

POLITICS, GOVERNANCE AND EFFECTIVENESS OF HOUSING
COOPERATIVES IN LOW INCOME URBAN PUBLIC HOUSING DELIVERY
IN ZIMBABWE: A CASE OF ZVAKATANGASEKUSEKA HOUSING CO-
OPERATIVE

BY

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ABSTRACT

Using qualitative methods the study sought to understand how governance and politics affect the effectiveness of cooperatives in providing low income urban public housing with specific focus on Zvakatangasekuseka Housing Cooperative. Frequent Media reports of housing co-operatives having swindled desperate home seekers of their money, bad governance and personalization of these entities by some leaders among other factors stimulated the study. At the core of the normative declaration of the study was the use of the political predation and agency theories as the main lenses. The findings seem to indicate a high prevalence of the agency and political predation challenges and that these are derailing housing co-operatives from meeting their statutory objectives. The agency problem manifested itself through self enrichment tendencies by leaders of the studied co-operative among others while political predation manifested itself through inter alia imposition of leaders on the co-operatives by some politicians and members of the studied co-operative being forced by politicians to donate towards the state and ZANU-PF functions. The study holds that the conspiracy of the agency and political predation problems against poor desperate home seekers makes housing co-operatives ineffective in achieving the intended results. It is recommended that Building Societies should be exempted from paying tax in order to encourage the purchase of housing by the low income through mortgage arrangements among several others. Such a measure will minimize the role played by housing co-operatives thereby protecting the low income desperate home seekers from the vagaries of the agency and political predation conspiracy.

DECLARATION

I hereby declare that the dissertation for the degree (Master in Public Policy & Governance) at Africa University is my own original work and it has neither been submitted nor is being concurrently submitted for any degree in any other institution.

I further declare that all sources cited or quoted are indicated and acknowledged by means of a comprehensive list of references.

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DEDICATION

I dedicate this study to all poor and desperate home seekers in Zimbabwe and urge them to beware of housing co-operatives as they run a high risk of being cheated. I advise them to join co-operatives while on guard.

LIST OF ABBREVIATIONS AND ACRONYMS

NHP	-	National Housing Policy
MOA	-	Memorandum of Agreement.
HPZ	-	Housing People of Zimbabwe.
UN	-	United Nations.
ZANU-PF	-	Zimbabwe African National Union Patriotic Front.
USAID	-	United States Agency for International Development.
UNHSP	-	United Nations Human Settlement Programme.
ZINAHCO	-	Zimbabwe National Association of Housing Co-operatives.
POSA	-	Public Order and Security Act.

DEFINITIONS OF KEY TERMS

Housing - For purposes of this study, it means durable human shelter constructed following specific standards of a particular local authority's by-laws. The shelter is installed with essential services like water, electricity and sewer disposal. It is in a locality with accessible roads, health centre, recreation, schools, shops and other such essential services.

Co-operative - An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Governance - The formation and stewardship of the formal and informal rules that regulate a social group with a common set of objectives and/or vision.

Corruption - The misuse of one's position for one's advantage or for the Advantage of one's friends and relatives. It involves bribery, extortion, influence peddling, nepotism, fraud and embezzlement. It also involves the subversion of the public interest and the common good by personal interest. Corruption is also used to refer to anything that affects clean administration.

Accountability - Entails responding positively to queries and demands on management affairs by the people.

Transparency - Is the openness of management processes through which public decisions are made. It minimizes opportunities for back door transactions and therefore reduces corruption. It requires clearly defined procedures and processes which are open and accessible to interested parties, thus limiting discretionary authority.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

The study used the Agency and Political Predation Theories as its main lenses. According to the Agency theory, objectives of an organisation (Principal) and those of its managers whether elected or appointed (Agents) do not always converge. The Agent may follow objectives which are diametrically opposed to those of the organisation or Co-operative as a legal entity. The Agent seeks to maximise one's gains through illegal means such as corruption, embezzlement, fraud, ignoring the governance code and Bylaws for personal advantage or for the benefit of one's friends and relatives. As a result of the Agency problem, an individual Co-operative fails to achieve the intended objectives which are purchasing stands for members, constructing houses for members, insuring that the control and administration of a cooperative is done democratically and in line with the local authorities Bylaws and Constitution for a particular Co-operative acquiring land whether serviced or un-serviced under a Local Authority area and to develop such land in compliance with the Local Authority in order to provide residential accommodation for members of a society.

The study therefore assesses how factors impeding the effectiveness of Co-operatives derive from the Agency theory. This is in view of the fact that some individuals who are part of the Co-operatives' leadership manifest behaviour patterns which can be explained by the Agency theory. Another lens used is the Political Predation Theory.

Given the fact that Co-operatives are highly politicised, this theory serves to explain the benefits and disadvantages of such politicisation to Co-operators.

The theory assumes that politicians are mainly concerned with increasing political capital through uncouth means whether or not their pursuits benefit the larger group. According to Masunungure and Bratton (2011), political leaders are motivated principally by a desire to achieve, retain and exercise power. Viewed in this context the end justifies the means. Levy as quoted by Masunungure and Bratton (2011), asserted that it is every ruler's interest both to make a contract and then, at the first advantageous opportunity to break it. It also assumes that the State deliberately abuses the poor as a way for entrenching or fortifying power for those holding political office. Using this theory as a lens, it is imperative to establish how housing co-operatives are used by politicians for attracting, building and maintaining political capital and how this consequently affects the effectiveness of cooperatives in delivering the intended result.

According to Zimbabwe government's Guidelines for Housing Co-operatives (2012), Zimbabwe currently experiences a disturbing shortage of housing. The Guidelines attribute this unfortunate situation to several factors which inter alia include low capitalisation of councils and the fact that about 80% of the urban population consists of the lowly paid, self-employed and unemployed people who would not qualify for a mortgage bond or afford to build their own houses. This has worsened demand for housing resulting in the increasing need for co-operatives to take an active part in housing provision. Co-operatives' effectiveness in meeting this noble goal unfortunately is highly questionable. While social housing provided

accommodation for those who would not otherwise afford a roof above their heads, these have since been sold to affording individuals (ibid). The guidelines further point out that though local authorities realise the need for social housing, they can no longer afford them.

In the past few years, an avenue arose for low income people to come together, pool their resources and build houses for members. These groupings are called housing co-operatives. The guidelines acknowledge that these co-operatives are made up of poorly resourced individuals. This sadly made them fodder for greedy individuals and manipulation by influential people. The co-operatives lost trust in those institutions they needed in their endeavour to acquire shelter on the other hand. According to these guidelines, councils also had the view that co-operatives were riding on politics to lower housing standards and access council resources without full compensation.

The Zimbabwe government's National Housing Policy (2012) also observes that most poor Zimbabweans lack access to decent and secure housing. Others live in settlements that lack basic infrastructure and sustainable services such as water supply, sewer reticulation, electricity and waste collection. Some neighbourhoods are overcrowded and infrastructure constantly falters (ibid). The policy points out that studies show that some high density stands are shared by as many as 22 people instead of the recommended six. This shows the teething housing problem among the poor necessitating intervention through housing co-operatives as a pro-poor strategy.

The policy holds that the housing backlog has thus seen needs that are completely unmet as well as cases where needs are partially met. The policy further holds that evidence of partial meeting of needs is seen in informal settlements as well as existing formal settlements where services are strained. According to the policy, the strain is seen in sewer bursts, frequent water outages, bad road networks and among others overcrowded health and education facilities. The National Housing Policy (2012) further points out that there is a huge housing backlog i.e. the number of new housing units and facilities needed as well as old units and facilities needing refurbishment. The policy contends that although no comprehensive assessment has been done, at least one million units are estimated as the backlog across all housing types.

The policy holds that delivery of housing has been constrained by a number of factors. Structural constraints at the macro and sector levels slowed land delivery, dried up housing finance, made expansion of trunk services nearly impossible and drained capacity in key institutions. The policy maintains that these factors combined to stall progress in supplying new housing units and maintaining existing ones. Investment levels by the state and non-state sectors have been low.

In summary, the key challenges are: the agency problem in some co-operatives resulting in corruption and/or fraud, inadequate investment by both the public and private sectors in housing, lack of policies to enable effective participation of other actors such as companies, building societies and donor agencies, lack of institutional capacity at all levels to implement housing projects and unreliable supply of

affordable building materials and bottlenecks in the land delivery process. It is in this regard that this study was developed since the need to establish housing co-operatives is an essential aspect in addressing the challenges of over-urbanisation. According to the government of Zimbabwe's National Housing Policy (2012), co-operatives play an important role in resource mobilisation towards provision of inter alia urban public housing. This is very necessary given that the fiscus is overstretched; the private sector's capacity to provide urban public housing is also diminishing due to the contraction of the economy Zimbabwe has been experiencing from 1998 to 2014.

Despite the proliferation of co-operatives in Zimbabwe, cases of desperate home seekers who are swindled of their hard-earned cash by leaders of some co-operatives seem to be on the increase. Most of the problems bedevilling co-operatives arise from bad governance and poor financial management. The problem of poor governance in housing co-operatives derives from the fact that members of the management committees who are members agents and managers appointed by the management committees in some cases end up promoting their own self-serving interests which disadvantage members. Once a person assumes the role of agent, he/she develops individual interests and objectives which may be in stark contrast to those of the larger group (principal) to the extent of sacrificing the interests of the principal on the altar of selfish gains.

Due to the agency problem, housing co-operatives face serious governance challenges thereby affecting their effectiveness in urban public housing delivery.

While the agency problem has negative impact on the governance of housing co-operatives, this must be said with circumspection or guardedness because they are affected by other factors such as the impact of predatory politics which typifies Zimbabwe's political governance landscape today. It was therefore expedient to critically assess how the agency problem and politics impact on the co-operatives' capacity to execute the objectives for which they were set up or established. The agency and political predation theories are thus discussed in greater detail later in Chapter Two which focuses on theoretical framework and literature review.

This chapter focuses on statement of the problem, purpose of the study, significance of the study, hypothesis, and research objectives, research main question, sub-questions and delimitation of the study.

1.1 Statement of the Problem

There is a general perception that housing co-operatives, despite being important vehicles for empowering low income urban dwellers in providing them with housing are being used by the elected management and supervisory committees to swindle members of their money which they pay as monthly subscriptions there by rendering them either less effective or ineffective. Managers who may be appointed by the elected committees are also perceived to be part of the vice. As members' agents, they abdicate their responsibility entrusted to them and promote personal self-serving interests which do not coincide with the real or felt needs of the membership. As a result of this agency problem which is best explained by the agency theory in

Chapter two, governance challenges arise thereby affecting the viability of co-operatives in low income urban public housing delivery. Against a background of Harare City Council's incapacity to provide low income urban public housing, co-operatives would fill this void and/or compliment local authorities in fulfilling this key mandate if they were to be governed properly and in a corruption-free manner.

If agents assume too much power over those who either elected or appointed them (principals), they tend to regard their principals as clients and a client-patron relationship is inimical to development as the patron does as he/she pleases. Co-operatives may therefore end up playing a disempowering as opposed to an empowering role, the noble purpose for which they were established. Housing Co-operatives have become fodder for politicians. It is intriguing why politicians would want to put such grassroots organisations for the poor under their tight control. The study was therefore motivated by inter alia the need to assess the effectiveness of these entities in view of the conspiracy by the agency problem and predatory politics.

1.2 Purpose of the Study

The study thoroughly assessed the effectiveness of co-operatives in low income urban public housing delivery. The study served to unearth the viability or lack of it of housing policy provisions on co-operatives in order to either strengthen or recommend alternative policy options which fully and effectively promote and protect the interests of co-operators. The study was inter alia motivated by the fact that if co-operatives are effective in executing their mandate in terms of the wishes and aspirations of the co-operators, legal and policy framework of the country, the

housing problem which currently has reached unprecedented levels due to over urbanisation and the general economic decline can be ameliorated. Further, the findings can assist citizens and civil society organisations in developing and implementing pro-poor evidence-based advocacy strategies.

1.3 Significance of the Study

As a researcher, I got deeper insights into the impact of the agency problem and politics as determinants of the effectiveness of housing co-operatives in the same manner as it does affect commercial firms. When scholars write about the agency theory, they mainly restrict themselves to commercial firms yet it is possible that given the multiplicity of objectives of elected agents in that they serve the group on one hand, and themselves on the other, it is possible that in this tug of war of competing objectives, personal as opposed to group objectives prevail thereby subordinating co-operators' interests to personal ones. The findings can thus deepen and broaden scholars' knowledge on the applicability of the agency theory in entities run by elected managers as opposed to appointed ones like co-operatives. Findings also serve to demonstrate how the theory of political predation explains political interference in co-operatives.

Findings herein also serve to enable social planners, policy-makers and practitioners to come up with appropriate intervention strategies aimed at minimising if not preventing the agency problem in housing co-operatives. Such interventions can fully promote and protect co-operators' interests through effectively dealing with rent

seeking behaviour, a situation symptomatic of the agency problem. Meaningfully addressing the agency problem can lead to improvement in the governance of housing co-operatives.

1.4 Hypothesis

Lack of housing co-operatives' effectiveness in delivering their mandate is predominantly a function of the agency problem and politics as explained by the agency and political predation theories. The research therefore sought to either refute or confirm the hypothesis.

1.5 Objectives of the Study

It sought to:

- 1.2.1 Assess the effectiveness of housing co-operatives in the delivery of low income urban public housing.
- 1.2.2 Establish and explain the governance legal framework, practices and challenges for Co-operatives in Zimbabwe in general and Zvakatangasekuseka Housing Co-operative in particular.
- 1.2.3 Find out how politics influences the governance of housing co-operatives in Zimbabwe.

