

A Co-operative Housing Model for Zambia

Report submitted to Civic Forum on Housing and Habitat Zambia.

By

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1.0 Introduction

Civic Forum on Housing and Habitat Zambia (CFHHZ) commissioned Development Governance Institute (DEGI) to develop a co-operative housing model that will enable its members to deliver housing to low and moderate income earners actively seeking housing. It is envisaged that a well-defined housing co-operative model will facilitate systemic housing delivery which is inclusive. The housing co-operative model to be recommended should take into consideration the needs of both the urban and rural populace as the needs are not similar. The development of a co-operative housing model arises from the recommendations made by the Rural Housing in Zambia Study March, 2017, commissioned by We Effect, a funding partner to CFHHZ.

CFHHZ has been promoting the housing co-operative concept since 2013. A total of 22 housing co-operatives were mobilised in Zambia between 2014 and 2018 through a deliberate strategy meant to promote access to adequate housing by low and moderate income earners. Of these 22, 14 have been registered, with 8 rural based and 6 urban based. The CFHHZ 2018 to 2022 Programme Document states as one of its objectives, the promotion of strong and sustainable community based interventions that focus on housing, land and improved human habitat.¹ Co-operative housing has proven to be a strategy that can deliver in an inclusive and sustainable manner while addressing the housing needs of all income groups as well as the different levels of the social strata.

The assignment was undertaken in May 2019 and involved field work meetings with 5 relevant Government departments, UN-Habitat Zambia Country Office, 2 Housing Co-operatives and CFHHZ. An online meeting was also held with Ms. Inga Osbjer, a former employee of HSB, one of the Housing Co-operative Organisations in Sweden. An extensive literature review was also carried out, with lessons and experiences of the housing co-operative movements in Kenya, Zimbabwe and Latin America analysed and reviewed to get an understanding of the models and how these have worked.

Three housing co-operative models were identified and table 1 summarises the key elements of each of the models.

¹ CFHHZ 2018-2022 Programme document developed 2017 and submitted to We Effect

Table 2: Cooperative Models²

| | Limited-Non-Continuous | Limited Continuous | Continuous |
|----------------------------|---|--|---|
| Security of Tenure | Security of tenure guaranteed | Security of tenure guaranteed | Security of tenure guaranteed |
| Ownership | Members obtain individual titles once objectives have been met. | Members retain ownership of individual units but contribute towards monthly charges i.e. administrative fees, rates if any. Members can embark on other activities i.e. income generation. | The co-operative owns the land and properties and members own a share of the co-operative. Members “rent” from the co-operative and pay a housing charge, administrative fees and rates. Can diversify activities. |
| Control | The co-operative retains control of the land and units until completion of the project after which individuals gain control of their units and co-operative dissolves when all obligations have been met. | Members retain control of their allocated units and the co-operative retains control of common spaces. The co-operative maintains a membership structure and so as members have control over the management of the co-operative. | Control of the affairs of the co-operative rests in the General Meeting of members and delegated to the management committee or Board. |
| Financial liability | Members have no personal liability on co-operative's blanket loan. Members with share loans (if any) are personally liable to their share lenders for the amount of the loan. | Members have no personal liability on cooperative's blanket loan. Members are obligated under occupancy agreements to make monthly carrying charge payments to the cooperative. Members with share loans (if any) are personally liable to their share lenders for the amount of the loan. | Members have no personal liability on cooperative's blanket loan. Members obligated under occupancy agreements to make monthly charge payments to the co-operative to meet blanket loan repayments, administrative fees, rates and any other agreed contributions. |
| Costs | Members pay monthly carrying charges to the cooperative—a pro-rata share of actual operating costs, blanket debt principal and interest, and reserves until such a time that titles are transferred and the co-operative is wound up . Members with share loans make | Unit owners pay monthly fees to the co-operative, a pro-rata share of actual operating costs, reserves and insurance. Unit owners with mortgages make principal and interest payments directly to the lender. Unit owners meet their own property tax payments. | Members pay monthly carrying charges to the co-operative—a pro-rata share of actual operating costs, blanket debt principal and interest, property taxes, insurance and reserves. Share loans, if any, are serviced by the co-operative from member contributions. |

² Co-operative Housing Toolbox. A Practical Guide for Co-operative success. Published by Northcountry Cooperative Foundation in partnership with Northcountry Cooperative Development Fund

| | | | |
|--------------------------------|--|---|---|
| | individual principal and interest payments directly to the share lender. Unit owners meet their own property tax payments. | | |
| Home equity | Members build equity as the value of their share loan is paid down. | Members build equity as the value of their share loan is paid down. | Growth in equity is limited through a limitation of resale prices. Generally, a formula is used to determine the portion the selling member will receive of the increase in value of the co-operative interest and the pay-down of the co-operative mortgage. |
| Maintenance and repairs | Individual owner is responsible for all dwelling unit maintenance and repair. | Co-operative is responsible for exterior maintenance. Individual owner is responsible for all dwelling unit maintenance and repair. | Co-operative is responsible for exterior maintenance. Co-operatives can choose how they allocate responsibility for dwelling unit maintenance and repair between individual member and co-operative as a whole. Many limited equity cooperatives assume most or all responsibility for unit maintenance and repair, in order to balance and reduce costs to members. |
| Selling | Individual can sell at market value. Co-operative has no control over selling of property and who moves in to occupy the property. | Individual can sell at market value. However the co-operative retains some measure of control in vetting the new owners and admitting them into the co-operative. | The co-operative determines the selling price, which is normally below market and finds a new member to occupy the unit. |
| Inheritance | Individual owner decides who will inherit | Individual member decides who will inherit. However as part of the co-operatives principle of continuous member education, the co-operative will educate and advice members such laws governing inheritance. Family members have a right to inherit and occupy as long as they meet the co-operative obligations. | Family members have the right to occupy as long as they meet the obligations of the co-operative. Under the co-operative principle of continuous member education, the co-operative will educate and advice members such laws governing inheritance. |

Based on the findings, experiences and practice on the ground, as well as literature review regarding a co-operative housing model for Zambia, it is clear that not one model can be recommended. We recommend that CFHHZ adopts and give prominence to one model that aligns with its broader mandate of ensuring the right to adequate housing is realised for the generality of the Zambian home seekers, in particular low to moderate income earners and vulnerable communities. The model that best suits the CFHHZ mandate is the Continuing Cooperative model.³ It is therefore recommended that CFHHZ promotes and gives prominence to this model, particularly for those co-operatives that are being mobilised from scratch.

We further recommend that CFHHZ also promote the Limited Continuous Model, particularly for rural based co-operatives i.e. Savings and Credit Co-operatives, Village Savings groups or Farmers groups who may desire to add housing as a product and where land is already held in individual or family allotments. This model suits co-operatives who may already be developing along the lines of a Limited Continuous Model, like Mahopo Housing Co-operative.

The assignment also sought to identify how the model will interface with issues of financing, legal regulations and sustainability. These issues were analysed. Regardless of the co-operative model adopted or promoted, these issues among others, are critical to the success and development of housing co-operatives. The following was therefore noted:

Legal and regulatory environment:- While the current co-operative legal and policy environment supports the development and growth of housing co-operatives, there is very limited capacity on the form and operations of housing co-operatives, including lack of knowledge on the models/types of housing co-operatives. The success of co-operative housing enterprises depends on an enabling legal and regulatory framework. For housing co-operatives that means legislation for their founding, development, continuity and corporate good-standing, legal standards for governance structures, the rights and responsibilities of members, and all other legal frameworks governing the co-operative's finances, property and membership. Where national co-operative housing organisations exist, they look to their international network to help them safeguard enabling legal frameworks and to seek their enhancement where necessary, through representation to government and policy advocacy.

Finance: Access to housing finance by low and moderate income groups is a major challenge. Of the 14 registered housing co-operatives, none has so far accessed any housing finance from the formal market in spite of having opened bank accounts with some building societies on the understanding that they would be granted loans. Housing co-operatives are capital-intensive forms of enterprise. They need access to financial capital so they can invest in the sustainable development, regeneration and expansion of their co-operative housing assets. Housing co-ops accumulate financial capital through member contributions and the financing and refinancing of their property. Where possible, housing co-operatives meet their financing and banking needs through partnerships with financial co-operatives and by accessing co-operative lending arrangements in the spirit of co-operation among co-operatives. CFHHZ has been supporting entrepreneurship activities within co-operative to boost savings. It was also noted that some windows of opportunity to access finance exist and need to be pursued through lobbying and advocacy. These opportunities are highlighted in the report.

Sustainability and Green Architecture: Issues of Green architecture are not unique to housing co-operative development and any adopted model, but relate to overall adoption of environmentally sustainable practices within the sustainable development discourse. The

³ Please refer to table 1, summary of the core elements of the models for justification of why the Continuous Model should be given prominence.

organisation and development of housing co-operatives lends itself to introduction of new ideas and skills through the continuous education of members. Housing co-operatives aim for a superior level of environmental sustainability as they add energy savings measures and green technologies to their assets. Beyond the green architecture are considerations for adoption of sustainable technologies like bio gas, water and sanitation. CFHHZ's has partnered with the University of Zambia's Technology Development and Advisory Unit (TDAU) to provide soil stabilised block making skills to housing co-operatives.

2.0 Understanding the Terms of Reference

CFHHZ is scaling up and deepening the popularization of the housing co-operative concept among its members as a means through which low income communities in Zambia's urban and peri-urban areas can access decent and affordable housing. It has identified the promotion of housing co-operatives and saving schemes model as one of its strategic objectives, to facilitate increased access to housing for the poor and marginalised groups and communities in Zambia.⁴ A number of issues have emerged following the commissioning of a Rural Housing Study by We Effect, one of CFHHZ's principal funding partners. One of the issues is for CFHHZ to develop a co-operative housing model that will guide emerging housing co-operative development and also guide delivery of housing to both urban and rural based CFHHZ members.

Financing, an enabling regulatory environment and sustainable development are key elements in the development of low income housing. If housing co-operatives are one of the strategies to address low income housing development then any proposed housing co-operative model must demonstrate how the key elements of financing, the regulatory environment as well as sustainability will be addressed or how the model itself will in fact contribute to addressing these elements. It is further understood that the model should demonstrate how it will combine traditional concepts of rural housing with green architecture such as biogas from latrines, water harvesting and solar energy. It is our considered opinion that issues of green architecture are generic to human settlements development and that the co-operative housing approach can be a vehicle through which green architecture is promoted or popularized among both rural and urban communities.

