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Rapid urban expansion and the challenge of pro-poor housing in Addis Ababa, Ethiopia

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ABSTRACT
A common challenge faced by countries in the developing world is to provide public goods such as housing and safe water and sanitation to rapidly expanding and poor populations in urban areas. This is a particularly acute problem when the process of governing is accompanied by unplanned urban population growth and the displacement of the urban poor while pursuing market-oriented development strategies without proper safety nets for them. The purpose of this essay is to critically assess the plight of the city Addis Ababa, Ethiopia in its efforts to address this issue over the past decade. The study, based upon field research conducted in 2015, concludes that while having had success in expanding the availability of the quantity and quality of low-income housing, the urban housing development programme has largely failed to directly address the housing needs of the poorest of the poor. In large measure, this is due to the enormity of the problem coupled with the limited capacity of local governance; issues relating to shortcomings in project design and planning; and conflicting objectives of different national planning units.

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A common challenge faced by countries in the developing world is the provision of public goods such as housing and safe water and sanitation to rapidly expanding and poor populations in both rural and urban areas. In cities, this is a particularly acute problem when the process of governing is accompanied by unplanned population growth, rural to urban migration and the displacement of the urban poor while pursuing market-oriented development strategies without proper safety nets for the poor. Rapid urban growth in this context generally brings with it a number of problems such as unemployment, inadequate health care, deteriorating and poor infrastructure in the housing sector, environmental degradation, and an inability of urban governments responsible for providing such public goods in a predictable, efficient and effective manner.

In Africa, where the urban poor are numerous, in efforts to reduce poverty, governments in some cases introduce what they claim to be ‘pro-poor’ policies designed to improve the living conditions of the impoverished. The challenge for those who govern is to find efficient and effective ways to provide such services to all. Finding solutions to this issue has consumed those interested in identifying appropriate development
strategies for urban governance in countries throughout the world. This is particularly a challenge in poor countries such as Ethiopia. The solution in such cases is often assumed to be administrative decentralization, the proverbial ‘magic bullet’, which is expected to transfer responsibilities for providing urban services to sub-national entities, particularly local governments. Urban governments are then expected to not only deliver such services but also contribute or bear a significant amount of the financing in this activity and to eventually transfer the costs to end-users. However, in many cases, urban authorities do not have the fiscal or administrative autonomy or tax bases needed for them to independently manage their service delivery functions.

The issue of the delivery of services such as pro-poor housing and access to safe urban water and sanitation services in Ethiopia’s capital is of great concern. Presently, the population of Ethiopia is 96 million; the population of Addis is about 3.5 million. A fifth (17 million) of the population of the city is classified as poor. At the same time, Ethiopia is one of the least urbanized countries in Africa with its urban population standing at about 20 per cent of the total. However, since 1991, the city has been characterized simultaneously by rapid economic and population growth in part as a result of the government’s market-oriented development strategy. It is assumed that sustained economic growth will reduce poverty. In the process, through the building of social capital in the population, ethnic and political tensions will be reduced and inequalities will as well. This approach relies heavily upon a symbiotic relationship between city and country, with agricultural development taking the lead. The expectation has been that rural producers, once given improved technical support, will see an increase in their incomes and this will fuel the development of the poor in the countryside. Rural progress would have a direct positive effect on progress in cities as a result of the contribution of that sector to the overall national economy and also as a consequence of the rural to urban migration of those seeking gainful employment in the city. The obvious question facing policymakers is: ‘How is this to be done?’

The purpose of this essay is to critically assess Ethiopia’s efforts to address the plight of housing the urban poor in Addis Ababa over the past decade. This is a particularly timely and important issue as the authorities at the federal, state and local levels seek to rapidly develop the city’s service and industrial capacities.

The essay is divided into four parts. The first part spells out the rationale for Ethiopia’s approach to its pro-poor housing policy, its objectives, and its reform over time. Section 2 describes the implementation of the government’s pro-poor policies as they have been applied in Addis Ababa. Section 3 deals with the management impacts of the pro-poor strategy on the housing development programme. Section 4 concludes with an assessment of the accomplishments and failings of the programme. What is clear is that urban poverty continues to represent a major challenge to the country and its capital city Addis Ababa in addressing the plight of the housing needs of the urban poor.

