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MALAWI SHELTER SECTOR ASSESSMENT

AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF HOUSING

JULY 1978

SHELTER SECTOR ASSESSMENT FOR THE GOVERNMENT OF MALAWI

Submitted to

Office of Housing
Agency for International Development
Under Contract AID/IQC 1633
Work Order No. 1

by

Robert R. Nathan Associates, Inc.
Consulting Economists
Washington, D.C.

July 1978

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

FOREWORD

This study was conducted by Robert R. Nathan Associates, Inc., in cooperation with representatives of the Government of Malawi, for the Office of Housing of the Agency for International Development. The purpose of this study was to develop information and make recommendations relating to the shelter sector in Malawi and was in response to a request from the Government of Malawi.

The study team was headed by Dr. Elwood W. Shomo, Housing Economist with other team members being Edward M. Canino, Architect/Planner, and Rosalie Calderone, Social and Economic Research Associate. Fieldwork was completed in April 1978.

The findings and recommendations of the study group are for the purpose of discussion and review and are not to be considered as the official position of either the Agency for International Development or of the Government of Malawi.

We hope, however, that the Government of Malawi will find the report and its recommendations useful as it formulates and implements its future shelter programs.

J. David McVoy
Acting Director
Office of Housing

SECTION I. INTRODUCTION

This Shelter Sector Assessment has been made for the Government of Malawi through the auspices of the Office of Housing, United States Agency for International Development (USAID). The purpose of the report is to describe the Nation's shelter sector, including an analysis of its strengths and shortcomings, to assist the Government in designing policies and programmes for alleviating the more pressing housing problems facing Malawi at the present time.

The Government is currently addressing its most serious problem, the shortage of owner-occupied housing units in urban areas, by an innovative and highly successful site-and-service scheme which features self help construction of traditional type structures. Other housing problems, such as the inadequate supply of permanent-type housing, remain begging for solutions, both now and in the long run. Section II of this assessment addresses these problems by presenting a set of recommendations which are amplified later in the report.

Section III provides a general background of Malawi, including its physical, economic, governmental and popu-

lation characteristics. This Section may be bypassed in its entirety by readers who are reasonably knowledgeable about the country.

In Section IV a detailed description of the Nation's shelter sector is presented. The topics include major housing policies; the public and private delivery systems; the Government's shelter programs and levels of production; financing; and the statistical dimensions of current shelter problems with the outlook to the year 1985.

Section V, the final part of this assessment, deals with the existing problems and constraints in the shelter sector of Malawi. Where appropriate, the recommendations in Section II are elaborated upon in as specific a way as possible. The housing supply side is addressed, including constraints of an administrative, technical, supporting resources and services, and policy nature. This is followed by shelter financing; housing demand, particularly the effective demand by different population income groups; and, finally, environmental considerations.

With the convenience of the general reader of this Shelter Sector Assessment in mind, much of the tabular materials and supporting descriptive documentation have been relegated to the Appendices.

SECTION II. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

This Shelter Sector Assessment made for the Government of Malawi has identified a number of problems and constraints which are impeding progress in resolving the nation's urban housing requirements. Rural housing needs are being adequately met through self-help construction of traditional types of structures. In the rapidly growing urban centres, however, the Government policy of providing to low income families subsidized and minimally serviced plots, for traditional types of semi-permanent self-help housing units, is being inadequately implemented to meet the requirements generated by an 8 percent annual urban growth rate. Further, there is inadequate and uneven provision of permanent type houses, particularly for middle income families, based on waiting lists maintained by the parastatal corporations which supply such units.

Both current Government Housing Policy and the very limited budgetary allocations to the housing sector compound the shortages. Despite the stated position of Government with respect to subsidies, the interrelated policies of subsidizing the housing of civil servants plus rent controls on the properties of the major supplier of urban housing, the Malawi Housing Corporation, are resulting in a mis-allocation of national resources.

Unlike the environmental decadence in the cities of many other developing countries, the situation in Malawi is not acute. Urban squatting is not only illegal but has been actively policed for the past several years. The few squatter settlements which do exist, e.g. in Blantyre, are being relocated to a Traditional Housing Area with some compensation. The particular circumstances in Malawi favor squatter removal rather than upgrading.

The Traditional Housing Area concept is the cornerstone of national housing policy in Malawi. The Government provides free land for the development of urban site-and-service plots by the Malawi Housing Corporation (MHC) and in the new capital of Lilongwe, by the Capital City Development Corporation (CCDC). Infrastructure is minimal but adequate: gravel roads, water kiosks and pit latrines on 4,000 to 5,000 square foot plots.

The THA cornerstone is weakened, however, by three factors. First, dependence by the Government on foreign donors and lenders to underwrite up to 90 percent of the infrastructural costs has resulted in a supply of site-and-service plots which has been far less than the demand in recent years. Second, dependence on the recipients of these plots to build shelters using only their own limited skills and financial resources has resulted in mostly semi-permanent, mud block units which do not contribute appreciably to personal or national savings. Third, the absence in the

nation of a financial institution to provide housing loans to low and middle income families precludes self-help or small contractor construction of any appreciable amount of low cost permanent brick type housing units.

Because of sub-economic rent controls and ground lease charges, the high cost of borrowed funds and rapid construction cost inflation, the parastatal organizations -- MHC and CCDC -- are failing to generate surpluses internally to self-finance new THA or construction activity. These factors have made borrowing from external lending institutions very difficult. Such loans that the MHC does obtain from the Treasury are used to buy land from the Government for permanent type housing tracts. When tracts are developed, many of the units are allocated, perforce, to civil servants on a subsidized non-economic basis.

Population projections to the year 1985 indicate an increase of 400,000 persons in Malawi's urban areas. The financial outlook for providing the housing requirements associated with these persons, plus relieving the current urban shortage of 26,000 THA plots and 20,000 permanent type houses -- under existing Government housing policies and institutions -- is not bright. Toward the goals of relieving short and long run problems in the shelter sector, and increasing the attractiveness of investment in the sector by domestic and foreign lenders, the SSA team offers the following recommendations.

A. Housing Finance

Government-sponsored financial institutions that provide savings and loan functions for the housing sector are found in most countries. The sole provider of mortgage financing in Malawi is the New Building Society, which lends only to high income families and then on strict terms. The housing finance needs of middle and low income families are neither served by the Post Office Savings Bank, whose resources are not legally available for mortgages, nor the Malawi Housing Corporation, which is a construction and rental entity. A small lease-loan scheme offered by the Capital City Development Corporation is limited to Lilongwe.

Malawi should have a financial institution designed to serve (1) the mortgage and construction materials requirements of middle and low income families, including families in Traditional Housing Areas; (2) private dwelling building contractors of all sizes, e.g., short term construction loans for speculatively build but low cost permanent type housing units; and (3) parastatal organizations responsible for providing site-and-service plots and permanent dwelling units through the range up to and including higher income, low density housing for economic rental or sale. Such a "Housing Finance Corporation," providing credit guarantees and mortgages for low income families, could encourage the concept of home ownership in urban areas with a resulting increase in domestic savings/investment. The extension of

this concept to Government employees could result in a gradual reduction in the amount of subsidized housing which civil servants now receive.

B. Low Cost Permanent Housing Provision

The Government through its parastatal housing corporations, should undertake alternative solutions to the urban housing shortage, including provision of low cost permanent prebuilt housing in THA plots. Provision of multiple value schemes are recommended, ranging from concrete slabs alone up to small fired brick houses which would be expandable as a family's income increased. Basic low cost permanent shells, without indoor plumbing but allowing for a standpipe on the plot, can be provided at one third the cost or less than MHC's present least expensive permanent housing solution. At present there is a distinct gap between the site-and-service plot, with only a pit latrine provided, and MHC's Type E and F (lower income) housing, which at U.S. $7,000 and up are relatively expensive structures. However, lots in which options would be permitted should form only a part of the total site-and-service scheme design.

C. Self-Help Traditional Housing

The need for upgrading the quality and permanence of self-built housing units is evident in the Traditional Housing Areas. Ordinary wattle and daub or mud block with unsecured sheet metal roofing has a short life expectancy even under favorable climatic conditions. It is recommended that the Government arrange for a technical assistance programme through the UNDP or through other donors to provide training of small contractors, self-help builders and MHC staff in low cost construction techniques.

With sufficient training there can be (1) an increase in the life expectancy of housing now considered semi-permanent; (2) advances in the level of expertise of Malawi contractors; and (3) a higher value of homeownership can be instilled. To . effective the technical assistance should be provided at three levels:

- Training of petty (small) contractors in improved techniques of construction and basic material production, job management and cost control practices;
- Training of Malawi Young Pioneers to create a pool of workers for Government-sponsored, minimum cost, self-help assistance groups; and
- Training of additional MHC staff to carry forward its construction assistance program.

Additionally, assistance should be provided to small and medium sized Malawi building contractors in the fields of business management, cost control and organizing to effectively bid for and perform on contracts and sub-contracts let by MHC and the Ministry of Public Works and Supplies.

D. Government Housing Policy

The Government states its intention of ultimately eliminating the housing subsidy for civil servants in Chapter 7 of its "Statement of Development Policies 1971-1980." Not only is the subsidy still in effect but the Government at present is paying considerably less than economic rentals for the housing occupied. Rent controls, likewise, affect those properties of MHC which are leased to private corporations and individuals who should, rightly, pay full economic costs. The recommendation to eliminate such subsidies is not new, but is repeated by the SSA team and elaborated on in Section V of this report.

On the other hand, the subsidy element in the provision of THA plots, i.e., free land provided by the Government to developers, should not be eliminated. Rather, the subsidy element in ground rent charges by CCDC and MHC should be gradually reduced to zero. On average, this would require doubling or tripling present ground rents which are very low at present, ranging from US $7 to $24 per year. Higher ground rents would enable the corporations to obtain full recovery of the infrastructural costs of THAs and make them less dependent on foreign assistance.

E. National Development Ojectives

The Government, through the Malawi Housing Corporation, should reinforce its overall development objectives by giving the highest priority in the provision of site-and-service plots to the rural growth centres. In the face of a doubling of urban population in the next decade, the emphasis should be on containment of the rural population rather than corrective measures, as is required after urban drift has occurred. Specifically, this recommendation calls for the bulk of the financial resources which may be made available to the Malawi Housing Corporation to be programmed for THA development in the smaller cities, towns and Bomas, i.e., secondary and tertiary town programs and rural growth centers.

SECTION III. GENERAL BACKGROUND

1. The Country

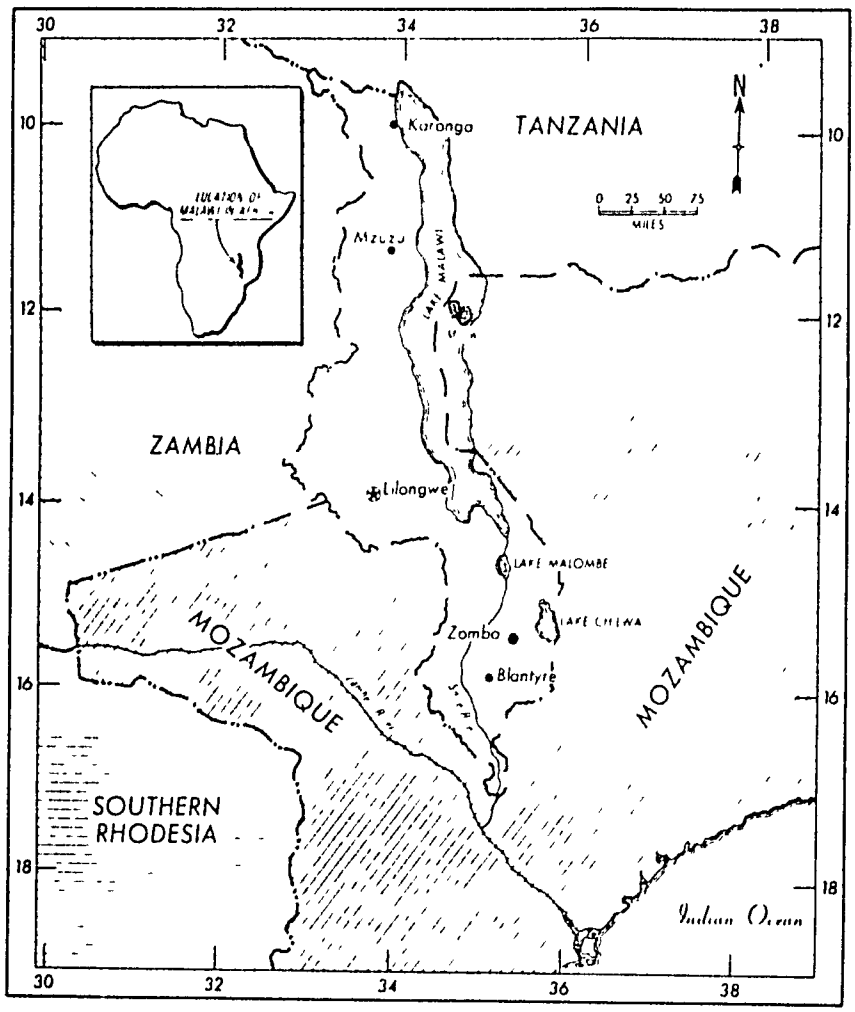
A. Location and Size

Malawi, a landlocked country in southeastern Africa, is located south of the Equator between the 9th and 17th parallels. Malawi is bordered on the north by Tanzania and on the west by Zambia. Its southern half is enclosed within Mozambique (Figure 1).

Mozambique adjoins southern Malawi on its eastern, southern and western frontiers; and the Malawi-Mozambique border extends north-south for 205 miles through the median line of Lake Malawi. Due to its landlocked position, Malawi is mostly dependent for its foreign trade on rail links to the Mozambique ports of Ncala and Beira. Before the closure of the Mozambique-Rhodesia border, substantial railway traffic also existed through Mozambique between Malawi and Rhodesia and South Africa.

Malawi contains an area of 45,750 square miles, including 36,325 square miles of land and 9,425 square miles of water. The country extends north-south for 560 miles at an average width of less than 100 miles.

FIGURE 1. LOCATION OF MALAWI AND BORDERING COUNTRIES



Lake Malawi, the principal geographic feature of the country, is 350 miles long and contains approximately 7,822 square miles, comprising 17 percent of the total area of Malawi.

Climate and Topography

Malawi has a tropical climate, with alternate rainy (November to April) and dry (May to October) seasons. Temperature and rainfall are influenced by three significant factors. These are varying elevation and relief; the relative proximity in terms of climatic influence to the Indian Ocean; and the presence in the heart of the country of an enormous lake which acts as a reservoir of moisture and as a heat regulator. The rainy season brings 30-60 inches of rain in most areas.

There are many local variations in rainfall and temperature, primarily related to elevation. Malawi's plateaus form three-fourths of its total land area. Elevations range from low flood plains near the southern border to extensive plateaus of about 4,000 feet in the Southern and Central Regions. Smaller upland areas and rugged plateaus in the north exceed 8,500 feet and below freezing temperatures are sometimes excounted. Lake Malawi's shoreline is marked by flat plains interspersed with steep hills or cliffs. Runoff from the lake is southward via the Shire River, which also drains most of the Southern Region.

Malawi's high plateaus are well watered and enjoy moderate temperature. The highest southern lands receive

the most rainfall and have a temperate climate. Low regions near Lake Malawi also have heavy rainfall but with higher temperatures. The hottest and driest region of the country is in the Shire Valley in the south, which lies outside the influence of the lakes, and which is sheltered from the rainbearing eastern winds.

As an agrarian country, Malawi is favored with soils of moderate fertility, substantial water resources, and a climate favorable to crop production. These factors ensure a generally adequate local food supply and a variety of export crops; several are well adapted to the Malawian smallholder production pattern.

B. Economy

According to United Nations standards, in the early 1970s Malawi remained one of the 25 poorest and least developed countries of the world. Malawi, however, has made tremendous economic progress since its independence in 1964.

Economic growth in Malawi averaged 7 percent a year during the first decade of independence. This figure compares very favorably with the growth rate maintained by comparable developing African countries and exceeds the standard established by the United Nations.

Between 1964 and 1976, the Gross Domestic Product (GDP) in Malawi grew at an average annual rate of almost 6.5 percent in real terms. Wage employment grew at 8.5 percent a year between 1968 and 1975. Fixed investment grew from

8.5 percent of GDP in 1964 to 22 percent in 1976. Domestic savings, which were virtually nil in 1964, amounted to 11.5 percent of GDP in 1976. Deficits on the Government's recurrent budget turned into small surpluses in 1973-74, eliminating the need for British budgetary support. In spite of this progress, however, Malawi, with a per capita income of $140 in 1976, is still poor. Key economic indicators and detailed economic data are presented in Appendix A.

Malawi has no exportable mineral resources and a limited manufacturing base. Agricultural production is the mainstay of the economy. Since independence, the Government's development strategy has focused on improving agricultural production.

Malawi's crop production is divided among the activities of agricultural estates, smallholder cash cultivators, and a large subsistence sector. Government-sponsored development projects, financed largely by foreign aid, contribute to an encouraging rate of expansion in farm output through the use of modern agricultural techniques and equipment. At the same time, however, nearly 90 percent of all crops are produced by roughly 1 million agrarian families on smallholdings of a few acres per family. Crops under cultivation throughout the combined agricultural sector include tobacco, cotton, coffee, maize (corn), groundnuts (peanuts), cassava, rice, tea, and sugar. Tobacco and tea are the most important commercial crops.

Agricultural estates provide over half the total exports and have been the most dynamic part of the economy in recent

years. Estate crop production, principally tea, tobacco and sugar, increased 9.8 percent in 1976; and a 14.9 percent growth rate is foreseen for 1977. Results from smallholder farmers, however, have been less encouraging. Smallholders' crops are purchased by a Government statutory organization, the Agricultural Development and Marketing Corporation (ADMARC), which posts a set purchase price for each commodity before purchasing. In 1975 and 1976, the weather adversely affected agricultural production. A 5 percent decline in quantity purchased is forecast for 1977. The need for increased smallholder output remains important for Malawi's future economic development.

Economic developments in the past 2-3 years have been characterized by a somewhat slower growth rate than before, by a worsening of the balance of payments position and a substantial loss of foreign exchange reserves, and by a much faster rate of inflation than in the past. To a large extent, these developments have been the result of external factors over which the Government has had little control, such as adverse weather conditions and the escalation of petroleum prices.

In spite of the recent slowdown in growth and the deterioration in the external payments position, Malawi's medium-term prospects appear to be favorable. With a ready demand for its agricultural products and with planned expansion of sugar production, exports in real terms can realistically be expected to grow at about 8 percent a year over the next five years. With normal weather conditions, GDP could resume its long-term growth rate of 6 to 7 percent a

year. On the basis of the World Bank's projections of commodity prices and international inflation, a sharp improvement of more than 10 percent in Malawi's terms-of-trade is expected for 1977. Thereafter, the terms-of-trade will decline somewhat, but by 1982 they would still be about 5 percent more favorable than in 1976.

The Malawi economy grew at a 7 percent rate in 1976. Increased agricultural production, especially by the larger estates, and high world prices for tobacco and tea exports were the major factors in this growth.

In 1977 foreign aid in the form of grants and soft loans to Malawi totalled about U.S. $100 million. Approximately half that amount was from Canada and the EEC. Other major contributors were the United Kingdom, the World Bank group, West Germany, United Nations agencies, African Development Bank, and the United States.

Malawi's open economic system, preference for the capitalistic philosophy, political stability, and record of successful administration of development programmes are features which have attracted and will presumably continue to attract foreign investors.

