CITIES WITHOUT SLUMS

Sub-Regional Programme for
Eastern and Southern Africa

SITUATION ANALYSIS OF INFORMAL SETTLEMENTS IN ADDIS ABABA

UN-HABITAT

ADDIS ABABA SLUM
UPGRADING PROGRAMME

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SUB-REGIONAL PROGRAMME FOR EASTERN AND SOUTHERN AFRICA

ADDIS ABABA SLUM UPGRADING PROGRAMME

United Nations
Human Settlements Programme

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LIST OF ACRONYMS

AARH	-	Agency for the Administration of Rental Housing
ADLI	-	Agricultural Development-Led Industrialization
AU	-	African Union
BOD	-	Bio oxygen demand
CII	-	Community Infrastructure Improvement
COD	-	Chemical oxygen demand
CRDA	-	Christian Relief and Development Association
DFID	-	Department for International Development
ECA	-	Economic Commission for Africa
EDO	-	Environmental Development Office
EPRDF	-	Ethiopian Peoples Revolutionary Democratic Front
ESRDF	-	Ethiopian Social and Rehabilitation and Development Fund
ETB	-	Ethiopian birr
GDP	-	Gross domestic product
HDO	-	Housing Development Office
IMF	-	International Monetary Fund
KDC	-	Kebele Development Committee
MDG	-	Millennium Development Goal
MFI	-	Microfinance Institution

MOFED	-	Ministry of Finance and Economic Development
NCBP	-	National Capacity Building Program
NUPI	-	National Urban Planning Institute
PADCO	-	Planning and Development Collaborative International
PASDEP	-	Plan for Accelerated and Sustainable Development to End Poverty
SDPRP	-	Sustained Development and Poverty Reduction Program
SNNPR	-	Southern Nations, Nationalities and Peoples Region
UFFW	-	Urban Food for Work Program
UNDP	-	United Nations Development Program
UNICEF	-	United Nations Children's Fund
USD	-	United States dollar
WFP	-	World Food Program

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SITUATION ANALYSIS OF SLUM SETTLEMENTS IN ADDIS ABABA

1. INTRODUCTION

Ethiopia is the second most populous country in Sub-Saharan Africa with an estimated population of about 77 million. It is a fairly large but landlocked country with a total area of 1,133,380 square kilometers. Its land mass consists of large plateaus in the interior and vast lowlands in the peripheries. Its highlands, which capture most of its annual precipitation, are home to the lion's share of its population. A substantial portion of the highlands is so deforested and denuded that it is suffering from recurrent droughts, while a semi-arid climate characterizes the greater part of the lowlands. A combination of these facts together with a poorly developed agricultural production system, have exposed a substantial proportion of the population to cyclical drought and a perpetual state of food insecurity.

As one of the oldest independent nations in the world, Ethiopia has a long history of indigenous urban development. Nonetheless, the country today is one of the least urbanized nations of Africa, with only about 17 percent of its population living in urban areas. In keeping with the pattern of urban growth of the least urbanized countries, the country is currently witnessing one of the fastest rates of urban growth in the world, namely an average five percent per annum. Most of this growth manifests itself in the proliferation of small, mostly roadside towns or service centers whose principal role is mediation of local commerce and, more often than not, functioning as centers of public administration. The number of such settlements has been rising so fast in the recent past that the number of places recognized as 'urban' by the Central Statistical Authority was as high as 925 in 2004. Approximately two-thirds of these urban places are small towns whose populations do not exceed the 5,000 mark. Excluding the capital city, the country today has only 10 cities with population sizes over 100, 000.

Overall, the concentration of resources is clearly not well balanced in Ethiopia in general, and in the spatial pattern of the national urban system in particular. Addis Ababa, the national capital, nowadays stands as a primate city in the full sense of the term and, as such, is host to some 26 percent of the national urban population. Like any other major city of Africa, it is presently suffering from a host of social and economic problems including widening income disparity, deepening poverty, rising unemployment, severe housing shortage, poorly developed physical and social infrastructure and the proliferation of slum and squatter settlements.

This study sheds light on the overall situation of housing and infrastructure in Addis Ababa, with particular emphasis on its slum neighborhoods. The purpose is to examine efforts made to date to address the problem and to pinpoint important areas where policy interventions are needed in order to improve the lives of the city's slum dwellers. Prior to delving into the housing situation of the city, however, a concise survey of the macroeconomic realities of Ethiopia will be presented, followed by a review of past and present national urban development and housing policies, urban governance and the overall urban housing situation in the country.

2. MACROECONOMIC REALITIES AND URBAN POVERTY IN ETHIOPIA

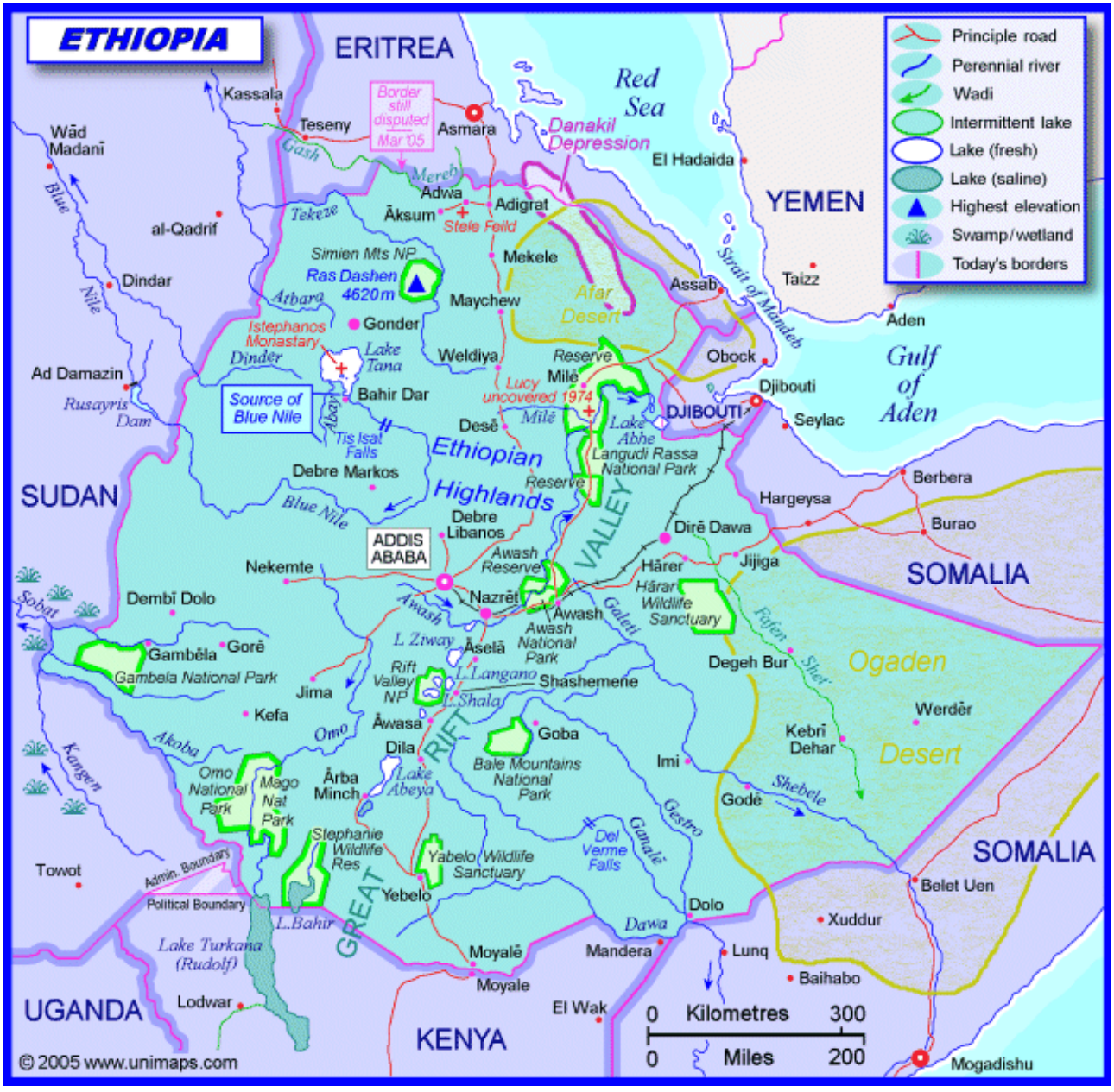
With a GDP per capita of about USD 100, Ethiopia is one of the poorest and most heavily indebted countries of the world. The agricultural sector, which accounts on the average for about 45 percent of GDP, is a source of livelihood for about 80 percent of the country's population. Partly owing to this, the performance of the national economy fluctuates considerably with changes in weather conditions. For instance, the most recent drought, which occurred in 2003, affected an estimated 13 million people and resulted in a decline of about 13 percent in the value added to GDP by the agricultural sector.

Following the downfall of the government of Emperor Haile Selassie I in 1974, Ethiopia spent the next 17 years under a heavy-handed Marxist junta (commonly known as the "Derg"). Under Derg rule, the national economy suffered tremendously, due mainly to a rather large number of ill-conceived policy measures ostensibly designed to steer and control the courses of social, economic and political development in the country. Above all, nationalization of urban and rural land, rental housing, major manufacturing industries, banks, insurance companies, leading business firms, and agricultural enterprises did a great deal of harm to the national economy in general and to the urban economy in particular. In addition to this, the national economy, which relied heavily on the agricultural sector, received further blows from recurrent droughts that affected millions while the Derg was in power.

The country has been undergoing market-oriented reforms following takeover by the Ethiopian People's Revolutionary Democratic Force (EPRDF) in 1991. The reform program has, in general, led to improvements in economic stability and growth in terms of real GDP, which according to the Ministry of Finance and Economic Development (MOFED) grew an average five percent per annum during the greater part of the post-1991 period. As stated above, however, Ethiopia's GDP per capita remains stable at about 100 USD. Understandably, the principal factors behind this are the accelerated population growth rate that the country as a whole is experiencing and the primarily agrarian nature of the national economy. Partly owing to this, Ethiopia's total public debt has been rising considerably in the recent past. For instance, total outstanding *external* debt was USD6.8 billion, while total *domestic* outstanding debt stood at 26.5 billion Ethiopian *birr* (ETB) at the end of the 2002/2003 financial year (MOFED, 2003).

Based on its understanding of the implications of the predominantly agrarian nature of the national economy, and guided by the firm belief that surpluses created in the agricultural sector would go a long way to support industrial development in the country; the Ethiopian government has adopted a national economic development policy of Agricultural Development-Led Industrialization (ADLI). Accordingly, poverty reduction has remained the declared core objective in the government's Sustainable Development and Poverty Reduction Program (SDPRP). Not surprisingly, therefore, the government currently pursues a "pro-poor" growth strategy. Such growth must be strong enough if it is to bring about substantial poverty reduction. It must also leave behind "a growth is sufficient" approach in favour of a strategy of "growth with equity" the aim of which is to change "the distribution of the benefits of growth".

Map of Ethopia



Source: www.lonelyplanet.com/mapshells/africa/ethiopia/ethiopia.htm, accessed July 2006.

Photo: © 2005 www.unimaps.com

In keeping with the spirit of ADLI, Ethiopia's poverty reduction program has until recently been giving emphasis to the welfare of the rural populace while giving inadequate attention to the problems of urban dwellers. Undoubtedly, some work has been going on in the country to improve the lives of the urban population, especially in the recent past. However, the fact remains that most of the country's urban centers are currently suffering from a host of problems, including rising unemployment, deepening poverty, severe housing shortage and lack of good governance.

Though it is possible to argue that most of the above-mentioned urban problems were inherited from the Derg regime, the fact remains that the government's efforts to improve the living conditions of the rural population have begun to bear fruit, whereas the incidence and severity of poverty have intensified in the urban areas in the recent past.

For instance, the incidence of poverty dropped from 47 percent in 1995/1996 to 45 percent in 1999/2000 in rural Ethiopia. Comparatively, the same indicator rose from 33.3 percent to 37 percent in urban Ethiopia during the same period. More recent research also suggests that the income gap between the wealthy and the poor has been widening in urban centers. This appears to be particularly the case in Addis Ababa, which currently has an estimated population of no less than four million.

3. URBAN HOUSING POLICIES AND PROGRAMS IN ETHIOPIA

Irrespective of its long history of urban development, Ethiopia has no comprehensive national urban housing policy or strategy to date. Nonetheless, the country has been experiencing various policy measures that have profoundly influenced the course of development the national urban housing sector, at least as of the first few decades of the 20th century. For the sake of convenience, the next two sections present a brief survey of these developments as well as their role in creating the current urban housing conditions in Ethiopia.

3.1. Pre-1974 Government Responses to Urban Housing Needs and Demands

In Ethiopia during the greater part of the 20 th century, decisions regarding urban land use, housing permits and building codes were largely based on local needs and abilities, though in some cases reference was made to vaguely defined and inadequately documented zoning ordinances. It is also important to note that for a number of the country's large towns, decisions regarding the development of urban housing and infrastructure were, to some extent, supported by master plans. Overall, however, the earliest known display of government interest in influencing the spatial organization of urban life in 20th century Ethiopia dates back to a 1907 proclamation whereby private ownership of urban land became legal in Addis Ababa. The proclamation came at time when the city was riding high on the successful introduction of eucalyptus, an exotic tree that outsmarted native trees with its fast growth and abundant yield of timber. These initial developments were significant factors in the rapid growth of the housing industry, as they facilitated the development of commercial forestry on the hills surrounding Addis Ababa, as well as around the small towns that mushroomed on the main axis of transport that radiated from the city to the rest of the country.

Another important historical landmark that deserves mentioning while discussing government responses to urban housing needs in Ethiopia is the difficulties that cities like Addis Ababa have been facing in connection with the short-lived Italian occupation of 1936 to 1941. A few days before the city fell into the hands of the Italian army, patriotic forces destroyed many buildings on purpose, mainly by setting them on fire. On top of that, the production of new dwellings temporarily stopped because the Italians, shortly upon arriving in the city, issued proclamations that forbade "the repair of existing buildings or the erection of new constructions...until further notice". Because of these developments, Addis Ababa faced what seemed to be its first major housing shortage (Bahiru, 1987; Pankhurst, 1987).

One major outcome of the Italian occupation as far as Addis Ababa is concerned was the change in the city's economic base, from a heavy dependence on taxes and tithes to an increasing reliance on commerce, wage labor and industry. An accelerated population growth rate followed the change in the city's economic base, thereby worsening the housing crisis. Furthermore, although they developed the first meaningful – if colonial – master plan for the city, the Italians had no labor policy or housing strategy that could have kept rural to urban migration in check. As a result, the population of the city doubled during the five years of Italian occupation. Although they had plans to erect new residential buildings, ostensibly to accommodate incoming Italian settlers, the occupants

failed to achieve even 20 per cent of what they anticipated. The net result of all this is that by the time Italian occupation ended, Addis Ababa was faced with a huge unmet housing demand.

The population of Addis Ababa continued to grow and at even faster rates during the years that followed liberation in 1941. The resulting pressure on an already far from adequate housing stock was such that the most rational response was an increased subdivision of existing lots and residential buildings in a bid to expand the supply of affordable rental dwellings. The housing units thus produced were clearly a market response to the shelter requirements of a predominantly poor urban population. As a result, the overwhelming majority were poorly built, substandard units that lacked proper foundations and basic facilities such as private toilets, kitchens or connections to water mains. This was particularly the case with the western parts of the city, in the area that had been designated as the 'native quarter' under the racially divisive, colonial Italian master plan of Addis Ababa. The unfortunate outcome of such subdivision was that as early as 1967, the proportion of rented houses in certain neighborhoods in that part of the city exceeded 75 percent of the total housing stock, in sharp contrast to those of the eastern parts where the corresponding figures typically ranged between 40 and 60 percent.

Generally speaking, it would appear that there was no stringent planned public guidance or control over housing development in Addis Ababa during the first 10 to 15 years after liberation. As a result, most of the housing was built without any permits. For that matter, it appears that as late as the early 1970s, only about a quarter of the housing units produced in Addis Ababa had municipal permits. Except for the fact that most of the housing units thus built were small and substandard, the city apparently did not suffer from any alarming housing shortage when the February 1974 revolution broke out.

When it comes to planning and leaving aside Italian occupation, at least four master plans were developed for Addis Ababa before 1974. The first three were laid out successively within less than a decade. The famous British planner, Sir Patrick Abercrombie, devised the earliest post-liberation master plan of Addis Ababa in 1956. With regard to overcrowding, this scheme largely endorsed Ebenezer Howard's own solutions for the big city problem. Indeed, in the best tradition of the 'garden city' movement, Abercrombie called for the development of new satellite towns around Addis Ababa. They were to be located against a green background in the immediate suburbs of the capital and along the major axis of transport, and their principal function was to absorb new population growth.

In 1959, Bolton Hennessy and Partners put out a second post-liberation master plan for Addis Ababa. This was also the year when the government established the Department of Housing in the Ministry of Public Works. The 1959 scheme integrated important elements of the Italian and the Abercrombie master plans. With regard to housing development, the plan stressed three imperatives: developing satellite towns, launching an urban renewal program and expanding the municipal tax base.

Addis Ababa was yet to see three further master plans. It fell to the French architect L. de Marien to propose the last pre-1974 scheme, in 1965. However, like all of its predecessors, this plan focused on physical embellishment and disregarded the pressing social and economic problems of the city. Indeed this shortcoming was characteristic of all of the master plans prepared by one Italian firm for several other Ethiopian towns in the 1960s.

During the early 1960s, the Ethiopian government began to include some directives on the urban housing sector in its five-year national economic development plans. The first such directive appeared in the

second five-year development plan (1963-1967). This embryonic chart of Ethiopia's urban housing strategy aimed at launching large-scale, moderate- and low-cost housing programs while at the same time calling for the formulation of legislation to define landlord-tenant relationships. While stressing the need to mass-produce healthy dwellings based on standard building designs, the plan highlighted the use of locally available, inexpensive building materials. The third five-year plan (1968-1973) also demonstrated an appreciable and even increasing government interest in the development of the urban housing sector. The plan did not only call for large-scale, government-sponsored, low- and middle-income housing development but also specified the number of dwellings to be constructed. Accordingly, the government was to oversee the production of 25,400 new dwelling units annually throughout the country over the plan's five-year span. It was reported that about 91 per cent of the dwellings to be built were meant for low-income households.

The preparation of Ethiopia's fourth five-year development plan (1974 -1979) required an overall assessment of urban housing needs and demand at the national level. A number of studies were conducted as preliminaries to this exercise. The results convinced -makers of the need for aided self-help housing programs. In fact, this was the time when serious consideration was given to the introduction of sites and services schemes, along with housing cooperative societies, as effective ways of meeting low-income housing needs in cities like Addis Ababa.

Even though much had been said on paper about planned development of low-income urban housing in pre-Revolutionary Ethiopia, the country hardly saw any meaningful shelter program on the ground. In Addis Ababa, the only pre-1974, low-cost housing development worth mentioning was the Kolfe Low Cost Housing Scheme. The project provided housing for 91 low-income households whose original, inner-city dwellings were razed to make way for the construction of larger public and commercial buildings. During the early 1970s, and although the Department of Housing and three alternative master plans were available, Addis Ababa did not see any significant government-sponsored low-income housing program. Absence of effective government response to ever-mounting pressure for low- and moderate-income housing widened the gap between demand and supply of formal-sector housing. Consequently, the proliferation of unauthorized housing accelerated as never before. Indeed the production of formal sector dwellings was so far behind demand that between 1969 and 1972, only 12.62 percent of the total dwelling units required by population increases were built with municipal permits. Regardless of such a very low rate of formal sector housing output, however, the average occupancy rate in pre-Revolutionary Addis Ababa remained remarkably low, with under four individuals per dwelling unit for the most part, largely owing to increased production of unauthorized housing.

Three major factors constrained the development of public or private formal-sector low-income housing in pre-1974 Addis Ababa. The first and perhaps the most important factor was the income structure of the needy households. During the given period, the monthly income of the urban households in Ethiopia in general was so low that approximately one-third of the needy households could not afford to pay ETB11.25 in rent or monthly charges on a loan of ETB1,500. The second major factor that made it difficult to launch sound low- and moderate-income housing programs before 1974 was the paucity of financial resources. The then-existing credit institutions did not only charge high interest rates but also required large down-payments. To make matters worse, they provided only short-term loans for periods ranging from three to 10 years. Thirdly, the pre-Revolutionary land tenure system strongly facilitated the proliferation of informal

housing both directly and indirectly. About 95 percent of privately-owned land in pre-1974 Addis Ababa was in the hands of only about five percent of the population. The political and economic power of the property owners was so strong that it made it next to impossible to ascribe a statutory value to any one of the master plans. As a result, and on top of their financial limitations, the municipal authorities, lacked the legal backing required to plan and implement public housing programs in any successful sort of way.

Another important effect of the pre-revolutionary land tenure system was that it deterred the development of squatter settlements. The power of the property owners was so strong as to discourage illegal occupation of land by anyone. What it encouraged, though, was sustained production of unauthorized housing by the property owners themselves. As it turned out, the notorious discrepancy between the total number of annual municipal building permits and actual housing starts and extensions in pre-revolutionary Addis Ababa reflected the fact that most property owners boosted rental incomes through increased supply of unauthorized dwellings. Moreover, it was common practice among tenants to share their rented spaces with needy individuals or households based on various informal living arrangements.