1.6 Main Question

1.6.1 Why are housing Co-operatives in general and Zvakatangasekuseka Housing?

Co-operative in particular either effective or ineffective in the low-income urban public housing delivery?

1.6.2 Sub Questions

1.6.2.1 To what extent are cooperatives achieving their intended goals i.e. low income housing delivery?

1.6.2.2 How are the governance practices and challenges for Co-operatives in Zimbabwe aiding in undermining effectiveness of cooperatives?

1.6.2.3 How does politics influence the governance and operations of cooperatives?

1.7 Delimitation of the Study

The study focused on housing co-operatives for low income earners in Harare only. Specific focus was on Zvakatangasekuseka Housing Co-operative. Co-operatives for medium to high income earners were not studied since they have the ability to buy houses through other arrangements such as private housing developers, mortgages with building societies, housing market unlike low income earners. Housing co-operatives are a pro-poor housing strategy. It was found critical to locate the role of these co-operatives insofar as serving the poor is concerned. Literature relating to

housing co-operatives for low income people only was critically reviewed. Mainly co-operatives in the developing countries particularly Africa were studied.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Community-based organisations have proved to be key actors in low income urban public housing delivery (National Housing Policy 2012). Their work has intensified in response to reduced local and central government activity but more strategically, as a way of popularising alternative approaches to housing development and management such as the use of housing co-operatives (ibid). These efforts have been part of a global movement, for articulating a developmental role for the state that de-emphasises direct delivery in favour of community enablement (National Housing Policy 2012). Activities for governments have emphasised forging the horizontal and vertical partnership at both central and local government levels with the private sector anchored on community or social mobilisation especially for poor home-seekers. Despite the popularity of use of co-operatives, there are mixed feelings and/or perceptions about the effectiveness of this approach in low income urban public housing delivery.

The chapter is devoted to the theoretical framework, definition and/or conceptualising of housing and housing co-operatives, background of housing and housing co-operatives in Zimbabwe, the context of housing problem and an assessment of housing co-operatives effectiveness and challenges in undertaking their role, as presented and discussed by other scholars. The Chapter also discusses how finances for housing co-operatives are managed. The Chapter attempts to find

out why politicians are involved in the activities and governance of housing co-operatives and how their involvement affects the effectiveness of housing co-operatives in executing their mandate.

2.1 Theoretical Framework

Having conceptualised and contextualised housing and housing co-operatives in Zimbabwe, attention now shifts to critically discussing the theoretical framework, lenses through which the analysis and/or assessment of the effectiveness of housing co-operatives in low income urban public housing delivery. The theoretical framework is pivoted on the agency and political predation theories insofar as they relate to the topic under review.

2.1.1 The Agency Theory

This theory focuses on the relationship that exists between an individual or organisation's agent and the organisation (principal) due to their divergence of objectives. Thus the conflict arises because the objectives of the agent are usually not the same as those of the principal. In this light, therefore, the agent may not always best represent the interests of the principal.

Most scholars restrict this theory to commercial firms without due regard for co-operatives. It seems that it applies to commercial firms in the same manner as it applies to co-operatives in general and housing co-operatives in particular. According to Minguez-Vera (2010), the agency theory is an appropriate framework to examine the relationships in any firm and therefore in housing co-operatives. The

agency relationship explains this theory. Minguez-Vera (2010) points out that this relationship is defined as a contract under which one or more persons (principals) engage another person (agent) to perform some service on their behalf which involves delegating some decision-making authority to the agency (Minguez-Vera 2010). If both parties to the relationship are utility maximisers, act rationally and form unbiased expectations of the impact of the agency relationship in their utility function, then agents will try to reach their objectives. These objectives may or may not coincide with those of the principal. This issue will provoke agency conflicts (ibid).

Minguez-Vera (2010) further points out those agency problems arise when in addition to conflict of objectives between the principal and the agent; there is information asymmetry between them. Thus the agent usually withholds critical information as a way of making himself or herself indispensable to the principal.

If a conflict of objectives takes place but the principal has perfect information on the agent's performance, the loss of efficiency can be overcome by the principal including in the contract the performances that the agent should carry out, as well as checking if the agent has followed instructions, with the possibility of including penalties in case of breach of contract (Jensen and Meckling 1976). The agency costs are the sum of monitoring expenditures; the principal limits the autonomy of the agent by installing controls, maintaining member registrations in case of co-operatives, establishing budgetary limits, making direct supervision using payment systems to condition the agency's incentives etc. (Jensen and Meckling 1976). Other

agency costs are bonding cost; agents can voluntarily accept clauses in their contracts restricting their discretion, these restrictions may cause additional costs for example costs associated with profitable investments that may be rejected, direct costs associated with the formalisation of the contract (Minguez-Vera 2010). This theory so far shows that minimising the agency problem requires strict supervision, internal control systems too costly to an extent of outweighing the costs that are being prevented. In other words, the only way of minimising the agency problem is increasing salaries, benefits and other incentives for agents or managers. Again, this defeats the purpose of profit maximisation.

In co-operatives, therefore, the elected management and supervisory committees double as owners on one hand and as managers on the other. Balancing between these two roles is often difficult. In the majority of cases, group interests end up being subordinated to personal self-serving interests. This explains why perusal of literature reveals that most members of management and supervisory committees diverge from the wishes and aspirations of group members who put them in office. They engage in corrupt activities which disadvantage the very members who put them in office. There is a limit to which members can supervise the agents as over supervision is costly in terms of time, resources and effort. This leaves the agents relatively free to pursue individual objectives as opposed to those for the whole group.

The research, as it proceeds, will explain the extent to which co-operatives in Zimbabwe are affected by the agency problem and how the agency theory typically explains most problems bedevilling co-operatives in Zimbabwe.

2.1.2 Political Predation Theory

This is yet another key theory which probably explains the situation typifying housing co-operatives in Zimbabwe. Thus as a result of predatory politics by some politicians, the noble agenda or purpose for which co-operatives were set up relegated to the parking bay for the sake of political expedience. Politicians are mainly concerned with increasing political capital through uncouth means whether or not their pursuits benefit the larger group.

According to Bratton and Masunungure (2011), political leaders are motivated principally by a desire to achieve, retain and exercise power. Based on this assumption, Levi as quoted by Bratton and Masunungure (2011) sketches a theory of predatory rule that starts from the Hobbesian dilemma that it is in every ruler's interest both to make a contract and then, at the first advantageous opportunity to break it. This probably explains why some politicians assist members of the management committees to break the co-operative by-laws yet the same politicians put in place the same laws, rules, regulations and/or policies. Levi (1981) argues that policies are the outcomes of an exchange between ruling and other elites. She further argues that all rulers are predatory in the sense that as much as they can, they design policies meant to maximise their own personal power and wealth (ibid). With reference to Nigeria under the Babangida dictatorship, Lewis (1996) defines

predatory rule as a personalistic regime ruling through coercion and material inducement that tends to degrade the institutional foundations of the state as well as economy. Fatton (1992) adds that predatory power relations have cultural as well as material roots. Fatton (1992) depicts the ruling classes in Africa as predatory in that they seek hegemony meaning all embracing social domination over subordinate groups, whose political passivity is an element in their own oppression.

In Zimbabwe, politicians stoop low to the extent of manipulating and arm-twisting housing co-operatives for their own political advantage. The politicisation of co-operatives can be demonstrated by the fact that in a predominantly MDC T-controlled council, Harare South constituency which is predominantly occupied with most co-operatives has been won by ZANU PF for two successive harmonised elections.

Co-operatives are thus used as political capital by politicians. Any housing projects initiated by the opposition councillors are frustrated by the Minister of Local Government who belongs to ZANU PF so that MDC-T councillors are perceived by the electorate as failures. It is possible that any members who are perceived as belonging to the opposition are victimised and state sanctioned violence is unleashed on them.

The concept of political predation also includes the proclivity of leaders to unleash violence against their own people (Bratton and Masunungure 2011). A predatory leadership not only fails to deliver developmental outcomes; it also kills, maims,

exploits, oppresses, suppresses and terrorises its citizens (Bratton and Masunungure 2011). Predatory rule in Iraq under Saddam Hussein is more apropos with Zimbabwe. The ruling group became preoccupied with its own survival and employed conspiracies, purges and counter purges, violent seizure of power and ruthless suppression of dissent (Bratton and Masunungure 2010).

With reference to Zimbabwe, it seems many of the characteristics of predatory politics typify the political landscape. Co-operatives which are in actual fact grassroots organisations for low income people are manipulated and abused by politicians for their own advantage. Politicians use them as fodder for their own selfish reasons.

2.2 The Concept of Housing

In order to put the discussion into its proper perspective, it is important to unpack the term housing. Domestic shelter is an important basic need, provision for which should be made in any country, however, this provision is a complex process involving issues not only of providing physical shelter in adequate quantities to house the population, but also providing appropriate shelter types (Madaka 1995, Cheema 1986, Kaplan 1996, Streeten 1981, Nicolas et al 2008). These various shelter types should largely be within a total urban environment (Madaka 1995). Appropriate shelter is that which is capable of meeting the diverse physical, social and even psychological needs of households, bearing in mind that these needs change over time as a particular household's composition changes, as it forms, grows and then dissolves (Madaka 1995).

King and Oxley (2000) contended that compounding these multiple concerns is the additional problem of how to provide sufficient, appropriate shelter types which are affordable to all, especially the urban poor who typically constitute more than 50% of the third world city populations. The prominence of shelter in national agendas has been actuated not only because shelter is one of the fundamental human needs, but also because new thinking now regards housing not simply as a social service, but as a contributor to national economic development (Madaka1995).Madaka (1995) further contended that housing development contributes to socio-economic development through the creation of employment, investment and the provision of markets for manufacturing industries. It is argued that in the lives of urban dwellers, housing encompasses numerous functional elements over and above that of physical shelter (Peattie 1979, in Madaka 1995).

Firstly, a house offers privacy for a household, a form of shelter from the social pressures of the outside world (Madaka1995). For Madaka (1995), it thus provides a family with privacy to carry out its daily basic functions such as sleeping, preparing food and eating, and sometimes even economic activities. Secondly, he argues, a proper house is located within a wide neighbourhood and in sense it offers the owner linkages with places of employment, community facilities, shops, recreational areas as well as neighbours and social interaction. Madaka (1995) asserted that the third aspect of housing is that an urban house incorporates clean water supply, and access roads, thus fulfilling a number of basic living needs complimentary to that of shelter. It therefore embodies environmental amenity or lack of it, as measured by the surrounding landscape, vegetation or types of neighbourhoods (Madaka 1995).

Fourthly, the purchase or construction of a house is often one of the major investments in the life of a family. As such, it offers a family the means of establishing its social identity, financial security, social mobility and of making adaptations in lifestyle over time as the family initially grows in size and then declines (Madaka 1995). Housing at one and the same time is both a simple and extremely complex term (Brown 1999, Brown and Passmore 1998). It is simple because in its everyday sense, we all know, or at least think that we know, what the term refers to. Housing is a real physical artefact (Brown and Passmore 1998). It is easily visible, a central component in our daily lives and vitally important to all people as shelter (Brown 1999). In its broader social context however, housing is very diverse and complex and closely and intimately interrelated within a socio-economic, political and neighbourhood environment (Brown 1999). This makes the analysis of housing problems very difficult for both researchers and policy-makers (Brown and Passmore 1998).

The purpose of conceptualising housing is to enable the researcher to fully assess the effectiveness of housing co-operatives in delivering low income urban public housing from a multidimensional, multifaceted and holistic standpoint. It should be borne in mind that provision of housing goes far beyond the superstructure. Services, roads and neighbourhoods are as equally important as the house itself. To this end, housing can be understood as a durable human shelter constructed using agreed standards by central or local governments and is linked to multiple essential services

like water, electricity, sewer reticulation, education, health, social recreation, transport, shops and environmental management.

2.3 The Concept, Nature, Values and Principles of Co-operatives in Zimbabwe

A co-operative society is an autonomous association of persons united voluntarily to meet their common identified social economic and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (UNHSP 2012, Zimbabwe Co-operative Societies Act, and Chapter 24:05). Therefore, members should have consensus on: needs, ownership, enterprises and democracy in order for the co-operatives to run effectively. A housingco-operative is a form of home ownership in which people join to form a co-operative or corporation which owns shares in buildings in which they live.

Housing co-operatives fall within the general co-operative movement's four-tier structure comprising primary societies, secondary, apex and federation (Chiguvare 2010). Each tier performs different roles that are complimentary. Each stage's efforts are aimed at the success of the primary society in delivering houses for its members.

According to Co-operatives Societies Act. Chapter 24:05, a primary co-operative society manages the day-to-day running of its operations as a legal entity. It mobilises and manages its assets and resources; it acquires and develops land or stands for its members. It affiliates to either apex or secondary structure. It elects delegates from its management committee to represent members at secondary or

apex structure. It adheres to the provisions of the Cooperative Societies Act Chapter 24:05, council by-laws and regulations and its own bylaws in all its operations.

Secondary co-operative societies (unions) manage the day-to-day running of its operations as a legal entity. It mobilises and manages its assets and resources. It acquires and develops land or stands for its members (primary societies). It affiliates to the apex. It elects delegates from its own management committee to represent it at the apex. It provides extension services to its affiliate primary societies. It adheres to pro-poor visions of The Co-operative Societies Act, council by-laws and regulations and its by-laws in all its operations.

The apex which is Zimbabwe National Association of Housing Co-operatives (ZINAHCO) manages its day-to-day operations as a legal entity. It mobilises and manages its assets and resources. It assists in the acquisition and development of land or stands by its members (unions) .It affiliates to the federation. It provides technical services to its affiliates (primary and secondary societies) such as marketing, financing, auditing, and information. It administers the national pensions and insurance schemes. It acts in representative capacity on matters of general interest to its members nationally, regionally and internationally. It attends to legal matters and the resolution of disputes on behalf of its members.