Housing co-operatives have been proven to address the housing needs of the poor and marginalized groups in society but also for other segments of society. Egypt, Kenya and Zimbabwe are some of the countries in Africa that have thriving housing co-operative movements, while Uganda has in the last couple of years been reviving housing co-operatives. In a region where housing provision has been relegated to the private sector as part of the economic liberalization agenda, amidst an upsurge in urban population growth, an estimated 70% of the urban population is now living in informal settlements. Rural housing on the other hand has not received as much attention as urban housing provision as it is generally not subject to the rigors of planning regulations and standards. It has generally preserved the cultural heritage of the rural populations. However, it is generally agreed that housing standards in rural areas fall short of the international definition of adequacy. The need to turn the spotlight on rural has been necessitated by a number of factors, among them:-

- Population growth and movements of populations;
- New planning regulations that have seen the redefinition of planning zones;
- A move towards more holistic planning standards;
- New settlements and creation of new districts;
- Land redistribution and demands for land ownership;
- Access to health, water and sanitation;

⁴ CFHHZ Strategic Plan 2014-2018

- Environmental sustainability and the need for sustainable energy sources.

The focus on housing co-operative development in both rural and urban areas as part of the CFHHZ strategic agenda is therefore not misplaced.

3.0 Process and methodology

The specific objectives of the assignment as outlined in the Terms of Reference were as follows:-

- To develop a housing co-operative model that would enable CFHHZ members to deliver housing which is inclusive both for the urban and rural areas
- To outline how the model will interface with issues of financing, regulations and sustainability.
- To combine traditional rural concepts of housing with green architecture such as biogas from latrines, water harvesting and solar energy.

The development and implementation of housing co-operatives is global with an extensive body of knowledge and practice existing on the different models and approaches that have been used. In some parts of the globe Co-operative Housing is as much as 40% of the total housing in a city.⁵ To this extent the assignment, through an extensive desk study, sought to explore the different models based on International best practices as well as more importantly the model or models that are emerging from the current housing co-operative development in Zambia. As we looked at the emerging practices, it was also important to interrogate the level of understanding of the co-operative housing concept at community and official levels, if the proposed/recommended model was to be adopted, adapted or improved upon and implemented successfully. The models will also be interrogated against the backdrop of the legislative environment, social, cultural and economic factors, issues of secure tenure and affordability. The advantages and disadvantages of the models will highlighted. While it was envisaged that through Key Informant Interviews and Focus Group Discussion (FDGs) sessions an assessment of each model would be made and recommendations sought regarding the most suitable model for Zambia, this was not accomplished due to limited resources. Data was collected through key informant interviews with 2 housing co-operatives, 7 institutions including CFHHZ Executive Director and Programme Staff. A questionnaire was distributed to the housing co-operatives that were not interviewed. Appointments with some key institutions i.e. Ministry of Local Government and We Effect were a challenge to fix. An extensive desk study was carried out as well as a study of international and regional experiences, including an interview with a former HSB Riksförbund Sweden employee, Ms. Inga Osbjer.⁶

| Method | Data Source | Data collection Tool |
|-------------------------|--|----------------------|
| Literature Review | <ul style="list-style-type: none"> • Regional and international practice • International Co-operative Alliance • Co-operative Housing International • Academic and Research data | Desk review |
| Focus Group discussions | <ul style="list-style-type: none"> • 2 Housing co-operatives • CFHHZ Staff | Guiding questions |

⁵ <https://www.commonequity.com.au/housing/model/>

⁶ HSB Riksförbund and Riksbyggen are the national level organisations representing housing co-operatives. A majority of the co-operative housing portfolio is linked to two organisations with HSB Riksförbund being the largest with around 335,000 co-operative apartments.

| | | |
|--|--|-------------------|
| Key Informant Interviews | <ul style="list-style-type: none"> • UN-Habitat • Ministry of Housing and Infrastructure Development • Ministry of Commerce, Trade and Industry • Ministry of Community Development and Social Services • Ministry of National Development and Planning • Ministry of Traditional Chiefs | Guiding questions |
| International Experience | Ms. Inga Osbjer | |
| Regional and International Experiences | <ul style="list-style-type: none"> • Zimbabwe • Kenya • FUCVUM, We Effect Latin America Housing Cooperative Partner | |

Table 2 Data sources

4.0 Housing Situation in Zambia

Access to decent and affordable housing remains a major challenge in most cities in the world with slums part of the unfinished business of the Millennium Development Goals (MDGs) or the “old” Urban Agenda according to the UN-Habitat World Cities Report 2016. Zambia’s population of 17.6 million is growing at three percent per year, doubling every 25 years, and is expected to reach 41 million in 2050. Approximately 39.4 percent (or 7 239 024 people) live in urban centres, which is expected to increase to 12 million in 2030 and 25.7 million in 2050, reflecting a need for a more focused national housing strategy. Poverty stands at 54.7 percent with high inequality at 0.69 GINI co-efficient and 77 percent of the poorest living in rural areas.⁷ Most urban growth is informal.

4.1 *Housing supply:* Zambia’s housing deficit is currently estimated to be 1,539,000 units and is estimated to exceed 3,3 million by 2030.⁸ The Draft National Housing Development Strategy notes that the country is producing an estimated 75,000 housing units per year and only 40% of this production meets minimum requirements for health and sanitation in accordance with the Zambia Public Health Act. According to the 2015 Living Conditions Monitoring Survey Report, there were just over 3 million dwellings in Zambia. Just over half of these (53.5 percent) are traditional huts, and another 2.85 percent were detached houses. Ten percent of all dwellings are flats or apartments, and 5.5 percent are semi-detached houses. Just under half of all dwellings (53 percent) were in urban areas. Under the 7th National Development Plan (NDP) Government plans to deliver 10 000 units annually per district or 1 150 000 units nationally, an increase from 73 000 annually in 2016. Most houses will be built in the 42 newly created districts, the Copperbelt, Muchinga, North Western and Lusaka Provinces. Approximately 194 600 hectares of land will be required of which 139 000 hectares is for housing and 55 600 hectares for amenities and infrastructure. Government’s allocation of ZMW823 million (US\$81.48 million) or 1.3 percent of the 2017 budget to housing, however, is well below the financing need. There is a definite shortage of housing supply in many urban centres, but particularly in rapidly growing towns in the Copperbelt and North Western province, where mining activities have resurged. Housing rentals in major cities are high considering low income levels of majority Zambians who cannot afford to pay the

⁷ 2018_CAHF Yearbook.-Centre for Affordable Housing Finance Africa

⁸ Draft National Housing Sector Development Strategy for Zambia , May 2016

economic rent or price for a decent house. This is against the back drop of escalating building costs and finance charges by financial institutions.⁹

4.2 Housing Finance situation

The Vision 2030 document housing sector target seeks to increase the number of people accessing planned urban and rural settlements to 75 percent by 2030. The Vision 2030 has also outlined problems that are central to the issue of inadequate housing in Zambia. These include the lack of adequate finance and poor land delivery systems.

Finance is critical because it enables households to purchase their housing and related services over several years. This is an important point in view of the high cost of housing relative to income, making it difficult for most households to buy their housing outright from savings. On the supply side, poorly developed financial systems undermine the ability of the housing market to meet demand.¹⁰

In Zambia access to finance is not universal although the situation is improving. In 2017, a Financial Sector Deepening (FSD) Zambia survey found that 30 percent of urban and 50 percent of rural dwellers are financially excluded. An estimated 24.8 percent (2 million) adults used bank services while 28.5 percent (2.3 million) used non-bank financial services. A World Bank Global Financial Inclusion database (Global Findex) states that only 22% of rural and 14% of urban Zambians over 15 years of age have an account with a formal financial institution. Approximately 6.5 percent of adults (0.4 million) belonged to some form of Savings Group (or Chilimba) while 12.5 percent (1 million) were members of Rotating, Savings and Credit Associations (ROSCAs).¹¹ This has a direct impact on the development of housing co-operatives as members have to make monthly contributions towards the development of their housing while at the same time are expected to meet their obligations to the ROSCA.

Zambia's mortgage market is small and general access to financial services remains low. Interest rates offered by mortgage lenders are high—Formal home loan products are at lending rates ranging between 24.6 percent and 35.8 percent.¹² Zambia National Building Society reports mortgage interest rates of 19% percent, although their ability to offer cheaper financing as compared to its competition is likely if Government's commitment to recapitalisation are realised. Affordability levels for conventional housing finance are low, and a recent study suggests that households spend a considerable proportion of their income to address their housing needs.

Zambia has an active microfinance sector with 25 licensed Micro Finance Institutions in 2018, a reduction of 36 in 2017. The majority are non-bank payroll based consumer lenders, accounting for 90 percent of the microfinance sector's total assets. Only four MFIs are microenterprise lenders, and six are registered as deposit-taking financial institutions in terms of the 2006 Banking and Financial Services Act.¹³ Housing loan products appear to be increasingly popular – many MFIs already have products and others are in the product development stage. Pension-backed lending is permissible under Zambian law, but not common. The role of pension funds in housing financing is limited.¹⁴

4.3 Rural Housing

⁹ CFHH Concept note on housing finance 2014

¹⁰ Case studies in Financing Human Settlements in Africa: Appropriate Legislative Frameworks and Innovations in Implementation, Dr. James Mutero (Consultant), Final Edition March 2014, AMCHUD 5

¹¹ 2018_CAHF Yearbook.-Centre for Affordable Housing Finance Africa

¹² 2018_CAHF Yearbook.-Centre for Affordable Housing Finance Africa

¹³ 2018_CAHF Yearbook.-Centre for Affordable Housing Finance Africa

¹⁴ Centre for Affordable Housing Finance in Africa, Zambia Excerpt from Africa Housing Finance Yearbook 2014

According to the Rural Housing Report commissioned by We Effect in 2017, Rural housing refers to housing found in rural areas and located on both customary or state land. The concept of rural housing has the same superficiality as the description of rural areas. Rural housing is primarily a description of where the housing is located and other considerations like design, form, function and building materials, are secondary. Rural housing is characterized by insufficient infrastructure support such as water supply, sanitation, electricity, solid waste management, health, education facilities and other social amenities. Rural housing, particularly in traditional areas, is mainly self-built and owner-occupied, and takes the form of a **housing compound** – made up of a cluster of different buildings serving various aspects of family life. The predominant walling material is cement blocks (40 per cent) with mud bricks (24 per cent), concrete blocks (20 per cent) and burnt bricks (12 per cent) constituting most of the remainder.¹⁵ The emergence of housing co-operative in rural areas has mainly been for purposes of homestead improvements.

