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HOUSING COOPERATIVES IN THE DEVELOPING WORLD

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Abbreviations

CCU	Centro Cooperativista Uruguayo
CLT	Community land trust
CODI	Community Organizations Development Institute
COTU	Central Organization of Trade Unions
FECOVI	Federación De Cooperativas De Vivienda De Usuarios Por Ahorro Previo
FENACОВI	Federación Nacional de Cooperativas de Vivienda
FUCVAM	Federacion Uruguaya de Cooperativas Vivienda por Ayuda Mutua
ICA	International Cooperative Alliance
NACHU	National Cooperative Housing Union
NCHF	National Cooperative Housing Federation
SAHCA	South African Housing Cooperative Association
SHF	Social Housing Foundation
UNCHS	United Nations Centre for Human Settlements
UN-Habitat	United Nations Human Settlements Programme

Introduction

Housing cooperatives have had a long history of evolution globally. They emerged in European countries in the late nineteenth century and have since been adopted by countries across other continents. The cooperatives have re-emerged as important organizational elements of housing in developing countries in the face of the neoliberal policies that swept across during the early 1990s. The 'enabling' approach emphasized by the World Bank (1993) and the United Nations Centre for Human Settlements (now UN-Habitat) Global Shelter Strategy in 1988 (UNCHS 1996) sought to reduce the scope of the public sector as a provider, while enhancing the role of the private housing markets. With the retreat of the public sector, and the inability of the private sector to cater to low-income groups, third sector organizations like housing cooperatives gained significance in developing countries. This chapter provides

an analysis of the role of housing cooperatives across the developing world, specifically in Asia, Latin America, and Africa. The purpose of the analysis is to highlight the common roles played by the cooperatives and to identify the specific institutional conditions that enhance these roles. The analysis is important since there is little systematic examination of evolution of housing cooperatives across the developing world.

To analyse the housing cooperatives, I differentiate between *organizations* and *institutions* (North 1990). The organizational analysis focuses on the internal organizational characteristics and functions of the housing cooperatives; the institutional analysis examines the broader legal, social, and political economic context in which housing cooperatives evolve. Broadly, housing cooperatives are collective organizations formed for fulfilling shelter-related objectives, such as collective ownership and management, housing finance, building construction, land assembly, etc.

As collective organizations, cooperatives are regaining policy interest in developing countries. Recognizing the significance of housing cooperatives, the UN-Habitat (2000) carried out a broad assessment of cooperative housing strategies in eastern and southern African countries, such as Kenya, South Africa, Tanzania, Uganda, and Zimbabwe. Vakil's (1999) literature review of 30 cases of community-based organizations in Africa and Latin America between 1964 and 1994 shows that an overwhelming majority (22 of them) were organized as cooperatives. Newer forms of collective organizations, such as community land trusts, bear significant synergies with housing cooperatives (UN-Habitat 2012). The United Nations has recognized 2012 as the International Year of Cooperatives. Birchall (2003, 2004) argues that cooperatives are key organizational partners not only for reducing poverty, but also for attaining the Millennium Development Goals. In the housing sector, cooperatives are useful mechanisms for social housing and to foster community action (e.g. by empowering slum-dwellers).

As this chapter shows, housing cooperatives have had an uneven history across the world. At the institutional level, the broader legal and political economic system may or may not be conducive to the growth of housing cooperatives. The legal framework is important for the formation and functioning of cooperatives. Furthermore, institutional structures that support the cooperatives administratively, financially, technically, including access to land, enhance the ability of housing cooperatives to increase their activities.

The rest of this chapter is structured as follows. The subsequent section highlights the organizational principles of housing cooperatives. Then, the evolution of housing cooperatives in Asia, Latin America, and Africa is examined. Next, the key roles played by housing cooperatives in developing countries are identified. After this, the roles of the institutional framework and the institutional structures in the growth of housing cooperatives are examined. Lastly, the chapter concludes with the institutional conditions for expanding the role of housing cooperatives in the developing world, particularly for low-income households.