C. Government

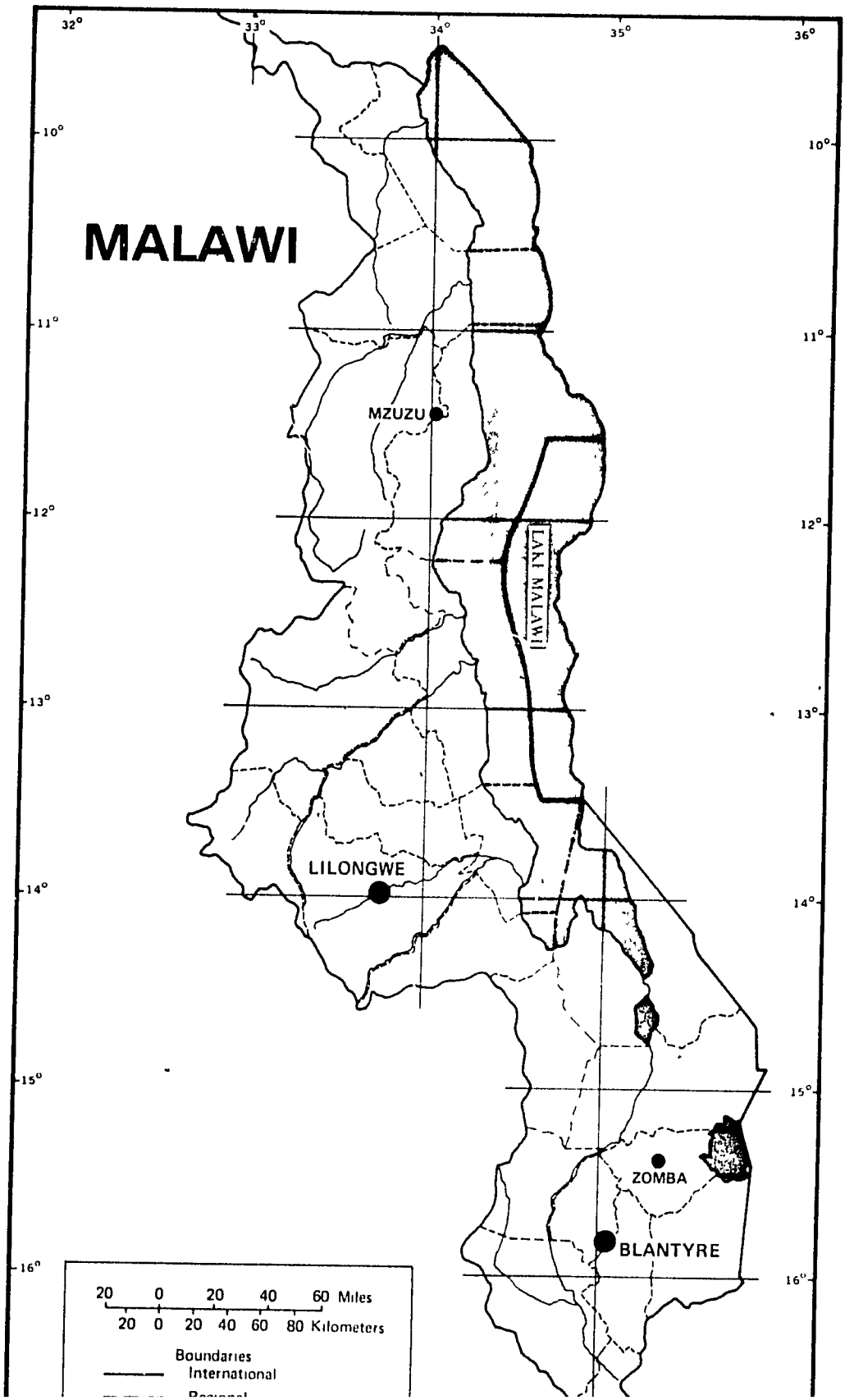
Malawi, a former British colony, became independent in 1964. His Excellency the President for Life, Dr. George Banda, has been Malawi's leader since its independence. The Republican Constitution, adopted in Malawi in 1966, stated

the motto of the country as "Unity, Loyalty, Obedience and Discipline." The Malawi Congress Party (MCP) was established by the Constitution as its political party.

The Constitution specifies that the President of the Republic is to be selected by MCP officials and tribal chiefs every 5 years. This requirement has been waived for Dr. Banda. In 1970 he was acclaimed President for Life by a unanimous resolution of the MCP convention. Ten years earlier he had been made lifetime president of the party. The country's unicameral legislature is composed of 60 sixty members, all of whom are selected by the President.

Malawi is divided into three regions: the Northern Region, with the regional centre at Mzuzu; the Central Region, administered from Lilongwe; and the Southern Region, whose focal point is Blantyre. The regions are divided into 24 districts: five are in the Northern Region; nine in the Central Region; and ten in the Southern Region. Figure 2 illustrates regional and district boundaries, and demarcates the four principal cities in Malawi.

The districts serve both as the lowest level of administration for the national government ministries and as the major unit of local government. Subordinate to the districts are the smallest governmental units, the chiefs' areas, which numbered 194 in 1974. The 24 districts vary considerably in size and population; land areas range from minimums of 638 square miles to maximums of 3,000 square miles; while population (1977 Census) ranges from 64,100 in Rumpi (Northern) to 694,100 in Lilongwe (Central) disticts.


MALAWI
32°
33°
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10°
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12°
13°
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15°
16°
MZUZU
LAKE MALAWI
LILONGWE
ZOMBA
BLANTYRE
20 0 20 40 60 Miles
20 0 20 40 60 80 Kilometers
Boundaries
International

In 1975 the central government was moved from Zomba in the Southern Region to Lilongwe in the Central Region.

2. The Population

A population census, the first since 1966, was conducted in Malawi during September-October 1977 by the National Statistical Office in Zomba. Preliminary population estimates were released in March 1978, and are presented in Table 1.

Census results indicate a 1977 population of 5,561,821 people, a 37.7 percent increase over the 1966 total population. Annual average growth rate for Malawi was 2.92 percent between 1966-1977.

Although actual results from the 1977 Census are not yet available, most recent estimates[1] are that 45.4 percent of Malawi's population is under 15 years of age. The World Health Organization, as of January 1978, estimated that average life expectancy for Malawian males was 40.9 years; and 44 2 years for females. Infant mortality rates (deaths of children under one year of age) was estimated at 163.8 per 1,000 live births.

Population per square mile in 1977 was 153 persons, as compared with 111 persons per square mile in 1966. The

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1. October 1977, from World Bank.

Table 1. Population of Malawi: By Regional and National Totals; and Regional Totals as a Percent of National Totals, 1966 and 1977; Average Annual Growth Rate, 1966-77

Region	1966		1977		Average annual growth rate, 1966-77
	Population	Percent of total	Population	Percent of total	
Northern	497,491	12.3	643,485	11.6	2.34
Central	1,474,952	36.5	2,122,010	38.1	3.33
Southern	2,067,140	51.2	2,796,326	50.3	2.75
National Total	4,039,583	100.0	5,561,821	100.0	2.92

Note: Annual growth rates were calculated by the National Statistional Office. For the purpose of calculating these, the interval between the central dates of the 1966 Census and the 1977 Census was taken; i.e. a period of 11 years and 43 days.

Source: Malawi Government, National Statistical Office, Zomba: Population Census 1977 Preliminary Report, District Population by Traditional Authorities (Including Urban Areas), March 1978.

Southern Region is the most densely populated, and the Northern Region the most sparsely populated. Population densities for each region are presented below.

Table 2. Regional Population Densities, Malawi, 1977

Region	Population (1977 census)	Area in square miles	Density (people per square mile)
Northern	643,485	10,376	62
Central	2,122,010	13,714	155
Southern	2,796,326	12,235	228
Total	5,561,821	36,325	153

Results of the 1977 Census indicates that approximately 50.3 percent of the populace of Malawi resides in the Southern Region of the country, 38.1 percent in the Central Region, and 11.6 percent in the Northern Region.

Density figures indicate that Malawi is one of the most densely populated countries in the world. More particularly, Malawi's density is very high when compared with that of other African countries. For example, Malawi, with 36,325 square miles of land area, contains approximately as many people as its neighbor, Zambia, which has 290,323 square miles of area.

Despite density statistics, individual villages in Malawi are small. The majority of the populace still dwell in these small village areas, rather than being concentrated

into larger urban areas. Small villages dot the landscape and cluster along roads, particularly in the Southern Region.

In 1977, 467,582 persons, or 8.41 percent of the total population, resided in areas tabulated as "urban" by the census taker. These same areas in 1966 contained 188,659 people, or 4.67 percent of total Malawi population (refer to Appendix B). Six urban centres in Malawi contained populations over 10,000 people in 1977, as compared with only 3 centres in 1966. Thus, 1977 Census results indicate that the proportion of Malawians residing in urban areas has almost doubled since 1966.

Historically, the population in Malawi has been concentrated in the Southern Region. Blantyre, the largest and most industrialized city in Malawi, provides a magnet for growth and migration to the Southern Region.

In recent years this trend has been changing. The capital city was moved from Zomba in the Southern Region to Lilongwe in the Central Region during the 1970s providing a spur for development of that region.

Future plans of the Malawi Government provide for the continuation of development of the Central Region: construction is underway for an international airport at Lilongwe; work is still in progress on the Capital City Development Programme; a rail link recently was constructed, from Salima through Lilongwe and is being extended to the Zambian

border; and more and more private industries are establishing branches in Lilongwe. Figure 3 is a map of Lilongwe and its surrounding region and indicates future areas targeted for growth and development.

Areas indicated include: the new industrial areas with the railroad link; Kawale, the oldest traditional housing area in Lilongwe; the old city of Lilongwe; the new City Centre; and Capital Hill.

Also indicated are areas targeted for future development. Lilongwe is a planned city in linear form, and is scheduled to be developed in stages. Projected population of Lilongwe City is 500,000. Areas to be developed in the near future include Area 49, a traditional housing area projected for 6,000 THA plots or 30,000 people, and midway between the slowing evolving Northern Industrial Complex with its rail Link, and the present bustling economic activity of the Old City.

The new international airport, with completion date of 1980-81, is to the north of the main city area. Lumbadzi, a future planned city of 10,000 people which will house airport employees and their families, is also shown.[1] Existing low and medium density housing areas may be seen on the map, but are not marked.

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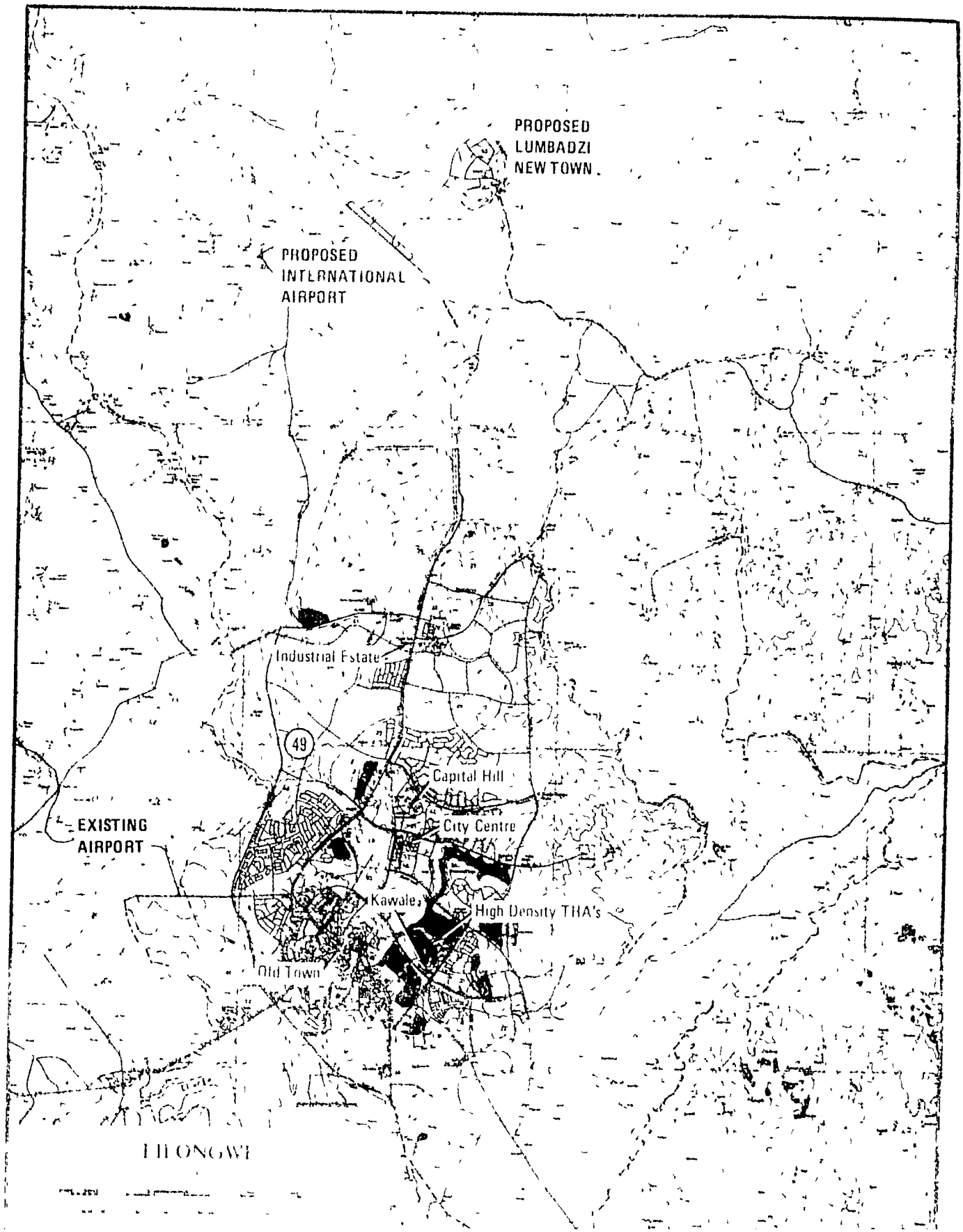
1. Lumbadzi is designed primarily for low income workers of the airport. A rough development cost estimate for this area is K4,400,000.

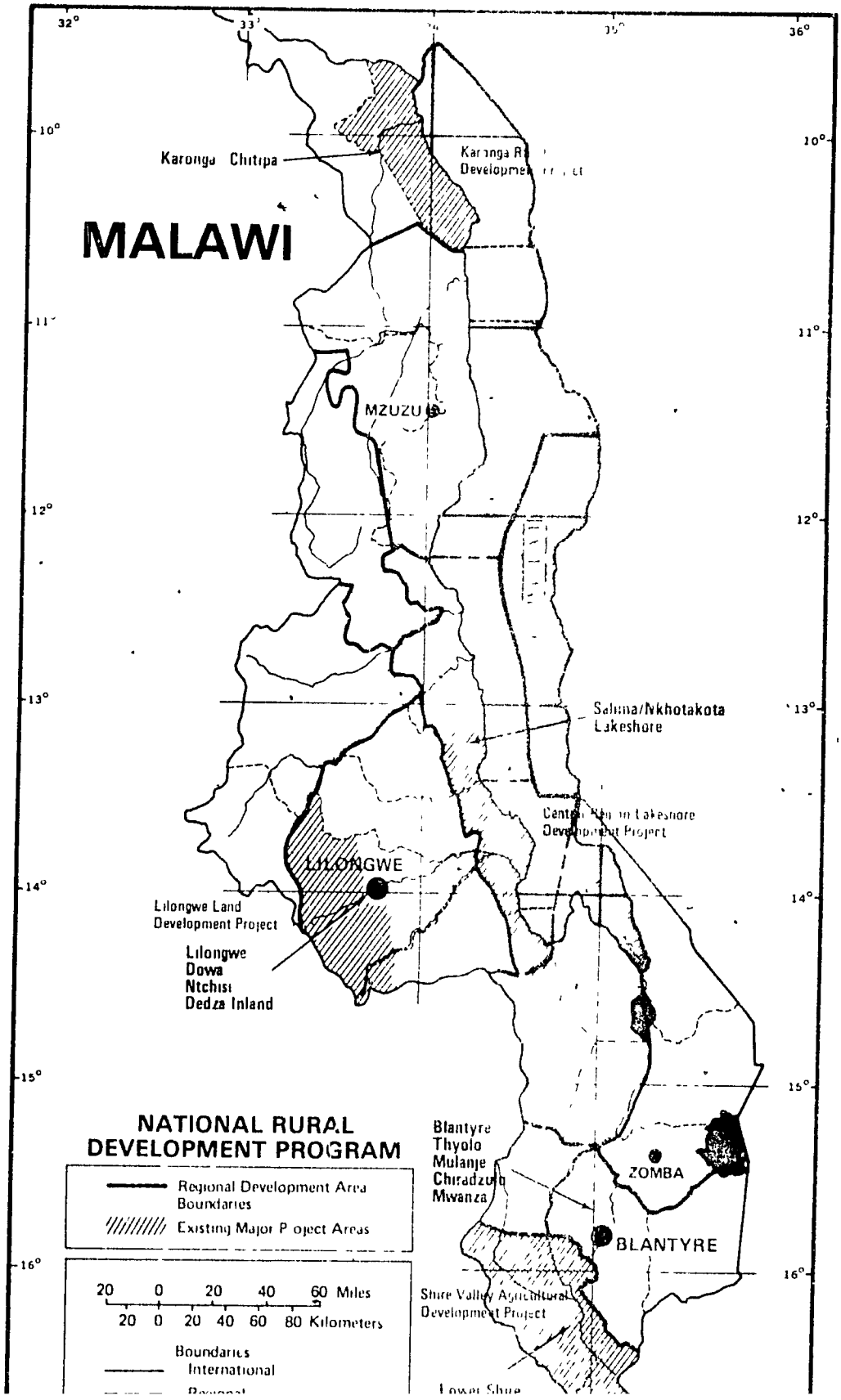

PROPOSED
LUMBADZI
NEW TOWN.
PROPOSED
INTERNATIONAL
AIRPORT
Industrial Estate
49
Capital Hill
City Centre
EXISTING
AIRPORT
Kawale
High Density THA's
Old Town
LILONGWE

Plans are also underway for further industrial and rural development in the Northern Region. Mzuzu, Chinteche, Karonga and Chitipa are several areas in the north which are targeted for future expansion by the Malawi Government.

Extensive rural development programmes are underway throughout Malawi. Highest priority of the Malawi Government is being given for the National Rural Development Programme (NRDP). Plans which exist to spread development throughout the country include developing smaller rural urban centres or "secondary cities" in order to stem migration to the larger cities. Figure 4 illustrates these targeted rural growth centres including subregional, district and sub-district centres. Both existing and planned centres are indicated.

Development of infrastructure, particularly a good transportation and road network, schools, access to health facilities, etc, is an important component of the Government's development strategy.

Although the Southern Region of Malawi presently contains 50 percent of total country population, development programmes currently being implemented indicate that future growth will be more balanced. As more employment opportunities become available in the Central and Northern regions of the country, migration toward the Southern Region should be stemmed. At present migration is occurring <u>from</u> the Southern Region to the new capital at Lilongwe in the Central Region, a reversal of historic trends.


MALAWI
Karonga Chitipa
MZUZU
Salima/Nkhotakota Lakeshore
LILONGWE
Lilongwe Land Development Project
Lilongwe
Dowa
Ntchisi
Dedza Inland
ZOMBA
BLANTYRE
Blantyre
Thyolo
Mulanje
Chiradzulu
Mwanza
NATIONAL RURAL DEVELOPMENT PROGRAM
Regional Development Area Boundaries
Existing Major Project Areas
20 0 20 40 60 Miles
20 0 20 40 60 80 Kilometers
Boundaries
International

The policy of the Malawi Government since independence has been to encourage the growth and development of the primary agricultural sector of the economy, and thus encourage people to remain in the rural areas. Another strategy has been to encourage growth and development in the Central and Northern Regions of the country. The relocation of the capital city to Lilongwe; development of a new town at Liwonde with the encouragement of heavy industry close to a water/rail transshipment point; development of a railway/port at Salima; a pulp mill at Chintheche; and other projects deliberately have been located in the more sparsely populated rural regions. Strategy has been to foster development of small district and sub-district urban centres, rather than having all industrial employment focused in two or three main urban areas.

SECTION IV. THE SHELTER SECTOR - A COMPOSITE DESCRIPTION

This section describes the shelter sector in Malawi as it currently functions including major Government policies; the delivery system; shelter programs and production levels; financing; and statistical dimensions of the urban shelter shortage.

1. Major Shelter Policies

The basic housing policy of Malawi is specified in the Government's Statement of Development Policies 1971-80, issued in December 1971. In this document the Government listed characteristics of the urban housing problems in Malawi which have led the Government to determine and set forth its housing policy. The four characteristics listed are as follows:

A. Population Increase

The Government estimated that the average urban growth rate would be around 8 percent per annum, a figure which has been confirmed by the Population Census conducted in 1977. This figure may be compared with the total annual average population growth rate of 2.92 percent between 1966 and 1977.

2. Squatting

The Government observed that the squatting development in the larger urban centres posed a considerable health and social hazard and added that most people migrating from rural areas earn too little to afford housing of permanent materials.

3. Speculative Housing Development

It was noted that the reluctance of speculators to invest in low cost permanent housing projects for general rental or sale is caused by the unprofitability of housing in this sector. The Government also noted that in the past a substantial contribution to the urban housing stock was made by a number of large private firms who built residential estates for their employees.

4. Finance

The Government advised that there are severe limitations on the supply of financial resources for the shelter sector. Private domestic savings can only supply a very limited amount of investable resources in a country at Malawi's stage of development. There is also considerable reluctance among major foreign donors to finance housing development.

5. Government's Projected Housing Policy

Stemming from this analysis of the housing problem, the Government determined its basic housing policy for the present decade as follows:

Traditional Housing. The further development of the "site-and-service" scheme, begun in 1964, for those dwellers -- the great majority -- who cannot afford housing of permanent materials (e.g. fired brick, concrete flooring). The demand for Traditional Housing Area plots has consistently outrun the supply over the years. The THA scheme was rated as the only feasible and relatively inexpensive way to defeat the problem of growing and unplanned squatter areas.

This "site-and-service" development which is described later in this report is considered by Government to constitute the most important objective of housing policy.

Permanent Housing. The Government also expects the demand for small and medium size permanent houses to rise rapidly as a consequence of general economic development and, as a second aspect of policy, it will continue to invest in these types of dwelling units.

Finance. The third aspect of housing policy involves a determined effort to increase the sources of finance -- savings for housing development. To this end the Government has sought external financing (and in recent years obtained loans for permanent housing construction and THA infrastructure development from British and West German sources). An important contribution is to be made by the Government which, while paying full economic rental for houses occupied by Government employees, currently subsidizes housing costs for civil servants. The policy is ultimately to eliminate this subsidy. Removal of rent subsidy will provide an important incentive to the extension of home ownership, which will remain a major objective in attempting to raise more internal financing for housing.