3.2 Post-1974 Housing Policies and Programs

The issue of land was one of the motive forces behind the February 1974 revolution in Ethiopia. In February 1975 and under strong influence of the then-popular revolutionary slogan "land to the tiller", the Derg issued a proclamation that nationalized all rural land. In July 1975, Proclamation No. 47 nationalized all urban land and rental dwellings in Ethiopia. A significant reduction in monthly rent payments was also thrown in, in an apparent bid to alleviate the rent burden on low-income tenants. Accordingly, the proclamation spelled out varying rent cutbacks, ranging from 50 percent for dwellings with the lowest rental values to 15 percent for those renting for ETB300 per month. No reductions were imposed on dwellings with monthly rent payments in excess of ETB300.

The 1975 proclamation restricted to a single one the number of residential units that a household could own but did not set any limits on the number of business premises that could be held by an individual or a group. Moreover, the new rules did not make any distinction between poor and rich property owners when it came to nationalization of rental dwellings. As a result, thousands of poor owner-occupiers who leased portions of their already cramped dwellings were expropriated of the very rooms for which they were receiving nominal rent payments. Nonetheless, the proclamation allowed regular monthly stipends for ex-landlords who had no income other than rent payments, who were entitled to allowances that did not exceed ETB250 per month. In practice, the payment of these monthly allowances was a direct function of the post-reduction total monthly rent payments of the confiscated properties of the respective stipend recipients.

Proclamation No. 47 placed all the dwellings that rented for over ETB100 per month under the management of one of the revolution's newly created institutions, the Agency for the Administration of Rental Houses (AARH). All remaining rental accommodation was placed under the administration of other newly-created institutions, namely, the neighborhood associations that are known as urban dwellers' associations or kebeles. The size of a kebele typically ranges from several hundred to a few thousand households. Each kebele serves as the lowest echelon of municipal government and its officers are in theory elected by local constituents. The number of the kebeles – 284 in 1075 – has varied over time and and nowadays is down to 203.

When proclamation No. 47 was issued, rental accommodation accounted for about 60 percent of the housing units in Addis Ababa. The units brought under kebele control accounted for about 93 percent of all rental accommodation in the city. Each kebele was expected to collect rent payments and, in principle, to use the income primarily for housing and neighborhood development purposes. Kebeles were also responsible for handling minor legal disputes and for running local cooperative stores.

The 1975 proclamation was followed by a series of others, along with legal notices regarding urban and housing development. The junta was notorious for its barrage of proclamations and legal notices involving various aspects of urban and rural life. Most of those issued in the second half of the 1970s focused on the new problems that arose out of public ownership of urban land and rental housing. As a result, many proclamations and notices focused on issues such as fixing urban land rent and housing tax, establishing a public housing construction corporation, defining the duties and responsibilities of the newly created three levels of municipal government and, somewhat later, on amending urban land rent and housing tax.

The 1980s also witnessed a steady flow of proclamations and legal notices dealing with housing and urban development. This time, the focus largely centered on such issues as consolidating and expanding the administrative role of the three levels of municipal government with respect to collection and redistribution of incomes from rental payments and the sale of grass or trees found on publicly owned premises. Other areas of concern included the designation of the agencies that would be granted rights to build or sell dwelling units and provide the necessary guidelines for standardized construction. Issues like urban zoning, building permits and regulations as well as co-dwelling also had their share of policy attention in the proclamations and legal notices. Generally speaking, the scrutiny that urban housing policies and programs went through during that period was so intense that at some point it even led to a temporary halt to housing production in cities like Addis Ababa.

Aside from issuing a large number of proclamations, the Derg was also active in institution building and in the preparation of master plans. In addition to structuring urban authorities, the leading intuitions that it created to facilitate urban development included the Ministry of Housing and Urban Development, the Housing and Mortgage Bank, and the National Urban Planning Institute (NUPI). On top of this, the Derg facilitated the preparation of two more master plans for Addis Ababa. Largely guided by ideological reasons, the revolutionary government strongly encouraged the production of housing through cooperatives. In fact, as compared to private homebuilders, housing cooperatives received preferential treatment throughout junta rule. For all these efforts, though, the net outcome of the junta's housing policy was a near-complete disruption of the urban housing market.

Indeed under Derg rule, all cities in Ethiopia, including Addis Ababa, went through acute housing shortages and ever-deteriorating housing conditions. Toward the end of that period, the junta realised the damage its policies and proclamations had visited on Ethiopia's economy in general, and the urban housing sector in particular. Accordingly, the Derg sought to introduce some corrective policy measures. The most notable move in that regard probably was the housing policy laid out in 1986, the major objectives of which (as detailed by Tarekegn Assefa) were as follows:

- standardize building codes;
- research housing design and building materials;

- encourage community involvement in housing production;
- more effective use of the existing housing stock, by allowing co-dwelling and regulating the purchase and sale of houses.

The reforms implied in the 1986 housing policy failed well short of loosening tight government control on urban housing provision, though. As a result, rapid proliferation of squatter settlements began to spread to cities like Addis Ababa. Against this background, various other forms of informal housing arrangements took hold, leading to increased unlawful occupation of public housing and the rise of a lucrative illegal rental housing market. In an apparent response to these new developments, the government issued a special decree in 1990 to relax the prevailing restrictions on housing production and sale. However, these seemingly corrective policy measures were simply no match for the damages already done to the national system of urban housing provision during 17 years of brutal junta rule. Shortly before its downfall, the Derg even resorted to the concept of "mixed economy" in the hope of quickly making up for lost opportunities not only in urban housing provision, but also in other relevant sectors of the economy. However, the EPRDF ousted the junta in June 1991, i.e., before the revolutionary rulers could achieve even a fraction of their stated objectives.

3.3 Housing Policies and Programs under the EPRDF

When the Ethiopian Peoples Revolutionary Democratic Force (EPRDF) came to power in June 1991, the national economy in general, and the urban economy in particular, were in very poor condition. This was largely due to decades of protracted, lingering civil war and the many misguided social and economic policies that characterized the Derg's 17 years of heavy-handed rule. To face up to the then-seemingly insurmountable challenge of revitalizing the woefully ailing national economy, the EPRDF adopted a number of policies and programs aimed at speeding up the process of market-oriented reforms. Most of these did not seek directly to address urban problems, although some sought to improve the living conditions of the urban population. However, regardless of objectives, these policies and programs, had a profound impact on the course of urban development in the country in general, and on the performance of the urban housing sector in particular. The following sections shed more light on various aspects of those policies and regulations, which have had, and retain, considerable influence over urban housing in Ethiopia.

3.3.1 Decentralization, Market Reforms and Urban Housing

The most important decision that the EPRDF made immediately after coming to power was a federal system of governance, with nine, mainly ethnic-based, national regional States, namely: Afar, Amhara, Benishangul Gumuz, Gambela, Harari, Oromia, Somali, the Southern Nations, Nationalities and Peoples Region (SNNPR) and the Tigray national regional States. The Addis Ababa and Dire Dawa city administrations were placed under direct federal government control. The subsequent federal and regional constitutions entrenched self-rule for the people at all government echelons. However, the concept of local authority remains largely underdeveloped in Ethiopia, as the national government sets policies, strategies and broad financial parameters for regional governments.

Still, decentralization has had a considerable degree of influence over the course of urban development in Ethiopia, as it led to the emergence of a decentralized pattern of urban development. In this sense, decentralization has curbed the primacy of Addis Ababa, as the ability of secondary cities to attract capital expenditure has been enhanced. Historically, Addis Ababa had attracted the lion's share of either domestic or foreign

direct investment in Ethiopia. As of the early 1990s, however, increased flows of federal funding had enabled regional States considerably to improve physical and social infrastructures. Combined with other factors, this has made it possible for regional capitals and other large towns to attract a substantial proportion of the investment funds that would otherwise have ended up in Addis Ababa. Unpublished research suggests that the newly formed regional States have managed to attract up to 40 percent, or possibly more, of such capital funding in the recent past. There is hardly any doubt that the multiplier effects of the millions of dollars injected into regional economies can have considerable benefits on housing in Ethiopia's major regional cities.

It is important to note here that decentralization alone could not have led to the above-mentioned positive developments in secondary cities had it not been accompanied by market-oriented reforms. These have, as a whole, influenced the urban housing sector in two major ways. They did open up fresh, wide-ranging opportunities for private sector involvement in housing provision. Witness to this is the emergence of a number of real estate companies in Addis Ababa, whose main clients are upper middle-class households and members of the Ethiopian diaspora found in the various corners of the world. On top of this, the country's return to a market-based economy led to a substantial devaluation of the birr and a significant rise in mortgage interest rates, which put access to adequate housing under serious constraints for the urban poor. As shown in Table 1, the official exchange rate soared from ETB2.07 to the US dollar in 1991 to 5.77 in 1994.

Table 1. Changes in Exchange Rate: (Birr/USD) 1993/1994-2003/2004

Exchange Rate (Birr/USD		
Year	Auction Average Marginal Rate	Parallel Market Rate
1993/1994	5.77	7.05
1994/1995	6.25	7.30
1995/1996	6.32	7.64
1996/1997	6.50	7.16
1997/1998	6.88	7.08
1998/1999	7.51	7.69
1999/2000	8.14	8.31
2000/2001	8.33	8.79
2001/2002	8.54	8.69
2002/2003	8.58	8.71
2003/2004	8.62	8.68

Source: National Bank of Ethiopia

As we write, the official exchange rate stands at about ETB8.6 to one US dollar. As regards housing finance, during the final years of the Marxist junta long-term mortgage rates ranged from 4.5 percent (on housing cooperative loans) to seven percent for individual homebuilders. By comparison, lending rates ranged from 10.5 to 15 percent in the 1997-2001 period. Today's lending rates range from 7.5 to 13 percent, but maturities are extremely short, making it impossible for low- and moderate-income households to secure adequate formal-sector housing finance. For instance, relatively low 7.5 percent mortgage interest rates apply only to loan maturities that do not exceed five years.

3.3.2 ADLI and Urban Housing Provision

As stated earlier, the EPRDF gave only limited attention to urban issues, and especially so during the early and mid-1990s, owing partly to its preoccupation with the rural development agenda. The preoccupation with Agricultural Development-Led Industrialization (ADLI) seems to have been a factor behind initial government reluctance to address some of the glaring problems of urban Ethiopia, such as rising unemployment, deepening poverty, acute housing shortages, the fast deteriorating conditions of kebele rental units and problems surrounding urban governance.

It is important to note here that the EPRDF was not deliberately neglectful of urban development during the early and mid-1990s. Certainly, some visible urban development projects were going on in major cities like Addis Ababa at that time. On a limited scale, various urban centers even made attempts to improve urban governance, access to land, housing and infrastructure. Nonetheless, relatively more development-oriented public interventions were made in rural areas. The multi-sector Ethiopian Social Rehabilitation and Development Fund (ESRDF), which was established in 1996, is a good case in point. Its aim is to improve the well-being of the poor through support of community-based projects that build and strengthen social and economic assets, with the focus on basic education, health, water supply and sanitation. The program was so designed that beneficiary communities can participate in labor and material contributions as well as in decision-making, cost-sharing and overall ownership of the schemes. However, most of the projects so far have benefited people in rural rather than urban areas. In fact, as mentioned above, MOFED data suggest that the project has reduced the incidence of poverty by two percentage points in rural Ethiopia between 1995 and 2000. By comparison, the incidence of poverty has risen by 3.7 percentage points in urban Ethiopia during the same period.

3.3.3 Policies Aimed at Urban Housing Problems

Ethiopia has never had a comprehensive national urban development policy until March 2005. Therefore, what can be referred to as 'urban policy' is, for the most part, restricted to the statements of intent featuring in various national economic development policy documents, including some landmark proclamations and regulations regarding urban areas. As mentioned above, the landmark in Derg urban development policies was Proclamation No. 47, which in 1975 nationalized urban land and rental housing. The damage thus inflicted on the urban economy in general, and the urban housing sector in particular, was so enormous that the Derg itself started to introduce some remedial measures prior to its downfall. Some of these included a rather new bias in favor of a "Mixed Economy". With this policy shift, the government began to open windows of opportunity for private sector investment, even in the area of housing provision. Upon coming to power, the EPRDF took the notion of a mixed economy one or more steps further through open pursuit of market-oriented reforms. Nonetheless, with regard to land and housing, the new government's policy was very similar to that of the junta during its final days. There may be no better evidence than the EPRDF's decision to keep urban land as public property, together with persistent ambivalence or indecision over privatization of public housing.

Perhaps the second most important policy decision made by the EPRDF with regard to urban development was the urban land lease legislation embodied in Proclamation No.3. in 1994. The main objective was not only to adopt a market-oriented land and housing development system although land remained government property. The government's declared intention was also to create a steady source of revenue for city authorities, so that they could use leasehold-generated revenue to improve municipal services. However, it ap-

pears that even the Addis Ababa City Administration has not managed to generate much revenue along these lines, partly due to inadequate implementation of the policy.

Today, city authorities are the sole suppliers of land and the government retains a high degree of control over land use and design. In Addis Ababa, a Land Development Agency has been established to help convert agricultural land to urban development. Leasehold regulations in the capital allow the provision of plots not exceeding 73 square meters free of charge to would-be homeowners who form a housing cooperative. Plots between 75 and 175 square meters are leased out at ETB0.50 per square meter per year. In practice, the plots made available to members of housing cooperatives are considerably larger than 75 square meters, often exceeding 90 square meters. As a result, every cooperative member is required to pay in advance the lease required for the additional piece of land. Plots larger than 175 square meters are available at market prices through public tender. Real estate developers are allowed 60-year lease terms, and other ventures may involve leaseholds varying between 50 and 99 years.

As experience from most of urban Ethiopia suggests, the leasehold system has not only fallen short of generating the expected amount of municipal incomes; it has also remained insensitive to the housing plight of the urban poor, and for two major reasons. To begin with, all those applying for urban plots to build on must deposit a substantial sum in a blocked account prior to gaining access to the land. As the experience in Addis Ababa shows, those seeking access to building land the cooperative way are required to deposit ETB8,000 in a blocked account. The deposit will be released only after construction has started and initial work has reached a certain stage (apparently, completion of the foundations of the building). Where leasehold is involved, a house builder must make an advance deposit amounting to 20 percent of the amount tendered in a winning tender offer before s/he can take hold of the building land.

The second, most constraining factor on expansion of rental accommodation in Addis Ababa is a paucity of credit facilities for potential homebuilders. Not only are such facilities in short supply: mortgage interest rates are forbiddingly high, as stated earlier. Overall, the proportion of households in Addis Ababa that can access bank credit under existing housing and loan regulations are no more than four percent of the total. Although micro-finance institutions (MFIs), are on the rise and seem to be performing reasonably well, typical beneficiaries so far have been in the rural rather than the urban population. Among the glaring reasons behind this discrepancy are the limited loan amounts and maturities as well as the high interest rates that are typical of MFIs. As suggested by an ongoing MA thesis research at the Department of Geography and Environmental Studies, Addis Ababa University, the capital's City Administration has already put in place a special MFI to address this issue. This MFI lends to households seeking to pay the rather high down-payments required to access the condominium flats that the City Administration is building. Although the program seems to be well thought out, the overwhelming majority of the needy households cannot access these loans because interest rates are even higher than on the mortgages available from the Construction and Business Bank.

3.3.4 SDPRP I and Urban Housing

Poverty reduction has always been the declared core objective of Ethiopia's EPRDF in its multifaceted endeavor to achieve sustainable economic development in both urban and rural areas. However, as stated earlier, urban poverty has deepened in Ethiopia in the recent past. More specifically, many authors concur that approximately two-thirds of households in cities like Addis Ababa live at or below the subsistence level. Some suggest that in Addis Ababa, the proportion of households currently below the absolute poverty line in 30 percent or so of the total. Undoubtedly, urban poverty of such magnitude can only be associated with extremely poor housing conditions.

In its Sustainable Development and Poverty Reduction Program (SDPRP I), the Ethiopian government has developed a strategy to address urban poverty. However, the space devoted to the discussion of the nature and preferred solutions of urban problems in the 200-page long document is less than three pages. In a way, this confirms that urban areas have until recently not been receiving their due share of policy attention, although they contribute about 55 percent of GDP while housing only 17 percent of the total population.

Irrespective of the rather very limited space devoted to the urban sector, the SDPRP I document presents a concise listing of the government's preferred strategies to reduce urban poverty significantly. The document assigns six major strategic goals to Ethiopia's program to improve urban development and management :

- Strengthening urban governance
- Infrastructure provision
- Addressing housing problems
- Improving land management
- Strengthening employment opportunities, and
- Addressing urban environmental concerns

Overall, the program looks to strengthen urban governance and, in the process, to improve the delivery of municipal services; this will be achieved primarily through legal and institutional reforms that are accompanied by capacity building programs. When it comes to housing and infrastructure provision, the aim is to launch various upgrading programs with increased awareness and participation of beneficiaries. In this regard, the poverty reduction strategy also includes the formulation of a housing development policy and a revision of land acquisition criteria to improve access and affordability for households. In the area of employment generation, one of the program's leading strategies is to design and implement extensive public works programs that create job opportunities through cash-for-work or food-for-work. The program also envisages promotion of micro-finance institutions, community-managed savings and credit cooperatives, provision of vocational and skills training programs that promote self-employment and job creation, and promotion of community-based rehabilitation programs for disadvantaged groups such as the elderly, commercial sex workers and street children. The public works program will primarily improve access to clean water, construct various types of sanitary facilities and improve the management of solid and liquid waste so as to generate employment. Needless to say that full implementation of all these urban development programs would go a long way towards improving urban housing and infrastructures in Ethiopia.

4. URBAN GOVERNANCE

As stated earlier, Ethiopia's federal constitution has enshrined self-rule for people at all levels. Until recently, with the exception of cities like Addis Ababa and Dire Dawa that were able to exercise appreciable levels of autonomy, self-rule has, in practice, eluded other urban centers. Traditionally, regional government was comprised of three main tiers in Ethiopia, namely the *Kifle Hager* (formerly known as *Teklay Gizat*) or administrative region; the *Awraja* or district, and the *Wereda* or sub-district (which in some cases was further subdivided into sub-*weredas*). Following the February 1974 Revolution, a fourth and much smaller tier, the *kebele*, was introduced. Urban *kebeles* are known as urban dwellers' associations. They remain the lowest urban administrative organs to date. Before 1974 and even after the EPRDF came to power, urban local authorities were either directly accountable to, or shared jurisdictions with, *wereda* administrations or local governments which also ruled over very large rural areas.

During the reign of Emperor Haile Selassie, municipal chiefs or heads of urban authorities were political appointees, most of whom were more interested in maintaining the status quo rather than serving the people. In many instances, they were assisted by municipal councils which, as a rule, they would chair. Members of the council, whose role was advisory, included representatives of sector ministries as well as residents who were elected every year from among the leading members of the business community. As none of the council members were representing the urban poor, neither they nor the municipal chiefs considered that urban poverty or the housing conditions of poorer households deserved their attention, let alone to rank among the priorities for public interventions.

With the Derg in power, there was a lot of rhetoric about people's power, empowering the poor and bottom-up approaches to urban development programs. As a matter of principle, the government gave some executive power not only to city councils but also to urban dwellers associations, while reducing the role of the mayors or city officers to routine bureaucratic work. In practice however, there were no real separation of powers between the different urban authority organs. Over-centralization of power, together with the practical merger of political and administrative functions, rendered urban administrations extremely ineffective in service delivery. More generally, the very nature of the Derg regime could not allow it to go beyond rhetoric and truly empower the urban poor.

As discussed above, when the EPRDF came to power in 1991 it ushered in a decentralized form of administration. Nonetheless and until recently, various organizational and functional shortcomings of urban administrations inherited from the Derg and previous eras have continued to constrain the performance of urban authorities. Collective bodies known as executive committees or politically appointed individuals have exercised executive power. The roles of important municipal bodies such as bureaus or departments were not clearly defined. In general, governance or politics was merged with administration. As a result, accountability was obscured and municipal functions became extremely bureaucratic and slow. In addition to that, many elected officials simply lacked the requisite management skills. To make matters worse, changes of leadership were so frequent in certain areas that none of the appointed leaders had enough time at their disposal to become aware of the fundamental needs of the urban centres that they administered, let alone to plan and implement poverty-reducing projects.

These administrative shortcomings were exacerbated by the fact that the municipalities lacked the basic financial resources that could have enabled them to deliver services to the people. Although urban administrations or municipalities were, in principle, expected to be self-financing, they had no real fiscal autonomy. Municipal tax bases were narrow and seriously lacking in dynamism while tax bands and rates were significantly outdated. In addition to this, tax assessment was not as participatory as claimed by municipal administrations. Revenue collection efficiency in most municipalities was so poor that even the strongest municipal leaders rarely exceeded the 80 percent mark in their best years of tax collection.

With all these inadequacies in municpal authorities, service delivery was never a top priority in urban Ethiopia until very recently. As a result, most of the services provided by urban authorities were characterized by a glaring lack of professionalism, endless bureaucratic procedures and an abundance of red tape. In other words, urban authorities were simply ill-equipped even to take the measure of the ever-worsening problems in their jurisdictions, including acute housing shortages, poorly developed social and physical infrastructure, unemployment and poverty.