It nurtures the development of unregistered co-operative self-help organisations for incorporation into the co-operative movement as registered co-operative societies. It also appraises the registrar of co-operatives on the state of developments in the

housing co-operative sector. It adheres to the provisions of The Co-operative Societies Act Chapter 24:05, council by-laws, and regulations and its own by-laws.

The Federation of Co-operative Societies coordinates economic and other plans of the co-operative movement for submission to the Minister for incorporation in the national development plans. It compiles and provides such general information and advice to its members. It also provides or facilitates the procurement of loan facilities, grants and other forms of financial and material assistance for its members. It represents the co-operative movement at national, regional and international fora. It sponsors or facilitates the organisation of conferences, seminars and other meetings on behalf of its members on the promotion of good management practices. It also advises and raises with the minister in relation to any matters affecting the co-operative movement.

The co-operators are entitled to: lease and occupy a specific dwelling unit, vote in the operation of the co-operative, pay their share of monthly expenses via a carrying or occupancy charge (UNHSP 2010). This includes a proportionate share of the expenses of operating the entire co-operative which typically includes underlying mortgage payments, management, maintenance, insurance utilities and contributions to reserve funds, (ibid). Co-operatives control their operations through a democratically elected management committee in the case of Zimbabwe, and a board of directors in other countries. How co-operatives typically operate varies from one country to another but the underlying philosophy and principles are basically similar (UNHSP 2010). Co-operative philosophy is in harmony with mainstream social

objectives, generating trust relationships between people within the organisation as well as the communities in which they operate (UNHSP 2010).

Co-operative values are based on self help, self responsibility, democracy, equality, equity and solidarity (Barton 1989, Bhuyan and Leistritz 2000, Christenson 1989, Egerstrom 2001). They believe in the ethical values of honesty, openness, social responsibility and caring for others (Fairbairn (2004)). Their guiding principles are voluntary and open membership, democratic member control, member economic participation, autonomy and independence, provision of education, training and information, and concern for community. These principles serve to cement social capital within co-operatives all things being equal (Barton 1989).

It is doubtful whether all these noble principles are put into practice, why is corruption and bad governance rampant in Zimbabwe co-operatives? It can be argued that having principles on paper is one thing and putting them to good use is another.

2.4 Background and History of Housing and Housing Co-operatives in

Zimbabwe

Zimbabwe became independent in 1980. The new country inherited a segregated and overcrowded housing stock (Ministry of National Housing and Social Amenities Report 2013). The land was unequally distributed between the white and black population, both in terms of quality and areas of land. Several race-based policies

deprived blacks of the right to home ownership and among other things. These racial policies and housing situation were a threat to social cohesion.

The report indicates that the main task of the new government was to unify the segregated cities and provide accommodation for all urban dwellers. The government repealed some of the race-based policies such as restrictions to home ownership for Black citizens in 1983; the transitional national development plan was adopted. The report reveals that in addition to stating that housing is a basic need, the plan recognised that housing plays an important role in people's well-being and the productivity of the country.

The state also adopted a policy with the objective of providing decent affordable housing for all. It had special emphasis on low income earners. According to the report, the concept of self help was central to policies designed to help alleviate poverty. Housing co-operatives were identified as part of the strategy. However, the implementation of this policy did not achieve the hoped-for results. Resultantly, co-operatives did not receive much support (Chiguware 2010).

Housing co-operatives emerged in Zimbabwe in the late 1980s. Two types of co-operatives were promoted i.e. work-based and community-based co-operatives. These two types are still in existence. Work-based housing co-operatives are formed by a group of workers from a single company. Employees are members of this type of co-operative. Community-based housing co-operatives are formed by people from the same geographical location. One of the first housing co-operatives was the

Cotton Printers Housing co-operative. It was formed in 1984 as a work-based housing co-operative in Bulawayo. One of the largest housing co-operatives today, KugarikaKushinga in Mabvuku, Harare was founded in 1986. This community-based co-operative now at least 2000 members (Chiguware 2010).

Both co-operatives had to overcome difficulties in accessing and registering land. Financing for co-operative housing development was also a major challenge (Mumbengegwi 1996). Very few housing co-operatives accessed loans. Development could not start until sufficient funds were raised through member contributions. As those contributions were very small, it took a long time to raise enough money to start construction. This discouraged many people from joining housing co-operatives. Work-based housing co-operatives often did better because they received administrative and financial assistance from employers who sometimes also acted as a loan guarantor. The members were also able to make higher contributions (Madaka 1996, Magaramombe 1996).

In 1987, the Zimbabwe National Workshop on Construction and Housing Co-operatives was organised to allow international and African participants to share ideas on assisting low-income people through housing co-operatives. This event led to the foundation of Housing People of Zimbabwe (HPZ) in 1992. Housing People of Zimbabwe (HPZ) benefited from the strong support of two international organisations; Rooftops Canada Foundation which was its first international partner and the Swedish Co-operative Centre now called “We Effect” which joined in support. These two organisations supported HPZ until it closed its doors in 2010.

HPZ was a major breakthrough in the development of housing co-operatives in Zimbabwe. A non-governmental organisation, registered under the Private Voluntary Organisations Act, HPZ was committed to creating and maintaining a vibrant sustainable housing co-operative movement in Zimbabwe by providing technical services in all aspects of co-operative development to housing co-operatives. HPZ worked in partnership with organisations to improve human settlement conditions for low-income earners for almost two decades.

The Swedish Co-operative Centre and HPZ facilitated the establishment of the Zimbabwe National Association of Housing Co-operative (ZINAHCO). Founded in 1993, and registered in 2001 as an apex organisation, ZINAHCO'S role was to assist housing co-operatives in getting registered and acquiring land and building materials. The economic downturn and instability from 1998 to 2009, an inability of HPZ's leadership to refocus its activities, and the withdrawal of international financial and technical support forced HPZ to close its activities in 2010. HPZ and the international partners agreed that the movement would be supported directly through the apex organisations.

Several government level initiatives were put in place to assist in housing development such as rent-to-buy scheme, low cost housing and donor funded housing schemes. The report also reveals that among them the adoption of the Land Acquisition Act in 1992 allowed the government to acquire farm land for urban and peri-urban expansion. The land was then transferred to local authorities who surveyed the land and delivered titles. The National Housing Fund implemented the

save-for-your-house or home scheme providing loans for low income housing. Housing policies were adopted but initiatives targeted at low income households were not very successful due to insufficient financial resources (Musemwa and Muchaparara 1995). The National Housing and Social Amenities Ministry Report (2013) further points out that the failure was inter alia due to lack of political will on the part of local authorities and corruption. Local authority officials would receive bribes from non deserving members who ended up benefiting from the initiative targeted at the poor. This promoted a culture of primitive accumulation as the rich down raided the low income homeless. It is further revealed that supply of housing could not keep up with very rapid urbanisation.

From the 1980s to mid 1990s, funding came from International Development assistance given to the government. It was then transferred to local authorities to be disbursed to housing developers including housing co-operatives. These donations were accompanied by government loans for example USAID Housing Guarantee Programme helped to provide mortgages for several housing co-operatives through the building societies.

The country saw a rapid decline of its economy between 1998 and 2008 due to hyper-inflation among other factors. It affected government's ability to make any economic advances. Zimbabwe's withdrawal from the Commonwealth in 2003 further deprived the country of international assistance. The difficult economic situation had a direct impact on housing development. In the early 1990s, building a four-roomed house would cost thirty thousand Zimbabwe dollars but the cost had

jumped by 333.3% in the year 1999 (Ministry of National Housing and Social Amenities Ministry Report 2013).

This period was also difficult for work-based housing co-operatives where many members defaulted on their obligations due to employment cuts. During that period, most co-operatives would buy building material whenever they had accumulated some money. The funds unfortunately became worthless before they could be used due to hyperinflation. Although some co-operatives were allocated un-serviced land, there was little progress. A very small number of co-operatives were built with donor funds. A trust fund set up in the mid-1990s by HPZ to help co-operatives accumulate savings at the best possible interest rate was wiped out by hyperinflation. The trust fund has not been re-established since the U.S. dollar was introduced as the main currency. Despite the difficulties, a report from the Harare city council on the progress on infrastructure and housing development from 1998 to 2008, indicated housing co-operatives have proved to be the most effective housing delivery mechanisms for low income families Ministry of National Housing and Social Amenities Report (2013).

2.5 Contextualising the Housing Problem

It has been estimated that the world urban population will double to more than 25 billion by 2025 with 90% of the increase taking place in the developing world (UNHSP, 2003). This mass urbanisation will be catastrophic especially in the African continent where the urban population is exploding at an approximate rate of 6,9% amidst a period of low economic progress (UNHSP, 2010). Nairobi for example has an estimated population of 3,5 million inhabitants with about 60% people living in slums. These slums have been estimated to occupy an area of less than 5% of the total municipal residential land thus creating problems of congestion, poverty, environmental degradation and rapid spread of disease and lack of provision of services (U.N. Habitat, 2001). Indeed, the problem of over urbanisation is a direct challenge to achieving the Millennium Development Goals by 2015 in the developing countries. In this regard, U.N. Habitat (2001) has shown a growing concern over the problem of growing slums and has provoked individual governments to take appropriate measures to address the problem.

This has been through encouraging governments to adopt the Millennium Goal 7 and target 11 which aim to significantly improve the lives of at least 100 million slum dwellers by the year 2020. Indeed, the Universal Declaration of Human Rights (1998) declared housing a basic human right stipulating under Article 25.1 that everyone has a right to a standard living adequate for their health and well-being and this included food, clothing, housing, medical care and the necessary social amenities. More than half of the population in many African cities and towns use overcrowded informal settlements which lack essential basic services such as water,

sanitation, power and accessibility to affordable health and education facilities. Thus unless solutions are found to match the demand for housing and services, widespread homelessness and rapid growth of informal settlements coupled with increasing crime, disease and natural disasters will continue to typify many African countries.

The Ministry of National Housing and Social Amenities (2013) points out that the current housing backlog in Zimbabwe is estimated at one million units, consisting of new units and existing units needing refurbishments. The report further reveals that 2.6million urban dwellers are homeless or live in poor, overcrowded housing conditions lacking basic infrastructure. According to the report, this is due to poverty, a high rate of urbanisation and campaigns to demolish informal settlements. The country's independence and the cancellation of racial policies brought a high rate of rural people migrating to urban areas in hopes for improving their living conditions. This urbanisation is still an ongoing phenomenon. In March 2013, there was approximately 1, 2 million on the government's national housing waiting list. The report argues that the exact figure is probably higher since most local authorities do not compile the data.

With urbanisation also came an increase of informal settlements. In 2004, 68% of Zimbabweans were living below the poverty datum line. It is possible the figure for poor people has gone far much higher than that given the economic downturn the country continues to experience. The same report points out that in 2005; the rate of unemployment was pegged at a conservative figure of 80%. Again, it is possible that this has gone far much higher than that given the current gloomy picture the

Zimbabwean economy portrays. People were not able to acquire their own houses and established informal settlements. However, the 2005 forced eviction campaigns called Operation Restore Order (Murambatsvina) aggravated the housing situation. The report indicates that seven hundred thousand people were left homeless after numerous informal settlements were dismantled. This operation provoked large rental increases, further affecting low income families (Ministry of National Housing and Social Amenities Report, 2013). Many families also lost their income from home-based small businesses, room rentals and informal markets. The main challenges faced by housing co-operatives today are: access to sufficient, affordable land in good locations, access to affordable finance, recognising the financial capacity of the people and the co-operatives, access to affordable building materials, bad governance, corruption, political elite capture and over politicisation (ibid).

Following an intensive consultative process by government, a National Housing Policy was developed in 2012. The policy is based on three elements: promotion of housing development strategies to assist the poor, the use of a participatory approach and the mobilisation of the beneficiaries' own resources. Also housing stakeholders are expected to contribute, with an emphasis of community-based organisations with co-operatives taking a leading role. The policy defines the role of each player including the state and local authorities. The policy spells out strategies to achieve the set housing provision related goals.

The policy has put in place clear positive and critical strategies for the operations and integration of community-based organisations such as housing co-operatives in

housing development issues in the country. Some of the key policy areas cited to be critical for the integration of community-based integration by the policy are as follows: land allocation and security of tenure, targeted subsidies, a no-eviction without alternative accommodation policy framework, broadening access to credit facilities such as innovative financial products, informal sources of housing finance, implementation of flexible policies for example incremental development, proper regulation of community-based organisations national budgetary allocations for community-based organisations (National Housing Policy 2012).

Guidelines had been developed by ZINAHCO and adopted by local authorities to clarify and strengthen the relationship between local councils and housing co-operatives with the view to reduce political interference, influence and abuse (Ministry of National Housing and Social Amenities Report 2013). The guidelines' goals are to create trust and establish productive working parameters. Partners are invited to use the guidelines to negotiate the terms of their partnership agreements in housing delivery, which should be included in a Memorandum Of Agreement (MOA). Among other things, the terms include the price of the land or stands, payment plan, roles and obligations of parties, development conditions, allocation procedure, dispute resolution and time frame. ZINAHCO and the local authorities have entered into such an agreement.

Key characteristics of co-operatives affiliated to ZINAHCO are: mostly urban and peri-urban, work-based and community-based co-operatives, the average size of a co-operative is 50 members, meaning 50 families as only one person per family can

be a member (Co-operative Societies Act chapter 24.05). However, the membership ranges from 10 members to 407 members. According to the National Housing Policy (2012), development is typically done incrementally, i.e. construction is done in stages, i.e. allocation of land, infrastructure development, construction of a core house or room by room according to the money available.

