



Urban infrastructure in Sub-Saharan Africa – harnessing land values, housing and transport

Report on Harare Case Study

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Executive Summary

Context: infrastructural decline and economic collapse

The capital city of Zimbabwe, Harare, faces severe constraints in the provision and maintenance of infrastructure within the city. Despite its relatively strong infrastructural base, the city has struggled to finance meaningful infrastructural development, especially in the last two decades. Harare faces these challenges on the back of substantial population growth, creating extra pressure on the city to provide key services to its residents, within a highly unstable macroeconomic context. Part of the infrastructure for these services is meant to be financed through a land-value-capture technique that imposes a 'prescribed percentage' on all subdivisions of properties within Harare. While the fees for subdivisions seem to be routinely collected, these funds are rarely used on capital expenditure, but rather on operating costs, such as paying the salaries of the city's employees.

Harare's inability to meet the basic infrastructural needs of its citizens is compounded by Zimbabwe's economic decline in the 1990s, and its crash in the 2000s. The unstable economic and political conditions that has dominated the country for the last 15 years has presented severe challenges to the maintenance of Harare's infrastructure, as well as hampered the city's ability to effectively govern itself. However, since the dollarization of Zimbabwe's economy in 2009, the country has managed to achieve steady economic growth, but off an extremely low base. However, this economic growth has not resulted in an increase in revenue for the city, as many of its sources of income have been drained, through national government interventions and the development and poor regulation of peri-urban settlements on the city's peripheries.

New Constitutional prospects

Since independence in 1980, Zimbabwe has implemented a number of economic restructuring programmes, largely aimed at promoting economic growth, reducing government spending, and especially recently, entrusting local authorities with more autonomy and responsibility. Local authorities such as the Harare City Council stand, in principle, to benefit from Zimbabwe's new constitution, which, officially adopted in 2013, devotes an entire chapter to the devolution of responsibilities towards local governments. In addition to this, the constitution promises to transfer 5% of its budget to local authorities to assist in the devolution process, and enable local authorities the ability to effectively manage their districts. This transfer has not yet been made to any local authority, and, despite the progressive tones of the new constitution, its enactment seems far from actualization.

Land development in Harare

Within the difficult, and indeed restrictive economic conditions that the city faces, the roles that developers and financial institutions play in the development of infrastructure within the city have changed. Developers report that they face severe restrictions in accessing long-term, cheap financing for land development projects. They thus opt to develop and sell projects as quickly as possible in order to avoid the expensive borrowing rates. In response to this situation developers have begun to offer financial services to clients, such as 5-year mortgages on the homes that they develop themselves. Financial institutions have also sought to diversify their practices, build their client bases and mitigate risk by becoming developers

themselves – as seen by the Central African Building Society (CABS), which has embarked on a joint venture with the City of Harare to build 3102 low and medium-cost housing units in the suburb of Budiro. The City of Harare has earmarked these types of developments, and indeed relationships with building societies as a key way in which to tackle the mounting housing backlog in the city – which currently exceeds 500 000 housing units. However, owing to restraints like the current general economic climate, high building standards, unemployment and the stringent requirements set by the city for people to first qualify for this housing, the take-up of the housing has been extremely low.

Harare requires in-kind contributions from developers through requirements that they install infrastructure as a condition of receiving land use change approval. Developers are frequently required not only to provide on-site infrastructure, but off-site infrastructure too, in the form of water storage facilities, trunk roads and storm-water drains. Despite these exactions, service provision and infrastructure maintenance within the city remain in a very poor condition.

The demand for land and property within Harare is high. The City of Harare interacts with housing cooperatives in an effort to meet this demand, and move towards solving the housing crisis within the city. This has created some tension between (formal) developers and the city, as housing cooperatives are routinely handed land at a largely, and sometimes wholly, subsidized rate generally in the peri-urban areas. Furthermore, housing cooperatives do not have to meet the same high building standards required of private developers.

Serviced land for housing developments poses severe problems to the city, especially in peri-urban areas. Following the implementation of the Fast Track Land Reform Programme in 2000, developments on peri-urban land have grown on the outskirts of the city. In recent years, the state has become the main actor in terms of providing land for the development of housing. This land has been handed over to people despite the fact that it is often minimally serviced, if serviced at all. Another major problem with the development of housing within peri-urban areas has seen the growth in prominence of quasi-legal landowners, who often illegally sell land to residents who, despite paying for the land, lack tenure security in poorly serviced areas.

One such example of this type of development occurs in an area called Caledonia, where quasi-legal landowners illegally sold 23 000 stands to purchasers. Developments such as those in Caledonia compromise Harare's capacity because the city assumes responsibility for servicing the land. The city also struggles to persuade the new land occupants to comply with mandatory taxes, rates and purchasing conditions.

Harare city finances

Harare's sources of revenue are severely constrained for a number of reasons. Firstly, the city last conducted a general valuation role in 2008, before the dollarization of the country's economy. Property values are not only very out of date but are also recorded in terms of the now defunct Zimbabwe dollar, not the US dollar. Harare is also poor at collecting rates, particularly in more affluent, low-density residential areas.

Harare was recently able to secure a loan of US\$144 million from the Chinese Exim Bank. This loan is meant specifically for the maintenance and development of major

water related infrastructure within the city. Sources reported that the city of Harare paid 10% of total amount as a deposit, with the government acting as a guarantor for the loan. Extracting further details about the loan proved difficult, as uncertainties persist regarding the final agreement, and precise purposes of it. All indications suggest that the city's access to this finance does not necessarily reflect an underlying improvement in the city's finances but rather a high-level set of political transactions carried out at a national level.

Infrastructure provision

Parastatals play an important role in the provision of infrastructure in Harare. Their role however has tended not to be one that empowers the city to provide and manage infrastructure sustainably. For example, responsibility for water services was taken away from the city and allocated to the Zimbabwean National Water Authority (ZINWA), stripping the city of an important revenue source. Although the responsibility for water service was subsequently reclaimed from ZINWA in 2009, responsibilities have remained blurred and the city infrastructure had declined significantly under the control of ZINWA. Unlike the city's water infrastructure, Harare does not have control over large portions of its electricity and road infrastructure. ZINARA, who took over the vehicle registration management from Harare in 2009, has systematically reduced the disbursements it makes to the city in order to maintain its road infrastructure. In 2014, ZINARA disbursed only \$250 000 to Harare; despite the city's residents owning the majority of cars within the country, and the large infrastructural requirements of Harare's relatively large road infrastructure.

Conclusion

Harare is, therefore, in a dire situation in terms of having the ability to finance, maintain and construct its own infrastructure. The city has a large infrastructural base that it battles to maintain and extend, largely due to an absence of finance, which is compounded by the overall weakness of the economy. Political considerations have tended to outweigh the needs for sound infrastructure governance, with the resulting weakness of institutions like the Harare City Council. For example, the national government has proposed a new capital city, approximately 100km from Harare. Master plans are in place to relocate Zimbabwe's parliament and reportedly approved by the national cabinet. The effects that this development might have on Harare, a city already struggling for sources of finance, service provision and infrastructural maintenance may be largely negative. When this is placed alongside the inability of the city to manage rapid and quasi-legal peri-urban growth and the difficulty of using the statutory value capture instruments to raise funds for infrastructure investment from developers the overall picture emerging from Harare is not promising.

1 Introduction and approach

This report is submitted to the Department for International Development (DfID) by the African Centre for Cities as part of the Implementation Phase of the 'Harnessing land values' project for the Department of International Development.

Method

A research team of two South Africans and one Zimbabwean conducted field work over two weeks of intensive in-depth interviews with Harare city officials, private developers, planners, members of civil society and relevant scholars. In total, 51 people were interviewed, and 30 interviews were conducted in total in March, 2015. This was complemented by desktop research carried out both in South Africa and Zimbabwe.

Limitations of research

In compiling this report, limitations on the extent and accuracy of Zimbabwean city data have emerged. Where data is present, it is often not recent enough to be adequately reliable or it is presented ambiguously. The fieldwork conducted during this study made use of in-depth interviews – which present the researchers with key information on the topic, but are inherently subjective. The researchers have done their utmost to verify all the comments made during the interviews, but it is possible, and perhaps likely, that some evidence may not be entirely accurate.

2 The city in its national context

Source: Google Maps



Figure 1: Harare city region, showing Harare City Council boundary

Harare is the capital city of Zimbabwe. It was established in 1890 when the British South African Company's pioneer column settled at Harare Kopje and hoisted the Union Jack there. The settlement began to grow from this point and was named after the then British Prime Minister, Lord Salisbury. Salisbury, renamed Harare at independence, was established as the seat of government. Colonial laws ensured that it was a settlement with restrictive, racialized laws and planning mechanisms. Harare, has a predicted population of approximately 1 800 000 people in 2015. This figure is expected to grow (by 3.54% annually) to 2,337,000 people by 2025 (UN Habitat, 2014).



Figure 2: Harare central business district

Planning context

The colonial city grew on the back of legislated segregation between settlers and locals – now white and black Zimbabweans. One such colonial law which continues to influence the city's land-use and land-ownership profile is the 1930 Land Apportionment Act, whereby 50% of Zimbabwe's land was granted to Black Africans, while the remaining 50% was granted to Europeans (who constituted 5% of the total population) (Subramanian, 1998). This resulted in highly skewed land ownership patterns in favour of settlers and their descendants, in both urban and rural areas. Harare inherited a colonial planning framework that sees a strict divide between low, medium and high-density areas. Brown (2001) claims that modern planning methods have entrenched the historical urban divide since independence in 1980, with 'low-density' areas being a proxy term for those areas previously set aside for Europeans and high-density areas for indigenous Africans. Today this pattern is evident in the low-density areas being occupied by the city's rich and high-density areas occupied by the poor, on the outskirts of the city. Since independence in 1980, Harare has perpetuated the segregation of people within the city by concentrating on building low-income, single-use houses on the peripheries of the city (Brown, 2001). Since 2006, the state has become the primary supplier of land on which residential stand production has occurred (Marongwe et al, 2011). Much of the land on which urban expansion has taken place has occurred on previously privately-owned farms, located on urban and peri-urban land, which became state-owned after the advent of the Fast Track Land Reform Programme in 2000 (Tibaijuka, 2005).

Macroeconomic History: 1990 to the present

The Economic Structural Adjustment Programme (ESAP), introduced in Zimbabwe in 1991, aimed to decentralise the duties and involvement of central government, reduce subsidies and liberalise trade, thereby tasking local governments with greater responsibility in dealing with the provision of key resources such as water and infrastructure. Following the inception of ESAP, local governments struggled to provide essential urban services, battling to cope with high levels of urbanisation, unemployment, and lack of investment within the formal sector while receiving smaller municipal budgets from the central government (Davison, 2002).

The Zimbabwe Programme for Economic and Social Transformation (Zimprest) was introduced in 1996, five years after ESAP, and was also aimed at economic reform through privatisation and decentralisation (Brown, 2001). Neither ESAP nor Zimprest adequately addressed the low levels of access to key infrastructural resources in Zimbabwe's cities, nor did they ensure the effective use of land in rural and urban areas (Moyo, 2000).

Unlike Zimbabwe's rural land, most of its urban land is privately owned (US Aid, 2009). Davison (2002) states that living conditions in these urban areas declined during the 1990s. The economic restructuring of the 1990s saw Zimbabwe's central government shedding many responsibilities, looking towards local authorities to take these on, despite the weak and inelastic resource base available to those authorities to fulfil these new mandates (Davison, 2002).

Preceding the economic restructuring initiatives the Zimbabwean government, in conjunction with local authorities, had played a more active role in providing key services for urban populations. The repercussions of the economic liberalisation programmes were extremely negative (Monjoma, 1999), as expenditure by the state on health, infrastructure and education dropped significantly between 1990 and 1995 (Brown, 2001).

Between 2000 and 2008, Zimbabwe continued to implement economic reforms and controls. The Millennium Economic Recovery Programme (Merp) (2000 – 2002) and the National Economic Revival Programme (NERP) (2003-2004) both attempted to promote business liberalisation (Marongwe et al, 2011). Despite these (on-going) measures, the economy shrank an estimated 51% between 2000 and 2008 which saw decreased levels of employment, and rapid increases in poverty as well as the widespread informalisation of the economy (Marongwe et al, 2011).

The implementation of ESAP in the early 1990s resulted in (or coincided with) a property boom that was funded primarily by investments from pension and insurance funds with more than 30 office blocks built in Harare between 1991 and 1996 (Brown, 2001). This occurred despite the contraction of the economy during this time. The property boom acted as an impetus for the state to impose restrictive urban policies within the city, such as the prevention of informal trade and certain minibuses routes within what was increasingly referred to as a 'modern' metropolis. Infrastructural related changes (both physical and policy-related) were made often to the detriment of petty traders, commuters and pedestrians (Brown, 2001). Zimbabwe's economic shocks, coinciding with a severe drought at the start of the 1990s had particularly harsh repercussions on its urban population (Kessides, 2006). Following the boom of the 1990s, investments into the property market declined between 2000 and 2008. As the economy shrank and inflation increased dramatically, capital expenditure in the property market declined because

of the reduced income flows. A reduction in funds also hampered repair and maintenance for Harare's buildings (Marongwe et al, 2011). Poor quality, and low levels of maintenance within Zimbabwe has been the primary factor behind the degradation of basic infrastructure within the country over the past decade and a half (African Development Bank, 2011).

In 2009, Zimbabwe shifted its currency to the US dollar. Since the dollarization of Zimbabwe's economy, economic growth has taken place steadily, although slowing in 2014 (The World Bank, 2015). However, this growth has occurred from a very low base owing to the economic collapse that preceded the shift to dollarization. This coincided with an increase in residential and business property sales by 30% and 25% in 2009. Before 2009, the economy was functioning mainly on cash, which largely restricted the ability of financial institutions to finance properties (Marongwe et al, 2011). Since 2009, rental yields have also improved within the country, shifting from 0.5% in 2007-2008 to between 6% and 7% in 2010 (Marongwe et al, 2011).

