

# Informal settlement upgrading in Windhoek

## Housing Finance for The Informal Settlement



*Adelheid Ndapandula Shileka*

Control Officer: Housing Administration  
Ministry of Regional and Local Government, Housing and Rural  
Development (MRLGHRD)-Namibia

## 1 Namibia Shelter Situation

### 1.1 Basic General Data

#### Geography and Administration

Namibia's housing delivery is characterised by many challenges especially a lack of financial support for the low income. The private sectors is not interested in the lower end of the market, because of the assumed high risk involved for return on capital and the cost of administering small loans. The majority of the people who have irregular employment and who are in the informal economy are not catered for by the private sector. Therefore, the National Housing Programme become the main vehicle for the provision of low cost housing in Namibia.

Namibia is a vast, sparsely populated country situated along the south Atlantic coast of Africa. It is Africa's last colony and it became independent on 21 March 1990 after 105 years of foreign rule. According to the (2001 Population and Housing Census) Namibia has a total surface area of 824,269 km<sup>2</sup> with a population of 1,830,330 million and population density is 2.1 person per m<sup>2</sup>. The capital city of Namibia is Windhoek and has a population of around 233,529 (Census 2001).



Picture 1: The Map of Namibia



Picture 2: The picture above reflects the business area of the capital city of Namibia



Picture 3: The picture above shows one of the residential area Klein Windhoek

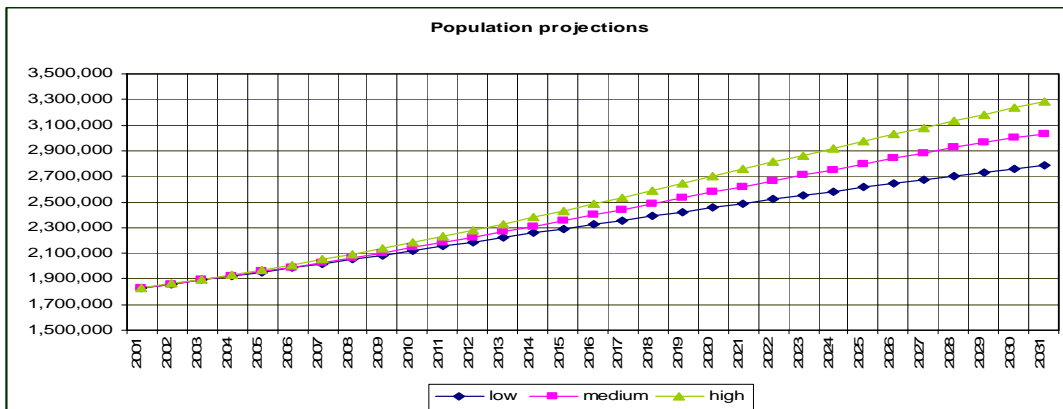
The country is divided into 13 Administrative regions and subdivided into 102 constituencies. The climate is hot semi desert and high plateau with Namib Desert along coast and Kalahari Desert in east.

Namibians are of diverse ethnic origins. The principal groups are the Owambo (about 50%), Kavango (9%), Herero/Himba (8,5%), Damara (7%), Nama (5%), mixed race-coloured and Rehoboth baster (7%), White-Afrikaner, German and Portuguese (6%), Caprivian (4%), San (3%) and Tswana (0,5%).

### Demography and Health

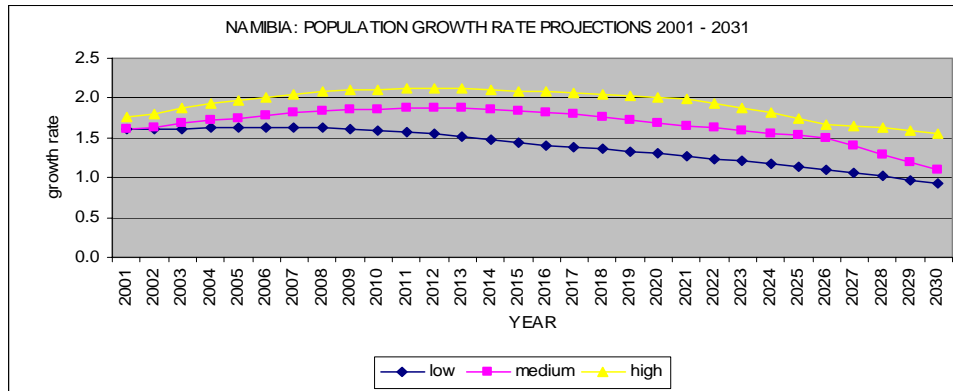
The report of the Namibia Household Income and Expenditure 2003/04 (NHIES 2006:9) conducted by the National Planning Commission (NPC) confirmed that Namibia has a population of 1.985 million, 34.7% of which lives in urban areas and 65.3% in rural areas. The survey also shows that 40% of the Namibian population is under the age of 15, and 51.2% are below the age of 19 years. Only 2.4% of the inhabitants are older than 75 years. These statistics indicate that Namibia, with its relatively small population, can expect population growth which will have an impact on the planning and development efforts of housing now and in the future. The survey on population projections used different scenarios to estimate various population growth patterns. These were based on various assumptions such as fertility, mortality, life expectancy and migration.