Co-operatives purchase the land and the building materials, and build houses for its members. Actual construction of the houses is done in different ways usually some combination of self help and small builder, and in some cases larger builders may construct the entire project. Co-operatives can access land that is already serviced with title deeds from the local authorities, or can do the servicing and the housing development at the same time.

When co-operatives access un-serviced land, servicing the land involves engineering designs, roads and water systems. This means that housing co-operatives must allocate financial resources that could otherwise be used to build more houses (National Housing and Social Amenities Report, 2013). This is difficult for housing co-operatives as they do not receive much help from the local authorities. Houses are jointly owned by the co-operative until they are transferred to the individual member. Members rent the houses until houses are built for all members. The rules determining how the allocation of houses is made must be agreed upon before the beginning of the project to avoid favouritism. The titles are transferred to the individual members only when the entire project is completed and all loans are paid. Beneficiaries must be registered on the council's housing waiting list. Once the

construction is completed, and every member has been housed as guided by the by-laws, the co-operative's first mandate is complete. The co-operative may then dissolve or the members revisit the by-laws to determine how best they can continue.

2.6 An Assessment of the Effectiveness of Housing Co-operatives in Low Income Urban Public Housing Delivery

Thomas Muzuva, Harare's deputy mayor as quoted by the Financial Gazette of 14-19 February (2014), said that the servicing of land is no longer the city's priority. He cited lack of funds as the main reason for this position, he pointed out that servicing of land is now the responsibility of 702 co-operatives dotted around the city. This is a sorry state of affairs as co-operatives do not have capacity to do so. Harare City Council has abdicated its fiduciary duty.

The author of this project observes that the majority of those housing schemes seem to have dismally failed to provide that service despite prospective home owners contributing thousands of dollars each month towards land development. While the deputy mayor also said that everything was on course to provide adequate water and sanitation to Harare residents, including those in the sprouting suburbs, other councillors were however suggesting that there is a deliberate political ploy to derail council progress in these critical areas in a bid to expose councillors from the opposition MDC Party who happens to be the majority. From the standpoint of this perception, it can be argued that predatory politics in this context subordinates the will and needs of the people for the sake of gaining political expedience. The needs

of the electorate become secondary. This can be epitomised by the old adage that “when two elephants fight, it is the grass that suffers.”

The Financial Gazette (February 14-19 2014) also published that the leadership of these housing co-operatives is overwhelmingly dominated by people purporting to be linked to the ruling party ZANU PF. Intriguingly, this is a city that has overwhelmingly voted against ZANU PF since 2000 (ibid). The Financial Gazette (14-19 February 2014) asserted that the scenario has raised heated speculation that ZANU PF could be arm-twisting desperate home-seekers in Harare and elsewhere by offering them undeveloped land in the hope that it wins their hearts in all future elections. These uncouth tendencies by ZANU PF may serve to demonstrate the excesses of political predation over and above the agency problem which a number of scholars, concerned residents and media houses seem to resonate with.

Harare has an astounding 702 housing co-operatives scrambling for land to allocate to desperate home-seekers, which could explain the mushrooming of illegal settlements throughout the city (Chenga, 2014). Chenga (2014) contended that the land scramble comes at a time when the city has long-run out of space for new housing. Chenga (2014) points out that this raises serious questions about how government is administering one of the country’s key resources: land. While government, through local authorities has the mandate to provide decent housing or serviced land for its citizens, it seems to have abdicated its role to individuals who have either set up co-operatives or acting individually as land barons (Chenga 2014). Land barons are individuals who get offer letters from government for at least a farm for purposes of housing development. These land barons can also be individuals

with political connections who acquire land and purport to provide housing for the poor under the guise of co-operatives. They resell this state land at exorbitant prices to desperate home-seekers even though they get it free of charge thereby defeating the purpose of co-operatives providing housing to low income people.

Chenga (2014) also asserted that although city fathers say that the co-operatives, once allocated land, make a 30% down payment for land's "intrinsic value", chaos currently reigns on the city's former peri-urban farms where thousands of home-seekers have settled on undeveloped land provided. For Chenga (2014), there are no roads, no sewer reticulation and no piped water. Despite this sorry state of affairs, all the 702 housing co-operatives have been issued with "certificates of compliance" to signify that they are adhering to council rules and regulations. Under such circumstances, corruption by some co-operative leaders and city council officials cannot be ruled out. Chenga who toured most of the housing co-operatives in Harare revealed that the majority of the housing co-operatives are adhering to none of the council's rules and regulations despite collecting huge amounts of cash from prospective home-seekers for the purposes of developing land. Interestingly, there is no time frame during which housing co-operatives must have fully serviced the land they are allocated (Chenga 2014). This inevitably raises fears that many of the new residential areas will never have roads, sewer reticulation, and electricity and tap water. Against this background, Harare City Council's housing waiting list continues to balloon to unprecedented levels. Residents use pit latrines, a thing which heightens the possibility of disease outbreaks. Further, there are no schools and clinics. Indeed, this is a disaster in the making.

According to The Daily News of 6 November (2013), local government Minister Ignatius Chombo ordered that housing co-operative members were supposed to stop contributing to these organisations without risking loss of membership for defaulting until forensic audit of each co-operative's activities has been completed. The Daily News (6 November, 2013) further reveals that over the past few years, prospective home seekers have often rued the day they joined housing co-operatives because of mismanagement and common-place mistrust revolving around financial matters. For the Daily News (6 November, 2013), others still bemoan the money they have lost because they have invested their trust in unregistered and unlawful housing co-operatives. The Daily News (6 November 2013) further points out that some co-operative leaders use their purported connections in high offices to swindle desperate home seekers in pursuit of self-enrichment while further impoverishing the needy.

According to Daniel Shumba, chairman of the Harare Residents Associations as quoted by *Irin News*, 2014, most co-operatives in Harare are unscrupulous. He asserted that housing co-operatives acquire housing stands from corrupt city council officials at very low prices. For Shumba, they then build houses and sell them at over inflated prices which cannot be afforded by the poor, the very constituency they are supposed to serve. Shumba points out those politicians are also involved in this uncouth deal thereby reflecting characteristics of the political predation and agency theories. With these vices raising their ghastly heads, achieving the expected mandate becomes difficult if not impossible.

Shumba further contended that local authorities and government have not really invested in the provision of housing and accommodation to the citizenry in recent years except to relinquish this responsibility to housing co-operatives, the majority of which are siphoning off little financial resources of poor people. It is also clear that when these houses are sold, consideration for those who are deserving is very secondary since ability to pay becomes the major criteria. It is also possible that undeserving people who already have houses end up benefiting. This renders co-operatives ineffective in delivering low income urban public housing.

Shumba, as quoted by *Irin News* (2014) added that rapidly growing communities in Harare meant to accommodate low income earners such as Hopley Farm, Caledonia, Hatcliffe and Whitecliffe all built by housing co-operatives are lacking social infrastructure such as schools, health and recreational facilities and shopping centres. Shumba bemoans the miserable condition of the emerging communities. He asserted that this is attributed to poor planning and corruption by officials in the housing and community services department as well as among councillors and officials in the Urban Planning and Environmental Management committees where reports abound that the housing co-operatives' leaders have been allocated land in some reserved open spaces where clinics, schools and shops were meant to be built. *Irin News* (2014) further reveals that meanwhile, in some of the squatter camps north of Harare where many of the people made homeless by Operation Murambatsvina now live, politically-connected housing co-operatives are reportedly duping individuals into paying thousands of dollars for housing stands co-operatives do not have title deeds to. Marilyn Mutarara, as quoted by *Irin News* (2014), who is a mother of 44 years

and is widowed with six children and is from Harare's Caledonia Farm squatter camp, is reported to have bought a housing stand for 2375 U.S. dollars some four years ago but has not yet received a title deed for it and as a result, cannot get approval to build on the land. Local police has failed to take action because of the co-operatives' political connections.

Indeed, the capacity of housing co-operatives in low income urban public housing delivery is highly questionable due to a number of challenges discussed herein. These include bad governance, manifesting itself in lack of transparency, accountability, corruption, political predation, and the agency problem, lack of financial support, the general economic collapse and deviation from the by-laws by some council leaders. It seems that political influence and the agency problem are contributing to most of the negative factors affecting the effectiveness of co-operatives. It is clear so far that, preliminary indications are that housing co-operatives seem to lack effectiveness in low income urban public housing delivery.

2.7 The Governance Framework of Housing Co-operatives in Zimbabwe

In Zimbabwe, the principal Co-operative Societies Act is Chapter 24:05. it provides for the Registrar of co-operatives and the Assistant Registrar who are part of the public service employees. The act also provides for such number of co-operative officers as may be necessary for carrying out the functions assigned to them in terms of this Act. These co-operative officers are also employees of the public service.

In terms of the Act, three months after registration, a co-operative society's elected management committee must convene the first annual general meeting not later than six months after the end of its financial year. If this is not done, the management committee must write to the registrar giving reasons why. If reasons given are not satisfactory, the registrar of co-operatives may order that the meeting be conducted on specific dates or that the management committee be disposed of its duties to pave way for fresh elections. The purpose of the annual general meeting is to consider minutes of the previous meeting, receive and discuss auditors' reports and of the management committee and of the supervisory committee, confirm the statements certified correct by the auditors. Another purpose of the meeting is to consider and approve the work plan presented by the management committee, the meeting also considers any amendments to the bylaws, and elects the new management committee.

The supervisory committee whose role is to supervise the management committee is also elected at the meeting. The meeting also determines the borrowing by the society. In terms of the Act Chapter 24.05, special annual general meetings are held to discuss any urgent matter that may arise. The co-operative societies strictly observe the majoritarian rule. Voting is by show of hands or by secret ballot. If one-tenths of the members present require voting to be conducted by secret ballot, then their will prevails. In the event of equality of votes, no member present shall have a casting vote and the motion shall be deemed lost. Management committees are composed of a chairman, vice chair, secretary, treasurer and such number of other committee members as the annual general meeting decides. The Act specifies that

where a society has fewer than ten members, it may elect a management committee composed of not fewer than three officers. The same Act provides that where members are at least ten, the committee shall be composed of no fewer than 3 members but no more than 9 members.

According to the Act, members of a management committee may be suspended or removed from office only by majority vote of members or delegates present at a time when voting is conducted. If during the term of a management committee a vacancy occurs on the committee and the number of members becomes less than a quorum, the committee may co-opt a member of the society to fill the vacancy until the next general meeting. The Act also clearly specifies that no person shall be elected or co-opted as a member of a management committee if that particular person has been adjudged or otherwise declared insolvent, or bankrupt and has not been rehabilitated or discharged. There are several conditions outlined or stipulated in the Act. The one's above are among the major ones.

Any management committee shall have a 3 year term. This is the same situation with supervisory committees. Members of management committees are eligible for re-election upon the expiry of their term of office. At the annual general meeting held after the first financial year of any registered primary or secondary society, and in every subsequent general meeting, at least one third of the members of the management committee must retire from office. Having discussed the general governance of housing co-operatives, attention now shifts to discussing the financial governance and management of co-operative societies. This is very important

because any financial improprieties are also a function of poor financial governance and management. The financial governance is discussed in terms of the Co-operative Societies Act Chapter 24:05.

Every registered society shall ensure that its records and accounts relating thereto are kept to the satisfaction of the registrar of co-operatives societies in accordance with generally accepted accounting practice and subject to such directions as the registrar may give the society from time to time. This is done for purposes of ensuring that the accounts and records give a true and fair view of the state of the financial affairs of the societies.

Every registered society must have its books audited once a year by a person entitled to practise as a public auditor in terms of the Public Accountants and Auditors Act (Chapter 27:12). Further, these books can also be audited by any other competent person approved by the registrar. The Act (Chapter 24:05) also stipulates that the audit fees shall be borne by a society. In terms of the Act, the management committee shall, at all reasonable times furnish the auditor with all accounts and other financial records. The management committee must furnish the auditor with all documents or information relating to the society's affairs. The auditor is empowered to demand from the co-operative society such information and explanations as, in the opinion of the auditor are necessary for the purpose of the audit.

Annual reports, accounts and financial statements of registered societies are submitted not later than six months to the registrar after the close of the financial

year. Thus, any society must submit to the registrar an annual report of activities during the year together with two certified true copies of the audited financial statement for that year. No member of the management and supervisory committee shall be absolved of their liabilities by virtue of being office-bearers in co-operative societies. The act also clearly and unambiguously stipulates that no member of the management and of the supervisory committee shall make any profit for himself from the business of the society or receive any salary in respect of his duties, or receive any honorarium except with the approval of the registrar and in accordance with a resolution passed by a general meeting.

There are many issues in this Act which relate to financial governance. These provisions are in line with modern and progressive financial governance principles.

2.8 Discussions of Key Issues from Literature Review

From the literature reviewed so far, indications are that co-operatives are facing a myriad of challenges with respect to low income urban public housing delivery. The challenges include corruption by some housing co-operative members of management and supervisory committees, theft or embezzlement of funds, poor financial management, lack of transparency and accountability, manipulation by politicians, non-availability of essential services within some co-operatives, non-adherence to rules and procedures among many others. The National Housing Policy (2012) acknowledges that housing co-operatives are fodder for politicians. From the literature reviewed so far, it is clear that characteristics of the agency and political predation theories seem to typify housing co-operatives in Harare.

Preliminary indications are that supervisory and management committees elected by members collude to promote self interests to the extent of threatening viability of co-operatives. The media is awash with cases of desperate home seekers who are swindled by leaders of co-operatives. This is characteristic of the agency problem.

