31st December, 1970											
Loans Raised—											
Stock Issues										2,000,000	
Local Government Loans Authority										100,000	
National Housing Corporation										892,532	
U.S. Agency for International Development										33,898	
Life and Casualty Insurance Co of Tennessee										53,405	
Oxfam										14,608	3,092,443
Advances Repaid by Borrowing Accounts—											
General Fund										425,875	
Water										250,955	
Mortgage										17,822	
Tenant Purchase Schemes										48,726	743,371
Temporary Loan from City Council General Fund											
Investments Realized—											628,264
Short Term Deposits										68,312	
Stocks										46,100	114,412
Decrease in Cash and Working Balance During the Year											1,982,950
										<u>K£6,561,259</u>	

HOUSING

EXPENDITURE	CAPITAL ACCOUNT		
	To 31st Dec., 1969	During Year	To 31st Dec., 1970
	K£	K£	K£
Advances to Borrowers—			
Individuals	58,600	2,400	61,000
Employers	227,436	—	227,436
	<u>286,036</u>	<u>2,400</u>	<u>288,436</u>
Less: Advances Repaid	178,723	22,731	201,454
	<u>107,313</u>	Cr. <u>20,331</u>	<u>86,982</u>
Balance carried forward			7,913
			<u>K£94,895</u>

REVENUE ACCOUNT		
Interest on Loans Raised		7,381
Insurance Premiums		54
Accruals		793
		<u>8,230</u>
Deficit at 1st January, 1970		11,196
		<u>K£19,426</u>

LIABILITIES, ETC.		BALANCE SHEET	
CAPITAL:			
Loans Outstanding—			
Consolidated Loans Fund			94,894
REVENUE:			
Sundry Creditors		3	
Cash Overdraws		<u>13,418</u>	<u>13,421</u>
			<u>K£110,315</u>

LOANS ACCOUNT

for the year ended 31st December, 1970		INCOME		
		To 31st Dec., 1969	During Year	To 31st Dec., 1970
		K£	K£	K£
Loans Raised—				
Consolidated Loans Fund		287,039	—	287,039
Less: Loans Repaid		<u>178,111</u>	<u>14,033</u>	<u>192,144</u>
		<u>108,928</u>	Cr. <u>14,033</u>	<u>94,895</u>

for the year ended 31st December, 1970				
Interest on Advances and Balances				5,942
Insurance Premiums Recoverable				54
				<u>5,996</u>
Deficit at 31st December, 1970				<u>13,430</u>
				<u>K£19,426</u>

as at 31st December, 1970		ASSETS, ETC.		
CAPITAL:				
Advances Outstanding—				
Individuals			36,253	
Employers			<u>30,726</u>	86,981
Cash in Hand				<u>7,913</u>
				<u>94,894</u>
REVENUE:				
Sundry Debtors			1,991	
Revenue Account—			<u>13,430</u>	<u>15,421</u>
Deficit at 31st December, 1970				
				<u>K£110,315</u>

S. K. MBUGUA, B.Sc. (Econ.), A.M.T.A.,
City Treasurer.

TENANT PURCHASE SCHEMES

EXPENDITURE										REVENUE ACCOUNT									
										K£									
Deficit brought forward 1st January, 1970										57,923									
Interest on Loans Raised										109,283									
Debt Management Expenses										3,552									
Insurance										3,169									
Revenue Contributions to Capital Outlay										3,259									
Sundry Expenses										10,419									
										<u>K£187,605</u>									

CAPITAL:										LIABILITIES, ETC.										BALANCE SHEET									
Loans Outstanding																				2,546,688									
Consolidated Loans Fund																				113,274									
Cash Overdrawn																				3,010									
Receipts in Advance																				3,258									
Revenue Contributions to Capital Outlay																													
																				<u>K£2,666,230</u>									

REVENUE:																													
Deposits																				81,959									
																				<u>81,959</u>									
																				<u><u>K£2,748,189</u></u>									

SCHEMES (HOUSING) ACCOUNTS

for the year ended 31st December, 1970

INCOME										K£									
Interest Received										138,74									
Insurances Recovered										26									
Application Fees										27									
Sundry Income										19									
Deficit carried forward 31st December, 1970										43,71									
										<u>K£187,6</u>									

as at 31st December, 1970

CAPITAL:										ASSETS, ETC.																			
Advances Outstanding																				2,200,4									
Debtors																				18,7									
Capital Reserve																				446,9									
																				<u>K£2,666,2</u>									
REVENUE:																													
Accum. Revenue Deficit																				43,7									
Cash in Hand																				39,2									
																				<u>81,9</u>									
																				<u><u>K£2,748,1</u></u>									

S. K. MBUGUA, B.Sc. (Econ.), A.I.M.T.A.,
City Treasurer.

CONSOLIDATED BALANCE SHEET

	K£	K£	K£
Long Term Liabilities:			
Loans Outstanding—			
Stock			
Mortgages		6,642,183	
Other Loans		497,323	
		<u>9,758,738</u>	16,898,244
Current Liabilities:			
Creditors		1,436,311	
Deposits and Receipts in Advance		818,477	
Deferred Creditors		<u>226,620</u>	2,481,408
Provisions:			
Various Funds (Detailed on Pages 60-61)			2,716,720
Other Balances:			
Capital Receipts Unapplied		34,192	
Capital Fund		333,170	
Insurance Fund		198,457	
Water General Reserve		186,695	
Working Balances		<u>403,150</u>	
Surpluses on Revenue Accounts—			
General Fund	1,016,388		
Water Supply	118,517		
Holding Account Balances	<u>67,496</u>	1,202,401	
Revenue Contributions to Capital Unapplied		371,677	
Capital Discharged		<u>12,290,771</u>	
		15,020,513	
Less: Loss on Devaluation		<u>80,641</u>	14,939,872

K£37,036,244

at 31st December, 1970 (Excluding Provident Fund)

	K£	K£	K£
Fixed Assets:			
Capital Outlay (Including Land, Buildings, etc.)		19,874,218	
Other Long Term Outlay (including Roads, Sewers, Street Lighting and Water Mains)		<u>6,312,801</u>	26,187,019
Current Assets:			
Stores on Hand		356,724	
Work in Progress		274,741	
Debtors, Deposits and Payments in Advance		3,965,117	
Investments (Detailed on Page 74)		1,832,995	
Short Term Deposits		2,493,938	
Sundry Deposits		2,359	
Cash in Hand		<u>1,010,783</u>	9,936,657
Other Balances:			
Deferred Charges		408,049	
Deficit on Revenue Accounts—			
Housing	13,430		
Staff Housing Loans	404		
Tenant Purchase	<u>43,712</u>	57,546	
Tenant Purchase Capital Reserve		<u>446,973</u>	912,568

K£37,036,244

S. K. MBUGUA, B.Sc. (Econ.), A.I.M.T.A.,
City Treasurer.

CITY COUNCIL OF NAIROBI

GENERAL FUND

CAPITAL PROGRAMME FOR THE FIVE YEARS 1972 - 1976

S U M M A R Y

COUNCIL SPECIAL MEETINGS (ESTIMATES)

CAPITAL PROJECTS	APPROX.	1972	1973	1974	1975	1976	TOTAL
	1971						
	K2000	K2000	K2000	K2000	K2000	K2000	K2000
1. HOUSING (Pages 2 - 3)	583	744.6	873.5	439.8	251.3	221.3	7,351.5
2. WORKS (Pages 4 - 10)	728	1,913	2,780	2,552	2,113	2,002	12,058
3. HOUSING AND TENANT PURCHASE (Pages 11 - 13)	2,220	3,828	6,131	4,352	4,760	5,785	27,024
4. SOCIAL SERVICES (Page 11, 14 - 16)	175	544	869	253	85	20	1,847
5. PUBLIC HEALTH (Pages 17 - 18)	239	974.5	321	298	118	113	2,839.5
6. GENERAL PURPOSES (Page 15)	236	392	424	90	50	50	1,092
TOTAL CAPITAL EXPENDITURE	4,190	8,396.1	12,073.5	7,974.8	7,407.3	6,196.3	48,233
<u>SOURCE OF FINANCE</u>							
<u>INTERNAL SOURCES</u>							
Grants and Recoveries	305	493	689	554	585	600	3,215
Revenue Contributions to Capital	426	567	506.5	396.5	329.5	351.5	2,586
Revenue Fund	-	100	-	-	-	-	100
Capital Fund	155	62	-	-	-	-	217
	886	1,242	1,195.5	950.5	914.5	951.5	6,138
<u>EXTERNAL SOURCES</u>							
Stock Issues	1,218	3,357.1	4,808	2,764.3	1,822.8	1,554.8	15,507
M.E.C.	956	1,532	1,988	870	200	-	5,046
A.I.S.	480	545	430	200	-	-	1,655
C.D.C.	650	1,150	1,202	1,050	1,070	1,070	6,122
Other Loans - Housing	-	570	2,450	2,140	3,400	4,630	13,190
TOTAL CAPITAL FINANCING	4,190	8,396.1	12,073.5	7,974.8	7,407.3	6,196.3	48,233
<u>ANNUAL LOAN CHARGES</u>							
Total - All Schemes	272	591	898	580	536	599	
Less Self supporting Schemes	178	335	543	360	336	473	
To be met from Revenue A/C	94	256	355	220	150	126	
Surplus on Revenue A/C accumulated	-	350	705	925	1,075	1,201	

Banks that were Interviewed

F.1

Commercial Bank of Africa

Manager: Mr. Stanley

Branches: 3 in Nairobi
1 in Mombasa

No. of 150
Employees:

Owned by the Bank of America, this firm has developed an aggressive business attitude. As mentioned, it has built savings deposits from small accounts and is a Sh15 million institution. There is no plan for mortgage lending to employees, but a generalized lending program is available to them. Of the 150 people employed, the manager estimated that not more than 10 own their own homes. This bank recently loaned the Credit Union connected with Dal Monte Co., Sh100,000 to be used for housing finance at the new pineapple plant at Thika; the loan was to be turned over every year for 3 years.

Standard BankManager of

<u>Loan Portfolio:</u>	Mr. Smith
<u>No. of Branches:</u>	30
<u>No. of Employees:</u>	Over 1,000

The loan rate is 7 to 9% depending on the term and desirability. From the bank's point of view the manager felt that the development of a secondary money market would improve mortgage financing. The bank has no home mortgage plan for employees.

No more interviews with commercial banks were held, because one interview was cancelled at the last minute and conversation with Mr. Atchley, one of the Embassy economic officers, and Mrs. Burke Dillon, a research associate at Institute of Development Studies at the University of Nairobi, confirmed the fact that with few exceptions the banks in Kenya operate almost identically with the ones in Uganda, where interviews were also held. Regarding the home mortgage portfolio of Kenya Commercial Bank, it would have been necessary to wait a week for the return of the bank official knowledgeable about their program to secure an interview.

Insurance Companies that were Interviewed

An historical soundness of banks and financial intermediaries has created confidence in monetary institutions in Kenya. The result has helped widespread selling of life insurance as an important form of savings in East Africa, and the endowment policy with its high savings component is popular. The creation of sizeable funds has meant that the insurance companies are a primary force in the long-term private money market. About 50% of portfolio assets of these companies is in

government securities making reserves on life funds adequate. The government does not have statutory reserve requirements for life companies. Companies are privately owned, although National Life is partially GOK owned.

Investment opportunities being limited in Kenya, the insurance companies have placed about 30% of their portfolio in home mortgages. The minimum interest rate on owner-occupied homes is $8\frac{1}{2}\%$ with the cost of mortgage to the company being $6\frac{1}{2}\%$. Rates on mortgages range up to 10%, and the term for mortgages is from 10 to 15 years. Despite the interest expressed in low-cost housing, mortgage financing is almost exclusively confined to upper income groups. Two life insurance companies in Kenya have 70% of the life business: Old Mutual Life and Norwich Union Life. Pearl Insurance is in the process of leaving East Africa. It appears that the insurance industry is in a state of flux and small aggressive companies are merging. Moreover, nationalization in other countries has created uncertainty in regard to the future of these companies.

Net Premium Payments, Contractual Savings

Life Insurance Companies

(In millions of Kenya Shillings)

<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	
42	56	96	117	155	EST.

Investment by Insurance Companies
(In Millions of Kenya Shillings)

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>Percentage</u> <u>1969</u>
Mortgages and Loans	140.0	218.3	272.0	29.0
Government & Municipal Bonds	183.6	204.7	213.2	22.7
Cash in Hand and at Bank	54.5	84.4	151.0	16.1
Stocks and Shares	57.0	102.7	99.8	10.7
Real Estate	66.1	74.0	90.0	9.6
Other Assets	<u>57.0</u>	<u>104.0</u>	<u>112.0</u>	<u>11.9</u>
Total	558.2	788.1	938.0	100.0

Old Mutual Life Insurance Co.

Manager: Mr. Goldman

No. of Employees: 78 including sales force

This company, the largest in Kenya, is highly interested in owner-occupied and rental housing mortgage finance. Recently, the company financed a block of flats at $9\frac{1}{2}\%$ and for a term of 10 years. The $\text{K}10$ million portfolio is distributed as follows: 50% government securities, 40% mortgages and debentures, and 10% company property. Accepting the fact that profit remittance is no longer possible, the manager feels that the monetary authorities should allow the remittance of home office expenses.

Norwich Union Life

Manager: Mr. Thompson

No. of Branches 2

No. of Employees: 110 (salesmen not included)

This firm is not interested in home mortgage financing and is stressing the sale of pension schemes rather than life policies. There

are 20,000 policies in force and 340 pension schemes with from 30 to 350 people in each, averaging 50 individuals per plan. Although not specifically interested in owner-occupied homes, an interest was expressed in rental property, where the rate of return is 18 to 20%, the return on mortgages is a minimum of 9 $\frac{1}{2}$ %, and the term of the loan 10 to 12 years. At one time the company entered into a tenant-purchase scheme with the City Council with funds to be loaned to the Council at 7 $\frac{1}{2}$ % and for a term of 12 years, but the plan fell through. The Company's portfolio is distributed as follows;

Government Bonds	35%
Shares, Private Companies	20%
Mortgages and other properties	20%
Real Estate	10%
Loans on Policies	10%
Deposits, Commercial Banks	<u>5%</u>
Total	100%

British American Insurance Co.

Manager: Mr. Karuri
No. of Branches: 7 sales offices
 1 Admin Office
No. of Employees: 200 (salesmen included)

This company, which is based in the Bahamas is owned by the McMillan group. Besides life insurance, industrial policies are widely sold. Their long-term investment portfolio is placed exclusively in home mortgages. Since the company is small, it appears that home mortgages may be one of the few investment avenues open to them. Because there

are no guarantees for mortgages, the company is cautious in granting them and will rarely loan as much as 80% of the value of the property, a 65% loan is more typical. Terms are a minimum of ten years and a maximum of 15 with interest rates from $8\frac{1}{2}$ % to 13% and the median 10%.

Loans are granted to staff members but mortgage loan applications must meet the same standards as other borrowers. Most of the mortgages have financed middle class housing. The company would like to finance low income housing, because a good public image would be generated; however, the problems in collecting payments and servicing of loans in addition to the lack of guarantees make such a practice impossible.

