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# Institute of Development Management

PROGRESS THROUGH SELF HELP:  
URBAN HOUSING IN BOTSWANA

by: Steve McCarthy

Studies in Development Management

No. 3

February, 1978

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## FOREWORD

The Institute of Development Management has undertaken a Series of Studies in Development Management. These have a twofold purpose: first to provide much needed additional materials based on local experience for use in IDM training courses and seminars; and second, to assist members of the IDM staff and others concerned in analyzing development policies and programs and their implementation.

This Study is the third in the Series to be published. It was undertaken for the IDM by Mr. Steve McCarthy, who prior to preparing this Study served as Senior Planning Officer with the Ministry of Finance and Development Planning in Botswana. Mr. James Campbell, IDM Research Coordinator, is responsible for general supervision of the Series and editing the publications.

The author assumes full responsibility for the content of the Study. Provided acknowledgement is made, part or all the Study may be reproduced.

George V. Haythorne  
Director.

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## I. Introduction

All developing countries experience rapid urbanization - that is that people move out of the rural areas to the towns. Of itself urbanization is not a bad thing. Development involves the creation of a modern sector in the economy and this is most easily done in the towns. Most of the so called developed countries themselves changed from traditional societies at a time when their cities and towns were expanding, though not quite so rapidly as is now experienced in the developing countries. For the individual, the decision to move from the rural areas to the town is rational. It is difficult to earn a good income in the rural areas, unless one is prepared to work very hard. While not everyone who moves to the towns is lucky enough to get a job, those that do can easily earn much more than their compatriots who have remained in the villages. In addition it is much easier to have one's children educated in the towns and to get good medical attention and clean accessible water.

But however rational the decision to move to a town may be for the individual, for the governments of developing countries urbanization always presents problems and difficulties, both administrative and financial. As the towns grow it is necessary constantly to provide new services, new schools and clinics, new water supplies and especially new housing in some form or another. Although land for housing in the rural areas is easily provided in the traditional way, and people find it quite natural to build their own homes from locally available materials, in the towns the situation is quite different. There is no traditional mechanism for allocating land, so the government either has to create new modern mechanisms, or watch the growth of very densely populated and unhealthy squatter settlements.

As a result of these difficulties governments in developing countries usually have policies which discourage excessive migration from the rural areas to the towns. The policies can range from forcible deportation of the urban unemployed and bulldozing of squatter settlements, to positive emphasis on rural development to make the rural areas more attractive. Neither type of policy has ever been entirely successful. New settlements spring up after old ones have been razed to the ground, and there are many obstacles in the path of rural development, and improving the quality of life in the rural areas. It is probable that most countries in Africa, although proclaiming a preference for rural development where the majority of the population still live, actually devote a greater proportion of development resources on the articulate and educated minority which lives in the towns.

This case study describes how Botswana's urban policies have evolved in the ten years since independence. At the beginning of that period there was only quite a small urban population, 5% of the total, and there was scarcely any need for an urban policy as such. But at the same time rapid urbanization was beginning as Table 1 illustrates. It became necessary to formulate a policy which would both:

- discourage, though not eliminate, urban migration and
- provide reasonable accommodation and services for those who did move and live in the towns.

Of course there is a certain amount of conflict between these two policy objectives. The more one provides better living conditions in the towns the more likely are the people in the rural areas to say: 'Enough of this hard work on the land it is time we moved to the towns where life is easier'. Perhaps it is because of this underlying conflict that the development of policy in this area is never easy and straightforward - it certainly has not been in Botswana. Sometimes one objective gets emphasised, sometimes the other.

Table 1 shows that the urban population grew from 21 000 in 1964 to 59 000 in 1971, an annual increase of 16%. Moreover many of these people were living in what are usually called 'squatter settlements' that is unplanned areas normally without services such as water or schools and where the residents generally do not have formal title to the land that they occupy. The most overcrowded of these settlements were Naledi in Gaborone and Botshabelo in Selebi-Phikwe. But many of the older established areas in Lobatse and Francistown such as Peleng and Riverside are also strictly speaking squatter settlements even though they contain well established and thriving communities. It was this rapid rate of urbanization and the fact that many urban residents were obliged to live in squatter settlements that forced the government to begin to formulate an urban policy around 1969 and 1970.

There was also another problem. In the colonial period all colonial government civil servants had been provided with housing by the Government. Obviously this was necessary for expatriate officers. But the custom was carried over in the independent Government which was increasingly manned by local civil servants, who in most postings could be expected to look after their own housing requirements. In addition the rents which colonial officers have to pay for their frequently very commodious dwellings were extremely low and only recovered about 40% of the expenditure that the Government incurred in providing and maintaining the accommodation. In other words the rents were subsidised. The effect of this was that col-

Table 1. Urbanization in Botswana

Town	1964 population	Annual growth rate to 1971
Gaborone	3 800	24%
Francistown	9 500	10%
Lobatse	7 600	7%
Selebi-Phikwe	-	-
Orapa	-	-
Totals	20 900	16%

1971 population	Annual growth rate to 1975	1975 population
17 700	17%	32 600
18 600	6%	23 200
11 900	6%	14 800
10 000 (est)	20%	20 600
1 200	14%	2 000
59 400	12%	93 200



onial civil servants were occupying very large dwellings, much larger than they would expect had they been working in the United Kingdom, and indeed much larger than they could afford if the rent had not been subsidised.

As we have seen this tradition of high standards of housing at low rents for civil servants was carried on after Independence. Then the size of the government administration began to grow quite rapidly. As it grew new houses had to be provided for the new officers being recruited. As a result a large proportion of the government development expenditure, 22% between 1966/67 and 1969/70, was being used to finance housing for civil servants. If this expenditure could be reduced then more resources would become available for other development projects. In addition the constant need to build civil service housing was absorbing a great deal of administrative effort which could have been better used elsewhere.

