

**THE OPEN UNIVERSITY OF TANZANIA**  
**&**  
**SOUTHERN NEW HAMPSHIRE UNIVERSITY**  
**MASTERS OF SCIENCE IN COMMUNITY ECONOMIC DEVELOPMENT**  
**(2005)**

**PROJECT PROPOSAL FOR CONSTRUCTION OF HOUSES  
FOR MAGOHE HOUSING CO-OPERATIVE SOCIETY AT  
MAGOHE MPIGI IN DAR ES SALAAM CITY**

**JULIUS KATESIGWA RWECHUNGURA**

## CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by the *Southern New Hampshire University at Open University of Tanzania* the Project Report entitled “***Project Proposal for Construction of Houses for Magohe Housing Co-operative Society at Magohe Mpigi in Dar es salaam City***” in partial fulfillment of the requirements for the Masters Degree of Science in Community Economic Development of the Southern New Hampshire University.

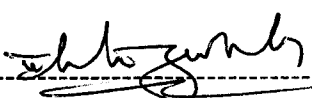


Maria Saguti Marealle  
(SUPERVISOR)

Date 05/04/2005

**DECLARATION  
AND  
COPYRIGHT**

I, **Julius Katesigwa Rwechungura**, declare that; the contents of this Report are the results of my own study and findings. To the best of my knowledge, the contents of this Project Report have been presented to neither the Southern New Hampshire University at Open University of Tanzania nor any other institution of higher learning for the award of a Masters of Science Degree in Community Economic Development.

Signature----------Date-----05/04/2005-----

This Project Report is copyright material protected under the Berne Convention, the Copyright Act of 1966 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means, in full or in part, except for short extracts in fair dealing, for research or private study, critical scholarly review or discourse with an acknowledgement, without written permission of the Director of Postgraduate Studies, on behalf of both the author and the Southern New Hampshire University /Open University of Tanzania.

## **DEDICATION**

This Project Report is dedicated to my beloved wife, Bibiana Philbert, our sons, Davis and Hubert, and our daughter, Darlene.

## **ACKNOWLEDGEMENT**

I would like to take this opportunity to thank the Southern New Hampshire University and Open University of Tanzania for availing me an opportunity to pursue the Masters of Science Degree in Community Economic Development.

I can hardly thank Maria Marealle enough for her guidance, which made this Project Report such an enriching and interesting experience to Magohe Housing Co-operative Society and me.

My thanks also go to all OUT Staff in the Department of Community Economic Development for efforts and care they made to facilitate my Project Report to meet the CED Standards. Particularly, I thank Michael Adjibdou, Mr Felician Mutasa, and Deus Ngaruko for their persistent encouragement to complete my Project Report in time.

I also acknowledge the contributions made by Magohe Housing Co-operative Society (Community) who tirelessly worked with me during my research survey in their area.

Moreover, my sincere thanks should go to Mrs Bibiana. P.Rwechungura and

Dr. Tumsifu Nnkya of UCLAS who advised on designing the content of the Project Report. Lastly but not least, special gratitude should go to Jafari Majaliwa and Aureus Mbele for their assistance in data collection and proof reading of this manuscript.

However, in case of any errors, mispresentations or shortcomings, I declare my sole responsibility for the same.

## LIST OF ABBREVIATIONS

<b>BCU</b>	Bukoba Co-operative Union.
<b>BRU</b>	Building Research Unit
<b>CUT</b>	Co-operatives Union of Tanzania
<b>ICA</b>	International Co-operative Alliance.
<b>ICHO</b>	International Co-operative Housing Organisation
<b>IHSS</b>	Institute for Human Settlement Studies
<b>ILO</b>	International Labour Organisation
<b>MHCS</b>	Magohe Housing Co-operative Society
<b>KNCU</b>	Kilimanjaro Native Co-operative Union Ltd
<b>NGOs</b>	Non Governmental Organisations
<b>KNPA</b>	Kilimanjaro Native Planters Association
<b>MLHSD</b>	Ministry of Lands, Housing and Settlement Development
<b>NHC</b>	National Housing Corporation
<b>PHFC</b>	Permanent Housing Finance Company
<b>RHLF</b>	Revolving Housing Loan Fund
<b>TFC</b>	Tanzania Federation of Co-operatives.
<b>SACCOS</b>	Savings and Credit Co-operative Societies
<b>UCLAS</b>	University College of Lands and Architectural Studies.
<b>UNCHS</b>	United Nations Centre for Human Settlement
<b>W&amp;FHDF</b>	Workers and Farmers Housing Development Fund

**TABLE OF CONTENTS**

Certification.....	ii
Declaration and Copyright.....	iii
Dedication.....	iv
Acknowledgement.....	v
List of Abbreviations.....	vi
Abstract.....	viii
Chapter Outline.....	ix
List of Tables.....	xv
List of Charts, Figures and Graphs.....	xvi
List of Appendices.....	xvii

## **ABSTRACT**

This Project Report is about housing co-operatives in Tanzania. The case study of the project has been taken at Magohe Housing Co-operative Society. In this report the researcher has found that, there are housing co-operatives geared to reduce the problem of shortage of shelter through self-help organized approaches in Dar es Salaam City but they are all running their societies without proper guidance and project proposals.

It is from this background that the researcher decided to work together with MHCS to lay proper procedures on how to run and make a follow-up of its activities. The author, in collaboration with MHCS members, managed to make a follow-up on land acquisition from buying a raw land, planning, surveying up to request of title at the MLHSD, which is under preparation. Further to that, the Project Proposal was prepared to be used for MHCS housing project implementation.

This Project Report is arranged in six Chapters. The first Chapter deals with the background of MHCS. The second Chapter is a literature review on housing co-operative societies. The third Chapter is dealing with research methodologies used in carrying out the survey, data analysis and presentation. The fourth Chapter is about analysis of the case study area. In the fifth Chapter the author gives recommendations and conclusions, which flash the light on how a Self-help Housing Co-operative process could be a right doze in provision of shelter to most of lower income earners in Tanzania. The sixth Chapter is a prepared Project Proposal for the Self-help Co-operative Housing Scheme to be used for implementation of the MHCS Housing Project.



## **CHAPTER OUTLINE**

### **CHAPTER I**

#### **BACKGROUND OF THE STUDY**

1.0.0	Introduction.....	1
1.1.0	Establishment of Magohe Housing Co-operative Society.....	1
1.1.1	Name and Address of the Organisation.....	2
1.1.2	Vision and Mission Statement.....	2
1.1.3	Main Programs of MHCS	3
1.1.4	The Project Area.....	3
1.1.5	Activities as Stated in the MHCS Constitution.....	4
1.1.6	Objectives as Stated in the MHCS Constitution.....	4
1.1.7	Strategies as Stated in the MHCS Constitution.....	5
1.2.0	Statement of the Problem.....	6
1.3.0	Research Objectives.....	7
1.4.0	Research Questions.....	8
1.5.0	Significance of the Study.....	8
1.6.0	Scope of the Research.....	10
1.7.0	Assignment.....	10

## CHAPTER II

### LITERATURE REVIEW

2.0.0	Introduction.....	11
2.1.0	Theoretical Literature Review.....	11
2.1.1	Shelter Situation.....	12
2.1.2	Formation of Co-operative Societies.....	13
2.1.3	Housing Co-operatives in the International (UN) Agenda.....	14
2.1.4	Co-operatives and Community Organisations in South of Saharan Africa..	16
2.2.0	Empirical Literature Review.....	19
2.2.1	Practical Taste of Housing Co-operative Societies in Tanzania.....	19
2.2.2	Other Co-operative Societies and Shelter Improvement.....	22
2.3.0	Literature Review on Housing Policies.....	26
2.3.1	Housing movements and Policies in Tanzania.....	26
2.3.2	The History Shelter programmes in Tanzania.....	26
2.3.3	Land for Housing/shelter.....	30
2.3.4	Housing Finance.....	31
2.3.5	Recent Shelter Condition.....	34
2.4.0	Conclusion.....	34

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

3.0.0	Introduction.....	36
3.1.0	Data Collection Methods.....	36
3.1.1	Documentary Sources.....	37
3.1.2	Interviews.....	37
3.1.3	Questionnaires.....	38
3.2.0	Community Approaches Used in this Research.....	38
3.2.1	Appreciative Inquiry Approach.....	39
3.2.2	Research Process.....	39
3.3.0	Data Processing and Presentation.....	41
3.4.0	Action Plan/Work Plan and Works Completed .....	42

## **CHAPTER IV**

### **ANALYSIS OF MAGOHE HOUSING CO-OPERATIVE SOCIETY**

4.0.0	Introduction.....	43
4.1.0	The Case Study Profile.....	43
4.1.1	Background of Magohe Housing Co-operative Society.....,	44
4.1.2	Magohe Housing Co-operative Society Community.....	44
4.2.0	The Magohe Housing Co-operative Society Project Area.....	51
4.2.1	Land Fragmentations in the Area.....	52

4.2.2	Land Uses Distribution.....	54
4.2.3	Housing Condition in the Area.....	54
4.2.4	Accessibility in the Area.....	55
4.2.5	Urban Services.....	55
4.3.0	Institutional Set-up.....	57
4.4.0	Challenges Faced by MHCS in Execution of Housing Co-operatives Activities.....	59
4.5.0	The Plan Contents and Form of MHCS Housing Project .....	60
4.5.1	Selection of Low Cost Housing Design.....	60
4.6.0	Implementation Concepts.....	64
4.7.0	Contributions and Cost Sharing Experience of MHCS.....	65
4.8.0	A Survey of Financial Institutions on Housing Loans.....	66
4.9.0	Conclusion.....	67

## **CHAPTER V**

### **MAJOR FINDINGS OF THE STUDY AND CONCLUSIONS**

5.0.0	Introduction.....	68
5.1.0	Major Findings.....	69
5.2.0	Recommendations. ....	71
5.2.1	General Recommendations.....	72
5.2.2	Specific Recommendations for MHCS.....	77
5.3.0	Areas for Further Research .....	79

5.4.0	Conclusion.....	80
-------	-----------------	----

## **CHAPTER VI**

### **HOUSING PROJECT PROPOSAL FOR MAGOHE**

#### **HOUSING CO-OPERATIVE SOCIETY**

6.0.0	Executive Summary.....	82
6.0.1	Contents in a Co-operative Housing Project Proposal.....	83
6.1.0	Statement of the Purpose and Objectives.....	83
6.1.1	Name and Address of the Organisation.....	84
6.1.2	Mission Statement.....	84
6.1.3	Main Programs of MHCS.....	84
6.1.4	The Project Area.....	84
6.2.0	Background of the Project.....	85
6.3.0	Site Analysis.....	86
6.3.1	Area of the Site.....	86
6.3.2	Amenity Services and Facilities.....	86
6.3.3	Climate and Environmental Pattern. ....	86
6.4.0	Security of Tenure.....	87
6.5.0	Housing Type Design and Development.....	87
6.5.1	Selection of Low Cost Housing Construction Process.....	87

6.6.0	Material and Specifications.....	88
6.6.1	Housing Project Estimates.....	89
6.7.0	Financial Outlays.....	90
6.7.1	Financial Requirements.....	90
6.8.0	Project Implementation and Management.....	91
6.8.1	Project Implementation. ....	92
6.8.2	Supervision of the Project.....	93
6.9.0	Capital, Earnings and Outgoings.....	94
6.10.0	Capital and Development Costs.....	94
6.11.0	Implementation Schedule.....	96
6.12.0	Reporting, Monitoring and Evaluation.....	97
6.12.1	Reporting Plan. ....	97
6.12.2	Monitoring ....	97
6.12.3	Project Evaluations.....	98
6.13.0	Expected Impacts of the Project.....	99
6.14.0	Project Budgetary Summary.....	99
6.15.0	List of Addenda.....	100
	REFERENCES.....	101

## LIST OF TABLES

Table 1.	Distribution and Members of Housing Co-operatives 1970-1998.....	21
Table 2.	Gender Compositions in MHCS. ....	45
Table 3.	Age Groups Within MHCS.....	45
Table 4.	Family Size in the MHCS Community.....	46
Table 5.	Accommodation Status of MHCS Members.....	47
Table 6.	Education Status in MHCS .....	48
Table 7.	Employment Areas of Members of MHCS.....	48
Table 8.	Income Levels of MHCS Members in Tanzania Shillings .....	49
Table 9.	Financial Growth Trends of MHCS .....	50
Table 10.	Estimated Costs of Three Types of Houses under Options for MHCS.....	65
Table 11.	Housing Loan Survey.....	67
Table 12.	Key Players in the Development of MHCS Project and their Actions/Roles.....	92
Table 13.	Estimated Costs for MHCS Project as From Start to Completion.....	95
Table 14.	Proposed Contributions by Members of MHCS.....	95
Table 15.	Construction Schedules and cost estimates	96
Table 16.	Project Total Costs.....	99
Table 17.	Owners Contribution.....	100

## **LIST OF GRAPHS, FIGURES AND CHARTS**

Graph 1.	Contribution Trend of MHCS 1999-2004.....	50
Figure 1.	MHCS Organisation Chart 1999-2003.....	58
Figure 2.	MHCS Proposed Organisation Chart.....	91



## **APPENDICES**

Appendix 1. Questionnaire.

Appendix 2. Building Cost Estimates.

Appendix 3. House Design Type Number One.

Appendix 4. House Design Type Number Two.

Appendix 5. Action Plan and Works Completed.

Appendix 6. Azania Bancorp Loans Flyer (Loans for Housing).

Appendix 7. Surveyed Plots for MHCS (Drawing of Plots).

Appendix 8. Photographs

Appendix 9. Letters of Application for Research Placement.

## **CHAPTER I**

### **BACKGROUND OF THE STUDY**

#### **1.0.0 Introduction**

There are various active housing co-operatives societies operating in Dar es Salaam City, but the researcher has identified five of them, namely;

- i) Magohe Housing Co-operative Society (MHCS) operating in Mpigi area.
- ii) Mshikamano Housing Co-operative Society operating in Buza area.
- iii) Bandari Housing Co-operative Society operating in Chamazi
- iv) Khomeini Housing Co-operative Society operating in Chamazi and
- v) Sigara Housing Co-operative Society operating in Buza area.

Among the five mentioned above, MHCS was chosen to be a case study area for this project report on housing co-operatives.

This Chapter outlines the historical background of the study area (MHCS), study objectives, and the research questions to be addressed. In addition, it provides the rationale/significance of the study.

#### **1.1.0 The Establishment of Magohe Housing Co-operative Society**

The Magohe Housing Co-operative Society (MHCS) was started in 1990 as a group of people aimed at assisting each other during funerals and to renovate houses in case of severe rain, flood, wind disasters among others. The group also aimed at getting access to financial assistance from the government and donors in order to solve housing

problems. Initially, the group consisted of forty five (45) people but due to inability of some members of the community to pay subscriptions, in 1998, the number dropped down to fourteen (14) active members who decided to form a Co-operative Society.

The Magohe Housing Co-operative Society was formed in 1998. Members of the Co-operative are residents of Kigogo Mwembe Jando sub ward and other few from different areas of Dar es Salaam City.

#### **1.1.1 Name and Address of the Organisation**

Magohe Housing Co-operative Society LTD of P.O.BOX 67051 Dar es Salaam, with Registration Number DSR 636, registered on 31<sup>st</sup> March 1999, under Co-operative Act of 1991.

OFFICE LOCATION: The head office is located at in Kigogo Mwembe Jando sub-ward offices, Kinondoni Municipality, in Dar es Salaam City.

#### **1.1.2 Vision and Mission Statement**

##### **The Vision: -**

The vision of the Magohe Housing Co-operative Society is to have secure and sustainable shelter.

**The Mission: -**

To ensure the construction of affordable low cost houses for all members of the Magohe Housing Co-operative Society.

**1.1.3 Main Programs of MHCS**

The Magohe Housing Co-operative Society has two programs:

- (i) The first one is acquisition of land, and
- (ii) The second one is construction of low cost houses for all members of Magohe Housing Co-operative Society

**1.1.4 The Project Area**

The project area is situated at Magohe area, which is eight kilometers from Mbezi Luis Bus Stop along Dar es Salaam –Morogoro road. Accessibility to the area is through a paved gravel road, which is passable through out the year.