SUMMARY OF SURVEY OF TEMPORARY STRUCTURESaverage

number of questionnaires _____ 1,247 questionnaires
 population of sample _____ 7,341 people

number of people per family unit _____ 5.28 people
 number of rooms occupied per family unit _____ 1.13 rooms
 number of people per room _____ 4.77 people
 room size (square feet) _____ 87 sq ft
 living space per person (square feet) _____ 20 sq ft

construction cost per room (shillings) _____ 300 sh (\$42)
 percent of owner occupants _____ 32.3 %
 percent of renters _____ 67.7 %
 amount of rent per month _____ 40 sh (\$5.70)

length of residence in house (years) _____ 8.75 years
 length of residence in Nairobi _____ 13.6 years
 percent of new migrants (below 5 years residence) _____ 25.5 %
 percent of established residents (5 years and over) _____ 74.5 %
 length of residence of those established _____ 16.7 years

percent who lived in Nairobi before moving
 into the squatter community _____ 67 %
 percent who lived outside of Nairobi before
 moving into the squatter community _____ 33 %
 percent owning other houses in Nairobi _____ 2.7 %
 percent owning land outside of Nairobi _____ 27.2 %
 number of acres per family unit _____ 5 acres
 number of persons now living on that land _____ 7.7 persons

percent wage employed _____ 44.8 %
 percent self employed _____ 35.9 %
 percent with no stated cash income _____ 19.3 %
 average monthly income of wage employed _____ 226 sh (\$31.65)
 average monthly income of self employed _____ 94 sh (\$13.65)
 general average including non-earners _____ 142 sh (\$19.90)

percent who would remain in Nairobi if
 house were demolished or if evicted _____ 95 %
 percent who could afford to build a house
 if given a plot _____ 87 %
 percent who can afford to rent _____ 85 %
 amount they can afford per month _____ 38 sh (\$5.30)
 percent who would resettle outside of
 Nairobi if given land _____ 91.2 %
 percent who would like to go back to the land _____ 73 %

source: report by Donna Haldane on the survey conducted by the Nairobi
 Urban Study Group in cooperation with the National Christian Council



REPUBLIC OF KENYA

MINISTRY OF CO-OPERATIVES AND
SOCIAL SERVICES

**THE CO-OPERATIVE SOCIETIES
RULES 1969**

Three Shillings—1969

REPUBLIC OF KENYA

LEGAL NOTICE No. 175

**THE CO-OPERATIVE SOCIETIES ACT
(Cap. 490)**

IN EXERCISE of the powers conferred by section 84 of the Co-operative Societies Act, the Minister for Co-operatives and Social Services hereby makes the following Rules:—

THE CO-OPERATIVE SOCIETIES RULES 1969

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| 1. These Rules may be cited as the Co-operative Societies Rules 1969. | Citation. |
| 2. (1) The Commissioner shall keep or cause to be kept at his office a record called "the Register of Co-operative Societies" (hereinafter referred to as the register) wherein shall be entered particulars relating to the registration of societies and their by-laws and any amendments thereto. | Register of societies. |
| (2) Every entry in the register shall be made by, or under the direction of, the Commissioner and shall be signed by him and every alteration, interlineation or erasure shall be initialled by the Commissioner. | |
| (3) The register shall be open for inspection by the public free of charge at all reasonable times. | |
| 3. An application for the registration of a society under section 7 of the Act shall be made to the Commissioner in Form I in the Schedule to these Rules and shall be accompanied by an appraisal in writing of the viability of the society. | Application for registration. |
| 4. Where the Commissioner decides to register a society the society and its by-laws shall be registered in the register. | Registration of a society. |
| 5. Upon the registration of a society the Commissioner shall forward to the society, free of charge— | Certificate of registration and documents. |
| (a) a certificate of registration in Form II in the Schedule to these Rules or a certificate of provisional registration as the case may be; | |
| (b) a copy of the by-laws of the society as registered by him and certified under his hand as having been registered by him; | |
| (c) a copy of the Act and the Rules made thereunder; | |
| (d) a copy of the application for registration. | |
| 6. Where the Commissioner refuses to register a proposed society or its by-laws he shall give the applicants his reasons in writing for such refusal. | Notification of refusal to register a society. |
| 7. (1) A registered society shall make by-laws in respect of the following matters— | By-laws. |
| (a) its name; | |
| (b) its registered office and postal address; | |
| (c) the area to which its operation and membership shall be confined; | |
| (d) the objects of the society; | |
| (e) the purposes to which its funds may be applied; | |

- (f) the disposal of its accumulated funds;
 - (g) the qualifications for membership, the terms of admission of members and the mode of their admission;
 - (h) the withdrawal and expulsion of members and the payment, if any, to be made to such members and the time within which such payment shall be made;
 - (i) the rights, liabilities and obligations of members;
 - (j) the transfer of the share or interest of members;
 - (k) the manner of raising funds, including the maximum rate of interest on deposits;
 - (l) its general meetings, the procedure and quorum at such meetings, the powers of such meetings and representation and voting at such meetings;
 - (m) the appointment, suspension and removal of members of the committee and officers and the powers and duties of the committee and officers;
 - (n) the period of its financial year;
 - (o) the authorization of officers to sign documents on its behalf; and
 - (p) the settlement of disputes.
- (2) If the objects of the society include the creation of funds to be lent or advanced to its members, by-laws shall also be made in respect of the conditions on which loans or advances may be made to members including—
- (a) the rate of interest;
 - (b) the maximum amount which may be lent to a member;
 - (c) the extension, renewal and recovery of loans;
 - (d) the period and purpose of loans;
 - (e) the security for loans; and
 - (f) the consequences of default in the repayment of any sums due.

Amendment of by-laws.

8. (1) When in pursuance of the provisions of section 10 (1) of the Act a registered society amends its by-laws, such amendment shall only be made by a resolution of the members at a general meeting in respect of which at least fifteen clear days notification of the proposed amendment shall have been given to the members of the society.

(2) No resolution under paragraph (1) of this rule shall be valid and effective unless—

- (a) in the case of a registered society with unlimited liability, half of the members of the society are present at the meeting and three-quarters of them vote in favour of the resolution; or
- (b) in the case of a registered society with limited liability a majority of the members of the society present at the meeting or in writing vote in favour of the resolution;

Provided that when written votes are used the following conditions shall apply—

- (i) all members of the society shall have been sent by the secretary of the society voting papers to enable the members within reasonable time before the meeting to record their votes and return them to the secretary; and

(ii) the votes shall have been examined, counted and the result notified to members by the committee.

(3) Notwithstanding paragraphs (1) and (2) above, where an amendment has received the prior approval of the Commissioner such amendment may be adopted by a two-thirds majority of the members present and voting at the meeting.

(4) When in pursuance of the provisions of section 10 (2) of the Act any amendment is sent to the Commissioner it shall be accompanied by a certificate in Form III in the Schedule to these Rules together with a copy of the amendment in quadruplicate.

(5) The Commissioner may by serving a written notice call upon a registered society to make such amendment to its by-laws as he considers to be necessary or desirable in its interest, within a period not exceeding two months from the date of service of the notice.

(6) The notice shall state the exact amendment which the society shall make.

(7) If the registered society fails to make such amendment under paragraphs (5) and (6) of this rule, within the period specified under paragraph (5) of this rule, the Commissioner may, after considering any objections put forward by the society in writing not later than fourteen days after the expiry of the specified period, proceed to make and register the amendment in accordance with section 10 (7) of the Act.

9. Any member of a registered society who ceases to qualify for membership of such society under section 14 of the Act, these Rules or the by-laws of the society, shall forthwith cease to be a member of such society and the committee shall direct the secretary to strike his name off the register of members.

Loss of qualifications for membership.

10. (1) Subject to the provisions of section 20 of the Act and paragraph (3) of this rule and subject to the approval of the committee a member may transfer his share or shares in a registered society to any other member of the society or to any person whose membership of the society has been approved by the committee.

Transfer of share.

(2) No transfer of a share in a registered society shall be valid and effective until such transfer has been registered by the secretary of the society.

(3) No transfer of a share or shares in a registered society shall be valid and effective if made by a member in debt to the society whether such debt is due for payment or not.

(4) When for any reason other than death, a member of a registered society of limited liability holding deposits or loans from non-members ceases to be a member he may, subject to section 20 of the Act, transfer his share or shares in such society to another member, or to a proposed member approved by the committee of such society, but he shall not be entitled to repayment from the society of any money paid by him in respect of such share or shares.

11. (1) Every member of a registered society may upon admission appoint his nominee.

Nominee of a member.

(2) Every appointment of a nominee by any member of a registered society for the purpose of section 37 of the Act shall be made in writing and signed by the member in the presence of two attesting witnesses.

(3) No members of a registered society with share capital shall be entitled to appoint more than one nominee unless that member holds more than one share.

(4) In any case where more than one nominee is appointed by any member the number of shares to be transferred to each of these nominees shall be specified at the time of the appointment.

(5) Every appointment of a nominee shall be recorded in the register of members of the society.

(6) For the purpose of a transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it unless the by-laws of the society otherwise provide.

(7) In all cases where the deceased member is in credit with the society any nominee under this rule may be paid all dues on evidence of death being produced without awaiting lawful administration of the estate.

(8) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian shall be sufficient discharge to the society.

(9) If for any reason on the death of a member a nominee does not exist, the society may pay any money due to the deceased member to the personal representative or recognized heirs of that deceased member.

(10) In the event of any person so nominated dying or of the member desiring to cancel any such nomination, the member may from time to time nominate in writing another person in the same manner, and the necessary alteration shall be made in the register of members.

12. No registered society shall fix any limit to the number of its members.

13. (1) A registered society shall keep up to date and in proper businesslike manner such accounts and such books as the Commissioner may from time to time direct either generally or in respect of any particular society or class of society.

(2) Notwithstanding the generality of paragraph (1) of this rule, every registered society shall keep the following books—

- (a) a register of members showing in respect of each member—
- (i) the name, age, date of application for membership, address and occupation;
 - (ii) the date he was admitted to membership;
 - (iii) the date on which he ceased to be a member; and
 - (iv) the name of his nominee, if any, appointed in accordance with rule 11 of these Rules;
- (b) a minute book giving details of the proceedings at general meetings;
- (c) a minute book giving details of the proceedings at committee meetings; and
- (d) a cash book showing the details of all moneys received and all moneys expended or paid out in any way whatsoever by the society;

No limitation to number of members.

Books to be kept by a registered society.

(e) a ledger containing such accounts as are necessary to properly record the transactions of business;

(f) a personal ledger showing the transactions of each member with the society including the details of produce delivered to the society by each member and the payment made therefor;

(g) an assets register;

(h) a stock control ledger;

(i) a register of charges showing in respect of every charge created by the society the amount of the charge and the person entitled thereto;

(j) a register of loans to members showing in respect of each loan the name of the borrower, the amount borrowed, the purpose of the loan, the due date of repayment and the date repayment is made;

(k) a ledger showing deposits and withdrawals by members; and

(l) such other books as the committee may decide or as the Commissioner may prescribe.

(3) A registered society shall prepare its annual accounts and balance sheet in such form as may be prescribed by the Commissioner and shall attach such supporting schedules or statements as required by the Commissioner.

14. A district co-operative union shall provide, organize and supervise efficient centralized services for marketing, supplies, accounting, banking, transport and such other services as may be necessary for its members which services the members shall be bound to accept.

Centralized services.

15. Every registered society shall submit a monthly trial balance to the Commissioner.

Monthly trial balance.

16. The annual return required to be filed pursuant to section 24 of the Act shall be in Form IV in the Schedule to these Rules and shall be filed with the Commissioner within four months of the end of the financial year.

Annual return.

17. There is hereby established a fund to be known as the Audit and Supervision Fund (hereinafter in these Rules referred to as the Fund) and every registered society shall, unless exempted in writing by the Commissioner, pay into it annually audit and supervision fees as the Commissioner may require.

Audit and Supervision Fund.

18. The Fund shall be administered by the Commissioner and the balance of the Fund shall be kept with the accounting officer who is authorized to accept receipts and to make payments in accordance with the provisions of these Rules:

Control of Fund.

Provided that the accounting officer shall not make any payment from the Fund unless he holds a cash balance on behalf of the Fund sufficient to cover the payment.

19. The accounts of the Fund drawn in each year up to 30th June together with the Commissioner's report thereon, shall be placed before the Minister.

Annual accounts and report.

Receipts and
payments.

20. (1) The revenue of the Fund shall consist of fees for the audit and supervision of registered societies as fixed by the Commissioner together with any other moneys which, with the approval of the Treasury, may be credited to the Fund.

(2) The Commissioner shall keep such books as are necessary to show separately for each society details of the fees raised and collected and to record payments from the Fund.

(3) Fees may be written off on the authority of the Commissioner who shall endorse his records accordingly.

21. (1) Until such time as a registered society or other authority is constituted for the purpose of exercising control over the audit and supervision of registered societies, 50 per cent of the annual contributions received by the Fund shall be paid half-yearly in the following manner to Government as an appropriation-in-aid towards the cost of the audit and supervision services provided by the Commissioner—

(a) in June of each year the Government shall be paid the amount due for the period 1st December to 31st May;

(b) in December of each year the Government shall be paid the amount due for period 1st June to 30th November.

(2) All expenditure to be met from the Fund shall be supported by vouchers and authorized by the Commissioner in the same manner as for Government expenditure.

(3) Expenditure charged to the Fund may include expenditure for the following purposes—

(a) purchases of specialized stationery, office machinery and equipment for use by the Commissioner in the administration of registered societies and the Fund;

(b) repairs to office machinery and equipment purchased from the Fund;

(c) expenditure in respect of temporary extra clerical assistance, authorized by the Commissioner as necessary from time to time in connexion with the audit and supervision of registered societies;

(d) expenditure including payment of professional audit fees which shall be subsequently recovered wholly or in part from registered societies concerned;

(e) liquidation expenses including legal fees and costs where no moneys are available to the liquidator and where in the opinion of the Commissioner such expenditure should be incurred for the proper carrying out of the liquidation; and

(f) any other expenditure approved by the Treasury including investment of funds surplus to requirements.

22. (1) The Fund shall be audited annually by the Controller and Auditor-General.

(2) The accounting officer and the Controller and Auditor-General and their staff shall be given access to books and records as required for checking, audit or other purposes.

(3) The vouchers in support of payment to be made from the fund shall be forwarded to the accounting officer for examination and payment.

Annual
audit of
Fund.

23. As soon as a registered society or other authority is constituted for the purpose of exercising control over the audit and supervision of registered societies, the Fund shall be credited to the registered society or other authority and utilized in accordance with its stated objects.

24. Subject to the Act and these Rules the supreme authority of a registered society shall be vested in the general meeting of members at which every member shall have the right to attend and vote on all matters. Subject to the provisions of section 19 of the Act each member shall have one vote only which shall be exercised in the case of a primary society by the member in person and not by proxy.

25. The first general meeting of members of a registered society shall be held not later than one month after the receipt of the certificate of registration of the society and shall—

(a) elect officers for the ensuing year;

(b) consider and decide upon the maximum borrowing powers of the society;

(c) consider and approve estimates of income and expenditure for the ensuing financial year or part thereof;

(d) appoint the society's bankers; and

(e) receive reports and decide upon other matters as may be necessary for the conduct of the society's business.