## II. The Botswana Housing Corporation

The idea of establishing a Botswana Housing Corporation was originally conceived as a way of tackling both the problem of providing houses for urban migrants and for taking the administrative and financial burden off the government for housing civil servants. This is clearly stated in the Botswana Housing Corporation Act of 1970 which sets out the functions of the Corporation to be:

- To provide for the housing needs of Government and local Authorities.
- To provide, and assist and to make arrangements for other persons to provide houses; and
- To undertake and carry out, and to make arrangements for other persons to undertake and carry out, housing schemes in Botswana.

Like other parastatal corporations the BHC was intended to be run on commercial lines without accumulating large profits.

The Act establishing the BHC actually says:

- ' (1) The Corporation shall so manage its business that taking one year with the next -
  - (a) its revenue is sufficient for meeting all expenditure properly chargeable to revenue;
  - (b) sufficient provision is made for depreciation of assets.

- (2) Except in so far as is required by sub-section (1) the making of profits shall not be the object of the activities of the Corporation<sup>1</sup>.

Many people had high expectations for the new corporation believing that it would quickly make an impact on the huge demand for low cost housing in Botswana's towns, and relieve the government of the financial and administrative burden of housing civil servants. Certainly the staff of the Corporation set about their work with great vigour and enthusiasm.

Let us see how the two major problems were tackled, starting with the problem of civil service housing.

### III. Civil Service Housing

Most of the government owned houses, especially in the towns, which were rented to civil servants were transferred by the government to the BHC soon after it was set up, in fact on 1st April, 1972. The houses were valued at approximately their original cost, and the BHC was to repay the government in a series of instalments at 7 1/2% interest over about 25 years. The BHC in turn estimated that it would have to charge annual rents on each house representing about 12.5% of the purchase price. The 1971/72 Annual Report of the BHC shows how this figure was calculated.

'The 12.5% comprises basically a 9% element for the annuity costs of the repayment to Government for the houses at a rate of 7 1/2% over a period of 25 years assessed on the purchase prices to the Corporation of the houses transferred from Government together with an allowance of 1% for the Corporation's management costs, 2% for maintenance costs and with 0.5% for the payment of local rates and taxes.....'

The first two columns of Table 2 show how the 'economic' rents calculated in this way compared with the subsidised rents which civil servants were actually paying. On average the economic rents were 25% higher than the subsidised rents. There would have been a civil service outcry if the new higher rents had just become payable without any additional compensation. So most of these houses were simply rented back by the government, in a block, and allocated to civil servants who continued to pay the old subsidised rents. However civil servants had the option of receiving Housing Allowance from the government and either renting a house at the 'economic' rent or finding their own accommodation. But at this stage the Housing Allowance was not usually sufficient to cover the difference between the subsidised and economic rents and not many officers took this option.<sup>1</sup> In addition new civil servants were obliged to take the Housing Allowance and to pay the economic rent.

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<sup>1</sup> At that time the Housing Allowance was 14% of basic salary for unmarried officers and 20% for married officers.

Table 2. Rentals per month Pula

House Type	Old subsidised rent	from April 72	from October 74	from December 75	from July 76
Superscale	42	147	170	213	250
Type I	34	115	131	164	193
Type II	26	97	110	138	162
Type III	18	76	80	100	117
2 Bedroom M.C.	-	-	64	80	94
Div III	- n/a	31	38	48	56
Type IV	- n/a	26	28	35	41
LCH 1 and 10	-	-	18	22,5	26
LCH 13	-	-	14	17,5	21
Stage IV	-	12,3	12	15	18
Stage III	-	9,9	10	12,5	15
Stage II	-	7,7	8	10	12
Stage I	-	5,6	6	7,5	9
Type I Flat	20	45	70	88	103
Type III Flat	16	40,5	45	56	66
Average Increase		25% (approx.)	12%	25%	18%

Sources: "Memorandum on Housing Policy" MFDP, February 1971.  
 BHC Report and Accounts at 31st March 1975, Appendix D.  
 BHC Report and Accounts at 31st March 1976, Appendix C.

The policy was developed a stage further two and a half years later in October 1974. From that month on all officers had to pay economic rents.<sup>2</sup> The economic rents themselves were increased at the same time. New houses being erected by the BHC were costing considerably more than those purchased from the government and the intention of the new rent levels was to average out these differences so that all houses of the same type attracted the same rent, regardless of when they were built or whether they were rented to public officers or private individuals.<sup>3</sup> Finally, in order to compensate civil servants for the transition from subsidised to economic rents the Housing Allowance was increased and was made payable to all officers.

The Housing Allowance was calculated in such a way, that the majority of civil servants would be neither much better nor much worse off, after October 1974, than before. The additional rent they had to pay was about the same as the new housing allowance they received. Nor was the government much worse off. The interest earned on the loan to the BHC helped to pay for the cost of the housing allowance, while once the houses had been transferred to the BHC the government no longer had the expense of maintaining them. What then was the point of the whole exercise? Why did the Government encourage an increase in rents by setting up the BHC on commercial lines if it intended to compensate for the increase in rents by paying a housing allowance? The answer lies in the original concern that the standard of civil service housing was too high, and that too large a proportion of development expenditure was going into building houses for civil servants. It was expected that the new policy would change this, over a period of years, in the following way.