Chart 1: Namibia Population Projections



Sources: Namibia Households Income and Expenditure Survey 2003/2004

Chart 2: Average Population Growth Rates: Low 1.4% Medium 1.7% High 1.9%



Sources: Namibia Households Income and Expenditure Survey 2003/2004

The growth rates show that an increase of the population growth rate is expected until the end of this decade there after a decline is expected. This situation has a direct effect on the housing demand state. In the case of the low scenario, the total need of 265, 609 units would be required by the year 2030, for the medium scenario the total would be 288, 620 units, and for the high scenario 311,766 units would be required. Life expectancy at birth in Namibia was expected to reduce to 40,2 years in 2006 from 61 years in 1991 due to AIDS related deaths (USAID 2005).

Table 1: Namibia's Total Population by Age, Sex and Percentage

Age	Sex		Percentage
	Male	Female	
0-14	386,252	379,426	36.4%
15-64	627,752	615,247	59.5%
65-and over	35,960	44,038	3.8%
<b>TOTAL</b>	<b>1,049,964</b>	<b>1,038,711</b>	<b>100%</b>

## Economy

Namibia is largely an agricultural and mining economy, with important marine fisheries.

It depends heavily on both imports such as food, manufactured goods and technology, and on exports such as beef, fish and minerals.

Namibia's subsistence farming sector produces only 1,5% of Country GDP, but is an essential means of livelihood for about 70% of the population. The unemployment rate in Namibia is very high, estimated at 34,5% in 1997. Population below poverty line, the UNDP's 2005 Human Development Report indicated that 34.9% of the population live on \$1 per day and 55.8% live on \$2 per day.

## 1.2 Shelter Related Fact and Figures

### Access to Shelter

In 2003, the Ministry of Regional and Local Government, Housing and Rural Development (MRLGHRD) estimated that Namibia would require a total 300,000 low income housing units in rural and urban areas up to the year 2030.

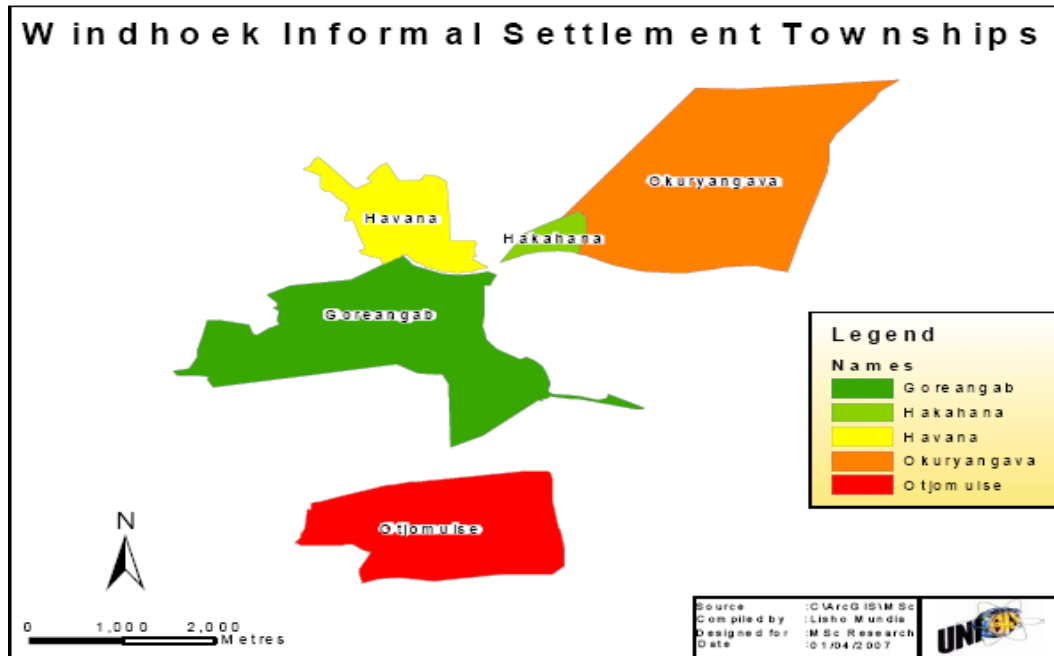
Table 2: Households and Population by Type of Housing Unit, Namibia 2001

