

**The Governance of Addis Ababa City Turn Around Projects: Addis Ababa  
Light Rail Transit and Housing**

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## Abstract

The purpose of this study is to describe and analyze urban governance processes using the Addis Ababa Light Rail Transit (AA-LRT), and the Integrated Housing Development Program (IHDP), as flagship projects that have turned the City of Addis Ababa around. The study utilized a political economy analysis and used PASGR's urban governance analytical categories as guiding frameworks. Qualitative in-depth interviews with key informants and focus group discussions with Light Rail Transit users were used as major sources of empirical data. In addition, secondary data sources, relevant literature and official documents were reviewed and used to complement the findings. Findings from this study highlight the genesis and discursive rational of the flagship projects, the politics behind financing both projects, as well the governance structure, process, and systems of LRT and housing. Major findings show that Ethiopia's key urban policy and strategic documents reflects the basic democratic governance characteristics where diverse actors are expected to take significant roles in the production and delivery of quality-adequate urban services for city dwellers. Findings show that the flagship projects are highly integrated within Ethiopia's economic growth and social transformation. Consequently, the projects are instrumental in employment creation, which in turn contributes to the overall urban poverty reduction efforts. The fact that the two flagship projects evolved in different phases of the country's socio-economic development trajectories, the study found variation between the LRT and Housing projects on key urban governance dimensions. Particularly, differences were visible in governance and power, institution and capacity building, as well as gender dimensions of urban governance analytical categories. In this regard, non-state actors had a crucial role in the initiation of the housing project. Moreover, the housing project has allowed the participation of the private sector under the guidance of the state; whereas, the LRT project was purely Initiated and implemented by the federal government, leaving no room for the voice of non-state actors. In terms of the service delivery dimension of urban governance, findings confirm that the flagship projects significantly contributed in enhancing access to modern transport and housing services for the low and middle-income segments of the residents of Addis Ababa. Moreover, the flagship projects have strong similarities on the urban symbolism dimensions of urban governance at national and international spheres. However, major findings from the analysis on the governance of the flagship projects show contradictions between how urban governance is conceptualized in Ethiopia and the actual practice in the field. Based on major findings, the study concludes that Ethiopia needs to redefine its urban governance approach and strategies coherently with its political ideology called "developmental state democracy". Furthermore, the conclusion considers implications for policy and practice in terms of making urban transport and housing services efficient and effective.

Key words: Addis Ababa, Ethiopia, governance, housing, light rail transit, urban governance

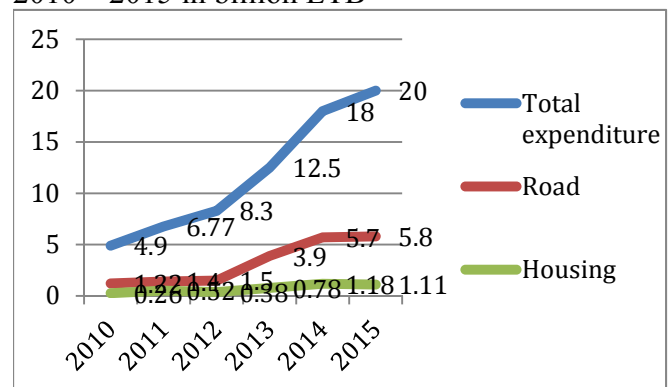
## I. Introduction

This study reports the findings of research on urban governance processes related to the Addis Ababa Light Rail Transit (AA-LRT) and the Integrated Housing Development Project (IHDP). These two Addis Ababa’s mega urban projects were selected as flagship projects since they fulfill the criteria of “Turn Around Cities” outlined in PASGR’s research framework paper:

- There is a marked improvement in the economic performance of the city over the past 5-10 years, with prospects for sustained growth, defined narrowly in GDP terms;
- There is an expanding public investment agenda, with a clear focus on economic infrastructure, especially investments that can enhance productivity and inclusivity, e.g. public transport, road and rail infrastructure, social development investments and housing;
- There is evidence of fast-tracked projects over and above the routine operations of the city, that enjoy dedicated resources, implementation mechanisms and high level political backing, manifest in “world-class” and/or “turn-around” discourses;
- A policy and institutional commitment to effective urban governance and management is visible in one form or another; and
- There is an expressed desire for international recognition and reputation building as being, for example, world-class and/or globally competitive (p. 4-5).