Consider a middle-ranking civil servant say on Administrative 2, Technical 2, or Executive 2 scales. In October 1974 he would be entitled to a housing allowance of P65 a month. If he were occupying a Type III house then his economic rent would be P80 per month, compared with a previous rent of P18 per month. The rent increase of P62 a month which he had to pay when economic rents became obligatory was just P3 less than

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2. The only exception were those expatriate officers serving under a Technical Assistance Agreement which entitled them to rent free or subsidised rent accommodation. These officers of course did not receive housing allowance.
  3. The BHC has to get government approval before it can change its rents. In this case it may have happened that the government exerted some pressure to keep the new rents down. That the new rents were inadequate is clear from the fact that the BHC made a loss in the 1974/75 financial year and had to increase rents again just 14 months later.

the housing allowance. But if he now chose to move to a Type IV house, for which the economic rent was only P28 a month, then he would have an additional P52 each month to spend on other things. Similarly, if he bought his own house he would still get the P65 a month housing allowance as a contribution towards his mortgage repayment.

In this way the new policy of economic rents with housing allowances, compared with the old subsidised rent policy gave families an incentive over time to move to smaller houses, to share accommodation, to go and live in nearby villages such as Tlokeng, or to build or buy their own houses. In each case there would be a large saving in rent though the housing allowance would still be paid. The government benefitted because, if civil servants began to provide their own accommodation, or at least to live in rather smaller houses than had become customary, then the financial burden of providing housing for civil servants would be reduced. The government in fact took a step further and amended the conditions of service so that it no longer obliged itself to find accommodation for local officers.

The policy seems to have been effective. Table 3 shows the number of housing starts made by the BHC, reacting to demand, in each year since it was established. There has been a dramatic decline in the construction of high cost houses since 1973/74, and those high cost houses which have been built in recent years have been rather more modest in scale than previously. On the other hand relatively few low cost houses have been built because of a series of intractable difficulties which will be considered later. Nevertheless most observers would agree that there has been a reduction in average housing standards for the civil service since the policy was introduced and this has certainly released public resources for other development projects.

It has been hoped that the BHC would be able to raise much of its own capital needs without borrowing from government. This hope has not yet materialised. Of the P19 million of loans which the BHC had taken by the end of 1975/76 all but P1,7 million had come from the Government - though it is true that some of these government funds are in fact aid funds channeled through the Government. The only other important direct lender to the BHC has been the Commonwealth Development Corporation. Although the banks in Botswana have frequently had money available for lending this has always consisted of short term deposits by customers which might be recalled at any time. Whereas the BHC requires to borrow money over a period of about 20 years. Because of legal complications the operations of the United Building Society in Botswana have also been on a small scale. All this reflects the need to develop new financial institutions in Botswana over the coming years, pension funds for example. New institutions like this might enable the BHC to borrow more money domestically.

Table 3 BHC Construction Programme

Number of housing starts in each year

	High Cost	Medium Cost & Flats	Low Cost
1971/72	-	124	500 (a)
1972/73	116	152	-
1973/74	156	134	380
1974/75	34	180	-
1975/76	69	26	-
1976/77	37	110	136
<b>Totals</b>	<b>412</b>	<b>726</b>	<b>1016</b>

Note (a) 30 of these have not been occupied.

When the 1555 houses were transferred from the Government to the BHC the Government insisted that, in order to encourage home-ownership, local civil servants could purchase one of these houses, initially for the same price as the BHC paid Government, but later increasing by 6% per year. The scheme ran until March 1976. As the figures in Table 4 show, the scheme got off to a slow start. But then there was a very strong and unexpected inflation in the construction industry and the gap between the selling prices of these houses and the construction cost of corresponding new houses increased dramatically. More and more local officers realised what a bargain the scheme was and purchased or applied for houses before the scheme terminated. Although the scheme was very favourable to those officers who got in on time, it directly contributed to the rent increase which had to be introduced by the BHC in 1975 and 1976, for reasons which will be considered later.

Table 4 Sales of Houses to Local Civil Servants

Houses sold each year	Number of Houses
1972/73	10
1973/74	43
1974/75	109
1975/76	156
Application in process when terminated in March 76:	343
<b>Total</b>	<b>661 (a)</b>
<b>Total houses originally transferred to BHC</b>	<b>1571 (b)</b>
(a) as % of (b)	

#### IV. Low Cost Housing

So much for providing houses for the upper ranks of the civil service, a pre-occupation which encouraged the government to establish the BHC in the first place, but an activity which has also come to absorb a great deal of the BHC's own resources during its existence. The BHC was also charged with responsibility for low cost housing, and, when it began operations in 1971, one of its first actions was to initiate a low cost rental housing scheme which would resettle 500 families from the Naledi squatter area in Gaborone. Thus the Corporation started vigorously in an attempt to come to grips with the problem of urbanisation by providing houses for squatters.

Each house in the Naledi Resettlement Scheme has an area of about 18 square metres. The houses are terraced in groups of four and were system built having very thin concrete walls with no air cavity. They are therefore hot in summer and cold in winter. Stand-pipe water was provided, one for each 20 houses, and a pit latrine was dug for each house.

The cost of each house built in this way was P500. The money was lent by the Botswana Government to the BHC as a 25 year loan at 7 1/2% interest. In order to repay this loan rental income would have to be P3.75 per month. But in addition the BHC had to provide maintenance, administration (especially the cost of collecting the rents), had to pay the Water Utilities Corporation for the water provided, and had to pay the Town Council the rates. To meet all these costs a rental of at least P4.50 would have been required per house per month. This was considered too high and in fact the BHC introduced a rent of P3.50 initially, intending to increase this as the years went by, so that the initial loss in the early years was made up in the later years.<sup>4</sup>

In fact, as is now well known, this low cost housing scheme caused an outcry, both from the public and in Parliament. The standard of housing was considered unacceptably low. Although occupants for the scheme were found without difficulty the BHC decided that it could not face the opprobrium

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<sup>4</sup> These levels of rents may not seem very high nowadays. But it is worth recalling that until April 1972 a civil servant could rent a Type II house, 7 times larger and much better finished and serviced, for only P16 a month. One of the harmful effects of subsidising rents is that it creates quite unrealistic ideas of what commercial or economic rents should be.

