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# The low-income housing dilemma in developing countries: Tracing the socially constructed nature of key themes

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**Abstract**

This paper is based on an analysis of the World Bank co-sponsored low-income housing projects in an African country, Zimbabwe over a ten-year period. The project is utilised as an instrumental case study to draw key themes of the housing dilemma in developing countries.

The paper applies the theory of social construction to explain how the housing crisis in developing countries continues to persist despite the active involvement of such international agencies as the World Bank, the State, the Private Sector Building Societies and the households themselves. Using the theory of social construction, the paper traces how the key themes on low-income housing perceived as a risk to financial mortgage business, the problem of the affordability phenomena and the ineffectiveness of partnership arrangements in housing delivery are all socially constructed in so many ways that work against the alleviation of the housing dilemma for the poor.

The development of the understanding and interpretation of the risk phenomena in the housing finance sector is typical of the shift of risk from the financial sector to the individual household. The current scenario is that the building societies are perceived as exposed to high risk in funding low-income housing projects yet the risks that the mortgaged household faces is generally overlooked. With regard to the concept of affordability, the concept is so developed to focus on the affordability of the poor households with no focus on institutional abilities of agents such as building societies, the state and local governments to provide the poor with an affordable housing finance option.

The paper questions the neo-liberal interpretation of the phenomena of risk and affordability concepts in housing, in particular its thrust for a less active role for the state in providing public housing. In addition the paper exposes the futility of partnership arrangements in low- income housing programs caused by subtle corporate differences between and among those agencies expected to have a common purpose to solve the housing dilemma. These same agencies are characterised by incongruent interests and intentions. The paper concludes that the way that the housing problem in developing countries is socially constructed and thus perceived contributes to the continued housing crisis in developing countries.

***Key words: Low-income housing, risk, affordability, and partnerships***

## Introduction

The housing crisis in both developing and developed countries has over a long time tended to be described than explained. There are various studies that provide quantitative descriptions of growth of urban population and disparity in housing provision in cities of the developing world but with limited works that go beyond descriptive frameworks and endeavour to explain the basis of the prolonged nature of low-income housing. The problem is that whilst descriptive approaches provide a vivid impression of the physical nature of the crisis faced by the poor, explanatory attempts tend to be considered as abstract, and may tend to be misconstrued as irrelevant and "not to the point" yet there is need for such input to provide an alternative understanding of how the various historical efforts at alleviating the housing problem have faced mixed fortunes albeit with more failure than success. This paper is an attempt to show how the interpretation and understanding of key themes mainly issues of risk perception and the interpretation of the concept of affordability make it difficult to alleviate the housing problem in developing countries. Efforts at establishing housing partnerships in some instances fail to deal with these two issues in ways that contribute to the continued exclusion of the poor to access adequate housing.

## About the instrumental case study: in brief

### *Participating agents: the "dream team"*

The paper principally draws the experiences from the World Bank co-sponsored housing development projects in Zimbabwe during the period about 1984 to 1999/2000. The project was in two phases of about five years each. The first phase (urban 1) had been undertaken as a pilot project involving four cities of Harare, Bulawayo, Mutare and Masvingo that constituted 70% of the country's urban population (World Bank, 1984:9, World Bank, 1996:1). The second phase (urban 2) involved the participation of 21 urban centres and had a wider scope that included the provision of primary urban infrastructure, focus on regional development, strengthening of institutional capacity, housing and related infrastructure servicing of urban residential land (World Bank, 1988).

One of the milestones of the project had been its success in bringing together the main formal institutional agents generally considered essential for housing delivery. The principal members of this partnership included the World Bank, Commonwealth Development Association, The Government of Zimbabwe, and three private sector owned building societies, the local authorities and the home-seekers.

### *The philosophy of the project*

The philosophy of funding was on the basis of full cost recovery by the implementing local authorities such that the traditional housing subsidies by local authorities and the state were to be discontinued as all costs incurred in the project were to be fully recovered from the beneficiaries (World Bank 1984, 1988).

### *Project success and failure*

The main success of this project was that it brought the private sector building societies to directly participate in financing of low-income housing. Prior to this period the building societies were loaning funds to the national housing fund that was

administered by the government ministry responsible for housing and the fund was forward loaned to the local authorities for low-income housing development. However prior to independence in 1980, the building societies were not supporting any low-income housing development.

The project had raised a lot of anticipation but failed in two respects. Firstly it missed its targeted ultra low-income beneficiaries as higher income households in collaboration with the targeted low-income "invaded" the project as the middle income benefited more than the poor themselves (World Bank 1984, 1988, 1996). Secondly, the project failed in that the participating building societies failed to provide adequate mortgage to the beneficiaries resulting in only 10 percent of the intended funding made available despite government effort to relax constraining financial conditions to allow building societies to provide such funding. The nature of partnership in this housing development effort was flawed as will be elaborated in this paper.

***The main argument of this paper***

This paper develops an argument that the various institutional agents involved in housing alleviation are grounded on different and at times contradictory intentions that negatively impact on housing delivery. Such differences are reflected in the interpretation of key themes of risk perception; affordability concept and the nature of partnerships are weakly bonded for sustainable housing development. Such institutional intrinsic contradictions impact negatively to opportunities for access to affordable and adequate housing for the poor. The paper traces the social construction of the concept of affordability, risk and partnership to reflect on the failures of otherwise good intentions for the alleviation of the housing crisis.