Undoubtedly, the City of Addis Ababa meets these PASGR’s criteria of ‘turn around cities’. Firstly, the City has recorded steady economic growth as measured by GDP. The City has grown by an average 15% during the during Ethiopia’s first Growth and Transformation Plan (GTP-I) period, i.e. between 2010-2015 (Addis Ababa Bureau of Finance and Economic Development [AA-BoFED], 2016). Evidence from the State of Ethiopian Cities report shows that, the city’s GDP level accounts for 25% of the aggregate urban GDP and 9.9% of the national GDP (p.21) (Ministry of Urban Development and Housing Construction & Ethiopian Civil Service University, 2015). The trend shows a sustained economic growth suggesting the city’s contribution to the country’s overall economic growth and poverty reduction endeavor. Secondly, Addis Ababa expanded its investment on major development focused expenditure (i.e. social services and economic development such as health, education, water, road, housing, and micro and small enterprises). According to Addis Ababa Bureau of Finance and Economic Development (2016) the city’s development focused expenditure increased from ETB 2.9 billion in 2010 to ETB 13.1 billion in 2015. Out of this total development focused expenditure, road infrastructure development and housing construction are the two sectors that took the lion share of the city administration’s public expenditure (see figure 1).

Figure 1. The city of Addis Ababa’s public expenditure on road and housing development from 2010 – 2015 in billion ETB



Source: Computed from data displayed on Addis Ababa City Administration Growth and Transformation Plan II (p.11)

The AA-LRT and IHDP projects demonstrate Addis Ababa's turn around process and boldly illustrate Ethiopia's urban development policy and program paradigm shift. The two flagship projects are showcases for the Ethiopian government to demonstrate its pro-poor, growth-oriented policies. The projects furthermore demonstrate Ethiopia's 'developmental state' narrative aiming at ensuring the city's competitiveness through state led planning and implementation to close the existing public transportation and housing services gap with high level government's political backing. Both projects demanded large-scale financial commitment and they benefited from the Federal and the Addis Ababa City government's commitment towards instituting separate governance and management systems in order to accelerate their successful implementation.

The flagship projects are often cited as showcases of Ethiopia's progress as one of the fastest growing and urbanizing economies in Africa. The two projects have received recognition in changing the image of the country in both national and international arenas (see: The Economist's and Bloomberg's September 2015<sup>1</sup> report as well as Reuters' report on Ethiopia's ambitious housing project<sup>2</sup>).

### **1.1. Objectives of the study**

Against this background, this study explains and analyzes the governance structure, process and systems of the two flagship projects that turned around the City of Addis Ababa. Specifically, it explores:

- The discursive rationale and strategy of AA-LRT and IHDP as the City of Addis Ababa's urban development agenda and priority programmes that are invested with political capital;
- The extent to which the central and urban governments invested in the city's flagship infrastructure projects that define the turnaround over the last 10 years compared to other sectors;
- The politics surrounding the projects' investments;
- The relationship between the Federal and City government and the extent to which it influenced the projects; and
- The benefit of AA-LRT and IHDP to the different economic, political, social, gender and ethnic groups in the city.

### **1.2. Conceptual and analytical framework, research questions, and methodology**

In this section, the conceptualization of urban governance, the specific analytical framework that helped organize the study findings, the research questions, as well as the underlying methodology are discussed. In conceptualizing urban governance in Ethiopia, we situate the concept within Ethiopia's political economy of development paradigm in general and urban

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<sup>1</sup> <http://www.economist.com/news/middle-east-and-africa/21665199-addis-ababa-has-opened-first-part-new-light-rail-system-sub-saharan-africa>

<https://www.bloomberg.com/news/articles/2015-09-21/modernizing-ethiopia-opens-475-million-china-built-urban-rail>

<sup>2</sup> <http://www.reuters.com/article/us-ethiopia-landrights-cities-idUSKCN12P1SL>



development discourse in particular. Therefore, this study elaborates Ethiopia's development trajectory, which is highly entrenched in the political ideology of the ruling party that embraced the central role of the "developmental state" and the ruling party in directing socio-economic development

### *1.2.1. Governance, urban governance, and Ethiopia's urban governance context*

Since the 1990's scholars from various disciplines have made relentless efforts to conceptualize and operationalize the term 'governance'. However, the efforts yield little success in providing a clear and universally accepted definition (Aher, 2000). Obeng-Odoom (2012) also asserts that defining governance "remains" difficult (p. 204). Hendriks (2013) argues that the definition of 'governance' and 'containers' are the same, where "governance contains a lot, and it is hard to tell where it exactly begins and ends" (p.555). For Ahers (2000) the existence of a variety of definitions for the term "governance" is associated with the issues and purposes that are considered in explaining governance. For instance, governance is seen as theory (see Stoker, 1998; Perre, 2005) as an analytical framework, a normative model, and an empirical object of study (Perre, 2005). Some scholars interpret governance as an end in itself, while others see it as an analytical framework or as a means to promote sustainable development (Kjaer, 1996, quoted in Ahers, 2000). Ahers (2000) tries to summarize the underlining conceptual considerations in existing governance definitions. One conceptual approach views democratic government as unalterable condition; where the idea of good governance is promoted as corresponding to democracy. The second approach in conceptualizing governance emphasizes institutional capacities of states, focusing on characteristics of the government machinery such as autonomy, rationality, efficiency and technocratic capability. Lastly, others conceptualize governance through amplifying the role of informal institutions (culture, habits, traditions) that shape individual behavior and subjective perceptions of the governance framework (pp.16-17).