<sup>5</sup> Even though members of Parliament had been invited to inspect prototypes of the houses before the project started.



of repeating such a housing scheme. Thus the next BHC low cost housing scheme in Gaborone, locally known as New Canada, was on a rather grander scale. Three different house types were built in this scheme with a floor area of between 35 and 40 square metres but some having water borne sewerage and individual water supplies, while others had aqua-privies and standpipe water supply. The average cost for these houses was P2,100. The houses were financed by a loan from the Commonwealth Development Corporation at 8% repayable over 20 years. To meet its loan repayment obligations as well as the costs of maintenance, rates and standpipe water supplies, rentals for these units would have had to have averaged about P25 per month. In fact a decision was again taken to introduce a loss making rent in the early years and the actual rentals were P18 per month and P14 per month for the houses LCH 1 and 10 with, and LCH 13 without, water borne sanitation respectively, see Table 2.

Although this second scheme was more widely accepted by the general public, though there was some complaint concerning the aqua-privies and the kitchen facilities, it is doubtful whether houses at that level of rental could be regarded as low cost. To meet a rental payment of P18 per month a household has to be earning about P70 a month in total. This was higher than the industrial class wage, even after the 1974 salary review, which introduced minimum government wages of P2 a day, or about P50 a month.

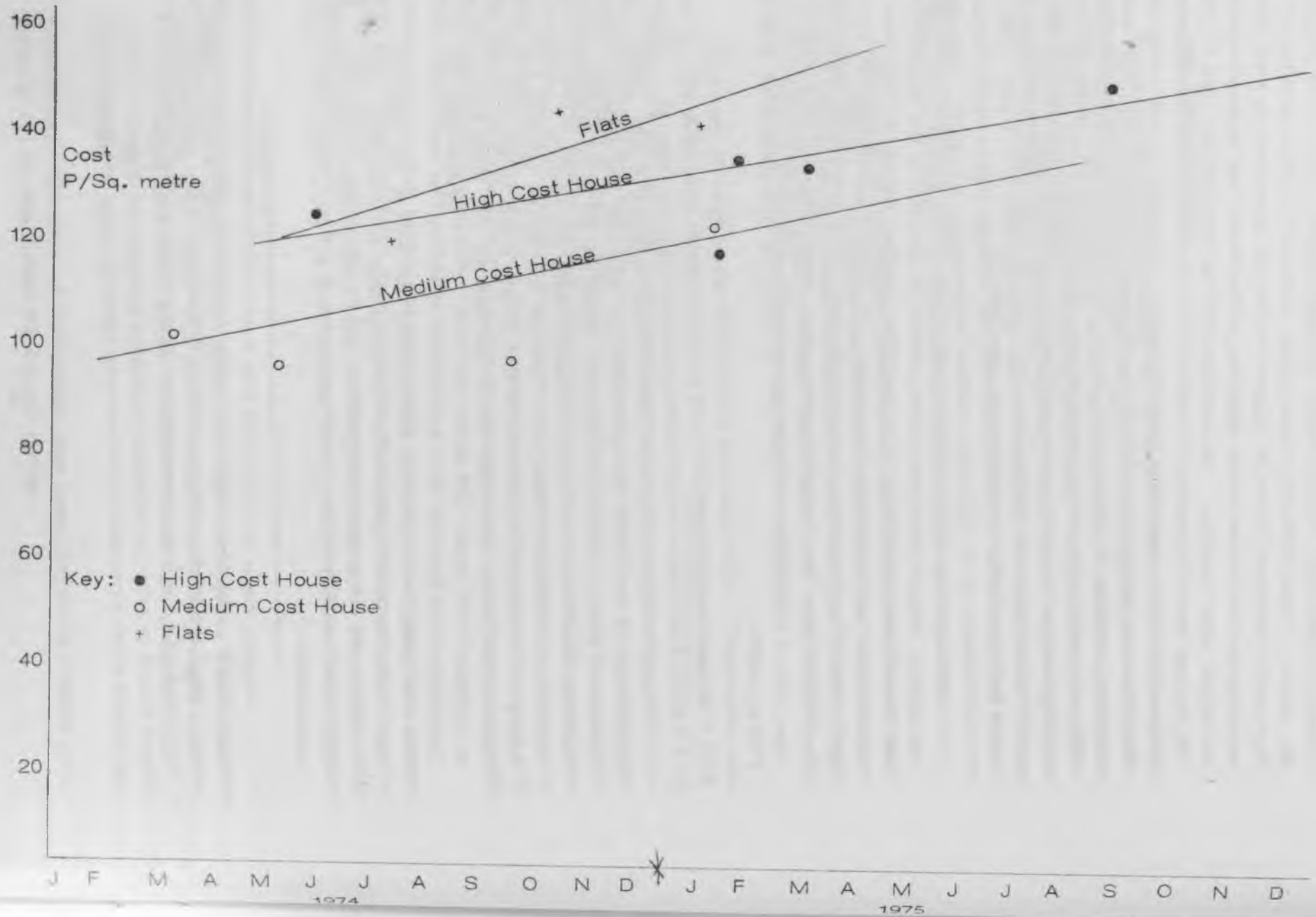
#### V. Financial Problems

So by 1975 it really became obvious that the BHC faced a variety of problems. It had been very successful in actually constructing a large number of houses and in keeping civil servants relatively happy. But it had been unable to build a low cost house for rental that industrial class workers could afford without so lowering standards as to cause a political outcry. The cost of construction seemed to increase with every contract that the BHC let. Even the new rent levels, which had been established in October 1974, about 12% above previous levels, were inadequate as the Corporation was heading for a substantial deficit by the end of the 1974/75 financial year, while forward projections suggested that the rent situation was likely to deteriorate even further unless remedial action was taken. (In fact rents were again increased by 25% in December 75 and 18% in July 76). Let us look at the causes of some of these financial problems in more detail.