Further, politicians manipulate co-operatives and treat them as personal property. In the face of such political predation, members keep mum over such a gravy train for fear of being victimised. Belonging to ZANU PF is regarded as a major qualification for joining a cooperative. Even if one does not live in a particular geographical area, he/she is allowed to join a co-operative contrary to the rules and procedures specified by the Co-operative Societies Act Chapter 24:05.

The nexus between over-politicisation of co-operatives and political predation theories is the fact that all this is done to enable ZANU PF to win future elections particularly in the urban areas such as Harare. As evidence of the fact that co-operatives are manipulated for political reasons is the fact that Harare South constituency which is dominated by co-operatives has had ZANU PF candidates winning in the harmonised elections for two successive elections. However due regard must also be given to the fact that this constituency is dominated by resettlement areas.

Leaders of co-operatives commit acts of corruption with impunity due to their political affiliation to ZANU PF. Indeed, these two theories to an extent explain the ineffectiveness of co-operatives in executing their mandate.

Indeed, co-operatives are premised on sound legal and policy framework on paper. It seems that if the governance framework were to be followed religiously, co-operatives would be shining examples of good corporate governance. Preliminary indications are that most co-operatives have poor governance and this legal framework is only there for window-dressing purposes. Predatory politics is inter alia characterised by lack of the rule of law. This indeed seems to be the situation typifying co-operatives. Zimbabwe is well-known for coming up with very good policies and laws that are never implemented. It must be pointed out however that factors contributing to poor performance of co-operatives are quite many. These include unfavourable macro-economic conditions, non- or limited availability of formal housing finance, insufficient funding due to liquidity challenges, non-availability of international sources of finance, and government's limited capacity to finance necessary capital programmes, (National Housing Policy 2012).

Surprisingly, however, it is debatable as to why media are awash with financial improprieties within co-operatives. This probably supports the earlier argument raised in this discussion that having policies and laws in place is not adequate. Rather, there is a need to go a step further by inculcating the right work ethic. Further, there must be a monitoring and evaluation mechanism which must be done on a monthly or quarterly basis in order to make a meaningful assault on poor financial governance challenges. Successful implementation of the control systems in the Act depends on other factors such as literacy levels of co-operative members, the skills of management and supervisory committee members, commitment to ethical conduct, non interference by politicians, predictable penalties for those who break

the rules are enforced. It seems the agency and political predation theories also explain the level of financial improprieties within co-operative societies.

2.9 Conclusion

The Chapter has discussed the theoretical Framework, defined housing co-operative societies and the concept of housing. It has discussed the context of housing and housing co-operatives in Zimbabwe. Literature on problems faced by housing co-operatives in delivering their mandate has also been reviewed. Literature relating to the study's key objectives has been critically reviewed and preliminary findings have also been discussed. Literature continues to be reviewed as the findings continue to unfold in the chapters to follow.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

Data collection for this study required appropriate methodological strategies in view of its complexity. Accordingly qualitative data collection methods were relied upon in data gathering of information related to the housing co-operatives within the context of the study objectives. In depth interviews enabled the researcher to capture qualitative data that proved difficult to quantify. The research design, population and sampling, data collection and analysis techniques are also dealt with in this Chapter.

3.1 Research Methodology

3.1.1 Qualitative Approach

The research was conducted using qualitative methods which are described below.

3.1.1.1 Research Design

Qualitative research, in view of the evaluative nature of the study, proved to be useful since it usually involves fieldwork and the researcher physically interacting with the people being researched in order to observe the behaviour in a natural setting. The researcher accordingly visited Zvakatangasekuseka Housing Co-operative and conducted face-to-face interviews. These interviews enabled the researcher to ask follow-up questions, seek clarifications and observe nonverbal gestures which could provide useful clues to the researcher.

Interviews thrive on building rapport between the researcher and the interviewees thereby removing fear and suspicion on the part of respondents. Qualitative research methods were used to collect data which were verbal. The researcher was concerned with understanding the respondents' perception of the effectiveness of this co-operative in executing its mandate from their own view. Through qualitative research, verbal data representing the lived experiences of the respondents who are members of this co-operative were generated. Data in the form of words or direct quotations were used in analysing and discussing the findings. Specifically, face-to-face interviews, focus group discussions were used in order to understand reality by discovering the meaning that co-operative members attach to the behaviour of their leadership and how they felt it impacted on the effectiveness of the co-operative in delivering its mandate. Since the study sort the opinions or impressions of members of Zvakatangasekuseka Housing Co-operative, Qualitative methods were very necessary as they are flexible to suit a prevailing situation at a particular point in time. Qualitative approaches were also necessitated by that the research was a case study which is an intensive study of a specific context. In order to deepen understanding of the phenomenon, in depth interviews were the most appropriate. These included both individual interviews such as one-on-one as well as group interviews including focus groups the research was a highly sensitive one given that housing co-operatives are highly politicised. This made qualitative approaches unavoidable.

3.2 Applicability of the Research Methodology

Qualitative data were used when conducting group interviews with some 10 key informants who are members of the co-operative. Further, individual in-depth interviews were conducted with the other 10 members of the co-operative. Those who formed the focus group had served as members for at least 10 years and had intimate understanding of the challenges the co-operative had gone through. A semi-structured interview guide was used to interview co-operative members, Ministry of Small to Medium-Scale Enterprises and Co-operative Development and Harare City Council officials. From these, two institutions, 5 officials from each were interviewed. The analysis of the data was made under a particular thematic area which derived from the research objectives, main question and sub-questions.

3.2.1 Population and Sampling

Non-probability availability sampling was used to select 10 members of the cooperative who were interviewed individually. Members who would form a focus group discussion were selected through purposive sampling. Availability was used to select officials from the city council and ministry who were interviewed.

3.2.2 Data Collection Methods and Techniques

The research involved secondary data sources. The first phase was literature review from local, regional and international perspectives; over 30 documents were reviewed and cited and many books were studied. Review of relevant literature such as annual reports, minutes of meetings, letters, invoices, bills, news coverage on both electronic and print media, court papers, books, contracts, transcripts of

conversations, continued throughout the research exercise right through to the presentation and discussion of findings. Recommendations are also made in light of what other authorities said on a similar issue.

The second phase was characterised by initiating the following data collection activities; developing data collection tools, training one research assistant, fieldwork, supervisory visits, key informant interviews, focus group interviews, interviews with local authority officials (conducted by the researcher) interviews with ministry officials (conducted by the researcher).

The third phase was comprised of data analysis, interpretation of the results and the preparation of the rough draft report.

3.2.3 Duration

While the research study was undertaken for over 8 weeks, the fieldwork was carried out over a period of two weeks.

3.2.4 Data Analysis

The data collected were analysed under main themes. Data were analysed and coded in terms of meaning. Lived experiences were also coded. In analysing data, relationship with the key theoretical framework which was used as the lens was paid particular attention to.

3.2.5 Ethical Consideration

Participation in the study was voluntary; accordingly participants could refuse, withdraw or terminate their participation in the study. Anonymity was strictly observed and respected. Also information and responses were treated or handled in strictest confidentiality.

Young children in line with ethical standards were not included in the study. No monetary compensation or any material inducements were given to respondents. It was emphasised at the outset that the study was strictly of academic purposes. The researcher remained apolitical throughout the study as showing affiliation to any political party would have jeopardised the research. This is in light of the fact that the co-operative is highly politicised and any strangers are treated with suspicion.

3.2.6 Limitation of the Study

The time-frame within which the research had to be completed was short. This meant that the researcher had to fit within the time-frame. This affected the number of people interviewed. Under normal circumstances, 5 co-operatives would have been studied were it not for time limitation. Some respondents may have modified their responses to suit convenient situations due to fear since the co-operative is highly politicised.

3.2.7 Conclusion

Qualitative methodology elicited data which would portray a comprehensible picture of the co-operative members' perception about factors determining the success or failure of "Zvakatangasekuseka Housing Co-operative" in delivering its key mandate.

CHAPTER 4

PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

The cooperative studied is situated at least thirty kilometres north of Harare. It was formed in 1989 and subsequently registered in 1992. It has a total of 560 officially registered members. The research was conducted using qualitative methods since the focus was on exploring the why and how of the cooperative. In-depth interviews and focus groups were relied on. Semi-structured interview guides to allow flexibility by asking follow-up and unpremeditated questions. The findings seem to indicate that the agency and political predation problems seem to be conspiring against the effectiveness of the cooperative in meeting its statutory objectives. The Chapter therefore presents and discusses the findings.

4.1 Reasons for Either Effectiveness or Ineffectiveness of Zvakatangasekuseka Housing Cooperative in the Delivery of Members Expectations

Using in-depth interviews, ten members of the cooperative were interviewed and using focus group discussions, the other ten making a total of twenty were asked to give reasons for either the effectiveness or ineffectiveness of the cooperative in delivering their expectations. 12 respondents said that the cooperative had deviated from its initial objective of providing low income housing to the poor living in the same geographical area. “Now, well-to-do people with ability to buy a house on an open market have been allocated more than one stand”, said one widowed woman. Reference was made to one musician who built a double-storey house on a residential stand allocated to him by the cooperative. Allocating such an individual a

stand was in contravention of the Cooperative Societies Act which provides that people or home-seekers on Harare city council's housing waiting list qualify to either form or join cooperatives. Contrary to this legal position, the respondents pointed out that some individuals living outside the geographical area within which the cooperative was set up and who actually have houses elsewhere apart from not being on Harare city council's housing waiting list were given priority in the allocation of stands. Such practices promote what Madaka (1995) referred to as down-raiding. This is a scenario in which the rich use their wealth, power and influence to raid the poor through manipulating and arm-twisting the system to their advantage.

Four respondents strongly indicated that there is nothing wrong in allowing the rich to benefit from programmes intended for the poor. They argued that if the rich get stands through cooperatives, they can build houses which the poor can rent thereby alleviating the housing shortage. "After all, some poor people were allocated stands five years ago yet the stands are still undeveloped", said one respondent. This finding seems to suggest that the respondents who were supporting the rich benefiting from cooperatives were either allocated stands illegally or that they have relatives who benefitted illegally. Commercialisation of low income public housing worsens the fissure between the rich and the poor. This is inconsistent with the spirit and letter of any progressive public policy which seeks to reduce social inequality. Moreover, housing or shelter is a basic need provided for in the Constitution of Zimbabwe.

Down-raiding as explained in this discussion suggests the agency problem since it is possible that some leaders of some cooperatives like Zvakatangasekuseka receive

monetary inducements from certain well-to-do people who seek to benefit from housing cooperatives. Two respondents were neutral. They indicated that effectiveness of cooperatives or lack of it is a function of several factors outside the cooperative such as politics. They expressed reservations about giving their opinion on why they consider their cooperative to be either effective or ineffective in executing its mandate. Such reluctance probably suggests fear or that they may have benefited from the cooperative illegally.

All the respondents were probed further and revealed that though the cooperative's intended beneficiaries are the low-income, everyone who has the resources to buy the stands can benefit. This means that ability to pay is now the major criterion. This undermines the policy on housing provision through the vehicle of cooperatives. With reference to the cooperative investigated, it seems that it is not effective in terms of restricting itself to serving the low-income groups. It must, however, be noted that the policy or Cooperative Societies Act does not provide the applicable minimum thresholds for one to qualify as a low income earner and poor person. Perhaps this explains why cooperatives exploit this lack of clarity by making everyone benefit. Policy ambiguities of that nature sometimes lead to confusion in implementation as they promote too much discretionary power. The purpose of limiting discretionary power after all is undermined.

Specifically, Zvakatangasekuseka was formed for and by domestic workers. The cooperative would build four-roomed houses for the members. The stands allocated were 400 square metres in size but the cooperative was later instructed by Harare

City Council to allocate stands of the size of 2,000 square metres. The need to review standards upwards was in line with the fact that the housing scheme is near Borrowdale upmarket suburb. The cooperative was further instructed to build houses using low-density suburb standards. This obviously made the construction costs very high and unaffordable to the poor for whose benefit the cooperative was formed. This compromised the effectiveness of this cooperative in low income urban public housing delivery. Due to such high standards, many poor people find it difficult to develop their stands. One of the key factors in making housing provision accessible to the low income is lowering the standards (Oxley and King 2000).

Greed was also cited as one of the reasons affecting the effectiveness of this cooperative. It was revealed that some leaders of this cooperative were allocating themselves more than one stand. “The chairman of the old management committee has more than 5 stands, some of which are in the names of his children who are still at primary level”, said one visibly angry woman respondent. Again, situations of the agency problem are evidently raising their ghastly head. The leadership has selfish gains which are at variance for those of the larger group. The leaders are thus using the cooperative for self-accumulation contrary to the constitution which makes it clear that every member has to be allocated only one stand.

The majority of respondents also felt that greed reflects itself through practices of allocating a stand to more than one individual. Asked how this is done, they revealed that members of the management committee receive money from several home-seekers for one stand and this money is not channelled to the cooperative. They use

false receipt books. This has created conflict among beneficiaries. As a result of this confusion, some members have since stopped paying their monthly subscriptions. This has affected the cooperative's cash flow levels thereby stalling developments. The agency problem here demonstrates how divergent objectives of individual leaders negatively affect the cooperative.

One key informant who was part of a focus group showed the research team court papers of individuals who were claiming ownership of a single stand which had been allocated to them. All the individuals had authentic proof of payment in the form of receipts. The cooperative was losing a lot of money through paying legal fees in defence of the right to ownership of some stands of some genuine cooperative members. The individual chairman who had illegally received payment from unauthentic members of the cooperative continues to do that with impunity. It was reported that despite reporting to police, no action was taken because of the chairman's political influence as a district chairman of ZANU PF.

