

Housing Microfinance

Affordable Housing Finance for the Working Poor-Teachers



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1 Tanzania Shelter Situation Analysis

1.1 Basic General Data

Geography and Administration

Tanzania is a United Republic in East Africa located 1° to 11°45' S; 29°21' to 40°25' E. It has 26 administrative regions, 21 forms the mainland (formally known as Tanganyika) and five that forms Zanzibar. United Republic of Tanzania (URT) finds its origin from the union of Tanganyika and Zanzibar in the year 1964. Zanzibar is semi-autonomous. Tanzania is fairly a peaceful country and has been the safe haven for most of refugees from conflict torn Great Lake countries.

Tanzania climatic ranges from tropical conditions, with temperatures averaging about 27°C (81°F), rainfall varying from 100 to 193 cm (40 to 76 in), and high humidity to semi temperate in highland areas, where the climate is healthy and bracing. There are two rainy seasons in the north, from November to December and from March through May. In the south there is one rainy season, from November to March.

Tanzania is approximately 945,100 sq. km, where the mainland is 881,000 km² and Zanzibar is 2,000 km². Of these, 62,000 km² is water bodies and 3350km² of forest and woodland (National Business directory 2008). The administrative capital of Tanzania is Dodoma, where the parliament meets four times a year. Dar es Salaam city is the commercial capital of Tanzania and it is where you find most

of the ministerial headquarters, big companies, and Embassy and donor organisation are.

Demography and Health

Since Tanzania achieved independence in 1961 there have been four national population censuses. The population has grown from 12,313,469 persons in the first post-independence census in 1967 to 34,569,232 persons counted in the census held in August 2002. The growth rate is estimated at 2.019% (2007est) 1.83% giving a projection population of 40,213,160 (World CIA Fact Book Tanzania, 2008). Table one below provide more insight based on the 2002 census for Tanzania.

Table 1: Tanzania Population Census, August 2002

Name	Male	Female	Total	Households	Size of Household	Land Area-Km ²	Persons Per Km ²
Tanzania	16,910,321	17,658,911	34,569,232	6,996,036	4.9	883,749	39
Dar es Salaam	1,261,077	1,236,863	2,497,940	596,264	4.2	16,707	1793
Mtwara	534,402	594,121	1,128,523	293,908	3.8	1,393	68

Source NBS (2003)

More than 70 % of Tanzania's population is rural however, there is swiftly changes where now Tanzania is one of the highest rates of annual informal settlement growth in sub-Saharan Africa, at 6 % per cent per annum. UN-Habitat estimates that 70% of Tanzania urban population live in informal settlement/unplanned settlement. The urban population is growing at a rate of 6% per annum about twice the national rate of population growth. Population distribution is 0-14 years: 43.5%, 15-64 years: 53.7%, and 65 years and over: 2.8% giving a maiden age of the total to be 17.8 years, (2008 est. CIA Fact Book). The life expectance is 51.45 years and population density on average is 39 persons per km² at national level, urban areas such as in Dar es Salaam is 1,793/km² (2008 est. CIA facts Book)

Economy

Tanzania is one of the poorest countries with its economy heavily dependant on agriculture, which accounts for more than 40% of GDP, provides 85% of exports, and employs 80% of the work force. The rest of the labour force works in either

service or industry sector. The service sector is not well developed but has great potential to the economic growth of Tanzania.

Box1: Key Economic Indicators

- GDP (purchasing power parity):\$43.49 billion (2007 est.)
- GDP (official exchange rate): \$14.42 billion (2007 est.)
- GDP - real growth rate: 6.9% (2007 est.)
- GDP - per capita (PPP):\$1,100 (2007 est.)
- GDP - composition by sector: *agriculture*: 42.8%, *industry*: 18.4%, *services*: 38.7% (2007 est.)
- Labor force: 19.69 million (2007 est.)
- Labor force - by occupation: *agriculture*: 80% , *industry and services*: 20% (2002 est.)
- Population below poverty line: 36% (2002 est.)
- Inflation rate (consumer prices): 7% (2007 est.)
- Investment (gross fixed): 18.4% of GDP (2007 est.)
- Budget: *revenues*: \$3.124 billion *expenditures*: \$3.549 billion (2007 est.)
- Public debt: 23.6% of GDP (2007 est.)