26. The annual general meeting of members of a registered society shall be convened each year by the committee or the Commissioner or his representative within one month of the date of receipt of the report on the audit of the accounts of the society by the committee:

Provided that—

(i) the Commissioner may at any time after the audit of the accounts has been completed convene an annual general meeting which shall proceed as if it had been convened by the committee;

(ii) in either case at least fifteen clear days notice shall have been given of the intention to hold the meeting.

27. The annual general meeting of a registered society shall—

(a) consider and confirm the minutes of the last annual general meeting and of any other intervening general meeting;

(b) consider reports of the committee, the Commissioner or his representative and the auditor's report on accounts and balance sheet of the society;

(c) approve the accounts or if the accounts are not approved cause the secretary to notify the Commissioner who shall consider the matter and make his decision thereon and such decision as to the correctness of the accounts shall be final and conclusive;

(d) consider and resolve the manner in which any available surplus shall be distributed or invested subject to the approval of the Commissioner;

(e) elect officers for the ensuing year;

(f) consider and decide if necessary the maximum borrowing powers of the society which shall be subject to the approval of the Commissioner;

Utilization
of Fund.

General
meetings.

First
general
meeting.

Annual
general
meeting.

Duties of
annual
general
meeting.

(e) transact any other general business of the society of which notice has been given to members in the manner prescribed in the by-laws of the society.

Special
general
meeting.

28. (1) A special general meeting of a registered society may be convened at any time by the committee or a board of representatives of the society, provided that at least fifteen clear days written notice of the resolution and of the meeting have been given to each member or representative as the case may be.

(2) A special general meeting of a registered society shall be convened by the committee—

- (a) on receipt of a demand for such meeting signed by such number of members of the society as shall be required by the by-laws of the society and stating the reasons for and the objects of calling the meeting;
- (b) on receipt of a written demand from the board of representatives and stating the reasons for and the objects of the meeting.

(3) If the committee fails to convene a meeting in accordance with paragraph (2) above within fourteen days of receiving the demand for the meeting, the members or the board of representatives, as the case may be demanding the meeting shall have the power to convene the meeting themselves by notice to all members of the society stating the reasons for and the objects of the meeting and the fact that the committee has failed to convene the meeting.

(4) The Commissioner or his representative may at any time convene a special general meeting of a registered society and may also direct what matter shall be discussed at the meeting.

Quorum at
general
meetings.

29. The quorum at general meetings of a registered society shall be as laid down in the by-laws:

Provided that when a meeting is convened by the Commissioner under the provisions of paragraph (4) of rule 28 of these Rules the members present at such meetings shall be deemed to constitute a quorum.

Chairman
at general
meetings.

30. At all general meetings of a registered society the chairman or, in his absence, the vice-chairman or such other person as provided for in the by-laws shall preside. In their absence any person elected by a majority of those present shall preside:

Provided that the Commissioner or his representative may preside at any meeting convened under the provisions of paragraph (4) of rule 28 of these Rules but shall not be entitled to vote.

Voting at
general
meetings.

31. (1) Unless otherwise dealt with in the Act, these Rules or the by-laws of a registered society any question referred to the members present at a meeting shall be decided by a majority of votes.

(2) The chairman shall declare whether every resolution put to the vote has been carried or lost and shall cause an entry to that effect to be made in the minute book of the society which when signed by him shall be conclusive evidence of anything contained therein.

(3) A resolution on which the voting is equal shall be postponed to a subsequent meeting.

(4) The chairman shall have one vote only and no casting vote.

32. (1) Every registered society shall have a committee consisting of not less than five and not more than nine members which number shall include the chairman and vice-chairman who shall be elected by the committee from amongst the members of the committee.

Constitution
of
committee.

(2) Subject to paragraph (4) of this rule, members of the committee shall be elected, suspended, or removed only by a decision of a majority of members of the society present and voting at a general meeting:

Provided that a majority of the whole committee may for good cause also suspend one of its members, such suspension to be confirmed by the next general meeting.

(3) (a) Unless the by-laws otherwise provide members of the committee of a registered society shall hold office for a period of one year but shall be eligible for re-election.

(b) No person shall serve in the post of chairman for more than three consecutive years and no person who has held office for three consecutive years shall be eligible for re-election as a chairman for a period of two years from the date of his vacation of office without the prior permission of the Commissioner.

(4) If during the term of office of a committee a vacancy occurs in the committee, the committee may, and shall if the number of members drops below five, co-opt a member of the society to serve on the committee until the next general meeting of the society.

(5) If a general meeting removes a member of the committee it shall forthwith elect a new member who shall hold office until the next annual general meeting.

(6) The quorum at committee meetings shall be as laid down in the by-laws.

(7) The chairman shall preside at all meetings of the committee. In the temporary absence of, or refusal by, the chairman, the vice-chairman shall preside. In the absence of, or refusal by both, the committee shall elect one of its members to preside.

33. No person shall be eligible for membership of a committee of a registered society or remain a member of such committee if—

Eligibility
for member-
ship of
committee.

- (a) he is not a member of the society;
- (b) he is under twenty-one years of age;
- (c) he receives any remuneration, salary, or other payment from the society save in accordance with the Act;
- (d) in the case of a society that lends money to its members he lends money on his own account;
- (e) in the case of a society that trades in goods or produce, he, either on his own account or on some other person's account, trades in the same type of goods or produce;
- (f) he is an undischarged bankrupt;
- (g) he is of unsound mind;
- (h) he has been convicted of any offence involving dishonesty or is imprisoned for three months or more;
- (i) he has been convicted of any offence under the Act or Rules made thereunder;
- (j) he is a dismissed employee of a registered society;

(k) he has any uncleared debt owing to a registered society at the end of the society's financial year other than in respect of a loan under the provisions of rule 48 of these Rules or the relevant by-laws of the society.

**Duties of
the
committee.**

34. (1) The committee of a registered society shall be the governing authority of the society and subject to any directions from a general meeting of the society and the by-laws of the society it shall direct the affairs of the society with powers—

- (a) to enter into contracts;
- (b) to borrow money in accordance with rule 45 of these Rules;
- (c) to institute and defend suits and other legal proceedings brought in the name of or against the society; and
- (d) to do all other things necessary to achieve the society's objects in accordance with its by-laws.

(2) The committee of a registered society shall—

- (a) ensure subject to paragraph (c) of this sub-rule that any payment made by cheque has been signed by such officers as the by-laws authorize and countersigned by the Commissioner or a person or persons nominated by him for the purpose;
- (b) be responsible for the custody of all moneys belonging to the society and the banking at the earliest opportunity into an approved bank of sums in excess of such amounts as the Commissioner may fix in writing; and
- (c) ensure that any negotiable instrument and any order for goods in excess of amounts specified hereunder are countersigned by the Commissioner or a person or persons nominated by him for the purpose or other officers authorized in writing by him—

(i) in the case of a primary society all negotiable instruments in excess of shillings one hundred and all orders for purchases in excess of shillings one hundred unless placed through a co-operative union;

(ii) in the case of a co-operative union all negotiable instruments in excess of shillings five hundred and all orders for purchases in excess of shillings five hundred:

Provided that the Commissioner may increase the amount specified in (i) and (ii) above upon application by a registered society.

(3) The committee of a registered society shall hold regular meetings at which—

- (a) the minutes of its previous meeting shall be considered and confirmed;
- (b) the accounts, bank books and cash in hand shall be scrutinized and checked, and the committee's observations thereon recorded in the minutes;

(c) any loans due and owing to the society shall be considered and any action considered necessary in respect of such loans shall be authorized and recorded in the minutes; and

(d) any current business shall be considered.

(4) The committee of a registered society shall send annually to the Commissioner—

- (a) the audited balance sheet of the society and the annual return in Form IV in the Schedule to these Rules; and
- (b) an estimate of income and expenditure for the ensuing year, such estimate to be approved by the Commissioner before any expenditure is incurred.

(5) The committee of a registered society shall always keep available for inspection under the Act—

- (a) the certificate of registration of the society;
- (b) a copy of the Act, Rules and the registered by-laws of the society;
- (c) a list of members; and
- (d) a list of the officers of the society.

(6) In the conduct of affairs of a registered society the members of the committee shall exercise the prudence and diligence of ordinary men of business and shall be held personally and individually responsible for any losses sustained through any of their acts which are contrary to the Act, the by-laws of their society or the directions of any general meetings.

35. (1) The committee of a registered society may delegate any of its duties to an officer or officers of the society.

Delegation
of duties of
committee.

(2) Nothing in this rule shall be held to absolve the committee from its responsibility for the proper and businesslike direction of the affairs of the society.

36. (1) Every registered society whose membership consists of primary societies shall have a board of representatives (hereinafter referred to as the board) consisting of one delegate from each affiliated society elected at its annual general meeting:

Board of
representatives.

Provided that no member serving on the committee of a co-operative union may be elected to serve on the board.

(2) A chairman shall be chosen for each meeting from amongst the representatives in attendance at the meeting.

(3) Every representative shall hold office until the next annual general meeting after his election but shall be eligible for re-election.

(4) If during the currency of office of the board a vacancy occurs such vacancy may be filled by a nominee of the committee of the affiliated society concerned.

(5) The quorum at board meetings shall be two-thirds of the total number of representatives.

Duties of the board.

37. The board shall be empowered to give directions in regard to the business of a registered society to the extent that it shall have authority to convene a special general meeting of the society when in disagreement with its committee.

Board meetings.

38. (1) The board shall hold a regular quarter yearly meeting at which the minutes of the previous meeting shall be considered and confirmed.

(2) The secretary of the registered society shall be secretary at all board meetings.

(3) The committee of the registered society shall send to each member of the board agenda and minutes of all meetings of the registered society and communications in respect thereof.

(4) The board shall send to the committee of the registered society agenda and notice specifying date, hour and place of board meetings and may require the attendance of the committee or any officer of the registered society at such meetings.

(5) The board shall send to the Commissioner or his representative at the proper time, notice and agenda of every meeting, all minutes and communications in respect thereof and its recommendations if any.

Appointment of officers of a society.

39. (1) The committee of a registered society shall appoint a secretary to the society who may be either a member of the committee or a paid employee of the society:

Provided that in the latter case he shall not become a voting member of the committee.

(2) The committee of a registered society may, if it thinks fit, require the secretary or any other officer, on appointment, to give such security as it may determine.

Appointment of graded employees of a co-operative union.

40. No graded employees of a co-operative union shall be appointed except with the approval of the Commissioner who shall fix their terms and conditions of service.

Duties of secretary.

41. The duties of the secretary of a registered society shall be as specified in the by-laws of the society.

Property and funds.

42. The funds of a registered society shall be devoted only to promotion of the stated objects of the society, the running of the society and such other purposes as are set out in the Act, these Rules and the by-laws of the society.

Maximum dividend.

43. No registered society shall pay a dividend exceeding 10 per centum per year of the fully paid shares.

44. (1) A registered society which under its by-laws has power to borrow money shall from time to time at a general meeting fix the maximum liability which it may incur in loans or deposits from non-members.

Limitation of borrowing powers.

(2) Notification of the maximum so fixed shall be sent to the Commissioner in Form V in the Schedule to these Rules.

(3) The maximum so fixed shall be subject to the approval of the Commissioner who may at any time reduce it or impose such conditions as he may think necessary and his decision shall be final.

45. The conditions under which a registered society may receive deposits and loans from persons who are not members under section 41 of the Act, shall be that—

Conditions for loans from non-members.

(a) the Commissioner is satisfied that the society genuinely needs the deposit or loan;

(b) the Commissioner is satisfied that the terms of the deposit or loan and the rate of interest are reasonable;

(c) repayment of the deposit or loan is secured to the satisfaction of the Commissioner;

(d) the maximum liability fixed under rule 44 of these Rules is not exceeded; and

(e) the Commissioner has given written approval for the deposit or loan.

46. The particulars of charge required to be filed pursuant to section 51 of the Act shall be in Form VI in the Schedule to these Rules and shall be accompanied by the instrument creating the charge, or a copy thereof, certified to be a true copy under the seal of the society or under the hand of some person interested therein otherwise than on behalf of the society.

Form of particulars of charge.

47. The register and chronological index required to be kept pursuant to section 53 (1) and 53 (4) of the Act shall be in Form VII and Form VIII respectively in the Schedule to these Rules.

Register and chronological index.

48. No loan shall be made to a member of a registered society save in accordance with the conditions laid down for the making of such loans in the society's by-laws.

Loans to members.

49. (1) Every registered society shall pay into the reserve fund maintained in pursuance of the provisions of section 45 of the Act one-fourth of any net surplus resulting from the operations of the society during a financial year.

Duty to maintain reserve fund.

(2) The reserve fund of a society shall be invested or deposited in the manner provided in section 43 of the Act.

(3) No withdrawals shall be made from the reserve fund of a registered society without the consent in writing of the Commissioner and any such withdrawals shall be made good from the next available funds accruing to the society if the Commissioner so directs.

(4) The reserve fund shall be indivisible and no member shall be entitled to claim a specified share of it.

Application
of reserve
fund on
liquidation.

50. (1) On the dissolution of a registered society the assets represented by the reserve fund shall be applied in the discharge of the liabilities of the society.

(2) Any assets that may remain after discharging the liabilities of the society, including repayment of share capital representing a balance of the reserve fund, may be applied to some object of local or public utility as may have been selected by a general meeting of the society and approved by the Commissioner:

Provided that—

(i) If within three months of the dissolution of the society a general meeting fails to select an object, the Commissioner shall cause the fund to be deposited in a bank and on the registration of a new society in substantially the same area as that in which the dissolved society operated, the Commissioner may credit all or part of the funds to the new society, and

(ii) if within a period of three years from the date of deposit of the funds in a bank no such new registered society is formed, the Commissioner may apply the funds to an object of local or public utility to be approved by the Minister.

Publication
by the
liquidator
of notice
requiring claim
to be made.

51. A liquidator appointed under section 69 of the Act shall publish in the Gazette and in at least one newspaper circulating in the area in which the society, whose registration has been cancelled, operates a notice requiring claims against such society to be submitted to him within two months from the date of publication of the Gazette notice.

Co-operative
societies
liquidation
account.

52. (1) There shall be established an account to be known as the Co-operative Societies Liquidation Account (hereinafter referred to in this rule as the Account) which shall be administered by the Commissioner.

(2) The following shall be paid into the Account—

- (a) all moneys realized in the liquidation where a bank account does not exist at the commencement of a liquidation;
- (b) any unpaid claims on closure of a liquidation; and
- (c) any surplus balance on closure of a liquidation.

(3) The following may be paid from the Account—

- (a) claims, previously unpaid, subject to certification by the Commissioner or a person nominated by him for the purpose, within a period of two years from the date of the closure of liquidation;
- (b) distributions in any liquidation under paragraph (2) (a) of this rule.

(4) The Commissioner may authorize, after the expiration of two years from the date of closure of any liquidation, payment of balances of unpaid claims and surplus from the Account into the Fund.

Reference to
arbitration
by the
Commissioner.