The Development Policy Statement concludes

> The Government responsibility for providing housing is thus largely confined to the main urban centres of Blantyre and Lilongwe, apart from the obvious need to accomodate civil servants required to live in specific outlying places. In the absence of significant private sector investment, it will be necessary to continue to make funds available for housing from the Public sector, in order to avoid the creation of unhealthy and unsanitary conditions in urban areas, which could retard the pace of economic development.

There are two national development programmes being implemented currently which could have a short and medium term dampening effect on the demand for urban housing. One, the National Rural Development Plan (NRDP), seeks to simultaneously improve the incomes of small shareholders and the foreign trade balance through production of export agricultural commodities, particularly tobacco. The large estate development component of this plan would provide, in addition, paid agricultural employment opportunities at the village level.

The industrialization program for the nation includes some geographical dispersion of new plants where natural resources permit. An example is the wood plant near Chintheche, a small district centre which will be built up both from employment opportunities in the new plant and by transfer of the Boma from Nkhata Bay.

2. Shelter Sector Delivery System

The following seven categories of housing represent in descending order of quantity, the shelter variations, both public and private, of Malawi:

- Rural ownership housing;
- Urban self-built housing on site-and-service plots, also called traditional housing;
- Permanent housing constructed and managed by MHC (Malawi Housing Corporation) and CCDC (Capital City Development Corporation);
- Urban, private sector permanent housing;
- Illegal traditional housing in unplanned urban areas;
- Institutional housing constructed by Ministry of Works and Supplies;
- President's Office allocation housing.

A. Rural Ownership Housing

The "National Rural Development Programme," under the Ministry of Community Development and Social Welfare and aided by the Christian Service Committee, is rapidly improving water supply to the rural sector. Approximately 30 percent of the K1,000,000 budget of CSC goes into this program. Sanitation facilities are minimal due to the relative low densities of the settlements. However, the pit latrine found in the denser THA settlements is slowly increasing in

use. With the extension of social services, the one major constraint -- the poor road system -- does not have as strong a socially negative effect that it once had.

Because of the ongoing familial building process, migrating individuals are prepared early in life with the basic skills exercised in self-help construction of traditional housing in urban site-and-service plots.

B. Urban Self-Built Housing on "Site-and-Service" Plots

The urban site-and-service scheme has been developed extensively by the Malawi Housing Corporation which was established by Government in 1964.[1] The MHC is the main vehicle through which Government housing policy is implemented. A self-accounting corporate body, the MHC was established to undertake the development, construction and management of houses and housing estates throughout Malawi on a viable commercial basis. It caters to the housing needs of all sections of the community -- commercial, industrial, private and public -- but concentrates its resources mainly on medium and low cost housing development in the urban areas where the housing need is greatest.

The policy of the Housing Corporation is controlled by a Board of Directors, appointed by His Excellency the President for Life who through the Office of the President and

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1. The site-and-service concept in Malawi actually dates back to 1957 but it was not implemented on a large scale until the creation of MHC.

Cabinet (OPC) is also the Minister responsible for housing and to whom the corporation is directly responsible through its Executive Chairman.

MHC staffing is currently at 443 people distributed among five departments:

1.	Accounts	46
2.	Estates management	63
3.	Central Administration	41
4.	Building & Development	220
5.	Quantity Surveying	73
	Total	443

The planning and construction work of MHC falls into four categories.

1. The planning and construction of permanent houses financed by housing development loans. (Most construction work is let out on contract.)

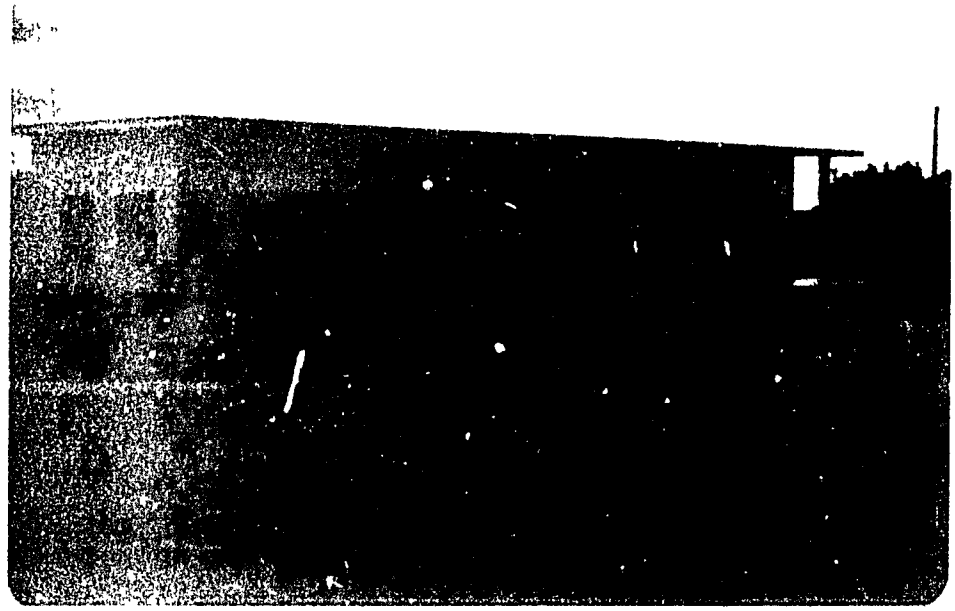
2. The planning, production and supervision of Traditional Housing Areas. (Site-and-service schemes).

3. Miscellaneous planning and construction connected with housing development and housing estate amenities.

4. The maintenance of MHC houses and properties.

Site-and-service plots are provided by MCH (in Lilongwe by CCDC) for low income people who cannot afford the rental or purchase of a permanent house. The waiting lists

Small commercial building built by MHC in Traditional Housing Area There are four shops, each with a storage and service area at rear . Each rents for 90K per month, which is economic rent. MHC erects buildings such as these in all the THAs.



Water selling kiosk in Traditional Housing Area, Lilongwe. Sales price is approximately one U.S. cent per 8 gallons Note self-help fired brick house in background.

Self-built house under construction, South Lunzu, Blantyre.

Note the roof ties and window installed by a petty contractor.

Self-built house and occupants in a Traditional Housing Area.

Metal roof has been capped and walls plastered and painted.

maintained by MCH on a first come basis have been developed to avoid the initial difficulties of waiting lists that were decentralized and prone to manipulation by local pressures. A high percentage of names on the list have been registered for three years or more without any indication of change of income level. While there has been a very low percentage of high quality homes built on THA lots to take advantage of the low rental costs, MHC through its Ranger Program has begun to monitor and control the situation. A check of an applicant's economic position at the time of plot allocation could further reinforce THA use for low income groups. If the housing subsidy system of civil servants were changed, the first come basis of service would need changing to a percentage allotment with each new project depending on its new location. Lilongwe, for example, would allot a much higher percentage of site-and service plots to civil servant use than other urban areas.

Current waiting lists maintained by MHC indicate 17,312 applicants awaiting plots in Traditional Housing Areas throughout Malawi. An additional 9,150 applicants are awaiting traditional housing plots in Lilongwe, according to a separate list maintained by CCDC.

A plot in a THA consists of a surveyed and marked area ranging from 4,000 to 5,000 square feet, which is based on World Health Organization standards for pit latrines. These relatively large plots also fill the need for families to plant vegetable gardens which provide up to three month's supply of vegetables per year per plot. The plot contains a concrete-slab-covered pit latrine on its rear line 10 to 15 feet deep by 3 feet in diameter. Standards for the THA plot

are set forth in the Public Health Ordinance of 1960, which is reproduced in Appendix C. Traditional Housing Areas are serviced by gravel roads. Water selling points are located throughout the areas, located no further than one half mile from any given plot. A small charge of 1 tambala[1] for 8 gallons of water is made. Individual water hook-ups are provided only upon request of the plot owner, who is charged the full economic connection cost for such service. In planning the THAs, provision is presently made for future individual water and electricity connections for up to 50 percent of the plots within any area.

Once a plot is allocated, construction of the house must begin within a 6-month time period. or the plot will be reassigned by MHC or CCDC to another applicant. Construction is usually on a self-help basis, with small contractor assistance in such areas as roofing, plastering, painting, and manufacture of dried block. Construction in the THAs can be as basic as wattle and daub with thatched roof, costing as little as 50 tambala per square foot. The most prevalent type of house in the THAs is sun-dried brick with metal roof sheeting. Costs for these types of structures presently average K1-2 per square foot. Basic minimum standards regarding setbacks, minimum/maximum square footage of dwellings, and height restrictions are imposed by MHC/CCDC to insure a modicum of health and safety.[2] Inspection and enforcement is provided through a staff of rangers under MHC direction.

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1. A tambala is 1/100 a Kwacha. U.S. $1 equal approximately 0.83 Kwatcha (or K1 equals U.S. $1.20).
2. Refer to Appendix C, Public Health Ordinance.

Current 1978 cost to MHC for plot preparation is as follows: (Kasungu 900 THA plots, 1978)

Roads and Culverts	K90
Water (allowing 50 percent lot connections)	K61
Supervision, MHC Administration, Planning, Survey and Plot demarcation	K65
Pit Latrine	K15
Per plot cost	K231

Its range is from K200 to K300 depending on location and topographic severity. If roads in the THAs are to be paved rather than gravelled, development costs my run up to K500 per plot.[1]

Various levels of development within the THAs result in a mix of housing types steadily progressing toward a semi-permanent, permanent type Wattle and daub houses are often completely encased with mud block or burnt brick houses with mental roofs resulting in the subsequent demolition of the temporary dwelling. MHC utilizes a staff of rangers whose primary purpose is the enforcement of the Public Health Ordinance that controls building area, height, setback, etc. Assistance is given informally by the rangers or through cash and payment in kind utilizing the network of

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1. K300 is a minimum cost in Lilongwe. Lots served by bitumen surface roads for bus transport average approximately K500 from Lilongwe's experience, and could run higher in outlying rural areas and where terrain is difficult.

artisans and petty contractors that are present during the building season.

The CCDC is responsible for infrastructural works and housing in Lilongwe, the new capital. CCDC is a statutory body set up by Government in April 1968 to develop Lilongwe. Beginning with a budget of K3,384,428 in 1968 it has grown to administrate K27,488,866 in 1977. While the main thrust of expenditures during the past two years has been major infrastructure (roads, water, sewers), Government buildings and middle to high income housing, CCDC has played an active role in Traditional Housing Area development within the city and experimental low cost permanent housing projects.

The Ministry of Works and Supplies acts as a consultant to CCDC as well as providing construction or contract supervision on CCDC projects. The chairman of the CCDC Board of Directors is also the Secretary of the Ministry of Works and Supplies.

The coordination function of housing sector activity and other development sectors is performed by the Chief Housing Officer in the Office of the President and Cabinet (OPC). The Housing Office is also responsible for implementing housing policies, including rules and regulations, pertaining to civil servant housing. Further it monitors the construction activity of the Malawi Housing Corporation on a nationwide basis.

C. Permanent Housing Constructed and Managed by MHC and CCDC

The permanent housing constructed by MHC/CCDC in Malawi is divided into various plan classes to respond to the needs of Government civil servants plus the public sector. From MHC's annual reports, the number of permanent houses constructed annually over the past decade averaged 470 units.

MHC permanent housing consists of four types, Classes C through F.[1] Of these, Classes F and E are the most prevalent reflecting the grade classifications and housing entitlements of civil servants.

Type F is a 2-room, semi-detached house with simple plumbing (W.C. plus shower plus kitchen sink) and electricity (65 amp service). Septic tank systems are used throughout except in existing sewer service areas. Type E is a 3-room, detached or semi-detached dwelling. With Type F, it forms the housing most sought after by lower income civil servants.

Photographs on the following pages depict various classes of permanent housing constructed by MHC/CCDC in Blantyre, Lilongwe, Mzuzu and Balaka.

All types range from 350 or 450 square feet to 1,000 square feet in size and are constructed of burnt brick on

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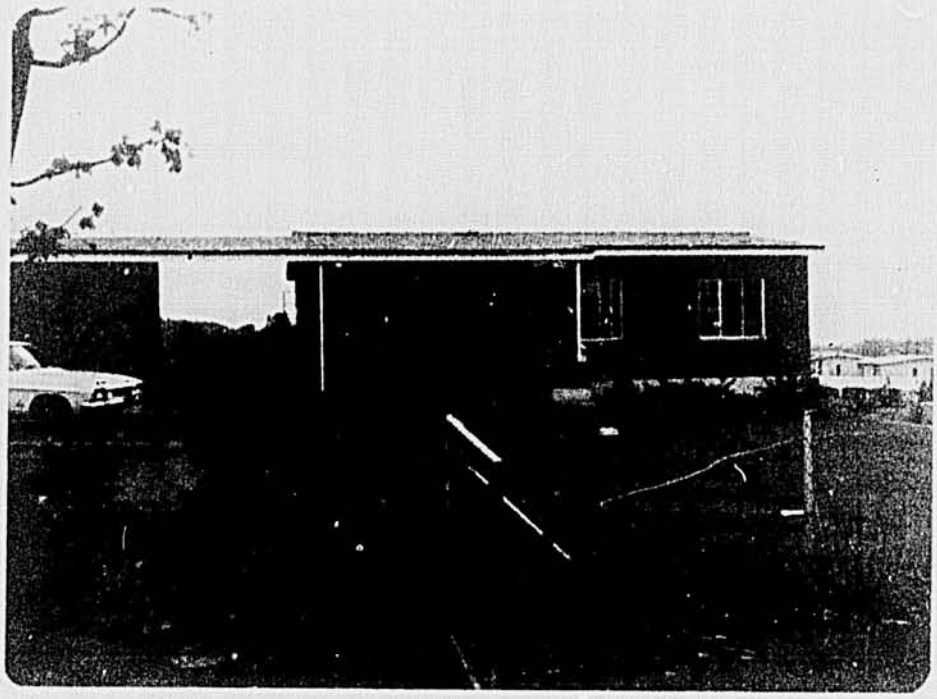
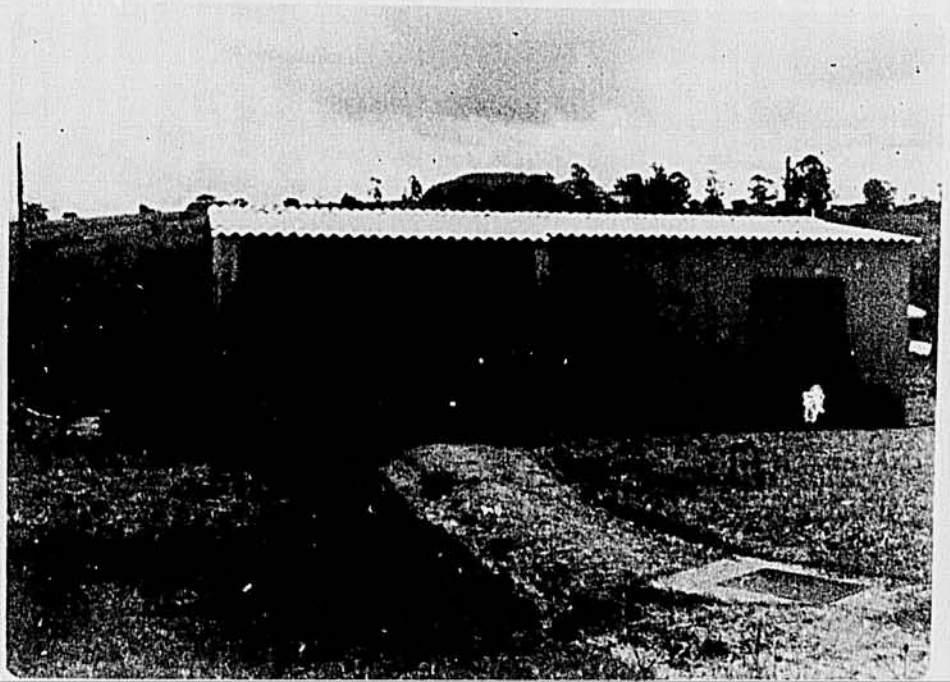
1. MHC also constructs a small number of Class A and B houses for super-grade civil servants. The bulk of MHC activity, however, is Class C through F housing.

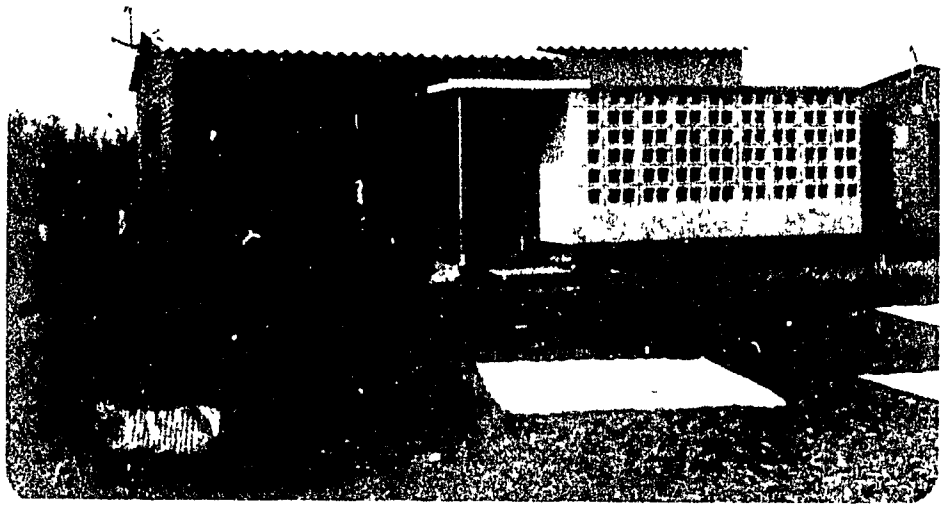


MHC Type "C," Blantyre, with servants quarters on the left.



MHC house in Blantyre rented to an employee of Air Malawi. There is a water meter on the front lawn and an electricity connection.

NEW HOUSES



MHC Type "E," Balaka

The enclosed "tropical" patio is a new and popular feature. Note the maize from the garden being sun dried on the front lawn, a common practice in Malawi.

Permanent housing, Lilongwe.

concrete slab with steel windows. At present sheet steel roofing is used. In the higher class houses, this roofing is capped with ceramic cooler tiles. Construction costs range from K5 to K10 per square foot at present, but are rising at an average rate of 15 percent per year because of inflation.

An "E" type house presently (April 1978) costs the MHC K6,000 to build. The largest component of the housing cost are materials. Materials usually must be imported from South Africa and Zambia. Individuals in building a house would spend less money than MHC, since individuals would try to obtain as much used or scrap material as possible in order to lower costs. MHC/CCDC utilize only new materials and kiln baked brick. These different practices partly account for the higher costs of MHC constructed houses. Also, MHC/CCDC housing have septic tanks, electricity and other amenities usually lacking in an individual's constructed housing.

Much of the housing constructed by MHC/CCDC is utilized as Government subsidized civil servant housing, although a small proportion is sold each year.

Table 3. MHC Housing Sales, 1973-1977

	People registered to purchase	Houses Sold
1973	--	6
1974	130	25
1975	175	15
1976	149	17

Annual housing sales by MHC are presented in Table 3. The low number of sales (209 in MHC's history) is due, for the most part, to failure of applicants to qualify for loan funds from the New Building Society, the only home loan society in the country.

Since the typical house which CCDC constructs is in the range of K20,000, CCDC's plan is primarily available to those in the upper and possibly middle income brackets. In the early 1970s, CCDC did construct and enable lower income people to purchase, also on a lease-loan basis, some 100 smaller permanent type houses, costing in the range of K1,500 to K3,000. Typical payment for these are K15-18 per month, depending on interest rates and orginial construction costs.

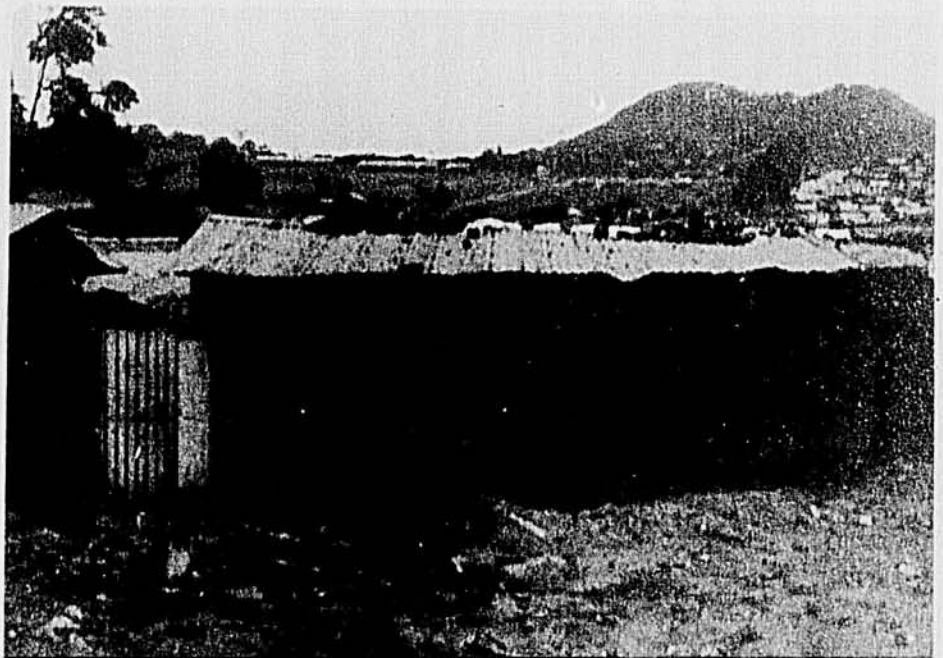
In 1977, CCDC built and made available for purchase on the same basis some 40 permanent brick houses, ranging in size from 2-5 rooms and costing from K1,500-K5,000. Payments start at K15 per month, and vary according to size of house. These modest houses, more affordable by lower income people, albeit not low income, have been very successful.