The rural housing market is relatively small with limited transactions in houses and hence most of these structures are constructed for owner-occupation, with a few stocks for rent. Land in areas is administered by traditional authorities. Thus, for purposes of housing and related facilities, land is allocated by traditional authorities to families and not necessarily to individuals.¹⁶ However the influx of foreign investors has seen an increase in the demand for land in rural areas and the price of land also increasing. The use of clay in the production of bricks as well as the cutting down of trees to burn bricks for strength and durability has resulted in environmental degradation in most rural areas.

4.4 Legislative Environment

Housing development in Zambia is guided by a number of pieces of legislation and calls have been made to align and harmonise these different pieces of legislation. In August 2015, Parliament passed The Urban and Regional Planning Act No. 3 of 2015, six years after its drafting. This Act is a positive and welcome development in the Zambian legislative environment as the stated aim of the Act is among other issues, to provide an accountable and transparent system of planning so as to have a well-coordinated inclusive framework to direct physical and strategic development at District, Provincial and National levels.

Harmonisation, coordination and alignment of the different pieces of legislation is necessary if the intentions of the URP Act are to be realised. The National Housing Policy of 1996 is under review, with a Draft National Housing Strategy developed and discussed with stakeholders in May 2016. The review of the Land Policy as well as implementation of the Decentralisation Policy is still work in progress. The adoption of the co-operative housing concept will require a relook at the Co-operative Societies Act and such issues as land, housing ownership.

4.5 Legal and Policy Environment for Co-operatives in Zambia.

While processes are under way to review the legal and policy environment, a perusal of the National Co-operative Development Policy Final Draft of 2016 indicates that it was envisaged to contribute to the Fifth National Development Plan. The cover page indicated that the policy was developed in the Ministry of Commerce, Trade and Industry, yet certain sections of the contents still make reference to the Ministry of Agriculture as custodian of the Policy, i.e. sections 7.9 and 8.0.¹⁷ However, as the first ever Co-operative Development Policy, it sets the tone for Governments' thrust which is to provide a framework for development of co-operatives within the context of national development. It is a transformative policy agenda,

¹⁵ Rural Housing in Zambia Final Report prepared for We Effect by Rueben Lifuka and Alex Mwila, March 2017

¹⁶ Rural Housing in Zambia Final Report prepared for We Effect by Rueben Lifuka and Alex Mwila, March 2017

¹⁷ Section 8.0 Institutional Framework:- The Ministry of Agriculture and Co-operatives shall be responsible for the implementation and administration of the NCDP in Zambia.

to promote and support autonomous co-operatives, the development of co-operatives in other sectors thereby contributing to economic and social development of the nation. This legal and policy environment has seen the development and registration of housing co-operatives.

A Draft Co-operative Societies Act, 2017 is in place and has been submitted to the Ministry

of Justice for onward presentation to Parliament for awaiting assent. The Draft Co-operative Societies Act provides for the registration, regulation and supervision of co-operative societies. It also provides for the administration of co-operative societies, the structure of the co-operative movement, the promotion and development of co-operatives the governance of co-operative societies and the co-operative's tribunal. The policy sets to repeal and replace the Co-operatives Societies Act No. 20 of 1998; and to provide for all matters connected with, or incidental to the foregoing.¹⁸ The Draft Co-operative Societies Act, 2017 reiterates and establishes the principles and values expounded and approved by the International Co-operative Alliance (ICA) at a 1995 meeting that celebrated the 150th anniversary of the modern co-operative movement.¹⁹

The Act states that Co-operatives Societies shall be established on the following principles:

(a) Co-operatives are **voluntary organizations**, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination;

(b) Co-operatives are **democratic organisations** controlled by their members, who actively participate in setting their policies and making decisions;

(c) **Member economic participation**:-Members contribute equally to, and democratically control, the capital of the co-operative. Members benefit in proportion to the business they conduct with the co-operative rather than on the capital invested;

(d) Co-operatives are **autonomous, self-help, organizations** controlled by their members. If they enter into agreements with other organizations, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy;

Co-operative Values:

Self-help: members have the will and capability to improve their living standards through joint action, as opposed to individual efforts and external resources;

Democracy: members have the right to participate, be heard, be informed and be involved in decision making. The member is the basic unit and source of authority in the co-operative;

Equality: members have equal rights and opportunities to participate and improve the use of society's resources without any gender based prejudices. It strengthens mutual understanding, solidarity and reinforces ethical conduct of members;

Equity: fair distribution of income and power in the co-operative society without any gender based prejudices. Rewards for active participation are equitably distributed through patronage bonus, dividends, allocation to capital reserves and increase in services or reduction in charges; and

Solidarity: strength in self-help and collective responsibility for the well-being of the members. Co-operatives also promote solidarity by working with other co-operatives.

¹⁸ Draft Co-operative Societies Act, 2017. Ministry of Commerce, Trade and Industry

¹⁹ Co-operative Housing Toolbox, A practical Guide to for Co-operative success, Published by Northcountry Co-operative Foundation in partnership with Northcountry Co-operative Development Fund.

(e) Co-operatives provide **education and training** for their members, elected representatives, managers and employees so that they can contribute effectively to the development of their co-operatives. Members also inform the general public about the importance and benefits of cooperation;

(f) **Cooperation among co-operatives**:-Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures; and

(g) **Concern for Community**—Co-operatives work for the sustainable development of their communities through policies approved by their members. While focusing on member needs, co-operatives work for the sustainable development of their communities through policies approved by their members.

The Co-operatives values are set out in Box 1. ²⁰

The legal environment provides for the development of different types of co-operatives, including housing co-operatives and is now geared to move away from the focus on agricultural co-operatives to promoting co-operatives in other sectors. The emphasis is now on promoting co-operatives that contribute to the economic growth of the country, this according to the Director of Co-operatives in the Ministry of Commerce, Trade and Industry. The Department of Co-operatives has since been moved from the Ministry of Agriculture to the Ministry of Commerce, Trade and Industry. The Department is challenged by the Presidential directive to revamp and revitalize the co-operative sector to ensure that the sector contributes to employment creation, industrialisation and general economic development.

The current legislative environment is seen as open ended and hence housing co-operative development can be promoted and supported to grow. The Department has also developed model by-laws that can be adapted to suit the specific need of the different types of co-operatives. Currently, 80 to 90% of registered co-operatives are in the agricultural sector.²¹ According to the International Co-operative Alliance, **Zambia** has an estimated 877,442 individuals as members of co-operatives.

The success of co-operative housing enterprises depends on enabling legal and regulatory frameworks. For housing co-operatives that means legislation for their founding, development, continuity and corporate good-standing, legal standards for governance structures, the rights and responsibilities of members, and all other legal frameworks governing the co-operative's finances, property and membership. National co-operative housing organizations look to their international networks to help them safeguard enabling legal frameworks and to seek their enhancement where necessary, through representation to government and policy advocacy.²²

5.0 Co-operative Development

Co-operatives are defined by the value placed on working together to achieve a common goal. The International Co-operative Alliance (ICA) defines a co-operative as a people centered enterprise owned, controlled and run by and for the members to realise their common economic, social, and cultural needs and aspirations. Co-operatives bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, co-operatives are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise.²³ Every day, co-operatives are improving people's livelihoods and boosting

²⁰ Draft Co-operative Societies Act, 2017.

²¹ Director of Co-operatives, Ministry of Commerce, Trade and Industry

²² Co-operative Housing International. *Blueprint_Housing_Perspective*.

²³ Sustainable Development Goals=<https://nz.coop/co-operatives-key-to-achieving-uns-sustainability-targets/>
.....Caption: Co-operative Business NZ CEO Craig Presland, and NZ Prime Minister Rt. Hon Jacinda Ardern, at the Co-operative Business Leaders' Forum held at the Fonterra Centre in Auckland on 26th February 2019

local sustainable development in the four corners of the planet. The co-operatives model not only guarantees decent working conditions, but it also boosts social transformation and reinforces resilient communities to reduce social and economic inequalities.²⁴ Globally, Co-operatives are not some insignificant, marginal phenomenon but have been seen to have underlying strengths of endurance and economic, environmental and social sustainability and are most closely aligned towards supporting the UN in achieving the Sustainable Development Goals.²⁵

Some facts and figures below: Fig.1



Source:-International Co-operative Alliance

In the Southern Africa region, a number of countries have had mixed experiences with co-operative development in general. Post independent co-operatives have been associated with socialism, government interference, failure, corruption and a perception of organisations that will only stand as long as they are supported by government and formed to access donor funding. One only has to look at the history of the agricultural co-operative sector in Zambia and other countries to agree with these sentiments. However it's all not doom and gloom in the co-operative sector as there is empirical evidence to show how co-operatives have played a pivotal role in lifting people out of poverty, and contributing to a country's gross domestic product. In Kenya, 250,000 people are employed by the co-operative sector. Co-operatives are responsible for 45% of the GDP and 31% of national savings and deposits in Kenya. They have 70% of the coffee market, 76% dairy, 90% pyrethrum, and 95% of cotton.²⁷ Zimbabwe had in 2016, 4743 registered co-operatives in seven sectors of the economy of which 4000 are housing co-operatives.²⁸ Zimbabwe is being ranked as number 1 in housing co-operative development in the whole of Africa with an estimated membership depth of over half a million nationwide, and have, between 2010 and 2015 built 99 840 houses for themselves; 46 267 of which are at various stages of completion, this according to the International Co-operative Alliance Report of 2015.²⁹

Zambia has a long history of co-operative development with the first co-operative formed in 1914 by white settler farmers for the marketing of agricultural produce to developing copper mines in Katanga in the Democratic Republic of Congo and the Cooperbelt in Zambia.³⁰ However, co-operatives in Zambia have struggled to become autonomous and sustainable enterprises following the liberalisation of the economy. Participation of co-operatives in the industrial development is noted to be minimal and the National Industrial Policy Final Draft of

²⁴ <https://www.ica.coop/en/newsroom/news/documenting-co-operatives-around-world>, ICA E-Bulletin March 2019

²⁵ Sustainable Development Goals=<https://nz.coop/co-operatives-key-to-achieving-uns-sustainability-targets/> Caption: Co-operative Business NZ CEO Craig Presland, and NZ Prime Minister Rt Hon Jacinda Ardern, at the Co-operative Business Leaders' Forum held at the Fonterra Centre in Auckland on 26th February, 2019

²⁶ <https://www.ica.coop/en/co-operatives/facts-and-figures>- Facts and Figures/ICA

²⁷ International Year of Co-operatives 2012-International Co-operative Alliance

²⁸ Ministerial Statement on the State of Co-operatives in Zimbabwe delivered to the National Assembly on Thursday 21st July 2016-<http://www.veritaszim.net/node/1757>.