53. (1) Where, in pursuance of the provisions of section 80 (4) of the Act, the Commissioner decides to refer a dispute to arbitration, such decision shall be embodied in an order of reference under his hand in Form IX in the Schedule to these Rules and shall—

- (a) specify the name, surname, place of abode and occupation of the arbitrator;
- (b) set out full particulars of the dispute; and
- (c) specify the time within which the award shall be made:

Provided that on good cause shown to his satisfaction, the Commissioner may, by a further order, enlarge the time, whether before or after the time specified in the order of reference, has expired.

(2) Where the Commissioner decides to refer a dispute to more than one arbitrator, such reference shall be to three arbitrators, of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the Commissioner and who shall act as chairman.

(3) Where under paragraph (2) of this rule reference is made to three arbitrators, the following provisions shall have effect—

- (a) if any party to the dispute fails to nominate an arbitrator within such time as the Commissioner may specify, he may make the nomination himself;
- (b) if any arbitrator nominated by one of the parties to the dispute dies, or refuses or neglects to act, or by absence or otherwise becomes incapable of acting, the Commissioner shall call upon the party concerned to nominate a new arbitrator within such time as the Commissioner may specify, and if no new arbitrator is nominated accordingly, the Commissioner may nominate one himself;
- (c) if the arbitrator, who dies or refuses or neglects to act, or becomes incapable of acting, was nominated by the Commissioner a new arbitrator shall be nominated in his place by the Commissioner; and
- (d) the award of the majority of the arbitrators shall be final.

(4) Where a dispute arises between a liquidator and a third party in the course of a liquidation any reference to the Commissioner under section 70 (1) (d) of the Act shall be made on Form X in the Schedule to these Rules.

(5) Where, in pursuance of the provisions of section 72 (1) (k) of the Act, the Commissioner decides to refer a dispute to arbitration, the dispute shall be determined by a single arbitrator in accordance with the provisions of the Arbitration Act 1968 as though the reference were a submission within the meaning of the Arbitration Act 1968.

53 of 1968.

Proceedings before an arbitrator.

54. The proceedings before an arbitrator shall, as nearly as possible, be conducted in the same way as proceedings before a court of law, and in particular the following provisions shall have effect in respect thereof—

- (a) at least ten days' notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute;
- (b) a record of the evidence adduced before the arbitrator shall be made, dated and signed by the arbitrator;
- (c) documents produced as exhibits before the arbitrator shall be marked, dated and initialled by the arbitrator and shall be attached to the file containing the proceedings; and
- (d) in the absence of any party duly notified to attend the dispute may be decided by the arbitrator *ex parte*.

Award of arbitrator.

55. (1) The award of the arbitrator shall be in Form XI in the Schedule to these Rules and shall—

- (a) state the amount of costs of reference and award; and
- (b) direct to and by whom and in what manner these costs or any part thereof shall be paid.

(2) Upon the completion of the proceedings, the arbitrator shall forward to the Commissioner—

- (a) the file of the proceedings; and
- (b) the award.

Appeal against award of arbitrator.

56. Any party aggrieved by the award of an arbitrator, or arbitrators, as the case may be, may appeal to the Commissioner in person or by agent within two months of the date of the award.

Copies of entries.

57. For the purpose of section 38 of the Act, a copy of an entry in any book of a registered society may be certified by a certificate stating that it is a true copy of such entry and that the book containing the entry is in the custody of the society, such certificate being dated and signed by the secretary of the society and by one member of the committee.

Documents for public inspection.

58. (1) The by-laws, annual return, audited accounts and balance sheets of every registered society and the register of charges shall be open to the public for inspection at the office of the Commissioner, on payment of a fee of Sh. 2 for each inspection.

(2) For every inspection made under section 60 (1) of the Act the fee payable shall be Sh. 2.

(3) The Commissioner shall upon request and on payment of a fee to be determined by him and not exceeding Sh. 50 for each copy supply certified copies of the by-laws, annual return, audited accounts and balance sheet of a registered society.

59. The Co-operative Societies Rules and the Co-operative Societies Rules 1966 are hereby revoked.

Revocation of Cap. 490 (Sub. Leg.) L.N. 189/1966.

SCHEDULE

FORM I

(r. 3)

THE CO-OPERATIVE SOCIETIES ACT
(Cap. 490, section 7)

APPLICATION FOR REGISTRATION OF A CO-OPERATIVE SOCIETY

To: The Commissioner for Co-operative Development,
P.O. Box 811,
Nairobi.

1. Name of proposed society
2. Area of operation
3. Type of society
4. Whether limited or unlimited liability is desired
5. Language in which the books and accounts will be kept
6. Name of person appointed to perform the duties of secretary of the society
7. Registered office and postal address of the society

We, the undersigned, hereby apply for the registration of the above society under the Act, and enclose four copies of the proposed by-laws in English.

Name	Occupation	Age	Place of Residence	Signature
.....
.....
.....

FORM II

(r. 5 (a))

THE CO-OPERATIVE SOCIETIES ACT
(Cap. 490, section 7)

CERTIFICATE OF REGISTRATION

CERTIFICATE OF REGISTRATION NO.

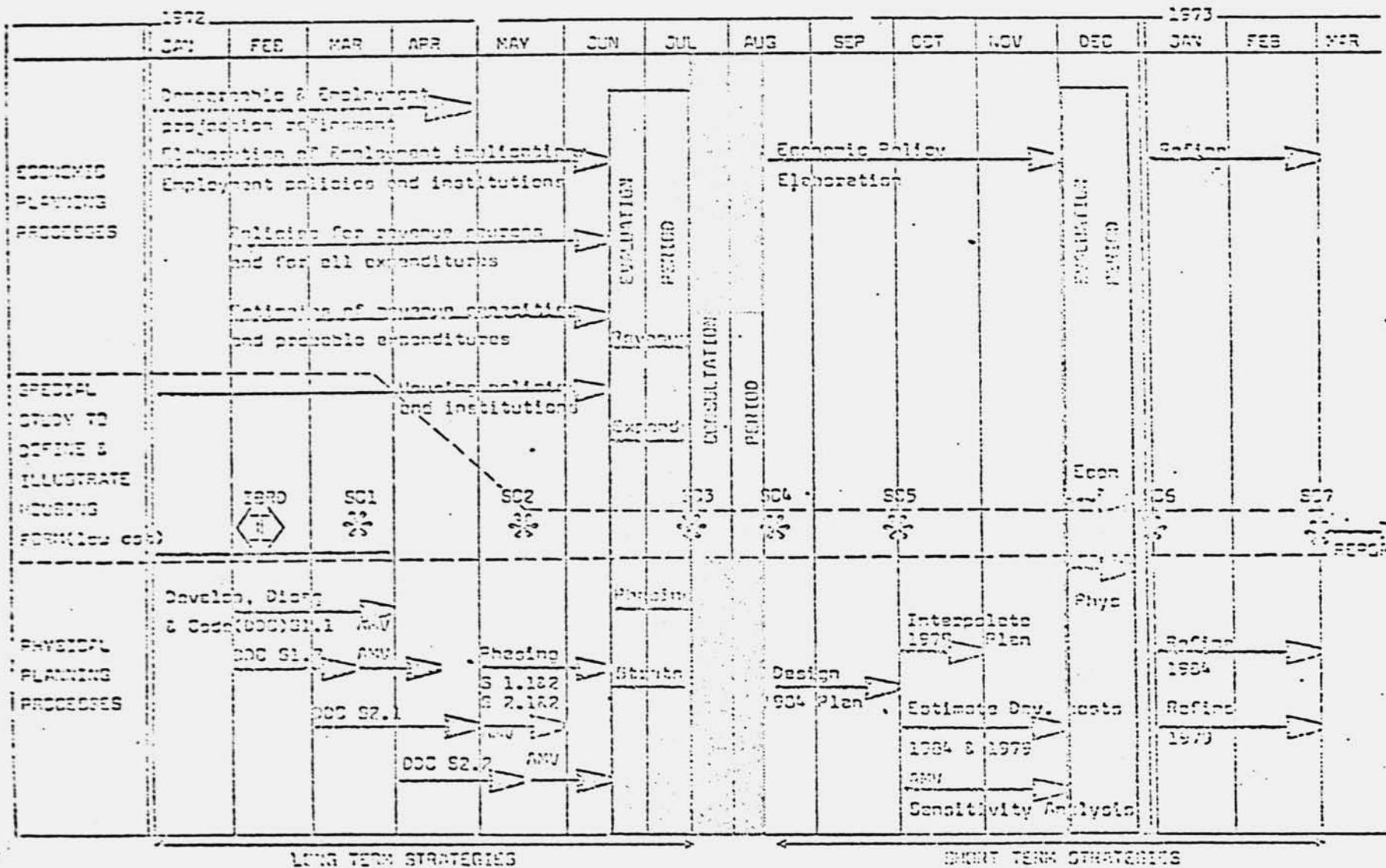
I hereby certify that the society under the name of

and its by-laws have this day been duly registered by me in the Register of Co-operative Societies, in pursuance of the provisions of the Act, and the Rules made thereunder.

Given under my hand at Nairobi, this the day of 19.....

.....
Commissioner for Co-operative Development

H. G.



NAIROBI URBAN STUDY GROUP - PROGRAMME

APPENDIX B

KENYA POPULATION CENSUS, 1962. PERCENTAGE DISTRIBUTION OF HOUSEHOLDS BY DWELLING STATUS, TYPE OF CONSTRUCTION AND TYPE OF SANITATION AVAILABLE

	TOTAL URBAN AREAS					NAIROBI					MOMBASA					REMAINING TOWNS				
	Total	African and Somali	European	Asian	Others and No Report	Total	African and Somali	European	Asian	Others and No Report	Total	African and Somali	European	Asian	Others and No Report	Total	African and Somali	European	Asian	Others and No Report
DWELLING STATUS																				
1. Owned by Occupant	13.5	10.7	12.1	19.2	35.9	8.0	2.3	13.2	19.5	7.5	26.1	28.2	12.7	16.2	37.1	9.4	5.7	8.1	22.5	48.2
2. Rented	54.4	51.2	42.1	69.3	56.0	54.5	50.0	43.6	69.6	77.3	52.6	47.1	38.8	33.3	56.8	25.0	55.2	39.4	63.3	41.0
3. Supplied by Employer	26.1	32.2	27.8	9.2	3.0	32.7	43.8	26.6	9.1	6.4	13.7	1.9	27.8	8.1	2.1	29.2	31.9	32.1	10.9	4.0
4. No Report	6.1	5.9	17.9	2.2	5.1	4.9	3.8	16.6	1.8	8.8	7.6	8.7	20.7	2.4	4.0	6.4	6.1	20.4	3.3	6.8
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
CONSTRUCTION																				
1. Stone or Brick	65.5	57.9	77.9	91.4	33.3	84.0	79.7	79.4	97.1	79.3	36.9	23.9	74.9	83.1	21.7	65.1	60.9	74.7	86.6	49.5
2. Mud and Wattle	22.1	28.6	0.6	3.1	54.6	8.1	12.8	0.2	0.1	10.3	48.1	58.8	2.5	11.2	65.8	18.0	21.8	0.6	0.8	39.5
3. Corrugated Iron	3.9	4.3	1.1	2.2	4.4	2.3	3.2	1.1	0.7	2.0	3.0	3.2	0.6	1.4	5.3	7.6	8.2	1.6	7.5	2.2
4. Other	2.1	2.5	2.2	0.9	2.1	0.7	0.5	2.1	0.4	0.2	3.7	4.6	1.5	1.4	2.7	2.7	3.1	2.8	1.4	0.8
4. No Report	6.3	6.2	18.2	2.4	5.6	4.9	3.8	17.1	1.7	8.2	8.3	9.5	20.5	2.9	4.5	6.6	6.1	20.3	3.6	8.0
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SANITATION																				
1. W.C.	58.7	49.2	80.7	88.3	21.2	79.3	71.8	82.4	96.3	80.6	34.8	22.4	77.3	80.5	13.6	50.3	44.7	77.6	76.3	14.5
2. Pit	23.4	28.9	0.8	5.6	71.5	2.0	3.1	0.2	0.2	2.7	53.7	63.3	2.2	16.9	81.5	26.6	30.8	1.6	5.4	74.5
3. Bucket	11.0	14.8	0.3	4.1	2.0	13.6	21.1	0.3	1.9	7.3	1.4	1.8	0.1	0.5	0.7	16.7	13.5	0.6	15.2	3.6
4. None or No Report	6.9	7.1	18.2	2.0	5.4	5.0	4.1	17.2	1.6	9.3	10.1	12.5	20.3	2.2	4.2	6.4	6.1	20.2	3.1	7.3
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: 1962 Census

K.1

THE LOCAL GOVERNMENT REGULATIONS 1963

(L.N. 256 of 1963)

IN EXERCISE of the powers conferred by regulation 210 of the Local Government Regulations 1963, the Minister for Local Government hereby makes the following Order:—

**THE LOCAL GOVERNMENT (ADOPTIVE BY-LAWS)
(GRADE II BUILDING) ORDER 1968**

1. This Order may be cited as the Local Government (Adoptive By-laws) (Grade II Building) Order 1968.

2. The By-laws set out in the Schedule to this Order shall be the Adoptive Grade II Building By-laws which any municipal or county council may adopt.

SCHEDULE

PART I—PRELIMINARY

1. These By-laws may be cited as the Local Government (Grade II Building) By-laws 1968. Citation.

2. In these By-laws, unless the context otherwise requires— Interpretation.

"building" means any structure, movable or fixed, of whatsoever kind or any part thereof intended to be used as a dwelling house or shop or ancillary thereto and includes drainage works and excavation;

"building line" means a line drawn across a plot so that no building or permanent structure, except a boundary wall or fence of approved design enclosing the plot, may be erected within the area contained between that line and the plot frontage;

"council" means a municipal council or a county council;

"clerk" means a clerk to the council;

"dwelling house" means a building designed for use exclusively as one self-contained residence, together with such out-buildings as are an ancillary thereof;

"habitable room" means a room constructed or adopted as a living or sleeping room;

"plot" means any piece or parcel of land whether demarcated by survey or not, and

"residential area" means an area of land which has been approved by the council for use for residential purposes.

3. These By-laws shall apply to all land within the council's area of jurisdiction except where otherwise specified by the council after having obtained the approval of the Commissioner of Lands—and except where the Local Government (Adoptive By-laws) (Building) Order has been applied to an area. Application.
L.N. 15/1969.

Erection of buildings not to be approved in certain circumstances.

4. The council shall not approve the erection of any building which is to be erected in contravention of these By-laws if where--

- (a) the land concerned is unsuitable for any reason for the development purposes;
- (b) that the plot is located outside the boundaries of an existing or proposed municipality, township, trading centre, market or residential area;
- (c) the proposal conflicts with the proper planning of the area;
- (d) the site concerned forms part of an area for which an approved comprehensive layout is, in the opinion of council, desirable.

Erection of buildings.