Topography, climatic conditions, poor technology and dependency on seasonal rains limiting cultivated crops to only 4% of the land area. Industry traditionally featured the processing of agricultural products and light consumer goods. Long-term growth through 2005 featured a pickup in industrial production and a substantial increase in output of minerals led by gold. Recent banking reforms have helped increase private-sector growth and investment. Continued donor assistance and solid macroeconomic policies supported real GDP growth of nearly 7% in 2007. (CIA Fact Book) Per capita

Gross Domestic Product (GDP) of Tanzania is USD 251, and that of Gross National Product (GNP) is estimated at USD 246.

1.2 Shelter Related Fact and Figures

Access to Shelter

Most Tanzanians opt to own houses rather than rent, however research has established that not all of those renting need to own a house, but will rather continue to rent. Housing construction is taking place in both planned and unplanned areas. Nationally, about 84% of the residents own the houses they live in (quantitative), although in urban areas over a third rent privately (Household Survey 2000/2001).

Land is state owned. Surveyed plots are acquired formally from the government on short and long-term lease bases (between 33–99 years). Surveyed plots are not necessarily serviced (with the exception of the sites and services projects, and the “20,000 plots project” where plots were partial serviced. The

responsibilities of surveying and servicing plots for construction lies with the respective municipalities; but due to scarcity of funds, the financial burden is shifted to the communities, and sometimes to donors in conjunction with the Government. When it comes to informal settlements, unauthorized individuals sell informal plots to other individuals. The pieces divided by the owner/seller consider few or none of the town planning ethics and codes of conduct.

Most urban areas lack drainage channels (except for those residing near regional roads and few other roads). Waste disposal (solid) method commonly practiced in the inner urban areas, and some very few areas far from the city centre. There are no services of collecting solid waste in rural areas. Liquid waste disposal is either through central sewers disposing into oxidation ponds, or using septic and soak away pits that are emptied using cesspit emptier. In rural areas, pit latrines are predominantly used.

Compared to rural residents, urban residents have serious shortage of housing as the result of fast urbanization, attributed to rural-urban migration. Of recent, the urban population is estimated to be growing at an annual rate of about 4.2%. The urban population increased tenfold from 1967 to 2002. In 1967, the urban population was 685,547 or 6.4 percent of the total population whereas it rose to 7.6 million or 22.6 percent in 2002. Therefore, the housing demand (effective demand) was about 1,844,482 units. In 2007, the absolute number of urban population was estimated at about 9.5 million or 2.3 million households. Approximately 80,000 urban households are in need (entitled) of housing annually of which 61,040 of them are expected to be tenants.(URT: 2008 Draft Housing Policy)

There are three types of Housing Tenure: owners' occupier, owners', renters' occupier, and tenants' occupier. The National Household Survey of 2000/01 shows that the proportion of house owners is declining despite the societal pressure for homeownership implying that the proportion of tenants is on the rising side. Comparison of HHS of 1991/92 and 2000/01 shows a decline from 85.4 to 84.3 percent respectively, with the exception of Dar es Salaam city, which has the least proportion of house owners, which increased from 31.2 percent in 1991/92 to 32.4 percent in 2000/01.