Type of Housing Unit	Households	Population
Detached house	116 497	555 126
Semi-Detached/Town House	25 988	119 581
Apartment/Flat	9 222	28 039
Guest Flat	2 270	7 704
Part Commercial/Industrial	2 445	10 066
Mobile home (Caravan, tent)	3 849	16 963
Single Quarters	7 496	26 854
Traditional dwelling	143 810	878 059
Improvised housing unit (shacks)	31 930	116 395
Other	987	4 293
Not stated	1 961	10 155
<b>Total</b>	<b>346 455</b>	<b>1 773 235</b>

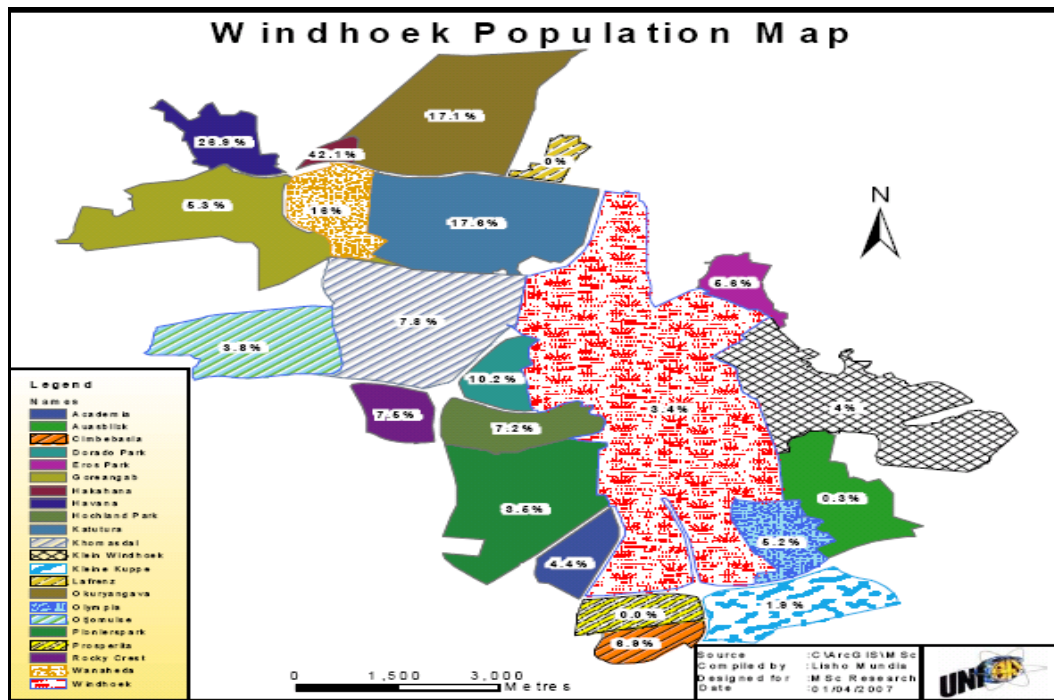
Sources: 2001 Population and Housing Census

This figure is based on the 2001 Census figure of 175 740 households housed in 143 810 traditional units and 31 930 in improvised units.