The project area in terms of size is approximately six and half acres, which is ripe for construction activities/ site development. The piece of land is demarcated into 23 plots for residential and public services/use that include a health and shopping center and a recreational area. However, to date nothing substantial has been developed except a water borehole and some few sand cement blocks, which were prepared for the construction of the site watchmen's office and stores.

### **1.1.5 Activities as Stated in the MHCS Constitution**

- a) To make a follow up in order to ensure that land is planned, surveyed, registered by the Director of Surveys and the title is granted.
- b) Conducting meetings and trainings for co-operative members.
- c) To find experts in designing and estimation of building construction costs of a prototype house, which is expected to be built by each member of the society.
- d) To assist each member of the society to get access to grant/financial assistance for construction of his/her house.
- e) To Implement and monitor the construction process of the house for each member of the society from the commencement stage up to completion.
- f) To keep the surrounding and the environment of the co-operative society area in acceptable, respectable, habitable and workable manner.

### **1.1.6 Objectives as Stated in the MHCS Constitution**

- i) To enter in contracts for new housing construction, expansions, repair and maintenance of building and plots for new members of the co-operative.
- ii) To establish and enhance community development activities within the area designated for the housing co-operative society, which include school, hospital, recreational centre and playgrounds.
- iii) To initiate economic activities in order to ensure the goals and objectives of the society are met, this is expected to be done through running of shops, clubs, market, animal husbandry etc.

- iv) To make sure those houses and all properties of the society are insured.
- v) To give a guarantee on loans to its members.
- vi) With the consent of the general meeting of all members of the society, the MHCS may sell, buy or decide on any matters related to the property of the said Co-operative society.
- vii) The co-operative society should remain a guarantor of each and every house built on loan by the member of the society until the dues are paid back in totality.
- viii) The co-operative society will remain exercising its powers and responsibility even if all intended houses are built and commissioned to owners/occupiers.
- ix) The co-operative member is not allowed to sell his house unless otherwise the consent is given by the society general meeting and the subject house should be sold to the co-operative or the co-operative members. If the co-operative or members of that society fail to buy that property the consent should be sought out in order to sell it to non-members.

#### **1.1.7 Strategies as Stated in the MHCS Constitution**

- i) To communicate with the MLHSD, Dar es salaam City Municipalities in order to get planned plots for the construction of the houses for the members of the society.
- ii) To seek for financial assistance; loans and grants so as to enable members of the society to construct their houses.
- iii) Inclusion and assisting members of the society in construction of their houses by providing them with education in order to understand the goals and strategies of the society they are involved in.

iv) To look for technical assistance in order to ensure accomplishment of housing construction projects in good environment and at a reasonable cost.

### **1.2.0 Statement of the Problem**

Currently, over 70% of the urban population are estimated to be living in unplanned areas in Tanzania, most of them are inadequately housed while some are homeless. Worse enough those who manage to rent houses live at the mercy of landlords. Life in informal, slums or squatter settlements is neither secure/recognised nor serviced by urban authorities. The government is no longer providing free land and houses to its citizen even workers in the central government find self-accommodation mostly in squatter areas.

During this time of accommodation chaos in urban areas of Tanzania, people of different backgrounds have started to look on the enabling ways of getting secure and affordable accommodation through housing co-operatives. In order for these co-operatives to be effective in shelter provision to their members, there is a great need for them to get a clear access to planned land and financial institutions. Non-availability of planned land and lack of finance have been a big problem to housing co-operatives to meet their intentions. During 1970s and 1980s the Tanzania Housing Bank and other financial institutions were giving loans to housing co-operatives. Currently, there is no single special financial institution in place providing financial assistance to housing projects to combat urban housing problems. Due to the increase of financial institutions in

Tanzania, we expected they would assist housing co-operatives in the process of shelter provision. However, it has turned out that most of the existing financial institutions have become an obstacle towards the financing of the poor group housing co-operatives. In the area of urban land and housing the central government and local urban authorities have raised concern to urban communities as to whether they are supporting squatters since they are no longer providing enough planned land, thus leaving people in shelter hardship.

This study aims at investigating the extent to which housing co-operative societies in Tanzania can get access to planned land and funds for housing projects in order to reduce shelter problems facing Tanzania's communities.

### **1.3.0 Research Objectives**

The main objective of the research is to investigate, look on practical factors that affect and influence housing co-operative societies. The study is directed to effect acquisition of land and write a project proposal, which will be used by MHCS to secure funds from its members and donors.

Specifically the study intends;

- To identify and assess strategies that will enable housing co-operatives to pool up resources to acquire and develop land and houses,
- To identify and solve constraints that affect housing co-operatives in accessing finance, getting land titles, writing project proposals, management and so on.



- To identify strategies, which will enable members of housing co-operatives to join forces and reduce construction costs.

#### **1.4.0 Research Questions**

The main research questions of this study are as follows: -

- a) How can housing co-operatives acquire land for construction of co-operative houses?
- b) How can the construction of houses through housing co-operatives be done without total dependence on the government?
- c) How can housing co-operatives solicit funds for construction of co-operatives members' houses at reasonable costs?
- d) How can housing co-operative societies justify their existence and ensure repayment of loans to lenders?

#### **1.5.0 Significance of the Study**

Several studies have been conducted on housing in Tanzania. Nevertheless, little has been documented regarding housing co-operatives societies and, to the best of my knowledge, understanding and belief, no body has carried-out a practical research/study on housing co-operative societies, taking MHCS in Dar es Salaam as a case study.

This research is a participatory study, which is learning by doing between the researcher and MHCS members. The researcher and MHCS members have been making a follow-

up mainly on land acquisition and project proposal write up. This has contributed much to the researcher in understanding the whole process of housing co-operatives. The study has led to problem identification and put on the ground strategies for solving huddles inherent in land acquisition, housing construction, and availability of funds to MHCS.

This research asserts that the availability of planned land and accessibility to funds are important elements for the success in housing construction for any housing co-operative society. In this respect, the need to carry out a participatory follow-up on land acquisition, registration and preparation of a project proposal for MHCS is imperative for the process of the MHCS program.

The suggestions and recommendations in this study are indeed guidelines and useful sources of information to housing co-operatives, financial institutions, planners, and policy makers. Findings of the research will be used as special references during the construction of MHCS houses.

The study has further added knowledge and insights in the area of co-operative housing. The researcher also hopes that this practical solid standard work of community economic development will stimulate other researchers to carry out further studies on housing co-operatives.

### **1.6.0 Scope of the Research**

The researcher is aware of the presence of various housing co-operative societies in Tanzania. However, for the purpose of this research, the study is confined to MHCS in Dar es Salaam Region only in order to make it more practical, lively and to ensure a close participation/collaboration between the researcher and the MHCS members.

### **1.7.0 Assignment**

The MHCS members requested the researcher to make a follow-up on land acquisition, registration and to prepare for them “**A Project Proposal**” for Construction of houses for all members of the society.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.0.0 Introduction**

This Chapter surveys available literature on what has been written and documented by various scholars in the area of shelter and housing co-operatives in order to lay consistent foundation on the subject within an acceptable research framework. Theories, empirical evidence and policies on housing co-operatives have been explored in this Chapter to lay a corner stone for the proceedings of this project report.

#### **2.1.0 Theoretical Literature Review on Co-operatives**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspiration through a jointly owned and democratically controlled enterprise. Co-operatives are based on the principles of self-help, self-responsibility, democracy, equity and solidarity. In the tradition of their founders, co-operative members believe in their ethical values of honesty, openness, social responsibility and caring for others. Co-operatives are guided by the principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence; education, training and information; co-operation among co-operatives and concern for community. (ICA/UNCHS-Habitat, 2000). A co-operative is an organisation owned by the members who use its services.

Co-operatives are providing virtually any product or service, and can be either non-profit or for-profit enterprises.

### **2.1.1 The Shelter Situation**

In UNCHS report (2001), it is stated that the current rates of population growth and urban-rural migration, particularly in developing countries, have serious impacts on living conditions in human settlements. By the beginning of the third millennium, it is estimated that 1.1 billion people live in inadequate housing conditions in urban areas alone. In many cities of developing countries, more than half of the population lives in informal settlements, without security of tenure and in conditions that can be described as life and health threatening. Among an estimated 100 million homeless people around the world, available data suggest that increasing proportions are women and children.

The annual need for housing in urban areas of developing countries alone is estimated at around 35 million units (during 2000-2010). The bulk of these, some 21 million units, are required to cater for the needs of the increasing number of households. The rest is needed to meet the requirements of people who are homeless or living in inadequate housing. In other words, some 95,000 new urban housing units have to be constructed each day in developing countries to improve housing conditions to acceptable levels (ICA/UNCHS, 2000). Governments of the developing countries have found it difficult to cope with the increased demand of houses in their respective countries. The UNCHS has initiated the process to assess the potential and usefulness of improving the scope and

effectiveness of co-operative involvement in the shelter sector to combat urban housing problems. UN habitat recognizes the co-operative movements that have been successful in most East and South African countries to deliver housing units especially in Harare-Zimbabwe, Nairobi-Kenya, Gabarone-Botswana and recently South Africa (UNCHS, 2001). The impact of co-operative housing movement is not very much documented/noted in Tanzania because of socialistic dominance in co-operative activities. Most of housing projects were government owned or donors driven. They were never driven from people themselves (Nnkya, 1999).

### **2.1.2 Formation of Housing Co-operative Societies**

From Tanzania Co-operative Society Rules of 1991, housing co-operatives are formed when groups of people join together to provide and manage housing for themselves, without exploiting each other. Behind this simplified definition, lie a wide variety of organisations, with quite fundamental differences both in their composition and objectives. There are mainly two types of housing co-operatives: -

- (i) Primary housing co-operatives, where the co-operative society members are individuals and their main objective is to serve themselves.
- (ii) Secondary housing co-operatives is a confederation of primary housing co-operatives whose purpose is to provide services for its affiliated primary co-operatives. The co-operative receives services from the secondary housing co-operative such as receiving advise to groups of people wishing to set up housing co-operatives. It also provides education and promotes management services.

### **2.1.3 Housing Co-operatives in the International (UN) Agenda**

The UN Habitat recognizes and applauds the role of co-operatives in the shelter sector. Through various instruments, the UN Habitat has shown its specific and broader appreciation of the role of community organisations. The most prominent document dealing exclusively with co-operatives was prepared by the Committee for the Promotion and Advancement of Co-operatives (COPAC) under UN Habitat. This document as "Guidelines aimed at creating a supportive environment for the development of co-operatives" provides essential background on the role of co-operatives within a liberalized environment. However, it does not make any specific mention of co-operatives in the shelter sector. Most countries in the world receive assistance from UN Habitat on matters concerning settlements. For example, loans and grants have been given to the Government of Tanzania to strengthen housing programmes for housing co-operatives in Mwenge-Dar es salaam and Dodoma (Nnkya, 2001).

The Habitat Agenda, adopted in 1996 in Istanbul, recognizes the role of co-operatives in housing development. It has acknowledged Co-operatives as one of the stakeholders at the local level that support governments in their efforts to realise national shelter goals.

#### **Paragraph 56 of the Habitat Agenda States that:**

"While Habitat II is a Conference of States and there is much that national Governments can do to enable local communities to solve problems, the actors who will determine success or failure in improving the human settlements condition are mostly found at the community level in the public, private and non-profit sectors. It is the local authorities

and other interested parties, who are on the front line in achieving the goals of Habitat II. Although the structural causes of problems have often to be dealt with at the national and sometimes the international level, progress will depend to a large degree on local authorities, civic engagement and the forging of partnerships at all levels of government with the private sector, the co-operative sector, non-governmental and community-based organizations, workers and employers and civil society at large.”

The Habitat Agenda strongly supports the role of co-operatives in mobilizing financial resources for housing the poor. This recognition includes the demonstrated success of Savings and Credit Co-operatives (SACCOS) as noted in the study, which was conducted in five south of Saharan countries Tanzania, Kenya, Uganda, South Africa and Zimbabwe in year 2000 (UNCHS, 2001). The Habitat Agenda calls for the recognition, encouragement and support of the pooling of funds at the community level, in the form of SACCOS. Governments are asked to link up SACCOS with traditional financial institutions. The Habitat Agenda makes the following specific recommendations on shelter co-operatives, which has echoed and supported this report study.

The UNCHS report in 2001 asserted that it is necessary for nations to create new housing finance mechanisms. Governments at the appropriate levels should: -

a) Harness the potential of non-traditional financing arrangements by encouraging communities to form housing and multipurpose community development co-operatives, especially for the provision of low-cost housing,



- b) Review and strengthen the legal and regulatory framework and institutional base for mobilizing non-traditional lenders,
- c) Encourage, in particular by removing legal and administrative obstacles, the expansion of Savings and Credit Co-operatives, Credit Unions, Co-operative Banks, Co-operative Insurance Enterprises and other non-bank financial institutions, and establish savings mechanisms in the informal sector, particularly for women;
- d) Support partnerships between such co-operative institutions and public and other financing institutions as an effective means of mobilizing local capital and applying it to local entrepreneurial and community activity for housing and infrastructure development;
- e) Facilitate the efforts of trade unions, farmers', women's and consumers' organisations, organisations of people with disabilities and other associations of the populations concerned to set up their own co-operatively organized or local financial institutions and mechanisms;
- f) Promote the exchange of information on innovations in housing finance;
- g) Support non-governmental organisations and their capacity to foster the development, where appropriate, of small savings co-operatives.

#### **2.1.4 Co-operatives and Community Organisations in South of Saharan Africa**

Housing co-operatives are programmes expected to raise the welfare of the members in those societies. They are raising the welfare by promoting human and physical capital.

A house in itself is the capital, which can be used as collateral to secure funds from financial institutions and invest in alternative investments, depending on one's choice.

Nnkya, in ICA/UNCHS report, (2000) has taken into account the current debate on the definition of co-operatives, primarily within the international co-operative movement but also within other similar bodies within the Committee for Promotion and Advancement of Co-operatives (COPAC). The study seeks to re-assess the definition of a 'co-operative' following the global process of liberalisation. The revision of the definition of what constitutes a co-operative is not only a result of the recent process of liberalisation. It is also based on the experience gained over a much longer period of co-operatives in some countries where cooperatives are in effect government organisations. For example, during the socialist era Tanzanian co-operatives were not voluntary, organisations. In fact, not only was membership compulsory but also at one point the national movement was incorporated into the single-party state and system.

UN-Habitat has three main categories to ascribe organisations in the 'co-operative' housing sector: -

**Registered co-operatives:** - Organisations registered under the Co-operative Societies Act of the country. That means the organisation has a constitution and by-laws (rules) approved by a central, regional or local government or by a body authorized by the government such as an association or a professional body (UNCHS, 2001). The MHCS falls under this category. In case of Tanzania co-operative societies are registered under co-operative Societies Rules 1991.

**Co-operative-like:** - Organizations not registered under a Co-operative Societies Act but which in general terms adhere to the basic co-operative principles defined by ICA and the International Labour Organisation (ILO), but acceptable and in compliance with the Co-operative Societies Rules 1991.

**Other community-based modalities:** - Organisations which do not accord to the co-operative principles as defined by ICA/ILO, but which are often altruistic, seek to alleviate poverty and can have a measure of beneficiary participation. These are informal societies like women in “Kuchangiana” Groups.

In these UNCHS and UNHRP studies, the term 'co-operative', without further qualification, refers to all three categories, unless otherwise specified.

The focused studies in co-operatives (in broad definition) in the housing sector in Eastern and Southern Africa have been covering the following organisations/sectors within the co-operative and co-operative-like framework: -

- Organisations with the primary objective of delivering new housing units to their members, often with infrastructure,
- Organisations with the objective of owning and managing existing units (individual units or, more usually, flats),
- Organisations that seek to support shelter co-operatives,
- Federations of shelter co-operatives,
- Organisations that develop land for shelter;
- Organisations that finance housing and infrastructure,
- Organisations that construct housing and infrastructure, and

- Organisations that manufacture building materials.