The former chairman, despite being voted out of office in terms of the Cooperative Societies Act continues to demand monthly subscriptions which he converts to personal use. The current situation is that some members pay monthly subscriptions to a new management committee while others pay to the old one which claims to be still in office despite the Ministry of Small to Medium Scale Enterprises and Cooperatives having endorsed the new management committee. The chairman of the old management committee claims that as a founder of the cooperative, no one has the power to remove him and his team from office.

Both the individual interviews and focus groups revealed that where some parents die, some orphaned children are thrown out by the old chairman and the houses are sold at exorbitant prices. This has given rise to litigations as the new management committee protects the orphaned children of the legitimate owners of some houses. It also came out that even houses and individuals who openly criticise the former chairman, are also resold as a punitive measure. “I was surprised one morning when one man came with papers which appeared genuine claiming that he had bought the house which I built with my own resources,” said one individual. In some situations, the house is not sold but a lease agreement which entitles a Lessor to occupy a house for a given period until the purchase price for the land allocated to a cooperative is paid is given to an individual who is not the genuine owner of the house concerned. Further, the lease agreements given to these people who are not even members of the cooperative are facilitated by the former chairman who has connections in the Ministry of Local Government and Urban Development which issues out these lease agreements. In order to get the lease agreements, some individuals pay exorbitant fees to the former chairman and his committee. “We are gripped with uncertainty, tomorrow I can be thrown out of my house which I built using my own resources, please assist us to stop this,” said one old woman. Here the agency problem seems to have threatened the viability of this cooperative.

It seems the motive of self-enrichment is taking precedence over group objectives for which the cooperative was formed. The agency problem is probably worsened by the unemployment situation. Thus some cooperative leaders regard them as a way of

livelihood. They thus treat them as personal property resulting in other members being reduced to clients. The leaders end up wielding more power which they often abuse and over exercise. Cooperatives fail to make meaningful impact in alleviating housing shortage among the poor.

While the constitution of Zvakatangasekuseka provides that the cooperative shall build a four-roomed house for every member, respondents revealed that this has since been stopped even though members continue to pay monthly subscriptions and at the same time, they are required to build houses using own resources. “While we are told that the money we contribute is for servicing the land, we are never involved in the hiring of contractors contrary to the democratic principles upon which cooperatives are founded” said one respondent.

Corruption also seems to be rampant. One respondent pointed out that in the hiring of contracts, the leaders, particularly the former chairman and his committee used to inflate the contractor’s fees or charges and they would pocket the difference. Members would be asked to make additional payments over and above the monthly subscriptions. Such corrupt practices slacken if not impede development and the subsequent effectiveness of cooperatives in low income public housing delivery. The findings so far have demonstrated the nature and extent of the manifestations of the agency problem in cooperatives.

Another reason cited as a cause for lack of effectiveness in achieving the intended result is that the cooperative is run by two management committees i.e. the new

legitimate committee and the old illegitimate committee. It was revealed that both committees continue to receive monthly subscriptions from members. The new committee channels the money to the bank while the illegitimate one never discloses what the money is used for. This is hampering developments as such arrangements militate against pooling adequate resources for procuring the services of contractors. This explains why the majority of members felt dissatisfied with the way things were going in the cooperative. “A house divided against itself shall not stand” so says the Bible.

Conflict of interest is another reason cited for lack of effectiveness. Interviews and focus groups revealed that the Cooperative Societies Act provides that a member of a cooperative who engages in any activity which is in conflict with the objectives of the cooperative to which one is a member must be expelled from that particular cooperative, yet the former management committee formed a housing development company. When it was still in office legally, it used to be hired to provide services to the cooperative. “Anyone who would question would be expelled from the cooperative”, said most of the interviewees. One would not dare question said one respondent. “Getting a house is more important than challenging such things, one had two choices to make, to have a house or to challenge and lose the house” said one respondent. Members saw it useful to keep quiet. “Even big people in society are stealing, if you reported the committee, they would pay the police and you would stand out to lose” said one interviewee. It seems cooperatives have become avenues through which to accumulate wealth. In situations of apathy on the part of members

and lax supervision, the agency problem worsens. This negatively affects the effectiveness of cooperatives.

Some individuals are overjoyed by getting a house to the extent of subordinating or trivialising their role of checking on the behaviour of the cooperative's leaders. Further, some members are over-grateful to the leadership of some cooperatives such as this one to the extent of considering the misdeeds of such leadership as secondary. Most cooperative members revealed that they had not undergone any training on their role. It seems that the leaders particularly members of the old management committee were taking advantage of members' ignorance. While the responsible Ministry has to provide training to members of cooperatives, it seems it is not providing this role. When asked why some cooperatives' members had not undergone any training, the five Ministry officials interviewed through a focus group cited lack of resources. Lack of knowledge on the part of members inevitably provides fertile ground for the agency problem.

The founder syndrome, as revealed by one of the key informants, is one of the reasons contributing to the ineffectiveness of Zvakatangasekuseka. He pointed out that the former chairman of the old management committee is one of the key founders of this cooperative and would want to hold on to power. He is personally attached to the cooperative as his own. He does not want to be challenged for any decision he takes. This typifies a combination of the agency problem and the founder syndrome. Despite being voted out of office in 2005, the former management committee continues to hire employees using subscriptions from some members to

pay them. It came out that the employees are imposed as no interviews are conducted as a way of selection. “The employees hired are mainly relatives and girlfriends of the former chairman who continues to regard himself as still the legitimate one despite being voted out in 2005” said one frustrated man.

Despite being formed in 1989 and subsequently registered in 1992, the housing scheme has no electricity, sewer pipes, sewer reticulation, water and sanitation. Residents use pit latrines. Further, there are no roads. Members had been paying their monthly subscriptions and continue to do so yet there are no services. It seems the money over the years was being embezzled. This is a manifestation of the agency problem as explained by the lack of services. According to the bylaws of Harare City Council, provision of housing is more than providing the superstructure. It includes services. “Although there was an attempt to make roads by engaging a contractor, everyone was shocked by the fact that the contractor did a shoddy job for which he was paid huge amounts of money, the roads were washed away and we no longer have any roads” commented one respondent. It also came out that the cooperative only has one unregistered primary school and one secondary school both of which are poorly resourced. The schools are managed by the former management committee. Respondents voiced concern at the fact that the fees paid are in the majority of cases embezzled by this former management committee as evidenced by lack of development at the school. All the respondents pointed out that at one time, the cooperative took a bank loan which has already been repaid. Surprisingly, the chairman of the former management committee keeps on demanding money from

some members of the cooperative for the purpose of settling this loan. “Some people are being enslaved in order to have a house” commented one respondent.

Literacy was also cited as one of the key determinants of effectiveness of any cooperative. Members interviewed strongly felt that the ineffectiveness of this cooperative was inter alia due to the fact that the former chairman who played a key role in forming this cooperative was a gardener. This probably explains why he does not want to leave the office as the cooperative’s chairman even though he and his committee were voted out. The leadership style is also influenced by one’s literacy levels. It seems that the agency problem in this cooperative is aggravated by the low literacy levels of the former chairman and his illegal management committee.

4.2 Ministry and Council’s Views on the Reasons for the Effectiveness or Ineffectiveness of Housing Cooperatives

The study saw it necessary to balance views of members with those of officials from the responsible Ministry (Small to Medium Enterprises and Cooperative Development) and the Council. Five officers from each institution were interviewed through focus groups. Council officers revealed that the Council had spent twenty years without providing low income public housing. They felt that housing cooperatives were the only vehicle through which this basic need can be provided. They pointed out that 90% of low income urban housing is provided through cooperatives. They asserted that although cooperatives are not as effective as would be desirable, there is no option better than this approach. Council officers pointed out that cooperatives which are allocated land and supervised by the council perform

better than those allocated land and supervised by the parent Ministry. They were of the view that the reason for that is the fact that those supervised by the council are given pre-allocation training. The training covers issues such as governance, financial management, rights of members and general administration issues.

Officers from the Ministry, however, neither confirmed nor denied that cooperatives allocated state land perform more poorly when compared to those which are allocated council land. It seems that the reason for such purported neutrality by Ministry officials is gate-keeping. Thus, revealing the ineffectiveness of cooperatives would badly reflect on the Ministry. Officials from both institutions however agreed that many cooperatives do not have on-site services installed because of different development approaches used. The council on one hand insists on installing services before people occupy a given piece of land while the state insists on people occupying a piece of land first and services can be installed while residents are on a particular piece of land allocated to them. The problem which arises is the fact that some buildings may be demolished as the land is surveyed because a road may be passing through a homestead or someone's residential stand. This inevitably forces readjustment of the size of piece of land or a stand allocated to an individual.

It came out that installing services when cooperatives are allocated state land is not part of the City's development plan for a particular period. Council officials were of the view that the state was allocating land to cooperatives haphazardly and sometimes on wetlands. They said that it makes it difficult to include such cooperatives or housing schemes on the city's development plan. The two

approaches which are not in harmony are also contributing to the ineffectiveness of cooperatives in low income urban public housing delivery. Another reason cited as contributing to lack of effectiveness of cooperatives is that council and the state only allocates land and on-site services are installed by an individual cooperative. Council officials revealed that due to misappropriations, they fail to install the services even though members continue to pay monthly subscriptions. Misappropriations once more are indicative of the agency problem which continues to be a recurring theme in this discussion.

It must however be pointed out that installation of services used to be the sole responsibility of the council. Due to financial challenges, the council has off-loaded this responsibility on cooperatives. Paying for such services requires a lot of money which cooperatives have no capacity to raise. Further, it could be true that installing services would minimise cash in-flows. As a result, some leaders of cooperatives delay installing the services so that they continue to have justifiable grounds for keeping on demanding subscriptions from members which they eventually embezzle since cooperatives, in view of the unprecedented unemployment levels have become a source of livelihood.

Officials from the two institutions revealed that the criterion of allocating houses or stands by cooperatives to their members who are on the council's housing waiting list is no longer being followed by individual cooperatives. They further revealed that their capacity to regularly monitor cooperatives in order to ensure that proper procedures are followed and bylaws are adhered to is no longer possible due to

limited resources. It is therefore possible that cooperatives allocate stands not on the basis of need but ability to pay thereby defeating the objective of providing low income housing. Further, leaders of some cooperatives may end up demanding bribes in exchange for stands. Fertile ground on which the agency problem can thrive unfettered is fostered.

Indications are that cooperatives are riddled with a lot of challenges. It is also evident that the agency problem seems to be contributing to the ineffectiveness of cooperatives in meeting the expectations of the country's housing policy and consequently of their members.

4.3 Members' Views on the Influence of Politics on Governance of the Cooperative

All the 20 interviewees were of the view that housing cooperatives and politics were inseparable. They said that the formation of the cooperative was a result of political influence. A prominent politician who is a ZANU-PF member, Mr. Nathan Shamuyarira, assisted in the formation of Zvakatangasekuseka with the objective of providing housing to domestic workers. Because of its strong link with ZANU PF, the founder chairman and members of the first management committee who were predominantly domestic workers refused to leave office when they were voted out. They threaten anyone who challenges them on political grounds such as accusing them of belonging to the Movement for Democratic Change (MDC) party. It was revealed that they threaten anyone challenging them with eviction. The politicisation of the cooperative has created a poisoned environment which has negative impact on

governance. It was revealed that they use their political influence and connections to intimidate, harass and even evict members who question their behaviour. Politics therefore is used for self-serving interests which are at variance with the objectives for which the cooperative was established. In consequence, a highly politicised environment creates fertile ground for the agency problem. Although politics sometimes has negative influences on the governance of the cooperative, it played a positive role by enabling the cooperative to get land. In this light, politics does not always have a negative role.

Members interviewed revealed that the former chairman who illegally continues to regard himself as still in office is the district chairman for ZANU PF in the area. He uses his political connection to misappropriate or embezzle funds. They further revealed that he instils fear in any member who questions his way of purporting to be running the cooperative when he was voted out. The committee headed by the former chairman set up offices for the cooperative in ZANU PF District office. This seems to make the cooperative appear as an appendage of the ruling party yet the Act Chapter 24:05 does not specify that members of a housing cooperative have to belong to a particular political party. Politicised environment fosters bad governance which is inconsistent with democratic tenets one of which is freedom of association. Individuals who wield such political power are likely to govern in a manner which disregards transparency, accountability, democratic participation of members, rule of law and most importantly good governance. Here, it is clear how political influence interacts with the agency problem to undermine good governance.

One key informant who is the duly elected leader in terms of the bylaws revealed that at one time he was arrested for holding a meeting with members without seeking police permission in terms of The Public Order and Security Act (POSA). “I am surprised each time we need to have a meeting, I must apply to the police for permission yet the illegal chairman holds meetings without complying with such a requirement” said the chairman of the committee legally elected. Politics is thus interfering with the governance in order to frustrate the lawful committee to resign. It also came out that members who are seen to be playing an active part in attending meetings held by the new committee which is a lawful one are targeted for eviction by the old and unlawful committee on grounds of belonging to the opposition. It was revealed that on numerous occasions, those harassed and victimised reported to the police and nothing was done. It is also surprising that whenever the old committee reports any member of the new committee to the police, swift action is taken.

Politics also negatively affected financial governance of the cooperative. This is so because for 16 years, the accounts of the cooperative, when the old or former chairman was still in office had not been audited i.e. from 1989 to 2005. The Ministry of Small to Medium Enterprises and Cooperative Development had been giving orders for the committee to comply, but such orders were ignored. The cooperative’s accounts were finally audited in 2005 when the parent Ministry threatened to deregister the cooperative. “Even after the cooperative’s accounts were finally audited, the audit report was taken by the old and unlawful committee and was not availed to members up to now and the Ministry, despite us making several reports keeps mum” said one member of the focus group. It also came out that the

old and unlawful management committee did not compile any assets register. Members of the cooperative do not know the assets of the cooperative. Under such a situation, embezzlement and illegal use of the cooperative's assets cannot be ruled out.