Cooperative organizational principles

Cooperatives emerged in European countries in the nineteenth century. In England, consumer cooperative stores began in Rochdale in 1844. Different types of credit cooperatives (e.g. Schulze-Delitzsch, Raiffeisen) emerged in Germany in the 1850s (Guinnane 2001). The cooperatives have diffused across the developing world since then. The International Cooperative Alliance (ICA) formed in 1895 modified and adopted Rochdale principles to

define an internationally accepted meaning of the cooperative. Currently, there are seven such cooperative principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and a concern for community. Viewed from their internal organizational principles, cooperatives are voluntary third sector associations (Silver 1991) that are distinct from the first (public) and the second (private) sectors. However, the characteristics of the cooperatives differ between countries based on the institutional context (Ganapati 2010; Ruonavaara 2005).

Two of the above principles are central to most cooperatives: collective ownership and democratic management. Collective ownership entails that members jointly own resources of the cooperative. Members collectively pool their investment resources in the cooperative for achieving certain common objectives. A member's investment is often in the form of share capital, but it could also be in the form of material inputs, labour, or land. Democratic management entails participation of members in monitoring the cooperative. They are self-governing organizations, owned and managed by members as a group. Members share the cooperative's benefits. Democratic management implies that members have equal voice in the decision-making process. That is, decisions are based on the 'one member, one vote' principle, unlike other shareholding firms where decisions are made based on a 'one share, one vote' principle.

In terms of housing, cooperatives entail collective ownership and management of one or more resources according to their housing objectives. In developing countries, generally three types of housing cooperatives can be identified based on their housing objectives: tenure, building, and finance cooperatives. Tenure cooperatives are largely for collective ownership and management of housing. In this, cooperative housing is differentiated from condominiums: in a cooperative, the co-op owns the building, and members own shares in the co-op; in a condominium, the individual owns the housing unit. The distinction is, however, ambiguous in developing countries where individual ownership could exist under a cooperative nomenclature. The tenure cooperatives are also called continuing cooperatives since collective ownership is perpetual. Building cooperatives are oriented toward land development and housing construction. They are also called development cooperatives. Finance cooperatives mainly lend money to members for housing purposes. Of course, these three types are not mutually exclusive or exhaustive. Hybrid cooperatives could be involved in housing construction, finance, and management as well. Informal cooperatives in developing countries function in similar ways as the formal cooperatives, albeit without formal legal recognition as a cooperative.

The democratic values of the collective lend themselves to mutual self-help in the cooperatives (Lewin 1981; UNCHS 1989). Indeed, cooperatives are important mechanisms for assisted self-help, bringing together state subsidies and individual responsibility through equity participation (Hermanson 1999; Mathéy 1992; Rondinelli 1990). Bredenoord and Van Lindert (2010) argue for assisted self-help, whereby the state could give basic (e.g. access to land) or additional (e.g. technical, microfinance opportunities) assistance. Self-help housing cooperatives could span across the functions of all three types of cooperatives. Cooperatives enable self-help in construction, whereby members put in sweat equity for building or supervising the construction. Not paying wages to contractors or other skilled workers reduces the construction costs. In low-income communities, where individuals may have difficulty accessing formal credit, membership in cooperatives helps pool their resources (e.g. for financing, to buy materials) (Rondinelli 1990). Self-help in tenure cooperatives entails that the members

collectively manage their housing developments themselves. Member participation in such management is arguably a key stepping stone towards community development and enhancing psychological ownership (Birchall 1988, 2003; Zeuli and Radel 2005).

Housing cooperatives in developing countries

Housing cooperatives in Asia

Housing cooperatives have been active in South Asia since the beginning of the twentieth century. The British introduced Raiffeisen type credit cooperatives as development organizations in the early twentieth century (Rhodes 2012). As Catanach (1970: 3) argues, the cooperatives were, 'to begin with, the creation of the state'. Wolff (1920: 11) observed that these cooperatives were clearly a product of government measures, so that the cooperative's 'character and its objects come to be altogether misunderstood by those for whose benefit it was introduced'. The Co-operative Societies Act passed in 1904 formed the basis of emergence of credit cooperatives in British India (presently India and Pakistan). The 1904 Cooperative Societies Act established a key enduring pillar of the cooperative institutional structure – the Registrar's Office. The Registrar was a special government officer who controlled the development of cooperatives in each province. The Registrar's Office gained immense significance over the years and became pivotal for the development of cooperatives.