Figure 3 below shows the shows a series of graphs depicting the four case study cities, Addis Ababa, Nairobi, Harare and Cape Town, and the average of the 31 Sub-Saharan African cities highlighting the various contextual differences between them.

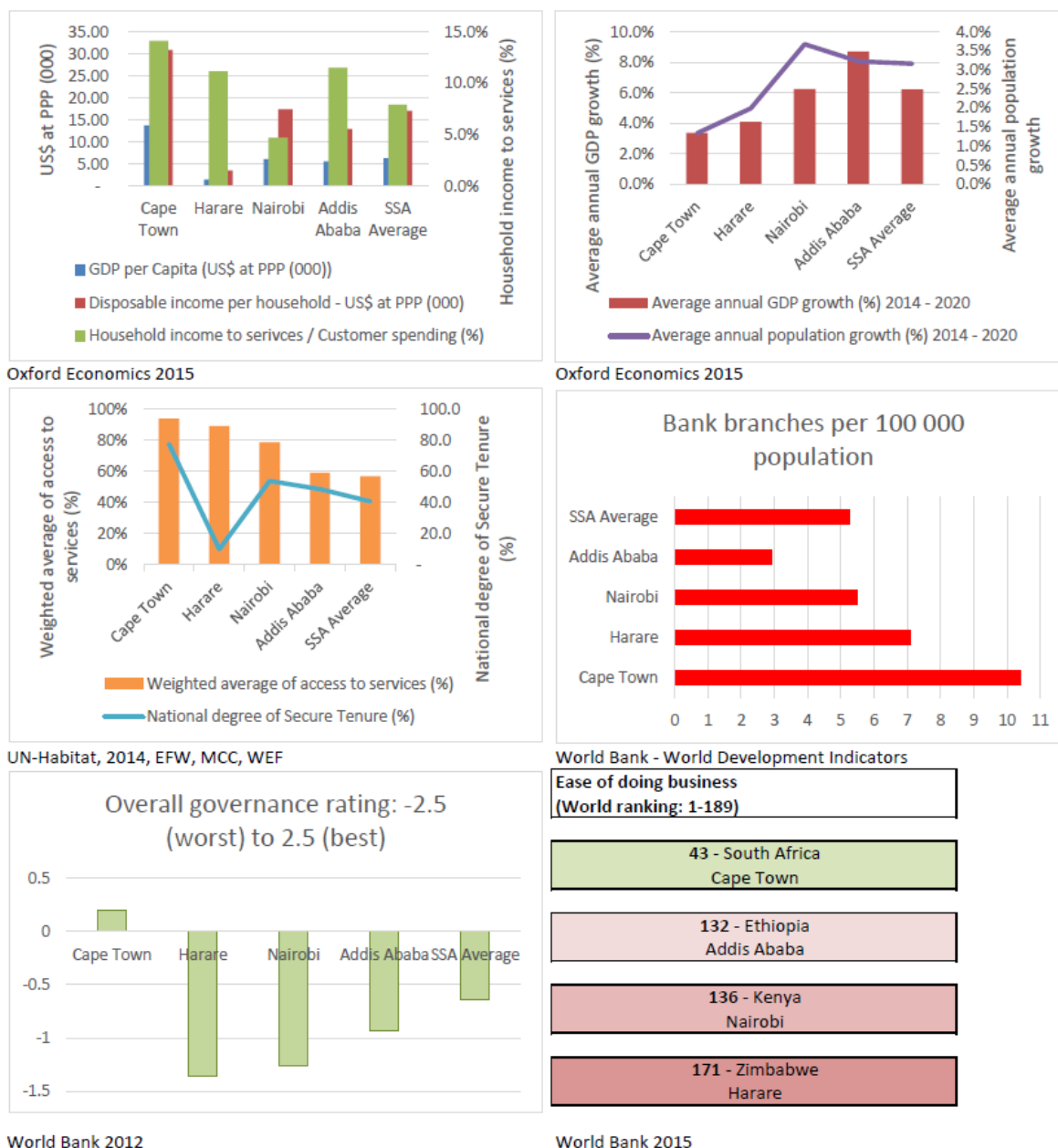


Figure 3: City comparison sheet: Cape Town, Harare, Nairobi, Addis Ababa and the Average of 31 Sub-Saharan African Cities

3 Legislation relating to urban land

The land use planning process in urban areas in Zimbabwe is regulated by a number of acts of parliament. The most important of all planning laws in Zimbabwe is the Regional, Town and Country Planning Act Chapter 29:12 (RTCP Act). This act is supported by allied acts in regulating the use, acquisition and development of urban land. Some of the allied acts which work hand in hand with the RTCP act are, the Urban Councils Act chapter 29:15, the Deeds Registries Act chapter 20:05 and the Environmental Management Act(EMA) Chapter 20:27. These statutes are not covered in this section as they are described in detail in the following sections on the land use planning and land development processes in Zimbabwe.

Urban Councils Act Chapter 29:15

The Urban Councils Act Chapter 29:15 provides for the establishment and administration of cities, municipalities, towns, local boards and councils. The major resource these governing bodies use as part of urban governance is land. The Urban Council's Act gives ways in which urban land is to be managed in case of the need for development. Land is defined in Section 149 of the Urban Councils Act as "land" with or without improvements. In terms of the Urban Councils Act, land can be acquired by a local authority inside or outside the council's area through purchasing or expropriation.

The Urban Councils Act details that land value and property improvements are key mechanisms through which Zimbabwean local authorities can attain long-term revenue. Zimbabwean local urban authorities gain their income largely by charging user fees for services provided to citizens such as sewerage, water, housing and refuse charges (Chirisa, 2013). Urban land and property taxes are payable in terms of formulae determined annually by each municipality, nominally based on the value of the land and property, taking into account its intrinsic features as well as permitted land uses (Chirisa, 2013).

When demand for land overrides supply, urban councils have the ability to acquire land from private landowners. The Urban Councils Act Section 151 gives powers to councils to take land from its owners for public use or benefit. For instance, the growth of the city of Harare in the last 15 years has caused the city to expand beyond its boundaries explained in the Harare Master Plan. This situation has been caused by the growing demand for housing and services for the urban population. For example, many peri-urban farms surrounding Harare, such as Caledonia, were taken by the Harare city council in the public interest.

The council can only make a move for a particular piece of land after 14 days notice has been given to the owner of the land to be expropriated. The decision to acquire land from an individual is made by the city council. After the decision, the council is supposed to apply to the Minister of Lands and Land Resettlement for his approval of the proposal to expropriate land. The approval can only be given in certain conditions and these include the submitting of necessary information such as full particulars of the land in question and the reasons for and the purposes of the land. Urban land is scarce, and the Urban Councils Act should be implemented purely for the public interest's sake. Approval of the expropriation of land is often given with conditions as the Minister of Lands and Land Resettlement thinks fit.

For the case of Harare, abuse of the regulations that govern the use and disposal of land such as the Urban Councils Act frequently occurs. The act is clear on the conditions in which land can be acquired from its owner. Section 151:4 states that the council cannot acquire land if there is no reasonable terms of agreement with the owner or if the reasons for expropriation are not for public benefit. However the case in Harare is different from what the legislation advocates for. There have been significant challenges concerning the expropriation of land as areas have been taken without agreements or proper reasons for the expropriation. Some farm expropriations have seen owners of the farms compensated, while farm workers are left without shelter and work since they do not have any land rights to use in appealing against the expropriation.

The Urban Councils Act does not give room for appealing against the expropriation of land. Instead the owners of land being expropriated are given an opportunity to make representations on the matter to the Minister of Land and Land Resettlements. The shortfall of these representations is that they are not conducted in a court of law, which means that justice is not always adequately achieved since the relevant minister is not properly acquainted with the laws governing urban land. Furthermore, compensation owed to former landowners is often distributed unevenly and erratically. While the broad, in-principle provisions concerning land acquisition are set out in the Urban Councils Act, at section 151, more detailed provisions are set out in the Land Acquisition Act.

The Land Acquisition Act is clear on the conditions necessary for land acquisition. Section 3(a) of the act states that land can only be acquired in the interest of defence, public safety, public order, public morality, public health, town and country planning or for any use or purpose beneficial to the public. Town and Country Planning is a driving force behind the extensive compulsory acquisition of land in Harare.

Environmental Management Act Chapter 20:27

Under the Environmental Management Agency Act, there are certain developments that can only be carried out when the developers submit an Environmental Impact Assessment (EIA) to the Environmental Management Agency (EMA). This shows the type and extent of development planned, and its relationship with the physical environment. Developments in sensitive areas such as wetlands and/or near water bodies (rivers) are required by law to be carried out only after the consent of the Environmental Management Agency. In the case of the City of Harare, the local authority shall not issue a license for any project that requires an EIA without the prior consent of the EMA. This means that the project should be approved by the EMA before it is given a license to develop by the local authority. When a developer wants to develop in an area that needs approval from the agency, the first step according to the EMA Act is to submit a prospectus to the agency. The prospectus attempts to show the extent and intensity of the EIA and its capability to evaluate the project's impacts to the environment.

If the prospectus has been approved, the EIA report should be prepared. The purpose of the EIA according to section 99 of the EMA act is to provide a detailed description of the project and activities to be undertaken in the implementation of the project; provide details on the likely impacts the project may have on the environment; measures for mitigating or reducing the anticipated adverse effects of the development; the possible spill-overs of the adverse effects of the development to other areas. If a certificate is issued based on the success of the EIA it is valid for two years.

Currently, developments are taking place in areas within Harare that do not comply with the Environmental Management Act. Sensitive areas such as wetlands and riverbanks are being developed for housing and other needs, many developments within the city are occurring illegally while, in many instances, EIAs are simply not carried out. Although EIA documents are processed for some projects, they are often more politically, not environmentally motivated. An example of such projects is the Long Chen Plaza developed on a wetland near the National Sports Stadium in Harare.

Deeds Registries Act Chapter 20:05

Land is registered in the office of the Deeds Registrar. The law governing the registration of land to a particular person is the Deeds Registry Act, chapter 20:05. In the case of housing development in the City of Harare, land is serviced and the owners of individual stands develop their houses to completion. At this point, they can apply for title deeds to the Registrar of Deeds. Section 20 of the Deeds Registry Act gives the particulars that are required in the process of registering a deed. The requirements include a detailed description of the area of land concerned - usually supported by a map of the land being registered. Sometimes deeds are given with conditions attached to them such as the uses that are allowed in that particular area.

Zimbabwe's New Constitution

The parliament of Zimbabwe adopted a new constitution in May 2013. This constitution contains a full chapter on devolution, and the importance of the decentralisation of powers and functions to local authorities (Government of Zimbabwe, 2013). Urban local authorities, in particular, have been given the mandate (in Section 5) "to represent and manage the affairs of people in urban areas". The constitution also states that the local authority "has the right to govern on its own initiative, the local affairs of the people within the area for which it has been established, and shall have all the powers necessary for it to do so." However, the actions of the central government have not backed up the devolvement espoused by the new constitution. De Visser and Mapuva (2013) show that the appointment of 'special interest councillors' onto the boards of local urban authorities by the national Minister of Local Government Rural and Urban Development indicates the reluctance of the Government of Zimbabwe to devolve power fully to local government.

4 Institutions

It is difficult to make a definitive description of institutional arrangements, powers and functions for urban management in Zimbabwe for two reasons. Firstly, for the past fifteen years there has been heightened political tension between (and within) political parties and this has frequently manifested in tensions between national and city governments. Consequently many aspects of the urban management context in Zimbabwe are contested and more than one narrative exists to describe them, regardless of what may or may not be set out in official policies or legislation. Secondly, and in an attempt to resolve the political challenges in the country, the new Constitution was enacted in 2013. It has far-reaching implications for the management and governance of cities. However, in practice many elements of the new Constitutional order exist only on paper and those that have been introduced seem not to have been done so strictly in accordance with the text of the Constitution itself.

This section describes the roles of local government, parastatals, the Infrastructure Development Bank of Zimbabwe and civil society organizations in managing and facilitating urban development in and around Harare.

Local Government

At the heart of the question of local government's powers and functions is the incomplete implementation of the 2013 Constitution. In the new Constitution a reasonably high degree of local government autonomy is envisaged, but in practice the pre-2013 situation continues. So, while municipalities in Zimbabwe derive the powers to pass by-laws and govern their areas of jurisdiction from the Constitution, which gives specified powers and competencies to local government, in practice the Ministry of Local Government, Public Works and Urban Development exercises an oversight and control role. The Ministry does this in pursuit of its goal of promoting sound local governance, the implementation of co-ordinated and orderly spatial development, and the provision of professional as well as the technical services pertaining to property development. The Urban Councils Act and the Rural District Councils Act, which remain in place and unchanged post-2013, hinder the devolution of responsibilities to Zimbabwe's local authorities because they allow for interference, into the affairs of local authorities, by the Minister and/or by the central government (ActionAid, 2014). This means that although Zimbabwe is theoretically in favour of devolution strategies, in reality it actively avoids granting local authorities the powers and resources to govern themselves: "[d]espite its enshrinement in Zimbabwe's new Constitution, devolution has not yet been implemented and the intentions of the present government do not seem to point in that direction" (ActionAid (2014: 5)).

By way of example, the new constitution clearly stipulates that 5% of the national budget must be allocated to local authorities. However, at the time of writing, no local authorities (26, 27 30, 43) had received this grant from the central government, nor had they received information on how this 5% would be allocated to the various local authorities, suggesting that the implementation of progressive, and supportive devolution strategies within the country is still to be enacted.