**The social construction of the concept of affordability**

An analysis of the concept of affordability reveals the socially constructed nature of the concept. Reference to social construction is more concerned with the interactive process between agents than "social structures" (Burr, 1995: Haas, 2001). In this respect, an explanation of the housing crisis is based on focusing on the consequences of the interaction of those agents that are engaged in the alleviation of the housing crisis than merely their presence or absence.

***Who affords what?***

One of the main issues generally raised in the low-income housing crisis and indeed one of outcomes of the instrumental case study is that the low-income households cannot afford the cost of housing. Less attention tends to be given to question the mortgage product that the poor households are expected to afford. Are mortgage finance institutions, the state and in some instances with the involvement of international and bilateral arrangements able to provide an affordable product to the low-income? The definition of affordability has traditionally excluded reference to the ability of the institutional agencies to provide affordable housing as the concept has been so constructed to focus on the perceived abilities of the household. This is a notable limitation as it assumes that agents such as building societies are friction free institutions in the delivery of low-income housing and the un-affording household is the obstacle to the process.

In considering the "cost" of the house that the home-seeker searches, there are at least three aspects to take into account. Firstly, the price tag on the house. Secondly the cost of the mortgage finance over the mortgage repayment period. Thirdly, the difficulty of accessing the mortgage funds experienced by the interested home-seeker resulting from the inconsistent issue of mortgage funds by building societies through an on-off-on cyclical tendency of building societies in making mortgage funds available to the public. Such on-off-on supply of mortgage have a delay effect that are more pronounced in countries with inflationary economies characterised by steep increases in basic house construction costs whilst the mortgage seeker awaits for the availability of mortgage funding at the building societies. However the general practice is that the concept of affordability disregards the later two constraints and pays emphasis on the affordability of the price tag. In reality the household seeking mortgage finance has to bear the costs that result from this multidimensional aspect and consequently this makes the cost of borrowing borne by the beneficiary more than usually taken for granted.

The concept of affordability as generally applied excludes the informal income and informal housing sector by opting for formal processes of employment and acquisition of shelter and not taking recognition of the informal processes that bring about large urban settlements informal as they may be. Consideration of the abilities of the poor reflected in informal settlements gives an indication of what the ultra-poor households can afford utilising local construction knowledge and materials and failure by authorities to incorporate this element of the informal sector in defining what the poor urbanites can afford is exclusionary. A perception of what constitutes affordability has been so socially constructed to exclude experiences of the informal settlements yet they continue to be a permanent physical form of urban landscape in developing countries The realities of poverty in developing countries may require a refocus of what the poor can afford and housing strategies may have to reflect on this unfortunate reality.

***The "Pluralistic" and "Elastic" nature of affordability***

There is no singular interpretation of the concept of affordability as it spans from the traditional rent to income ratios to models that incorporate expenditures on non-housing products (Hancock, 1993: Hui, 2001). This flexibility in defining the concept of affordability with at times contrasting implications on the different agents in housing delivery indicates the plastic nature of the concept and such plasticity is characteristic element of its socially constructed nature. While the most stringent approach model may suit the interests of building societies it may be viewed as exclusionary by the poorer households who by the stringent definition are considered as incapable to afford a house in the market. Equally the less stringent models of affordability may give a perception that more households are able to afford housing costs and yet they may be less capable due to other non-housing costs such as transport, food, health and education costs. Such flexibility in the interpretation of affordability has influence on the options that the state may adopt to influence the mood of its low-income housing (Moyo, 2004a)

Resulting from the different interpretations of the concept, different institutional agencies are prone to opt for the interpretation that is most suitable for its needs. Building societies adopt the interpretation that carries less risk to their mortgage

business whilst those organisations advocating for more inclusion of the ultra low-income households opt for a different definition to achieve their objective that may not be in sympathy with that defined by the building societies. This reflects the "pluralistic" nature in the interpretation of affordability and thus indicating the element of its social construction (Schwandt, 1998).

When agencies carrying different interpretations of the concept of affordability interact there is bound to be conflict between the respective agencies. The view of the dominating agent is likely to be taken as the "real" yet the underlying fact is that the definitions and interpretations of affordability are social constructions that serve different interest groups and with different implications on agents on the same housing delivery process. In the instrumental case study it appears the World Bank initial approach at the start of the project had assumed a less stringent approach to affordability that may have disregarded non-housing costs that the targeted poor were already enduring. Consequently they missed their target as the project benefited the higher income. However on the same project the Building societies had applied a stringent approach and it is objective to argue that when the Building Societies had exhausted the list of "affording" households as per their criteria it made business prudence on their part to stop the issue of mortgages. Consequently the Building Societies only issued about 11% of the intended mortgage allocation for the project, and indication of the high poverty profile among the households that the World Bank may have overlooked.

