Republic of Namibia

STATEMENT BY

SOPHIA SHANINGWA, MP

MINISTER OF URBAN AND RURAL DEVELOPMENT

ON OCASSION OF THE

PUBLIC INFORMATION SEMINAR

27 AUGUST 2017

2017 ONGWEDIVA ANNUAL TRADE FAIR
• Director of Ceremony;
• Hon. Deputy Ministers present;
• Hon. Clemens Kashuupulwa, Governor of Oshana Region;
• Other Honourable Regional Governors present;
• The Hon. Chairperson of Oshana Regional Council and other Hon. Chairpersons and Councillors of Regional Councils present;
• Her Worship Angeline Angula, Mayor of Ongwediva Town;
• Your Worship Mayors, Chairpersons and Councillors of other local authorities present;
• Mr. Nghidinua Daniel, Permanent Secretary of our Ministry and managers from the Ministry of Urban and Rural Development; Advisor to the Minister of Finance.
• Chief Regional Officers and Chief Executive Officers of Local Authorities;
• Esteemed Traditional and Spiritual Leaders if there are any among us;
• Other invited guests and stakeholders
• Members of the media;
• Ladies and Gentlemen

I am very delighted and grateful that you made time to attend this information seminar, which we, as the Ministry charged with initiating and coordinating urban and rural development in the
country, are hosting here at the 2017 Ongwediva Annual Trade Fair.

In terms of Article 95 of our Constitution, the Government of the Republic of Namibia has an obligation to adopt and implement policies and programmes that will actively promote and maintain the welfare of the people of Namibia. In this connection, the Ministry of Urban and Rural Development, Regional Councils and Local Authorities have a shared responsibility of ensuring the development and availability of basic goods and services to meet the needs of our people in both urban and rural areas.

Director of ceremonies;
Esteemed ladies and gentlemen;

We have organised this event for us, the Ministry, Regional Governors, Regional Councils and Local Authorities, to continue our ongoing engagement and consultations among ourselves and with other stakeholders such the private sector and the public on topic issues such as housing and urban land.

The delivery and availability of affordable housing and serviced land are key issues that continue to feature prominently in public discourse in our country and other developing nations of the
world where majority of the population is not able to buy houses and serviced land at market prices.

I believe that *Problems can become opportunities when the right people come together*. It is also my belief and a shared view that solutions to our housing and urban land challenges cannot be left to the Government alone, but is a collective responsibility for us all – the Government at all levels, the private sector and the citizens including the community that is in need of these basic infrastructure and services. The backlog in housing and serviced urban land, while it is a problem also represents an opportunity for collective action and investment.

Director of ceremonies;
Ladies and gentlemen;

Our information seminar this year is focusing on opportunities for and the role that public private partnerships can play in complementing the efforts of the Government and its agencies in meeting the needs of our people in respect of affordable housing and serviced urban residential land. As such, representatives from various stakeholder institutions will lead us into an
interactive discussion on the chosen topic to which all of in attendance will also have an opportunity to contribute.

As a curtain raiser, I would like to touch on some of the contextual issues related to urban land and housing in our country.

Firstly, there is a direct link between housing, and urbanization, population and economic growth.

Globally, urban areas are major drivers of economic growth. However in Namibia as it is the case with most of Sub-Saharan Africa, urbanization is not accompanied by the level of per-capita economic growth.

In general terms, this gap represents huge opportunities for investment in the various sectors of Namibia including housing and property development and manufacturing of building materials.

According to the Namibia Population & Housing Survey of 2011, the rate of urbanisation in the country stood at 43% in 2011 as compared to 28% in 1991. It is estimated that at the current rate
of urban population growth, the population of Namibia would be 60% urbanized by 2020, and 75% urbanized by 2030.

In addition, the 2009/2010 Namibia Household and Income Expenditure Survey (NHIES) revealed that 24% of Namibians do not have access to decent shelter. We can expect the 2015/16 Survey to indicate a higher percent when it is released.