1. Pro-poor housing policy in Ethiopia

Addis Ababa, over the past decade and a half, has dramatically increased from approximately 2 to 3.5 million. The rapid population expansion has been accompanied by an economy growing at an annual average of more than 10 per cent and fuelled by an agriculture-based transformation that had begun to take off at the turn of this century (AfDB
At the same time, 37 million (38%) Ethiopians remain poor or on the brink of falling into that category (World Bank 2015). This surge contributed to a traditional urban space being transformed into a budding modern metropolis, with a light rail system, high-rise shopping malls, luxurious hotels, and office blocks. However, the glittering skyline, luxurious homes, and modern commercial areas of the city are misleading.

Today, the majority of the residents continue to be poor or low-income earners living in substandard homes in slums and squatter settlements. It was estimated in 2007 that 70–80 per cent of the population of Addis Ababa was living at or below the poverty line (Tolon 2008). The problem is so acute that, over the past two decades, even though the city and state governments have made significant strides in addressing this issue, the poor and abjectly poor continue to find it difficult to secure adequate shelter (UN Habitat 2009). Consequently, the poor, and even many of the non-poor, tend to either become homeless or end up living in squatter settlements and slums.

In 1974, a military coup resulted in the dethroning of Emperor Haile Selassie who had ruled Ethiopia for more than 40 years. This was a watershed for the country, in that it rejected imperial autocracy in favour of what was said to be a more egalitarian form of government. The land of the old aristocracy was made state land and in urban areas, all housing became state property. New housing blocks were created on the land vacated by the aristocracy in urban areas and made available to the poor at affordable rental prices (Keller 1988; Prunier and Ficquet 2015). Over the next decade and a half, this programme did not address the problem of urban poverty and as a result of escalating rural to urban migration, the problem of inadequate low-cost housing for the poor only grew.

Ethiopia’s decision to chart a new path in addressing both rural and urban problems was taken at the beginning of this century. This coincided with the increasing attempts by the U.N. and international donors to encourage the creation of enabling environments for modernization in the developing world and the adoption of national poverty reduction strategies as a condition for development assistance. Most notable was the U.N.’s Millennium Declaration in September 2000 (UN 2000). At the time, 189 countries signed the declaration, committing them to eradicating extreme poverty in all its forms by 2015. Out of this grew the Millennium Development Goals (UN 2015).

Providing adequate shelter for the poor was seen as central to the provision of environmental sustainability and thus a key to the poverty eradication process. Ethiopia’s efforts to reduced poverty, particularly in urban areas, have concentrated on this goal as witnessed in the authorities’ development of a more targeted housing policy. In the process with the adoption of the Growth and Transformation Plan (MoFED 2010), the role of Ethiopia as a strong ‘developmental state’ was recast and it became more committed to central planning and more state intervention in economy and society than ever before. In the process, the federal government planned to also more vigorously forge ahead with efforts to eradicate poverty nationally (MoFED 2006).

In 2006, the federal government introduced the first elements of its new urban housing policy, the Integrated Housing Development Programme (IHDP) in an attempt to recover from the failure of the urban housing policy implemented just after the end of Ethiopia’s political revolution in 1974 (UN Habitat 2011, 10–11).1 This programme was a condominium development programme for the purpose of providing better housing opportunities for poor and middle-income populations. It was planned that new condominium blocks would be constructed comprising 400,000 housing units throughout the country, 175,000
of which would be located in greater Addis Ababa. The project was expected to contribute significantly to poverty reduction by creating 200,000 new jobs, many of which would go to unskilled labourers, reducing urban unemployment by half. At the same time, the programme was designed to expand the capacity of the domestic construction industry by training and employing additional contractors, engineers, and foremen who would be needed to build these housing units. The programme was also expected to provide more opportunities for micro enterprises. The total effect of the programme was supposed to improve wealth creation and wealth distribution throughout the country. It was envisioned that being gainfully employed, for example, as they became more secure and able to save some of their income, the poor would be able to have resources that could be used buy housing on their own.

To construct the units needed, the aim of the programme was not to move residents in poor communities out of the city but to upgrade slums and squatter settlements (Gondo 2011). The new housing development would then be made available to those who once were squatters and slum-dwellers. The plan was to clear all slums from the city within 10 years, reducing slum areas by 50% and to provide the path for Ethiopia becoming a middle-income country by 2025.