D. Urban, Private Sector Permanent Housing

This sector constructs an average of 175 houses per year utilizing funding available through the New Building Society and other private (usually corporate) sources. The focus of private permanent housing is almost exclusively in Blantyre and Lilongwe. Most of these houses are contracted for by individuals, but there are some company built houses

Wattle and daub construction, Ndirande, Blantyre. Addition might be for speculative rental.

Number on house indicates unit is scheduled for removal with compensation to be paid to the occupant.



Unplanned housing, Blantyre.

This is an example of poor construction. Note rocks on thin metal roof to prevent blowing away during storms.

Traditional thatched dwelling and store, outside Blantyre.

Completed self-built housing, unplanned area in Mzuzu.

for staff employees. However, private firms today much prefer to rent rather than to buy housing for their employees. Hence, like individuals they apply for rental units to the Malawi Housing Corporation or to CCDC.

E. Illegal Traditional Housing in Unplanned Urban Areas

Squatter housing in Malawi is confined chiefly to one urban area, Blantyre, with very minor quantities in other smaller urban sectors, such as Mzuzu to the north. Blantyre, in the southern area of Malawi, was first developed by Scottish missionaries and became Malawi's most industrialized town. In size it exceeds all other urban areas in Malawi. The shift of the capital from Zomba to Lilongwe during the early 1970s also saw the beginning of a diversion of industry from Blantyre to Lilongwe. The initial years of industrial growth fostered the growth of unplanned squatter areas just beyond the limits of the city boundaries. The largest of these areas was and is Ndirande. Its inclusion within the boundaries of Blantyre in the 1970s has led to the current control of its growth. At present, of the total 49,070 dwelling units in Blantyre approximately 7,340 are illegal squatter housing (14.9 percent).[1] The Ndirande section of Blantyre contains the bulk of squatter concentration at densities varying between 12 and 20 dwelling units per acre. This high population density if achieved through overcrowding and numerous informal rental arrangements.

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1. The Blantyre Town Planning Department maintains a count of squatter units by area. This count is augmented twice weekly by spotters, each of whom is responsible for and familiar with a separate area.

Housing in unplanned areas is built of the same material found in THAs but frequently fall below minimum space standards. Water purchasing facilities (Kiosks) have been provided by MHC to forestall health hazards in the uplanned areas. Approximatly 200 illegal units at Mzuzu and 200 in other areas brings total squatter units to 7,741 dwellings nationally. At roughly 6 persons per dwelling, this amounts to 46,500 people in Malawi who reside in unplanned areas.[1]

Lilongwe with its constant level of site planning, national aspirations as the new capital, and policing, claims not to have any squatters nor did the SSA team view any squatter housing in Lilongwe. However, the populace of the THA of Kawale included a large number of renters. Some of these were renting one or two rooms in a traditional house; others were even sharing rooms. Although renters are present in other THAs Kawale, being the nearest to the old city of Lilongwe, was the most popular area, and presumably, the most densely populated. It could be classified in part as a squatter-like area.

Blantyre city did not come under any strong land use control until a British team formulated a set of Planning Team Reports during 1972-73, which resulted in a Blantyre Structure Plan accepted by Government in 1976. The present squatter conditions grew at approximately a 10 percent average annual growth rate (AGR), in the years commencing from 1973 to 1975, then jumped in 1976 to 37.9 percent. The rate dropped to 5 percent in 1977 because of MHC and Blantyre municipal actions in starting the South Lunzu program.

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1. These are approximations; not actual totals.

The average annual growth rate of Blantyre was 6.47 percent during the 1966-77 period (from 1977 Census results).

MHC's plan is to relocate with compensation,[1] virtually the entire squatter population of Blantyre. At present, the right-of-way land along the main road has been reclaimed through one squatter area, Ndirande. Although some more permanently developed home sites will be incorporated into a new housing complex, most of the squatter dwellings will be moved to South Lunzu. This site has 5,000 acres of virtually clear land to the north of Blantyre, which is capable of providing up to 20,000 site-and-service plots. British financing was obtained for the first phase development of South Lunzu which is well under way. Negotiations with West Germany for the second of three phases are near completion. An additional attraction of the South Lunzu site is its tie in to the full development of an adjacent industrial zone. This industrial development complex is planned but has yet to be started.

F. Institutional Housing Constructed by Ministry of Works and Supplies

This sector of housing is entirely Governmentally controlled, ranging from police and military barracks to

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1. Compensation costs for relocating residents of Ndirande are K1.8 million, considered to be one half of the actual value of the structures. It is assumed that residents will carry the materials in their present house to their new location, thus the one half value. Sources of funds for the compensation money are still not known.

university dormitories to housing needed for agricultural projects. The MOW program also includes provision of pool housing, which is executive housing constructed for super-grade civil servants. The main thrust of the MOW program at present is in agricultural housing, followed by housing related to educational institutions.

G. President's Office Allocation Housing

This smallest component of the housing sector in terms of units produced is also supervised and constructed by the Ministry of Works and Supplies. It consists largely of special housing assigned through Presidential appointment for senior Government officials who are being assigned to district centres.

3. Shelter Finance System

The institutions and mechanisms used to allocate and distribute financial resources for housing, in both the public and private sectors, are few in number, narrow in scope and inadequately financed. Whilst this situation has historically been tolerable in the predominantly rural economy of Malawi, the pronounced urban migration pattern of the past decade necessitates a change now and for the future in the magnitude and distribution of financial resources.

A. Central Government

The response of the Government to the nation's urban housing requirements lies mainly in the provision of free

land, to its two parastatal corporations (MHC and CCDC) for Traditional Housing Area Development. These corporations, in turn, must borrow funds from the Treasury or from private sector lenders to finance infrastructural costs in the THAs and the permanent housing units constructed for rental or sale. In the case of the CCDC, the Government permits the corporation to charge economic rents for upper and middle income houses. In the case of MHC, rent controls are imposed but the Government guarantees such loans as the corporation may obtain from local or foreign sources.

The direct financial contribution by the Government is the subsidization of THA plot development to the extent of 10 percent (local contribution) of the foreign loans or grants received by the Malawi Housing Corporation. Compensation for families being relocated from the Ndirande (Blantyre) squatter area has been promised by the Treasury, with a figure of K300,000 from general funds indicated for 1978.

The current Government 3-year rolling investment plan ending 1980-81 includes a housing sector component of K14.4 million or 3.56 percent of the total projected development expenditures. These figures are up from the K7.2 million or 2.09 percent in the previous plan.

The last 3-year breakdown is:

Total housing	K14,452,000
<u>External finance</u>:	
British development loan	1,350,000
External finance tied to specific projects*	10,802,000
<u>Local finance</u>	
Counterpart to external aid	150,000
Wholly locally financed projects	2,150,000

* This represents the "shopping list" for potential foreign lenders.

Based on past experience most external funds are used for infrastructure (design and supervision, roads and bridges, etc.) necessary for plot development in Traditional Housing Areas. These funds have not been used for the construction of housing units <u>per se</u> in the permanent housing sector.

The figure of 3.56 percent for the shelter sector should not be considered low despite the present level of urban housing requirements. This is because Malawians who build in THAs use their own personal resources for the total construction of their dwelling units which limits the Government's contribution to only the necessary infrastructural facilities.

B. New Building Society

The NBS, formed in 1964, is the principal supplier of private mortgage money in Malawi. In April 1978, NBS carried 614 housing loans on its books. The Government has an equity investment in the NBS, but almost all mortgage funds are obtained from its other 2000 shareholders and 5000 depositors, whose financial returns are 7 1/2 and 5 1/2 percent respectively.

The NBS normally grants mortgages up to 75 percent of the valuation of a property. These mortgages carry an interest rate of 8 1/2 percent for owner occupied dwellings and 11 percent for leased property or company owned houses. In order to encourage home ownership, the Malawi Government is willing to guarantee a loan to a Malawi citizen up to 20 percent of the assessed value of a property. This guarantee enables the NBS to loan up to 95 percent of value with little risk. Therefore, the borrower has to put up from his own funds only 5 percent of the house value. Since the inception of this program in 1970, 219 guaranteed loans have been advanced by the NBS, all for houses in urban areas.

The maximum size of the mortgage is limited by the borrower's ability to repay. NBS has made a ground rule that mortgage repayments should not exceed 25 percent of the borrower's income, and should not extend beyond the borrower's working life. In assessing income, the NBS includes spouse's income if it is expected to continue over the life of the loan. Under Malawian law, which follows the British system, women can take out mortgages but only with a male guarantor.

There is no maximum to the income of eligible borrowers and no limit to the size of the loan. Normal loans are up to K15,000, with a minimum loan stipulation of K2,000. Loans between K15,000 and K30,000 are referred to as special advances and are subject to special scrutinizing and approval by the Treasury. Mortgage repayment terms are set at 15 years for privately owned dwellings and 10 years for company owned housing.

A borrower may have two mortgages, but only the first will be Government guaranteed. When the first guarantee has matured, a second can be given. Finally, houses purchased under the scheme must be on fully serviced plots with at least 30 years of the ground lease still to run.

In Malawi freehold property is a rarity. (Some special circumstances exist in Lilongwe, Blantyre and in certain estates in the Southern Region.) Urban land is owned by the Government (MHC/CCDC) while rural land (estates possibly excepted) is tribal community property. This system presents no problem for urban housing finance, e.g., purchasing a house from MHC or CCDC, since leaseholds are written for 33, 50, and 100 years (as in Great Britain).

C. CCDC Program

CCDC offers a 50-year, lease-loan plan to prospective purchasers. This loan, repayable over 20 years, carries an interest rate of 11 percent *per annum* on a mortgage type basis. The loan is available only for owner occupied properties, and qualification is on the basis of applicant's income. Loan repayments cover all land development and building

costs, legal fees, etc. After a 20-year payback period, the tenant will enjoy 30 years of rent-free occupancy.

The small number of speculative houses built and sold by CCDC under the plan -- approximately 100 in 1972-73 and 40 in 1977 -- at prices ranging from K1,500 to K5,000 is a result of several factors. First, the effective demand for housing in this price range is limited by the wage scales of households in the lower levels of the civil service. Second, civil servants able to afford these houses are enjoying much better units because of the government subsidy. Civil servants pay only 10 percent of salary for housing supplied by their employer, which, in turn, pays sub-economic rents to the Malawi Housing Corporation. Third, neither the CCDC nor the MHC have adequate financial incentive to build houses for sale given the present level of their own financial resources, the cost of construction money and long pay-back period of mortgages. Both MHC and CCDC are principally construction and property rental entities, not financial institutions. Because of the absence of a secondary mortgage market in Malawi, building properties for sale ties up scarce capital as the builder must hold the mortgage.

Insurance companies, pension funds and mortgage bankers are the usual purchasers of mortgages but such institutions do not exist, or are rare, in Malawi today. The insurance companies from which the Malawi Housing Corporation has borrowed in the past are South African based. The largest private sector savings institution is the Post Office Savings Bank. With approximately K12 million in deposits, it is twice as large as the New Building Society. The POSB lends

only to the Treasury but it could be considered a potential source of credit for the housing sector.

Commercial bank loans on a medium term basis are made to large companies for plant development. Such mortgages previously included provision for construction of key staff housing, but this is the exception rather than the rule today. Present banking policy is directed toward short term credit extension, and most of bank resources are lent to tobacco farmers, at the request incidentally, of the Government.

In summary, the availability of mortgage money is very limited in Malawi. The principal source is the New Building society which, however, caters only to the higher income segment of the population. There are no public or private financial institutions serving the needs of the low income families.

D. Other Domestic Sources of Finance

Civil servants employed by the national Government cannot borrow money from the Government for buying or building houses: only motor cars can be financed in this way. However, at lower levels of Government, such as city or town council, borrowing arrangements are more flexible and accomodating. Here, loans can be arranged, with definite payback schedules for housing, cars, emergency requirements, education, etc.

4. Dimensions of the Shelter Problem

The provision of adequately scaled housing, particularly of the low cost variety, is a problem found almost everywhere in the world today. In Malawi, the problem extends up through high cost housing (locally termed "low density") because of the widespread unwillingness and/or financial inability of both Malawians and expatriates to buy or build housing for themselves. The latter prefer to lease from Government housing agencies and, in the case of civil servants, to continue enjoying heavily subsidized accomodations, a carry-over from colonial days when British civil servants were provided housing by their Government whilst posted in Malawi.

Regardless of what has been obtained in the past and the present urban housing demand/supply inbalance, the future presents an even more grim and serious picture. The indicated statistical dimensions will be rigorously discussed in the latter part of this section.

A. Existing Housing Stock and Deficit

The size and location, but not the condition, of the existing housing stock in Malawi was enumerated in the population Census of 1977. Unfortunately, the definition of "housing unit" by the Census planners left much to be desired.

In the villages, they found a typical extended family occupying two or more structures, and each living or sleeping unit was counted separately. This "definition" was carried

over to the cities with the result that a Class A type home, with servants quarters for say four employees, was enumerated as five dwelling units. The untoward result of this procedure is that the average "dwelling unit" in the Nation accomodated only 2.9 persons in 1977! For housing demand projection purposes, this figure should be revised. Whether or not the error can be rectified and at what cost, or if it is possible to do so from questionnaires, is unknown.

Whatever the actual number of dwelling units or persons per unit, the housing requirements in urban areas in Malawi far exceed the present supply. An indication of the magnitude of this problem may be obtained from an examination of waiting lists for permanent houses and THA plots, which are maintained by MHC and CCDC; and a comparison of these lists with actual number of units constructed.

Table 4 presents a synopsis of the number of housing units (including THA plots as "units") provided by MHC/ public sector, and private developers, during the period 1965-77. Table 5 presents the value of the permanent housing for this same time period. As illustrated in Table 4, the major provision for housing during the period had been in site-and-service areas.

Table 6 presents tallies of the number of applicants on waiting lists, both for permanent housing and for THA plots. Geographic area waiting lists for permanent housing or THA plots are shown in Table 7. Although these lists are inflated by practices such as individuals signing up their children, they do indicate the magnitude of the deficit problem.

Table 4. Permanent Housing Constructed by Malawi Housing Corporation (MHC), Public Sector, and Other Developers, Including THA Plots Provided, 1965-77

Year	Permanent housing			THA plots provided	Total units
	MHC housing	Public sector[a]	Other developers		
1965-73	2,712[b]	-	-	6,752[c]	9,464
1974	657	149	278	1,617	2,701
1975	501	430	98	1,920	2,949
1976	354	278	142	4,289	5,063
1977	380	n.a.	n.a.	2,400	2,780

n.a. = not available.

a. Includes CCDC and the Ministry of Works.

b. In addition to houses constructed during this period by MHC, 3,959 houses, most in the low cost category, were placed under MHC control during this period. These are not reflected in this total.

c. Includes all THA plots developed during the period 1965-73.

Source: Malawi Housing Corporation Annual Report and Accounts, 1973-76. MHC unpublished data, 1977.

Table 5. Value of Permanent Housing Constructed, 1965-77

(Kwacha)

Year	Permanent housing		
	MHC housing	Public sector	Other developers
1965-73	n.a.	n.a.	n.a.
1974	2,325,352	860,861	419,365
1975	2,446,773	2,313,311	858,941
1976	2,161,892	8,960,620	1,220,335
1977	2,086,351	n.a.	n.a.

n.a. = not available.
Source: Malawi Housing Corporation Annual Report and Accounts, 1973-76. MHC unpublished data, 1977.

Table 6. MHC Waiting Lists for Permanent Housing, by Class of Housing, and THA Plots, 1965-77

Item	1965-73	1974	1975	1976	1977
Permanent housing:					
Class "C," 800 square feet	n.a.	n.a.	94	140	215
Class "D," 650 square feet	n.a.	n.a.	1,269	1,531	1,637
Class "E," 550 square feet	n.a.	n.a.	6,171	7,221	8,651
Class "F," 450 square feet	n.a.	n.a.	9,466	10,963	12,658
Total for permanent houses	12,300	14,300	17,000	19,855	23,161
THA plots[a]	8,400	10,037	10,499	15,064	17,312
Total lists for permanent housing and THA plots[a]	20,700	24,337	27,499	34,919	40,473

n.a. = not available.

a. Figures do not include CCDC waiting list. CCDC is responsible for providing THA plots in Lilongwe. 1977 CCDC waiting list for plots was 9,150.

Source: Malawi Housing Corporation Annual Report and Accounts, 1973-76. MHC and CCDC unpublished data, 1977.

Table 7. MHC/Malawi Annual Waiting List Distribution for Permanent Housing and THA Plots, by Urban Area, 1965-77

Year	Zomba	Blantyre	Lilongwe	Mzuzu	Other areas	Total
			Permanent housing			
1965-73	2,000	8,000	2,000	300		12,300
1974	1,500	10,000	2,500	300		14,300
1975	1,843	11,455	3,156	546		17,000
1976	1,894	12,836	4,424	701		19,855
1977	2,110	14,395	5,042	1,614[a]		23,161
			THA plots			
1965-73	--	8,000	--	400	--	8,400
1974	--	9,513	--	524	--	10,037
1975	--	9,233	--	650	616	10,499
1976	500	11,940	--	1,110	1,514	15,064
1977	655	12,659	9,150[b]	1,338	2,660	26,462

a. Includes 750 from "other" sites.
b. CCDC total.
Source: Malawi Housing Corporation, Annual Report and Accounts, 1973-76. Unpublished data, 1977.

In 1977, the total number of site-and-service plots nationally stood at 16,378, with a waiting list of 26,462 persons. Distribution of these waiting lists indicate Blantyre as the preferred area with 14,395 (62 percent) of total 1977 requests for permanent housing, and 12,659 (48 percent) of requests for THA plots. A breakdown of requests for permanent housing into class categories (Table 6) shows that 92 percent of requests in 1977 were for Class E and F houses, for which lower level civil servants are eligible.

Section 3 below contains an estimate of the annual deficit in publicly provided houses and site-and-service plots. The component elements of this deficit may be enumerated as follows:

Public Sector

1. Civil servant subsidized permanent type housing, mainly classes C through F, in urban areas. (These are the types of units supplied by MHC).

2. Primary school teacher housing in rural areas. (Whilst such teachers are civil servants, the Government depends on local village self-help plus a modicum (ad hoc) of financial assistance for imported materials through District Development Committees or religious organizations).

3. Private employers assuming responsibility for providing subsidized or non-subsidized employee housing on a leased basis from MHC or CCDC.

4. Low and medium income individuals seeking plots for self built housing in Traditional Housing Areas.

5. Medium and high income individuals wishing to lease housing from MHC or CCDC.

6. Young, unmarried workers, male or female, in urban areas desiring minimum economic cost housing in publicly or privately (e.g. religious organization) provided hostels.

Overall numerical requirements for (2) and (6) above are unknown but estimated by the SSA team to be substantial. For the other categories of demand, the requirements are subsumed in the data presented in Tables 6 and 7.

A projected need for housing in Malawi, excluding the rural villages, was made by the Town Planning Department of the Office of the President and Cabinet in the latter part of 1977. With the subsequent release of the Census data plus newly announced Government development schemes, this projection is being revised with an estimated publication data in late April 1978. Solely for the purpose of presenting order-of-magnitude dwelling unit requirements and cost figures for dialogue purposes, the original estimates are presented. Minor adjustments were made by the SSA team to reconcile definitional differences of "urban areas" between Town Planning and the U.N. census advisers.

B. Urban Population Growth, 1966-77

The SSA team has followed the designation of urban areas used in compilation of the 1977 Census by the National Statistical Office. These included 10 gazetted cities and towns: Mzuzu, Salima, Lilongwe, Dedza, Mangochi, Balaka,

Liwonde, Zomba, Blantyre, and Ngabu. In all cases the gazetted boundary is used; and this excludes Town Planning Areas (TPAs).

Additionally, populations for 24 district urban areas, whose boundaries include both Boma and planning areas, are reported. These are:

Northern Region: Chitipa, Karonga, Nhata Bay, Rumphi, Mzimba.

Central Region: Kasungu, Nkhota Kota, Ntchisi, Dowa, Mchinji, Ntcheu.

Southern Region: Kasupe, Chiradzulu, Mwanza, Thyolo, Mulanje, Chikwawa and Nsanje.

In all, the population of 28 areas considered as urban are reported. The 1966 and 1977 populations and annual average growth rates between the two Censuses are reported for each of these 28 areas in Appendix B, Tables B-2 through B-4. Additionally, regional and national urban populations and annual growth rates are shown in Table 8.

Results of the 1977 Census indicate that approximately 50.28 percent of the population of Malawi is located in the Southern Region of the country, 38.15 percent in the Central Region, and 11.57 percent in the Northern Region. Regional annual average growth rates of population between the 1966 and the 1977 censuses were as follows:

Table 8. Regional Urban Populations, 1966 and 1977; Annual Average Growth Rates, and 1985 Estimated Population

Region	Population 1966	Population 1977	Annual average growth rate 1966-77	1985 estimated population at 8 percent AGR
Northern	18,307	44,055	8.31	81,543
Central	31,514	137,012	14.29	253,600
Southern	138,838	286,515	6.81	530,319
Total urban	188,659	467,582	8.6	865,462
Total country	4,039,583	5,561,821	2.92	7,030,531
Urban as percent of total population	4.67	8.41	-	12.31

Note: Urban totals include 18 district urban areas and 10 gazetted cities and towns, as listed in NSO, Population Census: 1977 Preliminary Report, page 2.