Picture 4: Windhoek Informal Settlement Townships



Picture 5: Windhoek Population Map

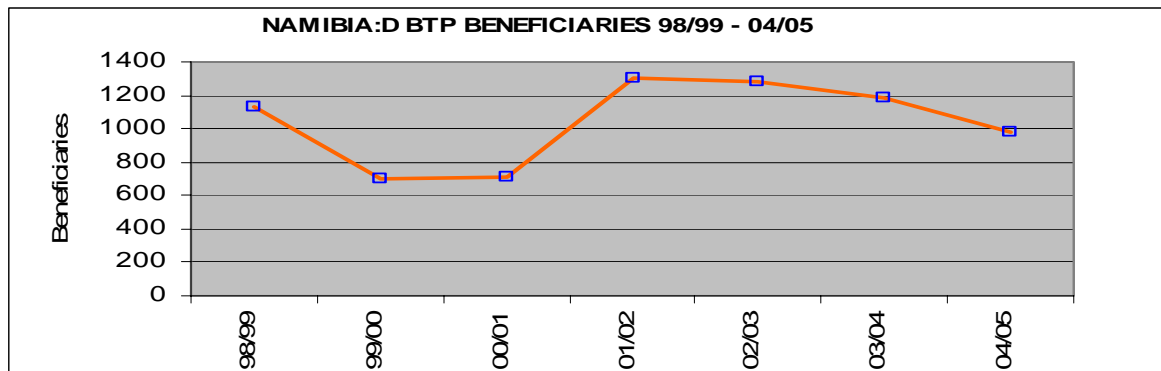
The 2001 National Census further ascertained that effective demand for housing continue to increase countrywide although such demand levels for housing differ from one region to another.

Table 3: Estimated National Average Household Income Distribution

Average Annual Household Income	Average Monthly Household Income	Percent of Households	Market Segment Designation	Maximum Loan Amount	Housing Loan Provider
N\$11,417 to					
N\$18,137	N\$1,511 to N\$3 000	24.0	Ultra low – Low	N\$40,000	SDFN & DBTP
N\$36 000	> N\$3,000	25.0	Higher low	>N\$40,000	<b>Gap</b>
N\$59,718	N\$4,977	15.0	Lower middle - Middle	N\$116,663	National Housing Enterprise & Banks
N\$117,109	N\$9,759	5.0	Middle - Higher middle	N\$228,779	NHE & Banks
N\$183,227	N\$15,269	4.0	Higher middle	N\$357,945	NHE & Banks
N\$339,455	N\$28,288	2.0	High	N\$663,145	Banks

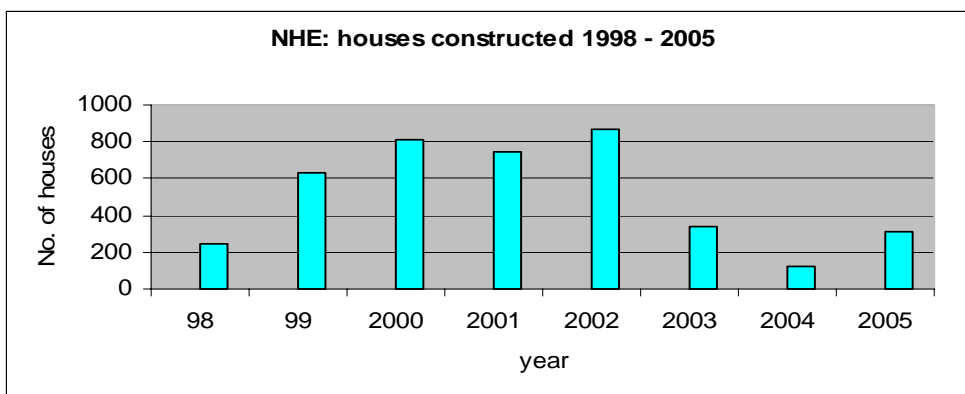
Sources: NHIES 2003/2004 Report

Chart 3: DBTP beneficiaries 1998/99 – 2004/05



Source: MRLGH Summary of capital projects, 2002-2006

Chart 4: NHE: Houses Constructed 1998 - 2005



Source: NHE Draft Annual Report 2005

National Housing Enterprise (NHE)´s average production is 478 units per annum.

Land tenure systems in Namibia include customary land rights, freehold title/private ownership, leasehold title, permission to occupy (PTO), starter title, land hold title, prescription, informal tenure, and land owned by government or local authorities. The land tenure in Namibia is stable in an urban setting. In rural areas a leasehold system need to be promoted, to further rural housing development efforts. Households residing in rental dwellings are mainly found in the urban areas.

Around 10 percent of the households live in dwellings provided by employers. The average monthly rent of a housing unit is US\$ 428.57. 60% of the housing units in Namibia are occuppies by owners, without any mortgage. This equates to 88% in rural areas and 35% in urban areas

Affordability on the part of the homeless is one of the significant constraints when it comes to housing delivery in Namibia.