In order to address these problems, the federal government has devised an Urban Management Sub-sector Program. The scheme is part of a National Capacity Building Program (NCBP) and as such looks to establish an appropriate legal and institutional framework and to mobilize financial resources for urban quthorities across the length and breadth of Ethiopia. The basic rationale behind this municipal reform program is to strengthen the planning, management and service delivery capacities of urban authorities.

Under the national urban capacity building program, the Amhara, Tigray, SNNPR and Oromia regional States, along with the Addis Ababa and Dire Dawa municipalities, have recently launched radical municipal reforms with strong backing from the Ministry of Federal Affairs. They all started their system overhauls with a thorough review of the strengths and weaknesses of their respective legal and institutional frameworks and of the overall state of affairs in their urban centres. This soul-searching exercise included participation of representatives of the public and delegates of all relevant public and private institutions. In all these regions, the overarching rationale behind municipal reform is to design appropriate policies and programs to address major shortcomings in urban governance. Therefore, the exercise sought, among other things, to define the aims, powers and functions of municipal authorities and lower urban administrative organs, improving municipal service delivery, and urban rehabilitation.

Some years have passed since the federal government first encouraged regional authorities to improve their systems of urban governance in order to achieve the broad developmental targets in the SDPRP I document. The government did this deliberately because any effective poverty reduction program, as a rule, calls for the existence of an efficient, transparent and accountable local authority that is sufficiently responsive to the fundamental needs of the population. Accordingly, two major cities (Addis Ababa and Dire Dawa) and four States (the Amhara, Tigray, SNNPR and Oromia) have sought to improve urban governance through legal and institutional reforms and capacity building. They did this based on the understanding that such changes would lead to greater autonomy or self-rule, improved delivery of municipal services, better provision of infrastructure, improved access to land, and alleviation of housing problems. According to the Ministry of Finance and Economic Development, city councils and mayors are already in place in 24 municipalities. Additionally, provisional councils have been established in more than 31 towns. These figures are clearly very low for a country with as many as 925

urban centers. However, given the mammoth capacity problems and political challenges that the process of democratization and empowerment of grassroots groups are facing in Ethiopia today, this looks like a very good and a promising beginning.

However, today nearly all of the six pioneering city and State authorities are still a long way from the improvements they had set out to achieve. in municipal service delivery and slum upgrading due to a host of problems. Faced with vast and daunting challenges, they find themselves stymied by scarce financial resources, dire shortages of skilled labor and next to non-existent local capacity for project design and implementation. The average monthly wages of municipal employees all over Ethiopia are so low that city authorities are simply incapable of either attracting or retaining highly skilled professionals. Where modestly trained professionals exist, the requisite office supplies and other technical equipment are either in short supply or non-existent.

State-of-the-art cadastres are almost unknown, except for the rudimentary work that has recently started in Addis Ababa and Dire Dawa. These problems are compounded by an absence of standard working manuals in almost all areas of activity. As result, critical decisions are often made at the discretion of the individuals in charge, paving the way for errors and corruption. Regardless of these shortcomings, however, some more States such (Afar, Benishangul Gumuz, Gambela, Harari and Somali) have also recently completed critical reviews of their respective legal and institutional frameworks with a view to renovating urban structures.

5. THE URBAN HOUSING SITUATION IN ETHIOPIA

As mentioned above, most of the urban centers in Ethiopia are small roadside towns. In spite of the long history of urbanization in the country, the overwhelming majority of these towns came into existence after the mid-1940s. Most are not just 'young' and small but also feature poorly developed or weak economies which in turn provide poorly developed and largely stagnant municipal tax bases. This has a knock-on effect on municipal authorities, which are typically ill-staffed, ill-equipped and incapable of effective delivery of even the most basic services such as administrative papers and registration, not to mention state- of-the-art urban services. Those towns suffer from high rates of unemployment and poverty and the overwhelming majority of their economically active labor force depend on various types of informal activities for their livelihood. The overall morphological structure of those towns is a fair reflection of these dire economic realities, especially with regard to lay-out, roads and buildings.

Housing conditions in urban Ethiopia are such that the overwhelming majority of the residential units are poorly constructed and very much lacking in quality. For instance, as shown in the 1994 population and housing survey, about 80 percent of all urban housing units in the country are made of wood and mud (wattle and daub), and 73 percent have earthen floors. Nearly 98 percent of the units are non-storied and 54 percent are attached row houses. Regarding size, the overwhelming majority of urban housing is small, with one- and two-room shelters accounting for 41.84 percent and 30.54 percent respectively of all urban housing units. As many as 42.3 percent of urban housing units have no toilet and 39.2 percent are without kitchens. Only 3.23 percent of the units have indoor plumbing, with some 27 percent relying on non-tap water sources. As regards electricity, approximately one fourth of all urban housing units in the country have no private electric meters.

With respect to tenure patterns, some 46 percent of the urban housing stock was owner-occupied in 1994. Nearly all the remaining units were rental accommodation. The rental values of the overwhelming majority of the units were so low as to serve as a reliable indicator of the extremely poor quality of the rental housing stock. For instance, units rented for less than ETB50 per month accounted for about 84 percent of the total urban rental accommodations of the country in 1994. Closer observation even reveals that the proportion of the housing units that were rented for under ETB10 per month was as high as 43 percent, with those renting for less under five birr accounted for about 26 percent. Kebele-owned or administered units, which accounted for well over one-fifth of the national urban housing stock in 1994, are at the forefront of this problem, as their officially determined, below-market rental vales have remained unchanged for about 30 years.

As though Ethiopia's urban housing conditions were not dismal enough, they are only compounded by the chronic housing deficits – and the attendant high degree of overcrowding – in urban centers. Clearly, this problem has its roots not only in the extremely low mean monthly income of the majority of the urban dwellers, but also in Derg housing policies between 1974 and 1991. The 1994 census showed that the total number of urban households exceeded the total number of housing units by approximately 92,000, or about six percent of the total urban households in the country. In that same year, 36 percent of the urban housing stock had six or more residents per unit. At this point it is worth remembering that most of the units are small in size and lacking in one or another basic facility. Moreover, a substantial proportion of urban dwelling units also serve as small-scale business premises where various home-based commercial

activities are run either by household heads or by family members.

It is important to note these figures are national averages and that indicators vary across regions and between cities and towns. However, the fact remains that housing conditions (quality and availability) in urban Ethiopia as a whole are very bad. Moreover, the quality of infrastructure in most residential neighborhoods is far below acceptable standards. Tarred roads are a luxury for most of the small towns and where such roads cross an urban center, they often happen to be part of a major interregional highway. Overall, substantial proportions of the existing urban housing stock are not accessible by motor cars either during the rainy seasons or throughout the whole year. As a result, numerous neighborhoods of even the larger cities lack standard emergency and refuse collection services. Streets lights are a luxury in most of the secondary roads of Ethiopian towns, the greater proportion of which are simply unpaved. But then even most of the tarred roads lack proper storm drainage systems. Sewerage networks are virtually non-existent in Ethiopian towns and cities, except for a tiny area in Addis Ababa. Apart from inadequate foundations and an absence of durable construction materials and basic amenities, a large proportion of the urban housing units in the country are in disrepair for various reasons, including extremely low household incomes and property rents.

The need to improve the urban housing situation in Ethiopia has been recognised since 1991 but the sheer size of the problem has so far dwarfed any efforts made to date. In Ethiopia as in most other African countries, capital expenditure in housing has remained well below three percent of GNP for the past decades. In fact, it appears that it has not exceeded two percent of GNP as of the 1980s. This combines with government policies to account for the woefully poor housing and neighborhood conditions in the most part of urban Ethiopia. As the country's recent MDG needs assessment study indicates, the proportion of the urban population living in slums is as high as 80 percent. This estimate is based on such factors as deficiencies in the structural quality and durability of dwellings, living space, tenure security and access to improved water, sanitation and other critical amenities. Compared to the average 72 percent UN-HABITAT estimate for the whole of urban Africa, this figure highlights the severity of housing conditions in Ethiopian cities and towns.

6. THE SITUATION OF HOUSING AND INFRASTRUCTURE IN ADDIS ABABA

6.1 Demographic and Socioeconomic Indicators

Prior to the foundation of Addis Ababa by Menelik II in 1886 Ethiopia had a succession of capital cities, largely owing to dynastic changes and depletion of forestry resources such as timber and firewood. As historical records show, the only capital city that lasted for hundreds of years after the decline of Axum, the seat of the rulers of the ancient Axumite kingdom, was Gondar. More generally, it appears that as the country opened up to Western civilization in the late 19th century, three important factors, namely the introduction of eucalyptus, the 1907 proclamation legalizing private ownership of urban land, and the completion of the Addis Ababa to Djibouti railway line in 1917, saved the capital from relocation.

The Southwestern skyline of Addis Ababa as seen from the grounds of Sheraton Hotel. Photo: © AAGG

Today, Addis Ababa is a bustling metropolis located almost at the geographic center of the country at an altitude of about 2,400 meters above sea level, with an estimated population of about four million on a built-up area of some 290 square kilometers. On top of serving as national capital, the city hosts the headquarters of the UN Economic Commission for Africa (ECA), the African Union (AU) and a large number of embassies, consulates and other international organizations. From this point of view, Addis Ababa is the diplomatic capital of Africa.

Table 2. Average Annual Population Growth Rates of Addis Ababa, 1910-2004

Year	Population	Average Annual Growth Rate (Percent)
1910	65,000	
1935	100,000	1.72
1952	317,925	6.80
1961	443,728	3.70
1970	750,530	5.84
1976	1,099,851	6.37
1984	1,423,111	3.22
1994	2,112,737	3.95
2000	2,495,000	2.77
2004	2.805,000	2.93

Addis Ababa is not only the largest city in Ethiopia but also a textbook example of a primate city, as it is at least 14 times as large as Dire Dawa, the second largest city in the country. However, this primacy has been on the decline in the recent past, partly because of increased capital expenditure flows to regional capitals and other major cities of the country. As a result, Addis Ababa's share of the total urban population has dropped from 30 percent in 1984 to 26 percent in 2000.

As shown in Table 2, Addis Ababa's population growth pattern has at best been irregular during the greater part of its history, largely due to changes in the country's social, economic and political conditions. As official statistics show, the city today is experiencing one of its slowest-ever growth rates, just slightly below three percent per annum. Even with this admittedly low growth rate, the capital continues to attract 90,000 to 120,000 new residents every year. In general, it appears that much of this growth (probably up to 70 percent of the total), takes place in the slums and squatter settlements of the city.

It is worth highlighting that the greater part of this growth is due more to net in-migration (1.69 percent per annum) than to natural increase (1.21 percent per annum). It is not clear why, unlike most other major cities in the developing world, Addis Ababa features such a low rate of natural increase. Most households in the city have relatively good access to modern family planning and health services, as evidenced by infant and under-five mortality rates among the lowest in urban Africa (50 and 66 per 1,000 live births respectively). The fertility rate of the city is an average 1.9 children per woman, with crude birth and death rates of 27.6 and 6.7 per 1,000 respectively. Even though, as discussed below, HIV continues to take a heavy toll of Addis Ababa's population, life expectancy remains at 62.8 and 66.5 years for males and females respectively.

6.1.1 The Economic Base of Addis Ababa

Cities rely on certain income-generating or basic economic activities for subsistence. The nature of the basic activities they perform will generally determine economic growth and development as well as, though less directly, influence demographic growth, spatial expansion, aesthetic qualities and overall social and political wellbeing.

The Southwestern skyline of Addis Ababa as seen from the grounds of Sheraton Hotel. Photo: © AAGG

The economic base of early 20th century Addis Ababa was typical of a consumer city, i.e., one where taxes, tributes and tithes were the principal source of income. With the coming of the Italians in 1936, commerce, manufacturing and wage labor took on ever more importance to this day. However, the bulk of research on Addis Ababa so far is biased in favor of its role either as national capital or as the country's commercial hub. Overall, the fact remains that Addis Ababa today has a diversified economy, being the main center of public administration, commerce, manufacturing, finance, real estate and insurance. This is reflected in the fact that as a primate city, today Addis Ababa houses more than its due share of the total urban labor force employed in the leading sectors of the economy. For instance, as found in the 1994 census, of the total urban labor force in the country Addis Ababa employed 30.29 per cent in public administration and defense, 41.22 per cent in manufacturing, 27.34 per cent in wholesale, retail and related trades, 38.77 percent in transport, storage and communications,

62.61 per cent in financial intermediation, and 66.47 percent in real estate, renting and business activities.

A view of inner Addis Ababa. Photo: © AAGG

This range of economic activities in Addis Ababa has two major consequences. First, with such concentration of so many activities the Addis Ababa municipal authority has a fairly broad and dynamic tax base to tap into –that is, if only it would put in place a truly transparent, efficient and accountable tax collection system. Second, this wide range of activities also implies that like other major cities in the Third World, Addis Ababa has a reasonably well-developed class structure where income gaps, and hence the conflicts of interest between the haves and the have-nots, are growing by the day. But since the urban poor and moderate-income households are no match for their mighty economic rivals, they cannot extricate themselves from the grips of poverty without well-devised and sustained assistance from the public as well as the NGO sectors.

6.1.2 Unemployment and the Incidence of Poverty

Thanks to ongoing market-oriented reforms, Addis Ababa's economy has been undergoing a remarkable recovery these past few years. The most visible indicators include the paces at which new business and residential buildings as well as roads are constructed, the ever-worsening rush-hour traffic jams along main thoroughfares and the quality as well as diversity of merchandise displayed by rapidly increasing numbers of wholesale stores and retail shops. Irrespective of all these positive changes, though, most residents are poor or on moderate incomes. Research carried out in 1996 suggests that in urban Ethiopia as a whole, involvement in the informal sector could be as high 61 percent, nearly two thirds of which are female. As regards Addis Ababa, a 2002 study by the Association of Ethiopian Microfinance Institutions shows that the informal sector employs about 51 percent of the economically active labor force. Unconfirmed estimates suggest that of the total economically active labor force employed in the informal sector in Addis Ababa, 70 per cent are female.

Merketo, the grand market area of Addis Ababa. Photo: © AAGG

Overall, the 1994 census suggests that Addis Ababa ranks among those Ethiopian cities with the most severe unemployment: that year the capital's unemployment rate was as high as 34.7 percent, compared to about 22 percent for urban Ethiopia as a whole. Not surprisingly, females have always comprised the largest proportion of the unemployed in Addis Ababa – 41.1 percent in 1994, compared to a male unemployment rate of 30.3 per cent. The mitigating factor here is that unlike many African cities, Addis Ababa has a preponderance of females with only 92 males for every 100 females (source: City Administration).

Table 3. Poverty Incidence in Ethiopia by Region, 1999/2000

Region	Population living below poverty line (Percent)		
	Rural	Urban	Total
Tigray	61.6	60.7	61.4
Afar	68.0	26.8	56.0
Amhara	42.9	31.1	41.8
Oromia	40.4	35.9	39.9
Somali	44.1	26.1	37.9
Benishagul Gumuz	55.8	28.9	54.0
SNNPR	51.7	40.2	50.9
Gambella	54.6	38.4	50.5
Harari	14.9	35.0	25.8
Addis Ababa	27.1	36.2	36.1
Dire Dawa	33.2	33.1	33.1
Total	45.4	36.9	44.2

Irrespective of positive developments, however, it appears that the incidence of poverty has been rising in Addis Ababa in the recent past. As mentioned earlier, poverty has been deepening in the major cities of the country while it was slightly declining in its rural areas. In fact, as shown in MOFED research, the incidence of poverty has increased by about 11 percent in urban Ethiopia as a whole between the mid-1990s and 2000. With specific respect to income poverty, some authors claim that today, about two-thirds of the Addis Ababa population are living at or below subsistence level. Research generally finds that on the most conservative estimate, at least one out of every three persons walking the streets of Addis Ababa lives below the poverty line. More precisely, as shown in Table 3, about 36.2 percent of the population was living below poverty line in the year 2000. This figure was one of the highest in the country, with only three regions – Tigray, SNNPR and Gambella – with higher proportions.

6.2 Housing Conditions in Addis Ababa

As an indigenous urban settlement, Addis Ababa initially expanded without any formal planning or control. The earliest settlements developed haphazardly around the king's palace and the camps *('sefers')* of his generals *(rases)* and other dignitaries. It appears that just like the king, the generals preferred to live surrounded by the ranks and files of their subordinates. At the same time, and at least originally, substantial vacant spaces would separate the abodes of these dignitaries from those of their subordinates. This original settlement pattern, supported by the then prevailing social, cultural and economic conditions, eventually led to the gradual filling up of those vacant spaces and the emergence of a residential structure where the wealthy lived side by side with the deprived. The mixed residential structure that began in those days was not altered by the changes that took place in its economic base as the country opened up to Western civilization in the early 20th century and subsequently during the short-lived Italian occupation. Over the last three decades, a few, predominantly high-income, residential areas have emerged, especially in the Bole and Old Airport areas. A new upper middle class residential area also seems to be in the making in the eastern peripheries of the city. Apart from these few changes – all of which are results of planned housing development – Addis Ababa fails to display the degree of separation between housing classes commonly featured in other

major cities in the developing world. Although Addis Ababa has its own fair share of ethnic concentration areas, these cannot be defined as ghettos. All over the city, the poor, the middle-income earners and the rich live side by side in apparent harmony.

Today, high-rise apartment and office blocks dot the fronts of the main streets in Addis Ababa, giving a rather misleading impression of a well-built, spacious city. Together with a mixed or apparently well-integrated residential structure, these impressive roadside buildings often effectively mask the predominantly low standards of most housing units and residential neighborhoods. Although no one knows for sure the exact magnitude of slums in Addis Ababa, most international estimates put the proportion of the city's population that is living in rundown and slum settlements as one of the highest in the world. Indeed, most of the capital's residents live in poorly constructed and inadequately serviced substandard housing units that, as discussed below, were hastily built mainly after the Italian occupation to meet the shelter requirements of a rapidly growing and overwhelmingly poor population. This may be why in the mid-1960s UN experts ventured an estimate number for slum dwellers as high as 90 percent.

As shown in Table 2, up until the 1974 Revolution, Addis Ababa's population was growing so fast that shelter requirements were met largely through the building of unauthorized and substandard dwellings. Squatting was almost unknown in the city in those days as the property owners were too powerful to allow such developments. Therefore, the main factor behind the proliferation of substandard units must be the ease with which property owners were able to build houses without municipal permits. As some studies suggest, the municipality rarely issued more than 500 residential building permits every year. However, some records suggest that the city built housing at rates that sometimes exceeded 4,000 units per annum during the few years that preceded the February 1974 Revolution. Since the Ethiopian government did not establish a Department of Housing until the late 1950s, it is not difficult to see that the rate of production of unauthorized dwellings was even higher during the decades preceding the 1960s.

Densely built, substandard dwellings characterize most of the old residential areas of Addis Ababa. Photo: © AAGG

There is hardly any doubt that the main drive behind much of the hasty production of unauthorized dwelling units that Addis Ababa experienced after Italian occupation was none other than a market response to a fast-growing demand for cheap rental accommodation. In addition to this, it was through illegal subdivision and extension of existing housing units that the property owners attempted to meet demand, and especially in the inner parts of the city, during the population boom years of the 1960s and early 1970s. Overall, rental accommodation (predominantly substandard units) amounted to some 60 percent of the city's housing stock in the mid 1970s. However, the problem of substandard shelter spread well beyond rental accommodation, since a large proportion of owner-occupied dwellings were also built without municipal permits.

Densely built, substandard dwellings characterize most of the old residential areas of Addis Ababa. Photo: © AAGG

After nationalization of urban land and housing in July 1975, the housing situation in Addis Ababa deteriorated fast. The main damage that Proclamation No. 47, 1975 did to the urban housing sector in the capital was none other than the disruption of a formerly vibrant housing market, which caused a sudden, acute housing shortage. The most severe blow came with the ban on (private sector) production of affordable rental accommodation that was included in the proclamation. The public sector was neither willing nor capable of producing affordable rental accommodation. The *kebeles* in charge of the bulk of the nationalized dwelling units lost interest in collecting rents, partly due to their inability to use the proceeds. In addition to this, with the rents once and for all fixed at very low levels, the *kebeles* found it next to impossible to keep the properties in a proper state of repair. As a result, old slums only got worse. As the housing deficit intensified and nationalized land, in effect, became nobody's property, squatters in their thousands began to invade the peripheral areas of Addis Ababa.

One thing that makes squatter settlements somewhat different in the case of Addis Ababa is that they are not poverty-driven. As research by Minweylet Melese shows, mainly middle-class households have illegally occupied the peripheral areas of western Addis Ababa over the past 10 years. Unlike squatters in many other large cities in the developing world who build shelters in marginal areas, those in Addis Ababa do so on prime urban land except for its peripheral location. The lot sizes they find are often larger than those currently provided by municipal authorities for members of housing cooperatives. They acquire them mainly through purchase, either from farm households fleeing the encroachment of the built-up area of the city, or from land speculators. Others obtain land from relatives who have settled in those areas a bit earlier. The building materials used in squatter units, known as *"chereka bet"* (moonlight house) are similar to those used in the formal sector. As discussed below, most squatter settlements in Addis Ababa have rather poor access to basic urban services, including access roads and utilities, due to a combination of their peripheral location and recent establishment.