National Population Census of 2002 indicates that at national level there is a slight improvement in the use of modern building materials for the main components of a house; even though the majority of houses are built with

temporary materials. Out of all houses, 46.3 percent have metal roof; 15.5 percent have walls built with cement bricks and 26.4 have cement floor. There is significant variation in the use of modern building materials between urban and rural areas:

- About 67.5% of rural private households live in houses with thatch/grass/ mud roofs; in comparison to only 10.8% of urban
- About 89.3% of rural households live in houses with mud floor, where as in urban areas it is only 29.4 %
- Only 17.9% of rural households live in houses with stone, cement blocks and baked bricks walls while over 62% does so in urban areas

Figure 1: Picture showing a part of informal settlement in Dar es Salaam



Source: Homeless International

Private households still have shortage of bedrooms (National Population Census of 2002) giving the current occupancy rate to be about 2.4 persons per room, which is slightly lower as compared to 2.6 in 1992. That occupancy rate is still above the acceptable national occupancy rate of two persons per room. About 70.5% of the households have one to two bedrooms; approximately 17.2 percent have three bedrooms; around 7.7% have four bedrooms; and only 4.5% have five or more bedrooms. There is no significant difference between urban and rural areas as about 70.3 and 71.0 % of private households in rural and urban areas respectively, live in houses with one and two bedrooms.

Access to and cost of Basic Services/Infrastructure

The supply of services such as water and electricity to private households is still problematic especially in the rural areas. On average 47.2 % of private households countrywide get water from pipes/protected well; only 9.7 percent have connections to electricity and 0.9% use electricity for cooking. Urban areas are better served with water and electricity than rural settlements. These make majority of population to rely on un-environmental friendly means for energy source i.e. 99% and 79.6 % of households in rural and urban settlements respectively use firewood/charcoal for cooking.

Sanitation is still a major issue and the Census of 2002 indicates that about 91.4% of households have on-site disposal type of toilet facilities (about 88.0% are of pit latrine and 3.4% flush toilets). About 8.6 % have no toilet facilities at all. Due to concentration of population, there is more pressure on urban local water supplies than on rural settlements, as the quality of the water available to the community is likely to be contaminated and affects all aspects of health

Access to and cost of Education

The structure of the formal Education and training system in Tanzania constitutes 2 years of pre-primary education, 7 years of primary education, 4 years of Junior Secondary (ordinary Level), and 2 years of Senior Secondary (Advanced Level) and up to 3 or more years of Tertiary Education. The education sector is showing impressive results mainly from enrolment rates. However, the numbers of those making to tertiary is very low for it is less than 5% who starts at primary who make it that level. Also there is a large group of children whose right to education is at risk because they are 'over-age' and cannot presently be accommodated in primary schools. A complementary education schemes COBET was been introduced to cater for them. But the number

However, as enrolment levels rise, the quality of education remains a concern, because of the extra strain the increased enrolment puts on the system. With that is the impact of HIV/AIDS on the teaching staff, which further complicates matters. Attention to the quality aspect, gender inequities in the education system is needed to ensure equal access to not just education but quality education, as those who are able are sending their kids to private schools.

1.3 Housing Policy

Since early 1960s, Tanzania has had some housing initiatives based on its socio-economic stand of the time and includes:

- State sponsored housing production and delivery
- Lowering standards to reach the lower income families
- Involving future beneficiaries in housing production (i.e. Housing Cooperatives (in 1962) and working with CBOs
- Intervention in housing inputs to facilitate housing production i.e. housing finance (Tanzania Housing Bank, Revolving Housing Loan Facility); technical services, capacity building; and land delivery projects at local levels;
- Enabling policies by shifting to the role of enabler rather than provider, by focusing on creating economic, financial, political and social environments that were friendly to housing development e.g. Reforms in land policy
- Privatisation of state-owned housing by sale of some of government housing quarters occupied by civil servants and those owned by NHC for renting

Nevertheless, housing is primarily a community activity that is neither public nor government function. The worldwide approach commits governments to be provider while decentralising the implementation of housing policies to local government authorities who should be facilitators/enablers of housing programs in their areas of jurisdiction. Central Government function should remain that of provision of basic infrastructure - roads, water, electricity, etc and basic social services – education, health etc.