Pro-poor housing construction and management is entirely funded with public resources. When the project began, the German Technical Corporation (GTZ) provided start-up assistance. The GTZ Low-Cost Housing Project was instrumental, assisting in the design and implementation of elements involved in low-cost construction (UN Habitat 2011). In 2010, GTZ handed over its responsibilities in the programme to the Housing Development Project Office.

The project recorded some impressive gains over the first decade and a half of its implementation. For example, although the target of 400,000 new housing units was not reached, by 2015, the programme was able to build 245,000 units. Moreover, 370,000 new job opportunities were created, well surpassing the original goal of 200,000. However, in Addis Ababa, rapid population growth continued to outstrip the ability of this programme to develop low-cost housing for the poor. Apart from the limited capacity to build the needed number of affordable condominium units in a relatively short time, the rising cost of labour and construction materials was a major issue. This made it impossible to efficiently address the housing needs of the growing population in a timely manner. In response to these challenges, the government in 2013 introduced a reform measure, the comprehensive \textit{Urban Housing Policy and Strategy} (MUDC 2014).

In order for the pro-poor strategy to realize its objectives, the poor must be able to afford to live in these units which are theoretically to be fully owned by those who live in them. Given the high level of poverty in Addis Ababa and Ethiopia in general, this would not be possible without some type of outside assistance. Financing this programme has been a major issue. The federal government in collaboration with the city builds the units, but those who occupy them must be able to come up with the money to buy them. Most of the funds needed in the programme are provided through loans from the Commercial Bank of Ethiopia (CBE). Anyone wishing to purchase a condominium apartment can apply for low interest loans from the Bank.

Demand for access to new condominium units from the very beginning far exceeded the supply of units available. Consequently, a computer-based lottery system was established through which prospective owners bid for available units. Anyone is allowed to
participate but to actually take possession of a unit, they must have a required down payment and the prospect of a sufficient income to pay their portion of the total cost of the property; Government pays the rest.

The current Housing Development Program administers eight types of condominium complexes. The ones targeted for the low- and middle-income groups range in cost from ETB 1500 ($56) per month to ETB 3500 ($150). This analysis focuses on these types of condos.

The lottery takes place in a public venue that is open to all. When the process is initiated, the first 30 per cent of available units are reserved for single women applicants; and then, the rest are open to both women and men together. Once all of the available units have been allocated, a waiting list is drawn. In some cases, individuals who win in the lottery who cannot meet the down payment are required drop out, and their unit is assigned to someone from the waiting list.

2. Implementing the condominium development strategy

Over the past decade, the Housing Development Program has somewhat matured and we now have the ability to reflect on ‘lessons learnt’. To begin with, this programme was very ambitious. As it turned out, most goals were not met, but progress has been made. Its major positive impacts have been in the area of growing the commercial construction industry and improving its technical capacities; the expansion of the low-skilled and skilled labour pools; and improving the city’s road systems in central Addis and in areas where new condominiums have been built. Also, there has been an unintended benefit to the rental housing market, made possible by the fact that in some cases when the winners of a lottery are not able to meet the payments for mortgages and monthly living expenses, they rent out the property; or some winners all along perceived this as an investment opportunity. Since the Program allows for the rental of condos, rather than giving up the pride of home ownership, some stakeholders rent out their units and choose to live in less expensive homes (UN Habitat 2011, 38). This has created what Keynes (1936) termed as a low-income rentier class. The government estimates that up to 70 per cent of condominium owners rent out their units. Some are then able to afford to reside in other more affordable residential property or to expand their private commercial activities.

At the same time, several unintended problems developed; chief among these has been the fact that although poverty has been significantly reduced over the past decade, the poorest of the poor are still not benefiting as much as had been anticipated. For example, participation in the Housing Program has proven much too costly for the most-needly (Bartosiak 2015; Ingwani et al. 2010). Also, when some relocated poor were compensated for the property, they gave up to make way for condo construction, the planners of the programme had not adequately accounted for the social and economic cost of relocating families. Related to this, many complained that the compensation they received was too low and that the management of the compensation programme was not transparent.