The Community Land Information Program (CLIP), which has been carried out by Shack Dwellers Federation of Namibia/Namibia Housing Action Group, also estimated that up to 25% of the Namibian population (which translates into 134,884 households or 541,119 people) live in informal settlements without security of tenure.

In 2013, the national housing backlog was estimated at more than 100,000 housing units and this is currently estimated to have grown. The largest backlog of housing is in the lowest income sectors, with monthly incomes of N$0 to N$1,500 (estimated at 45,000 people), and incomes between N$1,501 to N$4,600 (estimated at 30,000 people).
The trend of urbanization has resulted in and will result in a proliferation of informal settlements in the major towns and urban centers if deliberate action is not taken to arrest the situation.

The reasons for this state of affairs are many but can generally be summarized to be as a result of the rate of urbanization outstripping the rate at which serviced urban land and basic services as well as housing are delivered. And where such services and facilities are provided, they are often at prices and localities that majority of the needy cannot afford.

In other words, the scarcity of available serviced land is pushing up the prices of serviced land while at the same time slowing down the process of housing delivery and this is perceived to be the key challenge facing the housing sector.

In addition to the low delivery and access to serviced urban land, a long-term sustainable solution to the housing problem in our country should also take into account the following factors:

- The affordability levels of the target end users – The reality is that local authorities have been selling and continue to
sell land (serviced and un-serviced) to private property developers who have built and continue to build various types of housing units. However, such properties are often unaffordable to the many needy.

According to the December 2015 First National Bank (FNB) Housing Index, the median house price for 2015 was N$800,000 (which is about US $56,000.00), compared to N$700,000 (which is about US $49,000.00) in 2014. This represents an annual increase of 14.26 percent. With the income levels that I have indicated earlier, majority of the working Namibians cannot afford houses in this price range.

This means that there is a mismatch between the types and pricing of the housing products that are dominating the market and the needs and affordability levels of the large section of market especially the low to middle income segment.

- Available serviced land and housing units is often pricy due to the high input costs and beyond the affordability of the many needy people;
• The other factor is limited end user financing facilities especially for the low to middle income groups. According to the World Bank’s Doing Business 2016 Report, about 74 percent of Namibian households do not have access to conventional home loan facilities that are offered by the financial market. This is a real challenge that we are facing in a number of local authorities with the disposal of houses that have been constructed under the Mass Housing Development Programme.

• The other constraining factor is lengthy and outdated approval processes in respect of the proclamation of townships, surveying, subdivision and registration of land;

• According to the Africa Housing Finance Yearbook 2016, Namibian commercial banks are over-exposed to mortgages and there is a need and an opportunity to introduce new or additional financing instruments that will increase the range of funding options for local authorities and developmental agencies.

• We also recognise some of the challenges that prevail with regards to the Revolving Fund accounts at Local Authorities. Among these is the failure of beneficiaries to
promptly repay their loans, which is necessary to enable Local Authorities to generate funds and help other needy people who are on the waiting lists. The other noted shortcomings are misuse of the funds provided as well as poor workmanship. These need to be address if we want our programme to succeed and be sustainable.

Director of proceedings;
Ladies and gentlemen;

Let me now touch on some of the opportunities that are there for direct private sector investment as well as partnerships with the Central Government, local authorities and government agencies.

OPPORTUNITIES

1. Political will and support
The Government has shown and continues to show renewed interest in addressing the urban land and housing needs in the country. This is evident through the following:

- Firstly the continuous allocation of resources towards land servicing and housing development;
• Secondly, there is a conducive policy, legal and regulatory environment and framework for investment in land and housing delivery through national development and policy instruments such as the National Development Plans (NDPs), the Harambee Prosperity Plan (HPP), the Mass Housing Development Programme (MHDP), the Massive Urban Land Servicing Project (MULSP) and the Public Private Partnership Policy and Act.