Since Tanzania's independence, there have been many initiatives to address housing in the country, however the first National Housing Policy was formulated in 1981 and had an objective of providing the framework and context for the housing sector development. It outlined the need for addressing broad housing problems including housing shortages in urban areas; poor housing quality in urban and rural areas; growth of unplanned settlements in urban areas; and inadequate infrastructure and services in urban areas. The policy called for concerted efforts from all stakeholders and government agencies involvement in housing sector. Budgetary constraints and change in economic policy direction to market economy, led to the policy not being implemented for lack of subsidies.

In 1995, the Tanzania adapted “market friendly” Land Policy in recognition of urgent need for having properly functioning land market. A major objective of this policy was to improve access to land for rapid and sustainable socio-economic development. The policy was operationalization and Land Act 1999 was enacted in 2001 giving raised to land market reforms, key catalysts to efficient housing development.

Parallel to that was National Human Settlements Development Policy introduced in the year 2000 with the objective of addressing broader issues of shelter and human settlements such as enabling environment to access adequate shelter for all. It advocated for efficient land delivery system, simplified building regulations and standards, upgrading of unplanned settlements, housing finance, infrastructure and service provision, and better rural housing. However, it also fell short of addressing the problems of the housing sector.

Currently the government has instituted reform in the ministry Land, Housing and Human settlement which is responsible for housing, and create a full fledge Housing Directorate. Before that, Housing was a section under Human Settlement Development Directorate. The cry of many of the actors in Housing is to have a full fledge Housing Ministry.

This new department was operational in the financial year 2008/2009 and is working on a comprehensive housing policy, which is presently on the final draft being reviewed by the cabinet and Parliamentary committee before it can be passed. Policy vision is to see all housing consumers having access to affordable housing types of their own choice and of standard quality by 2025. Its mission is to guide the citizenry towards development of a non-discriminatory and efficient housing delivery system and creation of a healthy, aesthetic and decent living environment.

The policy directions aim at boosting the housing sector by redefining the roles of the government and other key actors. This involves taking positive and pro-active measures that nurture the creation and growth of a fair and demand-driven housing market system while safeguarding the interests of the marginal groups who are unable to compete under free market atmosphere. With the housing policy, there government has also passed a number of acts such as Condominium and Unit tile Act and Mortgage Financing Act all of which will further stimulate actions to address housing issues in the country.

1.4 Actors in Shelter Delivery and their Roles

According to National Human Settlement policy of 2000 and the new National Housing Policy (final draft) the following with their respective role are identified as actors in shelter delivery

- The Government is to be the enabler not provider, through its various ministries responsible for land and human settlement development, infrastructure services development, and local government. Its role is making policies, soliciting funds and preparing national development planning scheme
- Local Governments, at regional and municipal levels, are responsible with coordinating and monitoring national development projects, collecting property taxes, and generally initiating development projects in their areas e.g. working together with communities/ helping in soliciting funds for various projects
- Government agency: Tanzania building agency (TBA) through the ministry of Infrastructure Development and National Housing Cooperation through Ministry of Land, Housing and Human Settlement Development is to provide Housing for civil servants and social housing respectively
- Non-Governmental Organizations (NGOs) are to work together with communities and/ or municipalities in developments projects, soliciting funds from donors to finance development projects, coerce changes in systems that bring about proper developments. They are to act as pressure groups.
- The Private Sector is business oriented and is expected to construct, sell or rent houses to those who can afford; lend to those who can afford to pay back; and contracted to provide infrastructure services. They are to work together with Government at provision of housing for rent, lease or sale.
- Community Based Organizations (CBOs), which are small groups at a neighbourhood level, mainly residents of the area needing to improve their living standards. Their roles is identifying shelter problems and priorities, participate in housing delivery and provision of infrastructure services at group or individual level (finance and ideas), use and maintain shelter.
- The Research Institutions (Private/ Public) are to conducts training in capacity building, quality control, and carry out research and advise accordingly.
- Other actors mentioned includes politicians, housing cooperatives, donors/ international organizations, Faith Based organisations and all groups that in one way or another are involved in the housing delivery process.