The fact that the concept of governance was originated and developed in Western countries reflects the contextual reality of how governing mechanisms are structured and systematized. Hence, much of the explanation as well as the measurement of governance mostly prompted liberal and neo-liberal ideals with the assumption that the state-society relationship is structured and arranged with active participation of various actors such as the different levels of State, the private sector and citizens' associations. This conceptualization, however, may not be true globally. Recent developments in the governance discussion show that democratic participation and accountability may not be a necessary condition to define governance (Fukumaya, 2013). In his article titled "What is governance?" Fukumaya (2013) defines governance simply as "as a government's ability to make and enforce rules, and to deliver services, regardless of whether that government is democratic or not (p.350). Fukumaya further argues that

“...Government is an organization, which can do its functions better or worse; governance is thus about execution, or what has traditionally fallen within the domain of public administration, as opposed to politics. An authoritarian regime can be well governed, just as a democracy can be mal-administered (p. 351).

According to Fukumaya, there is no adequate empirical evidence on whether or not democracy and governance are mutually supportive. Hence, governance is all about the performance of

government. Fukumaya's definition highlights the importance of looking at whether or not governments are capable of delivering services and reinforcing rules stipulated in their own contexts.

The concept of governance is also endorsed in explaining and evaluating the management of urban affairs. As a result, urban governance as a necessity for an inclusive and sustainable, as well as pro-growth urban development paradigm, has received significant attention on a global scale (Harpham & Boateng, 1997; Melo & Baiocchi, 2006; Obeng-Odoom, 2012; UN-HABITAT, 2002). The absence of consensus and clarity on what constitutes governance significantly influenced how urban governance is defined. Hence, it is easy to discern the protracted confusion in the description of what comprises urban governance. Much of the definitions available in the literature promptly describe urban governance as mechanisms that coordinate various actors to enhance an effective, all inclusive, and efficient socio-economic urban development. For instance, according to Harpham and Boateng (1997) urban governance entails the process through which diverse actors take significant roles in the production and delivery of quality-adequate urban services for city dwellers. This implies that urban governance as a discourse within a given political-economic context offers a mechanism that enhances devolution of power as well as authority at different level of urban context for effective and efficient management of urban affairs. Similarly, Hendrick (2013) defines urban governance as "... more or less institutionalized working arrangements that shape productive and corrective capacities in dealing with urban steering issues involving multiple governmental and nongovernmental actors" (p.555). Melo & Baiocchi (2006) define urban governance as "the configuration of interactions between public and private actors with a view to achieving collective (not private) goals in a particular territory" (p. 591). Lindell (2008) defines urban governance as "multiple sites where practices of governance are exercised and contested, a variety of actors, various layers of relations and a broad range of practices of governance that may involve various modes of power, as well as different scales" (p.1880).

The definitions offered above refer to urban governance as a system of inclusive and participatory decision-making and implementation of urban policies, involving active participation of diverse actors including citizens, private institutions, and organized interest groups at different levels, as well as effective and sustainable socio-economic growth and development of a city. A more comprehensive definition on the nature and extent of urban governance is found in the UN-Habitat (2002) global "urban good governance campaign" document. Accordingly, urban governance is:

"The sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens." (p.14).

UN-Habitat's definition best describes the dynamic and complex relationship between citizens, public and private actors in urban agenda setting and decision-making processes. Besides, the definition acknowledges the importance of both formal and informal institutions in the overall process of governing urban affairs. The dynamic relationship between actors at all level in the

execution of economic, political and administrative authority helps to create inclusive urban spaces that nurture pluralistic processes (UN-HABITAT, 2002). UN-Habitat's conceptualization also assumes the interaction of multiple actors using democratic participatory urban planning and decision making through involving both formal and informal institutions and thereby ignores contexts where government is the sole actor in guiding the planning and implementation of urban policies.

Despite the relevance of the above definitions in understanding urban governance, its processes and mechanisms through the involvement of relevant actors i.e. both governmental and non-governmental and the use of organizing their actions and resources for the urban common good, it fails to express governance in contexts where there is little or no democratic accountability. Hence, the following section describes existing debates and the limited applicability of urban governance concepts in the African context. It also provides an explanation of the political economy of urban governance in the Ethiopian context as a background to analyze the governance of the two Addis Ababa city turn around flagship projects.