The focus of this part is on housing, infrastructure and housing finance. Generally, it has been found that the role of co-operatives in the construction and building materials sectors is minimal and, as is with industrial co-operatives, has not been successful in Eastern and Southern Africa. One exception is the Kataayi Co-operative in Uganda (ICA/UN CHS, 2000)

Most registered shelter co-operatives in Eastern and Southern Africa were established in the 1980s and 1990s. In terms of membership and importance, they play only a minor part compared to the other sections of the co-operative movement. The situation in Tanzania is shown in Table 2:1 on page 21.

## **2.2.0 Empirical Literature Review**

### **2.2.1 Practical Taste of Housing Co-operative Societies in Tanzania**

Tanzania was the first country in East and Southern part of Africa to introduce housing co-operatives in the post- independence era. In 1962, the government of Tanzania (then Tanganyika) began to mobilize people to build better houses through mutual self-help approaches (IHSS, 2002). Tanzania's developed philosophy, as contained in the Arusha Declaration of 1967, a blue print on socialism and self-reliance, called for collective efforts and pooling together people's resources in all social and economic undertakings. The formation of housing co-operatives was based on that development philosophy and strategy (Mwakangale, 1982).

The first co-operative housing project to be implemented in 1971 was the Mwenge Housing Co-operative Society. It was a pilot project initiated by the government with major donor funding and involvement, which included the International Co-operative Housing Institutions and the United Nations. It could therefore be said that these initiatives were donor driven. The establishment of this housing co-operative had two components;

- To support the government to develop its capacity on the establishment of a housing movement and
- To implement a pilot project in Dar es Salaam.

The second initiative was connected to the development of Dodoma as a National capital. It included a strategy for the housing co-operative to deliver significant numbers of housing units. This had heavy government involvement and donor support, principally the United Nations Development Programme (UNDP). In the early years of independence, there was a rapid increase in the number of housing co-operatives. This was due to the high expectations that members of these first co-operatives had. After the transfer of the national capital scheme from Dar es Salaam to Dodoma, there was a continued high rate of registration of co-operative societies as indicated in the table below. The Dodoma Co-operative society has been able to obtain plots but financing for construction has been difficult and most of the members have not completed their project targets. During the 1980s and 1990s there was a decrease of housing co-operative societies in most parts of the country and many of them stopped to be active (Marealle, 2003), (Nnkya in UNCHS repot, 2001).

The causes of this trend were identified as:

- Very little support from the local and central government, which weakened the co-operatives
- The approach and capacity of local government system to support co-operatives was extremely limited due to lack of finances,
- Difficulties in mobilizing and accessing finance due to lack of collateral,
- The fact that Tanzania had a housing co-operative sector did not mean that it had a housing co-operative movement from the people themselves. All these housing initiatives were donor driven.

**Table 1. Distribution and Members of Housing Co-operatives 1970-1998**

<b>Region</b>	<b>1971</b>	<b>1987</b>		<b>1990</b>		<b>1998</b>	
	<b>No.</b>	<b>Members</b>	<b>No.</b>	<b>No.</b>	<b>Members</b>	<b>No.</b>	<b>Members</b>
Arusha	-	-	1	-	-	-	-
DSM	3	500	13	29	2400	16	843
Dodoma			10	57	2941	81	4713
Iringa			2	2	56	7	37
Mbeya			3	3	25	7	42
Mtwara			1	4	85	3	22
Mwanza			1	2	38	5	106
Coast/Pwani			1	2	197	2	263
Tabora			1	2	90	3	49
Kagera				1	36	-	-
Mara				1	25	1	25
Morogoro				3	54	4	222
Ruvuma				3	70	-	-

Singida				5	132	3	49
Rukwa				1	41	1	195
Tanga				2	67	3	47

*Source: ICA/UNCHS-Habitat, 2000 (Citing Nnkya)*

## **2.2.2 Other Co-operative Societies and Shelter Improvement**

### *1) Savings and Credit Co-operative Societies (SACCOS) in Tanzania.*

The IHSS (2002) draft report on SACCOS pointed out that “SACCOS in Tanzania dates back to 1938 but its growth has been slow”. At independence in 1961 there were only three (3) registered societies. With support from the government after independence a national association “*Savings and Credit Union League of Tanganyika Ltd*” was established to promote the formation and running of SACCOS. In 1964 there were a total of 35 societies. In rural areas these were popularly known as Rural Credit Schemes, which advocated self-reliance and fast economic development of the peasant farmers.

Like all other co-operative societies, SACCOS underwent some years of stagnation (1976-1991) when all co-operative activities were coordinated by a national apex organisation, the co-operative Union of Tanzania (CUT). This was a period when co-operative societies were political organs of the ruling party with a political mission of mobilizing people in the building of socialism.

In 1991 a new co-operative Societies Act was enacted to allow for a specialized system of co-operative organisations. Under this Act savings and credit societies united to

reactivate their national association, the Savings and Credit Co-operative Union League of Tanzania (1992) Ltd (SCCULT). The union initially had a total of 250 urban and rural SACCOS members. SCCULT is affiliated to the Tanzania Federation of Co-operatives (TFC) and has the following major functions: -

- To offer education and training, technical services and represent SACCOS at national and international levels,
- To mobilise SACCOS in order to establish a Central Finance Fund as a reservoir or loan capital for SACCOS and as investment capital for SCCULT,
- To establish risk management fund, and
- To look for income generating activities such as establishment of a Central Accounting Pool, which will offer accounting services to SACCOS at a fee, buy shares in financial institutions and so on.

The most important function of SACCOS is to strengthen units so that its members can pool their resources in a common fund and allow borrowing from it. The loan advances to members can be used to establish and expand their income generating activities such as farming, livestock keeping, consumer shops, shelter etc. Also the available funds have been enabling co-operative members to; -

- Buy household goods,
- Build good houses,
- Pay for school fees, health services, taxes, insurance etc, and
- Buy basic needs that include food, clothes and other domestic caterings.



The main theme of umbrella organs to co-operatives has been to help members of the co-operatives to improve their management. SCCULT was not able to provide information for every member of SACCOS, but laid grounds to how savings and credit funds were used by one urban and one rural SACCOS, respectively.

It is evidenced that in the urban areas, priority in the utilization of credit finance is given to housing and social services, while in the rural areas improvement of agriculture or income-generating activities are given priority by the members. Most of SACCOS lending schemes are directed to furniture and housing equipment and building materials. Very few SACCOS provide direct loans for housing construction except for Women Advancement Trust (WAT), which has started to help women in Dar es Salaam (Maria, 2003).

## *2) Non-governmental organisations*

Non Governmental Organisations (NGOs) are not new institutions in Tanzania, but following the adoption of political multiparty in 1992, there has been an increase in the number of NGOs. NGOs support a number of development activities in both rural and urban areas. There are a couple of NGOs, international and local, whose activities are directly or indirectly connected with improvement of shelter and human settlements in general. There are few NGOs dealing with shelter development compared to those dealing with other humanity development activities. Among the few popular NGOs which are actively involved in housing activities are: The Mwanza Rural Housing Programme (MRHP) at Misungwi, the Peramiho Home Makers League (PEHOLE), the Kasulu Habitat for Humanity Project, the Women's Advancement Trust (WAT).

There are other examples, here and there, where the relevant communities have tried to mobilise themselves out of desperation to address their housing problems through informal groups or by forming Community Based Organisations (CBOs). In the case of Dar es Salaam City there are three active groups, namely Magohe Housing Co-operative Society, Mshikamano Housing Co-operative Society, Bandari Housing Co-operative society and Khomeini Housing Co-operative. The first three are working under WAT guidance, following the spirit of community initiative through a CBO. The Khomeini Housing Co-operative Society is under Muslim assistance.

### *3) Kijitonyama Development Community (KIJICO).*

This community managed to repair and build roads in their neighbourhood. This organisation started with self-help activities and later on managed to draw the attention of the government. An initiative on infrastructure improvement is going on through a partnership approach involving various stakeholders like the community, utility agencies, donors and the local authority. This could be a good example for other communities to start such co-operatives and build on them to enhance shelter delivery. Examples include SIMU Housing Co-operative Society and Ukaguzi Housing Co-operative Society.

### **2.3.0 Literature Review on Housing Policies**

#### **2.3.1 Housing Movements and Policies in Tanzania**

During colonial period, Tanzania had patchwork of policies to deal with housing and human settlements in general. The colonial government did not see housing and other problems of human settlement as a pressing issue (Kulaba, 1980). The housing problem became evident as many people started coming to growing urban centres, searching for work and better life assumed to be in these centres. The commercial or administrative activities conducted in these centres attracted rural people to move in towns not only for searching jobs and better life but also to get better social services such as education, health care etc. In rural areas, the housing problem is perceived as a matter of quality rather than quantity.

#### **2.3.2 The History of Shelter Programmes in Tanzania**

A patchwork of urban and housing policies existed to deal with Asians, Europeans and Arabs who were considered permanent residents of the towns. Africans were classified as temporary residents assumed to have come to earn a specific amount of money, which they needed to take back to the villages. But later when their stay became permanent or for longer periods of working, shantytowns started to appear. Those areas occupied by Africans were of rural character in housing and way of life. Copying the house types of the ethnic group surrounding the urban centre, rural migrants started to settle. In Dar es Salaam the houses of these shantytowns resembled the house forms of coastal ethnic group “the Zaramo house” (Kulaba, 1980). The policy in the 1940s therefore stated that

there should be measures to integrate Africans into town life. In 1946, the colonial government set aside funds for African Urban Housing. The houses constructed were controlled by local authorities and were given to African workers. Individuals were allowed to construct privately on high-density surveyed plots, provided they followed the laid down building regulations, e.g. that the houses should be of permanent materials. In 1965, the African Urban House Scheme was started which was intended to finance private construction at low interest rates. The Government of Tanzania has passed through a number of phases in response to the growing demand for urban housing and within the context of worsening financial situation. After independence in 1961, Tanzania had the intention of housing the majority who were Africans and mostly earning very low-income. Therefore the main housing strategy set for housing co-operatives was to serve the interest of the majority.

To date, there have been a number of principal strategies set to alleviate the need for housing and services for lower income families. The first was the construction of houses by the public sector. This was marked by the formation of the National Housing Corporation (NHC) in 1962. The Corporation was given the task of providing houses and other buildings by means of financial assistance and actual construction of houses. The Corporation started by clearing slums, especially in Dar es Salaam, and replacing them with new single storey houses which were rented out to the previous house owners and others sold to them on tenant purchase basis.

Between 1962 and 1990, NHC constructed over 4,000 housing units, mainly for rental, but also a few for sale under the tenants purchase scheme. Some of the houses were constructed under a slum clearance scheme implemented by the government until 1969. Most NHC houses were built in Dar es Salaam. The public sector employers, e.g. parastatal corporations, also built houses for their employees. However, the combined output of the public sector has remained insignificant (15 per cent) compared to what has been provided by the private individuals (85 per cent).

The provision of houses to African workers and the establishment of the African Urban House Loan Scheme was the beginning of providing houses as commodities and setting aside resources, which were not accessible to the majority of the urban poor. After independence, the formation of NHC and later the Permanent Housing Finance Company (PHFC), was nothing more than a replacement of the African Urban Housing and African Urban House Loan Scheme.

Tanzanian policy on social and economic development took another direction after the 1967 Arusha Declaration. This was Tanzania's blue-print for socialist transformation, under which it was declared that: "We want to create a socialist society which is based on three principles; equality and respect for human dignity; sharing of the resources which are produced by our efforts; work by everyone and exploitation by none" (Nyerere, 1967 in Kulaba, 1980).

To implement this policy in rural areas the government decided to resettle scattered homesteads into 'Ujamaa' villages so as to enable the government to provide the villagers with communal public facilities and services more economically. The resettlement programme was implemented between 1973 and 1978.

Hand in hand with this, the government spelled out a policy on rural housing and launched a "Better Housing Campaign". Rural Construction Units were established in every district offices to co-ordinate implementation of the campaign. The Rural Construction Units were established and equipped with simple construction tools, transport facilities to include a lorry, Land Rover and five technicians. This campaign called for co-operation among the would-be builders in arranging for the purchase and transportation of building materials from district centres. This also called for control of contribution by would-be builders, through the village bookkeeper who was to look after their accounts and to arrange payments to the Rural Construction Unit for materials and construction. Through self-help villagers were to work together in the construction of their houses, public offices, health centers and so on.

In consonance with the principles of socialism, self-reliance and rights of people to decide and control what affects their lives, the Tanzanian government nationalised the most important sectors of the economy: key industries, financial and commercial institutions to form public companies. Also nationalised were large plantations, non-owner occupied buildings, which at that time were worth US \$ 20,000 or more. A public

corporation, the Registrar of Buildings, was established to, *inter alia*, manage the nationalised buildings and build new ones to supplement those built by NHC.

The government of Tanzania has been participating in implementing the different United Nation's decisions reached by the United Nations General Assembly or through the different United Nations sponsored conferences and commission meetings. After Habitat I in 1976, the government prepared and approved a National Housing Development Policy in 1981. As observed in a 1993 report by the then Ministry of Lands, Housing and Urban Development, "The policy was in many ways ahead of its time as it foreshadowed the enabling approach later to be adopted by the United Nations as part of the Global Shelter Strategy". However, the policy was too narrowly focused on housing, without any complementary policy for urban management incorporating other aspects of human settlement development such as the availability of land, and provision of infrastructure and services. The policy statement was never followed up, as it lacked strategies and a realistic programme of implementation.

### **2.3.3 Land for Housing/Shelter**

The policy of the government has been that land should be accessible to all regardless of their affordability. Subsequently, land has been available from the government almost free of charge. Planned land is expressly granted for a short-term or long-term (33-99 year) duration.

Despite the goal of making planned land available to all, the supply has been limited compared to demand. For instance, figures from the Dar es Salaam City Council suggest an annual reported demand of 20,000 plots. Yet it is calculated that between 1972 and 2003 no more than 62,000 residential plots (or an average of 2,000 plots per annum, i.e. less than 10 per cent of the demand) were surveyed and allocated by the Ministry and authorities in the City. The situation is similar in the other fast growing urban areas in Tanzania.

Reason for lack of planned land for urban development is lack of resources to acquire, plan and survey land fast enough to meet demand. This has resulted into inability of people in all income levels, and especially low-income people, to get access to planned land, a factor that has led to the growth of unplanned settlements, where in the case of Dar es Salaam about 70 per cent of city residents live in such settlements. In other regional headquarters between 40 and 50 per cent of the residents live in such settlements. The land issue has been recently examined, resulting into initiatives to prepare and adopt a new Land Policy in 1995 and a new Land Act in 1999. Preparations have been completed to enforce the new Land Act. The Act provides improved legal framework for land tenure and administration for it recognizes the hitherto disregarded market value of land and individual land rights per se.

#### **2.3.4 Housing Finance**

The housing financing policy after independence was aimed at reducing the shortage of housing for civil servants. The government through Staff Circular No. 8 of 1962 and No.



4 of 1965 established a “Revolving Housing Loan Fund” (RHLF) to finance renovation, construction or purchase of houses for its employees.

In 1972, the Tanzania Housing Bank (THB), a successor to the Permanent Housing Finance Company, was formed to cater for other borrowers. Following this development, RHLF was abolished and all borrowers were transferred to the newly established Bank. Under the country's shelter policy, financial institutions lending for housing were supposed to be responsive to the needs of low-income groups in both rural and urban areas. It was envisaged that new financial institutions might be created to increase lending opportunities. The THB became the sole source of formal housing finance institutions.

It was, however, only marginally able to lend to low-income groups and over the years lending declined in real terms as both building costs and interest rates increased. By 1989 THB was facing financial constraints because of many non-performing loans.

The main sources of THB's finance were public deposits, the Workers and Farmers Housing Development Fund (W&FHDF), external grants and revenue obtained through repayment of housing loans. The W&FHDF was established in 1973 with specific objective of providing finance for construction of low cost houses for workers and farmers in the urban and rural areas. Housing co-operatives also benefited from the funds. A portion of the fund was therefore used for provision of loans to housing societies in urban areas as well as to low cost housing.