Worsening housing conditions have combined with the emergence of squatter areas to cause a rapid increase in the proportion of the population of Addis Ababa that lives in such settlements. Still, the high estimate of the slum-dwelling population mentioned above may look somewhat exaggerated. Nonetheless, the situation was undeniably serious as early as the late 1970s. For instance, a 1978 citywide survey showed that 45.5 percent of housing units in the city were built without any foundations and about 53.4 percent had no ceiling whatsoever, with only 27 percent of the housing stock in good repair. As suggested earlier, the following two and a half decades have seen only scant improvement in slum conditions, if any. This is not to overlook the construction of many modern high-rise buildings and villas and, more recently, of a state-of–the-art ring road and airport terminal. Still, due to the city's residential structure, the slums in Addis Ababa are not the exclusive preserve of the poor: an urban MDG needs assessment study completed in

early 2005 suggested that about 80 percent of Addis Ababa's residential areas were slums.

Overall by 1994, the housing shortage in Addis Ababa was worse than it had been 10 years earlier. This is reflected in the ratio of housing units to households, which dropped from 0.97 to 0.93 over that decade. During the same period, the occupancy rate increased from 5.3 to 5.5 individuals per housing unit. A 1988 estimate showed that overcrowding in the city had been worsening so fast that the proportion of households with more than 2.4 individuals per room (the maximum acceptable occupancy rate recommended by the UN) had increased from 43 percent to 66 percent in only four years. There is very little if any doubt that the situation is even worse now. According to data from the municipal Urban Information and Documentation Department, the ratio of the total number of houses to households plummeted to 0.64 in 2004. It is not clear whether the units referred to as housing units in this data include squatter units along with dwellings that also serve as business premises. Whatever the case, the data highlights the city's alarmingly severe housing shortage, most probably in the order of hundreds of thousands[1].

The mammoth housing deficit in Addis Ababa is not just measured by the large number of units that are required today. It is also observable in the extremely small sizes of most available dwelling units. Although data on distribution of houses by floor size is hard to come by, an estimate made in 1988 showed that the area of over 75 percent of the units are under 40 square meters, with the number falling under 20 square meters for another 20 percent or so. What is even more worrying in this regard is that the problem has worsened between the two census surveys. For instance, the proportion of single-room dwelling units has risen from 26.4 percent in 1984 to 33 percent in 1994. Overall in that same year, some 60 percent of the city's housing units had two or fewer rooms, whereas 78 percent had three or fewer. This is a serious cause for concern, as the average household size is 5.2 individuals, and as the poor, who make the bulk of the population, typically tend to have large families. These findings suggest that overcrowding or congestion in the residential areas of Addis Ababa are much worse than suggested by occupancy rates or room densities.

The structural features of the bulk of the housing stock in Addis Ababa similarly suggest that the housing problem is much worse than estimates of the housing deficits indicate. The structural condition of most of the existing units is so poor that any long-term use is difficult to imagine. For instance, the walls of some 75 percent of housing units are made of mud and wood (known as "chika" houses. With poor building standards and lack of proper foundations, most chika units age quite rapidly. As a result, a substantial proportion are always in need of major repairs while a sizable number are so old and in such poor shape that they are only fit for demolition. Comparatively, units made of bricks or stones account for about 15 percent of the total housing stock. Irrespective of building materials, available data suggests that only about 17 percent of the total housing stock in Addis Ababa can be considered to be in good condition at present.

Another indicator of the poor quality of most residential units in Addis Ababa is that 97 percent are single-story and nearly 60 percent are attached row houses. Roofs are almost invariably made of corrugated iron sheets that make a vast and unpleasant rusty blanket in the central and older parts of the city. A further apt indicator of worryingly poor quality is that 50 percent of all the units have mud or earthen floors. Data also show that a similar proportion have no ceiling whatsoever, and close to 25 percent have no toilets. Only about 38

1 *According to municipal sources, the housing deficit is not less than 250,000 units*

percent of all housing units have private kitchens, and 27 percent have none at all.

With respect to tenure, today 34.4 percent of housing units are owner-occupied. Public and private sector rental units account for 40.4 and 16.4 percent of the total housing stock respectively. It must be noted here that government-owned rental units are, for the most part, in poor condition due to decades of disrepair and neglect – the major factor being extremely low, fixed rents. Most of these units sit on prime locations and therefore hinder more productive uses of inner-city land. As shown below, kebele-administered units contribute the bulk of inner-city slums in Addis Ababa.

6.2.1 Housing Affordability

As stated above, Addis Ababa is a city where probably up to two thirds of households live at or below subsistence levels, with the rest living below the poverty line. Therefore, it comes as no surprise that the overwhelming majority of households are simply incapable of building or buying the smallest, officially acceptable dwelling unit. In fact, in a city where most households spend nearly 50 percent of income on food, there would not be much money left for housing construction, purchase or improvement. As research conducted by PADCO in Addis Ababa shows, in 1996 the median income of households in the city was ETB391, with median expenditure as much as ETB382, a clear demonstration that most households were simply incapable of saving even a minute fraction of their incomes.

According to Tarekegn Assefa, the mean housing allocation of the average urban household was seven percent of monthly income in the mid- to late 1990s. In the case of Addis Ababa, PADCO said the proportion was 21 percent of the median household income in 1996. These figures certainly look very high since the majority of households in Addis Ababa simply lack saving accounts. A municipal citywide survey conducted in 2003 found that only 13.1 percent of households in Addis Ababa have saving accounts. According to another survey made in 1998, those households who could afford it saved 8.6 percent of total earnings on average.

Large numbers of urban poor people live in these types of makeshift structures. Photo: © AAGG

Tarekegn Assefa has also found that only one third of households in Addis Ababa were able to build the most modest chika (mud and wood, or wattle and daub) unit in the recent past. Today, the construction of improved chika units has come to a halt, the apparent reason being that they cannot measure up to current building standards and land use regulations. As stated earlier, all applicants for purchase of building land and homeownership through a cooperative are required to deposit ETB8,000 in a blocked account. The deposit will be released only once the applicant can demonstrate a substantial start to the building (at least state-of-the-art foundations). It is often said that on the most conservative estimate, one should spend at least about ETB25,000 on such a housing start prior to applying for the release of the blocked account. As stated earlier, where leasehold is involved, the house builder

should make an advance deposit, which amounts to 20 percent of the amount tendered in a winning tender offer prior to securing the building land. In the former case, most needy households simply find it difficult to raise the initial ETB8,000, let alone to afford the cost of the foundations. Although limited credit facilities are available for housing purchase or construction, the interest rates are forbiddingly high and none provide long-term financing. Overall, only a tiny proportion of households in Addis Ababa can access bank credit under existing housing and loan regulations. If for instance we assume with Tarekegn Assefa that the cost of a dwelling is ETB50,000[2], of which 20 per cent (or ETB10,000) is deposited in a blocked account, then only four percent of households in Addis Ababa would be in a position to borrow the remaining ETB40,000 at a mortgage interest rate of 10.5 percent over 20 years. Since credit institutions are no longer willing to provide such long-term housing finance (the terms never exceed 10 years), it is extremely difficult for low- and moderate-income households to become homeowners in present-day Addis Ababa.

6.2.2 Security of Tenure

According to UN-HABITAT, one of the defining criteria for a slum household is lack of tenure security. This is particularly the case with at least six distinct segments of Addis Ababa's population, namely:

- tenants in rental housing (public or private sector-owned)
- households in squatter settlements
- homeowners who are threatened by large-scale urban renewal and other development projects
- married women who lose their spouses due to divorce, separation or death
- children who lose parents or custodians, mainly to HIV/AIDS, and
- tenants with HIV.

With respect to tenants, those in government-owned housing have been in a perpetually indeterminate situation for a long time, due to the uncertainties over the future of their dwellings. In fact, many years have passed since people began to hear rumors, and even media reports, of the government's perceived intention to privatize public sector rental accommodation. It is, on the one hand, the government's implicit interest to dispose of this property, but on the other hand continued indecision keeps most tenants in a perpetual state of tenure insecurity. Simply put, the public are unsure whether the government is going to privatize the property. Should this be the case, tenants are unsure whether they will have priority rights and retain their present shelters. Adding to their fears is uncertainty over the conditions for such priority rights, if the government allows them to keep the units. With about 40 percent of housing units in the city rented from the government, serious concerns are widespread.

For households renting from the private sector, the main problem is a lack of up-to-date, clear and binding regulations governing the relationship between property owners and tenants. In most cases, such housing arrangements are based on verbal agreements, rather than duly signed, meaningful lease or contractual agreements. This enables either party to terminate the agreement at will without adequate notice. In addition to this, property owners may indirectly force the tenant to vacate the house by using all kinds of veiled tactics, ranging from a sudden increase in monthly rent to direct verbal assaults on issues sur-

2 *Currently the cost of construction per square meter of floor area in Addis Ababa ranges from about ETB1,500 for the most basic structure to about ETB2,500 for a unit of acceptable standard. Therefore, ETB50,000 could at best buy a tiny house with a floor area of about 25 square meters.*

rounding the use of utilities, or the time when the main gate to the compound closes.

When it comes to households in squatter settlements, the majority live under constant fear of eviction. An estimated 60,000 squatter units were found in Addis Ababa in 2000, representing some 20 percent of the city's housing stock. Apparently, none of these units was in existence prior to the July 1975 proclamation that nationalized urban land and rental housing. Overall, various studies suggest that an overwhelming majority of the squatter units in the city came into existence after the downfall of the Derg in 1991.

From the late 1980s onward, when large numbers of squatter units began to appear, the main government response was none other than bulldozing them. Nonetheless, due to the utter disruption of the formal land and housing markets, squatter units continued to spread on a rather large scale all around the city, especially in the expansion areas. During the 1995/1996 fiscal year, municipal authorities issued what they referred to as Directive No. 1, confirming that it had recognized all the squatter units built prior to that specific year. In fact, the municipal authorities decided to give title deeds to the squatters based on GIS data compiled from air photographs taken that same year. This considerate gesture apparently gave the wrong signal to potential squatters as it led to an even stronger invasion of land by such people during the subsequent years. The problem reached such proportions that city authorities called a meeting with the squatters in fiscal year 2002/2003. The meeting ended on a tacit recognition that all squatter units built prior to it would be granted titles. However, the difference this time was that city authorities stopped short of issuing a decree on the matter. Although the expansion of squatter units has continued to date, apparently none of the households that had built such units since fiscal year 1995/1998 have received a title deed to date. Even a large proportion of those who had built their own units prior to 1996 seem to be without title deeds. All those without legal evidence of rightful use of the land that they occupy are understandably living in perpetual fear of eviction.

Relocations, which often result from road construction (see below) and the ongoing large-scale urban renewal program, also threaten the tenure security of a substantial number of homeowners in the city. Construction of new roads affects mostly households in the peripheral parts of the city, whereas the urban renewal project threatens mostly inner-city homeowners. On top of this, a substantial number of homeowners seem to worry that an investor might want to locate a new firm in their residential neighborhood, thereby forcing them to relocate. No matter how remote the likelihood of this type of relocation, people worry all the same because they keep hearing that investors have almost unrestricted access to any site of their choice if they strike a deal with city authorities.

As far as women are concerned, the main threat over their security of tenure is the ambient culture. Generally speaking, under Ethiopian traditions security of tenure for the household does not automatically extend to females. For instance, when it comes to homeownership, houses are either constructed or purchased in the husband's name. Should a husband die while the wife is alive, in most cases the widow must go through agonizing court proceedings to secure legal access to the very house where she had been living with her husband. Should a divorce or separation take place in wedlock, in nearly all cases it is the woman who is forced to look for another house. In the event that she has no regular income of her own, she might be left with the rather humiliating choice of living with her parents again, or with other relatives.

The fate of children who lose both parents through HIV/AIDS and without any other custodian is even worse than that of divorced or widowed women when it comes to tenure security. Children who had been living in rental homes will find themselves thrown to the streets overnight because they cannot pay rent. Today, Addis Ababa is one of the Sub-Saharan African cities with the largest concentration of people living with and dying from HIV/AIDS. As most recent estimates indicate, the adult prevalence rate is 12.4%. Currently the city has 40,000 AIDS patients occupying up to 57 percent of hospital beds.

The plight of HIV/AIDS orphans with regard to tenure security is even worse when no one in a household is sufficiently grown up to earn some income by working in the streets. This is one of the reasons that in the recent past, Addis Ababa has seen a sharp rise in the number of street children.. For the time being, no one knows for sure how many street children are roaming the streets of Addis Ababa for lack of custodians. However, the fact remains that the city today is host to at least 79,000 HIV/AIDS orphans.

For HIV-affected tenants, security of tenure has been an issue all over urban Ethiopia for some time. The problem surfaced when they began to describe themselves in public as carriers of the virus. As a result, some property owners took to open discrimination against such individuals, either by denying them access to rental housing or through other discriminatory measures that effectively forced the victims to look elsewhere for accommodation. Property owners further discriminated against some individuals not because the latter were confirmed HIV carriers but simply because they had suspicious-looking bodies or appearances. The problem is somewhat less severe now, partly due to an ongoing nationwide campaign in support of HIV victims. Nonetheless, the fact remains that many HIV victims still do not enjoy the kind of tenure security that most of the healthy take so for granted. Moreover, the victims of such discrimination are more often female than male, for two main reasons. First, the pandemic is most prevalent among women, with a male-to-female ratio of about 1:1.2. Also worthy of note is that females aged 20-29 are the hardest hit by the pandemic. The second factor behind discrimination against females on HIV/AIDS grounds is that young females are far more likely than young males to seek employment as resident servants in family homes in Addis Ababa. Now most families simply do not want to keep suspicious-looking young women as maid-servants, let alone those with confirmed of HIV/AIDS infection.

6.3 Access to shelter-related infrastructure

Although Addis Ababa is both a national capital and the diplomatic capital of Africa, only a small proportion of the city's households enjoy adequate access to shelter-related infrastructure. Generally speaking, the city's physical as well as social infrastructure are poorly developed and unevenly distributed over its rather vast built-up area.

Table 4. Access to shelter-related infrastructure in Addis Ababa, 1996

Percent units with	Part of the city		
	Planned (%)	Unplanned (%)	Total (%)
Water to unit or compound	51.7	64.3	55.7
Solid waste collection	45.7	58.7	49.8
Drainage facilities	33.8	30.6	32.8
Road access	60.7	74.1	64.9

Source: Adapted from PADCO, 1996

The city authority of Addis Ababa is, under normal circumstances, expected to generate substantial funds to provide various kinds of municipal services, including

the financing of infrastructure projects. However, until very recently the municipal authorities were lacking either the political power or the technical capacity to tap into the city's broad and diverse tax base. Even though proclamation No. 80/1993 mandates cities and towns in Ethiopia to use the proceeds of lease transactions to finance various types of services including infrastructure, the fact remains that revenues from such transactions have remained unimpressive.

The housing-related infrastructure of Addis Ababa has suffered so much from decades of neglect and inadequate policy attention that it is still in an appallingly bad condition. As shown in Table 4, a survey by PADCO showed that in 1996 a rather large proportion of the housing units in the city had no direct access to sanitary infrastructure or services, nor to roads. Overall, the unplanned or inner parts of the city fared much worse than the planned or more peripheral parts in this regard. Not surprisingly therefore, it is the inner part of the city that has the greatest concentration of slums, as shown below.

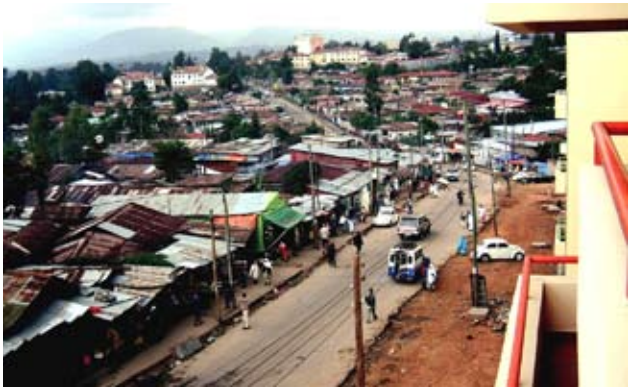
6.3.1 Roads and drainage

The road network of Addis Ababa is far from adequate for both density and quality. Serious attempts have been made recently to develop an east-west and north-south access to the city together with a state-of-the-art ring road. For all these efforts, much of the city is still not served by paved roads. As municipal data show, the total road length of the city was 2,146 kilometers in 2004. Obviously, this is not an impressive figure when compared to the total built-up area of some 290 square kilometers. Overall, roads accounted for only about 6.1 percent of the total built area in Addis Ababa in 2004. Even more disheartening, asphalted roads accounted for only 36.25 percent of the total road length that same year. Principal arterial roads comprise the largest proportion of the asphalted roads (about 42 percent of the total).

The more affluent areas of Addis Ababa display reasonably wide and tree-lined streets. Photo: © AAGG

Although municipal data classify all the remaining roads of the city (a total of about 1,368 kilometers) as gravel-covered, the figure includes stone-paved as well as non-surfaced roads. More often than not, non-asphalted roads display uneven surfaces that easily trap and retain rainwater. In some neighborhoods, the quality of access roads and alleyways simply degenerates to non-surfaced or poorly compacted earth, which becomes dusty in the dry season and muddy or slippery in the wet season. Overall, the city lacks a clear approach to road-surfacing. Main trunk roads are often found covered only in gravel while some lesser thoroughfares are tarred, perhaps reflecting their relative importance earlier in the city's history. In addition to this, where roads are asphalted, sidewalks are for the most part either absent or in disrepair, irrespective of the fact that walking is the predominant mode of travel. Overall, the length of side-walked ways is only 252 kilometers – which means that over two thirds of asphalted roads are simply without any sidewalks. As a result, it often happens that vehicular traffic mingles with pedestrians and animals all over the city. Another consequence is that Addis Ababa today is experiencing one of the world's highest rates

of car accidents involving pedestrians. Even more worrying, the physical damage caused by these accidents is fast increasing. From 3.6 per cent of traffic accidents in 1998, deaths and heavy injuries rose to 6.3 percent per annum in 2003.



A street without storm drainage lines or sidewalks in inner Addis Ababa. Photo: © AAGG

Given the poor condition of public thoroughfares in Addis Ababa, obviously a large amount of work is required in order to upgrade Addis Ababa's road network to acceptable levels. Still, according to a 1996[3] PADCO study, some 65 percent of residential units in Addis Ababa are accessible by car. Admittedly, this looks high by the standards of nearly all Ethiopian cities, still, the fact that about 35 percent of the residential areas of a metropolis of the size and status of Addis Ababa remains outside the reach of vehicles is worrisome. Added to this is that certain roads are fit for vehicular traffic in one season, but are not in another and could remain that way for an indefinite length of time due to disrepair.

Since PADCO completed its 1996 survey, road construction around Addis Ababa has been substantial. As of the writing of this report, considerable work is also underway to improve accessibility in various parts of the city. However, if any substantial difference to the road network is to be made, current road building efforts look like a drop in the ocean. More specifically, the main problem lies in peripheral areas where access roads are in short supply. In fact, as shown in Table 4, the older and unplanned inner parts of the city are better served by access roads than newer, outer and planned areas. Indeed, the proportion of units in planned areas with road access is 60.7 percent, compared to 74.1 percent for unplanned and inner areas. A significant factor behind this paradox is that municipal authorities have not been able to allocate serviced lots to providers of new units, largely due to lack of resources. No less relevant is the inability of the Addis Ababa municipality to check the rapid proliferation of squatter settlements, which, as stated earlier now account for about 20 percent of the city's housing stock

Table 5. Length of Asphalt Roads by Type in Addis Ababa (2004)

Road Type	Length (Kms.)	% of total Asphalt roads
Principal arterial road	327	42.03
Sub-arterial road	119	15.30
Collector road	180	23.14
Local road	152	19.54
Total asphalted road	778	100.00

Also worthy of note is that Addis Ababa's trunk and sub-arterial roads are increasingly suffering from rush-hour traffic congestion. The number of vehicles is growing faster than the rate at which new roads are opened or existing roads are improved. Witness the fact that between 1997 and 2003, the number of cars per 1,000 inhabitants rose from 44 to 50.

3 *PADCO, Ethiopia Sector, Final Report. March 1997.*

As regards road maintenance, municipal authorities have been doing their level best to keep most of the main roads in good condition in the recent past. As one of the rainiest places in the country, Addis Ababa experiences huge downpours, especially in summer. The innumerable potholes on most main roads by late summer absorb a rather large amount of municipal resources on road repairs.

A major plight of African roads is a poor drainage system, which allows storm water to sip through newly tarred surfaces and prematurely to riddle them with potholes. Addis Ababa is a case in point. Faced with a problem of this magnitude, municipal authorities have been doing their level best and stepped up timely and effective road maintenance. The main challenge in this regard remains Addis Ababa's poorly developed drainage system. As we write, only 615 kilometers, or only about 29 percent of the city's road mileage, are equipped with drainage lines, with non-asphalted roads the main victims. According to research published in 2002, of the city's 395 kilometers of asphalted roads only 193 kilometers had storm drainage lines, and out of 960 kilometers of non-asphalted roads only about 143 kilometers had drainage channels. More often than not, unlined channels are to be found in areas where ground profiles are steep, which exposes those areas to erosion through high velocities of flow.