Firstly, there is little doubt that construction costs throughout Botswana were escalating rapidly in 1974, though the rate of escalation may have slowed a bit towards the end of 1975 and in 1976. The graph shows how the costs per square metre of various types of BHC houses were in-



# Construction Cost Escalation



creasing in 1974 and early 1975. The underlying cause of this inflation was the general increase in the Botswana wage level following the 1974 Government salary review coupled with the increases in building material prices in Southern Africa generally. Inflation had been given a further push during 1974 by the very heavy demands being made on the construction industry at that time in Botswana. The 1974 Accelerated Rural Development Programme involved several major construction contracts; the Government let five major contracts for secondary school expansion between April and August 1974, while the BHC itself had let a large number of contracts some months earlier (notice from Table 3 that 1973/74 was the BHC's busiest year for housing 'starts'). A study undertaken in the Ministry of Finance and Development Planning at that time suggested that the shortage of construction capacity had pushed up prices by 20% above levels which would have been expected simply by assessing inflation in the cost of materials and labour.

But it is much too glib simply to blame inflation in the construction industry for the rent increases which occurred in 1974 and later in 1975 and 1976. After all, the BHC had started with a pool of over 1500 older houses on which the debt repayment burden was fixed and relatively small. In theory this pool of older cheaper houses should have held down the average cost of BHC housing and hence slowed down the rate at which construction cost inflation worked its way through to rent increases. But another factor was working in the opposite direction - the sale of these older houses at cost to local civil servants. How these sales accelerated the need to increase rent levels is best explained by means of a hypothetical example.

Suppose a housing corporation owns 100 houses which were built some years ago at a cost of P10 000 each. The finance for these houses, P1,0 million, was all borrowed, as for BHC houses, and loan repayments and interest amount to 10% each year. The annual rent for each house works out at about 14% of cost, 10% for loan repayment and interest and 4% for rates, maintenance etc. Now this corporation, like the BHC, is obliged to sell off 40% of this stock of old houses at cost price. But there is still a demand for housing so it replaces the 40 which are sold by building new houses. But the cost of building has since doubled, as happened in Botswana in the last five years, and P800 000 is now required to build the 40 new houses. Half of this comes from the receipts from sales and half is financed by further borrowing. At the end there will be 100 houses again and a total debt of P1,4 million. So the average cost of the houses is now P14 000. As before the yearly rent is 10% for loan repayments and interest, that is P1 400, plus P400 for other costs making a total of P1 800. This new rent is 29% higher than the old rent. The increase has occurred purely as a result of selling off 40% of the original houses at cost, at a time when there has been considerable inflation. In the case of the BHC this scheme

for selling houses to local public officers has been a major factor causing rent increases. From Table 4 it can be seen that when all sales are complete the BHC will have sold off 42% of its original stock of houses purchased from government, or about 20% of its total stock at the end of 1975/76.

A third factor causing rent increases was the high overheads of the corporation. As we have seen the BHC originally estimated in its 1971/72 Annual Report that it would need a yearly rent of 12,5% of the capital cost of its property: 9% for loan repayment and interest, 3% for administration and maintenance taken together, and 1/2% for rates. Table 5 worked from the 1975/76 annual report of the BHC, gives the corresponding actual rental income and expenditure breakdown. The BHC is paying less in loan repayment and interest than anticipated,<sup>6</sup> more in rates which are beyond its control, and much more on maintenance and overheads which is 4,5% of the stock of houses at the beginning of the year, rather than 3% as originally estimated.

Table 5 BHC 1975/76 Rental Income and Costs

Costs	P (000)	as % of housing stock	Target % of housing stock
Interest and Loan Repayments	1 140	8%	9%
Rates	125	1%	0,5%
Overheads and Maintenance (6)	619	4,5%	3%
<b>Totals</b>	<b><u>1 884</u></b>	<b><u>13,5%</u></b>	<b><u>12,5%</u></b>
<u>Income (a)</u>			
Rental income	1 663	12,3%	12,5%
Other Income	104	-	-
<b>Total</b>	<b><u>1 767</u></b>		
Deficit for Year	117		

Notes: (a) Represents value at cost from 1975/76 BHC Annual Report

(b) Excludes costs of work done on the capital account i.e. design of new houses and supervision of contracts.

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6. However in recent years the interest rate on Government loans to the BHC has increased, so that the interest and loan repayment obligations of the BHC can be expected to rise from 1976/77 onwards. The BHC estimates that it now needs a rental income of 14,5% of the capital cost of its property in order to break even.

The Government itself appointed a committee to examine the operations of the BHC. The Committee reported in 1976, and although its report was never made public, it is believed to have found areas of over-manning in the BHC, as well as some lack of control over stores and maintenance gangs, all of which were no doubt contributing to the high maintenance and administration costs of the Corporation.