Of particular significance to the provision and affordability of housing to the low-income people is the view raised by some academics and housing practitioners that the full cost recovery on low income housing should not be limited to financial costs but should be based on economic costs such as savings on subsidies on land cost and interest rates. The distinction between financial cost and economic cost is that in financial accounting terms subsidies would equate to zero if full project costs even based on reduced land prices, reduced interest rates and housing units sold below market price were all recovered. However in economic terms subsidies may still be substantial even after full recovery of financial costs. In recovery of financial costs housing beneficiaries pay for all costs incurred whilst in recovery of economic costs they pay for opportunity costs incurred in addition to the financial costs (Mayo and Gross, 1987).

Different methods and assumptions are made in computing full recovery costs for low-income housing projects and that reflects the elasticity of the concept of full cost recovery. Full cost recovery impacts on the abilities of the low income beneficiaries to afford adequate housing and its elastic nature makes affordability a relative or subjective phenomena, hence its social construction dimension. In the World Bank projects in Zimbabwe this elastic nature of "full-cost recovery" was not addressed in detail other than being set as an objective. There were no guiding parameters regarding the constituent elements to be targeted for cost recovery. It is therefore sceptical to concur with the view of the World Bank that these projects were on the basis of full cost recovery, without such full definition of "cost-recovery" in particular its failure to apply the distinction between financial cost recovery and economic cost recovery.

The concept of affordability as generally applied excludes the informal income and informal housing sector by opting for formal processes of employment and acquisition of shelter and not taking recognition of the informal processes that bring about large urban settlements informal as they may be. Consideration of the abilities of the poor reflected in informal settlements gives an indication of what the ultra-poor households can afford utilising local construction knowledge and materials and failure by authorities to incorporate this element of the informal sector in defining what the poor urbanites can afford is exclusionary. A perception of what constitutes affordability has been so socially constructed to exclude experiences of the informal settlements yet they continue to be a permanent physical form of urban landscape in developing countries the realities of poverty in developing countries may require a refocus of who affords what?

**The Social Construction of Risk Phenomena**

***Risk caution***

In the World Bank housing project in Zimbabwe, the participating building societies required as a condition for their participation in low income housing finance that the Government of Zimbabwe exempts them from the Reserve Bank of Zimbabwe statutory 23% reserve requirement as an assurance against the perceived risk lending to low-income groups (World Bank, 1996). This statutory requirement instructs the Building Societies to deposit a specified proportion of the funds invested with them to the national reserve bank. In this particular instance the Building Societies required to be exempted from this requirement so that they could invest equivalent funds to other higher interest bearing options and the benefits would offset the likely cost of risk in lending mortgages to the low income. This was a perception that financial institutions had against funding low-income mortgage as a risky business.

***The Role of Perceptions***

The role of risk perceptions in housing finance is that it influences the pattern of behaviour of both active and potential agencies of the housing delivery process in financing low-income housing. Active agencies are those already participating whilst potential agencies are those with a capability but unfulfilled desire to be involved in housing finance. If financial institutions involved in financing low-income housing projects create a perception that such business is of high risk, other institutions that have resources to potentially invest in housing such as insurance companies may not do so on the basis of the negative perception created. This concurs to the tenet in social construction that action or responses taken by society are based on existing knowledge (Burr, 1995). Potential agencies are in this case influenced by knowledge created by participating agencies that financing low-income mortgages is a risk prone business and this denies the low-income households neither alternative access to mortgage finance nor access to rented housing that could be developed by insurance companies and other institutions with equivalent resources. Whilst this is difficult to quantify it has a negative impact on access to affordable funding for low-income housing.

The flexibility in the definition and options of choice of definition of risk dependant on value judgements for the anticipated risk and the agency protecting against the

probabilistic eventuality is indicative of how it is a socially constructed phenomenon. The constructivist perception of risk is that it is a creation by social groups or institutions (Renn, 1992:69). The choice of definition of risk is essential in that it influences policy debates and allocation of resources in relation to relative risk of available options (Fischhoff et al, 1993:30). Those economic sectors perceived as risk arenas like low-income housing attract less resource investments. The way risk is defined is an expression of a view regarding the importance of anticipated adverse effect (ibid: 31). Bradbury (1989) in Renn (1992:55) identifies two concepts of risk, firstly risk as a physical attribute and secondly as a social construct. As a social construct risk is caused by and its consequences mediated through social processes (ibid: 61). It is through such social processes that the ability to construct a perception of risk and be influential is a political process that is based on power to control and manage public perception. This is the basis of the power of anti-welfarism (Culpitt, 1999:1) exhibited by the neo-liberal school that perceives low-income mortgage financing as a risk that should not even be borne by the state.

***The Role of Economic Models***

In the housing sector anti-welfarist economic models like the neo-liberal model results in the perception that financing low-income housing is not only comparatively unprofitable but also carries negative elements such as mortgage defaults and thereby shun potential financial players to the housing sector. In his argument for social policy intervention to manage risk Culpitt raises a pertinent question of whether in a "marketised and deregulated world we can no longer speak of mutuality or concern or obligation beyond that owed to those most intimately involved with us?" In particular this places issues of risk in the context of collective concerns about care and justice (Culpitt, 1999:2). This question is essential to debate on financing of low-income housing in the background of it perceived as lowly profitable or unprofitable yet housing is a basic human need. In particular this is a dilemma of social need for housing against the economic need for profiteering.

