



**W17 – Housing and Sustainable Urbanisation in  
Developing countries**

**INTEGRATED HOUSING DEVELOPMENT  
PROGRAMS FOR URBAN POVERTY  
ALLEVIATION AND SUSTAINABLE  
URBANIZATION  
(THE CASE OF ADDIS ABABA)**

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# **Integrated Housing Development Programs for Urban Poverty Alleviation and Sustainable Urbanization (The Case of Addis Ababa)**

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## **Abstract:**

This paper focuses on the significant role that integrated housing development programs play in urban poverty alleviation and sustainable urbanization especially for cities under pressure of urbanization and poor economic base by discussing the experience of the Grand Addis Ababa Integrated Low-Cost Housing Development Program.

Addis Ababa is the economic, political, and cultural capital of Ethiopia and melting pot of different nations, nationalities and several international organizations. Addis is among the least urbanized cities of the world. However, it is one of the cities where high urbanization (8% per annum) is taking place. The urban economy is weak making it difficult for the city to accommodate the rapidly growing population and provide housing, urban services and employment opportunities. This results that 80% of the population is living in informally developed housing, often of poor conditions including street residents.

In response to these problems, the government has launched an integrated massive low cost housing program for the middle and low-income families. This program has brought a remarkable change in the image of the city, improving the way of life of city dwellers. There has been a massive supply of housing units, large number of job opportunities for huge amount of people. It has also strengthened the informal sector by providing adequate working place, training and credit facilities and providing works in the program. Moreover, it has arranged affordable modalities for all groups and brings attitude changes such as saving culture. The program also introduces slum upgrading which plays key role in the city's transformation.

The paper argues that the program has potential to reduce urban poverty and facilitates sustainable urbanization. It also concludes that the program has a lot to contribute to achieve Millennium Development Goals (MDG) and Plan for Accelerated and Sustained Development to End Poverty (PASDEP) programs.

## 1. Introduction

Already half of the world's population lives in urban centers and one third of them in slums. This figure is expected to increase by one billion in a decade and slums will grow at an accelerated pace unless 35million housing units are made available annually (UN-Habitat, 2002). Virtually all this growth takes place in developing countries. Addis Ababa accommodates 26% of the national urban population and about 120,000 new residents are added to the city every year where most of this growth is in the slum areas where more than 80% of its inhabitants live (UN-Habitat, 2006). Hence, it is crucial to see the issue decisively.

Poverty and urbanization are interconnected and multidimensional. They relate with economic issues such as income, labor market; social issues like public infrastructure, shelter etc and environmental and physical issues. Therefore, to end poverty and achieve sustainable urbanization, a comprehensive view and concerted action on these dimensions is necessary.

This paper is limited to an integrated massive housing program, which contributes much to address poverty and urbanization issues. It is based on secondary data and interviewing officials, residents and other stakeholders. It focuses on poverty and urbanization issues in relation with housing and related environments. The paper first gives detail background information about the country, the city, and its poverty and urbanization status. Then, it demonstrates the housing program scheme, its achievements and its role in city's poverty alleviation and facilitating sustainable urbanization. Lastly, it draws important discussion points from its achievements and failures. Finally, it ends with concise conclusion and remarks.

## 2. Background

Having a history of 3000 years Ethiopia is one of the ancient Sub Saharan African countries located strategically in the horn of Africa at crossroads between Africa, the Middle East, and Asia covering an area of 445,000sq.miles. It has a population of about 73 million (July 2005) with an annual population growth rate of 2.73%, and population density of 64.0 per km sq (2005) (UNCHS-Habitat, 2000; CSA, 2004; Asfaw, 2005). Ethiopia is one of the least urbanized countries where about 83.8% of the county's population lives in rural areas. However it is one of the countries where high urbanization is taking place. At present, Ethiopia is one of the most populous countries in Africa. The urban population of the country is growing at a rate of about 5% per annum and in some urban centers it reaches 8% (Keffa, 2005). Currently the urban population of the country is about 11.7million and studies show this figure will increase to 17.8million by 2015 and 22million by 2020 (MWUD, 2006).

The economy of the country is dominantly agrarian contributing only 47.9% (2005) to the national economy whereas; the urban population who is engaged on industrial and service sectors contribute 13.1 and 38.9 percent respectively. The GDP per capita of the country is among the least and poorest countries which is US\$ 153 per annum (2005) (ACOC, 2007).

Currently the country is following a federal system, which is structurally based on the Federal Government, nine autonomous regions and two administrative states. It follows four layers of administrative levels called Federal, Regional, Woreda and Kebele in a top-down arrangement. Addis Ababa, being accountable to the Prime Minister's Office and the public is one of self-governed regions.