Finally the BHC itself has often argued that the principal reason its rents are high is that the Government would not lend it money at low rates of interest, most Government loans to the BHC have been made at 8% interest, some of the more recent ones at 10%. The Government could on some occasions have lent money to the BHC at lower rates of interest but generally refused to do so. What were the reasons for this refusal? There are several related arguments but all revolve around the idea that if money is lent at less than a commercial rate of interest, whether to the BHC or to anyone else, than a subsidy is involved. So long as there are projects or investments available in Botswana which will return 8% or more a careful investor, as the government tries to be, should not go off and, say, lend its money at 4%.

But governments are not just there to make money, they are there to help people, if necessary to subsidise people so that they can have a better life. Few things are more important in life than better housing. On the other hand if interest rates for the BHC are reduced who will have better housing? Only the people who live in towns, and indeed only those townspeople who have actually managed to find work and can therefore pay a rent at all. It is more important that what subsidies can be afforded should go to the rural people. Further if BHC houses are subsidised then the BHC just builds better houses, which attract even more people to towns, who also then want better houses, which requires more subsidy.<sup>7</sup>

Many people have not been convinced or satisfied by this argument. In fact it directly illustrates how the two objectives of urban policy which we discussed at the beginning of this case study - discouraging urban migration and at the same time providing reasonable urban standards - are in conflict.

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<sup>7</sup> In fact the Government has not applied this argument consistently in that interest rates for self-help housing schemes have been lower than those charged to the BHC. In addition such schemes have received other hidden subsidies land development costs and the costs of running Town Council Self-Help Housing Agencies have not been directly recovered. The Government's justification for this inconsistency is that self-help housing is more likely to reach the poorest urban dwellings, see the discussion which follows. But the BHC understandably feels that in the matter of interest rates it is being discriminated against.

At the same time the discussion shows that it is necessary to think about urban problems in a much broader context than the financial requirements of the BHC. Remember the BHC has found itself quite unable to build a low cost house at a standard politicians will accept for a rent that the majority of urban people can afford.

Even the latest range of BHC low cost houses going up early in 1977 ought to be rented out at about P50 a month if the BHC is to cover its costs, though the actual rent charged may be rather less. Who can afford to pay a rent of P50 a month? Certainly not industrial class and other low paid workers.

#### VI. A Broader Perspective

The fact is that Housing Corporations all over Africa, where they have attempted to provide modern contractor built houses for the poorest urban dwellers, have run into the same problem. No-one has been able to design and build a low cost housing unit for rental to a standard which is politically acceptable at a price which the majority of town dwellers can afford. The problems, which the BHC faces, tend to be universal and almost completely beyond its control. Unrealistic expectations, among civil servants, Parliamentarians and the general public about what the BHC can build for what level of rental are quite widespread. In Botswana the problem has been compounded by the decision, which was made by the Government rather than the BHC, to sell off houses at cost to local officers, which action has tended to push up the overall rent level.

In some countries an attempt has been made to solve these problems by providing government subsidies to housing corporations for the construction of rental housing. But no government has found itself with so much money that it can provide enough subsidies to house all the urban population in modern rental housing. Further once such subsidies are started the possibilities of housing corporations raising finance privately become more limited. What prudent investor would lend money to housing corporations whose rental income was not sufficient to cover its expenses and loan repayments? Housing corporations in that situation then become almost completely dependent on public finance provided by the government which is inevitably limited, so the squatter settlements get bigger while the housing corporations have to satisfy themselves with erecting a relatively small number of low cost houses for the lucky few.

To find a solution one has to examine the problem from the other end. What are the resources of the urban population, how many households are there, and how many new households are there, and how many new households are being created each year? In developed economies where much housing is provided by the private sector much of this type of

information is thrown up automatically by the operations of the private market. Private developers buy up tracts of land, develop houses on them and sell or rent them off. The type of house which the public demands can be gauged by the relative success of the sale of various house types. But the private housing market certainly does not work smoothly, even in developed countries. Often it fails to provide for the poorly paid workers for whom government housing schemes have to be devised. In countries such as Botswana there is only a very small private housing market, mostly for very large and expensive houses. The private sector institutions are not themselves well developed, there is a shortage of finance for private housing, and towns frequently lack over-all Structure Plans within which the private sector could operate. Instead it is necessary to gather information on the demand for housing a little more systematically by means of special surveys every few years, and then use these to draw up a broad picture of the housing situation. In Botswana both the third and fourth National Development Plans have attempted to do this. The fourth, most recent, plan includes an estimate of the income of urban dwellers in Botswana's towns. It shows that only 30% of the urban population can afford to live in any sort of modern housing provided by the BHC. In other words as much as 70% of the urban population have to be housed in some other way.

It is now widely acknowledged in Botswana and throughout the world that self-help housing of one sort or another is 'the other way' to house the 70% of the urban population. That self-help housing can be made to work is almost obvious, for however inadequate an unhealthy squatter settlement may be, their very existence demonstrates that people are both able and willing to provide housing for themselves by self-help methods. As we shall see later, it only requires a minimum control over the natural process of squatting to create flourishing self-help housing schemes. All the traditional forms of housing in the villages in a country like Botswana are self-help housing. In other words self-help housing should be regarded as the normal thing, with contractor built rental housing the exceptional situation for the minority.

Before describing self-help housing schemes in Botswana in more detail let us review what the advantages of such schemes are, compared with rental housing schemes.

- Firstly, the actual cost of building self-help houses is invariably much cheaper than a contractor built rental house, perhaps costing less than half. This cost reduction arises partly because the labour is undertaken by the plot holder and his family themselves, and partly because the standard of building can be adjusted to suit the resources which they have. For example they might start by building a very simple one room house with mud-brick walls and a tin roof. A housing corporation would never be allowed to build as simply as that.