• Thirdly, and in response to the identified lengthy and cumbersome administrative and approval bottlenecks, the Government has initiated a reform of policies and laws dealing with land and housing. Among this is the repealing or replacement of outdated town and regional planning legislations (Town Planning Ordinance no. 18 of 1954 and Townships and Division of Land Ordinance no. 11 of 1963), with a single law (the Urban and Regional Planning Bill). The new legislation will see the functions that are currently being performed by Namibia Planning Advisory Board (NAMPAB) and the Township Board being done by one body and some of such functions are also being delegated to regional and local authority level.
2. Private Investment and Public Private Partnerships

One of the most important instruments is the mobilization of additional funding for land and housing delivery through viable public-private partnerships that are reasonable and on the terms of the Government. This was echoed by our Regional Leaders at the recent 37th SADEC Ordinary Summit in Pretoria, South Africa.

It is recognised that the Government does not have and will not be in a position to provide all resources needed to address the backlog in urban land and housing delivery. As such, there is a greater role for the private sector and viable public-private partnerships. This however requires a business unusual and innovative approach and solutions, hence a special intervention is required for us to make a breakthrough.

As far as housing is concerned, there is a huge shortage of housing products in terms of both number and type; and the need is greater in the lower to middle income segment. The question is can the private sector play a greater role in providing serviced land and housing products that will be affordable to this segment of the market? The National Housing Enterprise (NHE) and local authorities have long waiting lists of clients in these income categories and partnerships between these public institutions and the private sector is possible.
In addition to investment in housing construction, local authorities and the NHE have large tracks of un-serviced and partially serviced land for which they are seeking affordable private funding and partnerships. The Central Government, through the Ministry of Urban & Rural Development and the Office of Attorney General, has been providing and will continue to provide the requisite technical and legal support to enable local authorities to enter into joint venture agreements with the private sector for purposes of servicing land and developing affordable housing.

Our approach and strategy on housing and urban land is premised on:

- The SWAPO Party Manifesto;

- Vision 2030;

- The Harambee Prosperity Plan, which require us to deliver at least 6,500 serviced residential plots and 5,000 housing units per annum and

- The Fifth National Development Plan (NDP 5) where as a country we have set ourselves the goals of reducing the
percentage of households living in improvised houses from 19 per cent to 12 per cent as well as to service 6,500 erven and construct 7,200 new houses by 2022. The targets are achievable through collective efforts.

Esteemed ladies and gentlemen

3. The other area of opportunity is Housing micro-financing. The recognised successes of community-based housing development initiatives that have been displayed by organisations such as the Shack Dwellers Federation of Namibia through their group savings and lending methods as well as incremental approaches to housing, suggest a high potential for housing micro-financing.

4. The other area that needs attention is Housing financing and delivery systems

The backlog in urban land and housing highlights that there is room and an urgent need for additional or new innovative housing financing instruments and delivery capacities at the level of financial institutions and the construction industry.
5. Manufacturing of building materials and introduction of alternative building technologies

The manufacturing and use of locally made durable and quality building materials as well as other tested alternative building technologies will greatly contribute towards the reduction of construction costs. As a sector Minister, I look forward to see manufacturing plants and factories enabling employment creation and skills transfer. If this could be achieved then buying and paying for a house shall never be a problem.

Director of proceedings, Ladies and gentlemen

I have just given you glimpses of our housing and urban land situation and context to prepare us into what I believe will be a fruitful discussion and exchange of views.

I would like to conclude my Statement with a quote that says and I quote: “Difficulties are opportunities to better things; they are stepping stones to greater experience. When one door closes, another one always opens; as a natural law it has to, to balance”.
Finally, I wish to renew my appreciation to all of you for making time to attend this seminar. My team, consisting of Honourable Governors, Regional and local authority councillors and senior officials from the Ministry, Regional Councils and Local Authorities, is here and ready to respond to any questions or issues that any member of the public have or would like to get clarity on with the specific emphasis this year on Public Private Partnership. I wish to thank the Ministry staff under the leadership of the PS for once again organising this forum.

On this note, it is now my pleasure to open our seminar, and I thank you all for your kind attention.