Urban councils play an essential role in the management and planning of Zimbabwe's urban land markets. They are responsible for land acquisitions, the development of and construction on land, and act as planning authorities (Marongwe et al, 2011). Harare City Council (HCC) mainly derives revenue from property tax, water and sanitation user fees, some advertising and shop licensing. The city council can also mobilise revenue from public-private partnerships (PPPs), which has been encouraged by the approval of the National Housing Policy in 2012. In terms of that policy private companies have been encouraged to work with local authorities to develop land and provide infrastructure (CAHF, 2012). In practice this has been difficult for both the private companies and the local authorities to do.

In practice, the Harare City Council has a highly fragmented and inefficient alignment of functional responsibilities for infrastructure provision. In the current context of both political flux and the moves towards implementing the new Constitution, it is difficult to ascertain precisely where responsibilities lie, Figure 4 below depicts the current arrangements for infrastructure provision in Harare¹. From this diagram, it is apparent, firstly, that the city is not responsible for a key revenue source (electricity). Also, water supply and sanitation responsibilities have been passed back and forth between local and national government with the result

¹The inner circle shows those services that are run internally by the City. The middle circle shows those services run by external entities owned by the City, while the outer circle is for services run by national or sub-national entities (not under City control).

that responsibilities remain somewhat blurred as they are also in relation to roads. The only functional areas in which the city has direct responsibility are solid waste management and public facilities.

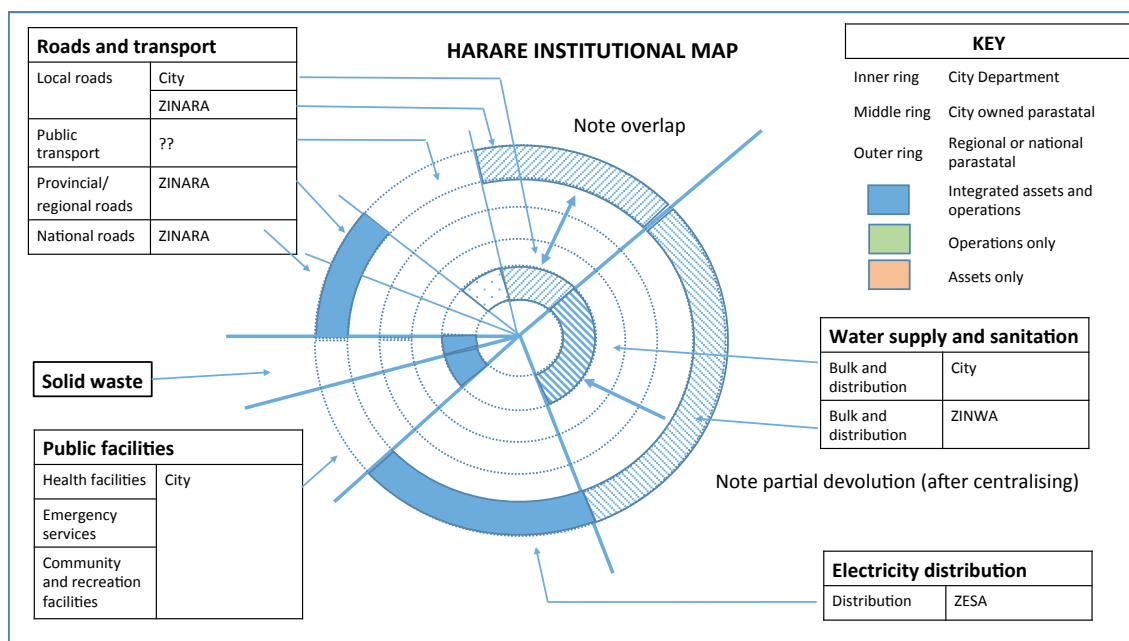


Figure 4: Harare Institutional arrangements for infrastructure

Parastatals

Zimbabwe Electricity Supply Authority (ZESA)

The Zimbabwe Electricity Supply Authority is a state-owned company with a mandate to generate, transmit, and distribute electricity in Zimbabwe. It achieves this through its subsidiaries: Zimbabwe Power Company (ZPC) and the Zimbabwe Electricity Transmissions and Distribution Company (ZETDC). ZESA is the only electricity generator and supplier for the public grid. For many years the company has failed to produce enough energy to meet demands. ZESA produced an estimated 8.89 bill kWh in 2007, while demand was estimated to 10.89 kWh. Because of ZESA's poor power generation capacity, the average per capita daily consumption of electricity has declined steadily since the early 1990s.

Although imports of electricity from surrounding countries have eased the situation somewhat, load shedding is used on a routine basis. Zimbabwe's difficult economic situation causes part of the problem, as coal for power stations may at times not be produced in sufficient amounts².

² ZESA owns the Kariba Power station together with its Zambian counterpart, ZESCO; the station is part of the Kariba dam project, damming the Zambezi River. ZESA also owns four thermal power stations, of which the Hwangwe Thermal Power Station - in the west of the country is by far the largest - with a theoretical capacity of about 920 MW. The other three are located in Harare, Bulawayo and Munyati, and have a nominal capacity of 270 MW together. Recently, thermal power stations have been producing little or no electricity due to coal shortages and maintenance neglect. Botswana Power Corporation

The Zimbabwe Electricity Supply Authority (ZESA) bills the City of Harare for all streetlights but whenever they default in payment, ZESA disconnects the key municipal buildings, Town House and Cleveland Building, as a measure to coerce the local authority to pay up. The City of Harare is not involved in the distribution of electricity to households. It is a consumer, not a provider of electricity.

According to council officials, tenants in municipal hostels, who have bulk meters registered in the name of City of Harare, used to pay for their electricity through rentals but for unclear reasons, stopped making payments to the City of Harare. This has deprived the local authority of much-needed revenue.

In relation to the planning and land development management function the following institutional arrangements are established within the Harare City Council:

1. Within the Department of Works there is a City Planning and Development Section.
2. The City Planning and Development Section is divided into two divisions, Research and Development Division and Regional Planning Division.
3. The Research and Development Division is responsible for formulating policies and plans (i.e. it does forward planning).
4. The Regional Planning Division is made up of three spatial regions, Eastern, Central and Western.
5. Land use change recommendations are made at the spatial region scale.
6. The Environmental Management Committee of the council is the body that considers the recommendations from both the Research and Development and Regional Planning Sections and makes the final decision on behalf of the council.
7. The Minister retains the power to call in any decision of the Environmental Management Committee and take that decision instead.
8. Exceptions to this process are: a) if the application involves a subdivision of more than five stands, in which case the city has to consult the national Department of Physical Planning and b) if the application involves a change of land use that is contrary to the applicable plans, in both of which cases the Minister has to agree to it.

Zimbabwe National Water Authority (ZINWA)

Between 1980 and 2006, the City of Harare was responsible for the administration of water delivery to its residents. However, the establishment of the Zimbabwe National Water Authority (ZINWA) in 2002 (in terms of the Zimbabwe Water Authority Act Chapter 20:25) saw the transfer of water administration go from the city to the state-owned parastatal – ZINWA, between 2006 and 2009. The takeover by ZINWA was met with disagreement by the Harare Municipal Workers' Union, who protested against the privatisation of Harare's water, and the subsequent job losses it would create. ZINWA's main goal was to ensure an equitable distribution of water among public and private consumers – however, it stripped the Harare City Council of a key source of revenue. The Combined Harare Residents' Association complained that ZINWA took over control of Harare's water and sanitation services without their consent, and despite residents funding the development and

(BPC) and Namibia's Nampower have in 2009 made agreements to help ZESA revive capacity in exchange for power deliveries.

construction of key water infrastructure sites such as Mukuvusi Dam – which is Harare’s main water supply source (Parliament of Zimbabwe, 2007).

Water service delivery deteriorated between 1990s and 2009, (Jonga and Chirisa, 2009) especially in the large cities of Harare and Bulawayo. In the city of Harare, poor performance reached its peak during ZINWA’s regime, which caused persistent water shortages. The most affected areas were low-income residential areas such as Mabvuku, Tafara and Budiro due to their limited alternative sources of water and high population densities. An outbreak of the cholera epidemic in 2008 resulted in the death of over 4000 people, potentially owing to the poor management of the water resources by ZINWA. This outbreak preceded the handover of power of Harare’s water administration away from ZINWA, and back to the city.

Control over Harare’s water administration was handed back to the city in 2009, following the establishment of the Inclusive Government in 2009. Morton Jaffray is the primary water pumping station for the Harare Municipality; however, Harare’s water infrastructure is still functioning at low efficiency (30, 31), and is in drastic need of investment into its infrastructure.

Zimbabwe National Road Authority (ZINARA)

The Zimbabwe National Road Administration (ZINARA) is a body corporate established 2002 under the Road Act (Chapter 13:18). Zaharias responsible for setting and collecting road user charges; maintaining, designing and constructing roads in accordance with the Roads Act; disbursing (and the subsequent monitoring) of funds to road authorities and assisting road authorities in making long-term plans.

ZINARA gains its revenue from user charges that include: toll fees, road transit fees, abnormal load fees and vehicle licence fees. It then disburses these funds to various road authorities (such as Harare City Council). These funds vary sharply from year to year. For example, in 2014, the ZINARA contribution of \$250 000 was in fact an in-kind contribution of a ‘Jet Patcher’ machine to fix potholes. This contribution both fails to address a host of road infrastructure investment challenges – other than fixing potholes – that the city faces. Also, the disbursement of equipment alone, and not cash, prevents the city from being able to borrow larger sums in the future by leveraging future debt on current cash grants made by ZINARA.

ZINARA has four criteria that may be used to determine the amount disbursed to the various road authorities. ZINARA may decide to allocate funds based on a basic percentage split between the road authorities; a formula used to assess the type, size and quality of the relevant roads; the identification of a specific road or area which requires specific funding; the nature of the maintenance (periodic or routine) which needs to take place. A respondent from ZINARA (39) claimed that the ZINARA board have a meeting once a year to determine the amounts disbursed to each different road authority.

The Infrastructure Development Bank of Zimbabwe (IDBZ)

A statutory body established through an Act of Parliament, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14], came into being on 1 September 2005 following the amendment of the Zimbabwe Development Bank Act. The amended ZDB Act broadened the original mandate to focus on long-term

infrastructure finance and development. In addition, the Bank has a broad based shareholding, including the Government of Zimbabwe, local institutional investors and foreign development finance institutions. The Bank also enters into joint ventures and co-financing syndication arrangements as well as facilitating the participation of private sector players in power related projects. According to Marongwe et al (2011), the IDBZ was started specifically in order to finance housing and infrastructure projects within the country. The Bank is intended to arrange funding for these and other infrastructure projects, capitalising on its regional and international strategic partnerships. However, owing to a lack of funds available to IDBZ, it is severely restricted in its ability to provide loans to developers and local authorities. IDBZ has therefore begun to focus on creating its own developments, such as the Graniteside Park Flats project.

IDBZ is actively involved in the development of housing schemes within Harare in an attempt to meet the city's shortage of low-income houses, and finances developers and local authorities through loans. IDBZ is involved in several joint ventures with the City of Harare that aim to develop housing within the city. According to a senior employee at IDBZ (40), the bank's participation in phase 1 of the Graniteside Park Flats project is an example of IDBZ embarking on a joint venture with the City of Harare. IDBZ was responsible for developing on and off-site infrastructure for the project. In phase 2 of the development of the project, the central government became the major shareholder of the project. This occurred after IDBZ sold the project to the government.

The Bank is also currently providing project management services on behalf of Government and some public utilities. This arrangement entails the Bank providing loan administration, fund management and project monitoring services to its principals. Currently the Bank is administering funding for the rehabilitation of Kariba South 7 and 8 and Hwange Power Station 7 and 8 under agency agreements with the Government. In addition, the bank is involved in the management of a fund jointly funded by the Government and the Zimbabwe Electricity Supply Authority to augment resources for these projects.

Building Societies

Building societies in Zimbabwe play an important role in the financing of housing within the country, as well as the actual development of housing. Owing to Harare's large housing backlog, building societies have sought to provide mainly low and middle-income housing, often in medium and high-density suburbs of the city. Building societies such as the Central African Building Society (and others) have embarked on housing developments where they simultaneously develop housing projects, provide on and off-site infrastructural services for them, and provide mortgages for the people who buy the houses.

The Central African Building Society (CABS) entered into an agreement with the Council to construct low-cost housing units in Harare's high-density suburbs. CABS was allocated 3102 residential stands from the 4558 created from the sub division earmarked for the Budiriro Housing Development Project. In the Budiriro case, by 2014, over eight hundred houses had been built under the Harare city council and Central Africa Building Society (CABS) partnership, and were ready for occupation. In addition, the Council intends releasing commercial stands for the construction of shops and other services like hair salons, surgeries and vending sites.

Moreover, several other financial institutions and insurance firms have invested heavily in housing projects in the past few years. FBC Building Society, Nicos Diamond, Fidelity Life and others have taken the lead in building houses and providing serviced stands for higher income earners (or at least earners able to afford the level of finance required for a relatively modest house in a high-density suburb).

Civil Society Organisations

A number of civil society organisations in Zimbabwe support people's demands for better access to land and housing. These organisations often form in response to the housing and land shortages experienced within Harare, prompting organisations to contest high prices of land and the shortage of adequate housing and high building standards.

Organisations such as 'Housing People of Zimbabwe' provides technical support to housing cooperatives, in the form of assisting cooperatives with the registration and managements of their organisations. Housing People of Zimbabwe has assisted housing cooperatives in accessing land, and developing housing on this land (Marongwe et al, 2011).