As further evidence of the influence of politics in the governance of the cooperative, some politicians impose housing developers on the cooperative whenever it has some work to be done. Procedurally, the cooperative must conduct a due diligence process whenever they have some work to be done and choose the best tender. Instead of the cooperative having to negotiate the price, the housing developer actually comes with an nonnegotiable figure which the cooperative has to pay. It was revealed that failure to comply results in political victimisation.

The old committee, because of its strong political influence totally ignored the wishes and aspirations of the members. The cooperative had no procurement committee. All the procurement was done by the chairman single-handedly. Three key informants revealed that in most cases, the suppliers were politicians from ZANU PF. "Perhaps, he did this to buy protection." Said one angry respondent or interviewee. Interviewees were concerned that the cooperative members are sometimes forced to contribute money to state functions and the money contributed is channelled to offices of a political party. Further, it also came out that ZANU PF demands certain amounts of money for undisclosed reasons thereby affecting governance. Ideally, members agree on the use of money in terms of their priorities. Unfortunately, political influence impedes the democratic governance process. The

power of members to determine their priorities and allocate resources appropriately is usurped by politics and those who are politically powerful and connected.

Excesses of financial mismanagement came out. One key informant revealed that the old committee used to misrepresent information by purporting to have held a meeting. Fictitious minutes would be written and used to pay allowances to members of the committee. The members reported such irregularities to the police and nothing was done. Probably, police did not do anything because of the political influence of the former chairman or bribing some members of the police may have taken place. “We are kept under bondage because of politics” remarked one interviewee. From the discussions so far, it seems that politics is used by some individuals to satisfy their own gains. Politics thus worsens the agency problem as evidenced by some individuals who deviate from the objectives of the majority of members for the sake of maximising one’s gains as explained by the agency theory. It would be wrong however, to attribute all misdeeds and bad governance practices to politics.

4.4 Council and Ministry’s Views on How Politics Influences the Governance of Cooperatives

Five officers from the responsible Ministry were asked to give their views on how politics influences the governance of cooperatives and they all refused citing reasons that they had no capacity to answer such a question. Their refusal could be explained by several reasons. Firstly, they feared victimisation since the politicians interfering with cooperatives belong to the ruling party. Secondly, they were afraid to give classified information to a stranger as this would violate The Official Secrecy Act

which every civil servant signs upon joining the civil service. Thirdly, it is possible that they were suspicious of the researcher and they thought the information might somehow end in the office of their censors and fourthly, the officers might be members of the ruling party and disclosing such information might undermine the party to which they are loyal.

The majority of city council officials who were interviewed indicated that housing cooperatives have a political background and that almost all are aligned to the ruling party ZANU PF. They also indicated that such alignment helps them to access particular state land. One respondent pointed out that the disadvantage of such political alignment is that politicians impose leaders of such cooperatives. The implications of such imposition are that governance is compromised. In terms of the Cooperative Societies Act 24:05, leaders of cooperatives must be democratically chosen so as to ensure that they are accountable to those who put them in office. Further, accountability would ensure that they strive to meet the wishes and aspirations of their principals (members). If imposed, such leaders have no moral obligation to respect the membership. They for instance manipulate procedures; violate bylaws and the cooperative's constitution for personal advantage.

One interviewee revealed that some politicians had allocated themselves more than one residential stands for selling. "Some of these politicians are ministers, just think of it" said one of the respondents. According to the bylaws, stands must be allocated to deserving people and the allocation must be done transparently. If politicians arm-twist cooperatives by not respecting governance structures, processes and

procedures, such cooperatives cannot be effective in executing their mandate. In one cooperative which had exclusively been set up for civil servants, a certain minister (name provided) has 150 stands reserved or set aside for him alone. Despite members having reported such anomalies to the council, it came out that nothing was done and that the council has no capacity to address the issue. It seems that cooperatives have become an avenue for some politicians to access free land. Moreover, the politicians do not pay monthly subscriptions. They ride on the back of poor desperate home-seekers. This affects the resource mobilisation capacity of cooperatives which they use to procure essential services such as installation of water and electricity. All the five respondents who were in the focus group revealed that in protest, other members are also refusing to pay monthly contributions and the cooperative leadership cannot expel them for fear of them releasing such sensitive information to the press.

Council officials also revealed that governance structures of some cooperatives have been rendered ineffective by some politicians who impose members who may or may not share a similar vision and goal with other members thereby creating conflict. Where conflict exists, there is danger that sub-groups emerge with goals diametrically opposed to each other resulting in the collapse or ineffectiveness of those cooperatives in executing their mandate. It also came out that some individuals are life members of the management committee due to their political power and that no-one has capacity to remove them. Some two officials revealed that while some elections are held after every three years, this is meant to pool wool into the faces of the council and the responsible Ministry into believing that the cooperatives were

being governed properly. They revealed that the elections are for purposes of re-electing the same people. While after every general election one third of the members of the management committee must be retained, some have served more than 5 terms of office. The responsible ministry does not do anything to correct the situation. It came out that for fear of victimisation, council employees have no capacity to influence good governance where politics is involved. One council officer said that he, at one time was kidnapped by ZANU PF youths who told him to stop telling members of a certain cooperative to follow bylaws. “I was kidnapped and beaten up. I was told to leave a particular cooperative alone. I was told to give that particular cooperative a certificate of compliance even though that particular cooperative was far from complying with council bylaws and requirements”.

It was revealed that some chairpersons of some cooperatives are war veterans, soldiers and Central Intelligence Organisation members who ignore council bylaws with impunity.

One of the interviewees told the research team that a certain cooperative’s funds were used for campaigning for a politician aspiring for the position of Member of Parliament. The same politician is the one who had assisted that cooperative to acquire land. Further, members of the cooperative were forced to wear ZANU PF party regalia, possess membership cards of that party, sing national anthem during meetings and always go to the Heroes Acre whenever a national hero is being buried. It came out that the members had reported this to the Council but the Council could not help in any way. Bylaws relating to the governance of cooperatives were being

violated and ignored in broad daylight. “Politics is used to fortify power and self-aggrandising tendencies of some individuals” said one council officer.

The study also found out that while the supervisory committee is supposed to supervise the management committee, sometimes this is not possible. Respondents said that due to political power of some management committees, they end up supervising the supervisory committees instead. This creates a reversal of governance roles. In some instances, members of both committees belong to the same political party. This creates a situation in which the supervisory committee does not supervise the management committee at all as stipulated by the Act 24:05. This creates free reign as the two committees advance self as opposed to group interests. This demonstrates how politics gives rise to the agency problem on one hand and how the agency problem negatively affects the governance of cooperatives on the other. In some cooperatives members of both committees are colluding to embezzle financial resources. Indeed, governance of some cooperatives is highly influenced by politics especially those which were allocated state land through a politician’s influence.

4.5 Nature of Relationships within the Cooperative Studied and how they affect it in Delivering its Mandate.

The research found out that members who show allegiance to the duly elected management committee do not relate well with others who are loyal to the old committee which refuses to relinquish power even though it was voted out of office. In reality, the cooperative is divided into two yet registered as one. This has created

confusion resulting in its failure to provide expected services to the members. Amid this confusion, the chairman of the old committee collects monthly subscriptions which he does not account for to all the members of the cooperative as required by-law. The strained relations between the old and the new committees have had a spill-over effect to the generality of members resulting in serious polarisation. Members, depending on which committee one belongs to, view each other with suspicion. The chairman of the old committee, in the view of the interviewees created a highly poisoned social environment in defence of selfish interests such as embezzlement, corruption and extortion.

It is also possible that some members who are loyal to the old chairman do so for fear of being victimised through eviction since the old chairman can use his political power and connections to do so. He instils fear in those members so that he is not challenged if he does unlawful things which are inconsistent with the bylaws. It is thus possible that between the old chairman and the members patently loyal to him there is however latent conflict. Thus patent loyalty against a background of suppressed or hidden conflict is like a time bomb which can explode with serious devastating consequences. Such forced loyalty fosters a client-patron relationship in which the chairman is the patron and those other members being clients. A chairman according to the master-servant leadership is a servant of the people. Contrary to this leadership type, those who are supposed to put the chairman in office are reduced to clients. A situation in which members are subjects for the sake of protecting personal interests of an individual destroys social capital, the glue that binds people together. Such an unfortunate scenario makes it difficult if not impossible to achieve a

common goal. Considering that some members despite not meeting the criteria for membership were imposed by the politicians as discussed earlier. This creates mistrust. Further, the legitimate management committee cannot take any punitive measures against them if they violate the bylaws of the cooperative. Those who came through politics form their sub-group with its own sub-culture which may be inconsistent with the culture of the larger group. In the event that the legitimate chairman contravenes any bylaw, it becomes difficult to have a common position to discipline him as such action might end up being politicised. The agency problem, under such an environment becomes unbridled and might manifest itself to unprecedented proportions.

Fear generally has become characteristic of the cooperative members as they have become uncertain where the cooperative is actually headed. Indeed, relations based on division, suspicion, hate, power and vulnerability have created lack of a shared vision and sub-groups conflict. Such relations are inimical to developing a shared vision and consequently the cooperative's effectiveness in achieving a common goal.

4.6 Conclusion

The chapter has presented and discussed findings. Specifically, the findings have been discussed under the key objectives upon which the study was premised. Thus the findings relate to the effectiveness or ineffectiveness of Zvakatangasekuseka the influence of politics in the governance of the cooperative studied and the nature of relationships within the cooperatives and how they affect the effectiveness of the cooperative studied. While emphasis was on evaluating the cooperative discussed herein, a general understanding of other cooperatives was also sought. This explains

why Harare City Council and the Ministry of Small to Medium-Scale Enterprises were also interviewed. Qualitative research methods namely in-depth interviews based on a semi-structured interview guides were used to interview members of the cooperative while a different semi-structured interview was used to interview Council and Ministry officials through a focus group.

Indications are that generally, cooperatives seem not to be very effective in meeting the objectives for which they were established due to political interference, the agency problem and several other factors. Political interference created divisions based on mistrust of each other among members. This compromises good governance resulting in fostering fertile ground for the agency problem as it manifests itself through personalisation of the cooperative by some leaders, embezzlement, corruption, client-patron relationships with the members being patrons, latent and patent conflict among others. The above synopsis of findings in this chapter conclusion, typically relates to the cooperative studied.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This Chapter gives a summary of findings, conclusions and recommendations drawn.

5.1 Summary of Findings

Some cooperatives seem to have deviated from the statutory objective of providing low income public housing to the poor. There is evidence that the cooperative studied allocated residential stands to some well-to-do people since the criterion for allocation was changed to one's ability to pay instead of need and one's low income status. This means that some housing cooperatives may no longer be part of a pro-poor strategy of low income urban public housing provision. Further, individuals outside the geographical area within which the cooperative is situated are allocated residential stands in contravention of the National Housing Policy (2012). It is possible that the well-to-do individuals who illegally benefited from the cooperative may or may not be on the housing waiting list of the council. The policy clearly states that only those poor people on the housing waiting list should be allocated housing or residential stands by cooperatives. The cooperative was instructed by Harare City Council to change from being a high density housing scheme for the poor to a low density housing scheme for the rich given its proximity to an upmarket residential area of Borrowdale. This raised building standards beyond the ability of most members forcing some to resign from the cooperative. This renders

cooperatives either ineffective or less effective in meeting the statutory objectives for which they were established.

The findings also indicated that some leaders of the cooperative studied are greedy as evidenced by allocating to themselves more than one stand contrary to the cooperative's bylaws. The former chairman of the cooperative who still refuses to relinquish power following being voted out in 2005 was said to have allocated to himself more than five residential stands some of which are in the names of his children some of whom are still at primary school level. These self-aggrandisement tendencies typified by primitive accumulation have the potential of tearing the cooperative apart. As revealed, former members of the management committee used to allocate a single stand to several people after charging exorbitant prices. This gave rise to at least eight litigation cases waiting to be heard by the courts. The purported purchasers of the stands are given unofficial receipts. Such malpractices have created discontent among bona fide members resulting in some of them refusing to pay their monthly subscriptions. This negatively affects the cooperative's capacity to install essential services due to limited or lack of financial resources.

The former chairman of the management committee voted out of office continues to intimidate some members to continue paying their monthly subscriptions to him which he converts to personal use. The situation at the time of the research was that some members pay monthly subscriptions to him while others pay to the duly elected management committee thereby curtailing the cooperative's capacity to save enough financial resources to have essential services such as water and electricity installed.

The founder syndrome appeared evident. The former chairman was said to be reluctant to relinquish power since he is one of the key founders for this cooperative.

It also came out that some orphaned children of some deceased members of the cooperative have had houses or stands left to them by the parents repossessed and sold by the former chairman who takes the money for personal use. The study also revealed that in some situations, individuals are fraudulently given leases to occupy and use one of the member's house without the knowledge of that individual member. It was revealed that all these shady deals are engineered by the former chairman who is paid for doing so.

The cooperative deviated from its original objective of building a four-roomed house for every member at the behest of the former chairman even though people continue to pay monthly subscriptions. Whenever services are procured, no due diligence is done and the former chairman and his illegal committee connive with service providers to inflate the prices so that they pocket the difference.