Housing cooperatives, which were active in mainly a few provinces (e.g. Bombay, Madras) before India's Independence in 1947, have boomed since then (Ganapati 2008). The number of primary housing cooperatives increased from 1,482 in 1950–1951 (Ganapati 2007) to nearly 100,000 in 2010–2011 (CECODHAS Housing Europe and ICA Housing 2012); the membership grew from under 1 million to nearly 7 million during the same period. Cooperatives contributed about 17 per cent of the housing stock during the 10th Five Year Plan period (2002–2007) (CECODHAS Housing Europe and ICA Housing, 2012).

The National Cooperative Housing Federation (NCHF) formed in 1969 has been instrumental in establishing a nationwide two-tiered institutional structure of state level secondary Apex cooperatives to mobilize finance for primary cooperatives. The Apex cooperatives helped enhance the growth of primary housing cooperatives, despite the economic liberalization policies since the early 1990s when direct state support to cooperatives waned (Ganapati 2007). The forms of primary cooperatives vary across the states. The tenure cooperatives, also known as *tenant ownership* or *tenant co-partnership* housing societies, are active in Maharashtra and New Delhi. Finance cooperatives are principally in Tamil Nadu. Building cooperatives and other hybrid forms are also distributed across the country. Although cooperatives are active across other Asian countries, they are not as pronounced. In Pakistan, there were over 2,600 primary housing cooperatives with about 1.95 million members in 2011. Based on the township model, the cooperatives established large-scale residential developments on land provided by the state (CECODHAS Housing Europe and ICA Housing 2012). There is no nationwide institutional structure supporting cooperatives; cooperatives have grown to the extent provincial governments have supported them. Moreover, there have been intermittent bans on registration of new cooperatives due to corruption scandals (CECODHAS Housing Europe and ICA Housing 2012).

Cooperatives have been used in divergent ways as instruments of collective financing or land ownership in some East and Southeast Asian countries. In Thailand, the nationwide slum

upgrading (*Baan Mankong*) programme, which supported over 1,000 communities, started with encouraging community savings groups and building networks of poor communities. A key aspect of the programme was to promote collective land ownership through community cooperatives that received low-interest loans from the Community Organizations Development Institute (CODI) (Boonyabanha 2009). The programme promoted shelter improvements while maintaining community cohesiveness (Archer 2012). In China, housing cooperatives emerged in the 1980s, but gained traction with housing reforms in the early 1990s. The government encouraged the cooperatives as joint investment mechanisms through the work units (*danwei*) as a part of the Economical and Comfortable Housing (ECH) programme (Deng *et al.* 2011). In this, individuals and work units invest in the cooperative housing schemes, while the state provides land and tax concessions (Zhang 2006).

Housing cooperatives in Latin America

Among Latin American countries, Uruguay's housing cooperatives are hailed as a model for mutual assistance. Unlike the Asian countries where the state played a key role in setting up cooperatives, the *Centro Cooperativista Uruguayo* (CCU), a non-profit organization founded by Catholic activists, played a catalytic role in Uruguay. Housing cooperatives became a significant social movement in the country, championing public participation, solidarity, and even resisting the state (Canel 2010; Frens-String 2011; Oliver 2012).

The landmark National Housing Law (13.728) of 1968 provided the legal basis for cooperatives to emerge. The CCU strongly influenced the inclusion of cooperatives as means for social housing for workers, which then helped establish a firm place for cooperatives in the country's housing market in the long run. The law enabled collective ownership rights and identified two cooperative models: the *ahorro previo* model for middle-income households to pool their collective savings and construct cooperative neighbourhoods; and the *mutual aid* model of self-help, mutual assistance housing for low-income households (Frens-String 2011). The CCU facilitated the formation of the *Federación Nacional de Cooperativas de Vivienda* (FENACOVI) and the *Federación Uruguaya de Cooperativas Vivienda por Ayuda Mutua* (FUCVAM) to support the two types of cooperatives, respectively (Canel 2010).