A narrow and busy street crossing one of the slums in the heart of the city. Photo: © AAGG

No up-to-date data is available as regards the proportion of housing units that are connected to drainage lines. According to the PADCO study, this was the case for only about 33 percent of them 1996. As mentioned below, a community-based infrastructure upgrading program has done a lot to improve drainage in the city during the last 10 years. However, the difference made by the program is dwarfed by the sheer size of the problem. Thus, the fact remains that the drainage system of Addis Ababa is woefully underdeveloped by any standard.

To make matters worse, household refuse blocks the existing drainage channels, especially in and around the inner-city slums. As a result, it is common to see streets that are significantly damaged by overflowing runoff. Some of the floods that accompanied hours of torrential rainfall in the recent past, as for instance in August 1978 and August 1994, have inflicted considerable damage to human life and property. Even in years when major floods affecting thousands do not occur, the streams that cross the city in a north-south direction tend suddenly to swell after heavy downpours, a significant threat to the lives of the people and animals that attempt to cross them.

6.3.2 Electricity

Of all the housing-related infrastructure and services, electricity is perhaps the one area where the city is doing relatively very well. As shown in Table 6, about 47 percent of the electricity consumed in Addis Ababa went to households between 1999 and 2004. Industrial sector consumption was only about half as much electricity as households during the same period. Today, some 95 percent of the housing units in the city have electricity as their main source of light.

Table 6. Electricity Consumption in Addis Ababa by Sector, 1999-2004

Sectors	Annual average share of power consumption (Percent)						Average
	1999	2000	2001	2002	2003	2004	
Household	48.48	47.79	47.40	46.88	43.77	44.63	46.48
Commerce	26.23	27.43	28.37	29.61	29.86	29.86	27.66
Industry	24.60	24.37	23.73	22.80	24.24	24.24	24.58
Street	0.69	0.41	0.50	0.70	1.26	1.26	0.76

Even though most dwelling units are connected to power grids, it is well known that poor and low-income households do not enjoy the full benefits of electricity. For instance, low-income households sometimes place single electric bulbs in such a way that their lights could be shared by two separate rooms. In some parts of the city the electric power that reaches residential units is simply too weak to enable households to use major electrical appliances or even to bake the traditional pancake known as 'enjera' during peak electricity consumption hours. The problem is worst in the squatter settlements, where the sharing of a single electric meter by several households is widespread. Added to this is the fact that streets in such neighborhoods are often without any streetlights. Here, it is apposite to note that even tarred roads lack adequate street lighting in many parts of the city. As shown in Table 9, streetlights were, on average, consuming only 0.76 percent of the electric power used in Addis Ababa between 1999 and 2004.

6.3.3 Potable water production, distribution and consumption

Addis Ababa today is suffering from a significant shortage of potable water. The city's water production capacity has never kept up with demand. For instance in the year 2000, while the projected demand for potable water was 293,000 m3 per day, the city was able to supply only 173,000 m3. By the year 2003, the city's supply of treated water stood at about 188,000 m3 per day. This suggests that well over one-third of the city's demand for potable water remains unmet. There is very little doubt if any that the poorer parts of the city are hit the hardest by this water shortage.

A queue for potable water at one of the public fountains ('bono') in a slum neighborhood Photo: © AAGG

Still, as shown in Table 7, municipal authorities have significantly improved potable water production capacities 1998 and 2004. Annual water production has increased from 53.8 million m3 in 1998 to 75.8 million m3 in 2004. Average daily water production has also risen from 147.670 m3 to 207.67 m3 during the same period.

For all these efforts, though, the city's per capita water consumption has fallen from 43.87 liters per person to 34.15 liters per person during the 1998-2004 period. Thus, the rate of improvement in the production and distribution of potable water is falling far behind increased demand due to population growth and the rising standard of living of the wealthier segments of the society. To make things worse and as shown in Table 7, on average some 30 percent of the potable water produced in the city is lost due to leakage. Table 7 also shows that the city has not done much by way of correcting this problem between 1998 and 2004.

Table 7. Water Production, Distribution and Consumption, 1998-2004

Indicators	Unit	Year						
		1998	1999	2000	2001	2002	2003	2004
Annual water production	mil. m^3	53.9	64	65.8	63	68.8	67.5	75.8
Water distribution	mil. m3	37.7	44.8	50	42.8	45.2	47.3	55.4
Growth rate of water dist.	%		18.83	11.61	-14.4	5.61	4.65	17.12
Leakage	%	30	30	24	32	34	30	27
Water production capacity	000 m3	147.67	175.34	180.27	172.6	180.49	184.93	207.67
Growth rate of water prod. Cap.	%		18.7	2.8	-4.3	4.6	2.5	12.3
Per capita water supply	Liters / person		72.15	72.05	67.01	71.02	65.79	71.6
Per capita water consumption	Liters / person		43.87	48.08	34.46	42	30.09	34.15

6.3.4 Environmental and Waste Management

The rapid and mostly uncontrolled demographic growth and spatial expansion of large cities in developing countries often results in considerable damage to the environment. This is particularly true in the case of Addis Ababa, which today is suffering from high levels of water and air population, soil degradation and contamination. As the data in Table 8 show, pollution of the streams in Addis Ababa today is at record levels at both industrial and non-industrial point sources. For instance, the industrial point source bio- oxygen demand (BOD) and chemical oxygen demand (COD) of the city's streams stand at 4,475 and 14,702 mg/lt respectively, while acceptable levels are 80 mg/lt for BOD and 250 mg/lt for COD. This suspended solid in the city's streams is as high 1,563 mg/lt, in sharp contrast to an acceptable level of about 100 mg/lt. Table 8 also shows that non-point source water BOD and COD in Addis Ababa stream water are disturbingly high. The degree of contamination by germs such as E.coli is in the range of 30-100,000,000 mpn/100ml, when what they were expected to indicate if they were clean was 1 to 2 mpn/100ml.

Table 8. Environmental Conditions Indicators

No	Indicators	Unit of Measurement	Standard	Addis Ababa
1	Industrial source pollution indicators			
	Bio-Oxygen Demand (BOD)	mg/lt	80	4,475
	Chemical Oxygen Demand (COD)	mg/lt	250	14,702
	Suspended Solid (SS)	mg/lt	100	1,563
	Treatment Plant (PB)	mg/lt	0.5	4
	Capital chromium (Cr)	mg/lt	2	6
2	Non point source			
	pollution indicators			
	Bio Oxygen Demand (BOD)	mg/lt	clean water is < 10	400
	Chemical Oxygen Demand (COD)	mg/lt	clean water is < 10	630
	Suspended Solid (SS)	mg/lt		575
	E.coli	mpn/100ml	clean water has mpn value 1 to 2	30 -100,000,00
3	Density of public parks	m^2capita	6	0.66
4	Change in total green area	ha	na	12%
5	Environmental protection			
	Expenditure			1% of GRDP

Among other indicators of environmental quality, Table 8 also shows that the city has a very low density of public parks: only 0.66 m2 per capita, against expectations of at least 6 m2 per capita. But then Addis Ababa's environmental protection expenditure amounts only to 1% of GRDP (gross regional domestic product).

With regard to solid waste management, Addis Ababa's performance has improved slightly in the recent past. The overall rate of solid waste collection stood at about 50 percent in 1996. More recently, the citywide municipal solid waste collection rate has risen to about 65 percent, as shown in Table 9. The rate of municipal solid waste generation for the city is currently estimated to be about 0.252 kg. per capita per day. This figure is relatively low when compared to those for most cities of similar status where the solid waste generation per capita per day is estimated to be somewhere in the range of 0.4 to 0.6 kg. per capita per day. Overall, the figure for Addis Ababa is probably a reflection of the preponderance of poor households in the city. Although the robustness of the methodology used to arrive at such a figure is open to question, it could be cautiously accepted as the lowest acceptable estimate, since about two thirds of the households in the city live at or below subsistence

levels[4]. Moreover, as shown in Table 9, more than three quarters of the solid waste generated in Addis Ababa comes from households. The amount of solid waste generated by manufacturing industries and other public and private institutions contributes only about 18 percent of the total, an indication that industrial and business development is still at a very early stage in the city.

Table 9. Waste Generation, Collection and Disposal, 2003

Indicators		Indicator values
Share of waste management expenditure to total budget		1%
Annual solid waste generated		838,430 m3
Daily total solid waste generated		2,297 m^3
Daily per capita solid waste generated		0.252 kg
Source of solid waste	Household	76%
	Industries & Institutions	18%
	Street sweeping	6%
Daily solid waste collection capacity		1,482 m^3
Annual solid waste collection capacity		540,788.72 m^3
Solid waste disposal	Collected	65%
	Illegal dumping	25%
	Recycled	5%
	Composted	5%
Total number of vehicles engaged in solid waste disposal		77
Number of garbage collection containers		999
Daily liquid waste generated		800,000 m^3
Daily liquid waste collection capacity		8000 m^3
Daily per capita liquid waste generated		0.279

As shown in Table 9, Addis Ababa generates a daily 2,297 m3 of solid waste on average. This is significantly below the capacities of the Solid Waste Management Department of the city, which can collect, and dispose of, as much as 3000 m3 of solid waste per day. Unless the estimated per capita generation of solid waste in the city is far below reality, the Department seems to be operating way below capacity. If that is the case, it appears that its performance is seriously constrained by two main factors: (1) shortcomings in its own management; and (2) a substantial portion of the city remains outside its scope, owing either to poor access to some neighborhoods,

4

or to inadequate cooperation by households, or both. Growing traffic congestion also hinders waste collection truck ability to make as many round trips as desirable between city streets and the dumping grounds.

Another major feature of solid waste management in Addis Ababa is that about 60 percent by weight and 90 percent by volume is organic matter. Composting of such wastes or using them to generate energy is almost unknown in this city. As shown in Table 9, only about five percent of the solid waste generated in the city is composted. It must be noted at this point that with the extensive market gardening around the city, there is a sizable and possibly expanding potential market for compost in and around Addis Ababa. With the old landfill fast filling up, it is high time to consider the introduction of not just composting and the generation of biogas, but also source reduction and recycling. Finally, use of sanitary landfills is still unknown in Ethiopia. The Repi landfill, on the southwestern fringes of the city, is an old and open dumping ground that could pose a serious health risk for decades to come.

The urban poor often wash clothes in the polluted streams flowing through slum neighborhoods Photo: © AAGG

One interesting recent development as regards solid waste management in Addis Ababa is the increasing participation of the private sector in collection and disposal. Most such operators are jobless youth who together organize weekly door-to-door collection of solid waste for households that are willing to pay a nominal charge (in most cases not exceeding ETB10.00 (ou about one US dollar) per month). They typically take the solid waste to the nearest municipal garbage bin so that it can be picked up by municipal trucks. This type of business is not only on the rise, creating employment opportunities for large numbers of job seekers; but it also makes a substantial contribution to solid waste collection in hitherto less accessible or least served areas. Unconfirmed estimates reported at workshops even suggest that the city's overall municipal solid waste collection and disposal performance is now considerably higher than the numbers in Table 9 – possibly as high as 71 percent – as a result of the effective service provided by these grassroots business enterprises.

An overflowing garbage collection bin Photo: © AAGG

As for liquid waste, as shown in Table 9, Addis Ababa produces an estimated 800,000 m3 on a daily basis, whereas it has a capacity to collect only one percent of this amount. The main problem is that only a tiny fraction of the city's buildings are connected to a modern

sewerage system. According to Theo van der Loop[5], only about 10 percent of the built-up area of Addis Ababa has some access to a conventional sewer system. Although the network was originally designed to serve 200,000 residents or 38,462 houses, today only 1,600 units are connected. Not surprisingly, therefore, the liquid waste generated by most households either enters the dry pits and septic tanks that are commonly found close to most shelters, or simply finds its way to the city's open ditches and streams, which have become sewers in all but name. As mentioned earlier, nearly one in four housing units have no private or shared toilets. The absence of a sewerage system is a major cause of the above-mentioned non-point source record level pollution of the streams of Addis Ababa.

A typical drainage channel in the inner-city slums. Photo: © AAGG

Municipal suction trucks are commonly used to collect and dump the contents of the pit latrines or septic tanks that fill up after years of use. Since the number of trucks is inadequate, it is not unusual for households to queue up for the service. About two or three private operators have recently entered the business and are charging much more than the municipality for an admittedly very important service. It is not uncommon for septic tanks or pit latrines to overflow in poor residential areas that have no or limited access roads. The problem is worse in the case of those septic tanks that fill up quite frequently in areas that are exposed to flood or ground water flow.

6.4 The Conditions in the Inner City

In 1994 when the census was conducted, Addis Ababa was divided into six zones, 28 districts or weredas[6] and 284 kebeles or neighborhood associations. The administrative structure of the city has since been reorganized to form 10 sub-cities and to reduce the number of kebeles to 203 while totally doing away with zones and weredas. Nonetheless, the results of the census that are relevant for this section are available only for zones and weredas.

At the time of the 1994 census, Zones 1, 4 and 5 largely consisted of the inner and older kebeles that are most densely settled. Due to the south- and eastward expansion of the city, this area does not any longer form the geographic center of the city. Nonetheless, it consists of such areas as Merkato, Tekle Haimanot Square and the residential areas around the Kirkos Church. Although all three zones were considerably congested in 1994, it is interesting to note that Zone 1 featured the worst degree of overcrowding. As shown in Table 10, although this zone accounts for only 1.5

5 *Theo Van der Loop (Ed), 2002, Local Democracy and Decentralization in Ethiopia, UN-HABITAT, published by the Department of Regional and Local Studies, University of Addis Ababa*

6 *A wereda is a local government unit, consisting of a number of kebeles, or 'neighborhood units' in an urban setting and 'peasant associations' in rural areas.*

percent of the total area of the city it housed over 15 percent of its population. Its population density was approximately 10 times as large as the average for the city as a whole.

Table 10. Distribution of the Population of Addis Ababa by Zone, 1994

Zone	Area (hectares)	% of total area	Total population	% of total population	Density (persons per ha.)
1	795	1.50	31,4565	15.09	395.68
2	9,040	17.05	427,238	20.50	47.26
3	22,218	41.91	362,544	17.39	16.32
4	5,328	10.05	461,313	22.13	86.58
5	4,250	8.02	43,4661	20.85	102.27
6	11,383	21.47	84,267	4.04	7.40
Total	53,014	100.00	208,4588	100.00	39.32

Source: Computed from data provided by the Central Statistical Authority

Even though 395 individuals per hectare appear to be relatively small by international standards, the ratio signaled a dreadful situation in Addis Ababa's case for two main reasons. First, it is important to bear in mind that the residential units in Zone 1 are almost entirely single-story. Secondly, this zone happens to be housing one of the largest concentrations of commercial premises in the city, implying that the real density figures are considerably higher than those in Table 10. Zones 2 and 3 had substantial rural components, as they are located for the most part in the western and eastern peripheries of the city respectively. Not surprisingly, therefore, they display a considerably lower population density compared to the inner city. Zone 6 was more or less an outlying area in the sense that it consisted of the formerly external townships of Kaliti and Akaki together with some rural kebeles to the south of the city proper.

Eribekentu, an inner-city slum adjacent to the Piasa area. Photo: © AAGG

An examination of the distribution of the population of Addis Ababa according to the latest administrative divisions provides a more refined picture of the congestion problem in the inner core of the city. As shown in Table 11, the two areas forming the major part of the Central Business District , namely Arada and Addis Ketema, feature population densities that are approximately seven to eight times as large as the average for the entire city. This also confirms that the Merkato area is the most congested of all. On the whole, it is worth noting that the four innermost and congested parts of the city, namely, Arada, Addis Ketema, Lideta and Kirkos, together account for about 43 percent of the city's population while covering only 8.3 percent of its land area.

Table 11. Population of Addis Ababa by Sub-City (Kifle Ketema), 2004

Sub-City	Population	% of total population	Area (hectare)	% of total area	Density (Persons per/ha)
Arada	323,777	10.21	994.71	1.84	325.50
Addis Ketema	348,063	10.97	764.35	1.42	455.37
Lideta	321,697	10.14	1,225.54	2.27	262.49
Kirkos	364,294	11.48	1,518.03	2.81	239.98
Yeka*	337,575	10.64	8,546.43	15.83	39.50
Bole*	309,800	9.77	12,314.01	22.80	25.16
Akaki*	188,808	5.95	12,797.36	23.70	14.75
Nifas Silk Lafto	348,673	10.99	6,044.04	11.19	57.69
Kolfe Keranio	283,795	8.95	6,543.38	12.12	43.37
Gulele	346,023	10.91	3,252.14	6.02	106.40
Total	3,172,505	100.00	53,999.99	100.00	58.75

** Sub-cities having rural kebeles.*

Source: Computed from data provided by the Municipality of Addis Ababa

The inner city features Addis Ababa's housing conditions at their worst. This is largely because they carry much more than their fair share of the city's oldest and most congested residential neighborhoods (mostly substandard rental dwellings). For instance, as shown in Table 12, Zone 1 displays the highest concentration of rental accommodation in the city.

Table 12. Distribution of Total and Rental Units by Zone, 1994

Zone	All units	Rented units		
		Number	% of total	Average Rent
1	53,341	39,652	74.34	25.13
2	76,884	39,187	50.97	43.10
3	68,228	29,811	43.69	88.54
4	85,262	52,348	61.40	35.40
5	74,457	45,823	61.54	33.15
6	16,570	8,036	48.50	14.26
Total	374,742	214,857	57.33	40.96

The percentage of rental accommodation in the inner city – 74.34 percent of all the dwelling units – compares with 57.33 percent in Addis Ababa as a whole. What makes the picture even worse, as shown in Table 13, is the fact that the zone accounted for nearly one in four of all the *kebele*-administered housing units in the city.

The housing situation was not any better than that of Zone 1 in the other centrally located zones such as zones 4 and 5. It is worth highlighting that these three zones together accounted for about 72 percent of all the *kebele*-administered units of the city. These *kebele*-administered rental units are for the most part occupied by low-income or poor households.

The average monthly rent in these zones ranges from a low of ETB25.13 in Zone 1 to a high of ETB35.4 in Zone 4, as compared to ETB88 per month in Zone 3. The main explanation behind this disparity is that even *kebele*-administered rental accommodation in Zone 3 is relatively newer and larger than is found in more central parts of the city.

Table 13. Distribution of Rental Units by Zone and Type of Management, 1994

Zone	Housing units rented from					
	Public sector				Private sector	
	Kebele		RPHA		Number	%
	Number	%	Number	%		
1	33,507	23.58	878	9.46	4,935	8.06
2	23,288	16.39	1,328	14.31	14,151	23.10
3	11,193	7.88	3,210	34.60	15,193	24.80
4	35,608	25.06	2,123	22.88	13,979	22.82
5	32,878	23.14	1,639	17.67	10,830	17.68
6	5,621	3.96	99	1.07	2,168	3.54
Total	142,095	100.00	9,277	100.00	61,256	100.00

Source: computed from data supplied by the Central Statistical Authority

It is also important to note here that as Table 13, shows, Zone 6 has the lowest average monthly rent in the city as whole. This is largely because the zone consists mainly of Akaki, an outlying town that developed independently and is inhabited predominantly by low-paid factory workers.

When it comes to housing-related infrastructure, much of the area that the PADCO study referred to as 'unplanned' areas are found for the most part in zones 1, 4 and 5, while the areas that they designated as 'planned' included major parts of zones 2 and 3. It is important to bear in mind that planned areas occur virtually in all peripheral areas of the city, albeit to varying degrees. As the PADCO survey shows, the inner slums of Addis Ababa seem to enjoy better access to housing-related infrastructure compared to the more peripheral and planned residential areas. The only area where the inner-city residential areas seem to be lagging the outlying residential neighborhoods is with regard to drainage facilities.

Table 14. Persons per Housing Unit and per Room by Zone, 1994

Zone	Persons per housing unit	Persons per room
1	5.8	2.4
2	5.4	2.1
3	5.2	1.9
4	5.3	2.1
5	5.8	2.2
6	5.5	2.5
Total	5.5	2.1

PADCO's findings are not seriously in conflict with those of the 1994 census. Although it is not surprising to see that the inner parts of the city are relatively better served by housing-related infrastructure as compared to the peripheral areas, the fact remains that the inner-city slums of Addis Ababa are far more congested than the more peripheral ones. One very important indicator in this regard is the occupancy rate and room density, which as shown in Table 14, displays a pattern typical of poor residential areas. In fact, the level of overcrowding was worst in zones 1 and 5 as measured in terms of both individuals per housing unit and individuals per room. It is notable that as Table 14 shows, zones 1 and 5 had even higher occupancy rates compared to Zone 6. Furthermore, since these areas, including Zone 4 happen to be found in the oldest residential areas that are predominantly inhabited

by tenants, their outdated standards and dilapidated condition come as no surprise, especially as *kebeles*, so far, have been unable to keep in good repair the residential units under their control since July 1975.

As suggested in the sections above, although hardly any part of Addis Ababa is free of slums or shanty-towns, the inner core of the city must have priority in any upgrading scheme for the city's run-down areas.

An overflowing garbage collection bin. Photo: © AAGG

7. Slum Upgrading Programs in Addis Ababa

Although slums constitute the greater portion of the residential areas of Addis Ababa, to date, the city has not had a comprehensive slum upgrading policy or regulation to date. This is not surprising in a country that lacks a comprehensive national urban housing policy. Still, the social and economic conditions of the city as a whole, and especially the fast deteriorating residential areas of the older and inner areas, have attracted a variety of government responses in recent decades.