1.5 Shelter Design and Housing Delivery

Normally, building codes and standards are most suited to controlling physical elements of buildings and other aspects of the built environment. Currently, Tanzania building codes and standards are based on the old outdated British standards! These are contained in the repealed CAP 101 which had building codes and standards, but yet they are still useful for urban consumption as no new ones have been enacted. Local Government Act (Urban Authorities) and Urban Planning Act of 2007 make provision for having a building permit or a planning consent before commencement of construction. No details on how the building should be constructed. The Human Settlement Development Policy of 2000 insists on the government to give Housing priority in implementing national policies alongside health and education. National Land Policy of 1995 has a provision on designating special areas for low income housing with simplified building regulations and affordable level of services but no regulations and acts to enforce these policies as far as housing is concerned.

Government through Tanzania Building Agency (TBA) is responsible of providing public housing for its civil servants. According to the law, all workers from TGS 3 salary scale (i.e. approximately US\$ 130.00) and above are entitled to get public housing. Recently TBA has been constructing houses and selling them to the civil servants. However, the demand is bigger than supply, thus making those in the lower scale being left out. Teachers fall within the scale of entitlements for housing but due to their poor income, it will be difficult for them to be served in the near future. Like the rest of the underserved working poor, they are left to provide themselves with housing through their own means. This means the construction takes longer due to lack of financing the construction is always incremental.

2 Tanzania Gatsby Trust

The Organisation

Tanzania Gatsby Trust (TGT) is a registered charitable Trust in Tanzania since 1992 under the Trustees' Incorporation Ordinance, Cap 375 for poverty alleviation by enabling hundreds of Small and Medium sized Enterprises (SMEs) to carry out productive and profitable enterprises. SMEs sector is contributing 30-

35% of the gross domestic product and consist of more than one million enterprises engaging 3-4 million persons i.e. about 30% of the labour force.

TGT Trustee Board members are drawn from business, enterprises and community development backgrounds. They are all endowed skills, knowledge and experience needed to govern the Trust. The TGT Vision is “working in partnership with others striving towards an enterprising Tanzania in which prosperity is widely distributed”. TGT sees itself as one of the stakeholders in the SMEs Development in Tanzania, pursues relentlessly its Mission “to harness, channel and unleash human energy to build Social, Financial and Physical Capital through Entrepreneurship Development”. TGT has supported SMEs with credit for business activities, market developments training and technology transfers since its inception 1992. Housing is a new product based on TGT client need for a scheme that also support them in providing low cost adequate housing

TGT activities are guided by three years strategic plan. December 31st, 2008 marked the end of most recent TGT three years (2006-2008) strategic plan. A financial review and evaluations were done to inform on the next strategic plan. Among the key recommendations that emerged from the evaluation especial that TGT financial have to become self sustainable and covering all its cost at the sometime generating surplus to expand it services. The process of developing the 2009-2013 annual plan started on October 2008 and it is now on its final stages. The new plan proposes the organisation transformation into a regulated MFI and NGO to ensure that the financial services grow without hampering the organisation dual mission of financial sustainability and social development.

The process has an impacted the low cost housing programme, due to requirement of huge working capital to start the project. The new plan clearly specify the need to continue with the Programme within the TGT NGO which is charged with responsibility to research and develop good HMF product s that will be ready for up take by TGT MFI or others client or other potential partners. The problem definition and proposal for change takes into consideration these new changes.

TGT Low Cost Housing Scheme

TGT Low Cost Housing Scheme arises from a need for a programme that also supports TGT clients in provision of low-cost but adequate housing. A research was then done to find on how best to respond on that need, a potential market

niche for housing finance as a new product the organisation may offer. The research include study tours, seeking funds to facilitate needs assessment and document the housing situation in three Regions of Tanzania where TGT is operating i.e. Mtwara, Rukwa and Zanzibar. A number of home improvement microfinance programmes were also reviewed and visited in order for TGT to learn and familiarise itself with low cost housing finance for designing and launching its own housing programme.