In a welfarist regime the state has a morale responsibility to supply adequate shelter for its citizens whilst in the neo-liberal regime the role of the state is limited to a facilitative function as the provision of housing is left to the market. The neo-liberal market oriented policies have instituted new political and administrative patterns that have weakened the traditional interventionist welfare state (Culpitt, 1999:5). The dilemma for developing countries is that such "hollowing out" of the state (Jessop, 1994) that involves the "divesting of state responsibilities" (Edgar et al, 2002:25) upwards to supra-national organisations such as the World Bank, the downward transfer of responsibilities to the local government and dispersion outwards to non-governmental organisations and private enterprises has not been supported by the establishment of such institutions, and where established they have been ineffective and unsustainable and the heavy state responsibilities have landed on the poor households leaving them with no recourse for their housing plight.

The rhetoric of risk as presented by the neo-liberal principles that are in support of individualism and "hostile to the legitimacy of the other" (Culpitt, 1999:6) are anti-welfarist. Even developed countries like the United Kingdom experienced the shift of financial risk in housing from the state to the market and subsequently to the individual household (Croft, 2001). In developed countries this shift prompted social

security measures such as housing benefits to be put in place despite condemnation that these were inadequate to protect against the crystallisation of risk into household debt (Croft, 2001) as opposed to being the responsibility of the state to provide housing. The dilemma in developing countries is that despite also experiencing the hegemonic power influence of the neo-liberal agencies of shifting the role of providing low-income housing from the state to the individual, this was not accompanied by provision of social benefits such as housing benefit to the less privileged. Therefore the low-income housing regime in developing countries has insufficient and ineffective institutional establishment to share the risk load that had traditionally been the responsibility of the state and yet it also has no recourse to safety nets such as housing-benefits or forms of housing subsidies. While the world experiences shifting dominating economic models the dilemma for developing countries is that this has not been complemented by neither supportive institutional frameworks nor supportive safety nets in form of subsidies and housing benefits to the less affording households. In this respect any call from the neo-liberal school for less state funding of low-income housing is premature for developing countries as it effectively excludes the poor to access shelter.

According to Culpitt (1999) neo-liberalism has given a new definition to the role of the state characterised by a shift from state concern with welfare to protection of individual autonomy. In this shift, the state is expected to be accountable and less responsible (ibid: 9). The implication of this to housing is that non-profitability and perceived risk in low-income housing traditionally borne by the state is being shifted to the market. As the neo-liberal thrust is based on individualism, the risk load is ultimately borne by an “individual.” In the case of the World Bank projects in Zimbabwe, the limited role of the state meant that the risk element was shifted to the building societies that responded by requesting the state to relax the statutory requirements on liquidity reserves as a way of managing the risk that had then shifted from the state to the building societies. Pratt (1996) in Culpitt (1999:9) notes that the shift from welfarism to neo-liberalism creates “new risk groups and new strategies for risk management.” Neo-liberal strategies have therefore shifted the risk from the state and the building societies became the “new risk group” or “risk arenas” (Renn, 1992).

***The New “Risk Arena”: The individual***

A key aspect of risk in housing is understanding how the new risk groups or risk arenas such as building societies have reacted to the structural shift of risk from the state to themselves as this explains further the construction of risk in low-income housing. Renn (1992:71) observed that the way risk is constructed is a reflection of interests and values of the institutions in the risk arenas. The reaction and pro-action of building societies to risk in housing is better explained in the context that modern society is a “new contractual and consensual society” in which risk is intentionally structured (Culpitt, 1999:2). Such a society is what Beck (1992) generally refers to as “risk society.” The building societies use their powers to issue conditional mortgages that are contractual and the mortgagors are consensual to such conditions. It is through such contractual and consensual structures that the risk burden is shifted from building societies to the individual household. This individualisation of the risk is typical of neo-liberal preferences and emphasis. Furthermore, risk policies are a

product of struggles between participating actors to impose their meaning of risk on others (Renn, 1992:71).

The market place liberalism resulting from neo-liberal preferences has been dominant over principles of welfarism to an extent that articulations of demonstrated and expressed need for social services such as housing receive less priority against logic of costs and apportioning of limited economic resources, hence the dearth of social responsibility (Giddens, 1994 in Culpitt 1999:12). On this basis neo-liberal policies have eroded the power of the state to provide low-income housing despite overwhelming and demonstrated need. The dominating power of the neo-liberal policies has culminated in the perception that low-income housing should be left to the market to provide. In so doing the neo-liberal principles imply that if low income housing is unprofitable and risky to the private sector business then it shall not be provided institutionally but rather left as an individual household responsibility. The neo-liberal position argues for the lessening of risk not the meeting of need (Culpitt, 1999:35). The dilemma for developing countries is whether the state provides housing as its social responsibility or avoids risk in housing as dictated by the neo-liberal policies of international agencies such as the World Bank.