Secondly, a portion of the fund would be used for the provision of loans to employment based housing societies, and thirdly the remaining balance was earmarked for houses in the rural areas with a preference for housing schemes undertaken by Ujamaa villages and co-operatives societies.

Loans from the fund carried an interest of five (5%) per cent if the loan did not exceed Tshs 25,000, and 6 per cent interest if a loan was ranging between Tshs 25,000 and Tshs 35,000. Effective August 1995, THB was liquidated. This implies that there is currently no specific universal formal source of credit financing shelter development in Tanzania. In 1990 the government re-introduced a RHLF for civil servants. It started operations officially in the 1992/93 financial years. The government was supposed to inject in this fund Tshs 200 million annually until when it would start to revolve, but due to financial constraints it has been unable to do so. Subsequently only a few of the targeted workers have been granted such loans through the Ministry of Lands Housing and Human Settlement Development for civil servants, however very few workers are getting housing loans under this arrangement. Other sources are financial institutions (Banks), which provide housing loans. The most preferred and well-established Banks in provision of housing loans are AZANIA BANK CORP and The International Bank of Malaysia, but these banks are not accessible by lower income earners since their interest rates are too high. (Refer to Appendix 6.)

### **2.3.5 Recent Shelter Condition**

The national shelter policies pursued and strategies implemented until recently have not been able to meet the growing demand for housing. Between 40% and 70% of urban residents live in informally built shelter in unplanned settlements, (Magembe, 1982). Most of these settlements lack even the most basic urban services such as potable water supply, sanitary waste disposal systems, access roads, drainage systems, and health and education facilities. Houses are generally poor and overcrowded and some are located on marginal lands. These conditions not only cause severe health problems but also have serious effects on family life. Women, especially those who are heads of households, are particularly vulnerable as they struggle to make an income and provide food for their families. The quality of shelter is poor and investment in shelter and services is deterred by the poor economic growth, previous land policy that prevented the smooth operation of land markets and severely restricted access to finance credit for the construction and improvement of housing.

### **2.4.0 Conclusion**

Tanzania, like other developing countries, is experiencing unprecedented urbanization coupled with serious housing problems under poverty. The country is in a situation where resources are scarce and there is virtually no way the government alone can arrest the situation. Housing co-operatives have been advocated as means for solving housing problems. Yet there is a very limited knowledge on how these urban housing problems can be sustainably addressed and solved through housing co-operatives. This is,

therefore a green area (housing co-operatives) of research in the field of shelter in a bid to fill in the gap left by the government to provide houses to the people. The case of housing co-operatives has been a right tool in solving shelter problems in Canada and European countries, it would be interesting to find out how practical this tool could also be applied especially in the Tanzania context.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.0.0 Introduction**

A case study strategy has been used in preparation of this Project Report. The selection of this strategy was influenced by the nature of the research problem, objectives and research questions that pointed out the need for employing the case study to elucidate issues to be investigated in depth. In this study a combination of social and scientific research methods was employed and it enabled the researcher to capture, influence the process therein and to show the outcome.

Patton (1987) states “Case studies become particularly useful when one seeks to understand”. Therefore this Chapter presents the research methodologies employed to capture, process information from the case study area and show the outcome. The research methods, which have been used during the research process, include documentary sources, interviews, questionnaires, observations and other types of data viable to be collected.

#### **3.1.0 Data Collection Methods**

This research is recognized as a social study, which employs social science approach/strategy to get access to useful data and information. The approach used in data collection is that which is usually used in social survey, histories or archives. Qualitative

and quantitative methods of data collection have been employed to get useful data for this study from both primary and secondary data sources;

- (i) Primary data obtained from MHCS members who were and are still actively involved in the society business by using a structured questionnaire, interviews and observations. (Refer to Appendix 1)
- (ii) Secondary data. Under this source, information relevant to the research were mainly gathered from MHCS records (offices) and outside the research area such as from WAT, MLHSD, financial institutions and other areas, which can reliably avail relevant information related to housing co-operatives.

To obtain the relevant information related to the research questions, three main methods were employed, namely documentary sources, interviews and questionnaires

### **3.1.1 Documentary Sources**

The following documentary sources were used to obtain secondary data;

- (i) The library through reading books, documentary reports, and records.
- (ii) MHCS Memorandum, records of accounts (financial statements, books of accounts), minutes of meetings and so on.
- (iii) Various MHCS reports and brochures.

### **3.1.2 Interviews**

Interviews have been conducted to members and leaders of MHCS. These were supplemented by discussions and on the site observations. (Refer photos in Appendix 8).

### 3.1.3 Questionnaires

Questionnaires have been administered to all members, leaders of MHCS and other stakeholders in housing co-operatives (MLHSD, WAT and financial institutions). The interviews and questionnaires have been used concurrently in order to improve the accuracy of information from the respondents. A sample of the questionnaire is attached as Appendix-1.

### 3.2.0 Community Approaches Used in this Research.

There are various approaches used by researchers to get information in order to accomplish their goals as stated above in 3.1:0. In this study the situation is different since the researcher is intended to explore the strengths available within the community and use them for practical implementation of the housing project, using a community participatory approach in land acquisition, and prepare a housing project proposal. The researcher has been using a combination of two approaches to carryout the research and these are *Appreciative Inquiry Approach* and *Community Participatory Approach*. The most used approach to supplement research data collection method in this study was the *Appreciative Inquiry Approach*. The concentration during data collection was mainly put on suggestions, which were made by members of the MHCS, where changes were necessary; the researcher reported such changes to the MHCS for discussion.

### **3.2.1 Appreciative Inquiry Approach**

This approach mainly focuses on things about the community that are tangible and available sources of hope and learning, instead of looking for what is wrong or missing. It then develops problem-solving responses, identifying working, successful and life giving elements, in the attempt to find additional possibilities. This approach has been used in this research to discover what is working and creating life and value in the Magohe Housing Co-operative Society. The approach was assisting the researcher to observe the MHCS members and see whether they have a strong will and respect in the co-operative activities, particularly on timely and effective payment of their contributions on monthly basis. The researcher managed to identify the power of the MHCS members through meetings held with them. The information, which was obtained helped the researcher to formulate strategies and to imagine what the society members wish to own and promote in the future with the use of the prepared housing project proposal.

### **3.2.2 Research Process**

The research process has been involving various sources, channels of information and data collection on housing co-operatives. The experiences of various people and institutions engaged in housing finance have been taped and used in this report. The researcher suggests that it will be necessary to use a staged data collection and processing approach as follows hereunder;



**Stage one;** This involved library search through reading of books, periodicals, manuals, and research papers on housing co-operatives. The literature review has been helpful to the researcher to get a broad awareness of the concepts, principles and practice of housing co-operatives and development. Through readings the specific issue of effectiveness and inefficiency of housing co-operatives in Tanzania was identified. The inherent strength and weakness of past and current housing co-operatives has been identified, defined and the objectives of carrying out this research were formulated and put forward for testing.

**Stage two;** This part covers the selection of the proper case study area where the research is conducted. With the backing of library search in stage one, consultations were done with the Ministry of Lands, Housing and Settlement Development (MLHSD) housing loan section, WAT, Banks, NHC officials and other useful partners. The researcher further conducted discussions with BRU and other key players in the housing supply who are very conversant with logistics and dealings in housing development in Dar es Salaam.

**Stage three;** This survey stage was carried out after selection of the case study area. Based on the results obtained during consultations and discussions in the second stage, checklists and survey forms were prepared. These included questionnaires, interviews and guided discussions. These forms were used to collect data and conduct meetings

with MHCS members, interested actors in the area of housing co-operatives, officials at MLHSD, Kinondoni Municipal Council and the builders in the informal sector.

The survey size was unlimited; the approach employed in data collection involved every member of the community (MHCS) and various housing institutions. All members of MHCS were individually interviewed and presented their views during the MHCS meetings held with the researcher.

**Stage four;** This stage involved the analysis of data obtained from the survey process. It involved tallying and averaging the responses, looking at their relationships and comparing them in relation to the research objectives.

### **3.3.0 Data Processing and Presentation**

Data analysis was done based on quantitative and qualitative type of information obtained from the field. Quantitative data obtained from questionnaires was processed, quantified and presented in mathematical manner/model in the form of percentages, rates, and ratios. Qualitative data (information) was in one way or another presented in the form of a summary or full text as presented by respondents to make sure that it was not distorted. Further to that, other forms of data analysis and presentations were made in written form. The researcher included tables, charts, figures, maps and drawings. Conclusions and recommendations were reached at every particular stage of the research after the analyses of the strengths, weaknesses, opportunities and threats of the data available.

### **3.3.0 Action Plan and Works Completed**

The action plan and works completed are presented in Appendix Number 5. Both the researcher and MHCS have been involved throughout the study period.

## **CHAPTER IV**

### **ANALYSIS OF MAGOHE HOUSING CO-OPERATIVE SOCIETY**

#### **4.0.0 Introduction**

This Chapter shows the real situation of Magohe Housing Co-operative Society (MHCS). The selected MHCS shows clearly the real situation of the current housing co-operatives in Tanzania. In this Chapter the researcher traces mainly the strengths available among the Magohe Housing Co-operative Society and establishes consensus around a shared vision among co-operative societies in the future. The researcher has constructed strategies through his proposed “Co-operative Housing Project Proposal”, which is directed and expected to lure donors and other actors in the housing sector to support MHCS and other like societies engaged in housing co-operatives.

#### **4.1.0 The Case Study Profile**

In this part a detailed analysis of the MHCS is carried out to evaluate the potentials of the subject co-operative societies in general and their engagement in the housing Co-operative activities.

#### **4.1.1 Background of Magohe Housing Co-operative Society**

The Magohe Housing Co-operative Society was established in early 1990s as a group of people aimed at assisting each other during funerals and renovating houses in case of severe rain, flood, wind disasters and so on. Also the group aimed at getting access to assistance from government and donors. Initially the group was unregistered consisting of forty five (45) people but due to failures of some members of the community to pay contributions, in 1998, the number dropped down to 14 active members who decided to form a Housing Co-operative Society. The Magohe Housing Co-operative Society was formally registered in 1999.

#### **4.1.2 Magohe Housing Co-operative Society Community**

At the start of this study in December 2003, the co-operative society comprised 14 members as core founder members, out of whom four were men and were ten women. New members were allowed to join the Co-operative Society on condition that they have to make their contributions amounting to those made by core members. Currently, the Society comprised eighteen (18) members, five of them are men and thirteen are women. All members are heads of their families.

### **MHCS Members' Profile.**

The MHCS is composed of men and women as presented in the table below.

**Table2. Gender Compositions in MHCS**

<b>Sex</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Females	13	72
Males	5	28
Total	18	100

Source: Researchers Matrix (MHCS compilation) March 2004

The table above shows that women outnumber men in MHCS. Traditionally, women are so co-operative in-group works than men, thus their dominance in that society signifies that they will facilitate unity spirit towards the achievements of the society goals.

**Age Groups in MHCS:** The society has members falling in different age groups. The researcher has put them in three groups for the purpose of analysis of the data in order to interrelate them with labour supply, loans and so on.

**Table 3.Age Groups Within MHCS**

<b>Age group</b>	<b>Frequency</b>	<b>Percentage (%)</b>
25 to 45	10	55
46 to 60	7	39
Above 60	1	6
Total	18	100

Source: Researchers Matrix May 2004

Ten members are between 25-45 years while seven members are between 46-60 years. The Society has people who are able to supply physical labour, since the dominant age groups are within 25 –45 years. Also, the group is bankable since financial institutions do prefer to give loan to workers who are still in working class and mostly under the age of 60 years.

**Table 4. Family Sizes in the MHCS Community**

<b>Case</b>	<b>Members of the Family</b>	<b>Frequency</b>	<b>Percentages (%)</b>
I	1-3	5	28
II	4-6	10	55
III	7-10	3	17
	Total	18	100

Source: Researchers Matrix May 2004

From table 4 above on family sizes, the study revealed that five families have 1-3 members while ten families have 4-6 members. And three families had 7–10 members. This indicates that the society requires mostly medium size accommodation of not less than four rooms. Thus designers for MHCS houses considered that factor of providing more rooms than space.

**Table 5. Accommodation Status of MHCS Members**

<b>Accommodation Status</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Owner Accommodation	5	27
Rented accommodation	13	73
Total	18	100

Source: researches matrix MHCS June 2004

On table 5 above the accommodation data depict that most of MHCS are accommodated in rented houses and are experiencing land lords/ladies macho huddles. That could be the fuel for the members of the society to abide with the MHCS rules/ principles in order to secure their own accommodation in the future.

**Education status of MHCS:** The society has various resourceful members as depicted in table 6 below who are trained in various fields of management, accounting, and building construction and so on. The group /society has one graduate accountant, one graduate in economics, two secretaries, one driver and one civil technician. It is observed that they have a strong combination of people who are able to manage the project in collaboration with the Kinondoni Municipality Council workers and WAT.



**Table 6. Education Status in MHCS**

<b>Education levels</b>	<b>Members</b>	<b>Percentages (%)</b>
Primary education	7	39
Secondary education	5	28
Higher education	6	33
Total	18	100

Source: Case study compilation MHCS June 2004

**Table 7. Employment Status of Members of MHCS**

<b>Type of employment</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Self-employment	9	50
Government	2	11
Parastatal	5	28
Private sector	2	11
Total	18	100

Source: Case study MHCS compilation, June 2004

From Table 7 above MHCS members are employed in various areas of the economy. They are expected to bring in the society diverse contributions in terms of manpower, technical skills and advise.

It was observed that half of MHCS members are working in the government; some work in public as well as in private institutions, while others are unemployed. The MHCS members were investigated and tested and it was found that they would easily understand and support the project proposal prepared by the author (CED Student) since

during the meetings all members were supporting the study. There is strong community participation and willingness to participate in MHCS manual activities. The MHCS members have the experience of working together in various development activities under the supervision of the Sub-ward offices at Mwembe Jando Kigogo area.

**Table 8. Income Levels of MHCS Members**

S/n	Levels of income	Frequency	Percentages (%)
i)	[40,000-120,000]	6	33
ii)	[121,000-200,000]	10	55
iii)	[221,000-250,000]	1	6
iv)	[Above –251,000]	1	6
Total		18	100

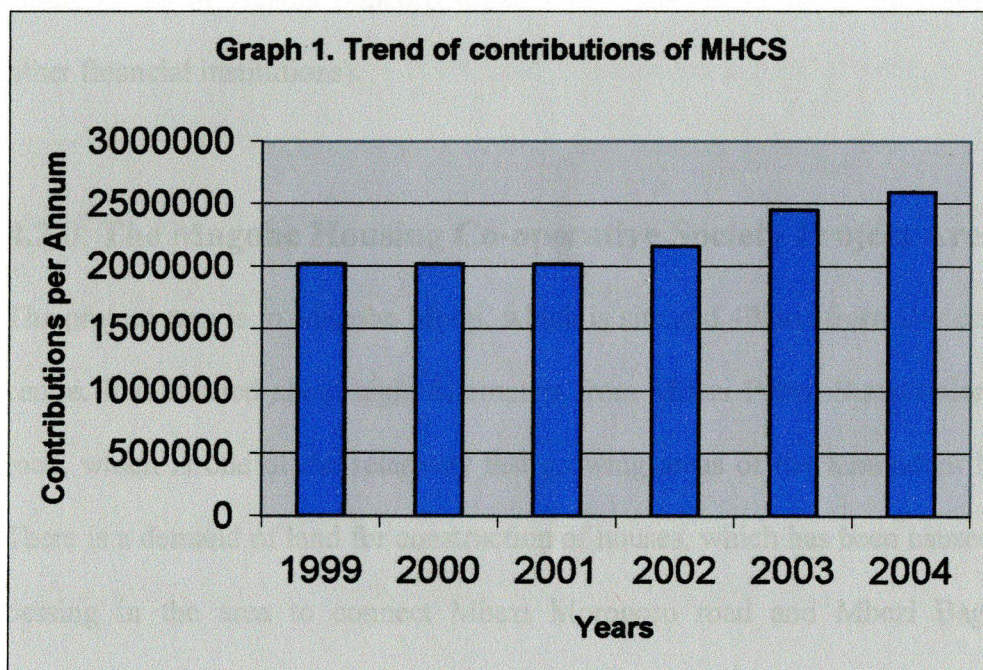
*SOURCE: Case Study MHCS Compilation June 2004*

From table 8 the statistics show that, the society is having many members in group two, who are relatively in middle income earners group. In terms of contributions they are expected to contribute without much strain.