As a matter of public policy, an equal credit laws an individual or a household may not spend more than 25% of their monthly income on housing.

In urban areas, local authorities are responsible for the provision of serviced land. In rural areas, the regional councils attend to the development and management of settlement areas. However, many of these authorities and regional councils rely on Central Government for capital provision as these authorities have insufficient resources and skill capacity to fulfil their function effectively.

Housing construction is done by qualified contractors, however in the case of the low income, youth groups, or self- help groups are equipped with necessary skills to do the construction. Building materials are expensively imported from South Africa. Materials used for constructions are mainly bricks, cements and corrugated iron. Nevertheless, people are also encouraged to use other alternative building materials to reduce construction.

### Access to and Cost of Basic Services/Infrastructure

**Water Supply:** 75% of the Namibian households have access to running water. The Namibian Household Income and Expenditure Survey 2003/2004 confirm that pipe water is the main sources of drinking for households in Namibia.



**Sanitation:** According to the 2001 Census, 54,2% of Namibian do not have access to flush toilets, a situation that calls for a drastic move to provide sanitation facilities to communities.

**Electricity:** Access to energy sources for cooking and lighting is dominated by wood, as 64,6% of all households use biomass for cooking and 35,4% use electricity for lighting. Many informal settlements as well as many rural households are still not linked to the electricity supply grid in Namibia (no statistics available).

### Access To And Cost Of Education

Children in Namibia start their primary education at the age of 6. Educational institutions in Namibia are primary schools, secondary or high schools, technical schools, agricultural institutes, teacher training colleges and universities. The cost for the primary and secondary education is affordable. The tertiary education is unaffordable to the majority of the population, but the government used to provide loans to few students each year. According to the (2001 Census) estimated that there is a literacy rate of an 81% for all persons aged 15 years and above.

### 1.3 Housing Policy

The Government of Namibia has a National Housing Policy which was approved by the Cabinet in July 1991.

It guarantees the right to housing to every Namibian citizen especially for the formally disadvantaged communities like the ones labelled as “squatters” and those living in compounds (“single quarters”). The central goal of the policy is to make resources available for the development of infrastructure and facilities so that every Namibian family will be given a fair opportunity to acquire land with water, energy and a waste disposal system and to facilitate access to shelter. It ensures that funding is made available for essential infrastructure and services.

### 1.4 Actors in Shelter Delivery and their Roles

The following sectors and institutions are actors involved in housing delivery in Namibia:

- **The Ministry of Regional and Local Government, Housing and Rural Development (MRLGHRD)** through the Regional Councils and Local Authorities -to assist households which on account of their low incomes, have no access to housing delivery by private sectors, developers or by the NHE
- **The National Housing Enterprise (NHE)** – to promote home ownership through project development and to provide credit facilities in the form of housing loans to low and middle income groups for the purchase of a house
- **Namibia Housing Action Group (NHAG)** a NGO its role is to establish saving schemes in order to assist with the servicing of land and the constructions of houses
- **Shack Dwellers Federation of Namibia (SDFN)** – A local community bases organization which demonstrated remarkably the ability of the poor to create their own solutions to the housing challenges facing Namibia today, its functions is to improve the living conditions of low-income people living in shacks, rented rooms and those without any accommodation, while promoting women participation
- **Private Sectors (Financial Institutions-Banks + Developers)** to finance the middle and high-income people in the provision of housing.

### 1.5 Shelter Design

In Namibia, physical planning is done by the Local Authorities. Land is used for commercial purposes, residential and farming. Shelter quality in Namibia comes first even for low-income housing.

## 2 National Housing Programme

The National Housing Programme is housed in the Ministry of Regional and Local Government, Housing and Rural Development under the

Directorate of Housing, Habitat, Planning and Technical Services Coordination. It was established to address issues of shelter and human settlement development. Based on the National Housing Policy a National Housing Programme called “Build Together” was formulated with the assistance of the

United Nations Centre for Human Settlements and United Nations Development Programme. It was implemented during 1992/1993 financial year and it targeted both urban and rural low-income groups earning below N\$ 3000.00. The loan range from N\$ 3000.00 to N\$ 40 000.00 and the interest rate is subsidized on a sliding scale with the minimum of 5% and the maximum of 7%.