7.1 The Pre-1991 Slum Upgrading Experience

In keeping with the thinking of the times, the first meaningful policy measure that the Ethiopian government took in the 1960s to address the problems posed by slum neighborhoods was razing slum houses in the Tekle Haimanot area of inner Addis Ababa. The residents were moved to new purpose-built and better-serviced units in the then-western fringes of the city. The program, which was then known as the Kolfe low-income housing project, resulted in the relocation of 91 households. For as much as is known to this writer, programs of this nature were not repeated on a similar scale while Emperor Haile Selassie was in power. Nonetheless, sporadic razing of some parts of the predominantly slum neighborhoods of Addis Ababa in order to make way for new buildings or roads has continued, albeit on limited scales.

After the Kolfe low-income housing program of the mid 1960s, the Tekle Haimanot Upgrading Project, launched in the early 1980s, was the first residential scheme of any meaningful size in Addis Ababa. The project was financed by the World Bank and the Ethiopian Government and included nine kebeles in Wereda 3, in the highly congested area referred to as Zone 1 in the preceding section. At the time of the intervention, the nine kebeles had gross population density of 453 individuals per hectare. The poor quality of most of the dwelling units was no stranger to the fact that 73 percent were administered by kebeles. About 26 percent of the households had no sanitary facilities whatsoever and, for a large majority, the ratio of standpipes to households was in the order of 1:600.

The overall nature of the Tekle Haimanot Upgrading Project was such that it focused mainly on improving the health and environmental conditions of the area through provision of better services. Accordingly, the project aimed at upgrading access roads, improving access to tap water and increasing household access to sanitary facilities. This involved resurfacing badly damaged roads, reducing the ratio of public water stand to households to about 1:100, and improving sanitary conditions through loans for the provision of pit latrines with one dry pit to be shared by a maximum four households. The program also made loans available to upgrade at least 205 units, with potential also to include community facilities such as primary schools and market buildings within the project area. The idea was to make funds available to the then-Higher Kebele Associations or to individual kebeles.

The Tekle Haimanot Upgrading Project was planned in such a way that most of the costs were to be recovered from the target population itself at an affordable loan repayment rate over a period of 20 years. A survey made in the area a few years after the project was launched found out that access road upgrading was its major success. Nonetheless, a considerable part of the area remained outside the reach of municipal or emergency service vehicles after four years of upgrading work. Some of the existing housing units had to be demolished in order to improve access to the desired levels. However, as households whose dwelling units

were to be demolished were not willing to be relocated, the project found it impossible to go ahead and improve access as planned. At the time of the survey, attempts to improve water supply had also met with only partial success, with the ratio of standpipes to households falling to about 1:254.

The case of sanitation and the physical housing shell were different from those of access roads and piped water. Two factors made it impossible to make use of the loan funds earmarked for either purpose: (1) the project plan did not specify any implementation mechanisms; and (2) whereas the program was inherently meant for owner-occupiers, nearly three quarters of the households in the project area were tenants living in *kebele*-administered units. Construction of the latrines also presupposed homeownership, but then the target population was not motivated to take loans to improve the quality of dwellings and residential neighborhood over which they had no control. Consequently, although the declared intention was to build 675 new latrines, none had been built four years after the program started. Even improvements that could have been achieved in the collection of solid waste were not realized due to misunderstandings between the households and project implementers over the spots where municipal refuse collection skips should be located. Overall, lack of adequate public participation both at the planning and implementation stages was the major shortcoming of the Tekle Haimanot Upgrading Project.

In addition to the Tekle Haimanot project, other, small-scale upgrading projects were sponsored by international NGOs. According to Ashenafi, one such neighborhood improvement program was run by the Norwegian Save the Children Fund (Redd Barna) in *kebele* 41 in the Tekle Haimanot area. Two other NGOs, namely Concern and Oxfam, were involved in upgrading programs in *kebeles* 37 and 29 respectively of *Wereda* 4, which is adjacent to the Tekle Haimanot area. IHA-UDP was also working in *kebeles* 30, 42 and 43 of the same area. Between 1987 and 1993, these NGOs have collectively built 1,906 new housing units, repairing 879 dwellings, building 597 kitchens, repairing 77 kitchens and constructing 460 latrines.

It is important to bear in mind here that while the Derg was in power, at least two types of cooperative housing programs were launched to improve the housing conditions of urban low- and moderate-income households. They were then known as the 'Self-Help' and 'Pure Self-Help' cooperatives. 'Self-Help' helped household heads whose monthly incomes were not in excess of ETB200 to become homeowners; it provided building lots and technical advice free of charge, and allowed them to borrow about 60 percent of project cost from the Agency for Rental Housing Administration (AARH) at an affordable interest rate. It was for the homeowner to cover the remaining 40 percent of the project cost through direct labor input. The second, Pure Self-Help' type of cooperative was tacitly aimed at informal sector workers without any regular income. This group, too, was provided with land, house plan and technical advice free of charge. Both types of cooperatives were given priorities for building material purchases from government-owned firms at affordable prices.

Unlike the upgrading projects, the 'self-help' units built by low-income households with the assistance of AARH were not concentrated in any one particular area of the city. More often than not, location was dictated by the availability of land, mostly in low-income neighborhoods all over the city. According to Tarekegn Assefa, between 1986 and 1993 the AARH spent ETB249.6 million in the construction of low-cost houses. Of these, low-cost and self-help houses accounted for 59.2 of the total expenditure, resulting in

the construction of 6,759 low-cost and 2,210 self-help houses[7].

7.2 Post-1991 urban upgrading programs and their outcomes

Compared to earlier periods, post-1991 Addis Ababa has seen far greater participation of local authorities, NGOs and the wider community in slum and squatter upgrading programs. In addition to the scale on which residential upgrading was undertaken since 1991, it is perhaps the level of community participation that was achieved that makes the projects even more interesting. Irrespective of these facts however, the achievements of all the participating bodies have been considerably constrained by various institutional and regulatory shortcomings. Above all, in the case of the Addis Ababa city authority and prior to recent administrative restructuring, neighborhood upgrading efforts had been significantly affected by such factors as excessive centralism and the absence of a well-organized, dedicated department that could effectively improve slums and manage squatter upgrading programs. Added to this is the inefficiency of most *wereda* and *kebele* offices when it comes to implementing neighborhood-upgrading projects, due mainly to their well-known organizational and resource-related deficiencies.

Today, two prominent parallel, community-based slum upgrading programs are operating in Addis Ababa. The first and most important one is conducted by the municipal authority. The chief operators in this regard are:

- The Environmental Development Office (EDO)
- The Eco-City Project
- The Housing Development Project Office

The fact that three distinct municipal units are involved in residential area upgrading implies a strong need for cooperation and coordination of activities between them. In practice however, each is entrusted with different responsibilities, all of which will finally coalesce to create more viable residential areas. As things stand at present, EDO is spearheading community-based slum improvement programs in the city. The Eco-City project focuses more on environmental concerns, whereas the Housing Agency is directly involved in the urban renewal program as discussed below.

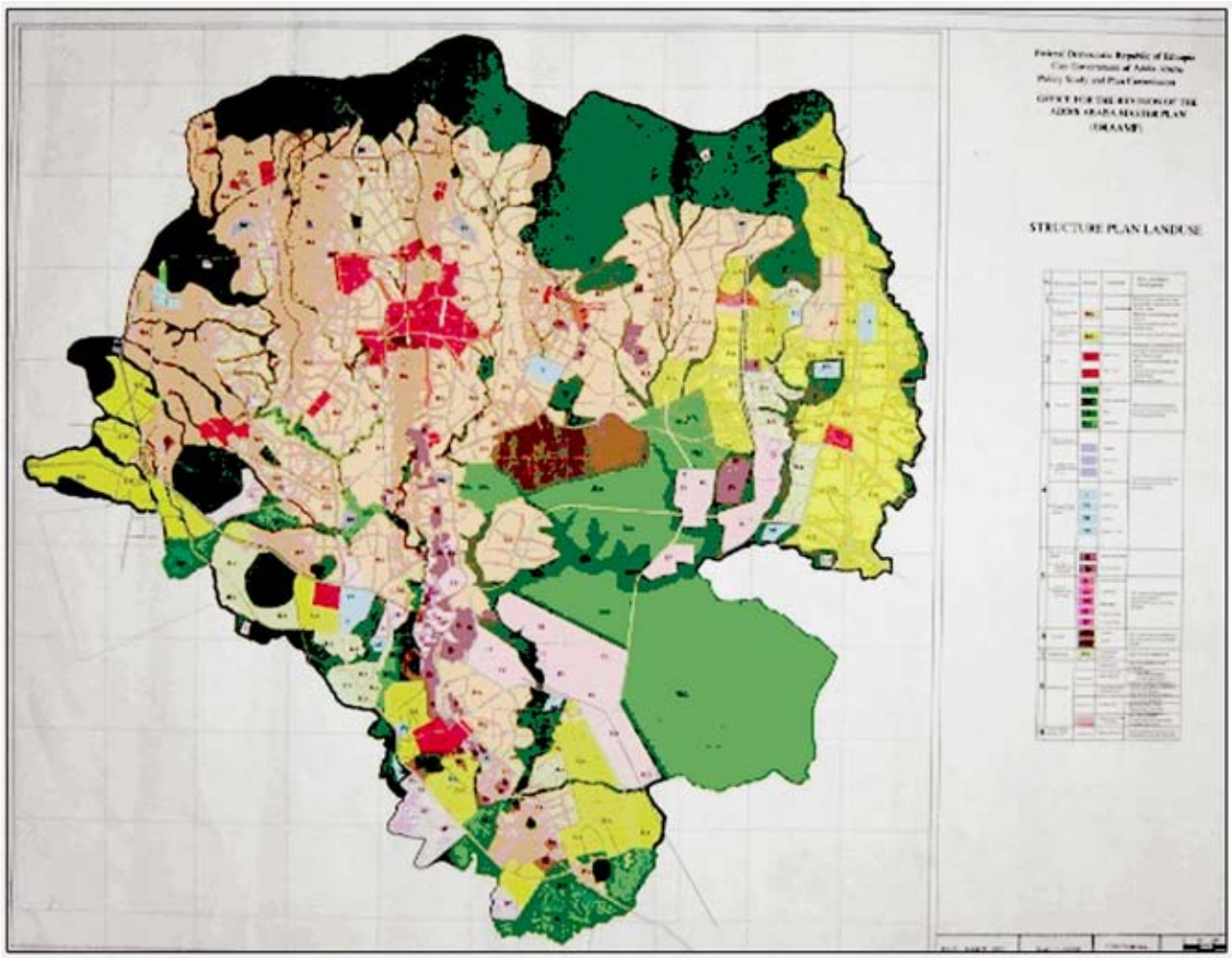
The second major slum improvement program in Addis Ababa is carried out by various NGOs with cooperation from the municipal authority and the target communities. In the following sections, a brief review of the current regulatory frameworks that govern these neighborhood upgrading programs and the nature of the outcomes of their activities is presented.

7.2.1 The Performance of the Environmental Development Office (EDO)

EDO was established within the Addis Ababa City Administration in February 1994 as a Safety Net Program Implementation Task Force Office. In 1994 and 1995, it started work on gravel roads and drainage lines with an outlay of nine million *birr*. In March 1995, it was re-established as the Environmental Development Task Force Office. EDO includes a Drainage and Gravel roads Unit, an Environmental Development Coordination Office and an Administrative and Financial Office.

7 *It is not clear from Traekegn Assefa's report if all of these units were built within the confines of Addis Ababa. Nonetheless, the capital city apparently absorbed the lion's share of AARH's relevant expenditures.*

Structure Plan of Addis Ababa



Source: Addis Ababa City Administration

Source: Addis Ababa City Administration

From the very beginning, the Office was involved in such projects as the building of access roads, drainage lines and culverts. As of February 1997, its task was redefined so that it could execute upgrading work through community participation at the *kebele and wereda* levels.

The goals of EDO's upgrading programs were to:

- improve the living and working conditions of the urban poor by improving infrastructure and services;
- create job opportunities for the urban poor and the unemployed, especially through labour -intensive methods for project implementation;
- ensure public participation in all essential neighbourhood upgrading activities, including problem identification, project design and implementation;
- enable the communities to own and manage upgraded or newly built infrastructure and services.

Although the municipality has earmarked substantial funding for upgrading projects, as a rule it requires the target communities to share in the costs with cash contributions as well as by providing both materials and labour. The details of this arrangement are given below. To a significant extent, the Office also relies on the support of the target communities when it comes to pulling down houses and fences in order to make way for access roads or other essential services.

The scope of the project includes the following:

- upgrading access roads
- improving drainage
- building culverts
- constructing latrines
- increasing the number of public piped water stands
- building retaining walls and other related structures
- provision of social infrastructure, such as classrooms, pre-school buildings, health centres, public library, multi-purpose community halls and markets
- environmental protection, such as erosion control, and improving recreation areas

It must be pointed out that housing improvement does not feature as one of the major components of this upgrading program. It is not clear whether the exclusion of housing is an oversight in policy formulation. Nonetheless, it appears that part of this shortcoming is due to the very same problem that prevented the above-mentioned Tekle Haimanot Upgrading Project from implementing its shelter upgrading plans. In fact, apart from some squatter units, most of the dilapidated dwellings requiring immediate improvement are those owned by *kebeles*. The bulk of the residents are low-income households who balk at taking out loans to upgrade rental units that do not belong to them. Although a lot has been said in the recent past about privatizing such units, as yet no official statement to this effect has been made.

Regardless of the nature and components of its slum and squatter upgrading projects, the Environmental Development Office is currently expected to implement its projects within the framework of the newly restructured Addis Ababa City Administration. As decentralization of municipal functions was one of the primary objectives of the restructuring, the city, as mentioned earlier, has been divided into 10 *Kifle Ketemas* or sub-municipalities. The primary purpose of this administrative restructuring was to take essential municipal services closer to the people.

With this restructuring, *wereda* level administration has been eliminated altogether whereas the *kebeles* have

been upgraded to handle some of the former *wereda* functions. The restructuring has also led to some adjustments to the size of certain *kebeles*, reducing the total number from 284 to 203. Prior to dissolution, each *wereda* had at least one development officer who was responsible for coordinating neighborhood-upgrading programs. Each *wereda* also had a local economic development committee, while each *kebele* has also its own development committee.

Nowadays the organizational structure that enables EDO to discharge its responsibilities includes an environmental development team at sub-city level, whereas *kebeles* have their own environmental development coordinators. *Kebele* Development Committees (KDCs) operate at the community level. The individuals sitting on each KDC are elected members of the community. Each KDC has seven sub- committees that plan, implement and manage upgrading projects. Each KDC also has, on average, 10 sub-*kebele* development committees. These committees and their efforts to involve grassroots groups in local infrastructure upgrading act as the main thrust of community-based, local economic development programs.

EDO working guidelines specify that project ideas for residential area improvement are under normal conditions initiated and prioritized at *kebele* level. The proposed development projects are first presented to and approved by kebele residents. The KDC actually prepares the design, physical and financial plans in collaboration with EDO. Both the city government and the community contribute to the financing of the approved project. As things stand at present, the beneficiaries themselves raise about two thirds of the project cost, with the government taking care of the balance. In earlier days, community contribution was limited to just about 10 percent of the project cost. In the recent past, municipal authorities decided to raise it to its present level in an apparent bid to enhance the sense of project ownership among communities. The authorities may also be looking increasingly to rely on community resources for upgrading projects in order to spread their own limited funds as wide as possible.

The working arrangement between EDO and the target communities has been very efficient with respect to fund-raising for residential area improvement projects over the past decade For instance, between 1995 and 2005, EDO implemented slum upgrading projects worth ETB280 million (or USD32.3 million). The unit has also distributed 1,100 tons of wheat and 55 tons of oil under a food-for-work program. Community financial contributions in the same period stood at ETB112 million (or USD12.95 million). Of this, ETB92.7 million (or USD10.7 million) came in cash, ETB10 million (or USD1.15 million) in the form of labor and another ETB9.3 million (or USD 1.1million) in materials.

The activities of EDO are not confined to one particular area of the city. The unit has been operating in various corners of the city over the past decade. Overall, its performance with respect to slum upgrading has been quite impressive in most of its areas of intervention (see Table 15) including improvements to infrastructure. Construction of access roads, culverts or small bridges, retaining walls, drainage lines, community latrines, communal water taps and schools is where it has been most successful. Overall, with support from the beneficiary communities, EDO has achieved its objectives and used relevant budgets in a proportion of some 70 percent during the program period.

EDO was most successful in the second half of the project period. For instance, until the end of the 2000/2001 Fiscal Year (1993 Eth. Cal.), its efficiency was under 45 percent compared to plan and use of capital budgets. EDO seems to have taken advantage of Ethiopia's decision to scale up poverty reduction

programs after the September 2000 Millennium Summit, as discussed below.

Table 1. EDO Achievements in Slum Upgrading, 1995-2005

Type of Construction	Measurement	Total
Access roads (Gravel covered and paved	Km	1,152
Asphalted road (for access)	Km	9
Drainage	Km	622
Communal latrines	Units	2,982
Communal water taps	Units	805
Small bridge	Units	115
Retaining wall	M3	28,176
Public Library	Units	5
Schools (under construction)	Blocks	176 (3,993 class rooms)

Regardless of the varying sizes of the gaps between plan and performance in the various areas of EDO's activities, the upgrading project has had a very effective impact on the living conditions of the residents in its major areas of intervention. To summarise, the benefits to the target communities included the following:

- improved access for emergency vehicles and municipal refuse collection as well as liquid waste suction trucks;
- improved connections between residential neighbourhoods resulting from better roads and the construction of bridges and culverts;
- improved drainage, reducing damages to roads and other property through runoff;
- lesser loss of soils due to erosion as a result of the construction of retaining walls in some localities;
- improved access to sanitary facilities for at least 447,3008 households;
- improved access to potable water for at least 201,250 households;
- job opportunities for 94,339 individuals, of which 45,946 female and 48, 383 male;
- improved access to markets and other services.

7.2.2 The role of the Housing Development Project Office in Slum Improvement

Condominium units built in the Gerji area of eastern Addis Ababa. Photo: © AAGG

In 2004/2005 the Addis Ababa municipal authority launched a massive urban renewal program in order to upgrade the inner parts of the city. The scheme is known as the 'condominium housing project; and the municipal unit in charge is the Housing Development Project Office (HDO). The objective is to build 200,000

8 *This figure, though taken from EDO's office, looks very exaggerated since, at an average rate of about 5.1 individuals per household, it implies that almost 2.3 million people have benefited. An earlier estimate was approximately half that number.*

residential units over five years in the predominantly rundown, *kebele*-administered rental accommodation in the inner city, where, as described earlier, living conditions are appallingly cramped. The plan for the initial 2004/ 2005 period was for 45,000 units, and construction has been ongoing on 103 building sites across the city. The GTZ (German Technical Cooperation) plays a technical advisory role in the whole venture and is also an active partner in the production of condominium units.

As shown in Table 16, HDO condominium-building sites spread virtually all over the 10 major sub-divisions of the city. Approximately one-half, or 51, of the 103 building sites are located in the four innermost and congested sub-cities namely Arada, Addis Ketema, Lideta and Kirkos. As can be seen in Table 16, this means that approximately one out every four apartment blocks/condominium units are being built in these old and inner-city areas.

Table 16. Distribution of Condominium Units under Production, 2006

Sub city	Total Sites	Housing type					No. of aparts. blocks	No. of housgs. units	No. of comm. blocks
		Studio aparts.	One bed room	Two bed rooms	Three bed rooms	Commercial			
Arada	19	535	744	858	116	42	67	2,253	24
Addis Ketema	9	435	435	504	65	111	40	1,550	18
Lideta	9	473	598	538	42	25	51	1,676	18
Kirkos	14	367	590	694	183	131	61	1,965	26
Yeka	12	162	500	1,786	387	237	97	3,050	37
Gulele	7	339	415	638	10	62	58	1,464	18
Kolfe	10	1,343	1,353	4,298	830	790	231	8,619	86
Nifas Silk	10	564	1,372	2,280	548	489	158	5,286	39
Bole	9	544	690	2,264	258	478	115	4,234	44
Akaki	5	234	284	625	135	24	39	1,302	15
Total	103	4,996	6,981	14,485	2,574	2,389	917	31,399	325

Source: Abadi Seyoum, et.al., unpublished document, March 2006.

As the latest reports indicate, the construction of some 31,399 housing units is nearing completion, of which at least 912 are ready for handover. The municipal authority intends to transfer finished units to eligible applicants through a rent-and-own process, which can extend over 15 to 20 years. Therefore would-be homeowners are required to make an upfront payment equivalent 10 to 30 percent of the project cost. However, as shown in earlier sections, due to the prevailing low housing affordability in the city, it looks like a large majority of the target population simply cannot afford down-payments. Included in the HDO program are studio apartments and one-bedroom flats (accounting for 16 and 22 percent of all units under construction respectively) with the

sole objective of meeting the housing needs of low- and moderate-income households. However, it is now clear that most target households cannot access even these modest dwellings without some kind of financial assistance.