5. Every person who proposes to erect a building on any land within the area specified under by-law 3 of these By-laws shall comply with the requirements of these By-laws, and for the purposes of these By-laws any of the following operations shall be deemed to be the erection of a building after the date on which these By-laws become operative--

- (a) the erection of any new building;
- (b) the erection of any addition to an existing building;
- (c) the re-erection or alteration of any part of any existing building;
- (d) the roofing over of any space between walls or buildings;
- (e) the changing of any purpose or purposes for which a building or part of a building or appurtenances of a building are used;
- (f) the using for human habitation of any building or part thereof which has not been previously used for that purpose;
- (g) the using of any building in a manner different from that shown on the plans thereof approved by the council whether before or after the date on which these By-laws become operative, and whether or not it is proposed to execute any alterations or work in connexion with the proposed change;
- (h) the carrying out of any water service or drainage works;
- (i) any other work which involves the use and assembly of building materials to a structure in any form whatsoever

Siting of a building.

6. No building shall be sited on a plot otherwise than in accordance with the approval of the council.

Minimum areas of plot and buildings thereon.

7. (1) Except where otherwise approved by the Commissioner of Lands, no plot shall be less than 2,800 sq. ft. in area and not more than quarter of one plot shall be built upon. In calculating the area of the plot which is built upon, the verandah or any part of the plot which is not open to the sky shall be included.

(2) No building shall be erected within 5 ft. of a boundary of the plot on which it stands unless the council expressly so authorizes in any particular case:

Provided that--

(i) a latrine may be sited on the line of a back boundary or on a side boundary of a plot if it forms part of a semi-detached building containing any other latrine on an adjoining plot; and

(ii) buildings constructed of grass or other inflammable material shall be sited not less than 10 ft. from any side boundary.

8. (1) Every dwelling house must be provided with a latrine of a type approved by the council.

(2) A pit latrine shall be at least 20 ft. in depth from ground level to the bottom of the pit, and shall be provided with a roof the height of which shall be at least 6 ft. 6 in. from the floor to the underside of the roof or ceiling. A pit latrine shall also be provided with a concrete stance and with a fly-proof cover. Latrine.

(3) A latrine shall be sited in a position approved by the council and shall not be nearer than 30 ft. from any habitable room, or room used for the preparation, cooking or storage of food:

Provided that, in exceptional circumstances, the council may, on the advice of the Medical Officer of Health of the council or Chief Health Inspector of the council, permit a pit latrine to be constructed within 30 ft. from a habitable room.

9. Every dwelling house shall consist of at least one habitable room in addition to a kitchen, ablution and privy accommodation for the exclusive use of the occupants of the house. Dwelling house.

10. (1) Where a ceiling is provided the average height of a habitable room shall be not less than 7 ft. 9 in. with a minimum height of 7 ft. Where a ceiling is not provided the average height measured to the underside of the roof covering shall be not less than 8 ft. 3 in. with a minimum height of 7 ft. Habitable rooms.

(2) Every habitable room shall have a superficial area of not less than 75 sq. ft., with a minimum width of 6 ft. 6 in. and shall contain a minimum area of 40 sq. ft., for each person accommodated therein:

Provided that in every dwelling of two or more habitable rooms there shall be constructed one habitable room having a superficial floor area of at least 120 sq. ft.

11. The area of the kitchen shall not be less than 25 sq. ft. and not less than 7 ft. in height at any point from the floor to the underside of the roof or ceiling and shall have a satisfactory outlet for smoke and fumes and be lighted and ventilated in accordance with by-laws 13 and 14 of these By-laws. Kitchen.

Bathroom. 12. The bathroom shall be at least 2 ft. 6 in. by 4 ft. 6 in. and if roofed shall be provided with lighting and ventilation in accordance with by-laws 13 and 14 of these By-laws. The minimum height of any such bathroom, from the floor to the underside of the roof or ceiling shall not be less than 6 ft. 6 in. and adequate provision shall be made for the disposal of all waste water by means of a trapped and properly covered soak pit or other method approved by the council.

Windows. 13. Every habitable room, kitchen, roofed bathroom and latrine shall be provided with a sufficient number of windows opening to the external air so as to provide a clear lighting area equal to at least one-tenth of the floor area of such room, and of which at least one-twentieth of the floor area shall be capable of being opened.

Ventilation. 14. Every habitable room, kitchen, roofed bathroom and latrine shall be provided with permanent through or cross ventilation by means of openings which shall give direct access to the external air and the aggregate area of any such openings shall be equal to at least one-hundredth of the floor area of any such room.

Surface water drainage. 15. Surface water drainage shall be provided to the satisfaction of the council.

Fencing. 16. If so required, by the council, the owner of the plot shall cause the plot to be fenced in such manner and by the use of such material as may be required by the council.

Relaxation of by-laws. 17. Where any building is required for a temporary period not exceeding six months, the council may at its discretion, permit a relaxation in respect of the by-laws relating to latrines, ablutions and kitchens.

Part II--Method of Construction

Foundations. 18. Foundations shall be adequate to support the load transmitted to them and be generally to the satisfaction of the council.

Walls. 19. No walls shall be constructed to a lower specification than wattle or similar timber adequately framed together and filled and covered with mud. Such walls shall be capable of supporting the roof. The covering shall be of adequate thickness and the surface internally and externally shall be sealed and brought to a smooth finish in materials approved by the council and decorated and maintained in a sound and good condition and be redecorated from time to time as required by the council:

Provided that the council may specify the materials to be used in constructing and finishing the walls.

Floors. 20. Every floor shall have a smooth finish and shall be at least 6 in. above the surrounding ground level. A floor shall be constructed of concrete, compacted earth or such other materials as approved by the council.

21. Every roof shall be of corrugated iron, aluminium, asbestos or other permanent materials or shingles as may be required by council and shall be supported on an adequate frame of poles, timber or similar material. Any material used shall be in good condition and the roof shall be so constructed as to be weatherproof and regular in shape and the pitch of the roof shall conform with the council's requirements:

Roof.

Provided that—

- (i) where roofs are to be constructed of corrugated iron or aluminium the council may require that ceilings be provided and that corrugated iron roofs be painted and maintained from time to time; and
- (ii) the council on the advice of the Town Planning Advisor may set aside either the whole or part of a Grade II building area where roofs may be permitted to be constructed of grass or other similar material.

22. Frames of doors and shutters shall be constructed in such a way as to be rigid and shall be firmly fixed in the walls.

Frames of doors and shutters.

23. Bathrooms and latrines and each habitable room shall be provided with doors or shall be screened in a manner approved by the council. Such doors shall be at least 2 ft. 3 in. wide and 6 ft. 6 in. high.

Bathrooms and latrine doors.

24. No person shall construct a well in connexion with any building, except with the approval of the Medical Officer of Health of the council or the Chief Health Inspector of the council.

Well.

Part III - Miscellaneous

25. Every person proposing to erect any building in an area to which these By-laws apply shall lodge with the council an application on a form obtainable from the council and three copies of the plan of the proposed building showing its siting and the layout of the site together with a front and back elevation of the building and section of the building from the foundations to the uppermost part of the structure to illustrate the construction thereof, with all drawings delineated in a clear and intelligible manner and signed by the applicant or his duly authorized agent. The plans shall specify the proposed use of each room and give details of the method of construction and materials to be used:

Applications for erection of buildings.

Provided that where an approved council "type" plan is used the provisions of this by-law shall be met if the owner signs and deposits three copies of such plan together with the application form duly completed with the council.

26. Applications made under by-law 25 of these By-laws shall be accompanied by a fee of Sh. 40 for a single dwelling or alterations thereto and an additional fee of Sh. 20 for each additional dwelling included in the application.

Fees.

Decision on applications.

27. The council shall approve or disapprove the plan for the erection of a building and it shall signify notice of its decision thereon as soon as practicable after receipt thereof. Such notification shall be given within a maximum period of two months of the receipt of an application in accordance with these By-laws.

Approval by the Council to be void in certain circumstances.

28. The approval of the council of any plans for the erection of a building shall be null and void if--

- (a) the erection has not been commenced within three months after the date of such approval; or
- (b) erection has been commenced but the building has not been completed within a period of twelve months from the date of approval, unless the council has agreed to grant an extension of time.

Erection of buildings without approval prohibited.

29. (1) No person shall--

- (a) commence to erect a building without plans thereof having been approved by the council, or in respect of which the approval of plans has become null and void; or
- (b) having obtained the council's approval to the plans for the erection of a building, erect such building otherwise than in accordance with the approved application and plans thereof.

(2) Without prejudice to the liability of any person under paragraph (1) of this by-law, the council may serve upon such person or upon the owner of the land upon which the building is erected, a notice under the hand of the clerk requiring him within a period of time specified in such notice to do all or any of the following things--

- (a) to cease the erection of such building;
- (b) to erect such building strictly in accordance with the approved plans;
- (c) to execute such work or alterations or additions to such building as may be prescribed in such notice in order to render such building safe and sanitary or otherwise conform with the requirements of these By-laws;
- (d) to remove or demolish such building.

(3) If any person, on whom a notice has been served as aforesaid, fails to comply with all or any of the requirements of such notice, then the council may, after not less than 48 hours notice in writing given under the hand of the clerk served upon such person, enter the premises and execute such alterations or additions to such building or remove or demolish the building without liability for any loss or damage which may be occasioned thereby and may recover the cost thereof from such person as a civil debt.

Notice of intention to commence building.

30. After plans have been approved by the council the applicant shall give notice to the council in writing of his intention to commence building and shall not commence building until the site of the building has been marked out by the owner and approved by the council.

31. No person shall occupy or permit the occupation of any building to which these By-laws apply until he has obtained from the council a permit in writing authorizing occupation of such premises. Such permit shall not be issued unless the council is satisfied that the building has been erected in accordance with the application and approved plans thereof and that the construction is to a standard not lower than is required by these By-laws.

Occupation of building without permit prohibited.

32. (1) Any person who contravenes or fails to comply with any of the provisions of these By-laws shall be guilty of an offence and liable—

Penalty.

(a) to a fine not exceeding two thousand shillings in respect of a first offence and not exceeding three thousand shillings in respect of a second or subsequent offence, or imprisonment for a period not exceeding six months in respect of a first offence and not exceeding nine months in respect of a second or subsequent offence, or both such fines and such periods of imprisonment; and

(b) in addition to the above penalty, in the case of a continuing breach, to a fine not exceeding twenty shillings for each day or part thereof during which such an offence shall continue;

Provided that the aggregate of any fines imposed in the case of any one continuing offence shall not exceed two thousand shillings.

(2) In addition to any penalty as aforesaid, any expenses incurred by the council in consequence of the breach of any of these By-laws or in the execution of any work directed under these By-laws to be executed by any person and not executed by such person, shall be paid by the person committing such breach or failing to execute such work.

Made this 29th day of November 1968.

L. G. SAGINI,
Minister for Local Government.

Legal Notice No. 236

THE REGULATION OF WAGES AND CONDITIONS
OF EMPLOYMENT ACT

(Cap. 279)

IN EXERCISE of the powers conferred by section 11 of the Regulation of Wages and Conditions of Employment Act, the Minister for Labour, having received wages regulation proposals, hereby makes the following Order:-

THE REGULATION OF WAGES (BUILDING AND
CONSTRUCTION INDUSTRY) ORDER, 1969

1. This Order may be cited as the Regulation of Wages (Building and Construction Industry) Order, 1969, and shall be deemed to have come into operation on the 1st October, 1969.

Citation.

2. This Order shall apply to all persons (other than managerial, executive or technical staff, and foremen) employed in any undertaking or part of an undertaking which consist in the carrying on, for gain, of one or more of the following activities, that is to say:-

Application

- (a) the construction, structural alteration, maintenance or repair of any building, the demolition of any building, and the preparation for, and laying the foundation of, any intended building;
- (b) the construction of any railway line or siding, and the construction, structural alteration or repair or the demolition of any airfield, dock, harbour, wharf, quay, pier, inland navigation works, road, tunnel, bridge, viaduct, waterworks, dam, reservoir, pipeline, aqueduct, sewer, sewage works or lattice-work, structure designed solely for the support of electric lines;

Provided that persons employed in an undertaking or part of any undertaking--

- (i) which is operated by the Government, the East African Community, any local authority and quasi-government body, any charitable or religious organization, or any educational or medical institution; or
- (ii) which is situated in the North-Eastern Province, the Marsabit District, the Isiolo District, the Tana River District, the Samburu District, the Turkana District, the Narok District or the Kajiado District,

shall be excluded.

Basic minimum wage.

3. The basic minimum wage to be paid to an employee shall not be less favourable than that specified, in relation to the category of employee and to the area of employment, in the First Schedule to this Order:

Provided that--

L.N. 141/1967.

(i) any employee whose present hourly or monthly wage is above that specified in the Regulation of Wages (Building and Construction Industry) Order, 1967 shall be entitled to wage increase at a rate not less than the difference between the said Order and this Order;

(ii) an employee who is taken by his employer to another area shall not be paid less than the basic minimum wage payable in the area where the employer engaged him.

Housing allowance.

4. Every employee employed at a rate of the wages not exceeding Sh. 2/90 per hour who is not provided with free housing accommodation by his employer shall be entitled, in addition to the basic minimum wage prescribed under paragraph 3, to a housing allowance at a rate not less favourable than--

Cap. 229
(Sub. Leg.).

(a) the appropriate housing allowance prescribed by a Regulation of Wages (General) Order (L.N. 31/1963--now revoked) for the particular area within which the employee is employed; or

(b) Sh. 17/50 per month where the employee is employed in any other area not affected by a Regulation of Wages (General) Order;

Provided that--

Cap. 229
(Sub. Leg.).

(i) for the purpose of this paragraph, employment within the Nairobi Area or Mombasa Municipality shall entitle the employee to the appropriate housing allowance for the Nairobi Municipality or the Mombasa Island prescribed by the Regulation of Wages (General) Order (L.N. 31/1963--now revoked), as the case may be;

(ii) in the case of an employee specified in the clerical categories in the First Schedule to this Order, where such employee receives a basic minimum wage rate per month inclusive of housing allowance (hereinafter referred to as a monthly consolidated wage)--

(a) the employer shall be entitled to deduct the housing allowances prescribed under paragraph 4 of this Order in respect of housing made available to such employee;

(b) he shall not be entitled to the housing allowance prescribed under paragraph 4 of this Order.

Hours of work.

5. (1) The normal working week shall consist of fifty hours of working at the rate of nine hours of work per day from Monday to Friday inclusive and five hours of work on Saturdays (hereinafter referred to as the normal hours of work per week or per day) as the case may be.

(2) In the event of inclement weather conditions, the employer prevent or stop any employee from working for any time during the normal hours of work per day and the employee shall, if he has reported for duty and he remains available for work during such time, be deemed to have worked for one-half of such time at his normal rate of wages per hour. Nothing in this paragraph can prevent the employee from reporting each morning.

(3) Except as provided in subparagraph (2) of this paragraph, and without prejudice to any contract of service being terminable by either party in accordance with paragraph 10 of this Order, no contract of service shall be for less than the normal hours of work per week or, in the case of an employee engaged after the start of the week, for less than the normal hours of work per day on each of the remaining days of the week. Any employee who is forced by his employer to work for less than the normal hours of work per day shall be paid at a rate not less than the employee's daily rates of wages.

6. (1) In respect of any time worked in excess of the normal hours of work per day, the employee shall be paid at one and a half times his normal rate of wages per hour.

Overtime.

(2) In respect of any time worked on a Sunday the employee shall be paid at double his normal rate of wages per hour.