Source: National Statistical Office, Population Census: 1977 Preliminary Report. Annual average growth rates and 1985 estimated population for urban areas calculated by SSI team. 1985 regional and total country population estimates from Town Planning Department, Lilongwe: Urbanization Policy and Housing Needs, Interim Statement, March 1978, Appendix 3, which used a 2.95 percent annual growth rate.

Northern Region: 2.34 percent
Central Region: 3.33 percent
Southern Region: 2.75 percent

As illustrated in Appendix B, Tables B-2 through B-4, 6.85 percent of the population of the Northern Region, 6.46 percent of the population in the Central Region, and 10.25 percent of the population in the Southern Region reside in Census designated urban areas in 1977.

At present six urban areas in Malawi contain populations over 10,000 people: Karonga and Mzuzu in the North; Nkhota, Kota and Lilongwe in the Central Region; and Zomba and Blantyre in the South. A total of 386,379 persons, or 6.98 percent of Malawi's population, resided in these areas in 1977.

The proportion of Malawians residing in main urban population centres has increased substantially since 1966, as indicated by 1977 Census results.

Referring back to Table 8, urban population totals for the 18 district urban centres and 10 gazetted cities and towns were 188,659, or 4.67 percent of the total population. These areas in 1977 contained 467,582 people, or 8.41 percent of total Malawi population.[1] Projected population for these areas, assuming an 8 percent annual growth rate, is estimated at 865,462 persons for 1985; this number of urban inhabitants will comprise 12.31 percent of Malawi's total projected population.

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1. Some of the population increase, such as that for Lilongwe, is due to an expansion of the cities' boundaries.

Housing requirements in urban areas indicate the need for housing an additional 400,000 people by 1985. Because of the existing shortage of urban housing at the present time, the housing stock needs to double within the next 8 years.

C. Projections of Urban Housing Needs Through 1985

According to the Town Planning report, by 1985 there will be a need for approximately 45,000 new houses spread throughout the country, but with major concentration in Blantyre/Limbe and Lilongwe. The cost of this housing is estimated at approximately K235 million in 1977 prices. This figure takes no account of the estimated shortage in the existing urban housing stock, which is in excess of 37 percent of the population growth requirements. The cost of meeting this existing gap is in excess of K150 million. With regard to provision of site-and-service plots, these costs include only a development allowance of K500 per plot, and do not include the cost to the individual of building the house.

By the SSA team estimate, the requirement for 45,000 new houses by 1985 is conservative since it implies a density of almost 9 people per dwelling unit in order to house 400,000 individuals.

Preliminary 1977 Census results indicate the following densities for the areas of Blantyre and Lilongwe (Table 9).

Table 9. 1977 Census Density Figures for Lilongwe and Blantyre

City	1977 population	Number of dwelling units	Average persons per dwelling unit
Lilongwe	102,924	22,340	4.61
Blantyre	226,151	66,126	3.42

Comparable data for other urban centres are not yet available; and, it has been noted previously that these figures are biased by the Census procedure of tabulating every separate door as a "dwelling unit". However, these Census figures indicate potential need for 90,000 additional "dwelling units" by 1985, in order to maintain the reported ratio of persons per dwelling.

Obviously, a large discrepancy exists between these two sets of projections.

A different analysis, performed by the SSA team and based on figures presented in a 1974 Draft Report by the Ministry of Works and Supplies, Housing Demand and Supply for Lilongwe 1974-2000, may assist in bridging the discrepancy.

According to this study the distribution of the population among housing types was estimated in Table 10.

Table 10. Distribution of Population by Type of Housing

Type of housing	Percentage of population	Persons per unit
High density traditional	59	6
High density permanent	15	6
Medium density	12	7
Low density	13	10
Flats	1	7

By making the assumption that these population distributions and densities are similar for all urban centres and will remain constant through 1985, potential demand for additional housing units may be estimated to 1985, using 400,000 as the target number of additional persons to be housed as shown in Table 11.

Table 11. Projected Numbers of New Housing Units Required to 1985, by Expected Densities Per Type of Housing

Target no.	X	Percentage of population housed	=	Total persons housed	÷	Persons per plot	=	Estimated no. of units needed
400,000	X	59.0	=	236,000	÷	6	=	39,334 THA plots
400,000	X	15.0	=	60,000	÷	6	=	10,000 high density
400,000	X	12.0	=	48,000	÷	7	=	6,857 med density
400,000	X	13.0	=	52,000	÷	10	=	5,200 low density
400,000	X	1.0	=	4,000	÷	7	=	571 flats
Total Units = 61,962								

Source: Computed by SSA team.

Based upon these projections, approximately 62,000 new housing units will be needed in urban areas by 1985. Approximately 60 percent of these, or 40,000 units, will be in Traditional Housing Areas.

To meet this target would require an average total production of 7,750 new units per year; disaggregated, this is approximately 4,575 THA plots, 1,165 high density permanent type houses, 930 medium density houses, 100 low density houses, and 80 flats.

Comparison of these projected needs with actual average number of units provided between 1974 and 1976 is shown in Tables 12 and 13.

Table 12. Total Number of Housing Units and Traditional Housing Area Plots Produced in the Main Urban and Other Population Centres during 1976

Center	MHC	Public sector	Other developers	Total houses	New THA plots
Blantyre	108	7	117	232	2,400
Zomba	30	23	-	53	121
Lilongwe	191	239	12	442	1,158
Totals	329	269	129	727	3,679
Mzuzu	-	9	13	22	610
Other centres	25	-	-	25	-
Total	25	9	13	47	610
Grand total	354	278	142	774	4,289
Total value (K)	2,161,892	8,960,620	1,220,335	12,342,847	
Average value per unit (K)	6,017	32,232	8,594	15,947	

Source: Malawi Housing Corporation, 1976 Annual Report, page 13.

Table 13. Average Number of Housing Units Produced, 1974-1976; Estimated Average Annual Units Required to 1985; and Annual Deficit

Type of unit	Average annual number produced 1974-1976	Average annual units required to 1985	Estimated annual deficit
MHC permanent high density	504	1,165	661
Public sector and other developers (Med. and low density, flats)	458	2,010	1,552
THA plots	2,609	4,575	1,966
Total	3,571	7,750	4,179

Source: Prepared by SSA team.

The average value of housing produced by the Public Sector which is CCDC and MOWS in 1976 was K32,232 as compared with an average value of K8,549 for housing produced by "other developers," and K6,017 for permanent houses produced by MHC. The high average for the public sector is explained by the predominance in this group of low density units in Lilongwe built by CCDC for rental to embassy personnel, super-grade civil servants and business executives. Projected current costs for various types of housing are reported elsewhere in the report.

As illustrated in Table 11, housing production for urban centres in Malawi is not meeting housing requirements which are being generated by urban population increases.

Yet these figures do not include the current backlog of requirements as evidence by the waiting lists of MHC and CCDC for permanent houses and THA plots. An analysis of the total shelter sector situation, in terms of the financial implications, is made in Section V-2.

SECTION V. ANALYSIS OF THE SHELTER SECTOR

This section of the SSA deals with existing problems and constraints in the shelter sector of Malawi. The purpose of this analysis is to provide the basis upon which to determine what major actions should be undertaken as a part of subsequent shelter sector programming. The housing supply side is first addressed followed by shelter financing, housing demand, and finally, environmental considerations.

1. Problems and Constraints in the Supply of Shelter

A. Administrative Constraints

No major administrative or related constraints have been identified in those public sector institutions responsible for the construction of housing. Both the MHC and CCDC are competently managed, and both publish annual financial reports which are professionally audited. The Ministry of Works and Supplies is similarly competent in its sector of institutional housing and related infrastructure. Furthermore, the relationship between the public and private sectors has been good to excellent, as attested by the speed at which construction work is planned and executed, such as the numerous and varied CCDC projects. This reflects strong

management capabilities and an evidenced expertise in architectural and engineering staff. Obviously, as in any developing country, there are slots to be filled in the Town Planning, MHC, CCDC, and MOW organizations, but such vacancies are not at administrative/managerial levels. Only in regard to the statistical basis for town planning, (e.g. survey and census activities) is there an obvious and considerable need for closer coordination between planners (at the level of the Office of the President and Cabinet) who are located in Lilongwe and the Statistical Office (data specifiers and collectors) which is still located in Zomba.

It is in the private sector where accounting and financial management problems are encountered, particularly with the smaller building contractors and sub-contractors in both urban and rural areas. These are the typical problems found in the emerging entrepreneurial class in developing countries and technical assistance type solutions are available through such agencies as the United Nations Development Programme.

B. Technical Constraints

The standards imposed by the regulating authorities in site-and-service schemes are in tune with the level of construction taking place and do not impede any level of house type because of complexity or technical severity. (See Appendix C, Public Health Ordinance Minimum Building Standards for Traditional Housing Areas.) The design of buildings in their various stages appears quite satisfactory, with new structures often enveloping older ones which are then demolished. There is no building permit or plan

control system in the THAs except for site inspection. Difficulties are encountered, however, in the level of expertise of the small contractors servicing these schemes. Poor construction techniques are encountered in several areas of house construction:

- Proper foundation construction, in keeping with the Kwacha level of house constructed, is lacking and often results in severe wall settling and cracking of sun dried earth block construction within a few years.
- Earth block manufacture often does not utilize sufficient straw binders, resulting in a fragile block. The intermediate technology of earth block production using ram techniques could be investigated.
- Improper placement of and securing of roofing elements occasionally cause roofing efforts to be carried away by moderate to high winds.

The design level of site-and-service schemes by MHC is satisfactory and is under a constant evolutionary process. This is readily apparent upon viewing past projects where utilization of technical assistance programs and response to user preferences are obvious.

Permanent house construction in the private sector comes under plan approval and inspection by municipal bodies. Permanent houses let out to contract by MHC/CCDC/ Ministry of Works are all controlled during construction through adequate inspection systems.

C. Inadequate Supply of Supporting Resources and Services

The network of urban and social sciences in Malawi represents a complete range reaching all population levels. The largest non-governmental organization in this field is the Christian Service Committee of the Churches in Malawi. CSC is the service arm of both the Roman Catholic and Protestant Churches in Malawi with approximately 2,000,000 Christians in the various congregations throughout the country. Funding comes basically by donations from North America and Europe. Working closely with Government, the Committee contributes approximately K1,000,000 yearly to urban and Welfare projects, health and agricultural projects, education, water supply and small self-help projects. CSC has an in-house capability of design and construction recognised by Government.

Approximately 40 percent of all health services in Malawi are provided by CSC linked with the Private Hospital Association of Malawi (PHAM).

The World Health Organization produced a "National Health Plan for Malawi" in 1972 to cover the years 1973 through 1988. This document recommended the provision of basic services at the village level with emphasis on preventative services. A combination of Government, CSC and PHAM utilizes the report as a planning tool along with technical aid from UNICEF and W.H.O.

CSC's role in education is basically involved with construction of teachers' houses, primary schools and student hostels at the secondary school level.

While basically concerned with rural development, CSC cooperates with Government requests for urban services as well. The South Lunzo plan outside of Blantyre is receiving funding from CSC for schools, health services, markets, staff houses, administrative facilities and equipment.

The Malawi Government, through the Ministry of Community Development and Social Welfare, the Ministry of Health, and Ministry of Education provides direction, planning and coordination for most of CSC's projects. The Government's own development and recurrent budget allocations, however, are falling behind the health education and other social services needs of Malawi's rapidly growing population.

Difficulty is encountered in the supply of public transport services. Existing bus lines are not properly servicing routes through urban areas and are charging fares not in keeping with the ability to pay of the persons served. Since other modes of transport are very limited, reliance on pedestrian travel ("hoofing it" up to 4 miles one-way to place of employment) is not uncommon.

Transport of construction materials is a restraint to the Malawi construction industry. Poor roads lead to high maintenance and replacement costs for light and heavy transport vehicles. This results in added costs of construction which may reach as high as 50 percent of the total cost of

building. A project in a township 10 miles outside of Lilongwe will have a 15 percent surcharge over the cost of building in Lilongwe which is attributable solely to differential transport cost.

The design and construction capability of the country of Malawi may be gauged from Table 14 which lists outlining 1974 and 1978 registrations under the Consultants and Contractors Act which established contract limitations dependent on the capability and size of firms. While in-country firms have remained relatively static at a K7,800,000 limitation, the basically international firms (Building Contractors Without Limitation) have increased considerably in number.

There does not appear to be any constraint in the construction industry except for the need for training of the lowest spectrum of builder in the low cost semi-permanent market not represented in the table.

Construction supervision with sound business experience and good accounting to insure scheduled, efficient construction is in demand among Malawian contractors. There are no construction labour difficulties; however, labour rates at present are 20 percent of building costs. Adequate vocational schooling produces good artisans at several technical schools in Malawi.

The only labour (trades) union in the country is one of the backbones of the ruling Congress Party. Construction work stoppages are generally caused by difficulty in mass importing of construction materials, experienced since the

Table 14. Firms Registered Under Consultants and Contractors Act of 1968, 1974 and 1978 Registrations

(Thousands of kwacha)

Types of firms	1974 Number	1974 Contractor limit, maximum K	1974 Total kwacha	1978 Number	1978 Contractor limit, maximum K	1978 Total kwacha
Architects	7	-	-	8	-	-
Consulting engineers	13	-	-	16	-	-
Minor building contractor[a]	32	5	160	43	5	215
Building contractor[b]	9	50	450	11	50	550
	4	100	400			
	2	300	600	6	250	1,500
	2	600	1,200	3	500	1,500
	5	1,000	5,000	4[c]	1,000	4,000
Subtotal			7,810			7,765
Building contractor, no limit	9	1,000+	9,000+	17	1,000+	17,000+
TOTAL			16,810+			24,765+
Civil engineers	2	100	200	1	50	50
	3	300	900	3	250	750
	1	1,000	1,000	4	500	2,000
Subtotal			2,100			2,800
Civil engineers, no limit	6		6,000+	10	1,000+	10,000+
TOTAL			8,100+			12,800+

Note: One kwacha = approximately 82 cents; symbol K = kwacha.
a. Limit for minor building contractor is K5,000.
b. Limit for building contractor is K50,000.
c. Includes Christian Service Committee.
Source: Data compiled for SSA team by MHC.

Malawi-Rhodesian route was closed by Mozambique. With the exception of clay products, soft woods, lime, and gravel, virtually all other materials are imported.

Because of the limited access for large quantities of imported materials through the two Mozambique ports of Beria and Ncala, delays for importing housing material can range from 2 to 6 months. In fact, all East African port facilities presently function under enormous under-capacity. In addition, rail links now require transfer of materials at border points and this results in large transport surcharges. Even critically needed building supplies available by air-freight from South Africa are delayed 4-5 weeks because of backlogs at Jan Smuts Airport.

Cement is produced in country by Portland Cement Ltd., utilizing local lime deposits, but gypsum must be imported. A 2-kiln plant is located near Zomba with a new location for a second plant, closer to Lilongwe, being investigated by the Geographical Survey. There is no local coal available for firing the kilns. Domestic softwood production is erratic. Virtually all lumber standings in the Northern Region are destined for the new pulp mill in Chintheche, which will produce newsprint stock for export. While a new lumber mill has been installed with Scandanavian funds, wood remains a scarce commodity, because of poor harvesting practices in the past. Large scale reforestation programmes now well under way should ameliorate this problem in the near future. The use of the northern timber reserves for the new pulp mill, however, will increase brick prices which had remained steady because of the use of excess softwood to fire kilns.

Although there are many problems in the housing sector, the Ministry of Works has not been seriously constrained in its construction schedules for the large Lilongwe building programme; large projects have been finished no more than 4 to 6 weeks behind schedule.

Water-Sewer-Electricity

Urban water supply schemes for 53 locations throughout the country, financed by African Development Bank (ADB) and others, will presently result in service to 70 percent of the urban population. Lilongwe and Zomba have 100 percent supply with Blantyre serving 67 percent of its population with water. A World Health Organization water supply and sewerage sector study (March 1970) states that the major needs of the urban water supply sector up to the mid 1980s have been defined, and development required is under implementation with firm funding secured. Rural water supply, currently under a Ministry of Community Development and Social Welfare self-help gravity supply program, presently is able to satisfy 30 percent of the rural population of 4.8 million. The Ministry is implementing a 1980 program that will satisfy needs of 50 percent of the 5.2 million estimated population in that year.

Urban sewer systems are found in Blantyre, Lilongwe and Zomba, serving approximately 15 percent of the population of the three cities. New extensions and plants are scheduled for Blantyre and Lilongwe for mid-1978 primarily to service industrial areas. A new environmental protection law for safeguarding waterways is partially responsible for this development. Because of generally low population density

development, even in the commercial areas, the present methods of dealing with human wastes by means of septic tanks or pit latrines are adequate.

Electricity, provided mostly through hydroelectric projects, is regarded as being sufficient through the year 2000 based on a 10 percent annual growth rate in electric demand in Malawi. Current charges are 4 tambala per kilowatt unit. The average bill for a site-and-service house is K2 per month (but there are very few such connections at present)[1]. The average rate for low income permanent housing, is K2-5 per month (K13 per month if electricity is used for cooking), and K40 per month for low density upper and middle income homes.

D. Policy Constraints on Supply

Government Pricing Policy

The two major public suppliers of housing units, MHC and CCDC, are expected by Government to be commercially viable profit-making organizations. From the rental and occasional sale of their property they must earn sufficient returns for use in new housing construction. Much of the new housing construction by MHC is let to Government for use by subsidized civil servants. The level of rents paid to the corporation, however, does not meet the financial requirements for constructing sufficient new units to meet the ever

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1. ESCOM charges a K20 connection fee for all houses and levies additional connection charges for distances greater than 50 feet from existing lines.

increasing backlog of demand. MHC's operating surplus in 1976, for example, was only K23,154. The company must borrow from the Treasury to meet its development commitments but most of these funds are applied to purchase of land from the Government to be used for permanent type housing, rather than construction of such per se. The Government, however, donates land for the Traditional Housing Areas.

In 1978 Government ordered 761 executive pool houses turned over to MHC in order to improve (after turning down a general rent increase request) its financial position. From the K250 rent per unit to be received, MHC must maintain the newly acquired properties, pay rates, etc.

CCDC had an operating surplus of only K753 in 1977 while total long term borrowing stood at K24.4 million. The expenditure for residential building construction of K1.9 million was 14 percent of the total capital expenditure.

Jurisdictional Policy

The approval of township boundary changes, necessary for new sites and services, can be a slow process.

Government Decentralization

Top priority in allocating permanent housing is given to civil servants moving from Blantyre and Zomba to Lilongwe, or to those being transferred to district offices. The proposed decentralization policy of Government will make the housing supply in the smaller urban areas even tighter.

2. Financing Constraints and Requirements

The urban housing requirements were projected to 1985 in Section IV-4. In order to accommodate the expected urban population growth of 400,000 by that year, the SSA team estimated a requirement of approximately 62,000 new housing units. Based on past experience, 40,050 of the total would be self-help housing in Traditional Housing Areas. In addition to this, there is an indicated backlog of 26,050 THA plots throughout the nation and a shortage of approximately 12,000 permanent type houses to which civil servants are entitled but not receiving. These figures are undoubtedly overstated because of multiple plot applications from one family, civil servants applying for plots as well as houses and other reasons. Thus the true extent of the current backlong is unknown but probably is substantial. Normally an obsolescence factor should be included for projection purposes. In Malawi, however, reconstruction of the predominant self-built housing entails little monetary costs and hence the obsolescence factor can be considered negligible for financial planning purposes.

Using the projection data in Table 11, the MHC's application for permanent type houses and its current construction costs and assumed minimum backlog of 15,000 THA plots, the financial requirements for the urban housing sector are estimated to 1985 in Table 15. The 7-year financial requirement to relieve the present shortage of housing, plus providing housing to meet the projected urban population growth, is approximately K460 million at 1978 price levels. Of this amount, two thirds is the requirement deriving from population growth. The estimate does not

include the out-of-pocket outlays for materials and small contractor assistance by families putting up their own traditional structures in the THAs. If this cost averages K100 then the total shelter sector requirement will be increased by K5.5 million.

Table 15
Estimated Financial Requirements to 1985 by the Shelter Sector, Per Type of Housing
(1978 prices)

Type	Population growth	MHC/CCDC backlog	Cost per unit	Total cost
THA plots	40,000	15,000	300	16,500,000
High density	10,000	19,700	6000	178,200,000
Medium density	6,800	1,900	15000	130,500,000
Low density	5,200	--	25000	130,000,000
Flats and rooms	570	1,300	2000	3,740,000
Total	62,570	37,900	--	458,900,000

Source: Table 11 and Malawi Housing Corporation, unpublished data on outstanding applications for housing accommodation as of January 31, 1978.