As stated earlier, mortgage loans for urban households on low or moderate -incomes are out of the question because the interest rates attached are forbiddingly high. As for micro-finance Institutions (MFIs), they are on the rise in Ethiopia and performing reasonably well, but beneficiaries have for the most part been rural rather urban. Among the main reasons behind this discrepancy are MFIs' restrictive loan ceilings, short loan durations and high interest rates. However, as an ongoing MA thesis research at the Department of Geography and Environmental Studies, Addis Ababa University, suggests, the city authority has already established a dedicated MFI to address this issue. The MFI lends households the rather high down-payments required to access the condominium flats. The problem this time around is that even though the program is well thought-out, still the overwhelming majority of the neediest households cannot access MFI credit because interest rates are even higher than the mortgage interest rates at the Construction and Business Bank.

7.2.3 The role of NGOs in community-based slum upgrading

Today, no less than an estimated 1,120 NGOs are involved in various types of activities throughout Ethiopia. Of these, about 419 (128 international and 291 domestic) are development-oriented. NGOs have implemented projects worth ETB5.96 billion (or USD681 million) in Ethiopia, reaching out to 15 percent of the country's population between 1996 and 2000. Yet today, only a handful is participating in residential upgrading programs in Addis Ababa.

In view of the magnitude of the environmental problems faced by cities like Addis Ababa, it is not clear why only a few NGOs have shown interest in slum improvement programs in the city to date. One mitigating factor is that NGOs have been operating in an atmosphere of uncertainty, with the lack of specific legislation to regulate their activities compounded by the close scrutiny they had been kept under by the government. Still, the degree of trust between NGOs and the government has been improving over the years, possibly reflecting the authorities' increasingly tolerant attitude. Overall, if anything the Ethiopian government seems to be keen to make sure that any NGO is an organization whose sole purpose is not profit-making but engaging in the promotion of development, social services, democracy, good governance and humanitarian assistance, as the case may be. The authorities also want to make sure that NGOs provide services without discrimination and in more than one region.

The Bureau of Civil and Social Affairs of the Addis Ababa Municipality has an NGO desk in charge of coordinating the activities of those NGOs interested in neighborhood upgrading or related projects. NGOs normally present any project proposals to this desk for approval. The Bureau then sends the project proposals to the appropriate bureaus and offices of the Municipality for evaluation. NGOs are also expected to prepare reports to the Christian Relief and Development Association (CRDA), which brings together faith-based agencies and NGOs involved in poverty alleviation in various parts of the country.

When it comes to achievements in Addis Ababa, admittedly the scope of NGOs is not as broad as EDO's. They will typically select specific slum areas and concentrate on limited infrastructure improvement schemes. Project duplication is not a major problem in upgrading programs sponsored by NGOs, as the *kebele* development committees see to it that it does not

happen. However, given the municipality's occasional shortcomings when coordinating various development partners, a risk remains that areas of intervention may on occasion overlap between NGOs, at least partially.

As mentioned above, the number of NGOs currently involved in slum upgrading or environmental sanitation is not so high. Those most prominent in these areas include IHA-UDP, CARE, CONCERN, Plan International, Medical Missionaries of Mary (MMM), Ethiopian Aid, SIM, OXFAM and the Rotary Club. These NGOs have been operating in various parts of the city, mostly with *kebele* support as well as in collaboration with grassroots associations such as *'iddirs'*.

Iddirs are funeral associations with a typical membership of about two hundred or more households that live in the same neighborhood. In a city like Addis Ababa, their number could be thousands while it is not uncommon to have several of them in a single *kebele*. Being voluntary grassroots groupings, the membership typically cuts across ethnic, religious and gender divides although one can come across the odd men-only or women-only *iddir*. They were originally created to help families bury their dead and take charge of some of the attendant direct costs. Although their principal role remains unchanged, in the recent past they have increasingly shown that they can also make a difference as agents of local economic development. One particular area where they have proven to be most effective in this regard is in mobilizing the communities for their common good, especially when helping to build consensus and to raise funds for neighborhood upgrading projects. *Iddirs*, too, have faced the significant problems induced by the rise of HIV/AIDS. As stated earlier, Addis Ababa's adult HIV prevalence rate currently stands at about 12.4% of the population.

Other informal associations serve both financial and social roles within communities. *Mahber* is an association for mutual aid that is based on attachment to a particular patron saint, whereas *ikubs* are rotating credit groups. No attempt seems to have been made so far for a systematic survey of these groups – total number, membership, contribution, etc. – even within the confines of a single community.

Most NGOs operating in Addis Ababa have been focusing on infrastructure upgrading and improvement of environmental sanitation. Like the Environmental Development Office, NGOs also encourage community participation in neighborhood upgrading programs. In principle, therefore, the target communities participate in all stages of NGO-sponsored urban development programs, including the raising of what originally used to be something like 10 percent of the project cost in most cases.

Only two or three NGOs have been running meaningful, though limited, housing improvement programs. CARE is the most prominent for undertaking rather a large and visible infrastructure upgrading projects. In partnership with the *kebeles,* the communities, the Municipality, USAID, WFP, DFID and various Embassies in the city, CARE has been working for the past several years through what it calls Community Infrastructure Improvement (CII) and the Urban Food for Work Project (UFFW).

Between 1993 and 2002 and through its CII/UFFW projects, CARE implemented community-managed infrastructure projects in 54 *kebeles* spread over 18 *weredas*. Its main activities included building access roads, storm drainage channels and flood control, pedestrian pathways, communal latrines and water spring protection. In pursuit of its objectives, CARE has also provided a total of 5,162 tons of wheat and 254 metric tons of oil. CARE and donors have invested USD8.48 million towards infrastructure development. The target communities and the municipality have in-

vested ETB1.72 million and ETB 441,883 respectively towards the same project.

Table 3. Selected Indicators of CARE's Key Accomplishments (1993-2002)

Program Coverage/Participation	Output
Residents benefiting from roads and related infrastructure	310, 565
Residents benefiting from improved access to latrines	13,080
Residents benefiting from improved access to water	2,320
Total beneficiaries of increased access to income through FFW	88,896
Person/days of employment generated for *kebele* residents	1,413,707
Stone-paved roads constructed (kms)	102
Select-material roads constructed (kms)	20
Vehicle access bridges constructed (units)	30
Foot crossings constructed (units)	2,061
Pedestrian stairways constructed (units)	2,181
Open drainage channels constructed (kms)	86
Subterranean drainage piping installed (kms)	11
Culverts/water crossings constructed (units)	606
Retaining Walls constructed (m^3)	17,768
Check Dams constructed (m^3)	147
Communal latrines constructed (units)	676
Spring development/water sources protected (units)	3

As the summary of CARE's performance in Table 16 shows, the NGO has made very good use of available financial resources during the 1993-2002 period. In some areas and given their scale, its achievements, look as impressive as those of the Environmental Development Office, while in others such as building retaining walls CARE has achieved even more than municipal authorities. In some cases such as pedestrian stairways and spring protection, CARE has tackled problems that did not seem to be taken seriously by the municipality. However, during interviews conducted for this research, respondents indicated that funding for this kind of work had largely dried up. USAID has stopped funding CARE's infrastructure work, having assessed the program as "not doing well in terms of poverty alleviation". It appears that poverty, in this case, was clearly measured on a strict income basis, regardless of the significant benefits poor households could derive from improved health, safety, social cohesion and temporary employment. The CARE urban staff team has been almost entirely disbanded and nowadays their role in urban development seems to be largely restricted "to attending workshops on governance".

Other than CARE, IHA-UDP has been very active in residential area upgrading in the recent past, building 1,102 new housing units and repairing 1,146 dwellings in inner Addis Ababa between 1990 and 1997. The achievements of other NGOs operating in the city are not as visible as those of CARE or IHA-UDP. Nonetheless, most have been instrumental in changing the urban environment in those limited areas where they did intervene. For instance, CONCERN has been particularly active alongside *iddirs* in its community-based urban development programs. CONCERN also has a housing improvement program, which for instance led to the improvement of 137 houses, 43 kitchens and 25 latrines in 2001-2002. Two further NGOs, namely Plan International and Ethiopia AID, have also been involved in housing renovation in inner parts of the city, albeit on a small scale. In addition, one important aspect of CONCERN'S activity that must be highlighted here is that on top of direct implementation of development projects, its capacity-building program helps communities alleviate their environmental problems by themselves.

8. RECENT DEVELOPMENTS

Since 1991, most policy responses to the urban housing situation in Ethiopia mentioned above have had their roots in the government's declared program of poverty reduction (SDRP). In fact, SDPRP is none other than an extension of the county's preexisting sustainable economic development policy, which has been somewhat fine-tuned to meet the requirements of the donor community, especially the World Bank and the IMF. As such, the program is essentially homegrown and bound to make substantial differences in the lives of the country's urban population. In the recent past, the government of Ethiopia has taken a number of important policy measures that have a considerable impact on the direction of urban development in the country in general and in Addis Ababa in particular. Foremost among these recent developments are the formulation and approval of a comprehensive national urban development policy for the country, the completion of the country's MDGs needs assessments studies and the finalization of SDPRP II which as mentioned below, is now known as PASDEP.

8.1 The National Urban Development Policy

One of the principal factors that made it very difficult for Addis Ababa as well as regional states of Ethiopia to come up with sound slum upgrading programs was the lack of a national urban development policy or strategy. Fully cognizant of this and the other problems posed by the absence of such an overarching policy, the Ministry of Federal Affairs set out a comprehensive national urban development policy and had it approved by the Cabinet in March 2005.

The Ayat residential complex in the eastern peripheries of the city. Photo: © AAGG

Overall, the national urban development policy is sufficiently comprehensive and mindful of all the key areas that need constructive intervention. The policy is premised on the extant federal system of governance as well as on the attendant and already declared strategy of rural and industrial development. So far only the Amharic version of the policy document is available. A rather crude translation of the basic principles that guided the drafting of the policy documents is as follows:

- To promote the development of a national urban system in which cities and towns are functionally linked to each other and to their respective hinterlands in a sustainable way;
- To promote balanced urban growth by giving equal opportunity for growth and development to all urban centers and regions in the country;
- To ensure the development of a multi-centered urban growth and development pattern in which urban centers specializing in different functions will grow in an interdependent way at all levels of the national urban hierarchy;

- To design and implement an urban development strategy whose core objective is poverty reduction in the short run and eradicating poverty altogether in the long run;
- To ensure that urban development is people-driven, designed and implemented in collaboration with the government based on the wants, abilities and sustainable participation of the citizens in a setting where good governance prevails;
- To create a strong public-private partnership in urban development;
- To enhance the process of decentralization to a level where cities and towns fully exercise self-rule.

Based on these principles, the policy aims at facilitating the creation of a multi-centered national urban system with a well-developed hierarchy of urban places of various size-classes. Within this general context, it expects all urban centers of the country to serve principally as centers of industry, commerce and services. In order to ensure a balanced economic development in both rural and urban areas, it does not only advocate strong urban-rural linkages but also calls for the establishment of agro-processing and other industries that use local resources as raw materials even in the smaller towns. Consequently, the policy envisions the development of well-defined regional hierarchies of large, medium-sized and small towns as part of the wider-ranging, multi-centered national urban system.

Overall, the national urban development policy has not made any visible departures from the general path of urban development that the country has been following under ADLI and SDPRP. In this regard, what the national urban development policy has done can be seen as an elaboration of many of the core objectives of urban poverty reduction strategies specified in SDPRP I. As regards, slum improvement, it is clear that one more policy gap at least remains to be filled: the development of a comprehensive national urban housing development policy.

8.2 MDGs, Urban Development and PASDEP

In September 2000, UN member states held a Millennium Summit in New York and agreed to scale up poverty reduction programs in developing countries. Accordingly, they came up with the Millennium Declaration, which committed the target countries to take measures to bring about peace, security and development and in so doing to improve significantly the living standards of their populations by 2015.

The declaration spelt out eight Millennium Development Goals (MDGs), each of which has its own specific targets. All of the eight goals are interrelated, with the achievement of any one of them contributing considerably towards the achievement of the others. Nonetheless, the MDG that specifically aims at improving the living conditions of the urban population is Goal 7, Target 11 that aims at achieving "a significant improvement in the lives of at least 100 million slum dwellers" by 2020.

MDG Goal 7, Target 11, makes a lot of sense in Ethiopia, because as stated earlier an estimated 80 percent of the urban population of the country, including those of Addis Ababa, is presently living in slums. The country has already put in place SDPRP I with the principal aim of significant poverty reduction in both the urban and rural areas. Even though the government did not make it clear up to 2005, it was using SDPRP I to achieve the MDGs. As of mid-2005, the government stepped up its MDGs implementation programs and established an MDG Task Force; the group brings together representatives from the Ministry of Finance and Economic Development, UNDP as coordinator of the UN Country Team, the World Bank and UNICEF.

Under the guidance of this task force, the government is presently putting so much effort into the implementation of the program that UN experts view Ethiopia as one of the countries that could achieve the MDGs. Nevertheless, substantial work remains when it comes to 'localizing' the MDGs. When the country completed its MDG needs assessments almost a year ago, it appeared that some seven billion US dollars was needed to finance Goal 7, Target 11 of the MDGs.

There is very little doubt, if any, that SDPRP I paved the way for MDG achievement in urban Ethiopia. Today, the efforts are scaled up under a Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) which will be in force between 2005/06 and 2009/10. As things stand at present, MDG integration into PASDEP is nearing completion. In the next step regional and local MDG task forces will be established to reconcile the national needs assessments with specific realities. This is already the case in Addis Ababa, where the city authority is busy implementing all the above-mentioned and other MDG- related development programs.

Nonetheless, it has not yet consciously 'localized' the MDGs through needs assessments with the deliberate objective of achieving Goal 7, Target 11 by 2015. Part of the reason lies with the complex political situation that followed the May 2005 election, when the newly elected leaders of the city declined to sit in parliament and to take over the municipal administration from the incumbents.

9. PROBLEMS CONSTRAINING THE SUCCESS OF SLUM UPGRADING PROGRAMS IN ADDIS ABABA

As discussed earlier, a significant amount of work has been carried out to improve the condition of slum neighbourhoods in Addis Ababa, especially over the past decade. However, the sheer size of the challenges faced by the institutions involved in urban development and improvement of residential areas dwarfs their fairly impressive achievements. This is not to say that the only thing that remains to be done is to scale up the slum upgrading programs of Addis Ababa, though. In fact, this scaling-up is precisely what the MDGs are pursuing. Still, neither small-scale slum improvement programs nor the MDGs will become effective unless the main obstacles to residential area improvement are duly identified and addressed. At the moment, these obstacles can be generally described as (1) gaps in policy development, (2) institutional weaknesses, with the attendant managerial, programming and operational pitfalls and problems over project design and implementation.

Policy gaps are the by-products of the lack of a comprehensive national for urban *housing* development. The need for such a policy has been discussed for some time, especially in relation to the concomitant lack of a national policy for *urban* development. Today, as mentioned above, Ethiopia has a policy for urban development, while the need for a specific housing policy remains a favourite talking point at conferences and workshops. In the meantime however, public and private institutions involved in the provision of housing and infrastructure are operating in an environment that is lacking clear operational directives. In the absence of such directives, it will be difficult to achieve consensus among the stakeholders involved in urban development. The whims and discretions of high-ranking officials fill in for the gaps in policy, thereby opening unrestricted opportunities for misallocation of human, material and financial resources and for the mismanagement of development projects. This could be particularly the case in residential area improvement programs, given the lack of comprehensive regulations governing the design, implementation and management of slum upgrading schemes.

More generally, lack of a national urban housing policy is a major factor behind the government's ambivalence or indecision regarding the future of public housing. In particular, the fast-deteriorating *kebele*-administered rental units have been calling for policy attention for some time. Today a large-scale urban renewal program requires the demolition of such units and the relocation of residents; but it could have been more justified had it been backed by a set of measures in support of the housing rights of poor households who cannot afford to move into the new condominium units being built. It is also important to bear in mind here that it is the absence of this critical policy that has discouraged both the EDO and NGOs from participating in housing improvement programs.

Institutional weaknesses – the second type of obstacle to residential area improvement – result from a surfeit of involved agencies, as at least three different branches of the Addis Ababa municipality pursue slum-upgrading programs: EDO, the Eco City Project and the Housing Development Office. Although each unit has its own specific mission, their ultimate goal is one and the same. Under normal circumstances, a fragmented approach to the solution of the same problem tends to result in the duplication of efforts, conflicts of interests and inefficiency in resource allocation and utilization. Therefore, a merger of these three municipal units into a single, well-organized 'department of slum upgrading' could enhance their efficiency to a significant degree. Since Addis Ababa is almost 80 percent slums,

it would not be too expensive for the municipality of Addis Ababa to create a particular department that has slum improvement as its principal mission.

Institutional weaknesses associated with slum upgrading programs in Addis Ababa also include shortcomings in project design, implementation and management, both at the municipal and grassroots levels. EDO lacks skilled labour, whereas the *kebeles* are devoid of any capacity for project design and implementation. In fact, most *kebele* officials and development committee members lack the requisite capacity to effectively identify, prioritize or implement development programs. To make matters worse, the specific roles of development committee members have never been clearly specified.

Other important constraining factors resulting from institutional weaknesses are shortcoming in plan preparation, project implementation and management. Development plans are generally prepared in the absence of basic information. Even though EDO claims its plans are developed in a participatory framework, they are not normally discussed well ahead of time by the relevant stakeholders. Any element of grassroots participation occurs at the initial project identification stage only. Moreover, plans are often prepared without proper project site identification or assessment of implementation capacities.

In the next phase – project implementation – the main shortcomings include ineffective community leadership, inadequate promotion of development programs, substandard finishing of projects and resource wastage due to poor supervision. To put it simply, no mechanism is provided for project supervision and follow-up in the slum improvement program of the city.

Problems surrounding project management often begin with delays in the handover of finished public works to the beneficiary communities. After handover, a project rarely receives the requisite degree of attention from local officials. In general, the municipality lacks clear guidelines on the administration and management of finished public works or upgraded infrastructure. Also lacking is capacity-building programs to raise awareness and enhance skills with respect to project management needs.

Beyond the Addis Ababa municipality, an equally serious obstacle to residential area improvement is the absence of coordination between the main public agencies that are involved in various types of urban development programs. These include major utilities such as the telecommunications, electric light and power, water and sewerage, and roads authorities. Similarly, linkages are inadequate between the agencies involved in the development of residential areas and the institutions involved in the training of professionals that are required for project design and implementation. Finally, lack of coordination between the agencies involved in urban development and slum-upgrading programs has also stood in the way of experience sharing with regard to best practices.

It is important to emphasize here that the above-mentioned gaps in policy, institutional weaknesses and the problems of coordination also affect infrastructure programs designed and implemented by the NGOs. These organizations have failed to maintain good rapport with *kebele* authorities, due in part to the organizational weaknesses of the latter. Overall, NGOs have failed to secure an appropriate degree of participation from local authorities and *kebele* development committees in project design and implementation.

Apart from external links, NGOs too, have their own internal weaknesses, such as inconsistencies in project prioritization and the identification of beneficiaries. Some of the projects that they sponsored had poor finishing, just like those sponsored by EDO. They were also partly responsible for failing to establish good

working relations with some *kebele* leaders. Just like EDO again, NGOs have failed effectively to tap into the resources of civil society groups in their endeavour to upgrade housing and infrastructure.

Problems surrounding the financing of slum upgrading projects were also among the major factors constraining the productivity of all the participating institutions. The sheer size of the upgrading requirements and problems in a city like Addis Ababa is in and of itself a major challenge to NGOs and municipal authorities alike. Both EDO and the NGOs collectively demand some amount of financial, material and labor contributions from the target communities to their respective residential area upgrading programs. In fact, currently the target communities are required to raise no less than two-thirds of project funds, especially in the case of EDO-sponsored neighborhood-upgrading projects. Nonetheless, when measured against the size of the problem, community abilities to raise the necessary funds are far from adequate. Since nearly two-thirds of the members of the target communities are living at or below subsistence levels, it would be unfair to expect them to provide the lion's share of project costs year after year. Moreover, efforts to raise more funds for new projects can only run into a further type of obstacle, namely, the ways in which the public works are planned, implemented and managed, and particularly the inadequate supervision and poor quality finishing of most projects.

As things stand today, conventional financial institutions are unable to meet the needs of the urban poor with regard to housing and neighborhood development. To some extent, only MFIs would seem to have some potential in this regard. At the moment 19 MFIs are registered under the National Bank of Ethiopia and are doing very well in small-scale development project financing. However, as stated above, they are mainly rural-oriented and the nine percent interest rate they charge is somewhat too high for the urban poor. This, points to the need for a small capital fund to provide grants and soft loans to those communities interested in slum upgrading.

Last but not least, one other important shortcoming that deserves mentioning here is that none of the agencies working in slum improvement programs in Addis Ababa has done enough to mobilize the beneficiary communities. Although these have weak financial bases, other, substantial community resources can be tapped into, not only for project financing but also to foster a true sense of project ownership.

10. CONCLUDING REMARKS AND RECOMMENDATIONS

The housing situation in urban Ethiopia in general and in Addis Ababa in particular is worrisome, largely the by-product of several decades of inaction and inappropriate or misguided urban development policies and programs. Ironically for a city that has inspired a number of master plans by renowned experts, Addis Ababa has experienced very little planned development to date. Instead, today's reality is that most of its residential areas consist of poorly constructed, mostly single-story, overcrowded dwelling units with limited access to basic urban services such as access roads, potable water, flood control and refuse collection. The worst slums are concentrated in the older, highly congested, innermost parts of the city. These and the other predominantly congested residential areas of Addis Ababa are not only the result of unplanned development. They are also the direct outcome of decades of informal market responses to the shelter needs of a predominantly poor urban population.