A sociological approach that assists to explain how risk in housing shifts from the state through institutions like building societies and ultimately to individual households is provided by Renn (1992) in his “individualistic versus structural approach” to risk analysis in which the unit of analysis is either the individual or a social aggregate such as an institution, a social group or a society. In this approach a complex social phenomena is not explained by individual behaviour alone but by reference to the interactive effects among individuals and larger units (ibid: 69). In a similar explanation of modernisation Beck (1992:2) noted that modernisation is characterised by agents becoming more individualised and free from the structure and this is perceived as necessary for modernisation to proceed. It is in such rhetoric of “modernisation” that the neo-liberals exclude the poor from receiving a share of the distribution of the national resource. In Zimbabwe this has been reflected by a zero budget for new housing development despite the government adopting a national housing policy since 2001 (Moyo, 2004).

The question of risk in low-income housing has been constructed in such a manner that the low-income household as an individual is perceived as a source of risk. This is the consequence of the modernisation paradigm that perceives modernisation as a way that the individual becomes the focus and less priority given to the more encompassing structure of public need. A more encompassing approach that explains risk in terms of its distribution to all agents involved in housing delivery than simple individualisation would be more in line with the comprehensive approach to housing analysis and study. The individual-structural duality of the modernisation paradigm has reformulated the housing question from a public need to individual household need leading to the privatisation of otherwise a public concern. This is a shortcoming of the socially constructed risk because the household is subject of an environment that he or she may have no power to influence such as the state of the economy, employment to guarantee income and state statutory regulations. These environmental aspects contribute to the risk phenomena in housing and are more pronounced in economies of developing countries characterised by weaker political

and economic conditions. Therefore focusing risk strategies on the household in developing countries and not on the basis of social need is a limitation in the housing delivery process.

The shifting of risk arenas to the individual may explain the basis of the World Banks "Self-help" housing principles for low-income housing. Contrary to the general perception that self-help housing programmes were an opportunity to exploit the ingenuity of the poor household to provide shelter for themselves they were a product of neo-liberal policies aimed at shifting the risk in housing from the state to the individual household. Successful experiences of some self-help projects are simply an indication of the robustness of the desires of the poor despite being on the downstream of the risk burden.

***Corporate "metamorphosis" and Risk***

The development of corporate missions also reflects the social constructed nature of risk as they shift their basis of justification of risk concern. Lusser (1996:9) outlined historical reasons given by corporations for their concern with risk in business. Firstly it was about risk concern by owners of firms so that elimination of risk was of benefit to the owners of business. In subsequent years risk was explained in terms of need for companies to diversify their business interests and present concern with risk is perceived as a way of increasing the value of firms. Corporate risk management is now characterised by shifting it to individuals, as this is perceived as an enhancement of shareholder value to concerned organisations that include building society investment contributors. The interest of building societies in this respect is to enhance the growth of investments from individuals and institutions by avoiding exposure of such resources to risk associated with mortgage financing of low-income housing.

Such progressive shift in justifying concern with risk by corporations is indicative of their desire to protect private rights. Therefore concern with risk is essentially concern with the ideological differences between private and public realities (Culpitt, 1999:6). Risk is thus a construction in the frictional space of the interactive private and public domains in society. As a result of such public-private inter-phase of risk the need for public policy to deal with the consequences of the socially constructed risk in housing is essential with the intention to balance both private and public interests. This implies that the financial and economic interests of the private sector need to be harmonised with the social and political interests of the state and the basic human need for housing. This could only be successful through policy initiatives and intervention by the state. However the influence of supranational agents such as the World Bank tends to influence the "hollow" state against balancing the public and private interests. Without public policy intervention the market is unlikely to balance such public-private dual interests.

***Management of Risk Perceptions: Need for Public Policy Intervention***

Garland (1997) in Culpitt (1999:1) observed the need for public policy intervention to investigate the moral intentions of the capitalistic neo-liberal systems relationship to the real world. Culpitt (1999:4-6) argued that social policy theory tends to be more about minimisation of risk than ensuring justice and therefore challenges the "watertight obviousness" of the neo-liberal stance that is anti-welfare provision by the

state. The provision of low-income housing should not only be limited to decisions on risk minimisation but is about justice to mankind and the public, in particular the poor peoples' quest for shelter. The limitation of the neo-liberal position to housing is that it rejects the question of need and social justice in housing the poor. Such a position should be altered through policy intervention.

Neo-liberalism has relegated intentions of social justice as a remnant of failed socialist perspectives and that social justice can only be a product of a strong economy (Culpitt, 1999:8). However in terms of the constructivist paradigm the understanding of the world is pluralistic and the understanding of the world is made of different interpretations of it (Schwandt, 1998; Denzin and Lincolin, 1998). The neo-liberal perception that low-income housing can only be socially provided based on a strong economy is in the view of the constructivist only part of reality. The constructivist view is that even poor economies need to provide shelter to its citizens and one of the options for the support of this view would be through a deliberate social policy that disregards the neo-liberal perception as the only option and push for an alternative or parallel option to it towards the alleviation of the housing problem. The consequence of the neo-liberal perception on housing is essentially that poor developing countries with failing economies should not finance shelter initiatives. However an alternative perception is that social responsibility is not only for the strong economies but weaker economies as well.