Housing cooperatives grew remarkably in the early 1970s, contributing over 40 per cent of the housing stock (Khor and Lin 2001). However, the activities of cooperatives were dampened during the civil-military dictatorship between 1973 and 1985, when the regime adopted neoliberal free-market policies, pre-empting collective efforts of cooperatives and labour unions. FENACOVI, for example was dissolved during this period (but it was later reconstituted to become *Federación De Cooperativas De Vivienda De Usuarios Por Ahorro Previo*, FECOVI in 1984). Other constraints on financing and collective ownership rights affected cooperative activities drastically. The share of cooperatives to the housing stock reduced to 10 per cent by 1979 (Khor and Lin 2001). After the military regime ended, cooperatives began to limp back assisted by their political efforts to be included in the national housing strategies.

Despite the challenges, FUCVAM and FECOVI have been actively promoting housing cooperatives in the country. The number of housing cooperatives grew from 365 in 1989 to 581 in 2009 and accounted for nearly half of the cooperatives in the country (Instituto Nacional de Estadística 2009). The FUCVAM model received the 2012 World Habitat Award and has been emulated in Brazil, Paraguay, Bolivia, El Salvador, Nicaragua, Honduras, and Guatemala; it is also being explored in Argentina, Chile, Costa Rica, Cuba, Ecuador, Haiti,

Peru, and Venezuela. Although cooperatives are increasingly adopted by selected communities in these countries, laws enabling cooperatives need to be strengthened (Fruet 2005).

Housing cooperatives in Africa

In Africa, cooperatives emerged in the 1960s when the countries gained independence and sought collective solutions to address development issues. Similar to South Asia, the governments have had a heavy hand in establishing and regulating cooperatives. Economic liberalization with structural adjustment policies during the 1990s sought to emphasize 'enabling' housing policies, reducing government's directive involvement in cooperatives and housing (World Bank 1993; UNCHS 1996). Since then, various international and non-governmental organizations (NGOs) have promoted cooperatives as independent third sector means of development (Develtere *et al.* 2008). The UN-Habitat (2000) recognized the importance of housing cooperatives within the enabling strategy. The International Labor Office (ILO) initiated the CoopAfrica programme as a regional technical cooperation programme in 2007 to mobilize the cooperatives as self-help mechanisms and to improve their governance, efficiency, and performance. Many African countries have since revised their cooperative laws over the past two decades.

Although uneven, housing cooperatives have increasingly become active in several African countries. In South Africa, housing cooperatives formally emerged only in the late 1990s (Rust 2001). Cooperatives have been increasingly promoted as means of social housing in the post-apartheid era for low- and moderate-income households. A concept similar to housing cooperatives was utilized in the People's Housing Process (PHP), a self-help social housing policy (Marais *et al.* 2008). The Social Housing Foundation (SHF), a non-profit set up in collaboration with the National Department of Housing in 1997 and funded by international organizations, has been instrumental in promoting the role of cooperatives as a means of collective ownership and secure tenure (SHF 2009). The SHF identified two types of housing cooperatives – *continuous* housing cooperative (which collectively own and govern the housing on a long-term basis, akin to tenure cooperatives) and *development* housing cooperative (which collectively develop housing for individual ownership, akin to building cooperatives). The SHF helped set up the South African Housing Cooperative Association (SAHCA) in 2004 in order to facilitate primary housing cooperatives, to strengthen support services to them, and to share knowledge among them.