²⁹ Ministerial Statement on the State of Co-operatives in Zimbabwe delivered to the National Assembly on Thursday 21st July 2016-<http://www.veritaszim.net/node/1757>.

³⁰ National Housing Co-operative Development Policy, Final Draft 2016. Ministry of Commerce, Trade and Industry.

2016 envisages putting in place mechanisms that will enhance utilisation of the co-operative business model in industrial activities. One such mechanism is stimulating and encouraging value addition activities on primary commodities as a means of increasing national exports earnings and creating employment opportunities.

The International Labour Organisation notes that although there are more than 50,000 registered primary co-operatives in Zambia, one-third of them are defunct. The majority of these active co-operatives are said to be weak with regard to their income base and organizational structures with one key constraint to the performance of co-operatives being inadequate entrepreneurial and business management skills.³¹ Findings of a study on the Performance of Co-operatives in Zambia conducted in 2016 notes that the co-operative business models were ineffective in creating, delivering and delivering economic and social impact. They were prone to property rights constraints, undercapitalized, non-profitable, and hardly employed. They were mostly production oriented, and experienced poor management and technical skills. The legal and policy environment were outdated.³²

6.0 Re-imagining housing provision– The Co-operative Housing Concept.

Zambia has witnessed the emergence of housing co-operatives, a community based initiative seeks improve access to adequate housing. The initiative seeks to tackle issues of affordability, land access, secure tenure, women's access to housing and the broader issues of the right to adequate housing. In rural areas, housing co-operatives seek to support homestead development, sustainable energy development, green architecture and contribute to reducing poverty. Housing co-operatives are most closely aligned to supporting the achievement of the UN Sustainable Development Goals, in particular Goal 11 focusing on Sustainable Cities and Communities. Capacity building of the organised groups in the area of savings, managing the groups and skills provision has brought the dream of owning a house closer particularly for low income communities.

6.1 What is a housing co-operative?

Drawing from the definition of a co-operative, a housing co-operative is a group of people **working together**, sharing a common goal, having similar expectations, and will **pool** their (limited) **resources** to build houses for themselves. A co-operative is a legal entity and every member is free to participate, and owns a share of the legal entity. While not to be confused with a building co-operative or a savings and credit co-operative, housing co-operatives may contain elements of construction, savings and in some instances loans. Members mobilise resources, seek to access land, select new members, make decisions, construct and maintain properties, learn new skills and contribute to their community. All members benefit through security of tenure, reduced costs, collective decision making and control and self-management of their co-operative in a democratic manner.

Housing co-operatives are normally non-profit since their income comes from member contributions, rentals from members occupying co-operative owned housing. Any surplus created is meant for operational expenses or requirements, maintenance, reserve funds for replacement of assets. It is however quite possible for housing co-operatives to own other revenue generating assets that can produce surplus income that can contribute to offsetting the cost of housing. Through its entrepreneurial development project, CFHHZ has promoted and supported income generating activities within the housing co-operatives though with mixed results. For poor, marginalised communities in particular, a housing co-operative takes on a

³¹ International Labour Organisation News, Stories and Statements, December 2018- https://www.ilo.org/global/topics/co-operatives/news/WCMS_651487/lang-en/index.htm

³² Moulén Siame, Mulungushi University, Performance of Zambia's Co-operatives –A Case Study of Kabwe, Lusaka & Kafue Based Co-operatives, International Journal of Innovative Research and Development, Volume 5, Issue 9, August 2016.

broader dimension beyond just the housing unit but falls within the broader sphere of what has been termed the Social Production of Habitat (SPH).

The social production of habitat is people centred, encompassing both the process and the product arising from people's collective initiatives. It involves people coming together relying on themselves and each other to create solutions, to design, to plan, to mobilize resources, maintain spaces, partnering to provide labour, time, expertise, materials and money in both rural and urban areas. The purposes are not lucrative but practical, problem solving aimed at attaining human dignity. The process and products contribute to building social capital, thus ensuring sustainability. By working together in a democratic way a co-operative can achieve more than individuals can when acting alone.³³

6.2 Advantages and disadvantages of co-operative housing.

6.2.1 Advantages

Housing co-operatives offer a unique form of home ownership to many to different social classes and especially to low and moderate income individuals, families and community groups who otherwise would not have been able to access adequate housing. Some of the advantages of housing co-operatives include:-³⁴

Provide permanent tenure to members. Co-operative members, regardless of their income, are given the opportunity for permanent tenure – stabilizing their lives and their community.

Build community spirit. Co-operatives help to foster a strong feeling of community among their members. The members learn to work together and form bonds with one another – by so doing taking control of their co-operative

Build members skills. Co-operatives offer their members a chance to develop leadership qualities and an opportunity to lead. Specific financial, maintenance, and managerial skills also develop among co-operative members in the course of their operation and management of their co-operative.

Lower operating and maintenance costs. The members of a housing co-operative can take on responsibilities to help reduce the operating and maintenance costs of their co-operative. They can, for example, work on and with their elected board of directors and designated committees to care for the co-operative property they occupy and use and also the green areas of the co-operative, preserve and maintain the common property of the co-operative, and help with the management of the co-operative.

6.2.2 Disadvantages of Co-operative Housing.

There are some negative perceptions of housing co-operatives, particularly if they are not run well. The disadvantages can include the following:³⁵

Lack of information and experience on managing housing co-operatives. People interested in resolving their housing problem through a co-operative approach may not be able to find information on them or institutions, either public or private, with experience in organizing, building, operating and managing a housing co-operative.

Co-operative ownership. Institutions and/or individuals in some societies do not readily accept co-operative ownership. Financial institutions may be reluctant in providing finance to

³³ Social Production of Habitat, Conceptual framework <http://www.hic-gs.org/document.php?pid=2438>

³⁴ A Model for Co-operative Housing Development in South Africa, CHF International, South Africa 2002

³⁵ A Model for Co-operative Housing Development in South Africa, CHF International, South Africa 2002

single mortgage housing co-operatives. Individuals want to own property, land and improvements, rather than be members of co-operatives and using of one of its properties.

Lack of member participation. Housing co-operatives are organized, operated and managed by their members. If the members do not actively participate in the general and special assemblies and fulfil their responsibilities for their co-operative, the co-operative will suffer and, in the extreme case, fail. Members need to receive training in their responsibilities and their co-operative's structure and responsibilities.

6.3 Housing Co-operatives core parameters

The Collins English dictionary defines a model as a system, procedure, example to follow copy or imitate in order to achieve similar results. A number of factors affect the wholesale adoption of any particular model and thus adaptation to any model is necessary to achieve the desired results. Co-operative housing models enable people to feel more connected through resident-developed layouts to prioritise social engagement and sharing. A housing co-operative is unique, not because of the people who make up and live in a housing co-operative, but because of the ownership structure. Three models or types of housing co-operatives have been identified and variations of each of these models exist depending on the economic, social, cultural and environmental factors. The housing co-operative models differ in the manner of development, how to finance the development, transfer of ownership and the life span of the co-operative. Depending on the geographical location, the terminology or description of the models also differs. For example, in the United States of America, the co-operative models are described on the basis of equity i.e. 'market equity model, limited equity model, group equity model.'³⁶ The report uses the terms interchangeably but largely based on the lifespan of the co-operative.

Critical, in all the co-operative housing models are the issues of tenure and equity. Other issues that come into play include: affordability, control, satisfaction of social needs, job creation, gender and local economic development.

a) Secure Tenure

Tenure is defined as the relationship an individual has with land and housing.³⁷ There are many forms of tenure. Families may formally and legally own or rent their land and or housing unit. The concern of all these households is seriously of tenure, that is, they would like to have the right to continue to use the land or housing for as long as they wish. In a co-operative one's chances of ownership are increased through collective effort and ownership especially for low income families. In the majority of African countries issues of land and property ownership have always been a bone of contention and in urban areas are not only highly politically but subject to speculation and competition. Forced evictions, overcrowding are common. The state of informal settlements is testimony to the importance of secure tenure. Without assurances of secure tenure, poor communities are less inclined to invest in land and housing improvements. Poor communities are therefore severely disadvantaged when it comes to access to and ownership of land.

In all the three models, secure tenure is assured so long as mortgages and services rates are paid or as long an individual is still a member, in the case of a limited equity housing co-operative. In all the three models considered below, the families of members can inherit the

³⁶ Equity represents the shareholders' (member's share) stake in the co-operative (company). It is the degree of ownership in any asset after subtracting all debts associated with that asset.

³⁷ FAO Land Tenure Studies, Guidelines prepared by Susan Nichols and Katalin Komjathy
<http://www.fao.org/3/Y4308E/y4308e04.htm>

unit and continue to enjoy the member rights and benefits as long as they fulfill the member obligations and responsibilities to the co-operative.

b) Affordability: Co-operative houses are built for occupation by members and not for profit and costs associated with co-operative houses are lower and remain stable. By keeping such property off the speculative market i.e. buying and selling for a profit, co-operative housing remains affordable over time.

c) Finance: Regardless of the adopted model or models, availability and access to housing finance for housing co-operatives is a major challenge. The financing of co-operative housing does not follow any single pattern. It can vary according to the country, the income group making up the co-operative and the goals of a particular co-operative. In advanced countries, where a system of housing subsidies, mortgage financing, social housing, incentives to developers, creation of special purpose financing mechanisms whose lending rates are below market and affordable to identified target groups and other housing support services are well developed and accessible through organised structures like housing co-operative unions and federations or housing co-operative support non-profit organisations, thus housing co-operatives have flourished. These mechanisms have in many instances been the results of intense lobbying and advocacy, political will as well as the legal and institutional framework that recognises housing as a right and its contribution to economic growth. An article in the Guardian, published in January 2012 noted that co-operative and mutual housing accounted for 18% of homes across all tenures in Sweden; 15% in Norway; an 8% share in Austria³⁸. However within the majority of developing countries, Southern Africa with the exception of South Africa, policy pronouncements have not been matched by practice when it comes to access to housing finance for low and moderate income groups. Members pool their resources together mostly in the form of monthly contributions towards acquisition of land and house construction. More often than not, members are not able to save adequate resources to meet the requirements for development and have to seek additional resources. The co-operative will need to take decisions on what the members can afford to pay from their savings and what they can afford to borrow.

d) Control: Members participate in all decision-making processes such as deciding on the type of house they want, where they want to live and generally have an important role to play which meets their housing needs. Members are able to link what they can afford to their needs and priorities given their financial capacity. Other issues such as working spaces, children's playground and gardens and can also be easily looked at in co-operative development. This also increases responsibility and interests in the maintenance and upkeep of co-operative housing and their surroundings. Every member of the co-operative is responsible for the proper functioning of the co-operative. Control is by all members and all members form the General Assembly of the co-operative.

e) Satisfaction of social needs: A housing co-operative creates a sense of community and collectivity. This is particularly important in the urban areas. By working together towards a common goal, members gain a sense of belonging. Social, recreational and income generating activities are often part of the co-operative's activities and are easier to organize and maintain, once the basic aim of housing has been provided.