Society is getting more complex and this has potential for creating conflicts in future that would require intervention by regulation despite the growing rhetoric on "deregulation" and "regulatory reform" (Lusser, 1996:7). Moreover in the modernisation process the production of wealth is systematically accompanied by increase in social production of risks (Beck, 1992:19). The housing sector being part of a society that is getting more complex and characterised by conflicts and risk borne out of modernisation processes can therefore not escape the prevalence of risk hence the need for policy intervention to realise successful provision of low-income housing within such risk society. As observed by Lusser (1996), regulation enables for the realisation of special interests. The fact that low-income housing is perceived as unprofitable and a risk to private business yet shelter is a basic human need qualifies low-income housing as a "special interest" that can be realised through deliberate policy initiatives that take into account such perceptions of the provision of low-income housing as unprofitable and risk prone business.

In dealing with risk it is more important to efficiently allocate it than avoiding it (Hellwig, 1996:31). The equitable allocation and distribution of risk in housing is unlikely to be achieved through market conditions of neo-liberal policies that avoid risk but through social policy intervention by the state. As observed by Beck (1992:20-23) modern societies are shifting from "wealth distributing" to "risk distributing" and the result of this is that in line with inequalities of social class positions some people are more affected than others by the distribution and growth of risks thereby creating different social risk positions. The pattern of the distribution of risk is inversely to that of the distribution of wealth in that risk accumulates at the bottom of the social class positions, hence poverty attracts more risks (ibid: 35). This raises a social responsibility need to protect the poor from exclusion resulting from their social risk position. The challenge to low income housing delivery is on how to

alleviate such inverse accumulation of risk to the low-income households in search of access to adequate housing.

The standard mortgage arrangements offered by building societies are mainly based on the existence of a secure labour market in a world where people worked uninterrupted over the 25year mortgage repayment period. As observed by Blackburn (1999) that changes from permanent work employment to short term contract work are a contrast to the basis of the original formation of building societies that were not only influenced by the pressing need for housing brought by the era of industrial revolution of the 19th century but also attracted by permanent wages from the industrial workers at that time that could be saved to generate substantial funds for housing development. However there is growing evidence of insecure employment contrary to traditional mortgage expectations and this has increased risk in the mortgage market (Dudleston, 2001). Even in developed countries there is an increase in part-time workers, the self-employed and temporary workforce (Blackburn, 1999, Dudleston, 2001). The situation in developing countries is more pronounced as it is characterised by dwindling economies and shrinking employment opportunities all in the background of high poverty and disease and low life expectancy. There is therefore need to introduce “flexible mortgage” (Dudleston, 2001) that take into account the instabilities of the labour market and the broadly unfavourable socio-economic environments in developing countries. However without a social policy in place to persuade the private financial institutions involved in housing to accept the new nature of the employment market the building societies would continue to perceive the new employment trends as indicative of the growing or enlarging of risk in the housing sector and not as a matter of reality to be incorporated in future housing policies and new strategies for mortgage lending.

Although risk in housing is generally discussed as impacting on the financing institutions, the discussion on the definition and social construction of risk shows that the scope of the risk phenomena is distributed through a wider range of major agents of the housing delivery process. It is this ability of risk to diffuse through all social fabric that Beck (1992) referred to as the “boomerang effect,” the way that risk affects not only those targeted by the design of risk but also those who “produce or profit from them.” This wholesome impact of risk on the housing delivery system calls for a holistic and comprehensive strategies of distributing risk in the delivery of low-income housing and it is through a social policy intervention that such comprehensiveness may be appropriately applied. The management of risk should not be confined to the financial sector of the housing delivery process and policy intervention would acknowledge that the risk dilemma also exists outside the housing finance agents, as the trend has been to shift such risk to the poor individual household.

**Defining “partnership”: critical analysis of the instrumental case study**

A third key theme identified from the instrumental case study in addition to affordability and risk is the principle of partnership in housing development, policy and strategy formulation. It is generally accepted that the housing crisis could be resolved to some extent through partnership engagements between public, private, non-profit organisations, civil society and the homeless themselves. The World Bank co-sponsored project in Zimbabwe brought together what appeared as a formidable

partnership between a powerful international agent (the World Bank), the State (Government of Zimbabwe), the private sector (Building Societies) and the homeless themselves. However, despite the good intentions of this "partnership" it turned out to be a cluster of agents with dominantly incongruent interests in low-income housing (Moyo, 2004a).

***Was it a "partnership"?***

The difficulty in evaluating the effectiveness of any partnership is that the term "partnership" is ambiguous as it may have different meanings to different people (Roberts et al, 1995). In a simplified definition of partnership the Association of Metropolitan Authorities (1994 in Roberts et al, 1995) argued that partnership was about independent organisations coming together with the aim of working towards a shared or compatible end (ibid: 7). In terms of this simplistic definition the coming together of the World Bank, the Government of Zimbabwe, the Building Societies and local authorities to deliver low income housing in identified urban areas in Zimbabwe constituted a partnership. Roberts (1995:6) observed that in an ideal situation partnership achieves "synergy by pooling resources and gaining coordinated action, avoiding duplication and achieving more than the sum of its parts." In terms of this view the partnership of agents involved in the instrumental case study may have intended to produce the quality and quantity of housing in a manner that each of the agents may not effectively have produced individually. At surface manifestation the institutional interaction of organisations that participated in the project may appear to have been an ideal partnership in terms of a shared intention, synergy intentions and coordination but a critical analysis reveals that the partnership failed to deliver its synergistic intentions as evidenced by the failure of the building societies to supply the intended mortgage finance, the premature declaration of project closure by the World Bank that was not in harmony with the programme of works by the participating local authorities (based on the interviews with officials of the City of Bulawayo), the near passive participation of local authorities and lack of input from the targeted beneficiaries.