In Kenya, housing cooperatives emerged in the 1980s with the establishment of the National Cooperative Housing Union (NACHU) in 1979 as a technical service organization. Housing cooperatives boomed during the 1990s, from 20 in 1990 to 424 in 2000 (reaching 512 in 2005) (UN-Habitat 2010). Kenya's housing cooperative activities are closely linked with the Apex cooperative. In 2011, NACHU had more than 390 registered housing cooperatives as members (NACHU 2012). NACHU came about through an initiative of the Central Organization of Trade Unions (COTU) which wanted to facilitate improved housing for its members (Alder and Munene 2001). It provides technical services as well as capacity building programmes to its member primary cooperatives. NACHU's main focus is on shelter for low-income communities. Financially supported by international organizations, NACHU has been notably engaged in providing microfinance loans (Merrill *et al.* 2007; Houston 2010).

Housing cooperatives have had a niche in a few other African countries. In Egypt, housing cooperatives grew from 1,660 in 1996 to 1,987 in 2005, spurred by the government-subsidized

loans to housing cooperatives (CECODHAS Housing Europe and ICA Housing 2012; Fahmi and Sutton 2008). Over the past decade, cooperatives have sought more autonomy in the new economic environment and have advocated for new cooperative laws. A similar push for new cooperative laws is also apparent in Ethiopia, where housing cooperatives gained ground under the auspices of the Derg military regime following the 1974 revolution (Tesfaye 2007). Government assistance in terms of access to land and subsidized financing assisted in the cooperatives' growth initially. Housing cooperatives grew from 51 in 1978 to over 3,800 in 2008 (Fisseha 1987; Emanu 2009). In Senegal, housing cooperatives grew mainly as a social movement during the 1990s in the face of the decline in housing provided by the state-affiliated housing associations. In 2005, there were over 600 housing cooperatives affiliated with the *Union Nationale des Coopératives d'Habitat*, the national Apex cooperative for housing (Fall 2008). Similar to Senegal, housing cooperatives grew as a movement in Zimbabwe during the 1990s (Kamete 2001, 2006).

Roles of housing cooperatives

As the above section shows, cooperatives play diverse roles in developing countries. Yet, two important and distinctive roles may be highlighted. First, the organizational characteristics of housing cooperatives and their role as social housing mechanisms for low- and moderate-income households should be noted. Second, housing cooperatives are useful vehicles for building community. In particular, cooperatives are used to organize slum-dwellers into informal or formal collectives to obtain group credit and to build self-help housing.

Cooperatives as means for low-income housing

Organizationally, the main emphasis of cooperatives is on the collective organization and management. Housing cooperatives are not specifically oriented toward any income group per se. On one hand, cooperatives have been used by high-income groups for housing exclusivity (e.g. New York; see Maldonado and Rose 1996). On the other hand, cooperatives have been vehicles for social housing, particularly in housing low- and moderate-income households. With the retreat of public housing for low-income households, and the inability of the private sector to accommodate these households, cooperatives have been viewed by developing countries as a mechanism to foster low-income housing (Fruet 2005). Yet, the use of cooperatives across the income groups could be useful in averting the stigma of cooperatives as solely low-income projects. At the same time, the high-income cooperatives may have more capacity to set up institutional support structures.

Can housing cooperatives bring affordable housing solutions in the developing world? Cooperatives hold several advantages for affordable housing to low-income households (Ganapati 2001; Saegert and Benítez 2005). First, cooperatives entail pooling of resources in the collective, which lowers the individual housing costs that each household would otherwise incur. Cooperatives provide a scope for scale economy in land, building materials, construction, financing, management, service provision, and other housing activities. Second, cooperatives entail member participation; the self-responsibility is mutually beneficial for members to reduce their housing costs. Third, credit worthiness of households rises due to collective pooling of resources. While the cooperative can capitalize on the collectively owned land and buildings, individual members can borrow money secured by their cooperative shares. Fourth,

cooperatives assist in limiting speculation since the cooperative could potentially limit the capital gains accruing to the member. Limited equity cooperatives, in particular, keep housing affordable by having the first right to refuse the purchase of a unit, by controlling the maximum price, or by putting income limits on the purchasers. Similarly, when members sell a house in cooperative land banks, the cooperative appropriates a part of the sale proceeds for the collectively owned common property; the household obtains the rest of the value, including the value of the housing unit (Turnbull 1983).