Addis Ababa, the primate capital city of Ethiopia, has emerged as a city that has both international and national significance. It serves as seats of various international organizations and embassies. The fact that it is the seat of African Union (AU) and Economic Commission for Africa (ECA) enables her to be called the capital of Africa. Addis Ababa is the major commercial, industrial, educational and political centre of the country. It is the melting pot of different nations and nationalities. The city has been rapidly growing since its foundation in 1886 having 50,000 inhabitants (UNCHS-Habitat, 2000).

### **3. Urbanization Issues**

Addis Ababa took 90 years to reach a population of 1 million but only 30 years to triple and exceed 3 million. Currently the population of the city is estimated to be 4 million increasing at a rate of nearly 8% per annum (Asfaw, 2005). Migration accounts for a significant portion of the city's growth. In 1999, 46.9% of the populations were migrants (CSA, 1999). The city compared with other parts of the country enjoys relatively higher concentration of facilities; infrastructure and industries. The main reason for high migration to the city is economic reasons. Studies on those who lived for less than 5 years demonstrate the migrants who come searching for job is the highest ranking reason (35.44 %). This was followed by education (19.89 %), accompanying of family (12.12 %) and living with relatives (7.60 %) (CSA, 1999). Out of which the urban migrant comprise 50.80 % whereas from rural areas shares 49.19 %. Therefore, both urban-urban and rural-urban migrations are significant in Addis Ababa.

This rapid growth in population and the corresponding demand for shelter has resulted in fast physical expansion of the city. Between the year 1975 and 1985 the population of the city grew from less than 1 million to 1.4 million (Asfaw, 2005). In the same decade the built up area has expanded fully consuming 21,000ha of land (except the city's green belt). Following the approval of the 1986 Master Plan the city administrative boundary grew to 54, 000ha. And the city population has grown almost two and a half times.

The City has currently consumed more than 75% of its areas for development. According to the new City Development Plan (2001-2010), the potential expansion area of 10,000ha within the city's boundary could be exhausted by 2010. Studies also show that as a result population growth the city will reach the 6million population threshold in 20 years, and the mega city level of 10 million in 40/50 years (AACG, 2005). This unprecedented growth is beyond the city's bearing capacity within its current socioeconomic, physical and administrative situation. The spatial distribution of population in the city shows about 98.7% live in urban areas while 1.3% lives in rural (UNCHS-Habitat, 2000). The density of population in urban areas is 7008 per km<sup>2</sup> while it is 121 persons per km<sup>2</sup> in rural areas. Currently, an estimated 4 million

inhabitants of the city live in 527,800 housing units with an average density of 6 persons per household.

## **4. Current Urban Poverty Profile**

Poverty is multidimensional and involves several issues related to income, labor market, public infrastructure, shelter etc. Therefore a comprehensive view of these dimensions is necessary to better understand. Addis Ababa has become the largest and populous city in Ethiopia being more than 14 times bigger than that of the second larger city Dire-Dawa (MWUD, 2006). It contains about 26% of the total urban population. However, Addis Ababa is one of the least developed cities in Africa facing a major challenge of urban poverty and slum proliferation.

### **4.1. Housing Condition and Rate of Slums**

Shortage of housing is among the most visible problems of poverty in Addis Ababa. It could be understood in terms of its qualitative and quantitative dimensions (Tesfaye, 1992). Similar to other poor countries, the urban housing problem in Addis Ababa is mainly attributed to continuous population increase, low level of economic performance, inefficient service delivery (particularly land) and inadequate urban management and regulatory framework (Asfaw, 2005). The accumulated housing backlog needs the construction of 300,000 units while 60,000 units per annum are needed to accommodate the 8% increasing population.

A study conducted to implement the MDG has found that more than 80% of the city's population is living in slums which are characterized by overcrowded neighborhoods with no or little basic infrastructure and municipal services, worn out physical structures, under unhygienic conditions lacking safe drinking water and sewage, sprawling informal settlements in disaster prone areas, illegal land occupation and absence of tenure security, high rate of HIV/AIDS, high rate of unemployment and informal economy being vulnerable to all kinds of risks.

Several upgrading and urban renewal interventions were undertaken at specific neighborhoods both by the government and NGOs. However these were ineffective to change the general picture of the area. State owned houses comprise 46% of the total housing stock. Out of this huge number, 24.8% of households are in a very poor condition requiring high maintenance or replacement and about 9% of these households do not have any toilet facilities while 51% share communal toilets. These households are living in an overcrowded manner where more than two persons per room (below the UN-Habitat minimum standard) are living (UN-Habitat, (2004).

#### *4.1.1. Housing Standards and the Poor*

The existing housing standard indicates housing affordability in the city. Currently the residential plot size given ranges from 72 to 105 m<sup>2</sup>. A study by PADCO (1996) indicated that the cost of the minimum floor area is 30,520birr (1euro=10birr) for 'chiqa' house (constructed from wood and mud) and birr58,350 for hollow concrete blocks. This indicates that most of the houses with minimum standards are beyond the reach of the poor. About 80% of the City population classified as low-income group cannot afford housing construction costs and hence have limited access to finance.