'Dialogue on Shelter' is an organisation that assists people "on matters of savings mobilisation, land negotiation processes with central and local government authorities, managing land development processes, the design and construction of houses, as well as supporting broader management of settlements" (Marongwe et al, 2011: 39). Dialogue on Shelter has also engaged with the City of Harare, and is involved in developing and upgrading slums, in collaboration with The Bill and Melinda Gates Foundation.

The Bill and Melinda Gates Foundation (BMGF) was launched in 2007 and has supported the City of Harare by providing funds for the development of houses, poverty alleviation, solid waste disposal and recycling. Thus, it focuses on building the capacity of organisations working on the ground with the urban poor. BMGF has become a key source of support for the City of Harare.

5 Capacity

Harare has seen a steady drop in its capacity to meet the needs of its growing population. As central government tasks the city with having to meet more infrastructural responsibilities such as the maintenance and development of roads, so it removes the city's ability to autonomously implement its plans. For example, the national roads agency, ZINARA has steadily reduced their disbursements to the city since 2009 while peri-urban developments on the outskirts of the city continue to require growing investment in roads.

De Visser and Mapuva (2013) show that despite the adoption of a new constitution in 2013, Zimbabwean local authorities have little capacity to actualise the devolvement and autonomy promised to them in it. This points to a gap between Zimbabwe's policies and practice, and that "a number of institutions will have to be reformed and many laws will have to be revisited to bring them in line with the constitution" (De Visser & Mapuva, 2013: 174).

Peri-urban developments are also posing challenges to Harare's capacity to provide adequate services and infrastructure for its residents. Developers bypass the delimitation laws by building 'urban' developments in peri-urban areas. Rural district councils benefit from this, because they are often able to charge rates to these areas, without having to provide the infrastructure. An example of one such development is Greensyke, which is being developed by a private company from Harare (35). Even though the City of Harare will be required to carry the burden of providing key services to Greensyke, it is the Goromonzi Rural District Council that will receive the rates. There is no effective system of norms and agreements between rural and urban authorities when dealing with the developments on peri-urban land, in relation to both the responsibilities for infrastructure provision and the receipt of property rates.

An independent city planner consultant (29) mentioned how Caledonia (a peri-urban area of Harare) saw the apportionment of 23 000 illegal stands by quasi-legal landowners to residents. Caledonia, which was state-owned land, was handed to the City of Harare for administration and servicing in 2015. Caledonia poses significant problems to Harare, because the residents occupying land in the area had already paid money to the quasi-legal landowners, and are now reluctant to pay the city for the official allocation of their stands, and/or the subsequent rates and taxes owed to Harare who has now assumed responsibility for the area. Harare's capacity to deal with peri-urban developments is weakened by developments like these in Caledonia.

The most recently available analysis of local government capacity in Zimbabwe is a report produced by the Swedish Institute for Public Administration (SIPU) for Sida in 2009. In this report the local government capacity situation was characterised as 'catastrophic', with 'infrastructure in towns and cities ... deteriorating'. The report goes on to conclude that 'all local governments are experiencing severe 'brain drain' and it identified a 'large backlog in municipal housing and income generating activities' (Synnerholm and Boman, 2009: 3). In 2009 the SIPU report noted that

'a looming headache for all local governments is the dilapidated infrastructure, especially in the cities and towns. Water systems, energy and electrical systems, sewage systems and waste management systems need urgent rehabilitation and/or replacements. Municipal infrastructure has been neglected for decades and the present rundown is only aggravated by the current economic situation.' (Synnerholm and Boman, 2009: 18).

While there have been some improvements since 2009, thanks largely to the stabilisation of the economy, the core of the SIPU report's observations remain valid today.



Figure 5: Diagram of proposed Greensyke development

6 Overview of land use planning process in city

Planning Regulation

Planning in Zimbabwe is regulated through the Regional, Town and Country Planning Act (RTCPA) (Chapter 29:12). The act sets out both the procedural and substantive issues that affect planning in Zimbabwe. The act's quest for the orderly development of land in urban areas requires that any land development or land use change must follow set procedures, and that the planning process is upheld. The rationale for urban land use planning in urban areas is the addition of value – social, economic, financial and environmental – that arises from the regulation and management of land development and land use changes. The Zimbabwean planning system is predicated on the understanding that developers take risks, that planning authorities should provide clear guidance to developers and that planning authorities are well entitled to share in the surplus value created in urban land that flows from this system. In practice though the planning procedures have been described as 'old fashioned and cumbersome' (Synnerholm and Boman, 2009: 19), and it is apparent that fundamental reforms are needed to make the planning system work more effectively.

The process of land development starts from the preparation of master plans, local development plans and layout plans by the planning authorities. These plans are known as forward plans. The local planning authorities are given powers to develop master plans and local plans for the places they have jurisdiction over. Section 14 of the RTCPA gives power to local planning authorities to prepare master plans for their areas.

Harare Combination Master Plan

In 1992, the city, in close collaboration with its contiguous rural district councils and satellite towns, launched the Harare Combination Master Plan. The major aim was to provide a forward-looking response to the sprawling and trunk infrastructure needs facing the city and its neighbours. It is meant to address issues of water supply, housing needs, transport of goods and people within and between the various centres. More than twenty years after the plan was established the major

proposals of this plan have not been actuated and the major reason cited for non-implementation has been the unfavourable economic environment.

The proliferation of satellite settlements– many located within surrounding local authorities - creates extra pressure on the city, as water and sewerage infrastructure must be provided to these newly developed areas. The Harare Combination Master Plan covers areas of Greater Harare such as Norton, Chitungwiza, Ruwa and Epworth. The plan prescribes land uses that are allowed in certain parts of the city region such as residential, industrial and commercial. The master plan also provides the framework for local plans and indicates the sizes of stands, building lines, sizes of permissible dwellings, maximum heights of buildings, the floor area factor and other details that may apply in that particular area. A local plan applies the strategies of the master plan, providing a detailed basis for development control. So when a developer applies for planning permission or a development permit to the Harare City Council, reference is made to the local plans to see if the development should be permitted or not.

The Harare City Council sells undeveloped city-owned land to private developers who will become responsible for the servicing and survey of the land. Permission to do a development such as housing construction is only given if the land in question is zoned for housing in terms of the master plan and if the development conforms to the general developments in the area and will not have a negative effect on other developments. When developers acquire land from planning authorities they prepare a layout plan, which is a development plan or design of uses to be developed in the area. The provincial officers of the Department of Physical Planning approve layouts if the layout has fewer than 500 stands. In cases of more than 500 plots/stands, the national Director of Physical Planning in Harare approves the layout. The city thus does not have the final say in approving land developments, as these have to be approved by either provincial or national authorities depending on the scale of the proposed development.

Subdividing and Servicing

Subdivision and consolidation of land parcels is provided for in the RTCPA, in sections 39-44. Any person who wishes to perform one of the two mentioned steps should apply for a permit to the local planning authority, so a developer wishing to develop a piece of land involving subdivision or consolidation has to obtain a permit to do so. An important provision in the RTCPA is the power of the local authority to require of a subdivision applicant a prescribed payment amount of up to 20% of the value of the project, a payment commonly known as the developer's 'endowment' contribution' and typically set at 10% rather than 20%.

The survey diagrams produced in the survey process, which follows the granting of land development approval, are examined and approved by the Surveyor General in the Ministry of Agriculture, Land and Water Resources. The process of approving cadastral surveys often takes a long time since the Surveyor General's Office is understaffed. The approved surveys are then registered with the Registrar of Deeds and the title deeds are processed.

From the approval of layouts and the preparation of surveys and their approval, the land can then be serviced. Services such as water and sewerage infrastructure are put in place before the stands are allocated to the buyers of housing stands. In some parts of Harare (such as Southlea Park) problems exist because people build houses in areas that are not serviced –contravening the planning standards and

regulations. If the servicing of the area has been done, however, and the certificate of compliance has been issued by the Harare City Council. Where the city council is the developer, people apply for housing or commercial stands and they are registered on the waiting list to be served if stands become available. In the case of private developers, stands can be sold on a closed or open basis depending on the conditions available.

Certificate of Compliance and Title Deed

The certificate of compliance obtained from the city council recognizing the attainment of the required conditions is a gateway to development. Stands are allocated and the Harare City Council then gives a certificate of compliance for an individual stand –allowing construction to commence, in line with the conditions and regulations of the local authority, and in line with building plans that also have to be approved by the local authority. Once the buildings are constructed, they are subject to inspection by local building inspectors. Building inspectors are expected to visit developments happening in the city and check if the developers are complying with the standards regulations of development control³.

When the development of a house or any structure has been completed in the development area, the local authority building inspectors conduct the final inspection of the structure, before issuing a Certificate of Occupancy as proof that the house has been built under the Local Authority by-laws and is fit for human occupation. All this is supposed to be done within a short period, but the scenario in Zimbabwe and particularly in Harare is that the processes may take very long. The processes can take up to 44 months to complete. Widespread – and large – housing backlogs are the defining feature of almost all Zimbabwean towns and cities, with Harare being a particularly extreme example (Toriro, 2007). When the owner eventually gets his or her certificate of occupancy, he or she can apply for title deeds with the Registrar of Deeds. The owner pays a transfer fee to get the title deeds in his or her name and the amount varies with the value of the property. After paying the registration fee, the Registrar of Deeds will register the owners name on the title deeds of the property.

7 Infrastructure profile

Harare's historic infrastructure base is relatively strong. Table 1 below shows that the majority of Harare's citizens have (at least notional) access to piped water, sewerage and electricity. However, officials from the city council complained that, despite the city having to take on extra responsibilities in the provision of services and development of infrastructure, the city's autonomy to fulfil these responsibilities continues to be compromised. The African Development Bank's 2011 report *Infrastructure and Growth in Zimbabwe* points out that the benefits of the high levels of service provision achieved since independence have been lost through the lack of maintenance. While there is thus a substantial amount of infrastructure in the city the services provided by that infrastructure are very poor and erratic. This is confirmed by the SIPU report, which emphasises that the

³The RTCPA, at sections 22-38, provides for development control, which determines the uses allowed and the quality of structures being erected in the city.

sophisticated nature of Zimbabwe's infrastructure is 'extremely costly' to maintain (Synnerholm and Boman, 2009: 18).

Table 1: Harare – access to infrastructure

Service	% Access to Infrastructure	% Access to Infrastructure
Source	<i>Global Urban Indicators, 2009</i>	<i>UN-Habitat, 2009</i>
Piped Water	92.7	90.3
Sewerage	87.1	94.5
Electricity	86.3	87.8

Water and Sewerage

The City of Harare manages its own water administration, after being reappointed to assume these responsibilities from the parastatal, ZINWA, in 2009. All of Harare's water comes from Zvimba and its surrounding areas. Officials (42, 44) from the Zvimba Rural Local Board asserted that they provide Harare with water for free, where it then falls under Harare's responsibility to treat and distribute.

An official (33) from the City of Harare confirmed that the city lacks a water-services master plan. This poses restrictions on the development and improvement of water infrastructure within Harare. Recently, a \$144 000 000 loan was obtained by the city from China Exim Bank, in order to develop its water infrastructure. The deposit for the loan has been paid. An amount of 10% of the total loan amount was paid by the city (33) and it seems that an additional 10% (or 20%) was also paid by the central government (but it has been difficult to get a clear picture of this transaction). The loan agreement provisionally states that the City of Harare has a 4 year grace period, after which, they will pay back the loan over 10 years, with the interest provisionally set at 3.5% per term. A senior official at the City of Harare (33) said that the final details of this loan had not yet been finalised, but confirmed that the 10% deposit had already been paid by the City.

A large portion of these finances will go to the Morton Jaffray Water Works, which processes much of Harare's water. Non-payment from citizens, especially in low-density areas of Harare persists, results in a loss of revenue for the urban council. Greater, and more reliable streams of revenue are reported (33) to come from residents in the poorer, high-density areas of the city.

Harare supplies water to the dormitory towns of Chitungwiza and Epworth, placing further strains on its own resources. According to the Chitungwiza Town Clerk (15), a lack of investment into Chitungwiza and Epworth's water infrastructure has a knock-on effect of making Harare take on increased levels of responsibility in providing the residents of these areas with water.

The City of Harare is also responsible for providing the sewerage services for its residents. The provision of sewerage infrastructure on the outskirts of Harare has proven to be extremely challenging to local authorities. Harare is responsible for providing sewerage infrastructure for areas such as Caledonia and Hatcliffe, but often does not receive the revenue from these services – because of the presence of quasi-legal peri-urban developers within these areas.

Harare undercharges its citizens for water hence, fail to recover all of its costs. Harare residents who have access to piped water are almost exclusively among the country's richest 40% income earners, meaning that the subsidies for water and electricity favour the country's wealthier citizens, as the bottom 60% go largely without access to this infrastructure (Pushak & Briceño-Garmendia, 2011).

Electricity

The Zimbabwe Electricity Supply Authority (ZESA) is a state owned organisation, and is responsible for the generation, transmission and distribution of electricity within Zimbabwe. The City of Harare does not play a role in the provision of electricity services within the city. Respondents from civil society (23), a ZESA official (49) and a developer group (12, 13) discussed the constraints of infrequent electricity supply to them by ZESA. Approximately 90 000 stands in Harare have not yet been electrified according to an official at ZESA (49). The electricity authority is unable to expand their reach to these houses because they lack the necessary capital funds to do so. ZESA's lack of capital is therefore a major constraint to the development of Harare in general.

ZESA has recently introduced the roll out of pre-paid meters within residential areas of Harare. This, a senior manager claims (49), has seen them improving revenue collection from customers within the city. When ZESA connects houses to their electricity infrastructure, they charge their customers a connection fee. Of the total costs to install this connection, ZESA absorbs 40% of the price, while charging the customer 60%. Developers, looking to connect their infrastructure to ZESA, must come to the electricity supplier with approved plans, thus allowing ZESA to deal directly with their customers, as opposed to having to seek approval from the local authorities.