Empirically, housing cooperatives have indeed been used for housing low-income households. The cases of India, Uruguay, South Africa, and Kenya show that cooperatives have been used as means of such social housing. Cooperatives directly construct and maintain the housing, or provide finance, or both. However, the cooperatives do not reach down to the very low-income strata. The very low-income households require other public means of housing.

Cooperatives as means for building community

One of the seven core principles of cooperatives is the concern for community. While the cooperative builds internal ties between members, the members are also expected to have solidarity with the broader community. The cooperative principles are amenable to building social capital (Putnam *et al.* 1993). The social capital engendered in the cooperatives is useful on several fronts. The housing cooperatives in Uruguay are particularly good examples of how solidarity formed a basic tenet. Cities around the developing world have adopted housing cooperatives to foster community action. In Mumbai, dilapidated buildings because of rent control have been turned over to sitting tenants for building maintenance (Dua 1991). Public housing programmes in Navi Mumbai have also used cooperatives as a mechanism for collective ownership and management of the allocated housing.

Community land trusts (CLTs), which are often organized as cooperatives, are both mechanisms for affordable housing as well as fostering community action (UN-Habitat 2012). In CLTs, the land is collectively owned and managed, but members own the houses. The CLT model has been tried out in an informal settlement near Nairobi, albeit with limited success (Bassett 2005). Eco-villages, which are environmentally sustainable communities, are also usually organized as cooperatives (Dawson 2006; Jackson and Svensson 2002).

A notable use of cooperatives is in fostering community action and to ensure tenure security in slums, which are informal settlements where the residents typically do not have title to the land. Since the slum-dwellers do not own the land, they are under a constant threat of being evicted. Security of land tenure is therefore a crucial issue in slums. Slum-dwellers often form a large share (20–50 per cent) of the city's population in developing countries. Cooperatives have increasingly emerged as collective mechanisms to empower slum-dwellers and to give them a voice (Patel *et al.* 2002). Imperato and Ruster (2003) highlight how cooperatives have enabled community participation and slum upgrading in Latin American cities. Cooperatives also enable slum-dwellers to form informal credit groups and microfinance (Oyewole 2010). Such cooperatives assist in the economic advancement of the slum-dwellers, by allowing them to borrow capital for their small businesses (i.e. microenterprise development).

Cooperatives are useful organizational vehicles for self-help housing across the cities in the developing world. In this, cooperatives organize the members into self-help groups. The groups then put their sweat equity into the housing construction to increase its affordability. These self-help groups in slums are used as collective mechanisms for securing cooperative

land tenure. Such cooperative land tenure arrangements for slums have been organized across cities in Asia, Africa, and Latin America (Archer 2012; Boonyabancha 2009; UN-Habitat 2011). Mumbai's slum redevelopment policies explicitly envisaged formation of cooperatives among the residents to give them tenure security. The Baan Makong programme in Bangkok similarly entailed the formation of cooperatives. Similar measures have also been undertaken in Argentina, South Africa, Kenya, Senegal, and other countries.

Institutional context

The institutional level analysis deals with the structural constraints and opportunities in the development of housing cooperatives. Institutions form the matrix of rules that act as *constraints* as well as *opportunities* for organizations like housing cooperatives to evolve. Rules are prescriptions that 'refer to which actions are required, prohibited, or permitted' (Ostrom 1986: 5). The institutional framework forms the incentive structure in which housing cooperatives are embedded (North 1990). Two related aspects of the institutional context can be highlighted for the growth of housing cooperatives. First, the cooperative laws need to ensure the autonomy of housing cooperatives. Second, the cooperative supportive institutional structures could enhance the activities of housing cooperatives.