Once they have taken up residence in a multi-storied condominium complex, those living there are faced with the need to transform their lifestyles to a more non-traditional one. The normal pattern of living for the poor outside of the condominium setting is more
communal than it is in this new arrangement. If their new units have a private kitchen, it is generally small with cooking facilities that use either electric or propane gas appliances and not the traditional charcoal burners and clay ovens. The residents must install and maintain the appropriate appliances, cost they had not usually planned for. This is a clear example of these units being designed by professionals without consultation with those for whom the condo complexes were being designed to accommodate. Some units have communal local kitchens that are shared by several households (Ingwani et al. 2010, 1067–1068).

In addition, a number of units do not have easy access to traditional open areas used for preparing large meals or slaughtering animals. In some cases, residents do have communal spaces in their complex, but these are owned by the government. The residents can either pay a fee to gain access to these areas; or as a collective, they can purchase the space. This is because communal spaces were not factored into the purchase price of individual units. In many cases, the result has been an ongoing source of contention involving owners, renters, and government (Adamu 2012).³

If there are communal buildings and the residents do not purchase them or pay a fee to use them, they remain locked and unused. This is a particular hardship for some residents who are self-employed and need the space to prepare their wares for sale (e.g. bread baking, clothes washing, etc.). In cases where there are no communal buildings, or too few of them on a condo site, some residents have taken initiative to construct them on their own even though this practice is forbidden. The government eventually moves in and demolishes them.

In the design of the condominium programme, there was supposed to be regular consultation with the residents. Once a complex is up and running, it is supposed to have a homeowners association that manages the site through a Board of Directors consisting of members drawn from a homeowners association. Theoretically, this Board is responsible for the mandatory maintenance of the site, collecting necessary fees from all residents and enforcing restriction on pets and livestock. However, for the most part, this is not a common practice. Few complexes have active residents associations and if they do, they do not operate with regular input or support from the residents at large. Residents are responsible for maintaining their own private space and maintaining the common facilities. There are rules for condo complex management spelt out in the government’s Condominium Proclamation 370/2003 (Federal Negarit Gazeta 2003b), but these are applied in a cookie-cutter fashion and not adapted to local situations. Moreover, the rules and regulations are not generally known to residents. Some residents and/or owners create a common fund that is used to employ a caretaker, but in others, residents maintain the communal areas on their own (UN Habitat 2011, 14–15).

Although the condo units are equipped to deliver electricity, water and sanitation services, these services often have operational issues associated with their delivery. For example, 95 per cent of the condos are supposed to be set up for the delivery of electricity and piped water to their units and flush toilets before they are released for occupancy (Tadesse 2015). However, this has not always been the case and the residents sometimes have to purchase imported fixtures on their own. In the case of electricity, this service is not always predictably available, and when it is it often operates at less than full capacity.

In addition to the shortcomings of the electrical systems in condominiums, water and sanitation are also issues. The government claims that 75 per cent of the population of
Addis has ‘access’ to clean drinking water, but some families still purchase bottled water from supermarkets and local shops or have it delivered to their homes (Teshome et al. 2012, 8–9).

The water storage tanks in these complexes are located on the roofs. It is not uncommon for the water pressure to be too low to pump evenly to all units. This mostly affects the units on the top floors. Large tanker trucks are used to deliver water to the residents. At times, there are water shortages and residents must either purchase water from local markets or fetch it in buckets from boreholes, standpipes or water stations operated by the city government.

With regard to sanitation, only 10 per cent of the condo households are connected to sewer lines, and only 5 per cent of the condominium residents can use this system on a regular basis. Infrastructure tends to be of a poor quality and basic service provision is low. Even where residents in homes administered by the local authorities have water and electricity, they all have only limited access to adequate sanitation systems.

The sewage network is small, covering only about 3 per cent of Addis, and as such, this represents a major challenge to future condominium development. Liquid waste from condo complexes is collected by large vacuum trucks and delivered to a transfer station and the solid waste is transported to local designated collection facilities which might be a distance from where the housing units are located (Jelata 2015). Later, this refuse is transported to a landfill that is much overused and poorly maintained, poorly managed and costly to maintain (Rashid 2015).