Butler and Gill (1999:70) give a more developed definition of partnership as co-operation of inter-organisational relationships based on negotiated commitments and obligations. A critical appraisal of the instrumental case study in terms of this view of partnership shows that it had shortcomings in that although there was inter-organisational interaction there appears to have been no significant "negotiation of mutual commitments and obligations" as characterised by passive participation of local authorities and beneficiaries and the un-negotiable conditions of the World Bank.

Linder and Rosenau (2000) provide another comprehensive definition of partnership by distinguishing a three-pronged logic to the understanding of partnership between the public and private sector. These criteria are the substitution logic, the pragmatic logic and that of subsidiarity.

In terms of the substitution logic the contraction of the responsibility of the state brings about an increase in the participation of the not-for profit organisations and the private sector in that area where the state has reduced its direct involvement. In terms of this view the provision of housing by the public and the private sector

constitute competing alternative approaches that are in conflict and a way of partnership therefore provides a compromise in the finance and delivery of housing in a way qualitatively different from either the private sector or the public sector yet in a way superior to each of them could achieve individually. Partnerships resulting from the substitution logic avoid extreme privatisation of the private sector and inefficiencies of monopolies associated with the public sector (ibid: 9-10). However critics of the substitution logic identify its weakness as its lack of accountability to the wider public (Butler and Gill 1999:69).

Looking at the World Bank housing project in Zimbabwe the study observes that the objective of the World Bank was for the increased involvement of the private sector financing of low-income housing and the corresponding reduction of state funding. Alternatively, the World Bank could have focused on private sector funding complementing public sector funding but the intention of the World Bank was the contraction of the state financial involvement in funding of housing. Therefore the intention of the World Bank was not complementary to the traditional effort of the state in the provision of funding for low-income urban housing.

If the nature of partnership were of the substitution logic the World Bank would have intended to contract the financial involvement of the state and thus allowing the private sector to come into low income housing finance and construction. The nature of partnership in that regard would have ideally provided an alternative option distinctively different from either public or private sector practice.

However, an analysis of the instrumental case study has no evidence of structural shifts from normal practice of the building societies regarding their restrictive and cumbersome rules for qualification for a low-income mortgage. The building society requirements for issue of mortgage were materially the same requirements imposed before the involvement of the World Bank and thereby excluding the ultra low-income persons including those in informal employment. Equally the requirements by the local authorities requiring applicants for a residential plot to be formally employed and have accumulated savings to meet “legal and municipal charges” did not constitute any substantive shift from its requirements before the World Bank projects. In addition the subsidiary agreement between the government and various local authorities did not reflect any shifts of the spirit and intentions of the neo-liberal thrust of the World Bank that was essentially not adequate to solve the housing problem of the ultra low income households in intended cost recovery housing programmes. Moreover, even in terms of organisational structures, both phases of the housing projects did not have an independent set up that controlled the project but was basically run by the organisational establishments of the participating agencies. The World Bank appointed its own Programme Coordinating and Monitoring Unit within the Ministry of Local Government that had essentially a duplication of some roles of the Ministry of Local Government particularly its co-ordination and supervision functions capped this shortcoming.

The World Bank, the State, the local authorities and the building societies all maintained their respective organisational interests without reformulating themselves into the “third way” option that would have integrated the advantages of all the agencies involved. The projects did not formulate any distinct alternative practices

neither through practice nor requirements. The participating agencies did not produce hybrid conditions distinct from individual practices of the participating organisations hence the argument that this was not an ideal partnership.

The second view to the definition of partnership discussed by Linder and Rosenau (2000) is the pragmatic logic that views the public-private policy relations to be on a continuum and not antagonistic nor substitutive. In terms of this view when the state faces fiscal problems its capacity to provide services is reduced and a partnership arrangement in this instance seeks to find ways to “leverage public resources with private” creating profit-making opportunities for the private sector participation (ibid: 8-9) or the state induces the private sector through a process of persuasion rather than command to enjoy market and political benefits (Houlihan, 1988:59).

The pragmatic view argues that the traditional public financing and provision of services and the private sector financing and provision of services are at two opposite ends of a continuum and partnering would take up a position between the two ends and consequently an infinity number of mix options exist. One of the possible options could be either the investment resource coming from either the public or private sector and the service being provided by either (Butler and Gill, 1999:75). However a criticism of the pragmatic logic is that the public–private partnership options are multi-dimensional with many possible combinations such that they cannot all be captured or ordered along a single continuum (Linder and Rosenau, 2000:10).