In Kenya and Zimbabwe for example housing co-operatives have also become support structures for dealing with such issues as the impact of HIV and AIDS , protection of vulnerable groups such as orphans, provide a platform for learning and information dissemination on such issues as inheritance laws, income generation, gender equity , citizen participation in local and

³⁸ Megan Clarke , Fri 13 Jan 2012 08:33 GMT, <https://www.theguardian.com/housing-network/2012/jan/13/housing-co-operatives-affordable-alternatives>.

national government affairs, championing issues of rights and democracy, representing the interest of the urban poor and contributing to policy reviews and formulation.

f) Job creation: Housing co-operatives offer the possibilities of self-help. Jobs can be created by asking members to do some of the work themselves digging trenches/foundations or even the construction itself. Other areas such as the manufacturing of building materials i.e. blocks, door and window frames, provision of sand and crushed stones are realistic possibilities.

g) Gender: With one of the co-operative principles being open membership, gender equality has always been a key feature of the co-operative movement. The co-operative movement is leading the way in terms of innovation, because innovation comes from people – and co-operatives, by placing the onus on members themselves to resolve their needs and aspirations, constantly adapt to the demands of a continually-evolving society.³⁹ The co-operative model is particularly well-suited to resolving gender disparities, the empowerment of women, girls and other vulnerable groups because it has the capacity to fully educate the various actors involved in activities through collective and democratic control.

h) Local economic development: It is at local level that the potential for job creation can be tapped in crafts, agriculture, retail, manufacturing and marketing of local produce, tourism, housing, other services (economic, social, health) Primary co-operatives of individual SMME members such as bakers, butchers, roofers, painters, printers or workers' co-operatives in different business sectors can contribute to decrease the gap between the "First" and "Second" Economy. Micro and other small businesses can by cooperating with others compete with bigger businesses. Members and their co-operatives enhance the employability of the vulnerable and often socially excluded in the local area. Co-operatives can generate local financial cycles (saving and lending – local investment becomes possible, growth in local income and capital base, wealth creation). Co-operatives also have the potential to run services that local municipalities may be struggling to provide or may have privatised e.g. maintenance of schools, community halls, public gardening, waste collection and management. The co-operative setup lends itself to being a conduit for the provision of knowledge and skills, promotion of business, market research and market development, democracy and risk management (risks from smallness, sameness, information shortages, contractual risks), tapping into local knowledge, solidarity, volunteering, self-help and also helping prevent crime which stems from greed, envy and joblessness.

Models outlined below are based on tenure and equity which are essential to understanding long-term relationships between housing co-operative members and their housing.

6.4 Co-operative Housing Models

When individuals decide to combine their efforts through a co-operative, the tenure arrangements they propose are extremely important and must be discussed thoroughly before proceeding. The most basic issue is that of individual or collective tenure. Equally, policy-makers will need to discuss tenure issues in formulating legislation which facilitates the growth of co-operatives.⁴⁰ Of equal importance is value invested in the co-operative, and will be in the form of constructed units which in most cases will have increased considerably. The question arises as to whether the departing member would be entitled to the increased equity, particularly in the case of mutual ownership (continuing co-operative). Below is a description of

³⁹ <https://www.housinginternational.coop/>

⁴⁰ Co-operative Housing: Experiences of Mutual Self-Help, UN Habitat

the three co-operative housing models based on the tenure and equity arrangements.⁴¹ As noted, the models are not cast in stone as variations exist depending on the context in which the co-operative is developing.

6.4.1 Limited Housing Co-operative (Non-continuing)

The objective in a limited (non-continuing) housing co-operative is to pull resources, skills and lobbying together to collectively buy land from either Local Authorities or Government and in most instances at subsidized prices or from the private sector, allowing for access and affordability to marginalised poor and other vulnerable groups. The land is then subdivided into individual plots and once every member has land, the co-operative can dissolve. However in the majority of cases the co-operative will also use its collective resources, skills and bargaining power to build houses for members. Title is transferred to the individual members with the timing agreed upon by the members. Usually transfer is done when the agreed objective is met, that is when all members are housed. Once the co-operative has achieved its goal of providing individual home ownership the group is dissolved. This assumes that co-operative members have fulfilled their obligations to lenders, landlords and /or the co-operative generally.

There is no recourse to the co-operative once the group has dissolved. This can be a disadvantage to low income families as it exposes them to the dictates of the private housing market. Families may be persuaded to sell and in most instances at below market prices as they do not have the negotiating power and knowledge to get the best return on their investment. Studies have also shown that many end up back in the informal settlements. This then defeats the whole purpose of coming together to access adequate and affordable housing and the universal realization of the Right to Housing. The majority of housing co-operatives in Zimbabwe have evolved around this model driven by the housing legislative environment that focused on home ownership as a way of empowering the majority of the population after independence.

This model is also suitable for rural households where land is already individually or family owned when the co-operative is formed and members are looking to improve or develop their homesteads or certain aspects of their homestead e.g. improved housing using more durable materials, use of more appropriate energy sources, or improved sanitation.

6.4.2 Multiple - Mortgage Housing Co-operative (Limited continuous)

The objective is to also provide individual home ownership. However the co-operative continues to organise, manage and maintain common areas such as roads, paths, recreation areas and community facilities. The co-operative does not dissolve after all the houses are completed. A member has access to co-operative assistance for as long as they remain a member of the co-operative and meet all the obligations e.g. monthly administrative fees and rates, participating in co-operative activities, contributing to decisions making and exercising good neighborliness. An example of this model is condominiums. An individual member can sell their own housing unit on the open market. However in most cases the co-operative will maintain some sort of membership structure, so the new owner must become a member of the co-operative. This allows for collection of agreed monthly contributions to cover administrative and maintenance costs for common areas. Each member has a separate term mortgage. The co-operative can diversify into other activities once the housing objective has been achieved. The model is also adaptable to rural settings as the co-operative can diversify into other sectors or incorporate the model in existing community managed projects as attempted a

⁴¹ Co-operative Housing: Experiences of Mutual Self-Help, UN Habitat

couple a years back for groups in the Malawi Lake Basin Programme under We Effect where the housing co-operative concept was incorporated into existing village banking groups.

6.4.3 Continuing Co-operative

The co-operative can either be a Group Equity or Limited Equity Housing Co-operative. In both instances the objective is to provide and maintain affordable housing for members. The objectives are normally transformative, creating ownership opportunities for people working their way up the socio-economic ladder, offering individuals and families, affordability and long-term stability. The co-operative usually takes out a block mortgage for the members or uses the collective resources mobilised from members to purchase, renovate or build the infrastructure and housing. In a limited equity co-operative, the member owns a share of the co-operative, while in the group equity co-operative, the co-operative acquires and owns the land, houses and common areas with one blanket/city mortgage. In both scenarios, there is no individual title. Similar to a multiple housing co-operative, the common areas and communal service are owned and managed by the co-operative. Through membership with the co-operative, each individual member owns a share of the co-operative's assets. Each member "rents" their housing unit from the housing co-operative and pays a housing charge which will pay for the mortgage repayments and any other expenses. The member has perpetual use of the property and in the case of death, the family inherits the full member rights as long as they meet the member obligations.

Limited Equity Housing Co-operative (LEHC) limits the amount of equity a member can earn upon resale of their unit (and membership share) in order to preserve the co-operative's affordability for future generations. The idea is to safeguard against speculation by obliging the members to sell back the housing unit(s) at the time of resignation at a pre-determined price. Members can therefore not sell their houses and, when a member leaves, a transfer of the house is normally to the co-operative which finds a new member to occupy the unit. The member receives a limited and specified rate of return on his/her contributions.

The co-operatives have to make special arrangements when a member leaves. As the value of a member's investment in the property will probably have risen over the years an arrangement has to be made to repay the member's investment or equity at the time of transfer. A number of methods are used: a payment at fixed value repays the exact amount invested by the member; or a payment at par value repays the amount invested plus an added amount which is linked to inflation, for example, the inflation rate minus say 2 per cent. The reason for paying less than market value, as in fixed or par value, is to provide the new member with housing at less than market rate housing thereby increasing affordable housing stock. (The calculation of equity is normally the value of down payment plus the amount already repaid on the principal [not interest] of the loan).

The issue of equity at the time of transfer has been one of great concern to continuing co-operatives. On the one hand, many co-operatives have an objective of providing affordable housing. On the other hand, members become aware that in a period of inflation the market value of their units can exceed the fixed value. They also argue that they need the market value to reinvest in housing in a prevailing market and that original members had to make their initial investment at the then market value.

This issue can place considerable strain on co-operatives which try to maintain a fixed or even-par value system. If the members do not change the rules to a market value system then frequently "under the table" payments and premiums are paid. The success of fixed value co-operatives depends on the prevailing rate of inflation and the strength of commitment of members and the leadership of the co-operative (which is in part a reflection of societal norms

and values). It is also difficult to maintain this system where co-operatives form a small part of a national housing system controlled largely by market forces. Cultural factors also play an important role. In many countries ownership of land has a high value and the relatively sophisticated concept of ownership, even if it offers security equal to freehold title, will not be accepted as yet.⁴² In Africa, the Ethiopian co-operative societies are of this type as are many in developed countries as well as in some Latin American countries like Uruguay.