As part of the study, TGT venture into partnership with Habitat for Humanity Tanzania (HFHT) and did a pilot project in Zanzibar, where 11 houses were built. The repayment rate is 100%, and this money is going into a revolving fund that will be used to build more houses. The project was evaluated after completion and the lesson lessons were integrated to The TGT Board decision to scale up the housing project in Zanzibar. With it was development of a new product-Teachers' Housing Microfinance starting at Mtwara region by starting with an in-depth feasibility study through CQS Services Limited, PSM Architects Limited and Frontiers consultant to do an in-depth feasibility study for the scheme.

HFHT was not keen to continue with the partnership, so TGT decided to go ahead with the project and establish its own housing department and recruited key staff to implement it Low Cost Housing Scheme. The TGT scheme deviate from HFHT interest free loans that are discounted using the key building material i.e. cement. Usually HFHT will convert the housing loan to equivalent number of bags of cement based on the price at the time of completion of project. The monthly payment are then done in Tanzania shillings equivalent to price of cement at them month of making payment discouraging homeowners in making payment as the see their loan getting bigger and bigger as the price of cement raise.

3 Affordable Teachers' Housing Microfinance

One of the impediments to building decent housing is lack of affordable housing financing that is in line with the needs of the poor. Access to housing finance together with lack of security of tenure, and serviced plots are some of the courses of substandard housing especial for the urban low-income earners.

Among those most affected group are lower cadre of the civil servant specifically teachers, who constitute almost nearly 25% of the civil servants of Tanzania e.g. 205,387 of which about 85% are primary school teachers 15%

secondary school teachers (2008: Tanzania Ministry of Education Data). The quality of life lead by most teachers, who are seen by many, as an educated group is very poor because of low income, illnesses, unable to meet monthly rental needs and living in substandard housing. Their works is time demanding to allow them engaged in other economic activities.

Teachers, especially those in primary school are among the groups that constitutes the urban low-income earners. According to Ted Mhagama, a senior official in the Ministry of Education recognises that teachers are not paid as well as other professionals. He says, “In other professions, like accountants, bankers, medical doctors and lawyers graduates earn up to \$US400 a month but not teachers. “ In contrast, secondary school teachers’ salaries are about \$US150 a month while primary school teachers receive less than \$US80 a month. (2005: Educational International)

This in turn has led to many teachers leading a very poor life in terms of health and their housing. Many schools have tended to provide housing to teachers near the schools as a way of improving quality of education by retaining teachers but also the quality of teachers’ life. However, the houses are usually not sufficient in (quantity), overcrowded (More than one family live in one house meant for one family) and lack of sense of ownership (because they belong to school) many of them are in appalling condition due to poor maintenance as the case of many public buildings.

4 Provision of Housing Finance -The Case of TGT Mtwara Teachers’ Housing Microfinance Scheme

Housing is an important element that has direct and positive impact on health, security, income and self-esteem of the homeowner. Thus, TGT housing microfinance project seeks to provide affordable housing finance to teachers in a way that does not create dependency but will also restore their dignity they once held in the societies in earlier times This project aims at working with the teachers to provide Housing finance to needy teachers starting with those working in Mtwara Municipality. The Teachers' Housing Microfinance project will also provide a foundation on how best can TGT and such groups of working poor, and or their associations such as SACCOS and other self-help housing groups can collaborate to provide decent shelter in urban centres

Housing microfinance (HMF) is one of the ways of packaging affordable housing finance for low-income earners in the way that is in line with their life style. TGT have years of experience in issuance of Micro credits to small and micro enterprises but not housing. The housing pilot project with HFHT informed the organisation that though HMF bears similarity to Microfinance for micro credits, their difference is that the housing loans are much larger and may have a longer term in repayment. HFM loans impacts client asset base while those for micro credit impacts the cash flow. For these reason, it requires a different approach in packaging it as product for it to have the desired result.