Roads

The Zimbabwe National Road Administration (ZINARA) is a parastatal that is responsible for the overarching plans and development of Zimbabwe's roads. ZINARA disburses funds each year to road authorities, including Harare. The road authorities are then responsible for the maintenance and development of their roads, but their ability to adequately build road infrastructure depends on the size of the disbursements given to them by ZINARA. A representative (39) from ZINARA claimed that Zimbabwe's road network consists of 88 000km, with 20% of these roads being paved, and 80% being unpaved. 90 different road authorities (including Harare) rely on ZINARA's funding and disbursements. Four different groups make up the road authorities: The Department of Roads, The District Development Fund, Rural District Councils and Urban Councils.

The City of Harare is responsible for the maintenance and repair of road infrastructure; the approval and subsequent monitoring of private projects related to road infrastructure; embarking on joint ventures in order to improve its road infrastructure; and designing and constructing roads, storm water drainage systems and bridges. The City of Harare is reliant on the disbursements from ZINARA in order to be able to complete its responsibilities within the road sector.

ZINARA gains its revenue from the following sources:

- Vehicle registration and licensing fees

- Fuel levies
- Abnormal load fees
- Toll fees
- Road transit fees
- Overload fees

These funds are then allocated to road authorities by the parastatal. ZINARA can issue disbursements based on a fixed percentage and/or a formula, the amount of funding that is allocated is decided by the ZINARA board during an annual meeting, whereby the road development plans of the various urban and rural boards are assessed and allocated funds. A ZINARA representative stated that the board prefers to use this subjective method of disbursement allocation because it allows them to assess which areas they believe require more money than others.

Solid waste

The city is responsible for solid waste collection and is currently scaling up its fleet of waste collection vehicles as well as establishing a new landfill site.

Social and community services

Harare City Council has traditionally provided libraries, art galleries and related community services. This has stopped in the past decade or two, because of the shortage of funds.

8 Profile of infrastructure finance

In looking at Harare's infrastructure finance systems it is important to remember that it is hard to obtain unambiguous financial figures. The city's financial statements have not been audited for many years and the numbers set out in different documents do not always align with each other, nor with those proposed by some of the interviewees. The difficulty in establishing a precise picture of the city's finances is one shared by a number of other recent studies (for example see Pushak & Briceño-Garmendia, 2011). One of the interviewees (29) explained "there is a large disconnect between what is presented in the budgets, and what is actually allocated. So while the financial analysis may be good on a surface level, it probably says very little of what the actual money is being used for."

Zimbabwe fiscal framework

A fundamental problem facing infrastructure development within Zimbabwe is its lack of capital for infrastructure investment. Looking at the national position, Zimbabwe's current expenditure on infrastructure constituted 18% of its GDP in 2010, but remains very inefficient (Pushak & Briceño-Garmendia, 2011).

Pushak & Briceño-Garmendia (2011) argue that even if all inefficiencies such as the under-pricing of water, power and road sectors, and badly managed utilities were adequately addressed, a funding gap of \$0,6 billion per annum would still persist. This gap could be reduced by using increased fiscal receipts, and increasing the

level of (currently limited) private financing for Zimbabwe’s infrastructure (Pushak & Briceño-Garmendia, 2011). In order to meet its severe shortage of funding for infrastructure (including electricity supply to its mines), “Zimbabwe would require \$962 million of public and \$460 million of private funds annually to meet its most pressing infrastructure needs, including rehabilitation of existing stock and upgrades” (Pushak & Briceño-Garmendia, 2011: 49).

There appears not to be any direct transfers from the national government to the City of Harare for the purposes of infrastructure investment.

Harare: overview of City finances

Overall financial position and historic trends

Harare is in a very weak financial position, with revenue equal to US\$145 per capita compared, for example, to Addis Ababa with a figure of \$266 per capita, both with similar service responsibilities. The situation has been getting progressively worse for the city as shown in the figure below which gives a trend in nominal terms (not adjusted for inflation) for a city with a growing economy and population.

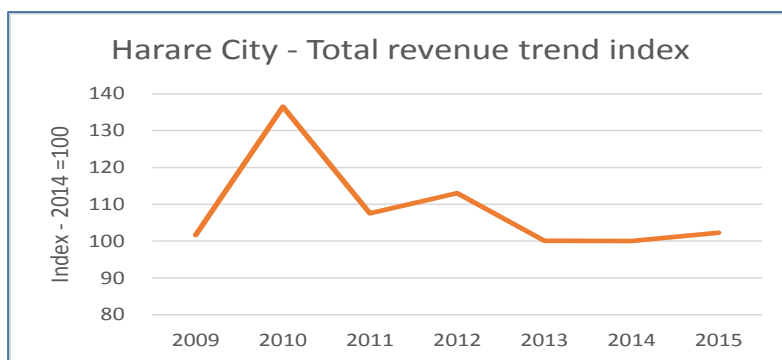


Figure 6: Trend in Harare revenue

In the case of budgeted capital expenditure the trend has been negative for the past 5 years, as shown below.

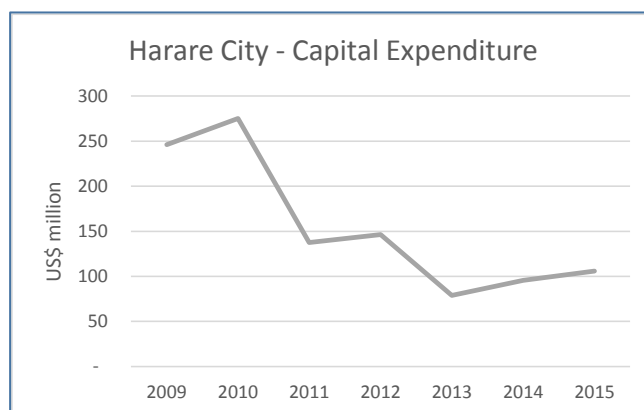


Figure 7: Capital expenditure – historic trends

Table 2: Harare operating revenue for 2014 financial year

	Budget	Actual revenue raised	Split actuals
	US\$ '000s	US\$ '000s	%
Property rates and related	102 429	103 179	39,5%
Health: fees and transfers	9 939	6 184	2,4%
Planning and building fees	4 901	5 366	2,1%
Public works fees	3 615	4 314	1,7%
Rentals and charges: housing & community services	12 746	9 585	3,7%
Water and sanitation tariffs	117 133	99 653	38,2%
Waste management tariffs	23 301	23 058	8,8%
Roads funds (\$250 000 from ZINARA, rest from advertising & 'other')	4 114	3 378	1,3%
Fines etc (public safety)	1 855	6 370	2,4%
	280 032	261 088	100,0%
	% of budget	93%	

This clearly has large negative implications for the City to provide infrastructure and related services effectively.

Operating revenue

The operating revenue for Harare for 2014 is summarised in the table below

Property rates and tariffs for water, sanitation and solid waste services bring in 87% of the revenue with the remainder being a range of small charges and fees with only 1.3% raised through a transfer, from the roads fund. The Harare water account, the biggest source of revenue, gains its income from sources such as fixed monthly charges, water sales to residential, commercial and industrial areas, and owner charges. With regards to the road fund account, \$250 000 was disbursed to Harare by ZINARA, while the remainder of the revenue came from advertising and 'other' streams.

The problem of non-payment of municipal accounts for services, especially in low density areas of Harare, persists. This results in a growing loss of revenue for the city. Greater, and more reliable streams of revenue were reported (33) to come from residents in the poorer, high-density areas of the city. This results in a high level of debtors: for example, in March 2010 Harare was owed US\$60 million by its customers (Marongwe et al, 2011). This amounts to approximately 12% of the city's total budget for 2010. Deficits generated by all non-income generating sectors within Harare means that the total deficit that must be absorbed by the rate account was \$93 million in 2014 (Government of Zimbabwe, 2014). The revenue base for income from property tax is inherently constrained because the last general valuation role was conducted in 2008. This was before the dollarization of the economy and so the official property values, as recorded on the general valuation roll and set out in terms of the now defunct Zimbabwean dollar, bear no resemblance to the actual market values of properties in US dollars. Work on a

new general valuation roll is proceeding but it is not clear by when it will be completed.

Endowments

Zimbabwe's Regional, Town and Country Planning Act (1996) states that whenever a subdivision of any property occurs, the owner of the property may be required to pay a 'prescribed percentage' of up to 20% of the property's value to the relevant local authority in order to authorise the subdivision. In practice the typical amount charged is 10% of the property's value. It is not clear where this is reflected on the Harare financial statements and therefore the amount raised currently is uncertain. However, the historic trend line shown below indicates that the amount of money is relatively small (less than 1% of total revenue).

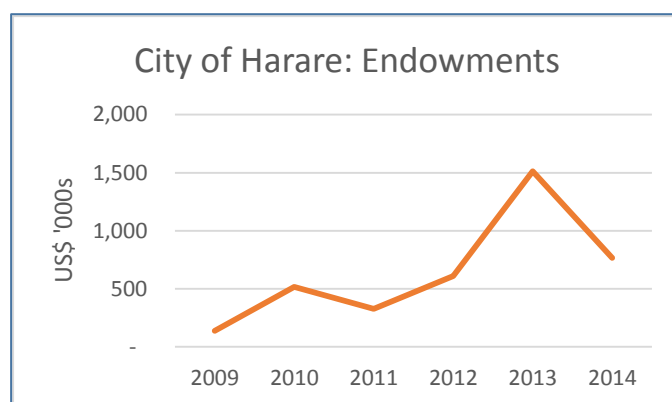


Figure 8: Historic trends with respect to payment of endowments by developers

This payment is meant to be ring-fenced for use in financing infrastructure but is consistently used to pay for operating costs.

Property tax

Zimbabwe's new residential rating and zoning mechanisms determine property taxes to be paid by residents based on the size of their stands, rather than on the developments they conduct on these stands (Chirisa, 2013). While land value and actual property development is taken into account when considering non-residential rates within the city, the location and area of land are used as proxies to determine the rates in residential zones – a policy which, a property trust manager (21), was devised to discourage speculation on urban land and encourage development.

A senior city official (50) pointed out that people in high-density areas are far more likely to pay their taxes than those in low-density areas. This occurs because residents in low-density areas can afford to circumvent the services of the city by purchasing their own generators and/or sinking their own boreholes, making them less vulnerable than those living in high-density areas. Despite this, rates are still inefficiently collected in general. Compounding this problem is the fact that the last General Valuation Role was conducted in 2006 (with the current tariffs set on assumed lower land values and out-dated zoning measurements), Harare does not seem to be taking advantage of a growing property base or increased levels of land value.

Since dollarization, the property market has changed dramatically, as residential sales increased by 30% in 2009 (Marongwe et al, 2011). A new General Valuation Role would see Harare being able to take advantage of its residential areas, which have increased in value.

Vehicle licences and associated transfers

All the income that is received from vehicle registration fees within Zimbabwe is pooled together, before ZINARA decides how to disburse the funds to municipalities throughout the country. Since ZINARA took over the collection of the vehicle licence revenues, from Harare City Council, in 2009 (as decreed by parliament), they have succeeded in digitising the list of registered cars throughout the country, which has substantially increased revenue, although financial statements are not available. A ZINARA official (39) claimed that they had increased revenue nationally from \$7 000 000 in 2009 to \$ 42 000 000 in 2014. Flushed with this success, ZINARA has suggested that they take over the administration and collection of parking fees in Harare, as well as the revenue from roadside billboard advertising. This would amount to a further loss of revenue for the city.

Officials (32, 33) at Harare City Council are concerned that their budgets for investment in roads have steadily declined since the advent of ZINARA. This has particularly negative effects because the city intended borrowing \$52 000 000⁴ in order to finance the purchasing of road maintenance equipment by leveraging the disbursement owed to them by ZINARA (City of Harare, 2015). However, since the disbursements made by ZINARA are unpredictable in their timing, and have decreased so significantly in value since 2009 (as seen in

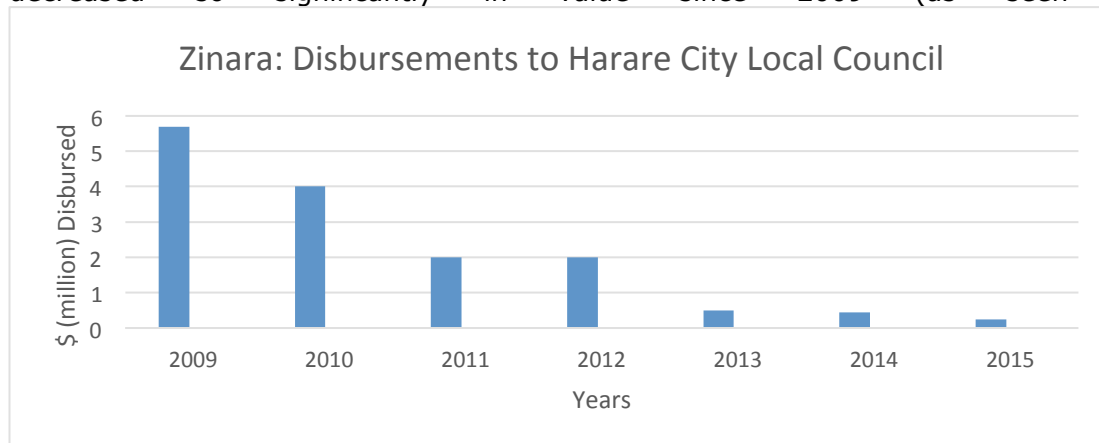


Figure 9 below), the City of Harare has not been able to use these funds to leverage loans. The Zvimba Rural District Council (42, 43, 44) claimed that they benefit from the disbursement policies of ZINARA. Zvimba received a \$200 000 disbursement from ZINARA in 2014, while Harare received \$250 000 in the same year. This is despite Zvimba having a population of 220 000, and Harare one of

⁴The Budget Speech (2015) does not stipulate whom Harare intended borrowing these funds from.

close to 2 million (Zimbabwe statistics, 2015).