The study also estimates that the present land delivery system excludes 96% of the population based on the assumption that a standard unit in Addis costs 50,000birr, which currently has significantly increased (nearly by half) due to shortage of construction materials. Besides, the system requires 20% down payment. If one assumes to cover the remaining by borrowing under the current construction and business loan terms, the monthly payment could be afforded by individuals with a monthly income of birr2230 and above which is attained only by 4% of the city's population.

#### 4.1.2. *Housing Finance and the Poor*

The only formal institutions offering housing loan is the construction and business bank. This bank under the name housing and saving bank had previously provided housing loan on subsidized rates of 4.5% for cooperatives and 7.5 for individuals. Currently the interest rate stands at 16% discouraging any housing loan. The increase in interest rate is a result of the government policy to remove subsidies from the housing sector. This will have the largest negative impact on the poor residents of the city who do not have any financial means to construct houses.

#### 4.1.3. *Housing Tenure*

Before the nationalization of urban land and extra houses, the private sector was responsible for the provision of housing. Then after, the government took the responsibility to administer urban land, extra houses and new housing construction. The 1994 census revealed that 34.4% of the houses are owner occupied while 57.3% were rented either by the city government or by the AARH (Agency for the Administration of Rental Housing). Of the latter, nearly 38% are below standard houses with very low rent and mostly houses low-income peoples. Later with the introduction of housing cooperatives and private housing construction, the trend gradually changed the public/private owned housing units to the current 34/59 proportion. However, still there is a high demand for rental houses among the low and middle-income resident. This high share of renting and demand is due to income constraints and lack of proper policy to encourage low and middle-income residents to construct own houses.

**Table-I.** Houses Constructed During 1996/97-2002/3

No.	Actor	No. of houses	% Share
1	Public	7409	8.4
2	Cooperatives	24820	28.2
3	Individuals	22225	25.3
4	Real estate Developers	3520	4.0
5	Informal sector	30000	34.1
	Total	87976	100

Source: Addis Ababa city Government, 2004

#### 4.1.4. *Housing and Land Supply*

Table-I shows that the informal sector is the largest residential land and housing supplier, which is an indication of the formal market failure. The potential for formal private sector supply is also significant but the amount of transaction is limited because of the constraints in the title registry and ownership problems (Asfaw, 2005).

#### 4.1.5. *Housing Policies and Practices*

Housing in Ethiopia is not considered as a shelter only but as an asset, means of social security and indicator of social status. There were no housing policies as such but simple laws. The current slums and housing problems are the results of accumulated deficits of policies and practices for several years. The pre-revolutionary land tenure systems were excluding substantial proportion of the middle income and nearly all the low income households from accessing urban land and housing (Asfaw, 2005).

And the post-revolutionary development that nationalizes urban land and extra houses has left the confiscated urban rental houses and neighborhoods disrepair in the hands of urban dwellers associations. This has further speeded up and intensified the slum formation process. Though the policy and other regulatory frameworks allow the conversion of the title deeds for the remaining non-nationalized houses who have only title deeds of the old regime, the low capacity at the municipality has put off the implementation. In addition, the corrupt and clumsy urban land allocation processes make matters worse and a marked drop in the production of dwelling units. This has resulted in a shortage of acute urban housing that force thousands of the urban middle class to resort to squatting (Solomon, et. al, 2004). Following the change of government in 1991, investment policy gives room for real estate developers of which the majorities are cooperatives and owner builders. Currently government and private real estates are now taking part. However, the housing situation got worse mainly due to constrained access to land.

High level of poverty, poor urban management and government's relative negligence on urban development issues (lack of an urban development, housing, and other urban related policies and strategies) has resulted in the proliferation of the problems in size and complexity (Asfaw, 2005). According to Asfaw, the overall impact of the lack of appropriate policies coupled with the ever worsening poverty situation has led to a shortage of housing, overcrowding, low land accessibility and housing affordability and illegal settlements.

## 4.2. **Economic Situation**

Addis Ababa, the industrial, commercial and service center of the country, has long been overwhelmed by massive unemployment as continuing in-migration floods the local job market. And its level is raised by factors such as access and right to land and working places, high taxations, government carelessness to control increment of demobilized soldiers, layoffs from public enterprises and civil services, increased school leavers and dropouts, business close downs due to high shop rents and globalization effects. In addition limited development and unattractive investment policies and poor implementations are some of the many complicated external facilitators for its poor economic environment (World Bank 1998).

The unemployment rate of the city is estimated to reach about 42% (CGAA, 2006). Data taken from the CSA reveals that currently 65.3% of the working age population is employed. However, low and unreliable source of income, limited financial resources, and engagement in home-based micro businesses and other informal economic activities that account about 60% of the total economy characterizes life for most of the city dwellers. The incidence of poverty indicates that in 1997, 49.5% of the population is below the food poverty line, and about 51.4 % of the population lies below total poverty (UNCHS-Habitat, 2000). These figures indicate the magnitude of the economic problem in the city. The depth of poverty shows the gap between the mean income of the poor and their affordability for housing.