**Table 9. Financial Growth Trends of MHCS**

Years	Contributions per member per month	Members	Total Contributions Per /M	Total Contributions p/a
1999	12000	14	168,000	2,016,000
2000	12000	14	168,000	2,016,000
2001	12000	14	168,000	2,016,000
2002	12000	15	180,000	2,160,000
2003	12000	17	204,000	2,448,000
2004	12000	18	216,000	2,592,000
<b>Total</b>			<b>1,104,000</b>	<b>13,248,000</b>

Source: From MHCS, Nov 2004



Source: Table 9 above.

Table number 9 and the graphic presentation number 1 show that, the contributions made by MHCS are in incremental trend. If the money collected for the period of six years had not been used in land acquisition the society could have a total amount of

Tshs. 15,816,000/=. With reference to the housing project proposal made by the researcher, this amount can only satisfy the construction of four houses out of eighteen houses in the said site for year 2003. Thus, MHCS should not depend on their current monthly contributions towards the construction of houses, the efforts of looking for more recourse for housing finance is inescapable fact. Donors are the preferred source, since financial institutions supporting shelter programmes have difficult conditions to CBOs and their interests are unfavourable to lower income earners. (Refer to Appendix 6 on Home Loans by Azania Bancorp whose conditions are similarly unfriendly to those of other financial institutions).

#### **4.2.0. The Magohe Housing Co-operative Society Project Area**

The project area is in Magohe Mpigi, which is situated 40kms from Dar es Salaam City centre. It is located about eight kilometers from Mbezi Petrol Station along Morogoro road, which is one of the relatively fast growing areas of the Kinondoni Municipality, There is a demand of land for construction of houses, which has been caused by the road passing in the area to connect Mbezi Morogoro road and Mbezi Bagamoyo road neighbourhoods. This has attracted most of the people to look for land and build in the area for the prospects of the future market for renting. The location of the neighbourhood attracts developers and has resulted into fast housing developments. This gives an incentive for the MHCS to construct their houses in the area. The area is accessible throughout a year through a paved road. The MHCS selected Magohe Mpigi to build their houses after buying a raw-land from a land occupier in 1999. The project,

which is under way, though at the infant stage, is executed by MHCS members under the guidance of the Women Advancement Trust (WAT)

### **Site and topography**

This is a terrain land suitable for construction without investing much capital on site clearance, leveling and foundations. That will enable members of the MHCS to lower the cost of the project, since there is no need of substantial money to be used for site preparation.

### **Tenure and land holding**

The parcels of land in the area are held under deemed right of occupancy, which is a customary land holding with informal land registration at the sub-ward offices. Formerly, the area was under agricultural activities but due to the growth of the city, these farms have now been changed into construction sites. The land owner sold the parcel of land to MHCS in 1999 at a cost of Tshs 2.5million. The MHCS has carried out subdivision by using a government surveyor; hence each member of the society was allocated a plot. The survey is in progress and thereafter MHCS will get a title deed to pursue further steps to secure funds from financial institutions.

#### **4.2.1 Land Fragmentations in the Area**

The demand for residential plots has led to the fragmentation of parcels of land at Magohe Mpigi. Formerly, the area was in big parcels of land (farms) under small-scale farming. Currently, most of these farms are subdivided into various plots for housing purposes. It is realized that such changes in the area resulted from the following factors:

- Magohe Mpigi area is within the earmarked area for the expansion of the City in the future.
- There is a paved road passing in the area, which is potentially influencing the development of the settlement in the area to accommodate people working in various parts of Dar es salaam City. This is largely because the area is relatively flat-inclined, which does not allow water retention during rainfall.
- The rapid urbanization of Kinondoni Municipality has resulted into residential (housing) accommodation problems.
- Inadequate planned/surveyed plots in the Municipality compounded the problem of squatters in the Municipality. Magohe Mpigi, being not an exception, is under-pressure of development by various people through informal arrangements.
- The price for land at Magohe Mpigi area is relatively low compared to the planned areas like Mbezi Luis and other potential areas in Kinondoni Municipality.

The area is under pressure for development and the extension of these informal developments to neighbouring farms is expected very soon. There is a need for intervention to plan and survey the whole area in order to rescue that “raw land” from informal sub-dividers and developers for the benefit of the community living in Magohe Mpigi area.

#### **4.2.2 Land Uses Distribution**

Magohe Mpigi, like any other unplanned urban settlement in Tanzania, has no specific land use categories (arrangements). There are no defined areas for various land uses. Houses in the area are randomly scattered with more concentration along the road. Apart from residential use, there are few shops, “*Pombe shops*” and food stalls. Most of the business activities are carried out within or on frontage veranda of residential houses. The settlement is still developing from rural to urban use, with abandoned and unproductive farms.

#### **4.2.3 Housing Condition in the Area**

From the survey conducted by the Kinondoni Municipal Council on registration of houses (2003), Magohe Mpigi housing stock are not included in the list. The researcher has made efforts to know the housing types at the area and it was found that there are permanent houses, semi- permanent houses and temporary houses;

- 1. Permanent houses:** These are houses built of sand cement blocks or burnt bricks walls and foundations. The roofs are covered with corrugated iron sheets. Most of these houses are under construction.
- 2. Semi-permanent houses:** These are houses whose walls are constructed of mud and bricks or poles and the roofs are covered with corrugated iron sheets.
- 3. Traditional/local houses:** These are houses built without foundations except with mud poles walls with tin or grass thatched roofs. Most houses in this category have been there to accommodate indigenous people of the area and charcoal venders.

The situation has shown that the houses constructed of temporary and semi permanent materials are the dominant ones, while those constructed of permanent materials are very few, and most of them are under construction. This situation provides an opportunity for Kinondoni Municipal Council to plan, survey, compensate and allocate land to other housing co-operative societies because the properties to be affected by that exercise can be partly compensated, adjusted to match with the planned plots. Thus, this will avail extra land for urban development.

#### **4.2.4 Accessibility in the Area**

There is one formal road passing in the area from Mbezi Morogoro road to Mbezi Bagamoyo road. There are others unpaved roads created by the frequency passage of trucks carrying sand to the construction sites. Individuals are making roads privately to get access to their houses. Private cars and buses are passing in the area. There are neither '*Daladala*' nor other means official transport passing in the area.

#### **4.2.5 Urban Services**

##### **Infrastructure services**

The area is under rapid development, the utility network mains are nearby the site as compared to other areas of this nature in Dar-es-Salaam City, which include mainly electricity, water, and telephones. Furthermore, the road from Mbezi Morogoro road to Mbezi Bagamoyo road neighbourhood is passing through the area. These would make



easier for the provision of infrastructure services, which are three kilometers from the project area/ site.

### **Water supply**

There is no tap/ piped water in Magohe Mpigi area. The residents in the area depend mostly on water from borehole wells, which are not reliable during the dry season. The permanent water source is Magohe Mpigi River. Water from the Magohe Mpigi was reported to be unsafe because some domestic solid waste and industrial refuses are directly disposed in the river. It is identified that Magohe Mpigi River is also far from MHCS construction site, and thus some of people depend on buying water from water vendors. The MHCS has managed to dig a borehole but all in vain water is available only during the rain season a factor which has made difficult for the MHCS members to prepare sand, cement, earth mix blocks to start construction in time.

### **Electricity**

There is no near future plan by the Tanzania Electric Supply Company (TANESCO) to distribute electricity to the area. In general, individual house owners who are nearby MHCS site cover electrical connection costs on their own. The nearest electrical supply mains is about four kilometers from the area. There is a possibility for electrical services to be extended to the area on cost sharing by a group of housing owners in the area and MHCS.

### **Health**

The nearby health center is eight (8) kilometers from the area. Serious cases are referred to Mwananyamala and Muhimbili hospitals, situated more than 20 kilometers

from the area. It is risky for people who get sick during the night, since there is no reliable transport to rush patients to the health centre and hospitals. MHCS has provided a plot for dispensary use in its plans. This will help the neighbours to get health services.

### **Education**

The nearby primary school serving the area is about three kilometers from the MHCS site, which for the time being cannot enroll all pupils into standard one annually. It was evidenced that some of pupils travel more than three kilometers from Magohe Mpigi to look for primary school in the neighbouring villages. Some of the children travel a long distance to find schools elsewhere in the city, since that one cannot accommodate all of them. The MHCS and the residents in the area are required in future to plan for construction of a primary school in the area.

### **Other social services**

There is one small common market three kilometers from the site where one can buy foodstuffs. There are one mosque, two churches, one for Roman Catholic and the other one for Lutheran denominations. All are found at more than three kilometers from the MHCS site.

#### **4.3.0 Institutional Set-up**

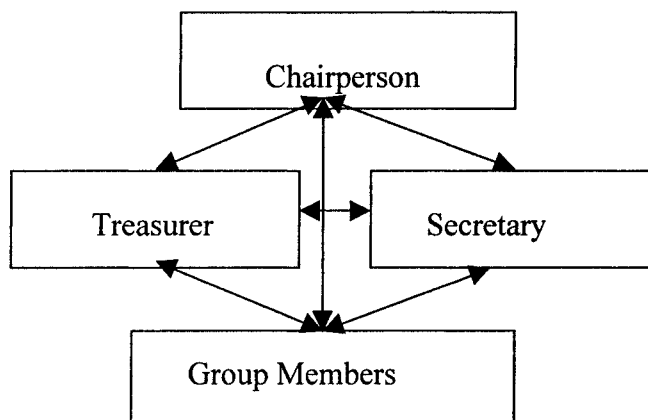
This part involved the study on leadership and formulation of working groups at MHCS. It has also looked on the responsibilities of leaders and members in the society.

MHCS members elected leaders based on the co-operatives' principle that each member has equal right and one vote. The society had no formulated groups to affect their

activities at the time of starting this study. The researcher assisted MHCS to formulate working groups to represent MHCS in various activities. The need for the groups was to enable fairness during follow-ups of the MHCS activities and to ensure that each member is actively participating in the project. The working groups were formulated as indicated hereunder;

- i) Governing body
- ii) Construction committee; to supervise construction process
- iii) Finance committee; to deal with all financial issues of the MHCS, organize contributions, negotiate with donors etc
- iv) Utility committee; to represent the MHCS on follow-up of water, electricity and other services.

**Figure 1. MHCS Organisation Chart 1999-2003**



*Source: MHCS files*

From the above organisation chart the division of labour and responsibility of leaders and members of the Society was not well defined.

*(Note: - Formulated new organisation Chart on page 91).*

#### **4:4:0 Challenges Faced by MHCS in Execution of Housing Co-operative Activities**

The researcher observed that the MHCS working groups were able to carry out the exercise with greater achievement, although there were a number of difficulties, huddles encountered in the process of executing the Societies' activities.

The difficulties were due to the fact that the exercise was relatively new to that community. Also, the changes in social, political and economic environment have necessitated changes in housing co-operatives approach. This is because community participation is currently emphasized for any community activity, which affects the life of the particular members of the co-operatives. The following were the basic problems encountered:

- i. Absence of sense and experience of co-operation among members of MHCS,
- ii. Non-fulfillment of appointments for meetings and site visits.
- iii. Delays and failures to pay contributions for some members
- iv. Delays of some members to make follow-up on assigned exercises.
- v. Due to unexpressed individual interests, some members were reluctant to support the exercise timely. However, the management solved that problem by using active members to persuade reluctant members to participate in the exercise.

Problems faced by MHCS were solved during members' meetings. Consultative meetings were conducted with WAT and MHCS leaders to make sure that the project is well known to the whole community. The inclusion of all members in solving problems during meetings enabled the Society to understand the nature of the housing project

process. The participatory approach is also expected to be the most useable tool during the housing construction process.

#### **4.5.0 The Plan Contents and Form of MHCS Housing Project**

This part explains the output that the MHCS expects. Members of MHCS are expecting to get planned land and a house to each individual.

#### **4.5.1 Selection of Low Cost Housing Design**

The researcher, in collaboration with WAT staff, selected two housing designs out of six available at WAT. The two selected designs were presented to a MHCS meeting during the first week of June 2004 to enable members of Co-operative Society to choose one design, which will be constructed at Magohe Mpigi Housing Estate site.

The construction arrangement for low cost housing has been suggested to be implemented under two options;

- (i) The first option is “ Construction based on stages” where the foundation, walls, roofing and finishing are constructed gradually, one after another, depending on the availability of funds. After every stage it was agreed that there should be a pause to solicit funds for the construction of the next stage, up to completion.
- (ii) The second option was to construct a house based on parts where the house is to be built conveniently one portion/part after another until the whole building is completed. It has been a practice that under that arrangement the building can be used while construction of other parts are on progress.

(iii) The third option is construction of shell -houses.

In this particular case the building process and costs are based on construction of the whole external building walls from foundation to completion. Internal partitions are made on temporally basis of demountable walls. The whole external walls of the house are constructed as whole, with complete roofing and fittings; the permanent partitions are done later.

#### **(1) Housing Design Number One**

The first design is to be constructed of sand cement blocks or stabilized soil/ sand cement blocks with the roof covered by corrugated iron sheets. Accommodation arrangement for the first design comprise of;

- One sitting cum dining room,
- One kitchen with store,
- Toilet cum bath room,
- Two bed rooms.

The built up area is 60m<sup>2</sup>

***(i) Construction Costs for housing design Number one; two options are considered:***

**Option one in 1:1(i) above;** Construction Costs are based on stages, from the foundation stage to the finishing stage of the house as a whole. The whole house will be constructed at a tune of TSHS 4,000,000/=. Costs distributions are as follows hereunder;

*Foundation.....Tshs 670,000*

*Walls up to wall plate level..... Tshs 1,030,000*

*Roofing*.....TShs 780,000

*Finishing*.....TShs 870,000

*Services (water, electricity, drainage system)* Tshs 650,000

Total construction cost.....TSHS 4,800,000/=

**Option Two in 1:1(ii) above.** Construction costs are based on parts development where the property owner selects one or two rooms to start with and continues constructing while residing in that property. The whole construction cost is the same as in option one above, except that the property owner enjoys accommodation while construction is on progress. Costs distributions are as follow here under;

*Start with two rooms*.....TShs 1,180,000

*One room, toilet and bathroom*..... TShs 1,370,000

*Sitting room, kitchen and store*..... .Tshs 1,100,000

*Services (water, electricity, drainage System*.....TShs 650,000

Total construction cost.....TShs 4,800,000/=

### **Option one 1.1 (iii) Design Number One “SHELL HOUSE”.**

. The cost of construction of a shell house in compliance with design number one is estimated at a tune of Tshs 3, 077,500/=. Costs distributions are as follows here under;

*Foundation*.....TShs 770,000

*External wall up to wall plate level*.....TShs 598,500

*Roofing* .....TShs 980,000

*Finishing* .....TShs 436,500

*Services (water, electricity, drainage system)..... TShs 292,500*

*Total Construction cost for a shell-house TShs 3,077,500/=*

### **[3] Design Number Two**

The construction details for the second design are as those used for design number one above. Accommodation arrangement for the second design is as follows hereunder;

- Sitting cum dining room,
- Kitchen and store,
- One toilet combined with bath room,
- Three bed rooms.