In applying the pragmatic view to explain the nature of partnership in the instrumental case study the coming together of the public and private sector would have taken a position along the state-private sector continuum. The coming in of the private sector would have meant to complement the resources of the state in financing low-income housing and not to replace it. Although the state provided substantial financial resource to the projects the long-run objective of the World Bank had been that the state would in future not provide such funding but was to create conducive environment for the private sector to provide such funding. The fact that the state and the private sector both supplied financial resources was a default situation and not a long-term partnership envisaged by the World Bank.

In terms of the state providing inducement to the private sector, the study observes that the state initially induced the building societies to participate in providing low-income mortgages by relaxing the statutory requirements. Such inducement was necessary in terms of the pragmatic view to partnership and when the state withdrew this inducement the building societies correspondingly stopped issue of mortgages at that point. The World Bank and the Commonwealth Development Association also played a role in inducing the private sector building societies by providing seed capital principally for the upgrading and development of the information technology required for efficient administration of the mortgage system. The state had also induced the building societies by legislating for building societies to issue mortgages in a closed circuit system that reduced competition from larger and more resourceful commercial banks, pension funds and insurance companies. The state had also persuaded the building societies to provide mortgage lending to low income by regulating that a substantive proportion of the tax free Paid-Up-Permanent-Shares

(PUPS) be utilised in financing low income housing. However the persuasion by the state through the use of statutory control may equally be perceived as more of commanding than persuading the private sector, which is contrary to the view of the pragmatic view to partnership.

Subsidiarity is the third view to partnership given by Linder and Rosenau (2000). In this view the public-private partnership does not signal a decline of either sector relative to the other but refers to the assumption of roles by local based institutions working in collaboration with the private sector and the state. The criticism of this view is that it may give an impression of a private sector that can operate outside the control or influence of the state (ibid).

In terms of the subsidiarity view local entities like local authorities assume a leading responsibility in housing provision but in collaboration with the state and the private sector. In the urban 1 and 2 projects it was apparent that local authorities had a very limited role to play in influencing the nature and characteristics of the project but were simply subordinates to the whims of the state that was in turn playing to the rules of the World Bank. The nature of the subsidiary agreement signed between local authorities and the Government of Zimbabwe is indicative of the "cloth cut-to-fit" the conditionality of the World Bank for loan lending to the government. Moreover the local authorities were required to sign up the subsidiary loan agreement that did not stipulate the amount of loan involved. Even the tender contract documents for infrastructure provision signed between the local authorities and the private sector consultants and contractors were standard World Bank bidding documents that consultants and contractors in Zimbabwe were not familiar with. In addition pre-qualification evaluation of tentative consultants and contractors required the approval of the World Bank.

The experiences from the project clearly show that the nature of partnership was never that of subsidiarity. Therefore the desires by local authorities to have had effective role play is essentially a call for a subsidiary type partnership where local authorities would have played a more significant role in delivering housing in collaboration with the state and private sector. But as already discussed in this paper, the "hollowing out" of the state in developing countries is defective as supportive institutions like local urban authorities are still under delegation of the state through the excessive powers of the responsible minister (Zimbabwe Urban Councils Act, 1996).

Therefore, despite the generally assumed good intentions of partnership arrangements in housing, the nature of partnership in the World Bank co-financed housing project in Zimbabwe was weakly bonded. The participating agents were not bonded to a "third-way" image but retained their intrinsic organisational differences. This resulted in each of the participating agents measuring the success of the project in accordance to its organisational interests and not in terms of a collective target. Fundamentally the partnership attempt failed in that it did not integrate the key themes such as affordability and risk issues to show how the form of partnership would make housing more affordable to the poor nor did it create mechanisms for

the distribution of risk among participating agents as opposed to loading risk to the individual household.

## Conclusion

The paper discussed how the three identified themes in low-income housing namely affordability, risk and partnerships are constructed on the basis of perception and interpretation in theory and practice. It is this underlying plurality of agents and elasticity of perceptions that establishes different incongruent interests to the low-income housing problem. The application of the theory of social construction in explaining the housing problem is valuable in that it enables for the identification of the various intricate and inter-related social processes that constitute the urban housing dilemma in developing countries. The dilemma for the poor in developing countries is that the interpretation and perception of affordability and risk as projected by the neo-liberal school further excludes the poor from access to adequate housing. The dilemma is worsened by the fact that the use of partnerships as a solution to the alleviation of the housing crisis may not always be positively effective particularly if it fails to manage affordability and risk perceptions to the advantage of the poor households in the face of the growing ruthlessness of the market that is any event not accountable to its "market failure." The challenge is on how to reconcile the different organisational interests that are individually interested on specific and at times contradicting aspects to the low-income housing. Whilst the neo-liberal economic model shifts the risk factors from the state and other participants involved in housing delivery to the poor home-seeker, such a situation is a double tragedy in developing countries where the burden is not only on carrying the risk load but there are insufficient supportive institutions to assume some traditional state functions as the nation state "hollows" out. Alternative institutional agents would enable sharing of risk and thus making housing more affordable to the poor. In developing countries, the state has "hollowed" into a downward and lateral vacuum and the continued dearth of the local authority responsibilities in the provision of low-income housing and a scarce role played by not-for profit organisations leaves the poor urbanites with very little opportunity to access housing.

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