### **4.3. City Governance**

Addis Ababa is a chartered city having its own administration led by a mayor and is accounted to the prime minister. Until recently inefficient centralized service delivery system was among the big manifestations of the previous city administration system. Currently it is decentralized into 10 sub-cities, which are sub-divided into 99 localities called 'Kebeles'. Kebeles are the lowest levels of city administration with negligible power in urban development activities. However, together with sub-cities kebeles play key role in executing municipal activities. Land and housing supply are executed at city and sub-city level depending on its category.

City governance needs assessment demonstrates lack of vision and appropriate strategies, lack of commitment and attitudinal change, absence of participation of all development actors, weak public institutions, unsupportive policy environment and centralized service delivery systems are among the manifestations of the administrative system (AACG, 2006). For housing delivery, though the decentralized system and new project office have reduced the routine process, still there are ups and downs to register and get the house as per the registration.

### **4.4. State of Social and Physical Infrastructure**

Social and physical infrastructures are not at reach of most of the city dwellers. The severity of urban decay and lack of public facilities are deeper in the central parts of the city mainly because of it constitutes unplanned and oldest part of the city and development interventions undertaken against the continuous physical and environmental deterioration is minimal (AACG, 2003). The basic needs are not properly provided or non-existent to the slum dwellers. AACG report shows that the daily water demand of individual in Addis Ababa is 51.3 liter, which is half below the expected 100 liter for cities of Sub-Saharan countries. Recent UN-Habitat assessment report demonstrates that 11.5% of households in Addis Ababa do not have access to improved water while 28% faced frequent disruption. Different amount and levels of schools and health facilities, entertainment areas, proper road and drainage facilities, street lights, solid and liquid waste collection mechanisms are some of the manifestations of the social and physical infrastructures of the city.

#### **4.5. Environmental Conditions**

The environmental condition of the city as a whole particularly the slum is very poor and results in many health problems. Studies demonstrate households that get proper sewerage line are 1.5%. Out of 100,000m<sup>3</sup> liquid wastes produced only 5.2% is discharged properly while nearly 60% is transported by liquid vehicles (AACG, 2006). The remaining is splashed in drainage ditches, open spaces and open-air toilets. This has a negative impact on the health of inhabitants and image of the city. In addition, 90% of the industries directly get on their unrefined waste in to the near by rivers and water bodies and all industries and vehicles spray polluting smoke to the air without limit. Since there are no government actions to mitigate such problems the environment is badly deteriorating. On the other hand an individual produces an average of 500gm solid waste per day. However, only 65-68% is properly collected while the remaining stays dumped at local roads, open spaces, riverbanks etc (AACG, 2006). Generally, the environmental problems are due to lack of proper collecting mechanisms and weak policies that initiate proper dumping. In addition the culture of keeping neighborhoods clean is very low.

### **5. The New Approach**

MDGs are in fact the international community's time bound and quantified commitment which seek to integrate the principles of sustainable development into country's policies and programs aiming at cutting the extreme poverty considerably by 2015. One of the key goals related with urban areas is Goal 7, target 11 that aims the improvement of the lives of slum dwellers. Cities Alliances is the other important international response to urban poverty and slums with a vision of "Cities without slums" through City Development Strategies by which stakeholders define their vision for their city, analyze its economic prospects and establish clear priorities for action and investments and through City-wide and Nation-wide Slum Upgrading to improve the living conditions of at least 100 million slum dwellers by 2020 (UN-Habitat, 2003).

In order to meet the MDGs, Ethiopia is currently working on MDG based needs assessment for all the key sectors of its economy aiming at expanding the nations' administrative capacity, human, material and financial resources and infrastructures. Urban development and poverty alleviation is one of the areas the country is trying to address in the program. The MDG needs assessment study of Addis Ababa revealed that 80% of the residential neighborhoods in the city represent what is termed as slum dwellings while 30% of the households live in informal settlements and 5% are homeless sleeping on the streets and plastic houses (Solomon et al, 2004). Due to uncontrolled population growth and severe housing shortage, slums in Addis Ababa are likely to grow at an accelerated pace and further deteriorate the situation unless 60,000 new housing units are made annually available (AAGHP, 2006).

In response to such sophisticated problems the city government took the initiative to reverse the situation and committed itself to new and innovative approaches. First, it has identified and prioritized basic urban problems of the city, set its vision along with implementing strategies and has developed supporting policies through participation of all urban actors including the grass root population (ORAAMP, 2002). It has also discussed on intervention areas and strategies to tackle the wide spread urban poverty that can reverse the situation by conducting different workshops and consulting meetings.