Political economic environment

In many Asian and African countries, cooperatives gained patronage of the socialist states that had emerged when the countries gained independence after World War II (Birchall 2004). A similar strong state influence persisted in Latin American countries, except in a few countries in the southern cone (Argentina, Chile, and Uruguay, including Brazil) where the European immigrants influenced a more autonomous model of cooperative movement (ILO 2001). The developing country governments encouraged cooperatives through subsidies and other incentives. Housing cooperatives were given preferential treatment. In the process, however, cooperatives were also politically co-opted and acted as parastatals. Cooperatives became state organs, and developed in directions where the states laid an emphasis.

Cooperative laws reflected the role of the state in the developing countries. The laws interfered with the member control and democratic decision-making process, intruding even into the day-to-day operations of the cooperatives. In India, for example, the Cooperative Registrars, who are appointed by the state governments, have been said to be the gods of 'birth, life, and death' of cooperatives. In many countries, the cooperatives were effectively another arm of the state or the ruling party. Cooperatives were top down, rather than bottom up social movements (except in Uruguay, where the cooperatives maintained adversarial relations with the state).

With the onset of structural adjustment policies and economic liberalization programmes during the 1990s, government support to the cooperatives diminished across the developing world (Birchall 2004). The cooperatives began to seek more autonomy in their activities for their survival in the competitive environment. Indeed, one of the ICA's cooperative principles – autonomy and independence – emerged in 1995, mainly to be free from government interference in their day-to-day operations. The legal framework to allow housing cooperatives to perform autonomously is a critical requirement for their ability to perform different activities without state interference. Ganapati (2010) argues for embedded autonomy, characterized

by a balance between ties with the state and cooperatives' autonomy. Many countries around the world have recognized that cooperatives need autonomy and have begun to revise their laws. India adopted a constitutional amendment in 2011 to provide autonomy to cooperatives. Other Asian countries have similarly revised cooperative laws. In Latin America, the Uruguayan model of housing cooperatives is promoted in other countries by international agencies partly because of their autonomous operations. In Africa, the CoopAfrica programme explicitly promotes cooperative autonomy through Recommendation 193. Several African countries have passed new cooperative legislations over the past two decades.

Supportive institutional structures

Institutional structure refers to the *manifest arrangement of relationships between organizations*. In the context of cooperatives, the cooperative institutional structure refers to the mutually beneficial organizational support systems, such as Apex or secondary umbrella organizations that assist primary cooperatives. The supportive structure enhances the internal organizational strengths, while overcoming the concurrent weaknesses of cooperatives. At the same time, the structure helps in the formation and functioning of housing cooperatives. A supportive institutional structure provides a reinforcing mechanism for organizations to persist and to enhance their activities.

The institutional structure could support development of housing cooperatives in three specific ways. First, the institutional structure could provide administrative, legal, technical, and procedural support, including education to members. Providing such support could enhance the internal strengths while overcoming the internal weaknesses of cooperatives. Administrative support could facilitate primary cooperatives to overcome some of the collective action problems inherent in cooperatives, especially in terms of monitoring and educating the members about management practices. Legal support could reduce the conflicts that arise between members or between members and cooperatives. Technical support is crucial for navigating the real estate market, obtaining building materials, dealing with contractors, and other construction/finance issues. Lastly, procedural support could be in the form of establishing routine procedures for formation and functioning of cooperatives. Such support is crucial for reducing the transaction costs of formation and functioning of housing cooperatives.

Second, the institutional structure could enhance access to finance, which is a key component of housing. As cooperatives are member organizations, they usually raise their finances through their members. However, given the inherent characteristics of the housing market in terms of dedicated assets and lumpy investments, finance raised through members needs to be leveraged with external funding for adequate investment in housing. Cooperatives could also face obstacles in obtaining such finance in the open market, i.e. their transaction costs for obtaining finance could be high. In the absence of external financial support, cooperatives could grow only to the extent they are able to mobilize finance internally for productive housing investments.

Third, the institutional structure could enhance access to land, which is another key component of housing. As the housing market is characterized by a high degree of site specificity, cooperatives typically require large parcels of land for contiguous housing development. Cooperatives could face high transaction costs in access to such large parcels. If such land were unavailable, development of cooperatives may be limited. Thus, both housing finance and

land are two critical factors of housing where exogenous institutional support is required to enhance the activities of housing cooperatives.