The capacity of the city to efficiently and effectively deal with its water and sanitation issues is limited by the fact that the treatment facilities are much out of date. Even though these are now being upgraded, they are not presently able to deal with this problem in an efficient and effective manner (Rashid 2015). The technology must be imported from abroad. Grants from multi-lateral organizations like the World Bank help to alleviate some of the cost, but there is really no quick fix. Upgrading is costly and time consuming, and relies heavily on international donors for funding, technical support and construction inputs.

The delivery of water and sanitation services in some cases is negatively impacted by the corruption of the technicians servicing the sewage system. For example, some take bribes to move a particular client ahead of others on their schedules. Also, they might be paid to not report sites that are illegally connected to the water and drainage systems (Jelata 2015).

Although the construction industry has been experiencing a boom, this has not been a social benefit without its own problems. Chief among these is the uneven quality of the construction process. Engineers associated with either of the top two grades must have at least three years of experience. When a project is in progress, it is supposed to be regularly monitored by consultants who conduct on-site inspections. For example, when private companies are contracted to build condominiums, they are graded on the basis of their experience. The highest grades are supposed to be classes ‘6’ and ‘5’, the minimum grades for securing a contract. As the programme has developed, companies with qualifications below these standards have received contracts and their capacity to deliver services has been wanting, in terms of both available financial assets and the quality of work. For example, one report found that water and electricity companies have delayed projects because of their disorganization and limited resources (UN
The construction of condos has become increasingly expensive. Most fixtures are imported. Regularly, supplies are not available in a timely fashion. In some cases, the quality of the finishing work and construction inputs (concrete, iron bars, fixtures) are of poor quality. Additionally, contractors are pressured to quickly bring new condos online. In an effort to speed up construction and cut cost, some contractors resort to hiring substandard labour or using inferior inputs. This in part explains the trend towards multiple levels of corruption.

3. Managing the condominium development programme

On implementing its poverty reduction strategy, the Government of Ethiopia declared that its fundamental development objective was to build a ‘free market system’, with a rapidly growing economy in which the poor would be the main beneficiaries (Ethiopian National Strategy Team n.d., 2). This would require rapid economic expansion while maintaining macroeconomic stability. In turn, this would necessitate low budget deficits at the point of the implementation of the pro-poor strategy. This has yet to be the case. The programme has become more and more costly. For example, it relies heavily on finance from the federal and local governments, international donors and to a lesser extent on support from international non-governmental organizations (Teshome et al. 2012). This has led to questions about its sustainability.

Historically, public management was assumed to be the responsibility of the state. Since its adoption of a quasi-federal system of government, Ethiopia has turned towards a decentralized development strategy (MUDC 2012). While the developmental state is heavily involved in strategic planning, the responsibility for implementing the policies it pursues has been devolved to local governments. In Addis Ababa, the city manages the condominium development programme. It is responsible for selection of new sites; the allocation of government resources; the provision of resources from the city budget for condominium construction; and the acquisition of bonds from the CBE to pay whatever costs are involved (UN Habitat 2011, 15–16). Local administration is also expected to carry much of the fiscal load of such projects. To be successful, such an approach would require local government to have more input into the design as well as the implementation and financing of the projects they are assigned.

The proponents of decentralization in developing countries claim that if it includes fiscal responsibilities for local governments and is properly functioning, this will bring government closer to the people; increasing their trust in government and contribute to the efficiency of implementation and management (MUDC 2013). However, the success of such an approach is not automatic. As conditions stand, the success of the Addis’s efforts to operate the programme requires good local–federal relations and the political will of the central and local authorities to in fact operate the system in the manner in which it is theoretically designed to function. Uganda has been hailed as having one of the most successful models of decentralization in the developing world. It initiated its decentralization programme following the end of that country’s civil war. However, Uganda is now considered somewhat of a failure. The reason is that the central government did not follow through on transferring fiscal authorities the
capacity to collect and borrow revenues needed for day-to-day operations or to make capital investments according to what they themselves considered to be a need or a preference. Local governments were not in fact given the opportunity to independently attempt to improve their revenue-generating capacity or on their own to make significant resource allocations.

In many cases in developing countries where a decentralization strategy has been instituted, there is little evidence that it has been more responsive to the plight of the poor than a more centralized system. Local political decisions imposed by the central government have generally been the cause of limitations on local revenue collection. In addition, managerial inefficiency at various levels of local administration has been a contributing factor. This has certainly been the case with regard to Addis Ababa. Until recently, the city government was lacking either the political power or the technical capacity to access the city’s considerable tax base, even though it was expected to do so.