Analyzing the extent and type of problems, a number of urban poverty reduction programs that include integrated housing development, urban upgrading and renewal, organizational restructuring and operational decentralization, financial management, land management, support to small and micro enterprises, job creation schemes and environmental services etc are initiated and take roots in various parts of the city. The city government has pioneered the path of poverty reduction by implementing large scale infrastructure upgrading and urban renewal programs in accordance with (Sustainable Development and Poverty Reduction Program) SDPRP.

It is after many debates that launching an integrated massive low cost housing development program has been found as a major strategic intervention area to cope the growing population and alleviate the complicated city poverty. Then the Grand Addis Ababa Integrated Housing Development Programs is developed and enacted being one pillar of the PASDEP program.

### **Grand Addis Ababa Integrated Housing Development Program (GAAIHDP)**

*Note: unless specified, for the rest of the paper data is taken from primary sources and internal reports of the housing agency.*

The GAAIHDP is aimed to bridge the existing housing backlog of 367,000 units by constructing up to 50,000 housing units each year and to provide decent shelter for the middle and low-income families which represent the majority of the city's total population. The program gives special attention (30% advances) to women headed households who are the vulnerable targeted groups.

GAAIHDP is not envisaged only to supply housing to close the huge gap between demand and supply but also to reduce the extensive urban poverty, boost the city's economy using the construction sector as engine for economic development and sustain the growing population. To attain its goal, along with the provision of houses, it has also aimed at the following target component:

- Slum improvement
- Redevelopment and privatization of public housing
- Maintaining the livelihood of the poor in the city center
- Promoting effective use of the scarce land
- Encouraging the use of low-cost construction technology
- Facilitating housing finance through simple and affordable payment modalities
- Promoting housing accessibility by developing saving culture among the poor
- Creating job opportunities
- Promoting MSE (Micro Small Enterprises)
- Implementing on job training
- Diversification of the construction sector

The program intends to reduce poverty, improve life of slums and give access to sanitation and reliable service. Hence it is to be seen as part of the effort to achieve the MDG and implement the PASDEP. The program works in close collaboration with the private sector as a driving force and with the pro-active involvement of the targeted-groups.

## **Feasibility Strategies**

### *Design Approach*

The design composes various typologies that integrate studio, one bedroom, two bedroom and three bedroom types with mixed functions of businesses at ground floors. The design characterizes vertical development and densification that accommodates 175-300 households/ha through 2-5 story buildings. It is a modular type design which can be replicated and adjusted depending on sites selected.

### *Construction Approach*

The construction technique is also designed to be modular type with simple standardization to reduce cost and time. It uses precast and onsite production technologies through labor intensive employment by training and specializing the construction sector. The construction technique has also intended to be in harmony with the environment and had anti-segregation ambition.

### *Implementation Approach*

The city administration has proposed and undertaken a pilot project of 700 housing units to test the effectiveness of the program scaled it up to city level after its successful completion. This pilot project was given a contract to GTZ (German Technical Cooperation) for cost-efficient construction; technical advisory supports and training services of low-cost construction techniques, which later the housing agency took it for local management.

However running such a huge project was not an easy job for this agency by itself. Therefore, a separate project office-Addis Ababa Housing Development Project Office (AAHDPO) was created to control 2/3rd of the construction and supervision of the project while the distribution and administration is carried by the Addis Ababa Housing Agency (AAHA). AAHDPO is working closely with GTZ/LCH (GTZ low cost housing) and MH Engineering (local private consulting firm) for preparation of housing designs and technical support and with GTZ/IS (GTZ international service), which serves as an implementing agency. Currently this project office has decentralized its power and resource to the ten sub cities and is managing the construction and supervision of the project.

### *Financial Approach*

The mechanism for financing the construction and management of this program is by creating a new instrument of revolving the Housing Development Fund and through negotiations with banks to create access to loan. For example, the city government has allocated 250 million Birr as a revolving fund; 0.36 billion Birr for housing construction in year 2003/2004 and close to 1.5 billion for the year 2004/2005. Then after, it has designed different payment modalities that enable it to collect housing fees from the beneficiaries.

### *Distribution Approach*

The main proposed distribution strategy is to study and practice the upgrading possibilities and privatize the highly dilapidated public houses. The city government has planned to redevelop and privatize 1/3rd of these government houses (47,360 housing units) at 233 selected sites in different kebeles. For the transfer of houses it has legislated regulation No. 20/1997 which incorporates beneficiary eligibility criteria, beneficiary selection process and penalties for noncompliance. Accordingly the housing agency is the responsible body to transfer, distribute and administer the units among the beneficiaries. In addition, it systemizes presenting a model of low-cost construction and encourages the population to do the same by giving technical assistance.

## **6. Successes of the Project**

Aiming at contributing to MDG, GAAIHDP has scored considerable achievements in reducing the city's urban poverty with in a period of only three years. The following are the important achievements of the scheme.