(3) For the purpose of calculating payment for overtime in respect of those employees in receipt of monthly consolidated rates of pay, the normal hourly rate of wages shall be deemed to be not less than one two-hundred-and-fiftieth of the employee's monthly consolidated wage.

7. (1) The days specified in the Second Schedule to this Order shall be holidays with full pay.

Holidays with full pay.

(2) Where any employee is required to work on a day which, by virtue of subparagraph (1) of this paragraph, is a holiday with full pay, he shall be paid in respect of any time so worked at one and a half times his normal rate of wages per hour, in addition to payment he would have received had he not been required to work on that particular day.

8. (1) After each period of 12 months' consecutive service with an employer, an employee shall be entitled to annual leave, for a period covering 18 normal working days with full pay:

Annual leave.

Provided that such leave may be taken at any time during the ensuing twelve months.

(2) Where employment is terminated before the completion of any 12 months' leave-earning period, the employee shall be entitled to one and one-half days' leave with full pay for every month of service completed by him since the start of such leave-earning period.

Provided that such leave shall not accrue to an employee who terminates the employment otherwise than in accordance with paragraph 10 of this Order.

(3) For the purpose of assessing payment for leave taken in accordance with subparagraphs (1) and (2) of this paragraph, an employee's daily rates of pay shall be taken as eight and two-fifths times his normal rate of wages per hour.

(4) An employee shall be entitled, after every 12 months' consecutive service with his employer, to payment by the employer of the reasonable cost of travel to the employee's place of engagement, and, if his service continues, to such payment, at the time of return to work, of the reasonable cost of the journey back from the place of engagement to the place of employment.

(5) Where an employee wishes leave for compassionate purposes, he shall, by prior arrangements with the employer be granted such leave up to his earned entitlement and this will be subsequently set off against his annual leave.

Sick leave.

9. (1) When an employee is absent from work due to illness or other physical incapacity, he shall be paid by his employer, in respect of the normal hours of work which occur within the period of such absence, at his normal rate of wages per hour:

Provided that--

- (i) an employee shall not be entitled to such payment unless he produces to the employer a certificate of incapacity, covering the period of absence, signed by a qualified medical practitioner or a person authorized by him in writing and acting on his behalf in charge of a dispensary or medical aid centre;
- (ii) as respects any employee, the total period of absence which may qualify for payment under this subparagraph shall be assessed at a rate not exceeding two and one-half working days for each month of service with the employer, but shall not in any case exceed thirty working days in any period of twelve months' continuous service;
- (iii) an employee shall not be eligible for payment under this subparagraph in respect of any incapacity due to gross neglect on his part.

(2) When an employee, who is in receipt of a housing allowance in accordance with paragraph 4 of this Order, is absent from work due to illness or other physical incapacity, he shall continue to be paid such housing allowance in full until the end of the month in which his absence from work begins or until the date of termination of his contract of service, whichever is the later:

Provided that the employee shall not be entitled to such payment unless he produces to the employer a certificate of incapacity, covering the period of absence, signed by a qualified medical practitioner or a person authorized by him in writing and acting on his behalf in charge of a dispensary or medical aid centre.

(3) Payment made by an employer to an employee in accordance with this paragraph may be deducted from any liability that employer may have to that employee under the Workmen's Compensation Act in respect of the illness or physical incapacity that gave rise to the payments.

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10. Every contract of service wherein no agreement is expressed respecting its duration shall be terminable by not less than one day's notice to be given by either party, such notice to expire at the end of the normal working hours on any Saturday;

Provided that--

- (i) the first two weeks of employment with any employer may be treated as a probationary period, and during such period the contract may be terminable by not less than one day's notice to be given by either party, such notice to expire at the end of the normal hours of work on any day;
- (ii) if for any cause beyond the control of the employer, work ceases on the section of work on which an employee has been engaged and no alternative work is available, the contract shall be terminated by not less than one day's notice to be given by the employer and expiring at the end of the normal hours of work on any day;
- (iii) in the case of an employee who has completed two weeks but less than three months continuous service with an employer, the contract shall, notwithstanding the provisions of proviso (ii) of this paragraph, be terminable by not less than seven days notice in writing to be given by either party, or otherwise by the payment by either party, in lieu of notice of not less than seven days wages;
- (iv) in the case of an employee who has completed three months but less than six months continuous service with an employer, the contract shall, notwithstanding the provisions of proviso (ii) of this paragraph, be terminable by not less than ten days notice in writing to be given by either party, or otherwise by the payment by either party, in lieu of notice, of not less than ten days wages;
- (v) in the case of an employee who has completed six months but less than nine months continuous service with an employer, the contract shall, notwithstanding the provisions of proviso (ii) of this paragraph, be terminable by not less than fifteen days notice in writing to be given by either party or otherwise by payment by either party, in lieu of notice, of not less than fifteen days wages;
- (vi) in the case of an employee who has completed nine months but less than 12 months continuous service with an employer, the contract shall notwithstanding the provisions of proviso (ii) of this paragraph, be terminable by not less than twenty-one days notice in writing to be given by either party or otherwise by the payment of either party, in lieu of notice, of not less than twenty-one days wages;
- (vii) in the case of an employee who has completed one year's continuous service with an employer, the contract shall, notwithstanding the provisions of proviso (ii) of this paragraph, be terminable by not less than one month's notice in writing to be given by either party, or otherwise by the payment by either party, in lieu of notice, of not less than one month's wages;

(viii) nothing in this paragraph shall prejudice the right of either party to terminate contract summarily for lawful cause.

Safari allowance.

11. (1) An employee who is required to perform work away from his principal place of employment shall be paid a subsistence allowance as follows:--

Sh. cts.

(a) For any such period of duty exceeding twelve hours but not including an over-night stop 10 00

(b) In respect of each complete night's absence on duty away from his principal place of employment, an employee whose employer does not provide him with free accommodation during such period shall be entitled (in addition to such subsistence allowance as may be payable under subparagraph (1) (a) of this paragraph) to a night stop allowance of 14 00

(2) Notwithstanding the provisions of subparagraphs (1) (a) and (1) (b) of paragraph 11, subsistence allowance and night stop allowances shall cease to be payable to an employee for his period of absence on duty away from his principal place of employment exceeding seven consecutive days.

Redundancy.

12. It shall be a condition in every contract that where the employment of any employee is to be terminated on account of redundancy, the employer shall take cognizance of the principle of seniority in time, in relation to employees of similar ability and in the same occupation and grades.

Retirement benefit.

13. (a) An employee on completion of four years continuous service with an employer shall be entitled to ten days pay for every completed year of service by way of gratuity to be based on the employee's wages at the time of the termination of his service.

(b) An employee who resigns or is dismissed summarily for established lawful cause shall not be entitled to gratuity.

(c) The effective date for the purpose of working out the benefits under this scheme shall be the 1st January, 1958, i.e. an employee shall not be entitled to any gratuity for service prior to the 1st January, 1958.

(d) This scheme shall be deemed to have ceased with the implementation of the National Social Security Fund. Employees shall however, continue to benefit under this scheme for services rendered up to the date of the implementation of the National Social Security Fund: for example, if an employee who started working in 1963 retires after eight years service, then he shall be provided for the years of service up to the implementation of the National Social Security Fund on the basis of this Scheme.

Revocation of L.N. 141/1967

14. The Regulation of Wages (Building and Construction Industry) Order, 1967, is hereby revoked.

BASIC MINIMUM WAGE RATES PER HOUR
(Exclusive of Housing Allowance)

	1	2	3	4
	Nairobi Area and Mombasa Municipality	Eldoret, Kisumu, Nakuru and Thika Municipal Councils; The Urban Councils of Kericho, Masika, Nanyuki, Thionson's Falls, Embu, Kakamega, Kitale, Malindi and the former Township of Naivasha	The Urban Councils of Fort Hall, Kiambu, Kiira, Lamu, Meru, Karatina, Kibii, Busia, Kerugoya and Bungoma. The area of the former Townships of Kitui, Homa Bay, Limuru, Gilgil and Iteiru	All other areas
	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.
LABOURERS	1 10	1 05	0 95	0 85
GENERAL TRADESMEN (Carpenters, Joiners, Masons, Stone Dressers, Bricklayers, Plasterers, Electricians, Decorators, Metal Workers, Terrazzo Paviers, Painters, Steel Fixers, Benders and Twisters, Asphalters, Floor Layers, Roofers and Steel Erectors, Drilling Rig Operators, Pipe Fitters, Plumbers):				
Learner Tradesman (for a maximum period of 2½ years)	1 24	1 18	1 07	0 95
Ungraded Tradesman	1 46	1 39	1 24	1 11
Grade III trade tested	1 62	1 53	1 38	1 22
Grade II trade tested	2 16	2 05	1 84	1 62
Grade I trade tested	3 00	2 85	2 56	2 27
PLANT OPERATORS:				
Greasers	1 31	1 24	1 12	1 00
Plant Attendants (compressor drivers, mixer drivers, banksmen, hoist drivers)	1 31	1 24	1 12	1 00
Small Pneumatic Plant Operators and Jackhammer Operators, Dumper Drivers 2 tons and under	1 31	1 24	1 12	1 00
Class 1 (agricultural tractors, rollers, dumpers)	1 62	1 53	1 38	1 22
Class 2 (light tracked tractors, D4s, etc.)	1 73	1 64	1 47	1 31
Heavy Plant Operators (D7 tractors, graders, excavators)	2 21	2 08	1 88	1 65
VEHICLE OPERATORS:				
Turnboys, Greasers and Tyremen ..	1 31	1 24	1 12	1 00
Drivers:				
Trucks under 5 tons (load)	1 46	1 38	1 24	1 11
Trucks 5 to 8 tons (load)	1 57	1 48	1 34	1 18
Trucks 8 to 15 tons (load) with or without trailer	1 89	1 79	1 60	1 42
Trucks over 15 tons (load) with or without trailer	2 59	2 46	2 20	1 94

FIRST SCHEDULE (Contd.)

	1	2	3	4
	Nairobi Area and Mombasa Municipality	Eldoret, Kisumu, Nakuru and Thika Municipal Councils; The Urban Councils of Kericho, Masaku, Nanyuki, Thomson's Falls, Embu, Kakamega, Kisumu, Malindi and the former Township of Naivasha	The Urban Councils of Fort Hall, Kitale, Kericho, Kericho, Kericho and Bungoma. The area of the former Townships of Kitale, Homa Bay, Limuru, Gilgil and Ruiru	All other areas
	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.
Mechanics and Fitters:				
Greasers	1 31	1 24	1 12	1 00
Ungraded	1 62	1 53	1 38	1 22
Grade III trade tested	1 89	1 79	1 60	1 42
Grade II trade tested	2 59	2 46	2 20	1 94
Grade I trade tested	3 30	3 14	2 82	2 50
Welders:				
Leather Welder (for a maximum period of 2½ years)	1 31	1 24	1 12	1 00
Ungraded welder	1 57	1 48	1 34	1 18
Grade III trade tested	1 78	1 68	1 51	1 34
Grade II trade tested	2 43	2 30	2 06	1 81
Grade I trade tested	3 00	2 85	2 56	2 27
JUNIOR HEADMAN	1 31	1 24	1 12	1 00
SENIOR HEADMAN	1 76	1 66	1 49	1 32
MISCELLANEOUS				
Chairman	1 31	1 24	1 12	1 00
Laboratory				
Labourers Checkers				
Sweepers (Sanitary)				
Office Messenger				
WATCHMEN (basic Minimum wage rates per 12-hour shift)	10 90	10 40	9 40	8 40
CLERICAL CATEGORIES (basic minimum wage rates per month inclusive of housing, i.e. monthly consolidated rates of pay):				
Junior Clerk and Storeman	400 00	400 00	400 00	400 00
Telephone Operator				
Copy Typist				
General Clerk and Storekeeper	535 00	535 00	535 00	535 00
Clerk Grade II	632 00	632 00	632 00	632 00
Clerk Grade I	745 00	745 00	745 00	745 00

Where provision has been made for learners, service with other employers shall count, provided that it is of not less than three months' duration in each case.

SECOND SCHEDULE

(para. 7)

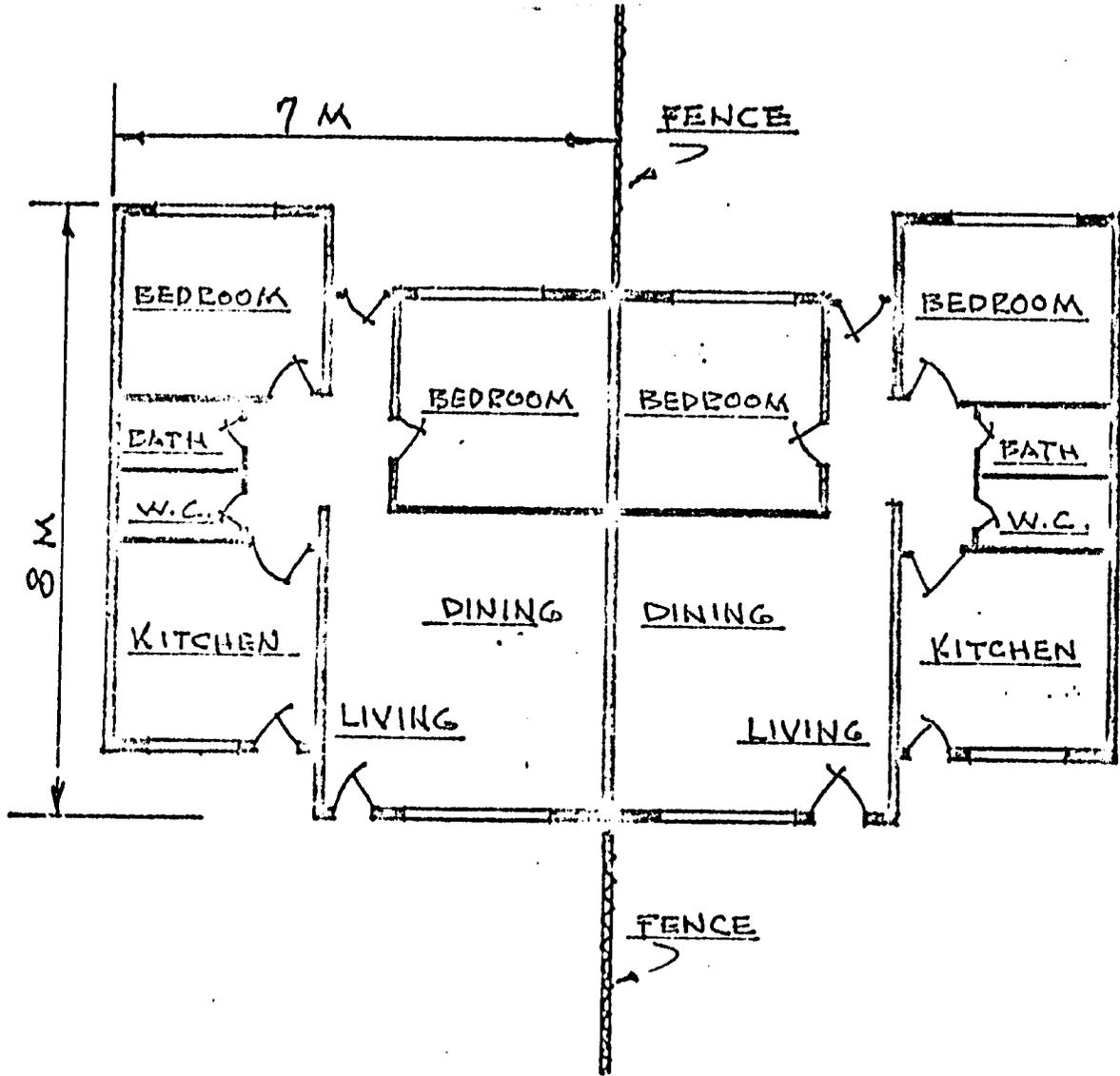
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HOLIDAYS WITH FULL PAY

New Year's Day.
Good Friday.
Easter Monday
Labour Day.
Madaraka Day.
August Bank Holiday.
Kenyatta Day.
Independence Day.
Christmas Day.
Boxing Day.