Since 2003, it has been constitutionally possible for the federal government to make grants available to cities and sub-cities that are prepared to pursue projects that the national planners want to encourage. The federal constitution also gives the cities certain fiscal authority. They are constitutionally allowed to assess and collect income taxes from income earned in the city; to set and collect land use fees; to collect rents from properties leased by the city; and to assess and collect taxes from businesses owned by the city. In addition to expanded taxing authority, the federal law also allows cities to borrow short- and long-term loans from local and external sources (Federal Negarit Gazeta 2003a, 2059–2060). However, the city government does not have unlimited autonomy to pursue these fiscal options. Prior approval by the central authorities is necessary. Given these circumstances, investors are hesitant about making loans to urban governments; this further handicaps local authorities from exercising their constitutionally defined borrowing powers.

4. Conclusion

Over the past decade, Addis Ababa has made remarkable progress in improving the quantity and quality of its housing stock. In large measure, this has been because of the condominium development project. At the same time, this achievement must be measured against the backdrop of the original goals of the programme and the objectives that were set for it. In relation to the aims of Ethiopia’s pro-poor housing strategy over the past decade, the primary question that must be answered is: ‘Have the housing needs of the urban poor in Addis been effectively addressed?’

In 2006, the Ethiopian government, in keeping with the UN Millennium Development Goals, introduced a new housing policy designed to continue its market-driven development strategy, and to eliminate extreme poverty and hunger by 2015. Central to Ethiopia’s poverty reduction approach has been the aim of providing adequate housing for the urban poor. This approach relies heavily upon agricultural expansion taking the lead, creating wealth and laying the basis for the development of social capital nationwide. Rural growth has been accompanied by the outmigration of people from the countryside to the city, particularly to Addis Ababa. The population of the city is now almost 4 million, and the majority of its citizens are classified as ‘poor’. This reality has placed major strains on the demand for city services such as water and sanitation, education,
healthcare and housing. In fact, the demand for these services has far outstripped the capacity for service delivery.

Addis Ababa is an international city, the home to numerous international organizations, non-governmental organizations, bilateral diplomatic and aid organizations and international businesses. It is also increasingly populated by a rapidly growing national middle class. In addition to having to provide public goods to its own nationals, it must also cater to the needs of its foreign residents. Ethiopia’s market-driven economic expansion demands this. The result has been the modernization of Addis at a record pace; in the process, the needs of the poor often seem to have taken a back seat to the demands of the city’s emerging middle and wealthy classes, and to international community residents.

In addition to being the largest city in Ethiopia, Addis is the most economically well-endowed city in the country. Consequently, it is able to carry much of the burden of financing the infrastructural development associated with the new housing policy. However, the city continues to have challenges relating to the management of the housing programme that are related to construction, management, and service delivery.

This study has clearly demonstrated that the condominium development programme in Addis Ababa has failed to meet the housing needs of the poorest of the poor. Although the programme was said to be designed just over a decade ago as an integral part of the national poverty reduction strategy, it has been shown here that the main beneficiaries have been the emerging middle class. Whatever positive effect the programme has had on the poor has been limited and indirect. The growth of the construction industry has been a plus, in that it has provided employment for many youths and the poorest of the poor who find employment as unskilled day labourers on construction sites and other public infrastructure projects. The program also makes a contribution to the expansion of the emerging middle class. Youth fortunate enough to benefit from more advanced academic and technical education are finding gainful employment. They, rather than the poor are able to afford the rents of condominium units. At the same time, those at the lower end of the middle class are most vulnerable when there is an economic downturn. As long as the economy is growing, particularly the construction and service industries, these classes have the opportunity to thrive, but when this growth is interrupted, they might be at risk of falling back in class status. This is why many can be classified as belonging to the ‘floating’ middle class.4

The goal of creating opportunities for the poor to become homeowners has largely been unmet. The cost of being able to purchase a home is unaffordable for most of this class. This has led some analyst to question the sustainability of the government-sponsored condo development programme. This programme is highly dependent on the availability of government-backed loans and has strained the budgets of all levels of government in this poor country.