### *Supplying Massive Housing Units:*

Provision of housing units for low and middle-income groups is the ultimate goal of the program. Currently, more than 32,000 housing units are already finished and distribution is on progress while other construction of 33,000 housing units is launched for this fiscal year. The program gives chance to the poorest segments of the society to benefit from the subsidy and has arranged them payment modality that enables them access to houses. Though quantitative data is not available at this time, it is guessed that more than 30% of the occupants are women headed families who were living in bad conditioned kebele houses. Creating and promoting such a housing ownership feeling is a big hope by itself for the urban poor as it will create them an access to get loan.

Since land is owned by government, the real assets of citizens are houses. Houses in addition to living places have significant values in the society. For the poor and majority of middle income groups, houses are their only means to access loan, assurance and similar services.



*Figure 1. Inner City Slum*



*Figure 2. Low-cost Housing Development, central blocks are for communal services*

### *Slum improvement and provision of basic facilities*

One of the objectives of the integrated program is to renew the slum settlements of the inner areas and to improve the image of the city. As discussed in previous sections, more than 80% of Addis Ababa is considered to be slum of which the majority and in worst condition are public houses. Currently the program has identified the most hazardous areas of the city and redeveloped more than 120 sites. The renewing mechanism was through *redevelopment and privatization of those kebele houses*. The scheme also incorporates the provision of improved water, electricity, playgrounds, drainage and sanitation facilities and access roads. This provision of facilities and redevelopment activity has totally reversed the polluted, unhygienic and disgusting environment of slums and gave a new attractive look to the city.

Since the integrated program incorporates the provision of the basic facilities, the congested and unplanned neighborhoods with no or little basic infrastructure have got all the necessary municipal services and their vulnerability to all kinds of risks is resolved. Currently, these redeveloped areas are one of the safest places in the city. The one shop stop accessibility of basic infrastructures has also added a living quality to the new neighborhood and people have started realizing the contrast between the previous and new living environment which is entirely a new life to them. The concept of integrating housing development through slum improvement to redevelop the decayed city center plays key role in reducing the city's poverty from many directions. And if successive similar intervention with proper planning and management tools is undertaken, in addition to reducing the rate of slums it will considerably enhance the city's competitiveness.

### *Maintaining the livelihood of the poor in the city center*

One of the challenges of such integrated redevelopment activities is eviction of the poor to the peripheries where they do not have any means of survival. One of the successes of this project is its ability to maintain the livelihood of the poor in the city center where their day-to-day activity is strongly attached. The fact that almost all the housing projects takes place in the city center has created them the opportunity to remain there and benefit from the redevelopment activities and other assets of the city center. Though temporary relocation is inevitable the program avoids permanent relocation of residents. This effort prevents further widespread of urban poverty.

### *Promoting economic use of the urban land*

Since land is a scarce resource it needs efficient usage. Addis Ababa has utilized more than 75% of its potential urban area and the remaining is in threat of exhaustion by 2010. Realizing this fact, the housing development program has incorporated the concept in the design preparation and tried to economize the urban land through densification (utilizing open spaces and renewing decayed areas) and vertical increment of units (constructing G+2 up to G+4 buildings). In addition to reducing the cost of infrastructure construction, the approach has also helped to get extra space for playground, greenery and construction of other facilities. This efficient utilization of scarce resource makes GAAIHDP attributable for sustained urbanization.

*Encouraging the use of low-cost construction technology*

The accustomed design and construction techniques was some how complicated, tedious, time taking and cost ineffective. The new technique being modular and simple has reduced the construction cost by 20-30%. It also avoids material wastage. Besides, it enables to utilize cheap labor. This encourages the poor and other groups to build their own houses using such cost efficient construction techniques. The mechanism has also reduced the construction time from more than one and half year to eight months. This fast and cost efficient construction approach facilitates housing accessibility and contributes a lot to reduce the city's poverty.

*Facilitating housing finance through simple and affordable payment modalities*

Due to high construction costs and living expenses, financing housing let alone the poor for middle and high-income group is unreachable. However, this program has arranged different affordable payment modalities and tried to enable inhabitants become house owners. Targeted subsidy that consist infrastructure and administration covering costs, lowering the interest ratio to the poorest, long term payment period and smaller first installments are among the modalities placed to make sure that all groups of the society are considered in the program. Table-II demonstrates the different payment modalities arranged in terms of income, room type and area.