- Secondly, when people build their own houses they know brick-by-brick exactly what it costs them. They are left with very realistic expectations of what housing costs. When a housing corporation builds a house and says that the rent for it is so many Pula a month, the person who is renting the house has no idea what the house actually cost to build and whether this is a realistic rent. All he knows is that it is a much smaller house than those on the other side of town and that the rent seems very high. His expectations about what is a reasonable rental will be more unrealistic if the government is in the habit of subsidising rents to its own civil servants, then this 'economic' rent charged by a housing corporation will seem even more outrageous.<sup>8</sup> This atmosphere then encourages politicians to get up and accuse the housing corporation of being over manned or of making excess profits, while the real problem will be the inevitably high cost of contractor building and unrealistic expectations about rent levels. We might go so far as to say that even if a housing corporation could miraculously halve its building costs it would still not have a peaceful life from its tenants who will always express grievances about the quality of the housing provided. The great political advantage of self-help housing is that the only person the occupant can blame for an inadequate house is himself.
- Thirdly, when a man acquires a plot for self-help housing he can start with quite a small simple building knowing that one day, when he has earned a bit more, he can add to it or put up another building in the compound. With rental housing it is normally absolutely forbidden to add to it, and, even if one does, the additions do not belong to the person renting the house when he wants, or is obliged, to move.

The main disadvantage of self-help housing is that it is not suitable for the temporary urban resident who comes to the town for a while looking for a job, and who will leave again if he cannot find one after a short space of time. But housing corporation rental housing is not suitable for this type of person either. There are invariably long waiting lists and even if this were not the case such a temporary workseeker is unlikely to be able to afford a high rent. For this type of person what is required is the development of a small casual private sector rental market. For example someone who is well-established in a self-help housing area might build an additional room in his compound to accommodate people for short periods.

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8. In point of fact BHC rentals when compared with other housing developments in Botswana for example the BDC 'Spanish Village' scheme, are very reasonable.



## VII. Self-Help Housing Schemes

One of the biggest difficulties in organising and implementing self-help housing schemes is to stop them becoming too complicated. As they get more complicated they move forward more slowly and instead of getting ahead of migration just fall behind. Then new migrants are forced to re-occupy the old squatter areas. It is probably best to start by thinking about squatter areas themselves, which as we have seen are an extreme form of self-help housing, considering what their problems are and then seeing what simple steps could be taken to alleviate those problems.

- Squatter settlements are overcrowded. When no one has any definite rights over a particular piece of land, and more migrants are coming from the rural areas all the time, it is inevitable that families get forced onto very small plots. The solution to this problem is for the Town Council simply to peg out plots and allocate these to new applicants as they apply for them. When one area is full a new area is pegged out.
- Squatter settlements are unhealthy. This arises partly as a result of overcrowding which means that pit latrines and similar sanitation arrangements are close together and the soil becomes polluted. Again this aspect can be solved if large plots are pegged out and allocated. The problem also arises because water supplies are inadequate, but it is neither expensive nor difficult to provide a number of water standpipes.
- Squatter settlements are dirty and are not provided with facilities such as rubbish removal, schools or clinics. Sometimes this happens because a Town Council will refuse to provide services to a community which is not contributing revenue. Again, if plots are laid out and allocated then the Council can levy a monthly charge for each plot. If they are designed sensibly with plenty of space left for roads, then it is easy for rubbish removal carts to obtain access.
- The houses in squatter settlements are poorly built and of any old materials. Of course this sometimes happens simply because people are poor. But it also happens because people do not have security of tenure over the bit of land that they occupy. Giving security of tenure by the allocation of a plot together with the Certificate of Rights scheme which operates in Botswana can solve this problem. While if the plot is large enough the building materials, at least for the walls of a small house, can be found on the site.



These points are laboured to emphasise that the simplest official intervention required for a self-help housing scheme is no more than:

- The surveying, pegging out and allocation of large plots.
- The provision of some water standpipes.
- The provision of a rubbish removal service.

These things are so easy to provide that it is amazing that they are not done as a matter of course as a way of keeping some control over the growth of squatter settlements. So that they have the potential to grow into well laid out suburbs. But such simple ideas usually suffer from bureaucratic overkill. Let us look at some of the things which make the situation more complicated, all of which have occurred in Botswana.

- The town planners say that before an area is pegged out for permanent settlement, it needs to be considered in the context of the ten or twenty year development plan for the town. Unfortunately the latter plan is not due to be ready for a little while yet.
- The town council decides that the plots which have been pegged out are really too small and have to be done again.
- The health authorities consider that it is quite unsatisfactory to leave people to dig their own latrines and want water borne sewerage to be installed, which the Ministry of Finance says cannot be afforded.<sup>9</sup>
- The engineers are most unhappy with not building any sort of roads in the areas, and think that at least some gravel roads are necessary.
- Everyone thinks it would be much better if plot holders were to be given a loan from which they could buy building materials. But a storekeeper has to be recruited, a yard for the building materials provided with adequate security fencing, and someone has to design all the necessary forms.

This may all seem something of a caricature. The important point is that simple solutions have a way of just becoming more and more complex. Unless you have really good forward planning several years ahead and good

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9. It is estimated that to provide water borne sewerage in low cost houses, whether contractor or self-help built, would cost the household an additional P8.00 per month.

managers, a rare situation, then the complexity causes delay, while the problem which the simple solution was designed to solve, in this case migration to the squatter areas of the towns, continues to grow. The danger of creeping complexity affects many areas, not just urban problems, and one of the most important principals in development management, at the stage at which the BLS countries now are, is to keep solutions and their implementation as simple as possible.

#### VIII. Self-Help Housing in Botswana

The first self-help housing scheme in Botswana was probably the creation of Bontleng in Gaborone in 1965 and 1966. In this case the very simple approach which is generally advocated in this case study was adopted. About 512 plots were pegged out though many applicants got two plots together. Water standpipes were installed and that was the end of it. Bontleng is now one of the most thriving communities in Gaborone.