In the absence of subsidized housing for civil servants and rent controls a quite different financial pattern could be expected to emerge. The requirements for the various types of units would shift to reflect more nearly the actual abilities to pay for housing. This scenario is illustrated in Table 16 where assumed downward shifts are made in the distribution of types of units, e.g., the need for high density units changes to THA plots. The gross order of

Table 16. Estimated Financial Requirements to 1985 by the Shelter Sector, Per Type of Housing in the Absence of Subsidies and Rent Controls

(1978 prices)

Type	Population growth	MHC/CCDC Backlog	Cost per unit[a]	Total cost[a]
THA plots	40,000	34,700	300	22,410,000
High density	6,800	1,900	6,000	52,200,000
Medium density	2,600	--	15,000	39,000,000
Low density	2,600	--	25,000	65,000,000
Flats and rooms	570	1,300	2,000	3,740,000
Total	62,570	37,900	--	182,350,000

a. Cost figures are in 1978 kwacha (K).

magnitude financial requirements fall to approximately K180 million, or K25 million per year. Again this figure excludes the private outlays in the THAs which, on the assumption that 25 percent of this group (such as civil servants) will opt for self-help permanent-type houses utilizing burnt brick and costing K1,000, will increase the total shelter sector requirement by approximately K24 million.

The order of magnitude financial requirements by class of shelter supplies can be estimated from the historic data in Table 4. Of the 2,887 permanent houses constructed in the 3 year period 1974 through 1976, 52 percent were supplied by MHC, 30 percent by CCDC and the Ministry of Public Works and Supplies and the remaining 18 percent by private developers. Combining these figures and the data in Table 15 and 16 one can obtain the following summary breakdown:

Type	Supplier	Financial Requirements	Scenario without subsidy/rent control
THA plots	MHC/CCDC	16,500,000	22,400,000
Flats and rooms	MHC	3,740,000	3,700,000
Permanent houses	MHC	228,100,000	47,000,000
	CCDC/MOWS	131,600,000	29,200,000
	Private[1]	79,000,000	97,700,000
Traditional houses	Private	5,500,000	5,500,000
Total		464,340,000	205,500,000

1. Includes in the scenario version K18,700,000 for permanent burnt brick structures built in the THAs based on assumptions in the text.

These figures not only show how the overall distributional patterns of housing types and financial requirements could change in the absence of subsidy and rent control but also the order of magnitude cost to the Government and its parastatal corporations if the urban housing requirements are satisfied through the year 1985. Of particular significance is the difference in providing permanent type houses through MHC and CCDC, K360 million versus K76 million, or a potential K284 million cost associated with subsidy and rent control policies.[1] On the other hand the financial requirements of providing site-and-service plots is not vastly different -- only K6 million -- despite the 20,000 additional plots which would be required.

It is clear from the foregoing analysis of potential financial requirements that the medium range strategy of the Government should place major emphasis on the provision of low cost THA plots and shifting much of the construction cost of permanent type units from MHC and CCDC to the private sector and to civil servants. The latter entails optional alternatives, discussed in detail elsewhere in this report, to the present K6,000 minimum structure built by MHC. In addition, there are financial constraints to be overcome.

Financial institution constraints affecting the housing sector in Malawi include:

- The lack of any institution, public or private, serving the needs of the low and medium income population. The New Building Society caters only to higher income classes.

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1. This potential is overstated with respect to the CCDC component to the extent that the corporation would continue to supply non-subsidized or non-rent controlled housing to embassy personnel, etc. in Lilongwe.

- The commercial banks do not consider private housing loans even on a short term basis. They are catering to very short term credit requests and these are principally from the agricultural export sector.

- Private companies are showing a reluctance to finance housing, from internal or external funds, for their employees. Rather they are seeking rental units from the MHC and CCDC.

Financial resource constraints may be enumerated as follows:

- General lack of interest on the part of foreign lenders. The last loans obtained by MHC were in 1976 (K250,000 from South African (Old Mutual) Insurance Co., and K200,000 from National Insurance Co.). Both carried 9 percent interest charges.

- Low level of private domestic savings except for requirements such as reflected in self-help construction in Traditional Housing Areas. There is no knowledge, however, of what might be available from rural and urban domestic sources or from Malawians working outside the country.

- Low cost recovery with respect to the actual development costs by MHC and CCDC from ground rent charges in the THAs and in high and medium density permanent housing.

- Failure of the present level of rents paid to the MHC by the Government for civil servants quarters to generate sufficient funds for new housing starts for public or private rental.

Private financing of shelters is particularly difficult for the segment of the target group population who are earning at the minimum wage level. Government policy aims at keeping the minimum wage low in order to discourage rural-to-urban migration, but this policy works a hardship on the legitimate pool of workers needed in the urban centres. The low housing allowance range of 6 to 10 tambala a day, or K1.56 to K2.60 per month, forces workers to double and triple up in rented rooms in towns and cities.

A solution to the financial institution constraint in Malawi is the creation of a new parastatal entity, the proposed Housing Finance Company of Malawi Limited (HFC). Such an institution would fill the gap which presently exists in mortgage financing, particularly for the middle and lower income segments of the population. The objectives of the proposed company, as outlined in Appendix D, are broad and include real property acquisition, property development and real estate management. These latter functions, however, presently are performed by the Malawi Housing Corporation and the Capital City Development Corporation and should remain so.

In view of the already high cost to Government of subsidizing civil servant housing and the present resource constraints above, the initial capitalization of the HFC presents a problem. A domestic solution would entail a budget allocation in the form of a long term loan from the Treasury and/or a loan from the principal savings institution, the Post Office Savings Bank. Both of these suggestions involve adjustments in Government development priorities. The possibility of eventually structuring the HFC as

a savings institution is real, but the implications for the POSB and New Building Society need to be carefully examined, as would the consolidation of the existing NBS and the proposed institution.

The SSA team recommends the Housing Finance Corporation have at least five loan channels for the dispersal of funds with appropriate administrative support. These channels include:

- Funding for MHC to provide THA plots in urban and rural growth centres with cost recovery through economic ground rents (which are presently on the order of K29 per annum).

- Funding for CCDC provision of THA sites in Lilongwe and the experimental, very low cost, pre-built permanent housing in the THAs such as that built by CCDC in Lilongwe in the early 1970s where costs ranged on the order of K1,000-2,000 per unit.

- Funding -- direct and indirect -- of self-help construction in THAs. Direct funding would consist of loans to families to build permanent type housing, using burnt brick, foundations and small contractor assistance. Indirect funding would be in the form of credit guarantees to building materials suppliers for the poorest families. By enabling families to acquire needed materials on a credit basis there could be a faster movement than at present to start and complete dwellings.

- Construction take-out loans for small independent contractors who need cash advances to start building low cost housing to order or for speculative sale. This channel would also provide

loans to local small manufactures of import-substitute building materials and loans to burnt brick producers in rural growth centres.

Loans to or through District Development committees for local self-help type housing construction, particularly for primary school teachers. This programme should be designed to attract and hold teachers, health services personnel and other social workers in the townships and smaller urban areas. Repayments would be made by the villagers from monetary contributions or donations and/or District Development grant funds.

In time and with substantially increased capitilization, the HFC might expand its home mortgage activity to include low and middle income civil servants and private employees who were desirous of building or buying an existing permanent house on MHC owned land under a long leasehold arrangement. As mentioned previously, there is no existing mortgaging for other than high income groups (via NBS). The CCDC's scheme is limited to Lilongwe, and the absence of a secondary mortgage market forces the corporation into the role of a mortgage banker rather than its proper function as a construction and property rental entity.

3. Demand Constraints

The constraints and problems associated with effective demand include limited access to credit; lack of income, and quite possibly savings, not only in the low income group but also in the middle income group; and the expressed proportion of income allocated by households to the "bundle" of

housing services. The latter is likely to be a constraint only under a situation of adequate housing supply, certainly not the condition which presently exists in Malawi.

The effective demand for housing is a function of permanent household income and the proportion of that income a family is willing to spend for a "bundle" of housing service. This housing bundle for a lessee consists of rent and utilities (water and electricity) for which there may be a responsibility for payment. A homeowner, on the other hand, has a bundle consisting of mortgage principal, interest, ground rent, property taxes, fire and liability insurance, home maintenance (painting and repairs) and utility charges.

The proportion of income a family is willing to spend for housing may vary within a country and also over a person's lifetime. For example, young married couples and retirees wish to keep housing costs low.

For the purpose of estimating effective demand an assumption must be made concerning the proportion of income which the typical family is willing to spend. The 1968 Household Income and Expenditure Survey provides useful data in this regard. The percentage of cash expenditure and total consumption (i.e. including subsistance) by location for households with cash incomes below K1,000 was as follows:

	Percent of Income	
	Cash	Total
Blantyre	6	7
Zomba	9	9
Lilongwe	7	7
Mzuzu	9	9
Small Urban Areas	9	9
Estates	3	9

This report observed that "dwelling expenses are low on the estates as most housing is provided free and higher in Zomba and the small urban areas where there is less owner-occupied housing." These figures may be compared with the United Nations guideline of 20 percent of income and UNDP Housing Advisory team (1974) recommendation of 15 percent for Malawi. The rather low 7 to 9 percent figures indicated in the 1968 report are undoubtedly influenced by the difficulty mentioned in the report about separating housing actually provided free from that for which rent was deducted at source by the employer (e.g. the civil servant deduction of 10 percent of salary). Also, "no account was taken of subsidized or owner-occupied housing."

Interviews with Government housing authorities and queries to private sector employees indicate that the cash outlays of lessees in Blantyre, Lilongwe and Mzuzu are substantially higher than the 6 to 9 percent of total income. In these cities the rent for a single private bedroom with outdoor lavatory and cooking privileges is K3.00 to K7.50 per month. Typically, these are the rents paid by families whose incomes are in the K20.00 to K30.00

range, and are paid for rooms in traditionally built housing, not the permanent brick variety.

Based on an unskilled worker's income of K20.00 per month, a family's outlay for ownership housing would be 10, 15 and 20 percent of income - K2, K3 and K4 per month respectively. These percentages may be compared with 3 low cost housing "solutions" (without subsidy) using an interest rate of 10 percent, which are presented below:

Loan Repayment Period	K,1000 CCDC Built Burnt Brick Permanent	K600 Self-Help With Contractor, Sun Dried Brick
10 years	13.22/mo	7.93/mo
15 years	10.75/mo	6.45/mo
20 years	9.65/mo	5.79/mo

To the figures shown above must be added ground rent (ranging from K2 to K20 per year depending on urban area and size of unit), water charges and maintenance. Thus it is obvious that despite the relatively low construction cost of housing in Malawi, the income level is so low for many urban workers that financial solutions present a real problem and Government subsidy may be necessary. (Alternatively, cross-subsidation from payments charged high income groups would be possible if MHC were able to charge them full or supra-economic rents.)

The situation in Malawi's Traditional Housing Areas is that economic solutions presently are being affected. Thousands of self-help traditional houses have been built at

varying costs ranging up to K600 or more. The reasons for the economic viability of individuals in this segment are:

- Personal savings accumulation, and housing construction move slowly, while the owner-builder lives rent free with friends or relatives. As soon as one room is completed, the family moves in.

- They are able to borrow money from parents or rich relatives with no firm time schedule for repayment.

- There are outright gifts of seed money from relatives to buy the imported materials used in construction.

- Barter arrangements exist with small moonlighting contractors (usually carpenter/aristans) who teach the wives and children to mold and lay the mud blocks.

- Costs are generally very low and cash payments to the "contractor" are on the order of 20 percent of the total housing cost. If mostly self-help is used, the outside labour cost falls to only 5 percent of the total cost (usually for thatching or metal roof installation).

- There is an absence of interest payments as no "mortgaging" is involved.

Traditional type houses are usually crude but provide at least the minimum shelter requirements of their owner-builders. As a family's income permits, structures can be finished including the addition of cement floors, interior and exterior plastering and painting. Also, extra rooms are easily added to accomodate relatives or tenants.

Owners of the better built traditional houses have a saleable equity, although the resale market up to this time has been thin. This contrasts with the situation of civil servants and employees in the private sector who are provided with permanent type subsidized housing. When their employment terminates they lose their house and face high rentals if they choose to remain in an urban area.

There is a cultural constraint in the Nation that pertains to the prevalent attitude against investment in permanent type housing outside one's familial village. This attitude is reinforced in the case of civil servants, who are subject to transfers during their career and to subsidized housing wherever they are posted. This factor also affects privately employed salesmen, mechanics and builders. However, returning to village life upon retirement is a less appealing prospect today than formerly, especially with the younger generation of well-educated civil servants.

In view of the above factors a survey of consumer attitudes towards housing, along with the collection of household income and consumption expenditure data is needed. Such a survey could be done using university students; it should be done as soon as possible.

Permanent type housing, in high density areas and on THA plots, is gradually gaining acceptance as a worthwhile investment, especially as the overall shortage of such units has resulted in very high rents. A similar demand situation has developed for traditional type mud block houses in the THAs, where supra-economic rents are being charged.

Speculative room additions in the THA areas are becoming more commonplace despite overcrowding. Both MHC and CCDC officials are being forced to accept this undesirable practice, solely because there is no alternative.

Another aspect of housing that needs to be addressed in Malawi is the demand by Government for housing for civil servants. The Government of Malawi has assumed the responsibility to provide housing for its employees, wherever located, who are in classified in grades D7 (and equivalent) up through the Superscale Groups.[1] The number of civil servants presently is 34,681.[2] If housing (Classes A through F) is provided, the Government pays the full rental to MHC or CCDC and deducts 10 percent from the employee's salary (12 1/2 percent if the house is furnished). When housing cannot be provided, no deduction from salary is made nor is a housing allowance provided.

Because of the high cost of housing subsidies, the Government does not allow MHC to charge a true economic, or the private prevailing market, rate for the houses owned by the corporation. This discrepancy precludes MHC from generating sufficient funds internally to build new houses and also discourages financial institutions from lending

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1. A D7 is a copy typist Grade III (Secretarial Class) earning from K274 to K834 per annum and is entitled to a Class F house. However, a married female or a single girl whose family home is in the area is not entitled to housing.
2. These are total classified civil servants only. Excluded are drivers, messengers, gardeners, laborers, and others employed on hourly wage bases. Total employment figure is as of April 1978, and was obtained from the Malawi Government Office of Personnel.

money to the Corporation. The economic rent figures, shown in Table 17, include the loan charge (11 percent is the going bank rate in Malawi), maintenance cost, rates paid to city councils, insurance charges and administration cost. It is significant to note that the operating costs alone, excluding the loan charge, are not being covered by the rents paid to MHC for house classes D, E and F.

Because of rent control, the Corporation cannot charge economic rent to private sector tenants. The figures in Table 17 show that the majority of MHC tenants are private, i.e. corporation, bank, parastatal, etc. employees. In effect, the MHC is being forced to subsidize private sector housing. The very opposite situation should be the policy goal of Government. MHC should be allowed to charge full economic or supra-economic rents for the high income population, including corporations, thereby enabling cross-subsidation from the rich to the poor and possibly, from private sector tenants to treasury-supported civil servants.

Table 17. MHC Rental Charges, Nationally and Blantyre

Type of House	Present value (K)	Present rent per month Minimum	Maximum	Economic rent at 11% interest
A	36,000	250.00	300.00	484.76
B	30,000	103.45	200.00	400.50
C	17,600	51.05	96.95	239.13
D	14,500	35.40	46.75	197.94
E/4	8,500	14.35	25.00	117.64
E/3	7,100	14.35	25.00	98.95
E/3	6,300	8.70	14.60	88.27

Continued--

Table 16. (Continued)

City of Blantyre

House class	Number of MHC houses	Percent C.S. occupied	Number of C.S. tenants	Number of private tenants
D	202	42	84	118
E	2247	34	764	1483
F	1628	51	830	798
Total	4077	127	1678	2399

Because of the widespread public and private subsidy element, true expressed demand, at least for Government built permanent-type housing, is unknown. A civil servant, for example, who by virtue of grade has entitlement to a Class C house, in the absence of the subsidy might opt for a Class D or E accomodation or even a Class B, depending on family circumstances and/or desire to augment income from rental of rooms. As the UNPD Mission[1] (to the Malawi Housing Corporation) pointed out, a major misallocation of housing resources in the public sector in Malawi occurs because of the Government subsidy for housing.

There are no current data on the housing characteristics of civil servants who are not being supplied permanent housing through MHC or CCDC. Given approximately 24,000 entitled civil servants and a waiting list (public and private citizens) numbering 11,109 for Class F houses and 8,272 for Class E houses (as of January 31, 1978), there obviously are a very large number of individuals making their own housing arrangements. What these civil servants who are not provided Government subsidized housing are

1. D.B. Mills, A Review of Basic Housing Policy and

building, buying or leasing is important to know for purposes of policy deliberations. If they are leasing, what do they pay to private sector landlords? This type of information must be known to determine the actual effective demand and the proportion of income spent for housing services.

Observations by the SSA team indicate that civil servant families not provided with subsidized housing are doing poorly, relative to their associates who do get housed by the Government. The following estimate was made to illustrate this point:

Civil servant entitlement	Typical wage	Supplied housing cost at a 10 percent of wage	Self-supplied Min. solution	Percent SS Min. Sol. of Wage
Class E	100 K/mo	10 K/mo	7.50	7.5
Class F	45.50 K/mo	4.50 K/mo	7.50	16.5

Note: Excludes subordinate classes

The minimum solution for a family consists of a sitting room and bedroom rented from a landlord in a THA urban area for K7.50 per month. There is no electricity or piped water and cooking and ablution facilities must be shared with other tenants and/or the landlord's family. Nevertheless, this rental price represents 7.5 percent of a Class E civil servant's typical wage and 16.5 percent of the Class F typical wage.

If the civil servant wants to rent a house of the type to which he is entitled, the economic rent he would have to

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Finance in Malawi, February 1974 reissued in Malawi Housing Corporation, Housing in Malawi with Special Emphasis to Traditional Housing Areas.

pay (based on MHC figures) is K98.95 per month for Class E and K88.27 for Class F. These figures represent 99 percent and 194 percent of typical wage respectively! The housing inbalance and perversity of the subsidized housing policy extends up through all ranks of the Civil Service as shown by the following figures:

		Kwacha per month		
		Mid point of wage class	MHC econ. rent	Rent as percent of wage
Superscale	A	696	485	70
Superscale	B	495	400	81
Admin/Prof.	C	339	239	71
Exec/Tech	D	169	198	117

In the absence of subsidy, housing allowances and rent control, and given the present shortage of permanent housing in Malawi, the economic solution for the vast majority of civil servants would be to build their own houses in Traditional Housing Areas. To be more specific, the solution to the major permanent type housing shortage is a self-built (with petty contracter assistance), or an MHC or CCDC pre-built, house of permanent materials in a cost range of K1,200 to K2,500. Such single family units, with piped water and pit latrine, would be affordable by Class E and F type civil servants, (2-2 1/2 times salary) and would be a sound investment, from the point of view of the individual and the financial institutions. The construction of 20,000 such units with an average cost K1,800 plus site development, which in a paved road THA would average K500 per unit, would amount to a saving/investment of approximately K4,500,000

generated solely from low income civil servants and their private sector counterparts. To underwrite this type of programme would require financial channels not presently available in Malawi. The Housing Finance Corporation would serve such a need by providing a primary and secondary mortgage market. The latter market would cater to the requirements of MHC and CCDC, enabling them to write small mortgages on speculatively built houses and subsequently sell the mortgages to generate sufficient capital to continue their building programmes.

The subject of subsidized housing for civil servants in Malawi was thoroughly addressed in the UNDP mission (Mills) report cited above. In that report two techniques were discussed toward elimination of the subsidy. The first suggestion, applying primarily to lower level civil servants, was that a grant equal to three times the annual subsidy should be given to those employees who are housed, in order to enable them to provide their own housing. This would be a once only operation. The three times annual subsidy for those people entitled to Class E and F types houses would provide an adequate house in one of the Traditional Houses Areas, whilst for those entitled to Class C and D type houses, the grant would provide a substantial contribution to the purchase of a permanent house, the balance of which could be arranged through the New Building Society.

The second possible method suggested for eliminating the subsidy is to relate the rent element payable by a civil servant to the value of the house he occupies instead of the present system which relates it to his salary. The objective of this, according to Mills, is to make civil servants --

particularly in the higher grades -- conscious of the rent element by paying a proportion of the actual rent. This will make a person more moderate in his housing demands because the bigger the house, the more rent he would pay. After thus relating the civil servant's payments on housing to the size and value of the house instead of to his salary, the percentage of the rent which he pays could then gradually be increased by Government on suitable occasions until he paid the full economic rent.

The implementation of either or both of these suggestions would have to be carefully planned to insure fairness to all and to enable the Government to budget adequately for its provision of grants and/or contributions over time to true economic rents.

4. Environmental Constraints and Problems

Damage inflicted by early rains on low cost building sites is often severe. The building season for traditional housing is in the dry season from April to December. This is the time for manufacture of sun dried brick and dried kiln brick.

Termite ants often shorten the life span of traditional housing, reducing an average age of 15 to 20 years for a well built earth block house down to 5 to 10 years.

The design level of planned development schemes is sufficiently high to produce very little visible environmental conflict, providing setbacks from waterways of 100

feet plus avoiding damage to steep slopes. Unplanned squatter areas, however, do inflict damage to streams caused by poorly dug pit latrines and refuse disposal practices. Frequently such housing is located well within the flood plains of waterways (e.g. Ndirande in Blantyre) exposing homes to possible flooding brought on by the occasional cyclone activity moving from the Indian Ocean.