The programme is an umbrella body of four (4) sub-programmes namely:  
Urban/Rural Upgrading Sub-Programme: The objective of the sub-programme is to facilitate loans to low income families in order to build new houses or upgrading existing house and also services like water connection. The loan is repayable on monthly instalments over a period of 20% years. Stop orders or debit order should be arranged for the automatic deduction of a payment or one can pay in cash at the Regional Council/Local Authorities or at the bank. So far 14 312 individual loans were granted in all 13 regions in Namibia under this sub-programme.

Social Housing Sub-Programme: The purpose of this sub-programme is to provide funds to small local authorities and regional councils to facilitate housing provision for welfare cases such as people living with disabilities, pensioners and destitute on an economical sustainable basis through a cross subsidization system. Houses are being rented out to social welfare cases on interest of 5% while other houses are built and rented out at market related interest rate to subsidize the sub-programme.

Currently, 342 houses were constructed under this sub-programme.

Single Quarters Transformation Sub-Programme: The objective of this sub-programme is to transform Single Quarters by completely demolishing the buildings and erect new houses for the affected residents. So far 1 835 houses were constructed all over the country, under this sub-programme.

Informal Settlement Upgrading Sub-Programme: The aim of this sub-programme is to assist small local authorities and regional councils in the provision of communal basic services such as water, roads, sewerage and electrical reticulation in informal settlement areas. A total number of 5 298 families obtained communal services facilities and 721 plots were also fully serviced under informal settlement upgrading.

### 3 Shelter Problem

Unavailability of funds, because local authorities cannot independently raise funds for infrastructural development. Therefore, they are dependent on allocations from Government's capital budget and cannot plan projects until their budget allocations are announced annually.

Most of the poor people do not have monthly income in order for them to have an access to financial institutions to obtain loans in order to buy houses and they cannot afford decent shelter. The cost of serviced land is unaffordable to most of the low-income groups.



Picture 6: Havana Informal Settlement-Windhoek

### 4 Proposal for Change and Improvement

- The general proposal is to find out the possible solution within the National Housing Programme to make a provision of 40% from the capital budget to be allocated to informal settlement upgrading
- To provide loans to low income people in a specific informal settlement area in order to construct houses.
- To make the serviced land affordable to most of the low income groups
- Involvement of the community labour participation in order to minimize the highest cost of the labour.

## Evaluation of Proposal

The following is a SWOT analysis, (Strength, Weaknesses, Opportunities and Threat) in order to identify factors that can be used to improve provision of housing in informal settlement upgrading.

Table 4: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Poverty reduction</li> <li>▪ Contribute to National Development</li> <li>▪ Improved housing finance</li> <li>▪ Improved living housing conditions</li> <li>▪ Promote social-economic growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unavailability of funds</li> <li>▪ Ignorance of the private sectors to finance the low income groups</li> <li>▪ Political interference and political will</li> <li>▪ Inadequate for basic human resources</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Community participation involvement</li> <li>▪ Community mobilizations</li> <li>▪ Participation and involvement of the private sectors, NGO's and CBO's</li> <li>▪ Donors involvement in project finance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Affordability for the payments of water/sanitations and electricity</li> <li>▪ Community contributions and participations</li> <li>▪ Problems for maintenance</li> <li>▪ Problems for cost recovery</li> <li>▪ Scarcity of employment</li> <li>▪ Private sectors, NGO's and CBO's participation</li> </ul>

## References

National Planning Commission

2001 Population and Housing Census, National Report, Basic Analysis with Highlights

2003/2004 *Namibia Household Income and Expenditure Survey*

1995-2005 *National Accounts, Sectoral Contribution to GDP 2005*

July 1991 *National Housing Policy*

Ministry of Regional and Local Government

2007 *Build Together National Housing Programme Implementation Guidelines & Procedures* Fourth Revised Edition

Ministry of Regional and Local Government

March 1996, 1999, November 2002 *National Plan of Action*

Ministry of Regional and Local Government

2000 *National Housing Development Act No. 28*

## ***Abbreviations***

<i>DBTP</i>	<i>Decentralized Build Together Programme</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>MRLGHRD</i>	<i>Ministry of Regional and Local Government, Housing and Rural Development</i>
<i>NHAG</i>	<i>Namibia Housing Action Group</i>
<i>NHE</i>	<i>National Housing Enterprises</i>
<i>NHIES</i>	<i>Namibia Household Income and Expenditure</i>
<i>NPC</i>	<i>National Planning Commission</i>
<i>PTO</i>	<i>Permission to occupy</i>
<i>SDFN</i>	<i>Shack Dwellers Federation of Namibia</i>