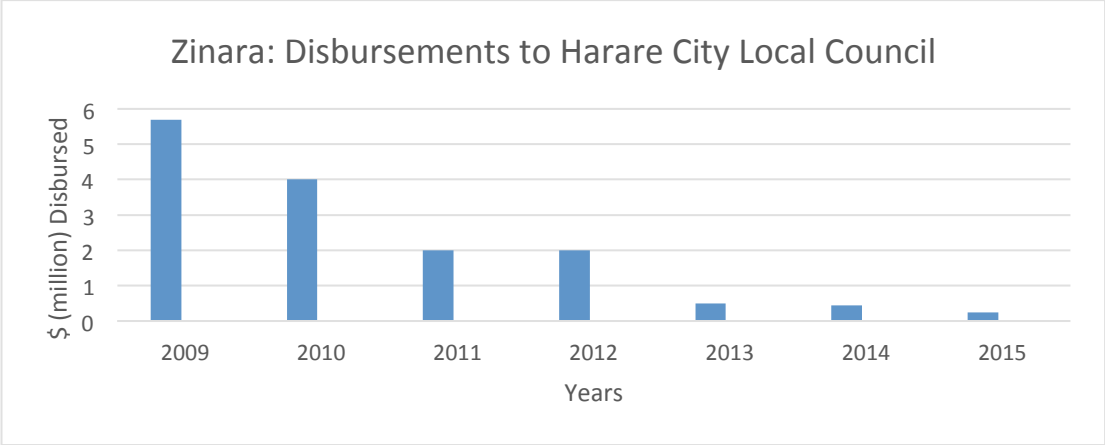


Figure 9 below, shows the steadily decreasing disbursements made by ZINARA to Harare. This occurs despite Harare being Zimbabwe’s biggest city, and requiring the most road infrastructure and maintenance.

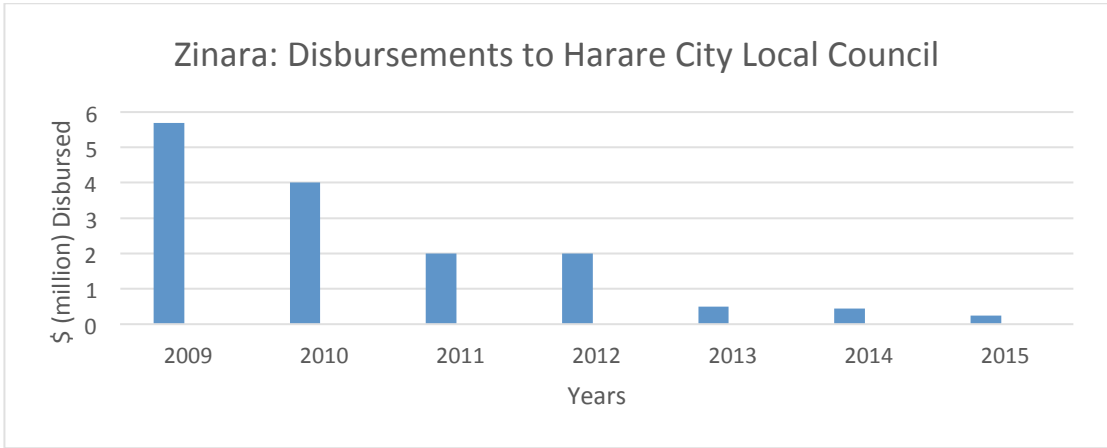


Figure 9: ZINARA disbursements to Harare

Operating expenditure

Operating expenditure for the City of Harare is summarised below.

Table 3: Summary of Harare City operating expenditure for 2014 financial year

	Budget	Actual expenditure	Split of actual
	US\$ '000s	US\$ '000s	%
Governance and admin	11 912	8 688	3,7%
Finance dept	11 984	9 176	4,0%
Planning and City Architect	4 332	6 027	2,6%
Engineering and public works	7 554	15 950	6,9%
Harare Water	115 581	103 045	44,4%
Waste Management	22 858	16 783	7,2%
Roads	21 958	8 918	3,8%
Health Account	35 082	29 409	12,7%
Community services, education and welfare	19 648	14 219	6,1%
Housing	7 357	5 127	2,2%
Public safety	23 409	14 798	6,4%
Total	281 674	232 139	100%
	% of budget	82%	

90% of operating expenditure relates to service provision with 10% for governance, administration and planning (first three rows in table), a low figure by international standards. Of the 90%, 63% is spent on major infrastructure intensive services: water, sanitation, roads, solid waste and public works with the balance of 27% spent on social and emergency services with health (12.5% being most substantial).

Expenditure on water and sanitation is by far the largest item, with 93% of this expenditure covered by water and sanitation tariffs as shown in the previous table. Waste management expenditure is a significant proportion with all of this expenditure covered by waste tariffs.

The City of Harare 2015 Budget Speech states that even though the city's employment costs (relative to its budget) has declined from 96% in 2009 to 40% in 2015, the city still owes \$122 000 000 (of a total of \$220 000 000) to its creditors for employment costs alone.

Capital expenditure

The capital expenditure profile for the City is shown in the table below.

Table 4: Capital expenditure profile for Harare for 2014 financial year

	Budget	Actual expenditure	% split of actual
	US\$ '000s	US\$ '000s	%
Administration related	2 118	94	2,1%

Health Account	1 233	95	2,2%
Engineering and public works	22 462	173	3,9%
Community, social services & housing	2 150	32	0,7%
Harare Water	570	4 000	90,8%
Waste Management	2 673	12	0,3%
Roads	32 788	-	0,0%
Public safety	3 581	-	0,0%
Total	67 573	4 407	100%
	% of budget	7%	

The fact that actual capital expenditure is so low (2% of operating expenditure) and also bears no relationship to the budget is clearly a concern. This relates to the severe lack of finance available to the City.

However, the City is in the process of undertaking a refurbishment project in the water supply system, financed by a loan from the China Exim Bank for \$144 million. This does not appear to be reflected on the above capital expenditure statement. A large portion of these finances will go to the Morton Jaffray Water Works – which processes much of Harare’s water.

The City continues to take an optimistic view of their ability to finance infrastructure, setting aside \$105.9 million for capital expenditure for the 2015 financial year (City of Harare, 2015), approximately 28% of the budget overall budget.

Electricity finance related aspects

Electricity to Harare’s households and businesses is supplied by the Zimbabwe Electricity Supply Authority (ZESA). While the figures on electricity access look high (see Section0), indicating that there is distribution infrastructure in place, the level of functionality of the service is low. This is related primarily to the fact that investment into Zimbabwe’s power infrastructure has been extremely limited over the past two and a half decades (Kaseke, 2010).

The Zimbabwe Electricity Supply Authority (ZESA) sets very moderate tariffs for their power supply, leading to their weakened ability to adequately recover the costs involved in the production of power. In addition to this, ZESA is particularly poor at collecting revenue, as 40% of its bills go uncollected (Pushak & Briceño-Garmendia, 2011). However, ZESA has recently begun the roll out of prepaid meters in residential areas, which according to a senior official at ZESA (49), has resulted in a positive increase in the revenue that is received by the electricity supplier.

Capital finance – all urban infrastructure

From the point of view of this study, understanding the means through which capital works for all urban infrastructure⁵ is financed is important, with the City and ZESA being the most important participants but not the only ones. However, given the complexity of the infrastructure arrangements and the limited time and budget available for this study, it has not been possible to present an accurate picture of capital expenditure requirements and the methods for financing this expenditure. Therefore reliance has been placed on an 'indicative' picture which is developed as follows:

1. 100 points are allocated to all urban infrastructure expenditure associated with the City.
2. The 100 points are first distributed between sectors based on an idealised infrastructure investment profile, which is taken from infrastructure investment modelling undertaken for Cape Town.
3. A rough assumption is made of the gap between capital requirement and capital finance available, based on interviews and a judgement of infrastructure shortfalls. This leads to points allocated to reflect this gap
4. Capital finance for each sector is split based on a judgement, taking the limited information available to the researchers from interviews and reports. This leads to points being allocated to each source of finance for each sector.

The results are shown in Figure 10 below.

⁵ Urban infrastructure can be taken as all infrastructure in the municipal realm. It excludes national and regional infrastructure such as major roads (some of which may pass through cities), development of water resources, power generation and power transmission through a national grid up to the boundary of a city.

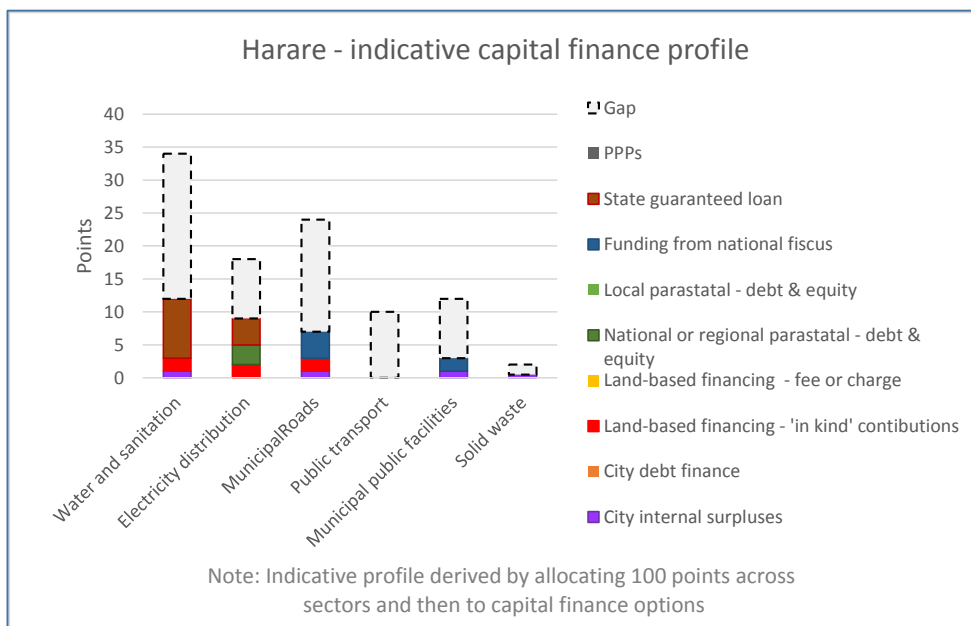


Figure 10: Indicative capital finance profile

An assessment of the individual finance mechanisms is included in the table below.

Table 5: Capital expenditure profile for Harare for 2014 financial year

Financing mechanism	Application in Harare
City internal surpluses	As indicated above, the level of revenue raised by the City is too low to fund infrastructure at a significant level. However, a small amount is assumed to go into roads and other infrastructure.
City debt finance	Harare has been able to raise a Chinese loan of US\$144 million, as described above. This loan is State guaranteed (33) and hence it is recorded as such (see item below).
Land-based financing – in kind contributions	Developers are providing limited bulk and connector infrastructure by way of 'in kind' contributions. The extent of this practice is unknown so an indicative 'place holder' figure is used for this profile (it is however likely to arise in all large-scale formal property projects).
Land-based financing - fee or charge	The existence of the endowment fee is noted above. However, the money is not used for infrastructure.
National or regional parastatal - debt & equity	The financing profile for ZESA has not been assessed for this study. For this indicative profile the assumption is made that electricity infrastructure is funded through a mix of debt finance and equity, with some of the debt being State guaranteed.

Financing mechanism	Application in Harare
Local parastatal - debt & equity	
Funding from national fiscus	It is assumed that some of the major roads in Harare, provided by ZINARA, are funded from the national fiscus. An assumption is also made that national government funds some for the costs of social facilities.
State guaranteed loan	The Exim bank loan to the Harare City Council for water supply infrastructure is included here and it is assumed that ZESA also raises funds through State guaranteed loans.
PPPs	No PPPs were identified for urban infrastructure serving Harare.

Conclusion on infrastructure finance

Harare is in a dire situation with regard to financing the infrastructure it is responsible for. Given its own weak financial status, with levels of revenue far beneath what they should be, the City cannot raise surpluses to fund infrastructure and is not credit-worthy and, therefore, cannot raise loans itself. However, there are indications of improved access to funding with the Chinese loan – assumed to be State guaranteed- for the water supply system representing a positive development. Finance available to ZESA for electricity infrastructure is also lacking. The difficult situation is compounded by the fact that the national government financial status is also weak. So Harare cannot rely on transfers from the national fiscus to support its operating activities and finance infrastructure.

9 Property development framework

Development of residential property

Developers are often required by the City of Harare to install both on-site and off-site infrastructure, as a condition for the approval of their land development application. The provision of off-site infrastructure within the city by developers generally comes in the form of water and road infrastructure development and/or improvements. Private developers (35), the IDBZ (40, 41) and financial institutions (36, 38) all confirmed that Harare imposes exactions on them in the form of off-site infrastructure development.

Homeownership formed the core around Zimbabwe's housing policy, and began in the 1980s. The financial backing of the public sector was crucial to the implementation of the policy. There were, however, 4 main ways in which serviced plot schemes and low-income households were financed:

- The national housing fund,
- Internal sources (derived from service charges, rents, as well as water and electricity charges used by urban local authorities for housing development and improvements)

- The private sector (through the issuing of stock, bonds and/or private funds made available for borrowing
- Donor funds – primarily from USAid (Rakodi, 1995).