The built up area is 85m<sup>2</sup>

*(i) Construction Costs for housing design Number two, two options are considered:*

**Option One in 2:2(i) above;** Construction costs are based on stages from the foundation to finishing the whole house. The house will be constructed at a tune of TSHS 5,600,000/=. Costs distributions are as follows hereunder;

*Foundation.....TShs 960,000*

*Walls up to wall plate level..... TShs 1,500,000*

*Roofing.....TShs 1, 140,000*

*Finishing.....TShs 1,250,000*

*Services (water, electricity and drainage)..... TShs 750,000*

*Total estimated construction cost.....TShs 5,600,000/=*



**Option Two in 2:2(ii) above.** Construction costs were suggested to base on parts development where the property owner selects one or two rooms to start with and continues construction while residing in property and construction is on progress to other areas of the property. The whole construction cost is the same as in option one above, except that the property owner enjoys accommodation while construction is on progress. Costs distribution is as follow here under;

*Start with two rooms.....TShs 1,500,000*

*One room, toilet and bathroom.....TShs 1,700,000.*

*Sitting room, kitchen and tore.....TShs 1,650,000*

*Services (water, electricity and drainage).....TShs 750,000*

Total estimated construction cost.....TShs 5,600,000/=

The chosen designs were presented and discussed during the meeting of MHCS members, a WAT representative and the CED student (i.e researcher) on the fifth day of June 2004.

The costs implication from WAT and the researcher's proposals were discussed and it was agreed that MHCS will adopt both the WAT and the researcher's proposal.

#### **4.6.0 Implementation Concepts**

This part presents the implementation process. This is the main step in the planning for construction process, whereby prepared plans are put into practice. For the MHCS project, the following were carried out;

- i) Identification and buying raw land,
- ii) Demarcation and surveying of that particular (raw -land,)
- iii) Drilling/digging a borehole for water supply,

- iv) Mobilization of financial resources and registration of those who had to contribute money for the construction of houses,
- v) Full involvement of MHCS in making, concrete blocks, and
- vi) Making contacts with WAT and other institutions to help in the construction of MHCS members' houses.

**Table 10. Estimated Costs of Three Types of Houses under Options for MHCS**

Phase	House design /types	Estimated Construction cost per house	No. Of Houses Required	Total construction Cost for all houses
<u>I</u>	Option No: one	4,800,000	18	86,400,000
<u>II</u>	Shell-House	3,100,000	18	55,800,000
<u>III</u>	Option no; Two	5,600,000	18	100,800,000

*Source: Researcher's Matrix, November 2004*

From table 10 above there is indication that in order to build a shell house each member of the Society has to contribute Tshs 258,333/= per month, which is too much high to almost all members of the society. Thus they agreed to contribute an affordable amount of Tshs 30,000/= to enable them to construct two rooms for each member of the society.

#### **4.7.0 Contributions and Cost Sharing Experience of MHCS**

Members of Magohe Co-operative Society have been contributing towards all activities carried out by the Society. The first contribution was made to raise funds to buy a raw land; each member of the Society contributed Tshs 178,571/=: which accumulated on installment bases. The second contribution was made to enable the total of 23 plots to be planned and surveyed. The costs involved were shared among members of the Magohe

Housing Co-operative Society. The researcher was told, and verified, that each members of MHCS is contributing Tshs 12,000/= per month, that makes a total of Tshs 216,000/= every month and Tshs 2,592,000/= per annum. These contributions were used during the preliminary stages of the project, which was to ensure acquisition of land, site preparation, and drilling/digging of a borehole. During the second phase of the project, which is the construction stage, contributions will be reviewed to match with the real situation and further efforts would be made to secure funds from donors and financial institutions. The title over land and the project proposal will be used to solicit funds from various sources to enable the construction of houses from take off to completion.

#### **4.8.0 A Survey of Financial Institutions on Housing Loans**

The researcher surveyed six Banks in Dar es Salaam to investigate the possibility MHCS to secure loans to construct houses.

The following financial institutions have been surveyed: - CRDB Bank, Azania Bancorp, NBC, NMB, Dar es Salaam Community Bank and Malaysia International Bank. Of all surveyed financial institutions only Azania Bancorp and CRDB provide housing loans (for construction) whereas Malaysia International Bank provides loans for buying homes. However, interest rates assigned to loans seem to be too high, and loan accumulation becomes more than three times of the advanced loan. As a result co-operative members cannot afford repayments.

**Table 11. Housing Loans Survey**

<b>Serial Number</b>	<b>Institution/ Bank</b>	<b>House Design</b>	<b>Loan</b>	<b>Interest</b>	<b>Term of loan</b>	<b>Loan Accumulation</b>
1	CRDB	Type I	4,800,000	18%	5 years Max	10,981,237
		Type II	5,600,000	18%	=do=	12,811,443
		Shell house	3,100,000	18%	=do=	7,092,049
2	Azania Bancorp	Type I	4,800,000	15%	8 years max	14,683,310
		Type II	5,600,000	15%	=do=	17,130,528
		Shell house	3,100,000	15%	=do=	9,482,971

*Source: - Author's Matrix, Nov.2004*

Table 11 above shows the possible loans, interest rates and loan accumulations for MHCS if it opted to look for loans from financial institutions. However, MHCS members did not agree to go for the loan option because of the high interest rates; instead they decided to continue with self-help strategies to construct their houses.

#### **4.9.0 Conclusion**

The Chapter revealed that the intended project is possible for implementation through construction of co-operative houses of MHCS on self help basis .The project proposal in the sixth Chapter puts in black and white the viability and availability of resources for the project and implementation. It was observed that the project would be viable if all members of MHCS will contribute Tshs 36,000per month for three years accordingly. However, the project is necessary because there are benefits the Society will be getting. Together with owning a planned land the project will also provide decent houses to members of the Society, employment during construction and after construction.

## **CHAPTER V**

### **MAJOR FINDINGS OF THE STUDY AND CONCLUSIONS**

#### **5.0.0 Introduction**

This study has examined the potentials and constraints inherent in the execution of the housing co-operatives society projects. MHCS was used as a case study for this report in order to recommend continued potential use of co-operative societies in Tanzania in providing of safe and sustainable shelter to the masses living in unsecured accommodation. In this Chapter, we propose some changes that should be made to raise the performance of the housing co-operatives in Tanzania.

The Magohe Housing Co-operative Society in Kinondoni Municipality was used as a case study to find out whether the continued usage of housing co-operatives is a viable means that can enable the majority of the people in the country to acquire land and build houses under co-operative societies. The investigation and analysis of the co-operative society in Chapter four (4) demonstrated that the MHCS has all requirements to stand and proceed with construction of eighteen (18) houses for its members.

Furthermore, attention is paid to what we can do now and in a very near future to promote the use of housing co-operatives to enable the Tanzanian majority to own individual houses. The suggestions and recommendations put forward will possibly have an impact on the current practice of conventional land supply and housing development. Since the housing co-operative societies have been used and have achieved their objectives in various developed and developing countries, there is every hope that they may also succeed in Tanzania.

### **5.1.0 Major Findings**

#### **i) Enabling laws, policy and regulations**

During the study it was found that there are laws, policies and regulations supporting housing co-operatives. For instance, legal documents have been passed to support the housing co-operatives in response to the unprecedented growing demand for urban housing from independence to date as narrated in Chapter two (2).

The observation from the above is that “all legal instruments are there to support housing co-operatives, the only thing required is to adopt co-operative spirit and principles for implementation of co-operative housing projects.

#### **ii) Institutional arrangement/ framework**

Co-operative housing societies do not differ very much from other co-operatives in terms of institutional arrangement and operationalisation.

The study calls for utilization of offices and personnel available within the MHCS and experts available within the local authorities while providing them with in-house training in construction techniques and co-operative houses development. This will reduce the overheads to the co-operative Society.

#### **iii) Fast/speedy urban growth**

During the study it was observed that the annual urban growth rate in Dar es Salaam City is over 5%. This rate is uncontrollable if the government will keep on the existing weak planned land supply, which we are experiencing today. The situation of housing shortage and haphazard developments in Dar-es-salaam City is worse in comparison with other urban areas in the country. The increase rate of construction in unplanned

areas is so big that over 70% of residential housing stock in the City is in unplanned areas. It is high time to emphasize housing co-operatives as a proper way of increasing housing supply in order to combat the housing shortage.

#### **iv) Negotiation capability**

This is an essential element for the success/ achievement of housing co-operatives in acquisition of land and construction of housing units. The study has revealed that success in housing co-operatives depends on knowledge of negotiation skills. The success of MHCS in acquisition of land in Magohe Mpigi area was the result of tolerance and persistent negotiation between the Co-operative Society members and the landowners. Negotiations in the process of land acquisition should be emphasized so as to avoid chaos, which has been happening with compulsory land acquisition/purchase. Negotiations enable land occupiers and land professionals/government to reach consensus in urban land development actions. Landowners should be educated on advantages of the housing co-operatives, how are they going to be involved in the project, what are their real contributions and their benefits. Landowners should have options in offering land for housing co-operatives after knowing the *pros and cons* of the project. This will reduce the high costs involved in acquisition of land for housing co-operative societies.

#### **v) Weakness of the government efforts.**

After about a decade of the government's silence in regard with co-operatives societies, in 1995 the government has reintroduced the ministry of Co-operatives and Marketing. The vision of the Ministry is to have effective self sustaining co-operatives and

marketing sectors with the objective of raising the standard of living of the low income earning population. The past experience shows that most of the co-operatives, which were in existence in 1970s and 1980s, were employee-based societies, but following the exercise of privatization in Tanzania, these societies are getting problems in running their housing co-operatives due to the retrenchment of workers. After privatization most people remain in self employment which does not have monthly salaries. Due to this situation most members are unable to pay their contributions to the co-operatives.

**vi) Lack of financial institutions supports to co-operative societies.**

Currently there is no a single special financial institution dealing with the financing housing co-operatives in Tanzania, following the disestablishment of Tanzania Housing Bank (THB).

**vii) Presence of bureaucracy.**

For the case of MHCS, it has taken us 18 months to make a follow-up on surveying and title deed preparation without completion. There are unnecessary delays in surveying process and preparation of the Right of Occupancy. The recent twenty thousand plots process steps should be used /adopted.

## **5.2.0 Recommendations**

The researcher has divided the recommendations into two parts, part one is about general recommendations for housing co-operatives, and Part two contains recommendations for MHCS.



### **5.2.1 General recommendations**

It is recommended that in order to ensure successful housing co-operatives in Tanzania, attention should be paid on the following necessary aspects;

#### **i) Training**

Housing co-operative societies are proper approaches in provision of secure and affordable shelter and a rescue from housing development problems, if they will be sustained and replicated in the country. Training is of greater importance during the adoption and replication of this housing development approach. Together with external training to members of co-operatives engaged in the projects as for the WAT practice, internal training should be established in order to enable members of the Co-operative to learn by doing. The use of The Institute for Human Settlement Studies at The University College of Lands and Architectural Studies (UCLAS) is recommended. The courses conducted at the Institute (IHSS) should be more inclined to co-operative housing societies. Also, co-operative-housing researches should be conducted with the aim of further improving the efficiency of the housing co-operatives. Together with designing and conducting courses the urban councils should support members of the co-operatives by conducting in-house training when housing co-operatives societies projects are on progress. International organizations, for example the UN Habitat should be consulted since they have been giving consultancy and assistance on human settlement projects.

## **ii) Inter-sectoral co-ordination**

Shelter provision is not only the duty of The Dar es Salaam Municipal Councils” (Urban Authorities) but there are various actors that provide various facilities towards the achievement of housing projects on sector basis. One of the problem facing housing co-operatives is poor coordination of actors that include City Water, TANESCO and so on. This should be taken care of during the construction of co-operative houses by making prior coordination of all actors before the start of the project. Infrastructure and other services providers should be coordinated in such a way that their services are available at the right time. There should be a new mechanism for integrating all actors to participate effectively and efficiently in the project implementation. The possibility is to form a housing co-operative body at the local authority level (Municipality) or at the Ministry of Co-operatives and Marketing with the power to influence infrastructure provision. It is proposed that through horizontal coordination among different institutions, the housing co-operatives will be successful.

## **iii) Changes in urban physical planning**

Master plans have been concentrating on land use controls and zoning, paying little attention to the actual problems of the people. Although controls have been enforced in some areas to avoid haphazard developments, they are recognized as useless to the poor. In our conventional planning, planners usually forget the real situation of our poor country, ignore mixed uses principles in favour of beauty. A conceptual weakness of city beauty attitude to urban development is that it fails to recognize that highly integrated mixed uses and activities are needed for economic and social advancement of the poor

who do not have sufficient income or stable jobs to bear higher transport costs and that more segregated land use will increase the number of trips in the city and consequently the need for more road space. Mixed land uses have proved very important means of employment; during housing co-operatives projects stakeholders and planners should put it in mind. Priority should be given to create mixed compatible land uses to enable the creation of employment after the project. Residential cum commercial land uses must be given high priority to make it possible for people to set income generating activities within their neighborhoods.

#### **iv) Building densities and regulations**

During the execution of housing co-operative societies projects, building standards and regulations should be closely monitored differently from that of planned areas. Plot areas, coverage and frontage should not be taken seriously into account to enable building owners to utilize available space as much as possible. This should be the motivation for people to support the move. The role of building inspectors should be to advise the property developers (housing co-operatives) on building rules and not to pressurize them to stop construction to wait for Municipal approval as it has been practiced in conventional planning and urban development.

#### **v) Adequate legal provision**

It is recommended that separate by-laws or supportive co-operative housing regulations, for guiding the preparation, finalization, approval and implementation of co-operative housing projects, with procedural details, should be clearly spelt out. Lack of adequate local legal provisions had been one of the major constraints that brought about many

implementation problems in the case of conventional housing development. The initial project preparation should be supplemented by preparation of necessary documents, which must identify the item to be charged to the project, and specify how the revenue generated through members' contributions and loans should be spent, as well as how the project benefits are to be distributed among various members. It should also require the housing co-operative agency to prepare a cash flow analysis of the project that should be supported by housing distribution among members and valuation/pricing policy, and funding pattern for the project. A standard format for the project preparation/proposal and the accompanying text would be desirable for marking the wide range of the use of the approach.

**vi) Co-operative housing projects should be managed separately from other Societies' activities to ensure efficiency.**

The co-operative housing project should be separately managed with the appointment of a project manager, supported with necessary personnel, rather than being handled as one among many activities of that respective Society. The ongoing advise team of WAT on housing co-operative societies should also act as an advisory committee to oversee and advise the project the managers' works. Also all co-operative society members should be encouraged to participate actively in the management of project affairs.

**vii) Housing co-operative societies are regarded as an innovative shelter provision approach.**

It is also recommended that housing co-operative societies require careful monitoring and information dissemination when performing their duties. This will help to have

timely refinements in the project, as well as making improvements in undertaking similar projects elsewhere. Data and information should be regularly collected and documented, and the project related documents should be properly maintained for quick references. Greater information dissemination about the housing co-operative society and how it is used in the projects should be initiated so that all interested groups can benefit from such experience. Such efforts will also help to build a positive public opinion on this approach to shelter provision. A number of measures should be taken to achieve that objective by using the available mass media, writing papers on co-operative housing, and sharing the local experience with participants. The use of this approach should be extended to national, regional and international levels.

#### **vi) Social economic impact assessment**

The housing co-operative society approach has been regarded as the best strategy for alleviating the shortage of land supply, shelter and haphazard urban development. But care should be taken in order to apply it rightly. The researcher recommends that a social impact assessment should be carried out to know the extent to which the housing co-operative society approach could improve the welfare of the families involved in the project. This assessment should be carried out before and after every project. It should include the assessment of the effect of breaking social ties, and on economic activities. Assessment on social and economic impacts should concentrate on the following.

- Opportunity cost on the members of the family, for instance;
  - Paying school fees,
  - Food and clothing

-Social activities.

- Social stratification, and

- Other factors considered proper during appreciative enquiry processes with housing co-operative members.