LEHC model also rewards residents for their commitment and effort to own and steward a vital community resource while at the same time, recognizing that a community's need for affordable housing is beyond temporal. A LEHC may establish either on its own or through local regulation a maximum resale value that prospective residents must agree to before becoming a member.⁴³ Further, members may be subject to certain income limits at the time of purchase. These and other stipulations may be set by an elected LEHC board that is tasked with general management of the co-operative on behalf of its residents.

Challenges

As in any democratic governance system, LEHC members may at times have competing interests regarding its short and long-term goals. These may strain member relations and co-operative management if other LEHC management support systems are not readily accessible. The general public's lack of familiarity with LEHCs can stymie their access to the public housing subsidies and private financing vital to their development. However, as cities more aggressively address the affordable housing crisis, some policymakers have leveraged affordable housing trust funds, municipal bonds, bank settlements, and other long-term sources of funding to support LEHC development and growth.⁴⁴

7.0 Findings to support the development of a housing co-operative model

As already noted, CFHHZ has been promoting the co-operative housing concept since 2013 and to date 14 housing co-operatives have been registered, with 8 out of the 14 registered co-operatives being rural based. CFHHZ is a national lobbying and advocacy organisation, working to promote the Right to Adequate Housing for Zambia's low and moderate income communities and has identified and promoted co-operative housing as one of the strategies that can assist these communities access decent and affordable housing. CFHHZ is in its self not an authority on co-operative housing but its partnership with WE Effect has exposed the organisation to the concept. When We Effect commissioned the Rural Housing Study, one of the study recommendations was the need to come up with a defined housing co-operative model for Zambia and hence the commissioning of this assignment by CFHHZ. Through consultations with a number of stakeholders, mostly relevant Government Ministries, literature review, analysis and observation of housing co-operatives operations, a number of issues emerged that contribute to the recommendations this report will make regarding a working co-operative housing model for Zambia.

7.1 Legal and policy environment: While the current co-operative legal and policy environment supports the development and growth of housing co-operatives, there is very limited capacity on the form and operations of housing co-operatives, including lack of knowledge on the models/types of housing co-operatives. A capacity building unit exists within the Department of Co-operatives to provide capacity and monitor adherence to the by-laws and other legal provisions, ensuring that democratic control by members is not violated. It was acknowledged that the specialised capacity on housing co-operatives does not exist in the Department but is

⁴²Co-operative Housing: Experiences of Mutual Self-Help, UN- Habitat

⁴³ The National, Authored by Jarrid Green-Elements of the democratic economy Limited Equity Co-operative.

⁴⁴ The National, Authored by Jarrid Green-Elements of the democratic economy: Limited Equity Co-operative.

expected to exist in the relevant line Ministries and other Partners. The Department welcomed partnerships with other organisations in the provision of co-operative services. This opened up possibilities for the Department and CFHHZ to collaborate.

The Ministry of Housing and Infrastructure Development was working on a review of the 1996 Housing Policy as well as developing a Strategy which would incorporate housing co-operatives as implementing partners. While the Ministry of Housing and Infrastructure did not currently have adequate knowledge or capacity to provide the much needed technical support to housing co-operative development some research needs to be undertaken to familiarize with the co-operative housing development.⁴⁵

Further discussions with the Department of Co-operatives noted that it would not be within the spirit of the co-operative principles and values to dictate a model that housing co-operatives should adopt as the direction that the co-operative should take is not directed and driven by Government but guided by the members themselves. It was noted in the discussions that models are not cast in stone but should be flexible and responsive to the members needs to ensure that the specific group or co-operative achieves its objectives and therefore it is within the by-laws that the members must define their chosen model. For this to happen, it was noted that the promotion and pre-registration capacity provided to the group members intending to form the co-operative, with the pros and cons of the specific model clearly spelt out and internalized and a democratic process followed in the decision making and selection of the final model, which decision will then be incorporated into the by-laws.

The above view was corroborated during discussions with UN-Habitat Country Representatives who emphasized the need for setting and agreeing parameters for the development of the co-operative with members themselves agreeing on their preferred model. UN-Habitat has documented co-operative housing experiences that can provide lessons of how each of the models has been implemented. The need to have a separate model for rural and urban areas was also emphasized as each of the settings have different needs, including the different land access and ownership dynamics.⁴⁶

A perusal of the Kabanana Housing Co-operative registered by-laws does not describe the preferred model and any other specific housing related provisions although a discussion with the members of the co-operative brought out the fact that the co-operative favoured a Continuing co-operative.⁴⁷ The co-operative has already bought land and was in the process of registering title to the land in the name of co-operative. In such a scenario, the Department advised that the by-laws can be amended by the co-operative to incorporate their specific issues and the process must be consultative with at least $\frac{3}{4}$ of the membership forming a quorum at a General Meeting adopting the amendments. Once agreed upon, the amended by-laws are submitted to the Registrar of Co-operatives for re-registration at a fee of 10 000 kwacha and the amendments come into effect once they have been registered.⁴⁸ From the Director of Co-operatives' perspective, the co-operative housing model can make it easier for families to fulfill the housing adequacy criteria. The presence of Savings and Credit Co-operatives (SACCOS) in a number of rural provinces and districts are a conduit through which housing co-operatives can be promoted in a rural setting.

⁴⁵ Key informant interview, Mr Ngambe, Director of Housing, Ministry of Housing and Infrastructure Development.

⁴⁶ Key Informant Interview, Mr Alexander Chileshe, UN-Habitat Country Representative.

⁴⁷ Key Informant interview, Kabanana Housing Co-operative attended by 12 (10 females and 2 Males) members on 10 May 2019.

⁴⁸Key informant interview, Mr Mwansa, Director of Co-operatives in the Ministry of Commerce, Trade and Industry.

In discussions with the Ministry of Housing and Infrastructure Development, it was noted that the Property laws and regulations in Zambia allowed for sectional titling and group ownership, implying that whatever model the co-operatives adopted, legal ownership in the form of title would be guaranteed.⁴⁹

7.2 *Land access:* Access to land, particularly in urban areas has always been a challenge for low and moderate income families. In Zambia, 90% of land is held customarily under the jurisdiction of Chiefs, tenure is guaranteed and if the land is to be sold or reallocated, then there must be compensation, this, according to discussions held with the Chief Planner and Acting Director, in the Ministry of Traditional Chiefs.⁵⁰ One can apply for title on traditional land but the Chief has to give consent. There are no restrictions on co-operatives building. However, experiences on the ground have in some instances created doubt on the assertion that tenure is guaranteed as there have been reports of Chiefs selling off land to foreign investors and displacements taking place. The Acting Director also pointed out that within the rural set up, whatever co-operative housing model would be promoted or adopted, security of tenure would be guaranteed. The Land Policy has been under review for a couple of years with one of the sticking points being consent by Traditional Leaders who feel their powers over land would be decimated. Discussions with the Acting Director highlighted the need for lobbying and advocacy for land access, fair compensation for displacements for example. Opportunities exist to engage the Chiefs on land access issues and seek buy in from Chiefs for the promotion and development of housing co-operatives in rural areas.

It emerged from the discussions that in designated statutory improvement areas where people get renewable 30 year leases, it is possible for a group of people to come together and give up their 30 year leases and apply for group title. This may mean that people in settlements seeking to improve their housing to adequacy levels, may not need to apply for land for new developments but can systematically change the face of some of the statutory improvement areas. This is an opportunity that CFHHZ, co-operatives and the Ministry of Housing and Infrastructure Development, Ministry of Lands and the local authorities can collaborate on in selected settlements. Both the Limited Continuous and Continuous co-operative models would be recommended in such a situation.

7.3 *Financing:* Housing co-operatives are capital-intensive forms of enterprise. They need access to financial capital so they can invest in the sustainable development, regeneration and expansion of their co-operative housing assets.⁵¹ As already noted in section 4.1.1 of this report, access to housing finance by low and moderate income groups remains a major challenge. Traditional housing finance providers i.e. building societies and banks have not, despite the extensive discussions and commitments to support housing co-operatives with loans if the co-operatives open bank accounts with the said institutions, come to the table.

The first source of financing for housing co-operatives is from member savings but given that savings may not be sufficient to meet the costs of housing development, extra resources are needed to enable the co-operatives achieve the objective of housing its members within a reasonable period of time. The experience of Mahopo Housing Co-operative is a clear demonstration of the frustrations members go through when the project takes long. Members start withdrawing their savings and resign and also give the impression that the concept does not work. Total savings from registered co-operatives stood at 64 497.00 kwacha by May 2019, with three of the 12 listed registered co-operatives having no savings.⁵² Discussions with CFHHZ revealed that co-operatives like Mahopo, had been hit by resignations as the

⁴⁹ Key informant interview, Mr Ngambe, Director of Housing, Ministry of Housing and Infrastructure Development.

⁵⁰ Mr. E. Kasanga, Chief Planner and Acting Director, in the Ministry of Traditional Chiefs

⁵¹ Co-operative Housing International, *Blueprint_Housing_Perspective*.

⁵² CFHHZ Co-operative Savings Report compiled May 2019.

anticipated loan support did not materialize and no housing units were built through the co-operative efforts.

The focus by CFHHZ to provide entrepreneurship training and support to the housing co-operatives in an effort to boost savings and also enable members meet their income needs is commendable and has in some way determined the emerging co-operative models, Limited Continuous and Continuous. However, it will be necessary for CFHHZ to ensure that identified entrepreneurship projects are viable and that proceeds are invested in the housing project.