For a number of years there was very little activity. This was the period when most people placed their hopes in the BHC. The BHC itself at that time refused to have anything to do with self-help housing, though more recently, with the introduction of its own Partially Assisted Housing Scheme, its policy in this regard has changed. So the Government looked to the Town Councils to organise self-help housing schemes, with government assistance. Using Councils had the advantage of introducing a political dimension into the schemes, and many town councillors especially in Francistown and Lobatse have a personal interest in the success of the schemes. On the other hand Town Councils have often lacked the technical resources to set about implementing the schemes.

The Francistown Project which started in 1974 was a pioneer in many respects. The project worked out procedures and structures for the Town Council to manage Self-Help housing. Much of what was pioneered in Francistown has since replicated in the other towns. Perhaps the most important innovations making the scheme successful in Francistown:

- The creation of a self-help Housing Agency, which had offices actually located in the self-help areas. This agency received the applications for plots, dealt with the paperwork concerned with each plot, i.e. the Certificate of Rights form which gave the plot holder his tenure, provided people with standard building plans, assisted with technical advice on building, and administered a scheme whereby plot holders could purchase

- building materials and then pay for these as a loan over a 15 year period.
- The creation of a separate committee which actually allocated plots, so that this was done fairly impartially.
- The close involvement of Town Councillors in all stages of the process, so that the scheme acquired a considerable support from the community.

About 200 self help plots have been developed under this project and other urban improvements undertaken. By early 1977 the project was drawing to a close, though a follow up project was already being planned.

The Francistown Project has however been justly criticised for the inordinately long time it took in preparation, three years from 1971 to 1974, and for the excessive involvement of expensive consulting engineers when government engineers, had they been available, could have undertaken the exercise a great deal more easily and quickly.<sup>10</sup> A more striking illustration of the simple approach is the Woodhall scheme in Lobatse, where the planning of the scheme took no more than a year, the scheme was planned and implemented almost entirely by the Town Council acting on its own, Government intervention was minimal, and no expensive technical assistance or consulting engineers were involved. A similar relatively simple approach has been adopted in Selebi-Phikwe. In Gaborone, however, self-help housing has only moved forward very slowly. There seems to have been complications and difficulties all along the way. This is unfortunate because the problem in Gaborone is more pressing than in any of the other towns. But perhaps because all the technical expertise, which frequently is the cause of excessive complication, is concentrated in Gaborone, perhaps because the Town Council itself was not very enthusiastic about this additional responsibility, perhaps because of a feeling that the capital city should have the best, the process has moved very slowly. A self-help housing area was laid out in 1971 in Extension 14, but it was not until 1973 or 1974 before the plots were allocated. Another scheme was laid out in Broadhurst in 1974, but it was early 1977 before these plots were allocated. Of course there were problems, the plots were said to be too small, the aqua-privy fell out of favour as a form of sanitation. But while perfection was being pursued in this way more and more people were having to be satisfied with the even worse solution of living in the Naledi squatter settlement.

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Much of this complexity was the direct result of having the World Bank finance the project. This institution is very thorough in its appraisal of a project, an ideal which can be both time-consuming and expensive.

Nevertheless it is encouraging that all the Town Councils in Botswana are now running self-help housing schemes, that the concept of self-help housing is now widely accepted, and that the schemes have been gathering momentum in the last couple of years. By the beginning of 1977 more houses had been built under self-help housing schemes than by the Botswana Housing Corporation. But the ultimate objective of a plot being available, even if only pegged out, for every migrant household from the rural areas is still some way from being achieved.

### Summary

Perhaps the most important theme of this case study is that many people both inside and outside government have had quite unrealistic expectations of what the BHC could achieve, especially in the field of low cost rental housing. What it has done successfully, the provision of a steady supply of high and medium cost houses has been immensely important in meeting the requirements for housing for the civil service, and to a lesser extent for the better-off households in the private sector. But so far as providing low cost housing is concerned it has run into the same set of problems which have been experienced in other countries, that is that acceptable modern contractor built low cost housing cannot be built at a price that the majority of urban dwellers can afford. The most obvious solution, simply to pour money into the BHC and to subsidise contractor built housing should be resisted - as it has been resisted in Botswana. Subsidies only make people's expectations even more unrealistic, while at the same time absorbing resources which could be used more imaginatively in other ways. A better solution is to accept that BHC rental housing can provide for only about 30% of the demand and to provide for the other 70% by self-help housing schemes. This solution is now widely accepted in Botswana and self-help housing schemes have now been implemented in each of the towns. Self-help housing is likely to raise fewer political problems, fosters realistic expectations of what housing actually costs, and reflects the traditional way in which families provide their houses in Botswana.

### Questions for Discussion

1. It has been noted that BHC maintenance and administration costs are higher than originally targeted - see Table 5. If these costs could be brought down to the original target levels would this make a major impact on rental levels?
2. It is understood that in Maseru, co-operatives have begun to provide self-help housing schemes. Discuss the relative merits of self-help housing being organised by Town Councils, co-operatives, or national housing corporations.

3. Discuss the arguments for and against subsidising an organisation such as the Botswana Housing Corporation, trying to consider the arguments in the context of development as a whole and not just in the narrow context of urban housing.
4. The private sector is not very active in providing urban houses. What are the obstacles to private sector involvement and how could it be stimulated?
5. It is argued in this case study that self-help housing schemes will be most effective and speedily implemented if they are kept very simple. Are there other developmental activities where the pursuit of perfection is causing too much complexity, and which could be simplified?



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