While a series of fault lines do exist in the Blantyre area, no evidence of any building damage caused by earth tremor could be recalled by housing authorities even though earth tremors in the past have been remembered. Malawi is located on a rift (a segment of the East African Rift Valley system) running north-south through the country. Further information should be gathered to arrive at the possible need for low cost housing construction safeguards in respect to seismic activity.

5. Conclusions

The foregoing identification of problems and constraints pertaining to the shelter sector in Malawi lead to a number of conclusions. Over the entire range of the sector, only the high income housing tier and the rural housing of the self-built traditional type are being adequately provided. For the remaining 8 percent of the nation's population, the low and middle income urban families, there is inadequate provision of permanent type housing units, site-and-service plots for self-help construction and housing finance opportunities.

Both current Government housing policy and budgetary allocations to the housing sector compound the problems. The interrelated policies of subsidizing the housing of civil servants plus rent controls at well below economic levels on the properties of the major supplier of urban housing units -- the Malawi Housing Corporation -- result in a misallocation of national resources.

In the private sector, the low level of personal savings and the absence of a financial institution to provide housing loans to low and middle income families precludes self-help or small contractor construction of any appreciable amount of low-cost permanent type housing units. Provision of the infrastructure requirements for minimally serviced site-and-service plots for private self-help units lags far behind the demand, is unevenly provided throughout the country, and is presently dependent on soft-term foreign assistance. Government assistance in the Traditional Housing Area programme is limited to free provision of land to the developers of sites, the Malawi Housing Corporation and the Capital City Development Corporation, and a matching grant of 10 percent of the foreign contribution.

Because of rent controls, sub-economic levels charged for ground rents, the high cost of borrowed funds and rapid construction cost inflation, the parastatal organizations -- MHC and CCDC -- are failing to generate sufficient surpluses internally to self-finance new construction activity. These factors have recently made it very difficult to borrow from external lending institutions. Such loans that the MHC does obtain from the Treasury are used to buy land from the

Government for permanent type housing tracts. When such tracts are developed, many of the units are allocated, perforce, to civil servants on a subsidized sub-economic basis.

Population projections to the year 1985 indicate an increase of 400,000 persons in Malawi's urban areas. Providing the housing requirements for these persons, plus relieving the current urban shortage of approximately 26,000 THA plots and 20,000 permanent type houses, entails a level of financial resources which could hardly be generated in the nation, or even externally, under the existing housing policies of the Government.

In the light of these conclusions covering the overall housing sector in Malawi, the Shelter Sector Assessment team has developed its discrete set of recommendations for overcoming or alleviating the nation's major shelter problems, including the glaring financial impasse. The major recommendations include the new Government assisted institution, the Housing Finance Corporation; the reinforcing of overall national development objectives through the provision of site-and-service schemes in rural growth centres; the phasing out of the Government housing subsidy for civil servants; the provision of multiple value site-and-service options; and technical assistance programming aimed at improving the quality and permanence of self-help housing units.

APPENDIX A.

Malawi Country Economic Data

This section briefly present economic statistics for the country of Malawi. For more detailed or in-depth information, the reader is referred to source documents, such as:

> Economic Report to the President, 1977/1978;
>
> Malawi Government, Monthly Statistical Bulletin, latest edition;
>
> Malawi Statistical Yearbook 1976;
>
> Memorandum on the Economy of Malawi, September 30, 1977, (World Bank Grey Report);

Other publications are available from the Malawi Government, National Statistical Office at Zomba.

Table A-1. Key Economic Indicators for Malawi[a]

Item	1975	1976	Percent change, 1975-76	Estimated, 1977	Estimated percent change, 1976-77
Income, production, employment:					
Populations (millions)	5.1	5.3	2.9	5.5	3.8
GDP (current prices)	639.5	734.5	14.9	840.8	14.5
GDP (constant 1973 prices)	471.5	504.6	7.0	533.3	5.7
GDP per capita (current dollars/ year	125.4	138.6	10.5	152.9	10.3
GDP per capita (constant 1973 dollars/year)	92.5	95.2	2.9	97.0	1.9
Index of manufacturing output	180.0	178.2	-1.0	n.a.	n.a.
ESCOM output[b]	263.0	281.0	6.8	n.a.	n.a.
ADMARC domestic purchases[c]	131.7	199.6	51.5	228.7	14.5
Agricultural exports:					
Tobacco	56.4	71.9	27.5	112.0	55.8
Tea	23.3	29.8	27.9	50.4	69.1
Sugar	13.8	19.5	41.3	14.6	-25.1
Peanuts (groundnuts)	7.3	12.6	72.6	13.4	6.3
Cotton	2.1	2.6	23.8	2.8	7.7
Rice	1.7	1.8	5.9	3.4	88.9
Money and prices:					
Money supply	70.2	65.4	-6.8	78.3[d]	19.7
Quasi-money	45.9	44.4	-3.3	53.2[d]	19.8
Public external debt outstanding	237.2	258.1	8.8	n.a.	n.a.
Public debt service as percentage of domestic exports	10.4	6.9	33.6	n.a.	n.a.
Commercial bank prime rate	8.5	10.0	17.6	n.a.	n.a.
Price index (1970 = 100)	180.0	182.7	1.5	n.a.	n.a.
Official external reserves	61.3	26.4	-56.9	70.6[d]	167.4

Continued--

Table A-1 (Continued)

Item	1975	1976	Percent change, 1975-76	Estimated, 1977	Estimated percent change, 1976-77
Balance of payments and trade:					
Balance of current account	-86.6	-49.6	+42.7	-58.8	-18.5
Terms of trade	73.5	82.4	12.1	n.a.	n.a.
Total imports (C.I.F.):	244.9	210.6	-14.0	246.4	16.5
South Africa	59.1	62.0	4.9	n.a.	n.a.
United Kingdom	59.4	46.8	-21.2	n.a.	n.a.
Japan	18.5	16.2	-12.4	n.a.	n.a.
Rhodesia	28.8	10.3	-64.2	n.a.	n.a.
West Germany	9.6	7.7	-19.8	n.a.	n.a.
United States	8.5	7.2	-15.3	n.a.	n.a.
Zambia	5.2	5.9	13.5	n.a.	n.a.
Total Exports (F.O.B.):	136.8	164.0	19.8	224.0	37.0
United Kingdom	47.4	69.4	46.4	n.a.	n.a.
United States	9.6	18.5	92.7	n.a.	h.a.
Netherlands	8.5	10.1	18.8	n.a.	n.a.
Rhodesia	8.3	3.4	-59.0	n.a.	n.a.
South Africa	6.3	8.4	33.3	n.a.	n.a.

n.a. = not available.

a. All values in millions of U.S. dollars unless otherwise stated; exchange rate is Malawi kwacha (K) 1.00 = U.S. dollar ($) 1.12.

b. Millions of kwacha.

c. Thousands of short tons.

d. Figures as of October 1977.

Source: Foreign Economic Trends and Their Implication for the United States, Malawi, January 1978. Prepared by the American Embassy, Lilongwe (U.S. Department of State) and released by the U.S. Department of Commerce.

Table A-2. Central Government Revenue and Expenditures by Type, Fiscal Year 1970-71 and 1976-77

(Millions of kwacha)

Sources	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
evenue account:							
ncome tax collections	11.9	14.1	16.2	18.5	21.7	30.5	34.9
mport duties	9.3	10.5	10.3	10.6	13.5	14.8	12.8
xcise surtax and other customs collections	6.1	9.8	11.2	12.4	16.6	19.0	22.0
ther revenues and grants	11.9	5.9	6.2	7.9	6.9	6.5	5.2
ppropriations-in-aid	9.0	10.5	13.0	13.6	20.0	18.9	15.0
otal revenue account eceipts:	48.1	50.9	56.9	63.1	78.7	89.7	89.9
evelopment fund receipts	37.4	29.8	26.2	31.6	39.8	61.3	40.6
OTAL RECEIPTS[a]	85.5	80.7	83.1	94.7	118.6	151.0	130.4
ross expenditure on revenue account	46.9	50.5	57.0	61.7	73.8	84.4	90.8
evelopment account expenditure	35.2	31.2	26.7	30.2	40.8	70.0	48.2
OTAL EXPENDITURES	82.1	81.6	83.7	92.0	114.6	154.4	139.0

a. Totals may not add because of rounding.
Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, ebruary 1978.

Table A-3. Government Expenditures on Development Account, 1970-71 to 1975-76

(Millions of kwacha)

Category	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Agriculture and natural resources	6.6	8.9	7.9	9.6	13.1	14.0
Education	2.9	1.9	1.6	1.4	1.2	1.1
Health	0.1	0.3	0.3	1.3	2.1	1.8
Community development	--	--	--	0.2	0.1	0.1
Transport, of which:	17.6	6.4	5.2	5.9	10.7	33.2
(Roads)	(7.5)	(5.1)	(3.7)	(3.9)	(4.4)	(10.2)
(Railways)	(10.0)	(1.0)	(0.7)	(1.7)	(2.0)	(19.8)
Posts and telecommunications	0.9	0.8	1.1	1.6	1.7	3.3
Power	0.8	3.2	2.6	0.6	1.1	2.3
New capital city at Lilongwe	2.6	3.4	3.8	3.6	1.8	1.6
Other	3.7	6.3	4.2	6.1	9.0	12.6
TOTAL	35.2	31.2	26.7	30.3	40.8	70.0

Source: Public Sector Financial Statistics 1975, Budget Documents 1977/78; as reported in World Bank Grey Report, No. 1677a-MAI, Memorandum on the Economy of Malawi, September 30, 1977.

Table A-4. Expenditures on Government Revenue Account, 1970-71; 1976

(Millions of kwacha)

Category	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
General Administration	6.1	7.4	7.2	8.4	9.0	10.3
Defence	1.2	1.4	1.6	2.7	3.5	8.7
Justice	4.2	4.4	4.8	4.8	5.7	6.3
Agriculture and Natural Resources	3.2	3.6	4.3	4.9	5.5	7.5
Education	8.0	8.5	9.3	10.0	11.3	12.0
Health	3.2	3.3	3.6	4.2	4.9	6.4
Community Development	1.3	1.6	2.0	1.8	2.9	2.5
Transport	1.3	1.4	2.3	2.3	2.5	3.2
Posts and Telecommunications	0.9	1.0	1.0	1.1	1.2	1.3
Other services	4.7	4.5	5.8	4.7	6.3	5.7
Total services	34.1	37.1	41.9	44.9	52.8	63.9
Public debt charges	6.7	8.1	9.9	10.5	13.9	14.5
Interest	(5.0)	(5.4)	(6.6)	(3.5)	(4.6)	(4.8)
Amortization	(1.7)	(2.7)	(3.3)	(7.0)	(9.3)	(9.7)
Pensions and Gratuities	3.0	3.0	2.9	3.6	3.7	3.1
Miscellaneous	3.1	2.3	2.3	2.7	3.4	2.9
Total Expenditures	46.9	50.5	57.0	61.7	73.8	84.4

Source: Malawi Government, Public Sector Financial Statistics 1975 and Budget Documents 1977, as reported in World Bank Grey Report, No. 1677a-MAI, Memorandum on the Economy of Malawi, Setember 30, 1977

Table A-5. Malawi External Trade, 1970-77

(Millions of kwacha)

Category	1970 (f.o.b.)	1970 (c.i.f.)	1971	1972	1973	1974	1975	1976	1977[a]
Total imports	71.4	82.5	89.8	102.9	114.7	157.7	218.7	188.5	212.1
Commodity exports:									
Tea	10.9	10.9	11.9	12.0	13.7	17.2	21.7	26.4	41.6
Tobacco	16.6	16.6	22.1	25.0	30.3	39.3	51.1	64.9	86.6
Groundnuts	4.2	4.2	5.9	7.1	5.9	5.2	6.5	11.2	8.9
Cotton	2.8	2.8	2.5	2.6	2.0	2.7	1.9	2.3	2.4
Sugar	0.2	0.2	0.3	0.4	3.3	9.2	12.3	23.2	14.9
Domestic exports	40.6	40.6	49.6	55.1	68.8	89.5	106.3	141.0	176.1
Re-exports	9.1	9.1	9.7	9.3	11.1	11.8	15.8	10.6	8.5
Total exports	49.7	49.7	59.3	64.5	79.9	101.3	122.1	151.6	184.5
Trade balance	-22.1	-32.8	-30.4	-38.4	-34.7	-56.4	-96.5	-36.8	-27.5

Note: Exports are valued f.o.b. (free on board) at point of dispatch. Imports are valued f.o.b. up to 1970, when a change was made to a c.i.f. (cost, insurance and freight) basis. Imports are shown at both values for 1970 to provide a link between the two series.

a. Estimated.

Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin February 1978.

Table A-6. Index of Manufacturing Output, 1971-76[a]

(1970 = 100)

Item	Weight (Percent)	1971	1972	1973	1974	1975	1976
nsumer goods mainly for he domestic market:	62	113.2	120.9	150.4	171.7	194.8	191.9
od, beverages, tobacco	33	112.3	127.6	169.4	192.1	225.7	238.6
otwear, clothing, textiles	14	118.1	118.8	115.2	120.1	130.2	109.9
her goods	15	110.8	108.0	142.4	175.1	187.3	176.8
termediate goods mainly or building and onstruction	18	103.1	122.9	147.6	129.0	157.6	128.6
tal manufacturing mainly or the domestic market	80	111.0	121.3	149.9	162.1	186.5	179.8
port industries	20	108.7	125.4	137.7	131.6	154.0	172.3
TAL MANUFACTURING	100	110.6	122.0	147.4	156.0	180.0	178.3

a. Based on information about monthly production of about 50 firms with over 100 employees.
Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, bruary 1978.

Table A-7. Value of Plans Passed and Buildings Completed, Private and Government, for Blantyre and Lilongwe, 1973-77

(Thousands of kwacha)

Category	1973	1974	1975	1976	1977
Value of plans passed, private and government:					
Blantyre	4,819.1	5,628.6	3,439.5	7,533.2	6,134.7
Lilongwe	7,814.5	8,197.2	11,004.8	12,626.3	19,650.0
Value of buildings completed:					
Blantyre					
Private	2,246.4	2,333.1	3,075.5	3,591.1	2,050.6
Government	441.1	407.4	139.9	521.5	n.a.
Lilongwe					
Private	554.4	1,387.3	964.7	1,322.9	1,634.3
Government	2,274.6	1,807.9	2,761.3	2,934.8	n.a.

n.a. = not available

Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, February 1978.

Table A-8. Money and Official Deposits, 1972-77

(Thousands of kwacha)

Item	1972	1973	1974	1975	1976	1977
›ney:						
›tes and coin with public	17,302	21,310	28,312	27,837	23,068	24,575
·ivate and domestic demand leposits	19,505	27,775	35,261	34,868	35,381	45,419
›tal money	36,807	49,085	63,573	62,705	58,449	69,994
ıasi-money[a]	18,130	23,271	35,727	41,043	39,607	52,668
·TAL MONEY AND QUASI-MONEY	54,937	72,356	99,300	103,948	98,056	122,662
ficial Sector Deposits:						
›netary authorities						
Government	4,061	7,445	5,156	8,004	2,504	5,792
Statutory bodies	1,506	2,700	4,315	4,456	6,629	21,897
mmercial banks						
Demand depo›its	3,224	4,078	5,623	6,691	7,960	8,465
Time and savings	4,189	6,409	6,718	7,684	8,610	8,194
TAL OFFICIAL SECTOR DEPOSITS	12,849	20,632	17,933	26,835	25,703	44,348

a. Private holdings of non-demand deposits.
Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, bruary 1978.

Table A-9. Savings and Investment, 1973-76

(Millions of kwacha)

Item	1973	1974	1975	1976
1. Total investment	91.1	116.7	161.6	112.7
(fixed investment)	(76.7)	(105.9)	(145.6)	(140.7)
2. Domestic savings	54.0	64.3	71.0	72.7
3. Resource gap (1) - (2)	37.1	52.4	90.6	40.0
4. Net factor income	0.8	12.4	10.3	-18.0
5. National savings (2) + (4)	54.8	76.7	81.3	54.7
	----------	Ratios	----------	
Percent of GDP at market prices:				
Total investment	22.7	24.0	28.3	17.4
Fixed investment	19.1	21.7	25.5	21.8
Domestic savings	13.4	13.2	12.4	11.2
Resource gap	9.2	10.7	15.9	6.2
National savings as percent of GNP	13.6	15.3	14.0	8.7
Resource gap as percent of investment	40.7	44.9	56.1	35.5

Source: World Bank Grey Report, No. 1677a-MAI, Memorandum on the Economy of Malawi, September 30, 1977.

Table A-10. Expenditure on Gross Domestic Product, 1973-76

(Millions of kwacha; current prices)

Expenditure	1973	1974	1975	1976
Private consumption:	296.8	364.4	444.5	498.4
non-monetary	132.8	159.4	198.5	221.7
monetary	164.0	205.0	246.0	276.7
Public consumption	50.4	58.7	68.9	73.9
Total consumption	347.2	423.1	513.4	572.3
Fixed investment:	76.7	105.9	145.6	140.7
non-monetary	2.3	2.9	3.7	4.2
monetary, private	28.6	34.9	52.8	51.5
monetary, public	45.8	68.1	89.1	85.0
Change in stocks:	14.4	10.8	16.0	-28.0
non-monetary	5.0	2.0	-2.0	2.0
monetary	9.4	8.8	18.0	-30.0
Total investment	91.1	116.7	161.6	112.7
Gross domestic expenditure	438.3	539.8	675.0	685.0
Exports of goods and NFS	100.1	126.2	148.0	172.0
Imports of goods and NFS	136.8	178.9	252.0	211.0
Expenditure on GDP	401.6	487.1	571.0	646.0

Source: Malawi Government, Economic Planning Division, Economic Report, 1977.

Table A-11. Industrial Origin of Gross Domestic Produce, 1973-76

(Millions of kwacha; and constant 1973 prices)

Industries	1973	1974	1975	1976	Annual percent of changes 1974	1975	1976
Agricultural, forestry, fishing:	180.0	186.5	189.5	204.5	3.6	1.6	7.9
Smallholder non-monetary	124.3	128.8	132.1	135.5	3.6	2.6	2.6
Smallholder monetary	37.0	38.7	33.0	42.2	4.6	-14.6	28.0
Estate/government	18.7	19.0	24.4	26.8	1.8	28.2	10.0
Manufacturing:	45.0	47.1	53.8	52.6	4.7	14.2	-2.2
Non-monetary	7.5	7.8	8.0	8.2	3.9	2.6	2.6
Monetary	37.5	39.3	45.8	44.4	4.9	16.5	-3.0
Building, construction:	18.2	18.9	20.9	20.8	3.8	10.6	-0.5
Non-monetary	3.8	3.9	4.0	4.1	2.5	2.6	2.6
Monetary	14.4	15.0	16.9	16.7	4.4	12.5	-1.0
Electricity, water sanitation	4.6	5.0	6.0	6.4	8.5	19.6	6.0
Distribution	46.9	51.4	51.4	55.0	9.6	0.0	7.1
Banking, finance	10.0	15.1	17.4	18.3	50.9	15.2	5.0
Rents:	9.2	9.9	10.8	11.6	7.6	9.1	7.4
Non-monetary	3.7	3.8	4.0	4.1	2.2	4.0	2.6
Monetary	5.5	6.1	6.8	7.5	10.9	11.1	10.0

Continued--

ABLE A-11 (Continued)

Industries	1973	1974	1975	1976	Annual percent of change 1974	1975	1976
ransport, communications	20.6	22.6	24.4	24.6	9.7	8.0	0.8
on-monetary	0.8	0.8	0.9	0.9	2.5	12.5	2.6
onetary	19.8	21.8	23.5	23.7	10.0	8.0	1.0
ublic administration, defense	24.1	24.6	27.7	28.4	1.9	12.4	2.6
ducation	7.2	7.3	8.0	9.6	1.4	10.0	20.0
ealth	3.3	3.4	3.7	3.9	2.9	8.8	4.8
omestic and other services	10.4	12.1	12.5	12.9	16.3	3.3	2.9
nallocable	-2.9	-4.4	-5.1	-5.4			
DP at constant factor cost	376.6	399.5	421.0	443.2	6.1	5.4	5.3
on-monetary	140.1	145.1	149.0	152.8	3.5	2.7	2.6
onetary	236.5	254.4	272.0	290.4	7.6	6.9	6.8
djustment to current prices	-	57.1	117.1	172.8			
DP at current factor cost	376.6	456.6	538.1	616.0	21.2	17.8	14.4
et indirect taxes	25.0	30.5	32.9	30.0			
DP at current market prices	401.6	487.1	571.0	646.0	21.3	17.2	13.2
on-monetary	140.1	164.3	200.2	227.9	17.3	21.9	13.8
onetary	261.5	322.8	370.8	418.1	23.4	14.9	12.9

Source: Malawi Government, Economic Planning Division, Economic Report 1977.