The profile of infrastructure finance within Harare has changed since Rakodi (1995) recorded her findings. Private developers and commercial banks are now at the forefront of both financing and building housing projects in Zimbabwe. The Zimbabwean state aimed to promote self-financing of housing projects as part of its economic liberalisation measures between 2000 and 2008 (Marongwe et al, 2011). People were expected (and encouraged) to finance the construction of their own houses, after the state had provided subsidised, serviced land (Marongwe et al, 2011). However, with the rapid decline of the economy during this time, and the dramatic rates of inflation, neither the central government nor local authorities were able to provide the serviced land that was originally envisaged (Marongwe et al, 2011).

The provision of 'adequate' housing within Harare faces severe challenges. Firstly, the definition of what 'adequate' housing means in the Zimbabwean context requires interrogation. Tibaijuka (2005) mentions how Zimbabwe's colonial legacy has resulted in an inherited planning structure, which sets impractically high housing standards to be met by very poor people with urgent housing needs. Zimbabwe's history of intolerance towards informal housing and trade (for example: Operation Murambatsvina in 2005) adds to the inherent difficulties of providing suitable shelter to the fast-growing urban population. These sentiments are mirrored by Marongwe et al (2011):

"The adherence to high planning standards and formality created land supply bottlenecks and came at a cost, as both government and the private sector failed to meet, in particular, the housing needs and space requirements for undertaking economic activities in a rapidly expanding population and informal sector."

The Zimbabwean government was only able to allocate between 2% and 5% of its budget to housing projects in the early 2000s. However, in 2010 and 2011, it used three main funds to increase its spending in this field: The National Housing Fund NHF (US\$2.3-million allocated in 2011), the National Housing Loan Facility (NHLF) (US\$25-million in 2010) and the Civil Service Housing Loan Facility (US\$5-million in 2010 and US\$10-million in 2011) (Marongwe et al, 2011).

Harare's current housing backlog currently exceeds 500 000 households (with the figure for the country as a whole exceeding 1 500 000), and with rates of urbanisation increasing within the city, urgent attention must be placed on meeting this shortage of supply (Muchadenyika, 2015). In an attempt to provide more housing options for the city's residents, the 2014 National Housing Delivery Programme committed the Zimbabwe government to building 105 935 houses in Harare within 24 months. The 2012 National Housing Policy actively sought out community and private sector initiatives in order to establish partnerships to help the country meet its housing backlog (CAHF, 2014). Since 2010, the Zimbabwean government has spent \$38.9 million on on-site and off-site infrastructure for housing, as well as 2904 housing units across the country (CAHF, 2014).

Peri-urban land is now seeing large developments and being used by the city in an attempt to meet its startling backlog of people on the waiting list for houses, is

often the site of difficulties and disputes in Greater Harare. Some of these issues include the appropriation of peri-urban land by (non-registered) quasi-legal peri-urban developers, unease between rural and urban local authorities over 'quasi-urban' developments in 'rural' areas. It has been suggested that this reflects a strategy to weaken the Harare City Council, which has been opposed to the ruling Zanu PF party for some years.

Financing property developments

Having faced severe economic challenges since the early 1990s, investment into Zimbabwe's urban infrastructure has been minimal. Limited access to capital for infrastructure development, i.e. long-term loans with low interest rates acts, as a major constraint to developers. Lending within Zimbabwe occurs largely on a short-term time scale, and is dominated by the main five commercial banks that lend 59.18% of the country's total (CAHF, 2014). Mortgage lending is dominated by the Central African Building Society (CABS), followed by CBZ Bank. Interest rates on borrowed money are high, averaging approximately 15% per annum (CAHF, 2014). Access to long-term finance and offshore lines of credit, especially for Zimbabwean borrowers, poses severe challenges to both developers and financial institutions (CAHF, 2014). Some interviewees (for example, 20) argued that there are Chinese developers obtaining development finance from Chinese banks to do commercial land development in Harare, and who are unconstrained by the Zimbabwean developer's difficulties in accessing affordable finance, but these observations could not be verified.

Both private developers and financial institutions have responded to these constraints in interesting ways. While some developers have begun to offer financial services to customers who buy their properties, banks have diversified their activities by not only funding developments, but also actively building them themselves.

For example, a private real estate development company (35) in Harare has begun to offer financial services to their clients, in addition to property development. This company develops housing units (among other projects) and allow buyers to pay deposits, and their subsequent mortgages) to them over a number of years. A private developer (35) explained that, despite offering the public financial services, his company remains registered as only a development one, and does not get regulated for the financial services it provides.

On the other hand, banks in Zimbabwe have begun to spearhead urban developments of their own. A representative of CBZ (37), stated that banks have adopted this approach in order to diversify their investment portfolios. The trend in Zimbabwe of financial institutions to move towards infrastructural provision and development has also assisted banks in growing their customer base as many Zimbabweans do not have bank accounts and the beneficiaries of these projects become new bank clients, making much needed cash deposits into their new bank accounts.

Another issue facing developers is the shortage of adequate sources of funding for private operators. A respondent from the Zimbabwe Real Estate Institute (12) complained that developers are often only willing to borrow funds from banks for 1 to 2 years because of high interest rates. This limits the scale of the projects they develop, and acts as a constraint to their development of longer-term projects as these become too expensive. Borrowing for such short periods of time adds extra

pressure to the developer as he or she has to sell on the final product as quickly as possible, to avoid paying more interest and this cuts into the developers' anticipated profits.

Property registration

Other challenges to private developers include the manual systems used to register properties. Because the system is not automated, it is often difficult to confirm or verify property holdings. Developers (12, 13, 37) interviewed raised the length of time it took for city officials to inspect and approve large infrastructural projects such as road developments. In addition to inefficient officials and delayed registration, developers are also required to complete individual forms for every property that they develop on a stand. These forms are necessary for the registration of each free-standing house. A private developer complained that these extra administration details may seem relatively trivial, but they delayed projects and required many unnecessary hours to complete: if a developer builds 1000 houses on one stand, they will need to complete 1000 separate forms.

Peri-urban areas in Zimbabwe have seen rapid development, accompanied by much contestation recently. Because urban land is in short supply and is very expensive, the pressure to acquire and develop peri-urban land has intensified. Peri-urban land within Zimbabwe is largely government-owned land, as a result of the acquisition of commercial farms. Development on this land has ramifications for both urban and rural local authorities, between whom this peri-urban land often falls. However the reassignment of land from the control of rural to urban local authorities can only take place every 10 years, through the scheduled processes of boundary delimitation (see section 161 of the Constitution). This has not stopped numerous 'urban-type' developments from occurring within these peri-urban areas. They may mirror urban developments in many ways, but the development does not take on an urban status. This has severe ramifications for a city such as Harare, which is inevitably responsible for providing infrastructure to these areas, but does not necessarily benefit from the property rates charged, which continue to accrue to the rural local authorities until such time as the municipal boundaries are re-determined. Despite the inevitable and fluctuating nature of peri-urban land in Zimbabwe, no assessment has been done to understand the implications these changes are having on the property and land-values in these areas. This suggests that, because of poor planning, potential land-based financing opportunities are being missed.

Peri-urban settlements within Harare have seen the proliferation of temporary structures on largely un-serviced land. Since the advent of Operation Murambatsvina, which saw the displacement of people living in homes that didn't comply with prescribed building and planning standards (and the subsequent destruction of these homes and 'informal' structures), Zimbabwe implemented Operation Garikai, which has relocated some of the displaced population onto peri-urban land (Chirisa et al, 2013). Operation Garikai incorporated the 'fast-track' land reform programme, which saw the acceleration of peri-urban developments – even though, according to a planner (29) commonly within un-serviced land. These developments have occurred in areas such as Caledonia, Whitecliffe and Southlea Park (Chirisa et al, 2013).

10 Property development practice

The following section highlights three examples of property developments within Harare:

- the Budiriro Housing Project shows a partnership between the City of Harare and CABS to develop low-cost housing for Harare residents;
- the emergence of cooperatives on peri-urban land is then shown through the example of the development of Caledonia; and
- the proposed 'new city' which will see the establishment of a new parliamentary building will be discussed.

Budiriro Housing Project

The Central Africa Building Society (CABS) is a member of The Old Mutual Group, and presents an example of infrastructural development and housing provision through a public-private-partnership. This project arose after the City of Harare provided CABS with un-serviced land in Harare on the condition that the company would provide on-site and off-site infrastructure and would construct 'low-cost' housing on it. CABS would then provide mortgages to the homeowners, to be repaid over 10 years (subsequently increased to 20 years). CABS committed to deliver 15 000 housing units by 2013. At the time of writing, CABS have built 3102 completed units as part of the Budiriro housing project, but have only sold 345 units.

Respondents (36, 38) listed several reasons for the slow take-up of housing units:

- The units are too expensive for low-income and middle-income earners (despite the project being aimed at them), which results from the costs of infrastructure provision having been higher than anticipated as well as from the mandatory building and planning standards which escalated the development costs.
- The deposit required (which was initially 25%, but has subsequently dropped to 10%) is unaffordable by the vast majority of those in demand of the houses.
- Only people that are registered, and on the official waiting list are eligible for this housing.
- Only first-time homeowners are eligible for this housing (although this requirement has subsequently been dropped).
- Inefficient and lengthy administrative systems result in lengthy delays before property developments can go ahead.
- Formal proof of employment and income is required for all potential homeowners.
- Potential property buyers can more easily afford (often un-serviced) housing in peri-urban areas.

The table below sets out the costs involved and financial status required in order for someone to be able to afford a house within the new Budiriro Housing Project.

Table 6: Housing typologies and affordability of houses in Budiriro

House Type	A	A+	B
Description	One bedroom, kitchen, toilet and bathroom.	One bedroom, kitchen, toilet and bathroom plus slab for 3 rooms.	2 bedrooms, lounge, kitchen, toilet and bathroom.
Total Cost	\$22 002	\$23 871	\$27 185
25% Cash Deposit	\$5 874	\$6 373	\$7 258
Balance	\$16 502	\$17 903	\$20 389
Monthly Instalments	\$189	\$205	\$233
Minimum Income/Salary (combined between spouses)	\$756	\$820	\$934
Minimum Savings Required	\$6 000	\$6 500	\$7 500

The minimum combined household salary to be eligible for a house within the Budiriro Housing project is \$756 (with a minimum savings amount of \$6000). However, the GDP per capita of Harare is \$1 540 (Oxford Economics, 2015); if this figure is doubled (to measure the average GDP per capita among a married couple) it is \$ 3 080. This figure amounts to a combined monthly average income per spousal couple of \$257 – just over one-third of the minimum required. A major constraint of the Budiriro Housing project is that, even though it is labelled as a 'low and middle income' housing project – it is still far out of reach for the very people it is aiming to provide housing for.

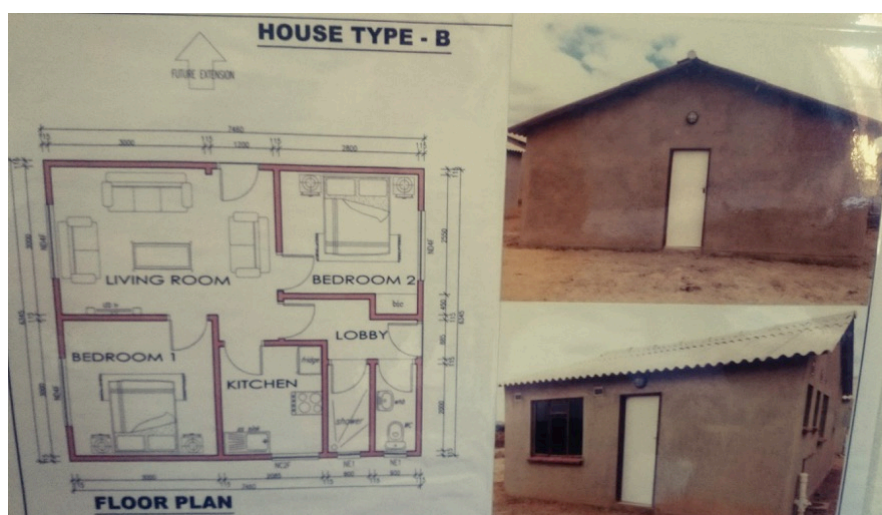


Figure 11: 'Type B' House of the Budiriro Housing Project

Cooperatives

In an effort to better manage Harare's housing backlog, the city has worked with various cooperatives in the peri-urban areas surrounding the city, often falling outside of the boundaries of the Harare City Council. Cooperatives are allocated stands through state and local authorities, on the condition that they service the stands according to the Cooperatives Societies Act. In an attempt to raise revenue, cooperatives charge people membership fees so that their projects can be funded. However, many members await housing from their cooperatives indefinitely, having already paid (Chirisa et al, 2013). Housing units are disbursed and sold by the management authorities at the respective cooperatives. This means that the quality and the price can be determined by the cooperatives, who do not have to adhere to the same building standards as the more regulated urban areas in Greater Harare. Potential buyers of properties are attracted to these areas because they are able to acquire property more cheaply in the peri-urban areas than in the more central areas.



Figure 12: Members of a cooperative building a low cost home on the outskirts of Harare

In addition to the free/substantially cheaper land that cooperatives are allocated, their housing units are often not adequately serviced. Unprotected wells, lack of toilets and electricity are major problems in the cooperative-managed areas. The different standards and requirements between private developers and housing cooperatives was described by private-development respondents as a disincentive to them, as they often had to install extensive on-site and off-site infrastructure, while the cooperatives are not required to do the same.