### **5.2.2 Specific Recommendations for MHCS**

The purpose of this project report has been to assist MHCS efforts to solve shelter problems. The study has revealed that MHCS has managed to solve some problem facing housing co-operative societies such as access to land and surveying. However, there is still lacuna, which needs to be filled for the betterment of housing co-operative societies. Hence, the study recommends the following:

- i) Although MHCS depends on monthly contributions, for the implementation of the preliminary activities for the proposed housing project, the study shows that more efforts should be added to find an alternative way of funding the project. Financial institutions should be convinced by the government to assist the housing co-operative societies, as at present there is no special financial institution specializing in financing housing co-operatives.
- ii) Reduction of bureaucracy in government services: The government should make sure these poor co-operative societies are listed and helped when they are looking for financial or technical assistance. Municipalities, town councils should be actively involved in assisting housing co-operatives and sometimes to act as granter for loans.

- iii) Since the main purpose of MHCS is to empower the productive poor to transform their shelter lives, the extension to rural areas as well is highly recommended..
- iv) Education on housing co-operatives education should be emphasized, since the study shows that members of the MHCS had attended very few seminars or workshops. The government should give hand in the process of educating people on housing co-operatives societies.
- v) Self-help /revolving fund: Instead of depending on monthly contributions MHCS, should in a long run find another means of financing housing activities, for instance the use of revolving fund or SACCOS. Co-operative savings and credit movements have been the main sources of finance to housing co-operatives in several countries in the world, in particular Canada, Norway and Sweden.
- vi) Although people are facing a big shelter problem in Tanzania, still they are worried to organize themselves to form housing co-operatives. This has been caused by the failures of co-operative societies in the 1970s, 1980s and 1990s. People fear to loose their money contributed to the co-operative societies since the government did not take any measures against the wrongdoers who misused the co-operative societies' funds. More research is recommended to investigate why people fear organizing themselves into housing co-operatives.
- vii) MHCS is a local co-operative society without good network with the government institutions that could help it. Therefore MHCS should be exposed to institutions that can help it both technically and financially. The researcher has managed to lead them to the last stage of land acquisition and prepared for them the project write-up. Through the

use of the Internet and media of communication they can access foreign assistance and donors

### **5.3.0 Areas for Further Research**

The author has examined the potentiality of housing co-operatives under MHCS and recommended its wide use in Tanzania urban areas to combat the shortage of shelter/housing problems. However, the housing co-operatives approach in shelter provision requires supporting techniques to be effective. The researcher observed that there is no single technique, which can be a solution to those multidimensional shelter problems in Tanzania.

The on going build and sell of low cost housing program carried out by NHC should be further researched on to see if it is viable to be used to enhance secure and affordable housing supply to lower income earners in Tanzania.

Furthermore, *incremental housing developments approaches*, which have been used in Asian countries to enhance urban land supply and developments should be studied and adopted to supplement the proposed techniques of building affordable houses in Tanzania.



### **5.4.0 Conclusion**

The co-operative housing societies are highly required at this time in provision of shelter since there is lack of funds from the government to provide land to individual developers and to support shelter activities. Also, the government alone cannot adequately support the shelter programmes for its people. Government and private participation for efficient and effective urban development is recommended by allowing community members to formulate co-operative societies to participate in shelter, land development as well as infrastructures provision. The approach is tested and it is fit for creation of a more organized, secure and affordable shelter to the masses of Tanzanians through housing cooperatives. There is also an added advantage of growth and development of urban fringe areas in a planned manner. We expect it to be an approach capable of solving shelter and land development problems in urban areas of Tanzania.

This study has revealed that in the light of continued incapacitation of conventional housing development approaches by individuals and the government, coupled with lack of financial resources, there are other ways that can be adopted to provide secure and affordable shelter through self help housing co-operative societies.

The author would also like to call upon the government to examine other problems leading to poor housing coupled with poor urban land management, Perhaps it is due to lack of incentives and political support that key stakeholders in housing development are willing to let things go in wrong direction as they are today. It is now verified that the

environment for the application of “housing co-operatives” are quite ripe for provision of secure and affordable shelter. Let it be popularized and continually used in Tanzania.

Various researchers have written much on the importance of housing co-operatives towards addressing the housing problems in the world. For the case of Tanzania, as it has been said in this project report in literature review, housing co-operatives had government driven motives before the retrenchment and privatization of parastatal organisations exercise. Due to this perception it brought higher expectation to some of the co-operatives which later ended only in a decline. After the initial take-off that exercise, we have now to change our mind and adopt a new model approach towards shelter problems solving, namely mobilization of communal resources and efforts in order to address the problem. I argue to the shelter professionals that the best model is to work very closely with the existing housing co-operatives societies as it was for the MHCS That will motivate community based organisations (CBO) to engage themselves in solving housing problem and establish revolving funds like SACCOS and the like. However, we cannot ignore the role of government as a facilitator on all affairs pertaining to human life in the country. The government should be actively involved in all activities of housing co-operatives as an enabler and facilitator for securing land and recourses towards shelter provision.

## **CHAPTER VI**

### **HOUSING PROJECT PROPOSAL FOR MAGOHE**

#### **HOUSING CO-OPERATIVE SOCIETY**

##### **6.0.0 Executive Summary**

A co-operative housing project proposal defines precisely the members of the co-operative society and their prospects to shelter; it identifies their goals, and serves as a co-operative society's resume. The basic components include details of land (site if acquired, title), housing designs, a current and pro-forma balance sheet, an income statement, and a cash flow analysis.

A Project proposal was prepared at the request of MHCS. The project proposal adhered to a checklist of contents in a standard project proposal structure. The MHCS was examined with respect to the clarity and adequacy of its leadership, strategies and operational planning, information analysis, development, and management of financial and human resources, construction process management and performance results. In addition, the analysis paid special attention to evaluating the 1998 to 2004 financial trends/contributions and the ability of the society's members to pay their dues. Those members of the co-operative society are able to contribute towards the construction of 18 houses on their own at no cost to the government. The cost for the whole project is 140,000,000/=. However donor request is 72,000,000/= since 32,000,000/= have been contributed by MHCS members.

The housing project proposal is necessary because housing co-operative society's success depends on good project proposal.

### **6.0.1 Contents in a Co-operative Housing Project Proposal**

The body of the housing project proposal consists of the following major elements: -

- i) Statement of the purpose/objectives.
- ii) Description of the housing co-operative society.
- iii) Type of houses to be constructed (cost estimates and drawings, on Appendix 2,3, 4)
- iv) Sources of funding.
- v) Management.
- vi) Addenda, this includes a list of all members or leaders, supporting documents, and financial projections.

### **6.1.0 Statements of the Purpose and Objectives**

The project aims at establishing decent, secure and affordable houses to the MHCS members. The project is intended to provide 21 houses to be built in four years time, but eighteen (18) houses have to be built within the 1st three years. In the fourth year the MHCS is targeted to build service buildings, which include a nursery school, a recreation hall and a shopping centre. The construction cost of 18 houses (one house for each member of the society) is estimated at a tune of 86,400,000/=Tanzania Shillings for house type one. The project is designed to be executed under self-help basis where the MHCS will make financial, material and labour contributions toward the success of the project.

### **6.1.1 Name and Address of the Organisation**

Magohe Housing Co-operative Society LTD of P.O.BOX 67051 Dar es Salaam, with Registration Number DSR 636 registered on 31<sup>st</sup> March 1999, under Co-operative Act of 1991.

Office Location: - The Head Office is located in Kigogo Mwembejando sub-ward offices, Kinondoni Municipality, in Dar es Salaam City.

Bank Account:-MHCS has a bank account at Ilala Microfinance Bank in Dar es Salaam City.

### **6.1.2 Mission Statement**

To ensure the construction of affordable low cost houses for all members of the Magohe Housing Co-operative Society.

### **6.1.3 Main Programs of MHCS**

The Magohe Housing Co-operative Society has two programs:

- (i) The first one is acquisition of land, and
- (ii) The second one is construction of low cost housing to all members of Magohe Housing Co-operative Society.

### **6.1.4 The Project Area**

The project area is situated at Magohe area, which is eight kilometers from Mbezi Luis bus stop along the Dar es salaam-Morogoro road in Kinondoni Municipality.

Accessibility to the area is through a paved gravel road, which is passable through out the year.

### **6.2.0 Background of the Project**

Shelter, food and clothing are the essentials that permit human life and dignity. Since independence Tanzania has been striving to achieve them but all has been in vein. There are various ways through which individuals own a shelter: -

- Individual self-struggle,
- Group struggle or co-operative struggle.

The Magohe Housing Co-operative Society was mainly formed to assist a group of people who suffered to live in flood prone area in Kigogo Mwembe Jando. The group comprises eighteen members (18). The group wanted to get its own houses in secure planed area in order to: -

- i) To get rid of high rental levels and small spaces for its families in rented accommodation,
- ii) To get rid of harassments from landlords,
- iii) To get enough and free space for income generation activities and so on.

### **6.3.0 Site Analyses**

#### **6.3.1 Area of the site**

The site for the MHCS housing project covers 2.5 acres, 85% of which have been subdivided to build 18 residential houses, one for each member of the Society, while 15% would be used for service buildings, open space and internal roads for circulation.

#### **6.3.2 Amenity Services and Facilities**

Water, electricity and telephone lines are 3 kilometers from the site, however the MHCS managed to drill a borehole which is a source of water during construction. There is a reliable gravel paved road passable throughout the year passing in the project area. The housing project will tap water, electricity and telephones from the public mains.

#### **6.3.3 Climate and Environment Pattern**

The subject site is in town skirts of Dar es Salaam City. The weather is generally of humid since the site is not far from the coastal line. The annual temperature ranges from 18°C-38°C. The relative humidity normally ranges from 40% to 70% while the recorded radiation has been at 15-25 mega joules per square metre. The annual rainfall has been 4mm to 150mm. The rain season is between December and May.

The environment pattern of the site is quite good and is not experiencing any environmental problems. The site is in a new residential area and there is no industrial pollution.

#### **6.4.0 Security of Tenure**

The Title Deed (Right of Occupancy) over the parcel of land earmarked for the project is still under the process for registration at the MLHSD, the Government will grant 66 years Right of Occupancy main title for housing estate and 18 sub titles for thirty-three years to each individual of MHCS.

#### **6.5.0 Housing Design and Development**

It has been the preference of the MHCS that housing design to be adopted should be simple, expandable and able to be constructed in stages. Two designs were chosen out of five designs prepared by WAT. (For housing designs refer to Appendix Number 3 and 4). However, type design two is going to be constructed partially by starting with two rooms to each member of the society on self help basis.

##### **6.5.1 Selection of Low Cost Housing Construction Process**

There are two selected designs, proposed to be constructed at Magohe Mpigi Housing Estate site. The Construction arrangement for low cost housing has been suggested under three options;

(i) The first option is “ Construction based on stages” where the foundation, walls, roofing and finishing are constructed gradually, one after another, depending on the availability of funds. After every stage there will be a pause to solicit funds for the construction of next stage up to completion.



(ii) The second option is to construct a house based on parts whereby the house is built conveniently one portion/part after another until the whole building is completed. It has been a practice that under that arrangement the building can be used while construction of other parts is on progress.

(iii) Shell-house. The construction of shell-house whereby is the external walls will be built with complete roofing and fittings except for internal walls which will be of temporary materials to enable future construction of permanent partitions.

The meeting, which was held on 30-11-2004, agreed that construction should be done on parts basis to each member of MHCS by starting with two rooms of the out-building.

### 6.6.0 Material and Specifications

The main objective of this particular housing project is to achieve good and affordable shelter for 18 MHCS members; the quality of a decent house should be achieved without negating the important utilities and functions. Specifications of various components should be adhered to as indicated in the design and specifications in the approved drawings.<sup>1</sup>

(i) **Foundation:** the foundation trench shall generally be 450mm wide and 600mm in length, depending on the soil condition. The footing shall be in cement sand aggregates at the ratio of 1.3.6 and approximately 150mm thick. The foundation walls shall be 150mm sand cement blocks.

---

<sup>1</sup> Drawing of the proposed houses on the Appendix number 3.

(ii) **Floor:** The thickness of the floor slab shall be 10cm. The thickness of the floor slab is considered to be adequate provided the hardcore, soil, cement/sand are well compacted and properly laid.

(iii) **Walls:** All external walls shall be of 230mm standardized soil blocks. All party walls are 100mm thick, blocks made of soil, sand and cement. Conventional cement sand mortar shall not be used. The Columns, beams and slabs to the verandahs shall be under specifications of the structural engineer.

(iv) **Roof:** The roof shape shall be in simple style of a gable as designed and shown in the drawing of each house type. Treated timber should be used for trusses and purlins. Roof covers are proposed to be of corrugated aluminum sheets.

(v) **Fixture and fittings:** Electrical installations for each of the 18 houses shall consist of one light point in all rooms and power point in each habitable room, kitchen and common areas, excluding the toilets and bathrooms.

#### **6.6.1 Housing Project Estimates**

Assumptions and considerations made for estimates. The construction costs will vary according to the prevailing annual inflation rate during the project period. The cost estimates imbued in this project proposal are based on assumptions that: -

- (i) The costs of building materials remain the same as of January 2005,
- (ii) The costs of construction are the same as of January 2004 and a consideration for variation to be done after two years.
- (iii) The rate of inflation is estimated at 3% after 3 years of project life.

- (iv) The costs of construction appraised is Tshs 4,800,000/=x18Units  
86,400,000/=(1 US dollar=1070 Tshs as at December 2004)
- (v) The cost of construction will be approximately 80,000/=PSM. The unit rate does not include the professional fees. Since those houses (two rooms) will be built under self-help basis, the construction cost estimates of the housing unit are divided into foundation, walls up to wall plate level, roofing finishing, services (water, electricity drainage) for two rooms.

### **6.7.0 Phasing the Investment and Financial Outlay**

The construction of eighteen (18) residential houses (each of two rooms) and the other five (5) service houses will be done in phases. Residential houses will be constructed as from June 2005-June 2008 while the service buildings will be constructed between 2008 and 2010. Funding will depend on three phases.

#### **6.7.1 Financial Requirements**

It is estimated that the total construction cost of eighteen units of two rooms each is Tshs 23,400,000/= in the first phase to enable each member of the society to get two rooms for accommodation.

It is the expectations of the MHCS that the houses will be built within three years if each member of the society is contributing his/her shares accordingly. Thus if assistance is availed from donors, this will have the impact of increasing equity and the possibility of completing the construction before the projected time. After the completion of the first

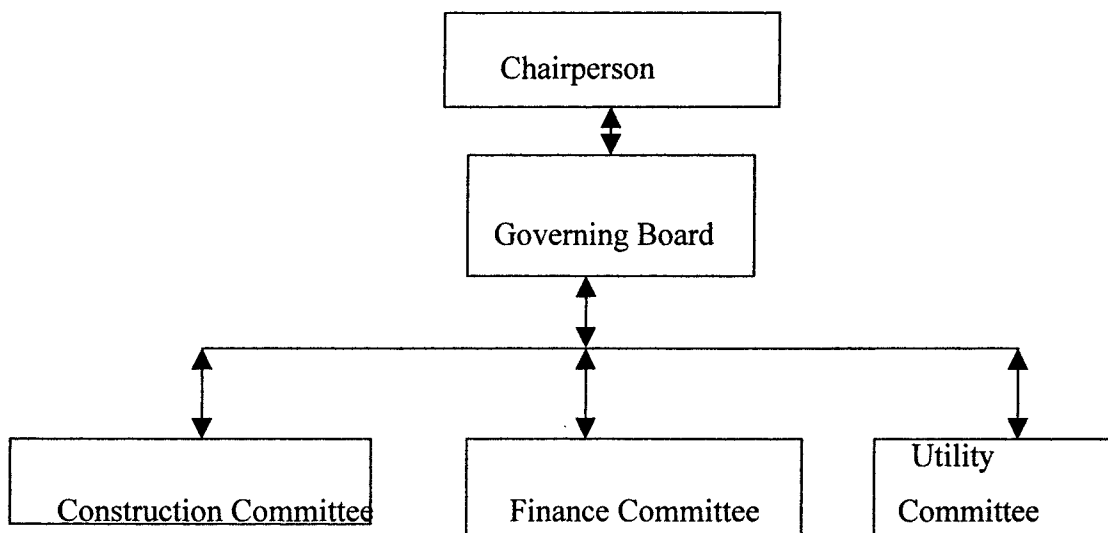
phase a new plan will be looked at to enable individuals to strive on their own to complete the remaining parts of their houses and the main building.