Table II- Rent and transfer arrangements for different types of condominium units

No	Description	Studio	1 Bedroom	2 bedroom	3 bedroom	Commercial
1	Monthly income (average)	300	600	1200	>1800	
2	Average rent (birr)	60	150	300	450	
3	Area (M <sup>2</sup> )	<20	20-30	30-45	>45	It varies
4	Average price/M <sup>2</sup>	800	900	1100	1200	Auction
5	Grace period	6 months	3 months	-	-	-
6	Advance payment	10%	10%	30%	30%	100%
7	Selling price of houses	16,000	18-27,000	33-50,000	>50,000	Auction
8	Interest rate	-	2%	7.5%	7.5%	-
9	Payment period	20 years	10 years	15 yrs	10 yrs	-
10	Subsidy rate	30%	30%	-	-	-

Source: unpublished documents of the housing agency

*Promoting housing accessibility by developing saving culture among the poor*

Trying to convince poor societies who even can't get daily bread to save money is a big challenge. The housing program has executed extensive awareness campaign through media and conferences to bring attitudinal change and develop saving culture among the poor, which enable them to benefit from the program. This effort has sparked people to have vision for their life and they started saving the smaller coin they can afford through formal and informal institutions. This approach has also strengthened and developed 'iqubs' and 'idirs' (which are traditional saving mechanism for social purposes) to save to access housing.

### *Creating job opportunities and Promoting MSE*

Next to the massive housing delivery, creating large number of job opportunities to reduce the prevalent unemployment rate is the major objective of the program. Currently the program has promoted more than 2000 small-scale enterprises and brought about 130 real estate companies into existence. Through these small and medium enterprises and employment of workers in construction sites, the program has created job opportunities for more than 59,164 youths and vulnerable sections of the society. Particularly women have benefited a lot from the opportunity. Besides it has initiated jobless people to cooperate, organize themselves, be creative and engaged in one of the construction areas. This has reduced the unemployment rate and the city's poverty considerably. And the expected expansion of the project will increase the employment scale and enable to sustain urbanization.

### *Strengthening the informal sector*

The housing program has also removed the bottlenecks of the informal sector and recognized, formalized and provided them adequate working place to expand their business. In addition, it gives them tailored training and credit facilities. The city administration has also empowered them to organize themselves in cooperatives and had given small contract works in the development program. This has benefited a number of people engaged in the sector such as metal works, wood work, hollow concrete blocks, furniture supplies etc.

### *Implementing on job training*

Shortage of professionals and skilled labor force is one of the difficulties that faced the construction industry. Taking this problem into consideration, the program has integrated on job training mechanisms in which trainees acquire skills that would help them to be more competitive and get other jobs easily. The program has given an upgrading and management training for 4159 semi-and-skilled construction workers, on MSE, and professional training for 45 people on construction site management. This support of technical vocational education and training has enabled the construction sector to become specialized and professionalized.

### *Diversification of the construction sector*

The integrated housing program has also diversified and strengthened the construction sector through specialization within the construction trade such as electrical and sanitary installation, masonry, concrete reinforcement, bar bending, roofing, ceramic tile laying, road making etc. This helps the city's economy grow.

## **7. Limitations and Problems Encountered**

Having such successes doesn't mean the program has no failures. It has faced many challenges and encountered many failures. The fact that the problems are vast and sophisticated, practical skills on the construction technology are limited, financial, human and physical resources are inadequate and efficient professional and

institutional management capacities are imperfect have resulted in the following failures which need further investigation and improvement.

- The design typologies, proposed materials and construction techniques have really reduced time and cost. However, it seems construction cost efficiency has overtaken the advantage on the quality and durability of the building. There is complain from beneficiaries and professionals with regard to the quality of design (mostly stair case position, very light slab and wall thickness, very thin roofing, water tank omission etc) (Routh, 2006). The complaint also extends to the workmanship problems of sanitary and electrical fixtures.
- In addition, most selected sites are very small in size and fragmented creating difficulties in management. This has resulted in missing of places for car parking, waste disposal areas; children play grounds etc.
- Absence of orientation and minimal awareness creation on how to live in such environment, on the type and size of rooms etc has resulted misunderstanding and misuse of places. Passive participation of the beneficiaries at different levels has led the program to some socio-cultural and environmental failures.
- The other complaint of the project is the unsafe and unsuitable living condition of temporarily relocated people and compensation payments to private owners.
- The fact that the projected cost of housing estimation is far from their affordability, the program is not successful in addressing the very low income groups which usually had big family size and require larger rooms. Even if supportive payment modalities are arranged still the 'real-poor' has not benefited any. The loan arrangement also favors government employees who account only 35%. The remaining 65% whose income is from non-public economic activities is excluded from credit facility.
- Besides, the newly introduced credit system is not useful and effective enough for everybody since it is not well controlled and implemented.
- Currently the delivery of two and three bedroom apartments (which represent more than 50% of the project) is done based on full installments. This disqualifies even the middle-income groups. Therefore, it is a threat for the program to miss its target of delivering decent houses for low and middle-income groups.