To achieve this TGT commission a Study to a consultant - CQS Services Limited, PSM Architects Limited and Frontiers. The scope of work included:

1. Establishing the scope of Financing of the Project as a working basis for further discussions with the prospective applicants
2. Assessment of House Requirements of prospective applicants to understand their need in terms of the house space and cost ceilings
3. Assessment and verification of plot ownership with all the necessary documentation required before any financing arrangement can be considered
4. Assessment of market of the proposed locations in terms of rental and sale values to ensure continuity of mortgage payments even in the event that the property is sold or rented out
5. Design of a prototype house that meets the requirements of the applicants and Financier that is cost effective
6. Preparation of cost estimates for the prototype house design
7. Assessment of equity, client contributions that the applicants may be able to make to the project, and incorporate in the respective house unit budget
8. Bonding for securitization of mortgage payments including a look at the income brackets of the respective employees so as to assess loan ceiling
9. Mortgage amortization amount that is appropriate to avoid complications of defaulting payees.
10. Preparation of a budget and programme of works: The Preparation of an overall budget for the project and a programme of works

A report of the finding was presented to the TGT Board of Trustee for review and implementation. What followed was to operationalised the project report into

a Teachers; Housing microfinance scheme by piloting the product. The Zanzibar experience together with the Study for provision of Housing Microfinance loan to teachers in Mtwara provided a model of financing housing with micro enterprises clientele but teachers who are salaried employ require a different approach.

The Housing Project office was charged with developing a loan product that will be secure against teachers' monthly salary and will base on family's total monthly income. The project will target working poor specifically teachers- Primary and secondary school teachers-those who can afford to pay back the loan within 5 yrs, with 22% on reducing rate of principle & currently don't own a decent house and or renting. Based on the study by consultants the loan size will range from 2,500,000/- for the core house 24m² in area (phase 1), 3,500,000/- for 34m² (phase two) and 5,000,000/- for the 45m². The prospective client will have to contribute up to 10% their equity. The units will be built using stabilized soil block, galvanized corrugated iron sheets, and have a plain smooth cement finished floor. To keep the cost down walls will be plastered from interior and finished with lime white wash. The windows will be of wooden frame with mild steel burglars' proof bars and mosquito screen. Door will be made of hard wood

To achieve a good bonding, a Memorandum of understanding (MOU) between TGT and teachers' employers who is the Municipality of Mtwara will be drawn. This is important in processing ensuring monthly repayment through automatic salary deductions by the Treasury, who are responsible to prepare salaries for all the Civil servants. For this to be achieve this a project proposal was submitted to the President Office –Civil Servant Commission have their concern as they are in charge of all the civil servant affairs teachers included.

The housing microfinancing will require a huge capital to have the project up and fully running which TGT does not have. TGT envision being an intermediary between banks/financial institutions and the teachers (or their organisations). This is the long-term strategy to ensure TGT Housing Microfinance Programme achieves scale and sustainability. TGT will finance the pilot, and use the results to develop funding proposal and strategies to scale up the project. Thus, as a short-term strategy TGT will learn from the pilot, innovate and develop a housing microfinance product that meets the market test for up take by its strategic partners/whole sale clients, or sell the loan to commercial financial institutions that want to scale down and reach lower markets but have no point entry to the communities. On a long term TGT will also use the results to fund raise for funds

to scale up the product and negotiate with actors such as Local Government to availing land for low-income earners housing, an important component in packaging housing finance. The experience gained is expected to inform on the:

- On packaging a housing microfinancing product for salaried employees, specifically teachers
- Experience on construction in Mtwara and the cost involved
- How to partner and/ or structure to access grants, soft loan or commercial finances for the housing micro-finance on a large scale
- Show case the results and use them to enter into discussion/negotiation or with local/international partners and financiers or leverage their support or for the project

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