### 6.8.0 Project Implementation and Management

The management of the society is subject to the provisions of the Co-operative Society Rules in the Government Notice Number 408, published on 20/09/1999.

The Society has a management system whereby leaders have been chosen in accordance with the co-operative rules. The current management structure is as follows hereunder in the organisation chart.

**Figure 2. MHCS Proposed Organisation Chart**



*Source: Researcher Cum MHCS Members' Matrix, 2004.*

The Chairperson, Secretary and Treasurer are elected during the members meeting to run the office for a term of three years and each member has equal vote.

The Governing Board is made of a Chairperson, Secretary, Treasurer and two members from each Committee, preferably the Chairperson and Secretary of the respective Committee.

Each member of the Society is a member of at least one Committee and each Committee has five members.

### 6.8.1 Project Implementation

Key players in the project activities are categorized into both direct and indirect players. Direct key players are members of the Co-operative Society and WAT, while indirect key players include the Municipal Council, professionals in land matters, donors and researchers who are expected to play a greater role to ensure the project is implemented.

**Table 12. Key players in the development of the MHCS project and their functions/roles**

Organisation/person	These are supporting MHCS activities, including donors, other Institutions assisting shelter programs.
WAT	<ul style="list-style-type: none"> <li>-Guidance to the group members,</li> <li>-Project proposal write-up (done by researcher)</li> <li>-Technical assistance through various workshops, seminars, meetings and training session</li> <li>-Monitoring and helping conduct visits to Co-operative /group sites</li> </ul>
Municipal Council and local government	Services and utilities providers/suppliers, Legal and technical assistance
Professionals in land matters	(a) Surveys, have to be conducted, the demarcation and cadastral survey.

	(b) Land officers, assisting the process of title deed (c) Town planners; suggesting the layout of the plots and their uses groups /classes. (d) Architects; assisting in drawing plans, setting out of houses in the proposed project. (e) Quantity surveyors: estimating the costs of construction based on the housing plan proposed in the project
Donors/financial institutions	Banks: Provide advances, overdrafts, keep the Co-operative Society's Money.
BRU (Building Research Unit)	-Skills on soil, cement bricks making for the housing, and cost estimates for the housing plans, researches on building materials.

*Source: Researcher's matrix, June 2004*

### **6.8.2 Supervision of the Project**

WAT as consultants of MHCS in collaboration with the selected MHCS Governing Committee shall do close supervision of the project. The MHCS management will be the regulator and overseer of the project. The daily activities will be under the Chairperson of Construction Committee and his members. Financial matters will be under the Chairperson of the Finance Committee assisted by MHCS Accountant to be chosen among the members.

## **6.9.0 Capital, Earnings and Outgoings**

### **A. Capital costs**

- Equity; Land and labour charges to be mostly free from MHCS members, to be supplied under self-help bases.

### **B. Earnings;**

- Contributions from MHCS members.
- Members of MHCS will contribute the total of 23,400,000/= for three years from their own source.

### **C. Outgoings;**

- Taxes; land rent, property tax, say 0.015 of the project per annum.
- Repair and maintenance, say 0.05% of construction cost per annum.
- Administrative costs/overheads say 0.015 of the project per annum.

## **6.10.0 Capital and Development Costs**

Any kind of development depends on the availability of capital for the particular project to take-off and to be effective.

The financial requirements compiled by the author and MHCS appraisal in 2004, show that construction costs can be raised/attained from owner's equity and donors as depicted in the table below.

**Table13. Estimated Costs for MHCS Project as from start to completion**

Item	Cost per plot (Tshs)	Costs for 18 plots	Percentages (%)
Land	138,880	2,500,000	2.14
Surveying conveyance	250,000	4,500,000	4
Municipal plan approval	20,000	360,000	0.3
Engineering and architectural design	280,000	5,040,000	4.3
Services	1,000,000	18,000,000	15.4
House construction (House Type1)	4,800,000	86,400,000	73.9
Total	6,488,880	116,800,000	100

*SOURCE: Case study at MHCS/WAT, Researcher's compilation, June 2004.*

From the above table 13, it is estimated that the construction cost per unit is about Tshs 6.5 million while the construction cost for 18 houses is estimated at 116.8 million. These values include land acquisition costs, construction costs and other charges. Each individual of the society is obliged to a group saving spirit by paying his/her shares in installments, which is the advantage of using joint efforts under a co-operative society. It is not easier for an individual alone to make follow-ups on land acquisition with his or her meager income compared to the co-operative society process.

**Table 14. Proposed Contributions by members of MHCS**

Options	Term/ Period	Contribution per/person	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	Total
2	3yrs	36,000	432,000	864,000	1,300,000	1,300,000

*Source: Researchers Matrix November 2004.*



From Table 14 above members of MHCS have agreed to opt on increasing their contributions to meet the building costs of two rooms. Members of the society have agreed to raise their monthly contribution from Tshs 12,000 to Tshs 36,000 to be able to meet the payment of the construction costs, management costs and further contributions will be set to cover the services involved in the project.

### **6.11.0 Implementation Schedule**

The researcher and MHCS have agreed to start construction of the houses effectively from July 2005. From January 2005 up to June 2005 the members of the Society will be dealing with preparation of the site and making contributions towards construction of foundations of two rooms for each member of the Society. The construction schedule and costs involved is as indicated in table 6:4 hereunder.

**Table 15. Construction Schedules and cost estimates**

<b>S/No</b>	<b>Component</b>	<b>Duration</b>	<b>Costs involved</b>
1	Foundations	July-Nov 2005	<b>6,300,000</b>
2	Reorganization and evaluation	December 2005	*
3	Walls up to wall plate level	January-May 2006	<b>9,000,000</b>
4	Reorganization and evaluation	June 2006	*
5	Roofing	July-November	<b>4,500,000</b>

		2006	
6	Reorganization and evaluation	December 2006	*
7	Finishing& fittings	January-May 2007	<b>3,600,000</b>
		Total cost	<b>23,400,000</b>

*Source: Researchers & MHCS matrix December 2004*

\* Internal arrangements for funding will be made by MHCS/donor.

## **6.12.0 Reporting, Monitoring and Evaluation**

### **6.12.1 Reporting Plan**

The MHCS Secretary will be responsible for submitting the progress report to the Governing Board Committee after every six months and to the general members annual meeting. The report should contain a detailed work progress, plus a financial report. The report will include details of the project activities. Pictures of the activities and Video presentations will be the mostly preferred approach to ensure the reality.

### **6.12.2 Monitoring**

The project is based on co-operatives principles under self-help spirit. Therefore, the monitoring process of the project will engage in participatory monitoring methods of which all community members and stakeholders will participate in monitoring. Members of MHCS and stakeholders will be allowed to work, visit, check and give advise on the

project in progress. This method will strengthen the project ownership among members of the Society for efficiency and effective management of the project.

### **6.12.3 Project Evaluations**

The evaluation process to be employed in this project is a participatory one in which all group members of MHCS and other stakeholders will be involved. That includes Municipal Council officials, WAT, donors and so on. The workshop style will be used based on WAT experience in SACCOS performance evaluations. Its advantage is that all members will be aware of what is going on in their project.

It is suggested that the project will be evaluated five times as follows hereunder;

- i) The first evaluation will be undertaken after the construction of foundations.
- ii) The second evaluation will be undertaken after the construction of the wall plate level.
- iii) The third evaluation will be undertaken after roofing.
- iv) The fourth evaluation will be undertaken after the finishing stage.
- v) Post project evaluation to be carried out after three years.

Evaluations number i-iv are directed to assess and see if the project is in the right track. If there is any divergence a solution will be sought before causing unexpected results. The fifth evaluation is intended to look on the project sustainability and its impacts.

### 6.13.0 Expected Impacts of the Project

The project is intended to provide secure and affordable shelter to the members of the Society. Other impacts of the project include; -

- (i) Members of MHCS will have an opportunity to own houses in a planned area,
- (ii) Reduce accommodation problems which are being faced by most of members of MHCS,
- (iii) The project will reduce squatters at the area if sustained,
- (iv) Increase savings and enable further investments for members of MHCS since they will be no longer paying house rents,
- (v) It will be a good lesson for other people living in rented accommodation in Dar es Salaam City to learn and imitate similar programmes in order to own planned land and secure shelter.

### 6.14.0 Project Budgetary Summary

**Table 16. Project Total Costs**

S/No.	Component	Cost in Tshs
1	Land acquisition	2,500,000
2	Survey and title	4,500,000
3	Drawing costs architect & engineer	5,000,000
4	Services	6,000,000
5	Cost of construction	86,000,000
	Total	104,000,000

*Source: Researchers Matrices*

**Table 17. Owners Contribution**

S/No	Component	Cost in Tshs
1	Land, Title& drawings	18,000,000
2	Members Subscriptions	14,000,000
	Total	32,000,000

*Source; Researchers Matrices*

From tables 16 and 17 the request from donors is Tshs 104,000,000/=less Tshs 32,000,000/=, which is Tshs 72,000,000/= for the construction of 18 outbuilding, one for each member of the MHCS.The 18,752,000/= will be borne from the contributions of the group members for a period of three years as from January 2005 to 2008.Tshs 13,248,000 has been contributed by members of the Society as from 1999 to date and they have been used for land acquisition, surveying, drawings and management costs.

### **6.15.0 Addenda**

- 1.Members of Magohe Housing Co-operative society.
- 2.Copy of registration and other documents

## **Addenda 1**

### **MEMBERS OF MAGOHE CO-OPERATIVE SOCIETY**

<b>S/NO:</b>	<b>NAME</b>	<b>ASSIGNMENT</b>
1	Eva Dimoso	Chairperson
2	Maram Kambi	Chairperson Finance
3	Gladness Temu	Secretary, Finance
4	Martin Tiruka	Member
5	Schola Tiruka	Member
6	Alpfonce Francis	Member
7	Moshy John	Chairperson, Construction
8	Caroline Swai	Member
9	Khamis B.Mtenda	Member
10	Jumanne Japhari	Secretary, Construction
11	Mwanahamisi Ally	Member
12	Honoratha Mathiasi	Member
13	Matern Doka	Chairperson, Utilities
14	Rose Mkude	Secretary, Utilities
15	Sarah Namkoroma	Member
16	Elizaberth David	Member
17	R. M.Ng'ode	Member
18	Imelda Bihemo	Member

Co-op. Form Na. 2

JAMHURI YA MUUNGANO WA TANZANIA



## HATI YA KUANDIKISHWA

Na. DSR. 636Mimi JOHN BOSCO NJAU

ninathibitisha kuwa Chama cha Ushirika kiitwacho

MAGOHE HOUSING CO-OPERATIVE SOCIETYLIMITED

kimeandikishwa hivi leo kwa mujibu wa Sheria ya Vyama vya  
Ushirika Na. 15 ya 1991 fungu la 30.

Hati hii imetolewa kwa masharti maalum yafuatayo:—

NILImetolewa na kutiwa sahihi yangu leo tarehe 31MACHI1999

A handwritten signature in ink, appearing to read 'J.B. Njau'.

(J.B. Njau)+ Mraji wa Vyama vya Ushirika

## REFERENCES

- ICA/UNCHS.(Habitat 2000). The Contribution of Co-operatives to Shelter Development in East and South Africa, 2000.
- ICA.(1996).Background paper to the statement on the co-operative identity, ICA, Nairobi.
- ICA /UNCHS-Habitat. (2000). Shelter co-operatives in eastern and southern Africa ICA, Nairobi.
- Ifunya,W.(2002). Feasibility Report of Comfortable and Affordable Housing Project at Dar es Salaam (unpublished). Housing and property consultants Ltd, P.O.Box 10556. Dare es salaam.
- IHSS.(2002). Tanzania Housing Profile: Towards a National Housing Programmes Draft Report –Compilation of Paper Presented in a Consultative Workshop On A National Housing Program (NHP) On 26<sup>th</sup> February 2002.
- I.L.O. (1996). Co-operatives in Developing Countries, Recommendations.
- Institute of Housing and Urban Development, (1993). A Reader in Housing Renewal And Urban Heritage, HIS, Rotterdam.
- John, M.Lupala et al. (2004).Evaluation of Co-operative Housing Projects in Tanzania: A Social—Economic and Architectural Perspective
- Kamau, R.G. (1985). Co-operative Housing Development in Kenya: A Socio—Economic Appraisal, Housing Research and Development Unit ,Nairobi.
- Kileo, P.C.M. (1985). Sigara Housing Co-operative Society



- Kombe.J.W.M. (1994).Housing the Urban Poor in Tanzania: Retrospect's and Prospects- in EKISTICS Journal, vol.61No. 366/367.
- Kulaba, S.M. (1980). Housing Socialism and National Development in Tanzania-a policy framework.) Occ. paper NO.1 Centre for Housing studies Dar es Salaam.
- Kvale.S. (1996). Interviews: An Introduction To Qualitative Research Interviewing, SAE Publications, and London.
- Lewin, A.C.(1976). Self-Help Housing Through Co-operatives: Prospects and Problems or Urban Africa, Cologne Germany.
- Nnkya, T. (1999). Shelter Co-operatives in Tanzania. The contributions of Co-operative sectors to shelter development. Contributions of Shelter-to-Shelter Development.
- Nnkya, T.J. (2001), Shelter Co-operatives in Tanzania, Habitat and ICA, Nairobi,Kenya.
- Magembe, E. J. A. (1982). Institutional Constraints and Support for the Organisation and Management of Housing Co-operative in Tanzania.
- Mahanga M. S. (1998). Securitization: The Essence for Creating Secondary Mortgage Markets for Housing Finance In Tanzania, Msc. Dissertation, 1998.unpublished paper.
- Maria Saguti Marealle. (2003). Organized Self-Help Housing Manual, unpublished Paper.
- Massawe, P.M.J. (1982). Mapinduzi Housing Cooperative Society,
- Mwakangale, J.B. (1982). Opening speech in Magembe E.J.A and Gashumba C.H (Eds). Promotion of Housing Co-operatives In Tanzania, Seminar Proceedings, Centre for Housing Studies, Ardhi Institute, Dar es Salaam, Pp 5-7.

- Robert, J.D. (1975). Co-operative Housing: a revision of co-operative housing in the United States; Ideas and Methods, Exchange no. 52, Office of International Affairs, Department of Housing and Urban Development, Washington, DC 20410.
- Rust, K. (1999). The East London Housing management co-operative. Extract from the contributions of co-operations to shelter development in South Africa, unpublished paper Social Housing Foundation, Rooftop Canada/ Abri International and The Urban Sector.
- Network. (2002). Evaluation of USN Co-operative Housing Models.
- UN Habitat. (2001). International Co-operative Alliance (ICA) Nairobi.
- UN Habitat. (2001). Shelter Co-operatives in Eastern and Southern Africa.
- URT. (2000). National Housing Settlements Development Policy, Government Printers, Dar Es Salaam, Tanzania.
- URT. (1968). Co-operative Act 1968.
- URT. (1991). The Co-operatives Societies Rules government Notice number 408 Published on 20/09/1991 page 865 –19.
- URT. (2003). The Co-operatives Societies Act No.4 of 2003.
- URT. (2004). The Co-operatives Societies Rules government Notice number 280
- Vestbro D.U. (1992) The Study of Collective Housing; A Swedish Perspective in Arias E (Ed) :The Meaning and Use Of Housing: International Perspectives, Approaches and her applications Avebury, pp 405-424.
- Zuberi, M. (1982), Mkombozi Housing Co-operatives Society. WAT, (2003). Annual Report.
- [WWW.hptt.Business plan.org](http://www.hptt.businessplan.org).

<http://courses.k-edu/catalog/undergraduate/service/coop.html>

<http://www.ica.coo/peurope/rareports698.html>

<http://www.prohope.org/programcoop.html>

<http://www.senior-opnet.org/nahb.pdf>

<http://www.tanzaia.go.tz>