Conflict of interest was also cited as one of the reasons affecting the effectiveness of the cooperative. Interviewees indicated that while conflict of interest is inconsistent with good governance, the former chairman and his illegal committee formed a housing developing company whose services are very often procured by the cooperative. Members expressed concern that this company often charges exorbitant fees for the services provided. Conflict of interest is also stipulated as illegal by the applicable laws. The laws state that anyone who does acts which are in conflict of the

objects of the cooperative concerned should be expelled from the cooperative yet he does this with impunity. Most members interviewed revealed that they had not undergone any training on their rights so that they could fully and effectively hold their leaders to account for their actions. Interviewees revealed that despite being formed in 1989 and subsequently registered in 1992, the housing scheme has no electricity, water and sewer reticulation services installed. They were of the view that their monthly subscriptions are misused and/or abused resulting in the cooperative's incapacity to pay for the services.

At one time, the cooperative took a bank loan which has since been paid up but the members are still required to make some contributions towards loan repayment. The former chairman and his illegally constituted committee are doing this. Literacy was also cited as a key success factor of any cooperative. Specific reference was made to the former chairman who is a former gardener for failing to govern well due to illiteracy.

Council officials interviewed revealed that currently, 90% of low income urban public housing is provided by cooperatives. They indicated that cooperatives allocated land by council perform better than the ones which are allocated state land. Perhaps this was a biased view as no evidence for this claim could be provided. Ministry officials could neither confirm nor refute the claim by council officials. It was found out that the state, especially during political campaigns allocated cooperatives state land on undesignated areas such as wetlands. After the election, the same politicians demand that the buildings on such land be demolished.

It was revealed that installation of services is now the responsibility of the individual cooperatives who sometimes fail to do so due to financial mismanagement which is quite rampant. Council officials felt that management committees of some cooperatives deliberately delay installation of services so that they keep on having justifiable grounds for continuing to demand from members monthly subscriptions which they embezzle. Officials from the Ministry and the Council revealed that some cooperatives were no longer allocating stands to people on the Council's housing waiting list as required by law. They further pointed out that instead they were being allocated corruptly.

Council officials were of the view that cooperatives and politics were inseparable as they were used by politicians for gaining political capital. It was also revealed that politicians impose leaders of some cooperatives thereby undermining the democratic principles upon which cooperatives should be governed. The officials said that councils had generally poor governance challenges partly due to political interference. The Council officials also indicated that any members who demand and assert their rights are intimidated with eviction threats or accused of belonging to the opposition political party. In Zimbabwe, belonging to an opposition party attracts retribution by the state. It was also pointed out by Council officials that leaders of some cooperatives misappropriate funds for cooperatives and avoid prosecution by exploiting their political influence and connection thereby affecting good governance and the rule of law.

Benefits of politics to some cooperatives were also reported. It came out that some cooperatives had been helped by some politicians to acquire state land although they would pay a heavy price by being used for gaining or buttressing one's political mileage. It was revealed by Council officials that the former chairman of the cooperative studied was riding on politics as a source of power. It was strongly felt that due to political influence, he continues to cling to power. Ministry officials refused to comment on whether or not cooperatives are influenced by politics.

Non-adherence to procedures and good financial practices was reported as rampant by Council and Ministry officials. It was also indicated that supervisory and management committee members used to collude to embezzle funds belonging to cooperatives. In some situations, supervisory committees, due to lack of political power, subordinate themselves to management committees which they must supervise. This creates a reversal of roles, a thing which seriously undermines good governance. It also came out that some politicians impose housing developers on some cooperatives yet it is the cooperative who should engage a developer of their choice in terms of their bylaws, the particular developers charge rates which individual cooperatives cannot afford. Politicians, despite this, insist that they should work with the imposed developers thereby undermining good governance. Members are forced to contribute money to state functions. They are also forced to buy ZANU PF party cards and to wear ZANU PF party regalia at meetings. It was reported by the members that one politician had allocated himself residential stands belonging to the cooperative and that he also used the cooperative's funds for campaigning. It also

came out that the cooperative studied had its accounts not audited from 1989 to 2005 during which year the old management committee was voted out.

It was found out that some management committee members are being recycled during elections and those with political power are retained through inter alia manipulation of the electoral process. Members were of the view that this compromises good governance.

One council employee was kidnapped by ZANU PF youths and beaten up as a way of forcing him to give a certain cooperative a compliance certificate even though the cooperative concerned was far from complying with council requirements. The officer concerned was told to stop telling members of that particular cooperative to operate within council bylaws or risk being deregistered. The research found out those members who show allegiance to the old management committee and those loyal to the duly elected one do not relate well thereby creating a highly poisoned social environment. Members, depending on which committee one belongs to, view each other with suspicion. The bad relations between polarized membership and between committees are disabling the cooperative studied to achieve its objectives. It was also found that use of ZANU-PF offices to illegally extract loyalty from some members of the cooperative by the old committee fosters a client-patron relationship with the chairman of the old committee being the patron. This destroys the spirit of togetherness, common vision and shared objectives.

Indeed, from the findings, it is clear that as hypothesized, the agency problem and political predation determine the effectiveness of cooperatives in meeting their objectives. With specific reference to the cooperative studied, it is highly politicized; selfish interests of some leaders take precedence over group objectives. The cooperative has poisoned social relations which in combination with politics and individual personality characteristics of some leaders worsen the ineffectiveness of this cooperative in achieving the intended results and consequently, it is the intended beneficiaries who are disadvantaged.

5.2 Conclusions

From the study, the following conclusions were drawn:

5.2.1 Prevalence of the agency problem seems evident in the cooperative studied and manifested itself through:

- a) Receiving material or monetary inducements by some cooperative leaders particularly former members of the management committee to allow undeserving members to benefit from the housing scheme meant for the poor. This suggests that such malpractices may not be peculiar to the cooperative studied. A number of cooperatives may be experiencing a similar problem.
- b) Some leaders of the cooperative studied allocating themselves more than one residential stands contrary to the bylaws. This is indicative of self-enriching tendencies. This inevitably militates against cooperatives achieving the intended goal for which they were established.

- c) Residential stands or houses for some deceased members of the cooperative being sold corruptly leaving the orphaned children homeless. Further, the money realized from the sale of the properties is embezzled by such leaders.
- d) The former management committee insisting on still being in office despite being voted out. This compromises the governance.
- e) The former management committee still collecting monthly subscriptions from some members and the money collected is not deposited into the cooperatives bank accounts suggesting poor financial governance within cooperatives.
- f) Failure to deliver as per the cooperative's constitution. According to the cooperative's constitution, the cooperative studied would construct houses for members. This position was changed for unknown reasons despite the former management committee's tendency to continue collecting monthly subscriptions pegged at high levels as if the original position of construction of houses still obtained.
- g) One stand being allocated to more than one individual suggesting rent-seeking behavior by some leaders.
- h) The founder syndrome resulting in tightening the grip on power by the former chairman thereby creating governance challenges.
- i) The cooperative studied not having essential services installed even though people continue to make monthly payments in the form of subscriptions to the cooperative. This has been going on from 1989 to 2014 suggesting that some leaders may be deliberately delaying the process so that they keep on benefiting from the subscriptions with the justification that the subscriptions

are for inter alia subsequent installation of services. Once the services are installed, it would be difficult to justify the subscription. This suggests that this is the situation in a number of cooperatives in Zimbabwe.

- j) Fraud in the cooperative studied, some individuals are fraudulently given leases to occupy and use other members' houses thereby creating conflict. The leases are given by the former committee who still charge some high fees for facilitating such deals.
- k) The former management committee using threats, evictions among others to extract loyalty from the members. Indeed, the agency problem demonstrates departure from group objectives in preference for individual ones. Such tendencies have contributed to the ineffectiveness of housing cooperatives in meeting the intended results.

5.2.2 It was evident from the findings that low literacy levels served to compound governance challenges especially considering that the former chairman who failed to relinquish power is a former gardener and hardly completed primary school level. Literacy levels among members were also low suggesting why they are unable to demand and assert their rights. This was also worsened by the fact that they had not undergone any training so that they know their rights and contribute meaningfully to good governance of the cooperative.

5.2.3 Predatory politics was evident and manifested itself in the following ways:

- a) Members were forced to buy ZANU PF party cards and wear party regalia at meetings.
- b) Anyone who does not comply is accused of belonging to the opposition MDC party.
- c) Members are forcibly made to contribute to state functions. This boils down to politicization of the cooperative considering that it is dominated by one political party.
- d) Most cooperatives are formed with the influence of politicians and members are forced to return the good done for them.
- e) Leaders of some cooperatives avoid prosecution through political influence and/or connections.
- f) Some politicians were allocated residential stands in some cooperative by the leaders as a way of buying protection from prosecution. The politicians, despite having been allocated stands, do not pay any membership fees and neither do they pay monthly subscriptions.
- g) Some politicians impose leadership of some cooperatives contrary to the democratic principles upon which cooperatives were founded.
- h) Funds for some cooperatives are used for campaigning purposes by some politicians. This is clear that cooperatives are sometimes used to gain political mileage by some politicians.
- i) Some political parties force Council officers to give compliance certificates to cooperatives which do not qualify.

- j) Cooperatives are highly politicized to the extent of sacrificing group objectives at the altar for gaining political expedience for some politicians.
- k) Some politicians behave as if they own certain cooperatives and their members. This creates powerlessness and vulnerability of some members.

5.2.4 Some cooperatives have highly poisoned social relations, a thing which creates mistrust among the members on one hand and between the members and the leadership on the other.

5.2.5 Members generally believed that cooperatives are ineffective in executing their statutory mandate due to bad governance and political interference and misappropriation of funds.

Although cooperatives' lack of effectiveness is predominantly due to the agency and political predation problems, other challenges such as the general state of the economy, non-availability of loans from financial institutions, unemployment and the liquidity crunch seem to be contributing to such poor performance.

5.3 Recommendations

Since it became apparent that housing cooperatives are ineffective in public housing delivery that targets the low income, the following recommendations are made:

- i) Mortgage finance should be exempted from tax in order to make building societies more active than currently in housing provision. This will

minimize, if not prevent, exploitation of desperate home-seekers through the conspiracy of the agency and political predation problems.

- ii) Treasury must facilitate the mobilization of resources for the purpose of planning, surveying and servicing of land and the development of housing stands and not to leave this as the responsibility of housing cooperatives. It became apparent that the cooperatives have no capacity to do so.
- iii) Government should capitalize the National Housing Fund.
- iv) Government should speed up the capitalization of the Civil Service Housing Loan Scheme for members of the civil service. This will be very critical because the majority of civil servants are among the low income and belong to housing cooperatives often exploited by politicians.
- v) If cooperatives are to be maintained as a vehicle for delivering low income urban public housing, a National Housing Cooperatives Council comprised of multiple stakeholders should be established. This should include church, civil society, trade unions, government and the informal sector among others. Its role should be to oversee the running of cooperatives by ensuring good governance which is not influenced by politics. This would minimize if not prevent the agency and political predation problems. Without such a council, cooperatives have to be abandoned as a vehicle for delivering urban low income housing.

5.4 Final Conclusion

The Chapter has summarized findings. It has drawn conclusions and has proposed recommendations. The study holds that although other factors are negatively affecting housing cooperatives in meeting their statutory objectives, by and large, the agency and political predation problems are predominantly impeding them. As such, housing cooperatives are either ineffective or not very effective in fulfilling their statutory role. The study recommends either abandonment or revision of the supervision framework of cooperatives among others.

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APPENDICES

Appendix A Focus Group and In-Depth Interview Guide

Politics, Governance and Effectiveness of Cooperatives in Zimbabwe: A Case OfZvakatangasekuseka Housing Co-operative.

Introduction to the Interview guide.

Housing Co-operatives have become a popular low income urban public housing delivery strategy. However, literature is awash with challenges associated with use of this strategy in Zimbabwe and elsewhere. This study is being carried out in partial fulfilment of the Master in Public policy and Governance degree programme. Accordingly information you give shall be held in strictest confidence and shall not be used for any other purpose other than academic. You have a right not to participate and when you participate you have the right to remain anonymous.

General assessment of member's perception on the effectiveness of Zvakatangasekuseka Housing Co-operative in executing its mandate.

1.Can you give a detailed background of your Cooperative?

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2. In your own view are housing co-operatives, yours included succeeding or failing in delivering low income urban public housing? Please

explain.....
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Impact of Agency and Political Predation Theories

3. As a Cooperative, how would you assess your leadership ?

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4. To what extent do politicians affect the success or failure of your co-operative?

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Legal and Policy Framework:Its Impact on Governance of Co-operatives

5. What is the general, legal and policy framework governing the operation of cooperatives in Zimbabwe?

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6. In your view, to what extent are these laws and policies being followed by the leaders of your co-operative?

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7. If these laws are either being followed or not followed, how is this affecting the performance of your co-op?

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Governance

8. What is your view about the way finances of your co-op are being managed?

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9. Are there any other challenges encountered by your Cooperative over the years you may want to highlight?

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Appendix B Interview Guide for Harare City Council and Ministry (Small to Medium Scale Enterprises and Co-operative Development) Officials

General Assessment of the Effectiveness of Housing Co-operatives.

1. In your view, are housing co-operatives succeeding or failing in delivering low income urban public housing facilities and services?

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Impact of Agency and Political Predation Theories

2. Generally how would you assess the leadership of cooperatives?

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3. What is your comment on the commitment of co-operative leaders to ensuring that every member has a properly serviced stand?

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4. Generally how does politics influence the governance of cooperatives?

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Legal and Policy Framework: Its Impact on Governance of Co-operatives.

6. What is your comment on the adequacy of these laws in terms of ensuring good governance of cooperatives?

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7. In your view, to what extent are the existing laws and policies being followed in the co-op?

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Financial Management

8. What is your view about how finances of cooperatives are being managed?

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