Even though the Ethiopian government's serious interest in influencing the spatial organization of the city dates back at least to the 1950s, organized responses to the enormous problems that housing and infrastructure have been facing in Addis Ababa did not come until very recently. Although certain sporadic attempts were made in the early 1980s, especially regarding inner-city slums, municipal authorities, NGOs and target communities did not launch any meaningful programs prior to 1991.. Serious attention came only these past few years with the country's Sustainable Development and Poverty Reduction Program (SDPRP). The main factor behind this delay was the government focus on rural development under the Agricultural Development-Led Industrialization (ADLI) policy.

Upgrading programs for residential areas have been considerably scaled up in Addis Ababa after the September 2000 UN Millennium Declaration called for "significantly improving the lives of 100 million slum dwellers by 2015". Evidence testifies to the significant achievements of the relevant participants in the area of infrastructure development and environmental sanitation in Addis Ababa in the recent past. The city authority, NGOs, target communities and various donor agencies have channeled millions of dollars into hundreds of kilometers of gravel roads, stoned-paved access roads and drainage channels. A similar effort has gone into the construction of thousands of culverts, public standpipes, latrines and other housing-related infrastructure. The municipality is also building thousands of condominium units under a large-scale urban renewal program to improve inner-city housing conditions. However, all these public works combined are like a drop in the ocean when compared to the enormous upgrading work that the various residential areas of the city are calling for.

Several issues have considerably constrained the success of slum upgrading programs in Addis Ababa in general; they have to do with gaps in policy development, with institutional or organizational weaknesses that lead to serious managerial, programming and operational shortcomings, and with problems in project design, implementation and supervision. Lack of effective coordination and experience sharing among the participating stakeholders has also plagued slum improvement programs in Addis Ababa. These findings suggest that the relevant federal and local authorities as well as NGOs would come much closer to achieving MDGs in Ethiopia if they took into account the following recommendations:

- Ethiopia simply lacks a comprehensive national urban housing policy that gives adequate attention to the housing needs of the urban poor and moderate-income households. It is high time that such a policy is formulated and addresses the following two major issues , both related to MDG 7, Target 11:
  - recognize slums as integral parts of the urban fabric, especially as regards their role as main suppliers of shelter for the urban poor and moderate-income households. Based on this understanding to the government must advocate slum improvement more than slum clearance. The latter should be allowed only in exceptional situations and guided by clear and consistent regulations
  - recognize citizens' housing rights and articulate clearly the objectives of slum improvement in Ethiopia and the principles that govern its design and implementation
- Although a year has passed since Ethiopia's national MDG needs assessments were finalized, the city municipality of Addis Ababa has not yet carried out one at its own, local level. This must be done without further delay.
- It is highly advisable for the municipal authority to reorganize its fragmented programs regarding housing and infrastructure upgrading into a single, city-wide, well-articulated scheme that also includes squats, merging them into a well-organized department or municipal unit with the mandate and the requisite resources to plan and implement upgrading and to coordinate the various participants.
- Even though there is almost no part of Addis Ababa where the need for residential area upgrading is negligible, initial slum improvement efforts should give priority to the inner core of the city.
- Care should be taken to strike a favorable balance between relocation needs and supports that may be given on site in the implementation of any ongoing urban renewal program.
- A balance must be found between the current emphasis on upgrading infrastructure and addressing the housing problems of the poor.
- In particular, policies and programs must be developed that encourage NGOs to participate in the upgrading of housing units.
- Success in slum upgrading programs depends as much on selecting high-priority communal interventions as it does on mustering the cooperation of the target communities, local authorities and *kebele* development committees
- In spite of their rather well-known weak economic base, the target communities have a wide range of human, financial and organizational resources that can make substantial contributions towards MDGs. Therefore, it is extremely important to mobilize and organize target populations so that they may develop their own solutions for their specific housing and infrastructure needs. It is also essential to explore how community-based organizations such as *iddirs* can become involved.
- The success of neighborhood upgrading programs depends very much on building the project planning, implementation, supervision and management capacities of *kebeles*.
- *Kebele* capacity to play a pro-active role in slum upgrading should be developed through provision of assistance in basic community mobilization, especially through grant funds to support the formation of savings and loans groups.
- Lack of access to long-term credit is one of the major problems constraining the production of affordable housing in Addis

Ababa. Grassroots savings and loans schemes would enhance the creditworthiness of the urban poor. Once proper foundations are laid down through adequate capacity building, the capital thus generated can be used to facilitate access to formal financing mechanisms.

- It is important to improve access to serviced land for potential homeowners and for investors or organizations interested in producing affordable rental accommodation. This requires an appraisal of the existing urban land management system and reorienting it to cater more efficiently and equitably to the needs of the urban poor.
- Local NGOs should be identified to support kebele- level community building and exchange process.
- Where no such NGO is available, then support should emanate from a new, dedicated unit that can handle the program needs and is provided with adequate resources.
- Housing databases must be set up through community-led surveys and mapping.
- There is a strong need to develop mechanisms for project supervision and follow-up in all residential areas upgrading programs.
- The municipality must upscale its environmental protection programs without further delay.
- Experience-sharing and linking up programs between various stakeholders involved in slum upgrading must be encouraged.
- Mayors and senior government officials must be encouraged to visit countries with commendable records in the area of slum upgrading.

11. ACTION PLAN AND THE WAY FORWARD

11.1 Background

The Situation Analysis has documented the present state of slums, assessed the effectiveness of past and ongoing upgrading initiatives, identified constraints, pointed out the areas that must be addressed and the strategies that should be considered. A series of stakeholders' consultations led by a CWS Steering Committee, whose members were drawn from various public and private intuitions as well as from relevant municipal departments, have been held to identify the priorities and to develop an action plan. The stakeholders' consultative workshop brought together 120 participants from various interest groups and organizations including NGOs, CBOs, civic associations, and Ministry of Federal Affairs, the Addis Ababa municipality, kebele administrations and slum dwellers.

11.2 Summary of the Recommendations

By the end of the three consultative workshops and having discussed the content and relevance of the suggested action plans, the participants underlined the need to reflect and address the seven following points.

11.2.1 Institutional Arrangements

Stakeholders gave high priority to the need for clear institutional arrangements, within the municipality, for the implementation of action plans. They agreed that a Slum Upgrading Office must be established out of a reorganized and adequately resourced municipal Environmental Development Office. The new Office would be responsible for program design, implementation and monitoring, with overarching responsibilities for coordination across sectors and with the specialized agencies currently operating in fragmented manner, as well as networking with stakeholders. To participants, this should be the first step in action plan implementation.

The participants also recommended that the existing municipal Steering Committee be expanded to include a wider range of interests, along with similar initiatives and sectors operating in the city.

11.2.2 Inter-linkages

The need to link the activities in action plans with those and other ongoing municipal, federal and NGO programs should be taken seriously if duplication, overlap and confusion are to be avoided at the implementing stage. An inventory of ongoing operations must become an integral part of any action plan.

11.2.3 Social Capitals

The scope of any efforts to mobilize and habilitate communities and to enhance awareness of slum dwellers' conditions must also include slums, so that residents have a sense of both the potential and the limitations of municipal authorities. Such an understanding would encourage them to mobilize and share the responsibility for improving their own condition. The stakeholder consultations also highlighted that the social capital of the poor communities and their organizations was of such a great importance that they should be considered as major stakeholders

and partners in any program, and that their capacities should be built accordingly.

11.2.4 Gender

The participants in the consultations agreed that any urban slum upgrading program should be made more gender-sensitive with every aspect taking into account the conditions of the more underprivileged women. Children's and HIV/AIDS issues should also be addressed as cross-cutting elements. Appropriate data, indicators and activities should be developed to reinforce this aspect in any program.

11.2.5 The Private Sector

The participants found that the role of the private sector in slum improvement had not been given adequate attention. The action plans as they reviewed them focused on the role of the public sector while emphasizing the critical need to engage with the private sector at all levels. They suggested that enhanced awareness could promote private sector involvement in slum improvement programs.

Those consulted recognized that businesses, regardless of size or capacity, could generate employment opportunities as a further improvement to inner-city slums. In addition to the huge jobs potential of slum improvement operations, the attendant opportunities to transfer skills to the poor would serve as a sprouting seedbed for small and micro-enterprises in the construction sector (material producers, small contractors, and specialized service providers).

11.2.6 Financing Slum Improvement

This report underlines that financing slum improvement and providing adequate housing in Addis Ababa require huge financial resources. Given the depth and breadth of poverty in the city, this particular aspect calls for an appropriate financing strategy combined with a concerted effort and an innovative approach to resource (local or otherwise) mobilization as well as to financing mechanisms.

Participants to the consultations suggested that mechanisms to coordinate local government, public sector and donor efforts in slum improvement be established to enhance mobilization of resources and ensure effective use. Finding mechanisms to ease access to financial facilities for slum improvement was recognized as a critical requirement if communities are to be able to take initiatives on their own, with tenure security as a prerequisite.

11.2.7 Policies, Rules and Regulations

The participants acknowledged that in recent years, the Addis Ababa municipality had notably changed its attitude towards the urban poor and recognized the value of the informal sector and micro-enterprises, the dire housing conditions and the worsening environment problems. Implementation of local government programmes – and the way the poor were treated – had experienced significant ups and downs in the past, but nowadays the poor were gradually accepted as rightful residents. However, this recognition did not yet extend to policies, regulations and procedures that would protect their rights and create an enabling environment where meeting their own needs would enable them to express their full potential.

Participants to the consultations recommended that alternatives should be developed to improve the situation of the slum dwellers depending on the context and peculiarities of individual settlements.

11.3 Priorities for Action

The consultative workshops with stakeholders identified the following priority areas to be addressed if Addis is to bring any significant improvement in the living conditions of slum dwellers. They recognized that some areas overlap and interlink, pointing out gender and HIV/AIDS as cross-cutting issues and stressing the need to develop measurable indicators for interventions. It would be appropriate to iron out overlaps and to develop indicators during the detailed project study.

11.3.1 Advocacy on the situation of slums and the required responses to the problem (MDGs, policies and best practices, the roles and responsibilities of various stakeholders, political parties, practitioners, and academics):

- Facilitate debates on slum development and experience-sharing programs
- Organize exposure visits to best practice locations
- 'Localizing' MDGs in the city with agreed, measurable targets

11.3.2 Improved municipal structure for citywide slum improvement:

- Creating a Slum Improvement Authority
- Creating a Slum Improvement Forum

11.33 Improved policies, rules and regulations governing slum improvement:

- Conduct research to provide alternative options on inner city development strategies that ensure security of tenure
- Development of a clear policy and guideline governing slum upgrading, including relocation and compensation procedures
- Availability of affordable accommodation for the poor (rental or self-provision)
- Improving Housing Finance in general, and access to credit for the urban poor in particular

11.3.4 Community (Slum Dwellers) Capacity building and awareness creation:

- Sensitize slum dwellers to concerted action
- Assist and support existing CBOs and new slum dwellers' associations
- Assist exchange of experiences and linkages with associations that have similar objectives

11.3.5 Developing a Slum improvement Financing Strategy:

- Sustainable and affordable mechanisms to fund slum upgrading (government budget, subsidies, commercial loans, micro-credit, etc.)
- Nurture Public Private partnerships in financing slum improvements

11.3.6 Strengthen Local Urban Observatory Capacity to monitor slum and squatter development:

- Conduct a citywide slum survey in collaboration with residents and NGOs

- Improved access to up-to-date information on slum development (establish an info-centre)
- Conduct an inventory of ongoing activities and operations

11.3.7 Developing Pilot Projects to feed into the advocacy activities:

- Community-led infrastructure and housing improvement project
- Housing the poor

11.4 The Action Plans

Action Plan 1.

Project Title	**Advocacy on the situation of slums and appropriate response**
Target Groups	Policy makers, slum dwellers, practitioners, training institutions, political parties, community-based organizations, NGOs, donors
Justification	There is a general agreement that the problems of inadequate services and the substandard and overcrowded houses where the large majority of the urban poor reside are undesirable and unfair. However, a clear understanding is lacking of the challenges attached to dealing with slums in the face of accelerated urban growth; also lacking is a consensus on how best to improve the situation of slum dwellers among policy makers, practitioners, academics, the public and development partners. This calls for a sustained campaign to enhance awareness among the stakeholders and provide for exchange of experiences and learning. The objective is to mobilize opinion in favor of improved slum improvement policies.
Objective	Awareness of the situation of slums and the options for improvement, and public opinion mobilized
Main Activities	1. Conduct case study on the results of past and ongoing slum improvement interventions 2. Awareness-raising campaigns (panel discussions and public forums, radio programs, publications, fliers and posters) 3. Organize exposure visit to policy makers, city government officials, slum dwellers, academics
Responsible Lead Agency	Interested NGO. In partnership with slum dweller organizations and in consultation with the CWS SC.
Duration	18 months
Funding Source	NGO Forum on Urban Development and Ad-hoc NGOs Coalition for Housing the poor

Action Plan 2.

Project Title	**Institutional arrangements and capacity building for citywide slum improvement**
Target Groups	City Government of Addis Ababa
Justification	Environmental Development Office is the main municipal arm operating in physical slum upgrading though without meaningful coordination with other departments and operational entities. This results in compartmentalization while slum improvement calls for a holistic intervention. Further, lack of coordination among various public services activities and NGOs are, at times, found to be conflicting and ineffective as planning is carried out without consultation or the attendant synergies. This calls for coordination in order to ensure that efforts on slum improvement are systematized. Currently, there is no mechanism to provide support and play a leading role with the mandate for coordinating interventions by the government, the private sector, the community and NGOs. Nor is there any mechanism for documenting practices and capturing lessons to feed into future policies and programs to support citywide interventions in slum improvement.
Objective	Establish improved municipal structure to support citywide slum improvement operations.
Main Activities	■ Commission institutional assessment study for the creation of slum improvement unit mandated to coordinate the municipality's citywide operations. ■ Develop capacity building support requirements (logistics, human resources, training, technical support, etc.) ■ Facilitate the establishment of a slum improvement forum for dialogue and networking among stakeholders.
Responsible Lead Agency	City Government in partnership with the CWS SC.
Duration	24 months
Funding Source	City Government, NGOs, bilateral and multilateral aid agencies

Action Plan 3.

Project Title	**An Enabling Environment for Slum Upgrading**
Target Groups	City Government of Addis Ababa, the private sector, NGOs, slum dwellers and their organizations and stakeholders
Justification	Lack of clear guidelines and legal framework that governs slum improvement is identified as an area that requires extensive work if slums are to be improved in the city. The obstacles to slum improvement experienced by various stakeholders suggest that policy-makers see upgrading as transitory rather than an incremental solution to the problems of slum dwellers. This poses a serious threat to the sustainability of an activity where investments on upgrading have to give way to new projects and to eviction of residents. This also comes as a signal to development partners that city authorities do not welcome spending on upgrading, which results in further deterioration of slum neighborhoods in the city. Moreover, this situation reflects a lack of genuine political will to address the slum issue in any sustainable and large-scale sort of way, which discourages private sector involvement and development partner assistance in citywide interventions.
Objective	Improved policies, rules and regulations governing slum improvement developed and issued
Main Activities	■ Research various alternative inner city development strategies that reduce the impact on poor communities and improve security of tenure. ■ Advocate and assist for the development of a clear policy governing slum upgrading, including guidelines on relocation and compensation procedures. ■ Commission a study on the provision of affordable accommodation to the urban poor (rental or self- provision) and Housing Finance for the urban poor. ■ Organize consultation and forum on draft policies, alternative strategies and options for improved slum upgrading and housing finance for the urban poor.
Responsible Lead Agency	City Government and UN-HABITAT in partnership with the CWS SC.
Duration	12 months
Funding Source	City government, bilateral and multilateral aid agencies

Action Plan 4.

Project Title	**Slum Dweller Empowerment**
Target Groups	Slum dwellers and their organizations and stakeholders
Justification	The slum improvement process will only be successful when resident have the capacity required to engage and lead the process in partnership with the city government and other stakeholders. However, the need for urgent intervention can be perceived in the enormous capacity gap at community level, as reflected in an inability to articulate the respective roles of government and the community in slum improvement; absence of organized pressure groups to represent slum dwellers, along with the dependency attitude developed by the target population. Recognizing the existing vibrant social capital that makes it possible to meet the social and economic needs of the community, the Situation Analysis has suggested that any community capacity-building or mobilization should carefully assess the potential contributions of existing social capital (such as iddir, Mahber and ikub). Given the limited capacity of slum dwellers to engage and represent their interests in slum improvement programs, the voices of the poor will remain largely unheard. Organizing the poor will help make projects more inclusive and participatory, as beneficiaries can share in the responsibility for improving their situation. As empowerment requires the acknowledgment of roles and responsibilities, the professionals that will be involved in the planning and implementation process of slum improvement must receive adequate training in the knowledge and various skills required for enhanced community mobilization and participatory planning.
Objective	Slum dwellers' negotiation capability and participation in local development strengthened
Main Activities	■ Enhance slum communities' awareness to concerted action and participation in local issues. ■ Advocate and support for the formation of slum dwellers' association /federation and build their capacity. ■ Create forums for dialogue between slum dwellers, city government and CSOs. ■ Nurture linkages and cooperation with slum dwellers' alliance (in view of building capacity in micro-savings/credit mechanisms). ■ Organize training in participatory planning and decision-making process for municipal practitioners and project partners.
Responsible Lead Agency	NGOs
Duration	18 months
Funding Source	Local and international sources

Action Plan 5.

Project Title	**Slum Improvement Financing Strategy**
Target Groups	Slum dwellers, City Government, NGOs and donors
Justification	Among others, one of the major impediments in dealing effectively with slum improvement interventions by the government, NGOs and slum dwellers is financial constraints, as it requires huge financial outlay for longer periods. This, compounded with inefficient use of available resources, lack of adequately trained personnel to be able to mobilize local resources and ensure effective use, poor targeting of subsides and weak tax base and insufficient national policy support for the urban poor, makes financing slum improvement a daunting task.
Objective	Slum improvement Financing Strategy Developed
Main Activities	■ Commission a study in search of sustainable and affordable financing mechanisms of slum upgrading (government budget, subsidies, commercial loans, micro-credits, etc.) ■ Establish a financial mechanism to assist community led slum improvement operations ■ Nurture Public Private partnerships in financing slum improvements
Responsible Lead Agency	City Government in partnership with NGOs and the private sector
Duration	24 months
Funding Source	Local and international sources

Action Plan 6.

Project Title	**Slum and squatter development monitoring**
Target Groups	City Government Local Urban Observatory Unit
Justification	Lack of database and up-to-date information on the physical, social and economic situation of slums and the failure to monitor their developments over time has constrained the ability of the city government and its development partners to make informed decisions. The need to develop accurate and objective indicators also warrants this intervention to enable the compilation of detailed and disaggregated data on gender and age.
Objective	City governments Local Urban Observatory Capacity to monitor and report slum and squatter development enhanced
Main Activities	■ Conduct City Wide slum enumeration in collaboration with slum dwellers ■ Improved access to up-to-date information on slum development (establish info-centre) ■ Conduct inventory on ongoing activities and operations
Responsible Lead Agency	City Government and UN-Habitat
Duration	12 months
Funding Source	Local and international sources

Action Plan 7.

Project Title	**Slum improvement Pilot projects**
Target Groups	Slum Dwellers, City Government, NGOs and development partners
Justification	These pilot projects are aimed at supporting the advocacy activities of the program and enhancing learning by doing to demonstrate feasibility of selected alternatives in slum improvement.
Objective	To demonstrate to stakeholders feasible options in community led and managed partnership for slum improvement interventions.
Main Activities	■ Community led in-situ infrastructure and housing improvement projects in selected two areas. • Develop project proposals in collaboration with the city government • Implement projects ■ Housing project for the poor • Public private model pilot housing project
Responsible Lead Agency	City Government and NGOs, UN-Habitat
Duration	18 months
Funding Source	Local and international sources

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The Cities Without Slums (CWS) Sub-Regional Programme for Eastern and Southern Africa was initiated in the year 2000, in response to the situation of increasing poverty in the region. The programme seeks to assist Member States in the sub-region to realize the Millennium Declaration Goal 7 Target 11 of 'Cities Without Slums,' by strengthening institutional arrangements, building partnerships and supporting the improvement of conditions of people living and working in slums.

In Ethopia, the first phase of the Cities Without Slums project was started with the collaboration of the Ministry of Works and Urban Development and the Addis Ababa City Government.

In Addis Ababa, the first phase of this initiative was to prepare the Addis Ababa Situation Analysis, which is an in-depth analysis of the present and past conditions of informal settlements in Addis Ababa town. The report is the culmination of several months of consultations with key stakeholders, including the public and private sectors, NGOs, grassroots and International Development Partners.

The purpose of the Addis Ababa Situation Analysis is to serve as a discussion piece for diverse stakeholders to arrive at a consensus about the conditions of slums and the conditions governing slum upgrading, and for them to identify a way forward by developing a concrete Action Plan for a citywide slum upgrading programme. In regard to this, the study proposes an integrated approach to slum upgrading, singling out issues of security of land tenure, improvement of basic infrastructure, housing improvement, access to health and social services and improving management of the environment to ensure enhanced quality of life and reduction in poverty levels.

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