## **8. Program Implication**

The success and failure dialogue of GAAIHDP has many implications to the city and different urban stakeholder such as the government, professionals etc. The following are important points:

- If urban poverty is to be ended and urbanization sustained, such a political commitment and great ambition is crucial. Setting up and strengthening housing development institutions, Housing Agency, Housing Construction Enterprise, Micro & Small Scale Commercial Enterprise, Technical and Vocational Education Training are important commitment outputs, which led the program success (Davidson, 1986).
- The project requires the strengthening of technical, financial and professional capacity of the construction industry and increased emphasis on education and training for implementing bodies. Moreover, creativity, flexibility and

management knowledge of planners and architects is significant (Davidson, 1996).

- Participative planning and implementing campaign that builds up understanding and cooperation between concerned actors throughout the project cycle is also significant. Experiences reveal that target communities have human and financial resources that could be tapped to improve their condition. Due to inappropriate participation practices, the project has not benefited potentially from participation assets. Hence, to sustain the outcomes of the project, the empowerment of slum dwellers to decide and manage their own matters is fundamental (UN-Habitat, (1994); (Arnestein, 1969); (Gee & Norton, 2000).
- Besides, to meet the MDG partnership between governments, the private sector and community-based organizations is at the core of the housing program (Plummer & Heymans, 2002).
- For successful provision of houses and basic services, the government instead of being housing provider shall be enabler by ensuring access to serviced land, mortgage finance, supporting legal and regulatory frameworks such as good governance and institutional management (Davidson, 1986).
- To ensure efficient use of scarce resources, in addition to low cost construction techniques, integrated planning approach is vital. Policies, designs and building standards including rules and regulations shall be checked, analyzed and integrated to allow new mechanisms that enable to use the locally available materials. This promotes self-help construction and assists the very low-income groups access shelter (Davidson & Michael, 1995).
- When undertaking such a huge project, a detailed impact analysis and consecutive follow up on poverty reduction, sustaining urbanization, job creation, overall city's growth etc should be done so that effective development will be achieved (Davidson, 1996).

## **9. Discussion, Conclusion and Recommendations**

It may be too early to understand the impact of the project, as it is 3 years young. However, the wide range implementation gives place to say something. In addition to bridging the housing gap, the program has shown substantial changes in the overall urban development and city management. It has proved its potential by changing the mentality and way of life of people, the image and development direction of the city and reducing the level of poverty.

The integrated low cost housing approach has substantially decreased the housing price and facilitates its accessibility. It provides a viable housing alternative for most urgent cases amongst renters and new comers. At the same time it reduces manipulation and exploitation of the poor significantly. This fact gains an important value when the difficulty towards accessing own house both in the formal and informal market is considered.

Because of financial, technical and human resource constraints, the program couldn't reach the very low-income groups whereas its experiences demonstrate the addressability of the poorer societies. In the long run, its high replicability with minimum cost is promising for its ability to reach them and accommodate the newly growing population. Nevertheless, this needs government's full

commitment of subsidy that can address the very poor including street residents. Though the program currently doesn't benefit the very low-income groups much, it has considerably reduced rampant squatting of low and middle incomes.

When we see the two years total success of the program (according to its plan), it meets only 28% (Housing Agency, 2006). However, its overall objective of tackling urban poverty by providing housing, water, cleansing etc to the urban poor is satisfactory. It doesn't mean the project is worthless rather its plan was too ambitious which didn't take its capacity and resource into account. But with full political commitment, good governance and use of appropriate planning and management tools it can achieve its housing provision and poverty reduction goals. But to attain the sustainable urbanization, PASDEP and MDG, in addition to the integrated housing development program other multidimensional action such as promoting urban-rural and urban-urban linkage, improving access to land, infrastructure service and facilities, promoting MSE, participatory planning and management approaches, partnerships etc by multi-actors including the international funding and technical aid organizations is significant.

The multi-dimensional advantage that Addis has benefited from the program is a good experience for other developing cities, which struggle to overcome poverty and urbanization issues. Currently the national government of Ethiopia is adopting this scheme to different urban centers by setting policies and strategies that encourage sustainable development of urban areas. It is important to note before adapting and replicating such project at a wider scale to analyze the contextual, cultural, socio economic and environmental characteristics of the area to be developed.

The program has convincingly proved many achievements. But, are these achievements real successes? Program failures and city observations raise a lot of issues that need further investigation. The apartments are constructed relatively in a well serviced area, mainly in the center of the city showing a haphazard development pattern. How does the project relate with the master plan? Is it implemented accordingly? Are those selected sites appropriate for housing or for other high opportunity uses? Besides, the program was not successful to implement the proposed plan. Where/what is the problem? What was/is influencing the planning and implementation of the project?

On the other hand, the city has expanded and reached its boundary. And the inner city is also limited to accommodate the housing and other redevelopment activities especially with regard to the housing backlog, highly increasing population and high construction activities. Then, what is the futurity of land in the city? What will be the new development direction, with what strategies etc are important areas that governments, planners, scholars and all city actors give attention to plan ahead.

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