The Africa Housing Finance Yearbook 2018 identifies a number of project related housing finance products aimed at low and moderate income groups being implemented through partnerships and other private sector initiatives. These include (extracted from the Africa Housing Finance Yearbook 2018):-

- In 2018 Micro Finance Institutions offered housing loan products ranging between ZMW2 000 (US\$198) and ZMW350 000 (US\$34 653) with a maximum loan term of 60 months. Housing loan products appear to be increasingly popular – many MFIs already have products and others are in the product development stage. However, Micro Finance Institution's high interests have contributed to the high number of nonperforming loans, closure of marginal branches with high operating costs, and a decrease in number and loan size.
- Lafarge has partnered with BancABC and ZNBS to disburse loans of up to ZMW2 500 (US\$247), and with ILO Zambia Green Jobs Programme (ZGJP) to construct 800 affordable houses using Habiterra blocks. Lafarge has also partnered with Habitat for Humanity (HfHZ) to construct 2 150 houses, providing 1 000 bags of cement and free technical designs. Since 2017 Lafarge has piloted the Kumanga franchise to promote access to cheaper building materials and established one-stop Home Builders Centre to provide technical and financial support to clients.
- NGOs such as HfHZ, Zambia Homeless and Poor People's Federation (ZHPPF), PPHPZ, Shelter for All and the UK based Reall help to fill the affordable housing supply gap through organized collective action. HfHZ secures land from Local Authorities and then provides micro loans for construction or purchase. The Swalisano Urban Poor Fund, established in about 2007 by the Peoples' Process on Housing and Poverty in Zambia (PPHPZ) enables members to access low-interest loans. No recent information is available on their activities, however.
- Private developers such as Meanwood, Lilayi Estates, Silverest Gardens, Nkwashi, Roma, Vorna Valley, Salama Park, KB Davies (Chambishi and Woodgate) and Finance Building Society (Finsbury Park Project), continue to build mainly top end units per annum, supported by the state with land provided at minimal cost. Smart Homes Africa has focused on student housing and high end two to four-bedroom units, while Phathisa has funded 1 000 (52-56m²) mixed income units on seven hectares and 192 walk-up two bed apartments on 1.7 hectares at Makeni in Lusaka.
- The Ministry of Community Development and Social Services is, through a World Bank grant, supporting vulnerable families with cash transfers, including construction of housing for orphans and most vulnerable families in selected districts. In noted during discussions the Director of Community Development, that there are opportunities and synergies that can be pursued in the promotion and development of rural housing co-operatives.⁵³

The above experiences and projects provide lessons and opportunities for partnerships for CFHHZ and the housing co-operatives provided they do not divert the co-operatives from their

⁵³ Mr Cosmas Lukupulo, Director for Community Development, Ministry of Community Development and Social Services.

principles and values as well as from their model of choice as they attempt to suit the demands of the finance provider.

Discussions with the Director of Housing in the Ministry of Housing and Infrastructure Development revealed that Government has been offering land and finance guarantees to developers and investors in an effort to stimulate housing provision and housing co-operatives do qualify to for this kind of support if they are viewed as developers. To this extent, the Ministry can engage banks to lend to housing co-operatives and underwrite or provide the necessary guarantees. Co-operatives like Chadiza and Kabanana who have acquired land and accumulated savings could be pilot partnership projects with the Ministry for the construction infrastructure and houses.

To address the financing challenge, a combination of innovative strategies and actively seeking synergies and partnerships may open avenues to access the much needed finance sources. Empowering housing co-operatives through entrepreneurship as is already happening will boost the ability of members to save as well as the co-operatives raise money to be invested in housing needs to be continued albeit with tight monitoring on the use of funds and viability of the projects. Some of the identified opportunities that can be pursued include:-

- The Ministry of Housing and Infrastructure access to land and the finance guarantee facility currently offered to private developers and investors.
- Support from the Ministry of Housing and Infrastructure to access mortgage finance, particularly from state supported building societies i.e. Zambia National Building Society.
- For Rural housing co-operatives, create synergies with organisations promoting or supporting the village banking and SACCOs concept and encouraging housing co-operative members to adopt such concepts. Where possible, housing co-operatives can meet their financing and banking needs through partnerships with financial co-operatives and by accessing co-operative lending arrangements, in the spirit of co-operation among co-operatives.
- Partnerships with the Community development programs i.e. cash transfer program.
- Exploring the through research how the Microfinance Sector and housing co-operatives can partner.

7.4 Green architecture: Issues of Green architecture are not unique to housing co-operative development and any adopted model, but relate to overall adoption of environmentally sustainable practices within the sustainable development discourse. Green architecture is a sustainable method of green building design: it is design and construction with the environment in mind. Architecture can model itself on the planetary system to copy the natural 'green' environment, making a new building, or adapting an existing building, both environmentally friendly, in terms of materials used and the space it occupies, and energy efficient, including solar technology. This might include solar panels, thermal mass building construction, green materials, including wood, stone, or earth (or even recycled waste materials, such as tyres or glass or plastic bottles).⁵⁴ Beyond the green architecture are considerations for adoption of sustainable technologies like bio gas, water and sanitation. CFHHZ's partnership with the University of Zambia's Technology Development and Advisory Unit (TDAU) is also commendable as it already beginning to address issues of Green Architecture by promoting the use of soil stabilized blocks.

⁵⁴ James Murray-White, What is Green Architecture? <http://www.sustainablebuild.co.uk/what-green-architecture.html> - Updated: 15 Apr 2019.

The organisation of co-operatives lends itself to introduction of new ideas and concepts and provides a sustainable way for the low and moderate income groups to access decent and affordable housing. Housing co-operatives aim for a superior level of environmental sustainability as they add energy savings measures and green technologies to their assets. Housing co-operatives are conduits through which environmentally sustainable development of housing can be promoted. Information dissemination, exposure to the use of such technologies and skills training are ways to promote environmentally sustainable technologies and practices, breaking down barriers and attitudes towards the adoption and use of such technologies. Environmentally sustainable housing provision encompassing green architecture is an area that will require that CFHHZ partner with organisations already working with these issues to not only raise awareness but build capacity through skills training and piloting of initiatives for adoption by members.

7.5 Emerging co-operative models: As noted above, CFHHZ has been promoting the co-operative housing concept since 2013, with a total of 22 housing co-operatives having been established in Zambia between 2014 and 2018. Discussions with the Good Hope Housing Co-operative and Kabanana Housing Co-operatives shows that there is indeed two models emerging, shaped by the location of the co-operatives, one rural (Good Hope) and the other urban (Kabanana), land access and ownership as well as the incorporation of entrepreneurial activities in the co-operatives. The rural based co-operatives are emerging as Limited Continuous Co-operatives while Kabanana's development is currently inclined towards the Continuous Co-operative model. However, the failure by the co-operatives to incorporate the specific housing related provisions as well as a defining the model in the by-laws speaks to the limited capacity within the co-operatives, CFHHZ and the Department of Co-operatives about co-operative housing development.

7.6 Synergies: CFHHZ has been organizing annual housing symposiums, a highly commendable initiative that provides a forum to bring housing stakeholders together. The symposiums have helped CFHHZ create synergies necessary to advance the organisations mandate, which is to lobby and advocate for adequate and habitable housing for the rural and urban communities in Zambia targeting the vulnerable and marginalised groups. CFHHZ participation in a number of dialogues and forums is also commendable as this also provide an opportunity to build synergies and collaborations. These interactions need to be expanded. A more systematic and targeted lobbying and advocacy process, coupled with the creation or consolidation of synergies and partnerships with the likes of the Department of Co-operatives, Department of Community Development, Ministries of Housing and Infrastructure, Planning and Local Government, housing finance providers (public, private and NGOs) and other relevant stakeholders is necessary if housing co-operatives are to achieve their objectives. This is necessary to avoid the experiences that some of the co-operatives have gone through, mainly loss of membership due to unmet expectations, perceived delays and lack of critical technical support to move them forward.

8.0 Recommendations

Based on the findings of experiences and practice on the ground, as well as literature review regarding a co-operative housing model for Zambia, it is clear that not one model can be recommended. However, we therefore recommend that CFHHZ adopts and give prominence to one model that aligns with its broader mandate of ensuring the right to adequate housing is realised for the generality of the Zambian home seekers, in particular low to moderate income earners and vulnerable communities. The model that best suits the CFHHZ mandate is the

Continuing Cooperative model.⁵⁵ It is therefore recommended that CFHHZ promotes and gives prominence to this model particularly for those co-operatives that are being mobilised from scratch.

We further recommend that CFHHZ also promote the Limited Continuous Model, particularly for rural based co-operatives i.e. Savings and Credit Co-operatives, Village Savings groups or Farmers groups, where land is already held in individual or family allotments and for co-operatives who may already be developing along the lines of a Limited Continuous Model, like Mahopo Housing Co-operative.

It should however be pointed out that in recommending the two models, the Continuous Model and the Limited Continuous Model, the Democratic principle and democratic decision making processes that are an essential element of co-operative development be guarded and promoted.

The promotion of housing co-operatives is but one out of a suite of strategies that enable the organisation to achieve its mandate. Care must therefore be taken to not lock CFHHZ into a housing co-operative organisation or rural development organisation, but should take the lead in providing guidance and capacity to groups or organisations seeking to develop housing through the co-operative concept.

As already noted, there is limited capacity to support a growing housing co-operative sector within both government and CFHHZ. The movement is still in its infancy and some lessons learnt in the last five years need to be addressed now even as the models are being promoted. Capacity needs to be provided at all levels of the housing co-operative institutional framework, starting with CFHHZ. It is therefore necessary that in promoting the models, a clear understanding of “what CFHHZ needs to know working with co-operatives” in the form of a check list or manual be developed and internalized. It is further recommended that a manual be developed to provide the necessary guidance to existing savings and credit co-operatives/village savings groups/farmers groups who want to include housing as a product.

It will be necessary to work with existing registered housing co-operatives and the Department of Co-operative Development to create a shared understanding of the models. Existing registered housing co-operatives will then need to make their decision on which model to adopt to enable them amend their by-laws to reflect their housing co-operative “DNA” so to speak and have the by-laws re-registered. A service provision or housing support services agreement between the co-operatives and CFHHZ to outline clear roles and responsibilities between the co-operatives and CFHHZ is necessary.

It is in the interest of CFHHZ and co-operatives to provide information, exposure and lessons from other regions of how housing co-operatives operate and the nature of support they need from different stakeholders.

Generally, the potential for Co-operative Housing Development in Zambia exists as the legal and policy framework is supportive of co-operative development. The concept is new and the existing institutional framework to support, promote, and develop the housing co-operative sector is not fully conversant with the concept. It will require intensive effort by CFHHZ, the co-operatives, Government and other relevant stakeholders to promote and help build the necessary capacity, knowledge and skills to create buy-in about the concept and its potential in addressing housing needs of low to moderate income groups.

⁵⁵ Please refer to table 1, summary of the core elements of the models for justification of why the Continuous Model should be given prominence.

1.0 List of Secondary data sources/Literature Review

UN-Habitat, Co-operative Housing: Experiences of Mutual Self-Help.

Habitat International Coalition: Social Production of Habitat-Conceptual Framework.
Co-operative Housing Foundation International, South Africa 2002. A Model for Co-operative Housing Development in South Africa.

Centre for Affordable Housing in Africa, 2018 Year Book. Housing Finance in Africa. A review of Africa's Housing Finance Market

Co-operative Housing International – Blueprint for a Co-operative Decade, 2012. A Co-operative Housing Perspective

Graham Alder, for MATCOM, International Labour Organisation. A Housing Co-operative Organisation material for Trainers of Co-operative Advisers

Jarrid Green. The Next Systems Project. Elements of the Democratic Economy Series. Limited Equity Housing

Rueben Lifuka and Alex Mwila, Report on Rural Housing in Zambia produced for We Effect , March 2017.