Made this 23rd day of October, 1969.

E. N. MWENDWA,
Minister for Labour.



ONE -- STORY
SEMI - DETACHED OR ROW
 550 Sq. Ft.

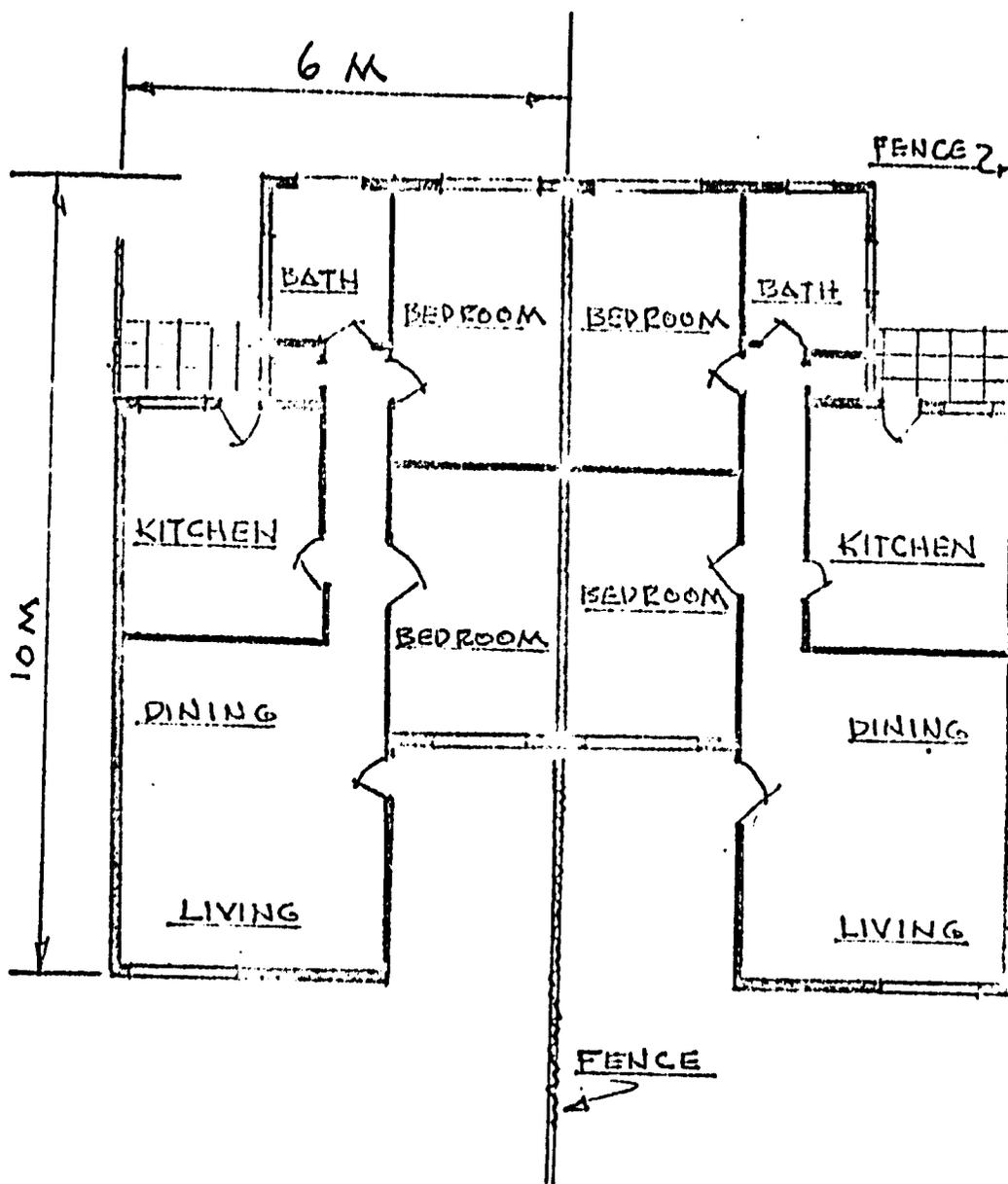
Kenya pounds

COST OF BUILDING WORKS - - - - - 1750
 (Includes Urbanization)

LAND COSTS (Land Leased From Kenya Government
 for 99 Years - Included in above costs)

TOTAL 1750

NAIROBI CITY COUNCIL



ONE -- STORY

SEMI - DETACHED OR ROW

550 Sq. Ft.

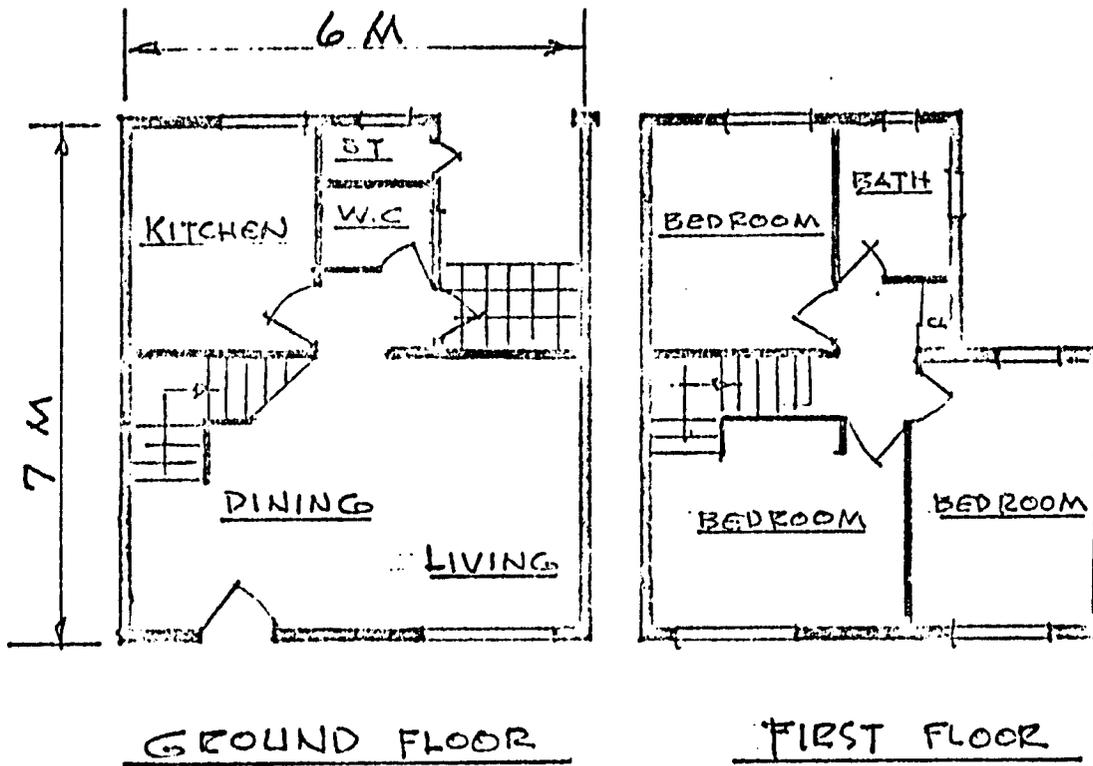
COST OF BUILDING WORKS - - - - - Kenya Pounds
 (Includes Urbanization) 1750

LAND COSTS (Land Leased From Kenya Government
 for 99 years - Included in above costs)

TOTAL

1750

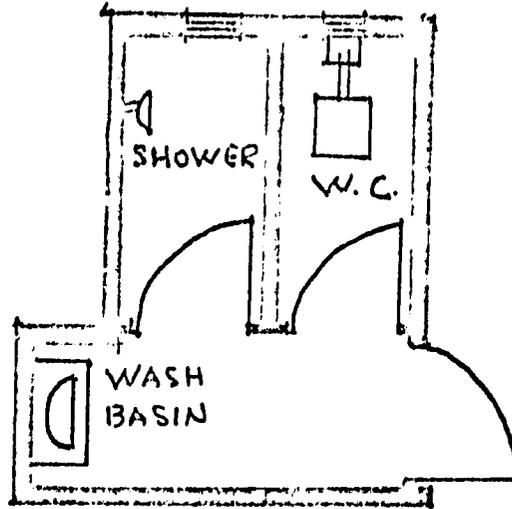
NAIROBI CITY COUNCIL



TWO -- STORY
ROW HOUSE
 800 Sq. Ft.

	<u>Kenya Pounds</u>
COST OF BUILDING WORKS - - - - - (Includes Urbanization)	2150
LAND COSTS (Land Leased From Kenya Government for 99 Years - Included in above cost)	
TOTAL	2150

NAIROBI CITY COUNCIL

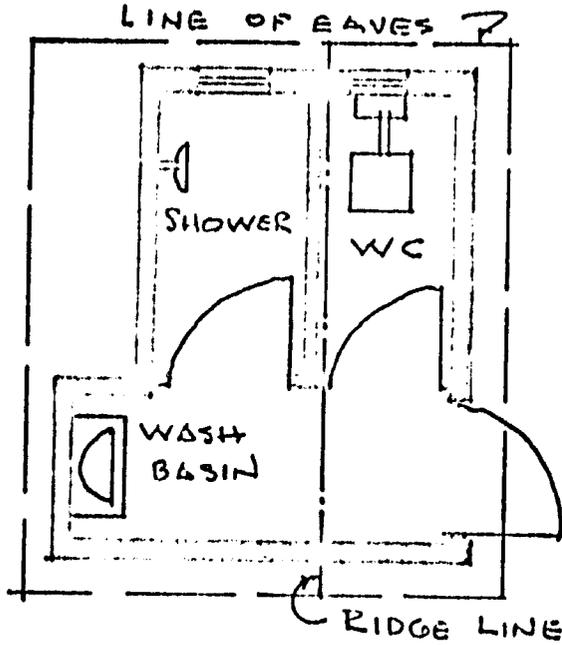


W A T E R C L O S E T A N D
S H O W E R

44 Sq. Ft.

	<u>Kenya Pounds</u>
COST OF BUILDING WORKS - - - - -	100
COST OF URBANIZATION - - - - - (Fencing, roads & elect.)	30
WATER SUPPLY & SEWAGE DISPOSAL - - - - -	65
	<hr/>
TOTAL - - - - -	195

DEPOSIT - - - - -	Shs. 195
MONTHLY PAYMENT - - - - - (20 yr. tenant-purchase)	Shs. 45

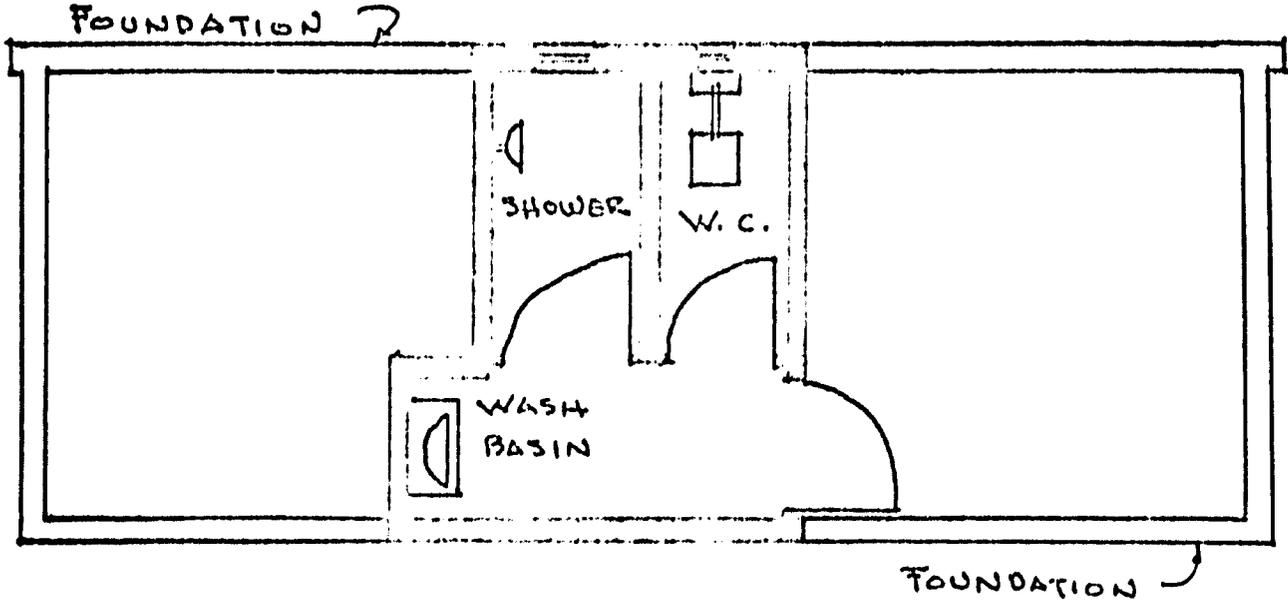


WATER CLOSET, SHOWER
AND ROOF

44 Sq. Ft.

	<u>Kenya Pounds</u>
COST OF BUILDING WORKS - - - - -	170
COST OF URBANIZATION - - - - - (Fencing, roads & elect.)	30
WATER SUPPLY & SEWAGE DISPOSAL - - - - -	65
TOTAL - - - - -	265

DEPOSIT - - - - - Shs. 265
MONTHLY PAYMENT - - - - - Shs. 60
(20 yr. tenant-purchase)



WATER CLOSET, SHOWER &
FOUNDATION FOR KITCHEN AND
BEDROOM

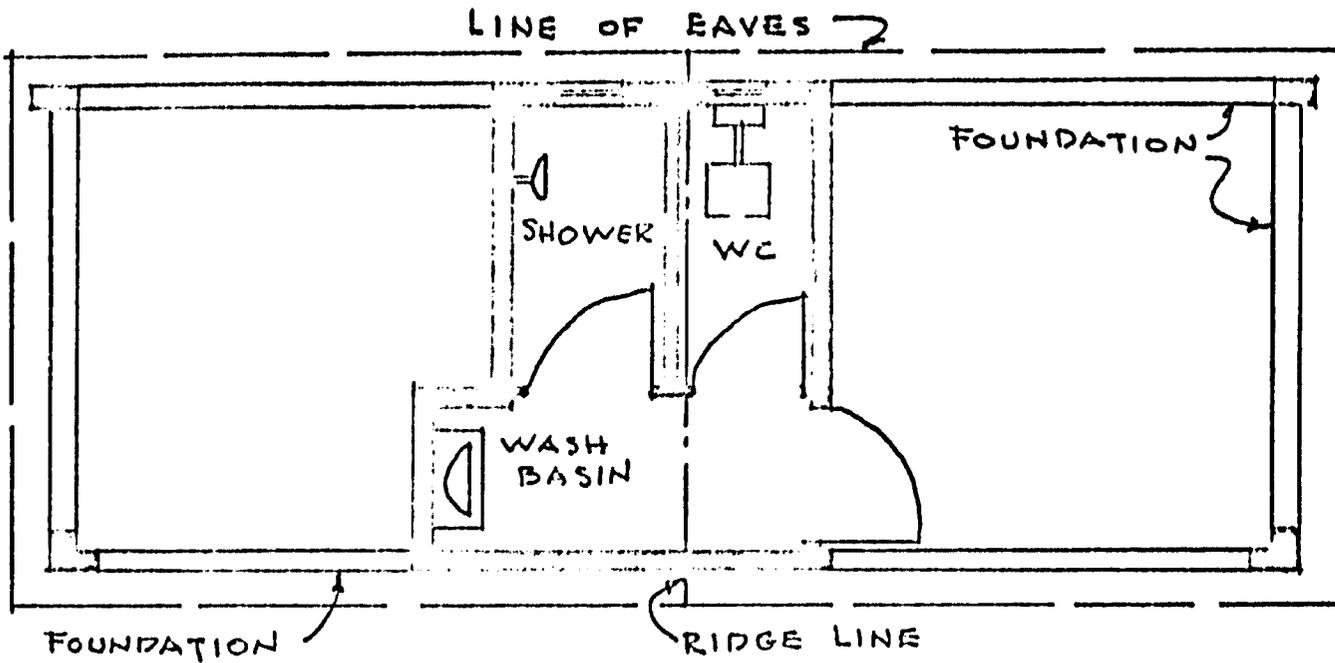
255 Sq. Ft.

