

Engagements in Housing Microfinance – on Whose Terms?

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Efforts to improve living and housing conditions in urban Africa were subject to major changes since the 1950s, according to political upheaval and different economic perspectives on development. In the face of the neoliberal agenda, development policies increasingly focused on structural adjustment and the reduction of public expenditures and subsidies since the 1980s. At the same time, microfinance initiatives gained considerable attention, especially in Asia and Latin America. Matching the ideas of neoliberal economic development, microfinance is seen as a key to improve the livelihoods of the poor, and international organisations like the UN or World Bank increasingly support the scaling-up of the microfinance sector.

In Africa, conventional microfinance started to penetrate markets with some delay compared to Asia or Latin America, but the rise of microfinance institutions and the constantly increasing numbers of clients suggest that microfinance in Africa is just in its initial stages. Although the sector still faces shortcomings and several challenges, a lot of governments have taken considerable steps towards the liberalisation of financial markets. Besides conventional microcredits for small and medium enterprises, home improvement loans were developed, after it became obvious that large amounts of the credit sums were invested in housing.

In Dar es Salaam, Tanzania, housing microfinance is politically supported in order to improve housing conditions. So far, three NGOs are providing housing microfinance to dwellers of unplanned areas, while pursuing quite different strategies. Drawing from findings gained during field research in 2009 and 2010, these strategies will be compared, and the terms underlying those credits will be discussed. Who is in the position to apply, and who is in the position to decide about the investments financed by housing microcredits, are the main questions this paper seeks to address. A critical discussion on the benefits attributed to this approach, but also on the various potentials for conflicts, should bring us closer to answer the viable question related to the conference's topic: „Engagements in housing microfinance – on whose terms?“