Caledonia is an example of a development on peri-urban land. It has recently seen numerous developments taking place, with approximately 23 000 stands being built and millions of dollars being exchanged, often informally. Caledonia was incorporated into Harare in 2012, but not included in the most recent delimitation exercise. Stands were not properly allocated – often resulting in local authorities taking the money directly, and illegally. This increases the likelihood of people paying money to quasi-legal peri-urban developers – whereby unofficial payments are made to unregistered people who claim ownership of land and properties. Quasi-legal peri-urban developers earn large amounts of revenue from this illegal activity, and because of the poor regulation of this peri-urban land, it often results in the stands lacking official registration and ownership, and their remaining unserviced. Caledonia is officially considered under the jurisdiction of Goromonzi, but

it falls in ward 46 – of Harare’s city council. Problematically, Harare provides services to Caledonia, whose residents then pay rates to Goromonzi. As with all the cases of quasi-legal land development in peri-urban areas of Zimbabwe it is difficult to ascertain precisely which aspects of the development are legal and which are not. Both official versions and the accounts of occupants and their representatives are likely to be inaccurate in different ways, due to the nature of the development process and the underlying uncertainty as to the legality of the process.

Proposed new city

The Government of Zimbabwe has commissioned plans for a new city in the Greater Harare City region, specifically in Mount Hampden. Located in Zvimba municipality, and with financial backing from various Chinese institutions, the envisaged city will be the new home of parliament, and have various nodes (such as agricultural and mining centres) surrounding it. The government contends that traffic congestion and the proliferation of pavement traders in central Harare demand that the country’s capital city be relocated to a more fitting location. The Zvimba district was deemed an appropriate alternative to Harare for the new parliamentary precinct.

The value of land in Zvimba will obviously increase appreciably, and officials (45, 46) from the rural local council suggested that the new city will increase their own revenue. The model of the new city seeks to give investors a larger role in driving its construction and development, with a particular focus on Public-Private-Partnerships (PPPS). The new parliament is projected to act as a driver for economic development within the broader region and “extend the footprint of the Zimbabwean city”.

The rationale for embarking on such an expensive project seems to be poorly developed. The urban management problems of Harare can be addressed relatively easily and it is hard to argue that the city is too congested when commercial office buildings across the city struggle to reach more than 40% occupancy (12 and 13). There appears also to be a persistent belief in planning and space standards that are unrealistic and unaffordable. The implications of building a new capital city nearly 100km away from central Harare seem to be overwhelmingly negative in terms of infrastructure costs, efficient use of existing infrastructure and compact urban development objectives.

11 Conclusions

In concluding this report, we identify six conditions that are conducive to effective land-based finance for infrastructure. Firstly, there has to be a demand for property, an economy and a population growing at a rate that generates demand for space, whether residential, commercial, industrial or any other. Secondly, there needs to be a sufficiently effective state, a government with the regulatory and policy capacity and intention to harness land values for infrastructure investment. Crucially, the city government also has to be effective, with sufficient powers and resources to establish the institutions and systems to capture land value. Fourthly, access to land for development or redevelopment is essential. Fifthly, there needs to be a sufficiently active and experienced property development sector; without developers it is very difficult to translate demand for property into the scale of projects that can generate land-based financing opportunities. And, finally, closely

linked to the previous condition, there needs to be reasonably easy access to finance for property development. Each of these six conditions is dealt with below before a final concluding comment on the current land-based financing practices in Harare.

Demand for property

Following the dramatic collapse of the Zimbabwean economy in the 1990s the rate of economic growth has been steady. Similarly the rate of population growth has remained steady. The demand for urban land remains strong. This is evident especially in the demand for quasi-legal peri-urban subdivisions. The difficulties in accessing property finance, as well as affordability constraints, however restrict the demand for land and property supplied through the formal channels.

There have been a series of minor property booms in Harare over the past twenty years but the overall effect, at least in the last decade is one of a depressed market. The quotation below from the local press summarises the current position, at least in relation to the formal land development sector:

“One of the reasons behind the slowdown in property development in Zimbabwe has been the fact that local authorities, who used to complement private developers by servicing land and putting in place key infrastructure before construction, have stopped the services because many of them are also operating on shoestring budgets.”
(Financial Gazette, 30 October 2014).

Effectiveness of the state

Political instability has dominated Zimbabwe for fifteen years. This instability precipitated the collapse of the economy, which has resulted in a state with very restricted access to finance for infrastructure. Part and parcel of the political breakdown has been a succession of populist land redistribution initiatives. In the peri-urban context this has contributed towards an ambiguous and unpredictable policy environment, particularly in relation to land use and land development. The combination of enthusiastic land reforms together with constrained infrastructure budgets has created a legacy of under-investment in essential services as well as challenge for land tenure regularization. This legacy will continue to have a dominant effect on the state's future capacity to introduce more effective urban management policies and laws. The possibility of the new capital city outside Harare raises the prospect of a further distraction from the state's overarching challenge of addressing the backlog of infrastructure provision and land tenure regularization.

Effectiveness of the city

The Harare City Council is a beleaguered institution. Both as a result of political conflict as well as the overall collapse of the economy the city is extremely under-resourced. Staff morale is low and the city's financial management appears to be in crisis. Nevertheless the city continues to try to comply with the applicable laws and policies. The professional and administrative resources within the city have been weakened but there is probably still a sufficiently strong core of personnel and institutional memory to scale up the city's effectiveness in the future. This will require both capacity building and financial resources. The new 2013 Constitution

envisages a much more empowered system of local government and if that vision can be realized then the city's position will be significantly stronger.

The past decade has been characterised by conflict between the city and the national government (and its agencies) over revenue streams from water services provision and vehicle licencing. To date the city appears to have been the loser in this conflict. For the city to be effective in raising finance through land development for infrastructure finance it will need to have more direct control over and responsibility for revenue streams such as these. The fragmentation of investment and management responsibilities for most infrastructure services also needs to be addressed.

The trend since 2000 has been to assign key municipal infrastructure functions – and hence sources of municipal revenue – to agencies such as ZINWA (and then back to the city), ZESA and ZINARA. This has had a negative effective on the city; not only in financial terms, but also in that it has resulted in the highly fragmented institutional arrangements that characterise urban management in the city today. The city's current loan from Exim Bank for USD144 million to invest in water services infrastructure obviously indicates capacity to raise finance for infrastructure investment, but the details of the loan are difficult to ascertain and so it is not possible to hail this transaction as a turning point in the city's financial, or infrastructure investment, positions.

Access to land

As a number of interviewees pointed out, the problem in Zimbabwe is no longer land. Especially in peri-urban areas the state has been proactive in supplying land to those in need of it, albeit not always in ways that have complied with every provision of the law and not always accommodating the very poor. The Land Acquisition Act though does significantly assist the process of land acquisition. Access to land in more central places however is much less easy, and the relative mismatch between supply and demand in these areas has resulted in very high prices for residential and other land. Moreover the city itself is not able to acquire land in the relatively easy ways available to the national government and hence the city depends on the national government to acquire and release land either to the city for housing developments or directly to developers. In the current political climate, this process of state acquisition and release of land is fraught with complexity and appears to be a source of conflict between the city and national authorities.

The formal process, prescribed in the Regional, Town and Country Planning Act, for providing land use and development approvals remains in place, although it is widely criticised for being too slow. The application of the Act in peri-urban areas appears to be erratic. Criticism of the Act – and associated legislation that includes the building regulations – for being out-dated and inappropriate is widespread. The argument for rationalising the land use and building laws to introduce more realistic space and building standards as well as more efficient procedures is overwhelming. It will have the effect of lowering the barriers to entering the formal system for land use and building approvals, which will in turn have the effect of increasing the number of households and businesses in the formal urban management system. Rationalising the legislation will also provide an opportunity to clarify the points at which payments from developers and applicants can be required.

Active developers

Zimbabwe has a core of experienced and professional property developers with established track records of delivering residential, commercial and industrial projects. These developers are accustomed to the ups and downs of the Zimbabwean property market. The dollarization of the economy in 2009 proved to be a boost for Zimbabwean developers, especially in Harare. The challenge facing the developers, and expressed in interviews with representatives of the sector, is the growing trend of 'fly by night' developers, including those operating in the peri-urban areas, who are able to access land and land development permissions via unorthodox routes, primarily helped by their political connections and fuelled by corrupt practices. The 'proper' developers increasingly face competition from those operating outside the formal system and who are able to offer (especially) residential stands at low prices, even if these lower prices reflect the weaker legal claims enjoyed by the persons obtaining the land.

Access to property finance

The contraction of the economy experienced during the 1990s and 2000s has left the entire economy starved of money. Banks have limited deposits. This restricts their ability to lend, and interest rates are high. This pressurises developers to complete and sell on projects as quickly as they can in order to avoid excessive interest payments, and this reportedly. Finance for property development is thus both scarce and expensive. Banks and building societies are however building partnerships with both the City Council and developers to deliver integrated packages of finance, land and housing. In practice this is proving difficult to do where affordability levels are so low. Until the Zimbabwean economy picks up further access to domestic finance for property development is likely to remain constrained.

In a few cases interviewees described a scenario in which foreign-based developers, mainly from China, are able to access finance from foreign-based banks in their home countries in order to carry out projects in Harare. These developers are thus able to benefit from both the availability of finance and low interest rates that their Zimbabwean counterparts are unable to reach.

Land-based financing: practice in Harare

A precondition to getting subdivision approval in Zimbabwe, is the payment of a 'prescribed percentage'. Commonly called an 'endowment' fee by respondents, this term dates back to colonial era legislation that has since been repealed. This payment to the local authority can be up to 20% of a property's total value, which can be made either with cash or a contribution of land of equivalent value, or a combination of the two. Without this payment, reflected in a certificate of compliance, the properties may not be registered. According to the Regional and Town Planning Act (1996) the 'prescribed percentage' is reserved specifically to finance infrastructure and/or encourage the provision of services for public purposes (such as roads) within the relevant district. Generally, respondents (20, 32, 41) reported that they paid approximately 10% of the total value of their subdivided properties much more frequently than they set aside land. A developer (12) indicated that while it is normal to pay 10% to the city, sometimes the central government requires his company to pay 20%, which effectively doubles the contribution.

Essentially, this is a land-value-capture mechanism put in place specifically to fund infrastructure development. The funds are meant to be ring-fenced for the particular areas in which the developments have occurred. The total revenue that accrues to the endowment fund annually is reflected separately in the city's budget. However, the actual uses of this fund were questioned by a number of respondents. It was consistently claimed by the people interviewed for this research that the endowment fund is used by the city to cover operating costs. The use of the endowment fee for operating, instead of capital costs arises from the severe financial difficulties that the city has faced for a number of years.

Developers also complained that this payment, in addition to the 14% Value Added Tax, 5% Capital Gains Tax and 25% Income Tax, contributes to making property development commercially challenging. Ultimately, they claimed, these taxes raise the price of the final product, which must be met by the customer. The failure to use the payment for its intended purpose inevitably increases this sense of frustration.

It is not disputed that this mechanism is not fulfilling the purpose for which it was designed. Those developers that make the payment, either in cash or with the provision of land instead, do not see their contribution being used for infrastructure. Indeed the dominant challenge facing developers is the overall lack of maintained, operational and dependable infrastructure. In addition, many developers operating in the more informal side of the land development process in peri-urban areas are not paying it at all. The underperformance of the endowment system can largely be attributed towards the inability of the Zimbabwean state and the Zimbabwean economy to meet the six conditions identified above. Concerted efforts will be needed from both the public and private sectors to address these failings in the urban management system. Without addressing these issues, many of which are rooted in the political economy of land development, it will be difficult to foresee land-based financing being implemented effectively in Harare.

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13 List of interviewees

The following people generously gave of their time to meet with the research team and this is much appreciated. The interpretation of their views is obviously entirely that of the research team.

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1. Emanuel Mutambirwa	Acting City Valuer and Estates Manager	City of Harare
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9. Roy Nyabvure	Chief Building Inspector	City of Harare
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19. P. Gumbe	Engineer	Ministry of Transport and Infrastructure Development
20. Darlington Chirima	Procurement and	ZB Bank

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22. Sasha Jogi	Director (Planning)	Arup Zimbabwe
23. Precious Shumba	Executive Director	Harare Residents' Trust
24. Trust Madhovi	Chief Executive Officer	Goromonzi Rural District Council
25. Julieth Makombe	Town Secretary	Ruwa Town Council
26. Fatima Mhiti	Finance Director	Ruwa Town Council
27. Augustine Mashangu	Systems Administrator	Ruwa Town Council
28. Enias Chidhakwa	Town Planner	Ruwa Town Council
29. Percy Toriro	Independent Consulting Town Planner	Municipal Development Partnership for Eastern and Southern Africa
30. Munyaradzi Chimbo	Principal Accountant	City of Harare
31. Benjamin Nhukarume	Principal Accountant	City of Harare
32. AG Gwatiringa	Principal Accountant	City of Harare
33. J Makuva	Harare Water	City of Harare
34. Million Sambona	Housing Allocations Officer Department of Housing and Community Services	City of Harare
35. Exodus Makumbe	Exodus and Company Pvt Ltd	(Private Developer)
36. Catherine Danda	Sales Consultant	CABS
37. Tapiwa Chikumbo	Property Management	Commercial Bank of Zimbabwe (CBZ) (Commercial Bank)
38. Gilbert Gumbo	Investment Advisor	CABS
39. P Murove	Director of Administration	ZINARA
40. Mujokoro	Legal Secretary	Infrastructure Development Bank of Zimbabwe (IDBZ)
41. R K Malunga	Procurements	Infrastructure Development Bank of Zimbabwe (IDBZ)
42. Diana Tsuro	Social Services Officer	Zvimba Rural District Council
43. Josephine Matowanyika	Bookkeeper	Zvimba Rural District Council
44. Tapiwa Nhemwa	Engineer	Zvimba Rural District Council
45. T Mabaya	Chief Planning Technician	Zvimba Rural District Council
46. Makhuluboyi Dube	Auditor-Assistant	Zvimba Rural District Council
47. Piyo Mandizvidza	Human Resources Administration	Officer
48. Patrick Chivaura	Business Development and Planning Manager	ZESA

Name	Position	Affiliation
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51. Colin Benham	Infrastructure Specialist	DfID, Harare