	<u>Kanya pounds</u>
COST OF BUILDING WORKS - - - - -	175
COST OF URBANIZATION - - - - - (fencing, roads & elect.)	30
WATER SUPPLY & SEWAGE DISPOSAL - - - - -	65
TOTAL - - - - -	270

DEPOSIT - - - - - Shs. 270
 MONTHLY PAYMENT - - - - - Shs. 60
 (20 yr. tenant-purchase)

CORE HOUSING XII.

NATIONAL HOUSING CORPORATION



WATER CLOSET, SHOWER &
FOUNDATION FOR KITCHEN &
BEDROOM & ROOF

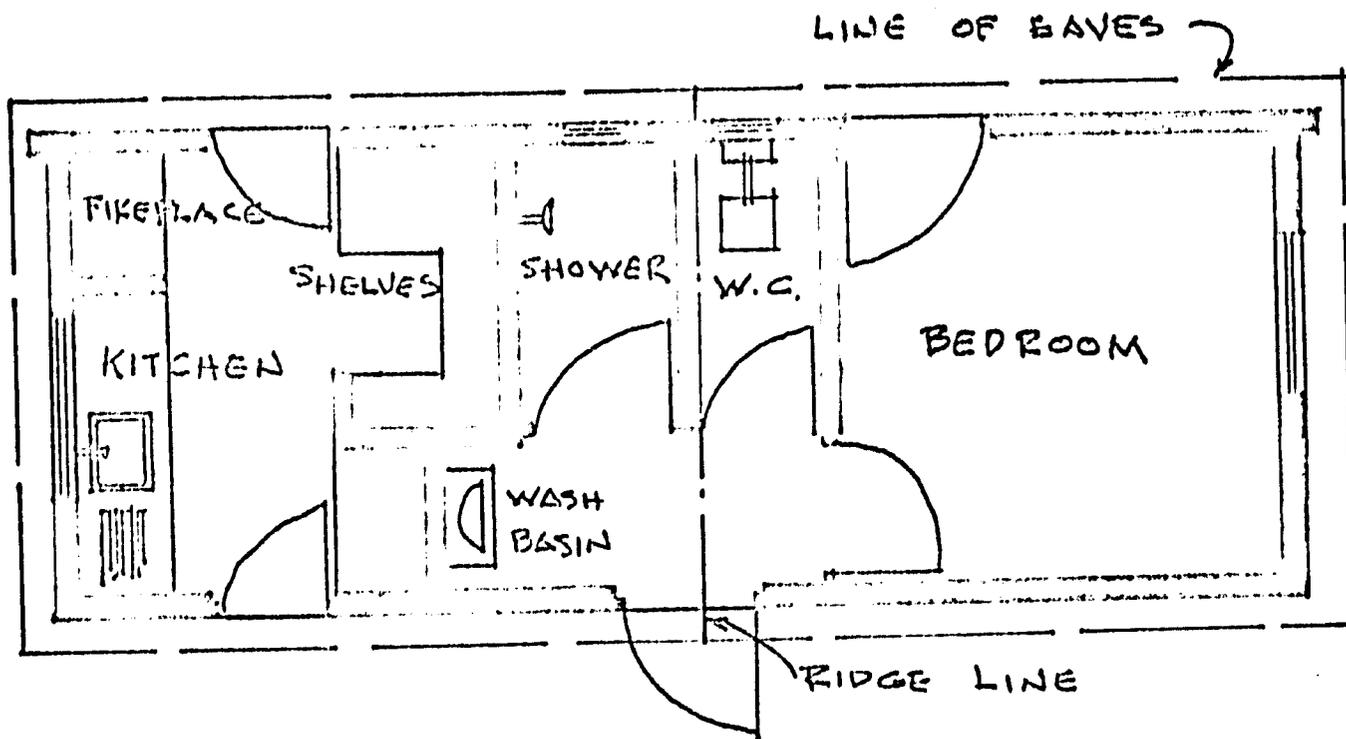
255 Sq. Ft.

	<u>Kenya pounds</u>
COST OF BUILDING WORKS - - - - -	240
COST OF URBANIZATION - - - - - (fencing, roads & elect.)	30
WATER SUPPLY & SEWAGE DISPOSAL - - - - -	65
TOTAL - - - - -	335

DEPOSIT - - - - - Shs. 335
 MONTHLY PAYMENT - - - - - Shs. 75
 (20 yr. tenant-purchase)

CORE HOUSING IV.

NATIONAL HOUSING CORPORATION



ONE ROOM CORE-HOUSE

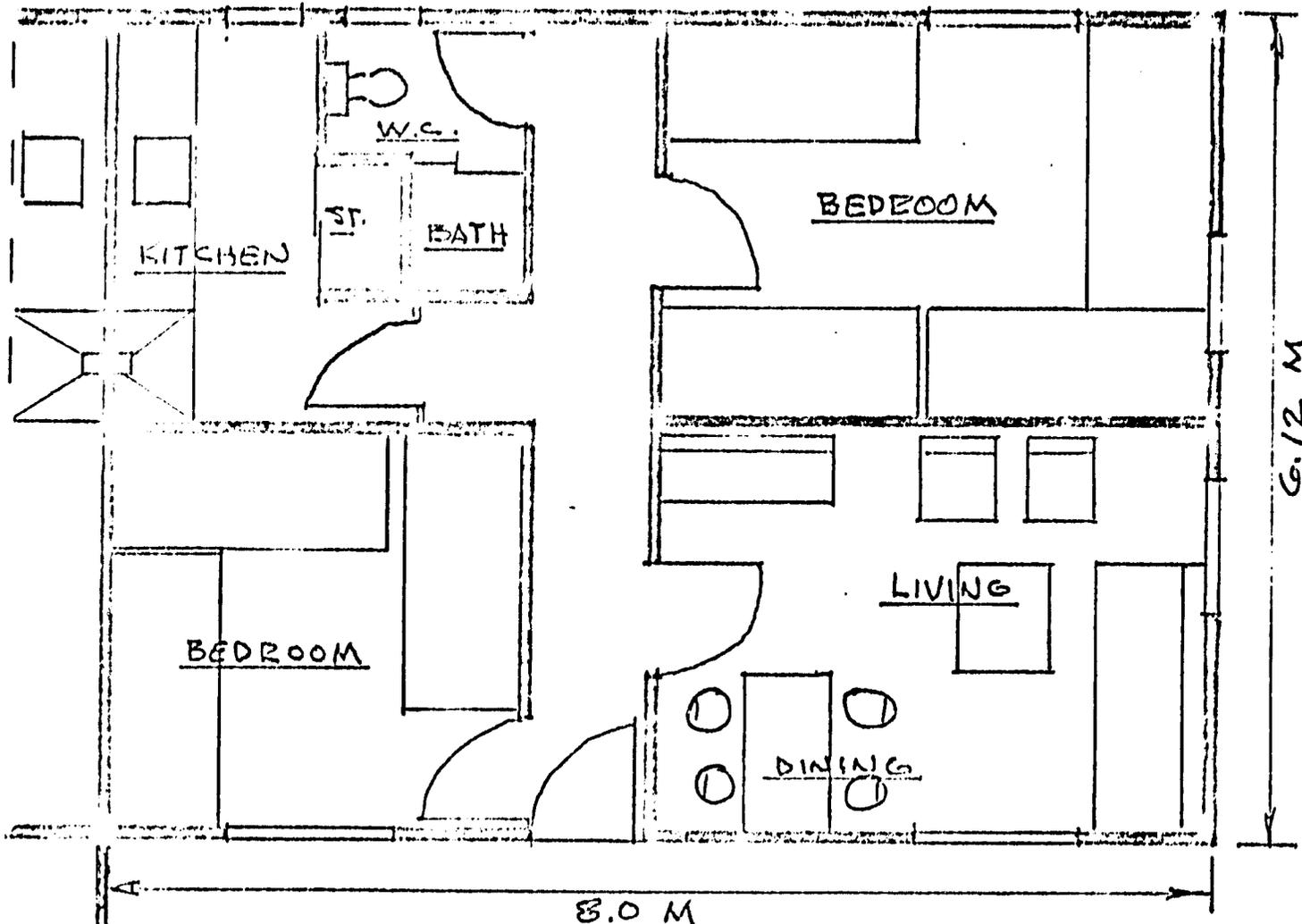
255 Sq. Ft.

	<u>Kanya pounds</u>
COST OF BUILDING WORKS - - - - -	390
COST OF URBANIZATION - - - - - (fencing, roads & elect.)	30
WATER SUPPLY & SEWAGE DISPOSAL - - - - -	65
TOTAL - - - - -	485

DEPOSIT - - - - - Shs. 485
 MONTHLY PAYMENT - - - - - Shs. 110
 (20 year tenent-purchase)

CORE HOUSING V.

NATIONAL HOUSING CORPORATION

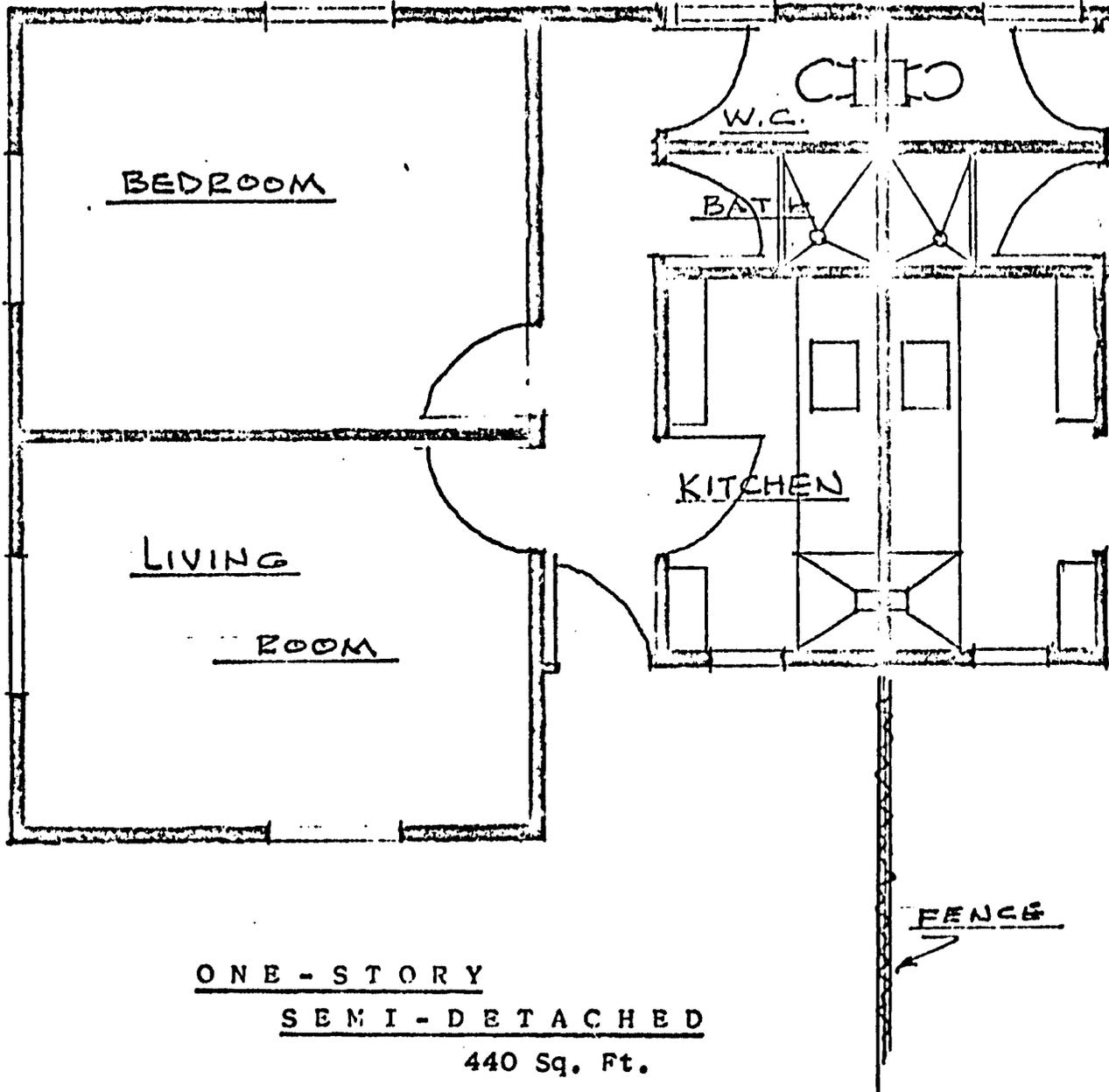


ONE - STORY
SEMI - DETACHED
 540 Sq. Ft.

FENCE

COST OF BUILDING WORKS - - - - -	<u>Kenya Pounds</u>
(includes Urbanization)	580/unit
LAND COSTS (Public Land)	- - -
TOTAL	<u>580/unit</u>

THIKA HOUSING AUTHORITY



ONE - STORY
SEMI - DETACHED
 440 Sq. Ft.

COST OF BUILDING WORKS - - - - -	<u>Kenya Pounds</u>
(Includes Urbanization)	480/unit
LAND COSTS (Public Land)	- - - -
TOTAL	<u>480/unit</u>

THIKA HOUSING AUTHORITY