Three distinct models of the institutional structure could be identified in Asia, Latin America, and Africa. The South Asian model is dominated by the state, where the state assisted in setting up the support institutional infrastructure. In British colonial countries, the Cooperative Registrars are government appointees who play a crucial role in the development of cooperatives. Additional support structures have a state imprint too. In India, the National Cooperative Housing Federation (NCHF) is a national Apex cooperative established by the Indian government to help set up state level secondary Apex cooperatives in the country. The secondary Apex cooperatives provide financial support to primary cooperatives and their members by mobilizing resources from various other funding agencies (e.g. National Housing Bank, Housing and Urban Development Corporation, etc.). The national institutional structure has helped stimulate the growth of cooperatives nationwide (Ganapati 2007).

In the Latin American model, the cooperatives are a social movement that gathered momentum over time. In Uruguay, the FUCVAM emerged as a secondary cooperative to support the functioning of primary housing cooperatives. It provides technical and financial support to primary cooperatives, including financing social facilities such as gymnasium, recreation centre, day-care centre, library, sports fields, and playgrounds. FUCVAM was initially a product of Uruguay's labour movement, but became a quickly growing autonomous cooperative housing movement. It has also been engaged in political activism, often with antagonistic relationships to the government (Canel 2010).

In the third model of African countries, cooperatives are promoted by national and international agencies and NGOs. The ILO, Canadian Housing Foundation, the Rooftops (a Canadian non-profit) and the Swedish Cooperative Centre are some of international agencies that have promoted housing cooperatives across several African countries. Critics argue that the cooperatives may not be viable after the international NGOs exit, i.e. the cooperatives need to have innate capacity to manage and develop. Yet, in a few countries (e.g. South Africa), local NGOs have also stepped in to promote the cooperatives. A few African countries have national Apex cooperatives to provide support to the primary housing cooperatives. For example, in Kenya, the National Cooperative Housing Union (NACHU) has served as the national Apex body to provide a range of support services to primary cooperatives (financial services, technical assistance, estate management, and advocacy) (UN-Habitat 2010).

Conclusion

Housing cooperatives have grown across South Asia, Latin America, and Africa since the 1990s. The cooperatives' growth since the 1990s is remarkable in the context of economic liberalization policies in general, and the enabling housing policies in particular, which prescribed retreat of the state from being a direct provider of housing. Housing cooperatives have regained significance in the developing world as collective mechanisms to fill the gap left by the public and the private sectors. As collective organizations, the housing cooperatives are not only instruments of collective ownership, but are also mechanisms of housing finance and construction in the developing world.

Although cooperatives are not specifically oriented towards any particular income group, they have demonstrated the potential for low-income households. Such potential is evident in India, Uruguay, Kenya, and South Africa, to name a few countries. Cooperatives are particularly

useful in developing countries as collective action mechanisms for self-help housing in slum areas. Local governments in India and Thailand, for example, have provided collective tenure through cooperatives to slum-dwellers. Cooperatives could be effective in limiting speculation by keeping a part of the capital gains within the organization. They could assist low-income households and slum-dwellers in obtaining credit.

Different models of housing cooperatives for low-income households or slum-dwellers could indeed be expanded to other countries. The Uruguay model, for example, has been emulated in 15 other countries. Yet, the institutional context matters for expanding the role of housing cooperatives. First, there is a need for cooperative autonomy to expand their activities along different dimensions. Extremes of overt government control or total government neglect of cooperatives stifle their operations; the state-cooperative relations need to be characterized by a balance between ties with the state and cooperatives' autonomy. Second, cooperative institutional structures need to emerge to provide a long-term sustainable environment for housing cooperatives to grow. These structures could provide support to cooperatives in different ways, including administrative, legal, financial, and other types of assistance (e.g. lower labour and material costs). The form of such institutional structures may vary between countries, as illustrated by the broad differences in the structures between Asian, Latin American, and African countries.

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