If the poor are to have their housing needs adequately addressed, they will need help in the form of subsidies. The immediate need for them would seem to be improving the communities where they presently live. For instance, this could be done by stepping up the upgrading of slums and squatter settlements, providing them with better shelter, and better access to services such as water, sanitation, education facilities, and better health care. This would allow the poor to develop the social capital they need to escape their condition and improve their class status.
Presently, Ethiopia continues to be dependent on foreign assistance. Pressures from international donors often dictate the development strategies the country pursues. In the case of Ethiopia, the Federal Government as well as sub-national governments see this as an opportunity to get grants and loans from international sources and match these resources with Ethiopia’s own development priorities (Ake 1996). However, at the same time, the influence of these donors is strong since they will fund some projects and not others. This requires the country to prove that the resources provided by donors are spent in the manner in which they had proposed. Even though the leadership of all levels of government has political will to eradicate poverty, most often they must pursue their goals that are supported with international aid with the vision of the donors always in mind. As such, the design of housing projects that meet donor expectations may not adequately meet the needs of poor citizens as would have been hoped by city or sub-city administrations.

In its role as a developmental state, even though there are provisions for local governments to borrow in order to finance their own development strategies, the national government tends to use the ‘power of the purse’ and its interpretation of its regulatory authority to have significant influence over the local development process. This strategy may limit the choices of local and federal governments on their own to strategically provide housing for the poor.

Addis, in playing its role in the condominium development project, has sought to reduce the cost of construction without sacrificing quality. As the city and national governments have stepped up the pressure on contractors and engineers to speed up the construction process, the quality of construction and design have declined. Construction firms have tended to attempt to cut costs by using inferior inputs and poorly qualified builders.

The rapid population growth of the city and high demand for adequate housing in general have created conditions that present challenges of major proportions. For example, the demands placed on the city for the management of service delivery to the entire community is enormous. Some managers and technicians are poorly equipped to perform their tasks. Also, there is the matter of petty corruption which grows out of fact of high demand and a low service capacity.

Even though Addis can boast that more than 90 per cent of its population has ‘access’ to clean water, this does not mean that it is readily accessible or affordable for all. Access to proper sanitation services is another matter. The city’s sewage system is small in scope and in poor condition. There are efforts now to upgrade the system but this is a costly and slow process. In combination with the challenges of water supply, the sanitation services are not reliably adequate or hygienic at the household level.

In addition to the issues relating to sanitation, the provision of electricity to local residents, even to those in government-supported condominiums, the limited capacity of electrical services and their frequent interruption continue to be significant problems for all, especially the urban poor who do not live in condominiums.

When it was inaugurated, the condominium development project promised to bring government closer to the poor and even to have them involved in planning and managing the communities in which they live. However, the project has been mainly characterized by top-down decision-making in terms of planning for the project and in the subsequent management of the condominium complexes. To improve national efforts to bring government closer to the poor and the citizenry at large, more attention should be devoted
to getting residents of condo complexes more involved in the management of their community’s affairs.

Ethiopia is characterized by the involvement of multiple agencies at all levels of governance that devise their own plans and programmes for poverty alleviation. This should be a good thing. However, without mechanisms to facilitate interagency coordination in such efforts, the current mixed results of the condominium development project will continue. Moreover, given the rapidly expanding character of Addis Ababa and the scope of its poverty and underdevelopment, the enormity of the challenge of meeting the housing needs of the poor will likely only be exacerbated.

Notes

1. It is estimated that 85 per cent of the population of Addis Ababa at the time were slum-dwellers, squatters or homeless. About 80 per cent of this number was low-income residents, and 60 per cent of this number was estimated to be below the poverty line.
2. $1 US = Birr (ETB) 22. The least expensive units are classified as G+2 units and the next-level units are classified as G+4 units.
3. This is similar to what Adamu found in his study of the city of Bahir Dar in 2012.
4. The AfDB (2012) estimated that Ethiopia’s middle class in 2011 was about 21.5 per cent (17 million) of the total population. This included three groupings based on a daily consumption rate as follows: a ‘floating’ middle class ($2–$4); a lower middle class ($4–$10); and an upper class ($10–$20) per day. In this group, the ‘floating’ middle class is the most vulnerable to economic downturns.

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Disclosure statement

No potential conflict of interest was reported by the authors.

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