Northcountry Foundation Toolbox Series: Co-operative Housing Toolbox. A Practical Guide to Co-operative Success

International Co-operative Alliance: Co-operative Housing Experiences in Sub-Saharan Africa. A Report presented by Barry Pinsky, Executive Director, Rooftops Canada – Abri International, Cape Town 2013.

Susan Saegert and Lymari Benitez, Limited Equity Housing Co-operatives- Defining a niche in the Low Income Housing Market, Journal of Planning Literature, May 2005.

Moulen Siame, Performance of Zambia's Co-operatives- A case Study of Kabwe, Lusaka and Kafue based Co-operatives, International Journal of Innovative Research and Development, Volume 5, Issue 9, August 2016

Ministry of Commerce, Trade and Industry, Republic of Zambia- National Co-operative Policy Final Draft, 2016

Ministry of Commerce, Trade and Industry, Republic of Zambia-National Industrial Policy Final Draft, 2016

2.0 List of Key informant Sources

| Name | Organisation | Position |
|---------------------|---|--------------------------------------|
| Alexander Chileshe | UN-Habitat Zambia | Country Representative |
| Mr. Ngambe | Ministry of Housing and Infrastructure Development | Director of Housing |
| Mr. Mwansa | Ministry of Commerce, Trade and Industry | Director of Co-operative Development |
| Mr. Cosmas Lukupulo | Ministry of Community Development and Social Services | Director of Community Development |

| | | |
|---------------------------|---|-----------------------------------|
| Mr. Changano Ngoi | Ministry of Community Development and Social Services | Community Development Officer |
| Mr. E. Kasanga | Ministry of Traditional Chiefs | Chief Planner and Acting Director |
| Ms. Mwila Daka | Ministry of National Development and Planning | Assistant Director |
| Mr. L. Nkhoma | Ministry of National Development and Planning | Planning Department |
| Ms. Inga Osbjer | | Consultant |
| Mrs. Grace Chikumo Mtonga | CFHHZ | Executive Director |
| Mr. Gabriel Mailo | CFHHZ | Programme Officer |
| Ms. Hilda Namunyola | CFHHZ | Monitoring and Evaluation Officer |

3.0 List of Co-operative members

3.1 Kabanana Housing Co-operative, Lusaka

| No. | NAME | SEX |
|-----|-----------------|-----|
| 1. | Dora Mwanza | F |
| 2. | Bertha Miyayi | F |
| 3. | Ruth Chiti | F |
| 4. | Margaret Mwansa | F |
| 5. | Grace Banda | F |
| 6. | Chanda Mwamba | F |
| 7. | Bertha Miyayi | F |
| 8. | Mary Mvula | F |
| 9. | Bornface Tembo | M |
| 10. | Godfrey Madanta | M |
| 11. | Siupiwe Mwanza | F |
| 12. | Maureen Mumba | F |

3.2 Goodview Housing Co-operative, Chibombo, Central Province.

| No. | NAME | SEX |
|-----|-------------------|-----|
| 1. | Clement Chimpende | M |
| 2. | Foster Bwalya | M |
| 3. | Rosemary Lumembe | F |
| 4. | Miriam Mukunkami | F |
| 5. | Memory Kapambwe | F |
| 6. | Ireen Mboola | F |
| 7. | Melody Sendoyi | F |
| 8. | Ireen Chanda | F |
| 9/ | Solomon Mudenda | M |
| 10. | Musembeya Mufuma | F |
| 11. | Maanda | F |
| 12. | Banda Tryness | F |
| 13. | Annie Njobvu | F |

| | | |
|-----|------------------|---|
| 14. | Margaret Chalwe | F |
| 15. | Clara Nkausu | F |
| 16. | Beauty Kasompola | F |
| 17. | Mary Sakala | F |
| 18. | Esther Nkanta | F |

TERMS OF REFERENCE
A CFHHZ HOUSING COOPERATIVE MODEL
1. INTRODUCTION

These Terms of Reference (TORs) spell out the rationale and objectives that will guide the development of a housing cooperative model that Civic Forum on Housing and Habitat Zambia (CFHHZ) will be able to promote among its existing members and lobby for Government's support.

2. BACKGROUND

CFHHZ is a national network of civil society (CSOs) and community-based organisations (CBOs) with 31-member organisations in Zambia. CFHHZ was established as a platform for CSOs and CBOs dealing with housing and human settlements issues in 2007 and became a legal entity in 2010. CFHHZ's incentive to form was the recognition that CSOs and CBOs had replicated housing initiatives since 1964 in lack of a common and organised platform to share knowledge, skills and competences to facilitate effective collaboration. As such, CFHHZ's mission is to be a platform for CSOs and CBOs lobbying and advocating for decent, adequate and affordable housing for poor and marginalised people in Zambia. Subsequently, CFHHZ's vision is to achieve decent, affordable and adequate housing for all the rural and urban communities of Zambia.

Since its establishment, CFHHZ and its network members have mainly engaged with a wide range of issues concerning urban housing. While the urban focus is warranted given that Zambia is urbanising rapidly, rural housing remains poor coupled with ill skilled artisans and absence of building skills.

We Effect commissioned a rural housing study in December 2017 in Zambia under the following objectives.

- To develop options for good rural housing models to meet the specific needs in Zambia;
- To document (best) practices on rural housing and provide recommendations that could be replicated elsewhere;
- To appraise the state of rural housing finance in Zambia and recommend viable options; and
- To identify key stakeholders in rural housing.

The rural housing study highlighted the available avenues that would address the housing challenges. The CFHHZ housing cooperative members were engaged to provide key information of how the various housing cooperatives have been operating. It was then realised that each housing cooperative was operating as an autonomous entity anchored on some form of structure that influences their existence and operations. Majority of CFHHZ members in rural areas are working as housing cooperatives and were targeted during the rural housing study as key informants.

CFHHZ has been promoting the concept of housing cooperatives since 2013. A total of 22 housing cooperatives have been established between 2014 and 2018. The rural housing study consultant reviewed secondary sources of data to identify the state of rural housing and this was supplemented by field interviews with housing cooperatives, local authorities, traditional leaders, NGOs and Government officials. It was further established that there were different models of housing cooperatives among the CFHHZ members. In Chadiza, the membership is anchored on farmer cooperatives. In Solwezi, it is linked to a women's group, the Mapesho women's group. There is no housing cooperative model that is defined by CFHHZ, however the existing cooperatives are anchored on some form of structure that influences their existence and operations. Considering that the concept has been embraced with some of the cooperatives now building, it is essential that CFHHZ should develop a housing cooperative model that it can promote to stakeholders.

Housing cooperatives have been identified as a vehicle that would help deliver housing among low income earners and the marginalised poor. The Republican President H.E Edgar Lungu stated during the Second Meeting of the First Session of the Twelfth National Assembly held on 17th march, 2017 were he recognised the positive impact of cooperatives on the economy including housing cooperatives. This affirmed the country's commitment towards addressing housing poverty after the creation of the Ministry of Housing and Infrastructure development in 2016 whose mandate is foster housing and infrastructure development.

3. RATIONALE

Housing Cooperatives have been identified as an avenue that would help address Zambia's housing gap in the 2016 National Draft Housing Policy. Zambia currently has a housing deficit in the region of 1,539,000 units. The deficit is expected to rise to about 3,328,904 housing units by 2030. The housing production rate in Zambia is estimated at 73,000 units per year of which about 64% of the total housing stock is rural and 36% urban. It is envisaged that a well-defined housing cooperative model will facilitate systemic housing delivery which is inclusive. The housing cooperative model to be developed should take into consideration the needs of the rural populace as the needs are not similar to those based in the urban areas.

4. OBJECTIVES - THE ASSIGNMENT

CFHHZ with the support of We Effect is commissioning consultancy to:

- Develop a housing cooperative model that would enable CFHHZ members to deliver housing which is inclusive both for the urban and rural areas
- Outline how the model will interface with issues of financing, regulations and sustainability.
- Combine traditional rural concepts of housing with green architecture such as biogas from latrines, water harvesting and solar energy.

5. THE ASSIGNMENT

Against the above objectives, CFHHZ invites bids from interested Consulting firms or individuals to undertake a study and propose/develop an appropriate housing cooperative model. The proposed model will be promoted by CFHHZ among its existing members and

lobby for Government's support for improved housing in Zambia. Interested consulting firms or individuals must submit detailed technical and financial proposals covering:

- Demonstrated understanding of the terms of reference
- Proposed methodology and tools to be used
- Develop a work plan
- A financial proposal, clearly stating the assignment costs of principal consultants and team members stating their availability
- A detailed technical proposal and budget

6. OUTPUTS /DELIVERABLES

The deliverables of the assignment shall be as follows;

- The consultant shall produce and present an aide memoire to CFHHZ at a preliminary finding's meeting to be held in Lusaka. The aide memoire shall include preliminary findings and recommendations.
- A draft report of the recommended Housing Cooperative Model to be presented at a validation workshop.
- A final report of the recommended Housing Cooperative Model to be promoted by CFHHZ.

7. METHODOLOGY AND APPROACH

The methodology for this assignment shall include the following

- Literature Review
- Key Informant interviews
- Focus Group Discussions
- Validation Workshop

8 REQUIRED EXPERTISE

The expected qualifications of the consultant should be equivalent to the following;

- The lead consultant should possess a relevant minimum Social Science degree in Rural and Urban Planning, Economics, Development Studies, Social Work or any other related field.
- Diverse understanding, clear knowledge of the Cooperative Housing Concept and experience working with and implementing the concept and exposure to diverse housing cooperative models.
- Clear knowledge and understanding of the low-income housing development issues and challenges in both the urban and rural context.
- Experience in conducting evaluations.
- High degree of independence, flexibility, and ability to meet strict deadlines.
- Excellent communication and writing skills.

9 TIMELINES

The duration of the assignment is detailed below;

- The time period to complete this assessment begins no later than 19th December 2018 and ends on 31st January 2018. Interested consultants should submit expressions of interest and detailed technical proposal including CVs of the consultancy team to be engaged should be submitted to the Executive Director, CFHHZ via email to info@civicforum.org.zm.

- **APPLICATION DEADLINE:** 17th December 2018