Table A-12. Blantyre Retail Price Indices, 1970-77[a]

(1970 = 100)

ear	All items	Food stuffs	Drinks and tobacco	Footwear and clothing	Household goods and services	Domestic help	Transport and vehicle equipment	Other
	Low Income Index							
970	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
971	108.2	111.2	113.5	100.3	107.0	103.0	109.0	104.6
972	112.1	115.9	118.1	103.2	110.3	106.5	117.4	102.6
973	117.8	123.8	118.7	109.4	113.0	113.1	123.1	103.3
974	135.9	144.2	125.8	120.8	137.8	126.3	149.0	108.2
975	157.0	171.8	138.1	132.2	158.1	141.7	177.0	112.2
976	163.8	175.7	149.0	137.2	171.0	150.9	187.4	122.8
977	170.7	178.7	154.4	141.5	190.6	157.5	195.3	125.9
	High Income Index							
970	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
971	108.3	110.6	105.4	108.9	108.0	106.1	111.1	103.1
972	112.5	115.2	106.7	111.6	111.4	108.2	117.7	106.2
973	119.7	125.3	109.2	118.5	117.2	113.4	127.8	109.4
974	139.5	139.4	113.4	132.1	124.4	126.3	161.6	133.8
975	163.4	158.2	125.1	156.8	150.5	141.7	201.8	147.5
976	179.8	167.3	132.7	165.2	165.3	150.9	238.6	154.1
977	212.0	176.9	147.6	201.3	204.2	157.5	276.7	215.4

Note: These indices cannot be taken as indices of cost of living, since they exclude welling expenses, medical care, donations, dowry and marriage settlements, cash gifts, and ll personal taxes.

a. Low income index covers households with yearly expenditures up to K600. High income ndex covers households with yearly expenditures exceeding K2,000.

Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, ebruary 1978.

Table A-13. Lilongwe Retail Price Indices, 1975-77[a]

(1973 = 100)

ear	All items	Food stuffs	Drinks and tobacco	Footwear and clothing	Household goods and services	Domestic help	Transport and vehicle equipment	Other
	Low Income Index							
975	119.5	126.2	108.4	105.1	124.8	103.1	111.9	110.3
976	125.5	126.5	117.5	110.2	143.5	118.1	117.3	121.0
977	133.7	133.2	127.8	117.8	156.2	157.5	121.6	125.9
	High Income Index							
975	115.0	117.5	106.8	119.5	122.1	103.1	114.4	113.1
976	132.1	129.5	118.1	142.3	141.2	111.8	129.3	146.3
977	148.3	141.7	134.3	145.5	163.7	115.3	144.8	175.2

A. Low Income Index covers households with yearly expenditure up to K600. High Income Index overs households with yearly expenditure exceeding K2,000.

Note: These indices cannot be taken as indices of cost of living, since they exclude dwelling expenses, medical care, donations, dowry and marriage settlements, cash gifts and all ersonal taxes.

Source: Malawi Government, National Statistical Office, Monthly Statistical Bulletin, ebruary 1978.

APPENDIX B.

Appendix B presents a more detailed breakdown of 1966 and 1977 population totals than is provided in the text. Population is reported, by region, for each district centre and/or gazetted city and town.

Table B-1. Regional Summary of Malawi District Population by Traditional Authorities (TAs) Including Urban Areas, Showing Percent Increases and Annual Growth Rates (AGR)

Item	Region			National total
	Northern	Central	Southern	
Population:				
1966 total	497,491	1,474,952	2,067,140	4,039,583
Males	229,044	691,572	992,646	1,913,262
Females	268,447	783,380	1,074,494	2,126,321
Enumerated 1977 total	643,485	2,122,010	2,796,326	5,561,821
Males	303,703	1,038,521	1,332,308	2,674,532
Females	339,782	1,083,489	1,464,018	2,887,289
Percent Increase:				
Total	29.35	43.87	35.28	37.68
Males	32.60	50.17	34.22	39.79
Females	26.57	38.31	36.25	35.79
Annual Growth Rate (AGR):				
Total	2.34	3.33	2.75	2.92
Males	2.57	3.72	2.68	3.06
Females	2.14	2.96	2.82	2.79
Sex Ratio:[a]				
1966	852	883	924	900
1977	894	958	910	926

a. Sex ratio = number of males per 1,000 females.

Source: Malawi Government, National Statistical Office, Zomba: Population Census 1977 Preliminary Report, District Population by Traditional Authorities (Including Urban Areas), March 1978.

Table B-2. District Centres: Northern Region, 1966 and 1977 Populations, and Annual Growth Rates (AGR); 1985 Estimated Urban and Regional Population

District	1966 population	1977 population	Annual growth rate 1966-77	1985 estimated population at 8 percent AGR
Chitipa	1,429	3,079	7.15	-
Karonga	1,128	11,873	23.58	-
Nkhata Bay	1,188	4,024	11.60	-
Rumphi	1,916	3,998	6.84	-
Mzimba	4,156	4,962	1.61	-
Mzuzu Town*	8,490	16,119	5.93	
Totals	18,307	44,055	8.31	81,543
Total regional population	497,491	643,485	2.34	811,987
Urban as a percent of total regional population	3.68	6.85	--	10.04

Note: * designates gazetted cities and towns.
Source: Malawi Government, National Statistical Office, Zomba: Population Census 1977 Preliminary Report, District Population by Traditional Authorities (Including Urban Areas), March 1968. 1985 estimates for urban areas prepared by SSA team.

Table B-3. District Centres: Central Region, 1966 and 1977 Populations, and Annual Growth Rates (AGR); 1985 Estimated Urban and Regional Population

District	1966 population	1977 population	Annual growth rate 1966-77	1985 estimated population at 8 percent AGR
Kasungu	1,628	6,472	13.22	-
Nkhota Kota	1,117	10,312	22.13	-
Ntchisi	1,218	1,855	3.86	-
Dowa	1,552	2,067	2.61	-
Salima*	2,307	4,646	6.50	-
Lilongwe City*	19,425	102,924	16.18	-
Mchinju	831	1,962	8.03	-
Dedza	2,318	5,448	7.99	-
Ntcheu	1,118	1,326	1.55	-
Totals	31,514	137,012	14.29	253,600
Total regional population	1,474,952	2,122,010	3.33	2,677,676
Urban as a percent of total regional population	2.14	6.46	--	9.47

Note: * designates gazetted cities and towns.
Source: Malawi Government, National Statistical Office, Zomba: Population Census 1977 Preliminary Report, District Population by Traditional Authorities (Including Urban Areas), March 1978. 1985 estimates for urban areas prepared by SSA team.

Table B-4. District Centres: Southern Region, 1966 and 1977 Populations, and Annual Growth Rates (AGR); 1985 Estimated Urban and Regional Population

District	1966 population	1977 population	Annual growth rate 1966-77	1985 estimated population at 8 percent AGR
Mangochi Town*	1,467	3,341	7.68	-
Kasupe	402	695	5.05	-
Balaka Town*	1,647	7,645	14.81	-
Liwonde Town*	--	3,767	--	-
Zomba Town*	19,666	21,000	0.59	-
Chiradzulu	609	691	1.14	-
Blantyre City*	109,461	226,151	6.74	-
Mwanza Urban	692	2,271	11.28	-
Thoyolo	1,394	4,186	10.40	-
Mulanje	1,225	2,997	8.38	-
Chikwawa	902	2,857	10.93	-
Nsanje	1,373	6,091	14.34	-
Ngabu*	--	4,823	--	-
Totals	138,838	286,515	6.81	530,319
Total regional population	2,067,140	2,796,326	2.75	3,540,866[a]
Urban as a percent of total regional population	6.72	10.25	--	14.98

a. Based on estimated 1977 population of 2,806,072, rather than actual figures.

Note: * designates gazetted cities and towns.

Source: Malawi Government, National Statistical Office, Zomba: Population Census 1977 Preliminary Report, District Population by Traditional Authorities (Including Urban Areas), March 1978. 1985 estimates for urban areas prepared by SSA team.

APPENDIX C

PUBLIC HEALTH ORDINANCE (CAP. 94)

RULES

made by the Governor under s.75

MINIMUM BUILDING STANDARDS FOR TRADITIONAL HOUSING AREAS

1. These Rules may be cited as the Public Health (Minimum Building Standards for Traditional Housing Areas) Rules, and shall apply to such areas as the Minister may by Order in the Gazette, declare.

2. In these Rules, unless the context otherwise requires: -

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

"dwelling house" means a building used exclusively or partly for the purpose of human habitation; and

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

3. When any area, to which these Rules shall be applied, is included in a planning area declared under the Town and Country Planning Ordinance, these Rules shall not apply where the dwelling house to be erected on a plot is intended to be of permanent construction or is to be constructed of permanent building materials; but the relevant provisions of such Ordinance shall apply thereto.

4. No building shall be sited on a plot otherwise than in accordance with any building line approved by the Local Authority.

5. No plot shall be less than 4,000 square feet and the maximum area of any plot which may be built on shall be one third of the total area.

6. No building shall be erected within 10 feet of any side boundary of the plot on which it stands:

Provided that a latrine may be sited up to the line of the back boundary of the plot.

7. Every latrine shall be sited in accordance with the directions of the Local Authority.

8. (1) Every dwelling house shall have a minimum floor area of 40 square feet for each person to be accommodated therein.

(2) No round house or rondavel shall have an internal diameter less than 12 feet.

(3) Rectangular houses shall not be smaller than 180 square feet total floor area, and no single wall shall be less than 10 feet in length. Each occupant of a house

shall have at least 40 square feet of floor area in rooms used for sleeping purposes.

(4) When thatch is the roof material the height from the floor to the top of the wall shall be not less than six feet, and when the roof is of iron or aluminium the minimum height of wall shall be not less than eight feet.

(5) Where the window space which opens does not equal or exceed one twentieth of the floor area, an air space four inches in height shall be provided between all the walls and the roof.

9. (1) Every dwelling house shall be provided with a latrine, the doorway of which shall be suitably screened from view.

(2) A pit latrine shall be at least 15 feet 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 six feet from the floor to the underside of the roof or ceiling.

Provided that when the surface of the water table is less than 15 feet below ground level a depth of 10 feet from ground level to the bottom of the pit shall be permitted.

(3) A pit latrine shall be provided with a concrete stance and with a fly-proof cover.

10. Every dwelling house shall be provided with an external door or doors to the satisfaction of the Local Authority.

11. Storm water drainage shall be provided and the filling of holes and clearing of the site shall be completed by the house owner to the satisfaction of the Local Authority on or before the date of completion of the building.

12. Each dwelling house shall be provided with a kitchen of not less than 24 square feet floor area and with adequate ventilation to the satisfaction of the Local Authority.

13. Foundations shall be adequate to support the load transmitted to them and shall be constructed in such a manner as the Local Authority may approve. Every foundation shall be laid on ground of such compressive strength as will carry the total loads imposed.

14. Walls shall not be constructed of grass or reeds or of any other material for the time being prohibited by the Local Authority. All walls shall be brought to a smooth finish and all outside walls shall be protected in accordance with the best local customs approved by the Local Authority.

15. Every floor shall have a smooth finish and shall be at least four inches above the surrounding ground level. A floor may be constructed of well compacted earth or of such materials as will provide a smooth hygienic finish.

16. Every roof shall be of thatch or of asbestos, tiles, corrugated iron or aluminium or of such other material as may be approved by the Local Authority.

17. Screening of bathrooms and latrines may be in reed fencing or other material approved by the Local Authority.

18. Every person proposing to erect any dwelling house to which these rules apply shall give notice to the Local Authority, or to any representative thereof appointed under rule 22, of his intention to build and shall supply such particulars of the proposed building and materials as the Local Authority or such representative shall require. No person shall commence any building operations until the written authority of the Local Authority or any such representative has been obtained.

19. No person shall occupy or permit the occupation of any dwelling house to which these Rules apply until he has obtained from the Local Authority a permit in writing authorizing occupation of such premises, which permit shall not be issued unless the Local Authority is satisfied that the construction of the dwelling house is to a standard not lower than is required by these Rules.

20. Where rooms are used for the housing of employees without their families, no more than eight persons shall be permitted to sleep in any one room without the permission in writing of the Local Authority.

21. (1) Any person authorized by a Local Authority may with or without workmen or others at all reasonable times enter upon the site of any building for the purpose of the inspection of such building whether under construction or already constructed, or for the purpose of securing compliance with any of these Rules.

(2) Every person shall comply forthwith with any written notice given by a Local Authority, or by any representative thereof appointed under rule 22 requiring any such

person to carry out any works, repairs or operations, or to do or to refrain from doing anything for the purpose of securing compliance with any of these Rules.

22. A Local Authority may, and shall when so directed by the Chief Government Agent, appoint a person or persons approved by the Chief Government Agent to act as its representative for the purposes of these Rules, and any act, matter or thing done by any such representative on behalf of the Local Authority shall be deemed to have been done by such Local Authority.

23. Any person who contravenes any of the provisions of these Rules shall be guilty of any offence and shall be liable on conviction to the penalties prescribed in section 138 of the Ordinance.

APPENDIX D.

THE COMPANIES ACTS, 1908 AND 1913

(UNITED KINGDOM ACTS)

AS APPLIED TO THE REPUBLIC OF MALAWI BY

THE COMPANIES ACT, CHAPTER 46:03 OF THE LAWS OF MALAWI

MEMORANDUM OF ASSOCIATION

OF

HOUSING FINANCE COMPANY OF MALAWI LIMITED

1. The name of the Company is "HOUSING FINANCE COMPANY OF MALAWI LIMITED."

2. The registered office of the Company will be situated in "THE REPUBLIC OF MALAWI."

3. The objects for which the Company is established are:

(A) To advance money to any person (note being a member of the Company) upon security by way of mortgage of land (including any building or other structure or improvement erected or constructed thereon) situate in (THE REPUBLIC OF MALAWI) or upon other marketable security, and in particular (but without derogation from the generality of the foregoing) to advance money upon the security of, or for the purpose of enabling the person borrowing the same to erect or purchase or enlarge or repair, any house or building, or to enable such person to acquire any estate or in-

terest in any land upon such terms and conditions as the Company may think fit.

(B) To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit, either with or without security and, in particular, by the issue or bonds and loan notes, and debentures or debenture stock (perpetual or otherwise), and to secure the repayment of any money borrowed, raised or owing by mortgate, charge or lien upon all or any of the property or assets of the Company (both present and future) including its uncalled capital, and also in similar manner to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or such other person or company as the case may be.

(C) To acquire by purchase, lease, exchange, hire or otherwise, lands and property situate in (.....) of any tenure, or any estate or interest in the same or any rights over or connected with such lands and property, and to develop the same by preparing building sites and by constructing, altering, improving and decorating, furnishing and maintaining cottages, houses, offices, flats, shops, schools, hotels, buildings, works and conveniences of all kinds.

(D) To manage land, buildings and other property situate in (THE REPUBLIC OF MALAWI) whether belonging to the Company or not, and to collect rents and income.

(E) To carry on all or any of the following businesses, namely, builders and contractors, decorators, merchants and dealers in stone, sand, lime, bricks, timber, hardware and other building requisites, brick and tile makers, carriers, and house agents.

(F) To sell, lease, let or dispose of any land, houses or other buildings belonging to or constructed by the Company to any persons, companies or bodies.

(G) To give any security in relation to mortgages, loans, investments and securities, and generally to guarantee or become sureties for the performance of any contracts or obligations.

(H) To sell, lease, grant licences, easements and other rights over, and in any other manner deal with or dispose of the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit and, in particular, for stocks, shares or securities of any other company.

(I) To draw, make, accept, endorse, discount, negotiate, execute and issue bills of exhange, promissory notes and other negotiable or transferable instruments.

(J) To subscribe for, underwrite, purchase or otherwise acquire and to hold, dispose of and deal in shares, stocks and securities of any company or undertaking, the acquisition of which shall be considered likely to advance, directly or indirectly, the objects of the Company.

(K) To promote any company whose objects shall include the acquisition of all or any of the assets or liabilities of the Company or the promotion of which shall be considered likely to advance, directly or indirectly, the objects of the Company.

(L) To amalgamate, enter into joint working arrangements or co-operate in any way with any companies, institutions, societies or associations having objects altogether or in part similar to those of the Company, to purchase or otherwise acquire and undertake all or any part of the undertaking, property, assets, liabilities and engagements of any one or more of such companies, institutions, societies or associations and to transfer all or any part of the property, assets, liabilities and engagements of the Company to any one or more of such companies, institutions, societies or associations; provided that, in so far as this subclause confers power to purchase or otherwise acquire immovable property, such power shall be exercisable only in relation to property situate in THE REPUBLIC OF MALAWI.

(M) To modify the constitution of the Company in any way which may be considered advantagious for carrying out the objects of the Company and to procure any law, charter, privilege, licence or authorisation from any government or other competent authority which may be necessary or expedient for that purpose.

(N) To negotiate and enter into any arrangement with any authorities, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them.

(O) To procure the registration of the Company in any place outside THE REPUBLIC OF MALAWI.

(P) To promote, enter into, contribute to, subsidise or otherwise aid any association, federation, institution, society or other organisation, whether national or international, which may be considered likely to advance, directly or indirectly, the objects of the Company.

(Q) To grant pensions or gratuities to or establish or take part in establishing any pension fund of scheme for the benefit of any directors, ex-directors, employees or ex-employees of the Company or any company with which the Company may amalagamate or which it may control or of its predecessors in business, or the relations, connections or dependants of any such persons, and to establish or support associations, institutions, clubs and trusts calculated to benefit any such person or otherwise promote the objects of the Company.

(R) To subscribe or guarantee moneys for the grant of scholarships and the provisions of any educational facilities which may be considered likely, directly or indirectly, to further the objects of the Company or the interest of its members.

(S) To pay all costs, charges, commissions and expenses of and incidental to the promotion and registration of the Company, by cash or by the allotment of fully or partly paid shares or by the grant of any right or interest in respect of shares or in any such other manner as may be thought fit.

(T) To invest any moneys of the Company not for the time being required for the general purposes of the Company in such investments (other than shares in the Company) as the Directors in the exercise of their judgement from time to time consider advisable, and to hold, sell or otherwise deal with such investments.

(U) To distribute among the members of the Company in specie any property of the Company properly distributable among its members.

(V) To do all or any of the things and matters aforesaid either as principals, agents, factors, trustees or otherwise, and by or through agents, factors, trustees or otherwise and either alone or in conjunction with others.

(W) To do all such other things as may be considered to be incidental or conducive to the above objects or any of them.

The objects set out in any sub-clause of this clause shall not, except when the context so requires, be in any way limited or restricted by reference to or inference from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause but shall be independent main objects.

4. The liability of the members is limited.

5. The share capital of the Company is (.....) divided into (.....) shares of (.....) each and the Company shall have the power to divide the original or any increased capital into several classes and to attach thereto any preferential, deferred, qualified or other special rights, privileges, restrictions or conditions.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

APPENDIX E

List of Contacts Made by SSA Team

Office of President and Cabinet

Mr. Chipendo, Chief Housing Officer
Mr. Emmanuel Gondwe, Senior Administrative Officer, Housing Section
Mr. Z.T. Soko, Economic Planning Division
Mr. P.A.B. Kalirangwe, Economic Planning Division
Mr. Chiwewe, Development Division
Mr. T.N. Msusa, Principal Town Planning Officer

Malawi Housing Corporation

Mr. N.W. Mbekeani, General Manager
Mr. F.K. Sazuze, Deputy General Manager
Mr. G.L. Du Mhango, Principal Administrative Officer
Mr. A.W. Misomali, Chief Development Officer
Mr. C.C. Patel, Chief Accountant
Mr. M. Polera, Senior Archietect
Mr. C.L. Chirwa, Superintending Civil Engineer
Mr. M.F. Kanjo, Chief Estates Officer
Mr. V.A. Robo, Senior Quantity Surveyor

Capital City Development Corporation

Mr. Peter Lawrence, Chief Estates Officer

Mr. Brighton E. Zuze, Senior Technical Officer

Ministry of Works and Supplies

Mr. Richard King

Mr. Kitchin

Mr. H. Eliot

Mr. Slade

National Statistical Office, Zomba

A.G.T. Carter, Commissioner for Census and Statistics

E.J. Gange-Harris, Census Administrator

Other Central Government Contacts (Lilongwe)

Mr. C. Mphande, Treasury Department, Undersecretary in Charge of Development

Mr. S.Y. Kandidziwa, Treasury

Mr. D. Dzaipa, Senior Personnel Officer

Mr. Bennett, Valuation Officer

Ministry of Labour

Mr. D.G. Chimalizeni, Senior Labour Officer

Mr. B.B. Mawindo, Senior Employment Officer

Blantyre Contacts

Mr. Goliati, Area Health Office
Mr. Chinkwende, Blantyre Area Labour Officer
Mr. Jones, Town Clerk
Mr. Machado, District Education Officer
Mr. A.J. Little, Planning Officer
Mr. Dixon, ESCOM

Miscellaneous

Christian Services Committee
World Health Organization, Malawi Office
Mr. Nsongolo, Lilongwe City Council

World Bank (Washington, D.C.)

Ms. K. Hashimoto, Country Economist for Malawi
Mr. Shonubi, Malawi Loan Officer
Mr. J. Frankel, Agricultural Project Officer, Lower Shire Valley Project

U.S. AID/Department of State

Mr. Donald Gardner, RHUDO-East and Southern Africa
Mr. Michael Lippe, RHUDO-Nairobi Office
Ms. Amy Nolan, Office of Housing, AID/W
Mr. Lynn Pompa, AID, Malawi Desk Officer
Mr. Peter Smith, DOS, Desk Officer, SE Africa

United States Embassy; Lilongwe

Mr. Robert A. Stevenson, Ambassador
Mr. Gilbert H. Sheinbaum, AID Coordinator
Mr. James Wilson, Economist