### *1.2.2. Urban governance: Context matters*

Urban governance encompasses processes and mechanisms through which significant actors organize their actions and resources for the urban common good through utilization of economic, social, and environmental resources is important. However, further explanation on which actors actually participate in planning and implementation of urban policies is indispensable. Recent efforts in disentangling governance as a development paradigm consistently show its limitation in producing the intended results. This significantly challenges its universal applicability. This mainly relates to the incompatibility of fundamental assumptions that urban governance embraces in different context. Although the global campaign on "urban governance" enhanced the commitment of many countries globally, there is no adequate evidence for its effectiveness in ensuring sustainable urban development and growth. For instance, Correa and Correa (2013) argue that the notion of "good governance" is unnecessary for transformative pro-poor growth (p. 639). More importantly, the African Power and Politics Program (APPP) constantly demonstrate that African countries do not need to adopt the Western good governance agenda wholesale anymore. Based on a critical analysis of African countries historical, socio-economic and political organization and traditional governing mechanisms, APPP concluded that the dimensions of governance in the Western sense are absent, limiting the continent's ability to become successful in obtaining the presumed good governance outcomes (Booth, 2011; Hyden, 2008; Khan, 2014). More importantly, APPP demonstrates that Asian countries economic success has shown little correlation with the proposed global campaign on good governance (Kelsall, 2008). Based on their findings, APPP researchers have been questioning the universality of the global good governance agenda in enhancing Africa's economic growth and development (Kelsall and Booth, 2009). Hence, strong suggestions have been made towards "working with the grain", a notion that embraces Africa's local norms, structures, practice, and processes instead of trying to change it (Booth, 2009; 2011; Kelsall, 2008). Furthermore, the APPP findings introduced "developmental patrimonialism/developmental (neo) patrimonialism" (see Kelsall & Booth et al., 2010; Booth & Golooba-Mutebi, 2011; Kelsall, 2011). According to Booth and Golooba-Mutebi (2011) developmental patrimonialism, raises difficult questions about "tradeoffs between liberal freedoms and human rights on the one hand and development

outcomes and thus (other) human rights on the other (p. 4). Hence, conceptualizing urban governance needs to be situated within the historical, social, economic, and political trajectories that constantly shape the governance structures and systems in any society.

### 1.2.3. *A political economy analytical approach*

This study uses a political economy analysis within Ethiopia's political ideology in elaborating the governance of the Addis Ababa city turn around projects (i.e. AA-LRT and housing). Existing literature does not offer a single universally applicable definition of what constitutes political economy (DFID, 2009; World Bank, 2013). World Bank defines political economy as "the politics of economy" (p.20). World Bank's definition highlights the relevance of political factors such as the nature of political regimes, how the state governs citizens, the social relation organized around power pertaining the decision-making process as well as the process of economics involved around production and distribution of societal wealth. This simply refers to the intersection of political and economic processes that constantly shape the power relationships enshrined in state-society interactions (DFID, 2009). According to Mcloughlin (2014), the political economy analysis aims to position development interventions within an understanding of the prevailing political and economic processes in society. In this study, political economy is used to simply explain the political processes that influence the government's policy choices. Political economy has diverse approaches. The diversity comes from the distinct assumptions bestowed in the political and economic theories about state-society as well as state-market relationships, and how power is organized in these relationships. Furthermore, the diversity of political economy approaches is also on their position regarding the primacy of politics or economics (see Caporaso & Levine, 1992)<sup>3</sup>. Hence, the state centered approach to political economy has greater utility in explaining the urban governance in Ethiopian context. According to Caporaso and Levine, a state centered approach to political economy assumes that politics is the center, and posits that the causal forces driving state action are located in the society (1992, p.220). The approach emphasizes on central political institutions that have greater effects on state policymaking processes. A state centered approach to political economy focuses on situations where states systematically exclude non-state actors from the policy process and generate policy initiatives on their own. This accurately describes how the political regime in Ethiopia has instituted a developmental state governance structure and allocates the major decision-making power to party leaders in guiding urban development priorities.

Hence, applying a state centered approach to the political economy offers a realistic stance to explain the structure and the processes through which urban affairs are conducted. The overall explanation is situated within Ethiopia's ruling party's overarching political ideology that dictates urban policy agenda setting and implementation process, as well as the interaction between the state and its citizens. The policy and strategies on urban governance and subsequently introduced 'good governance' principles intend to improve the capacity of local urban governments and to reorganize governmental institutions with the aim of improving their accountability, transparency, legitimacy, and adherence to laws.

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<sup>3</sup> Caporaso, J.A., and Levine, D. P. (1992). *Theories of political economy*. NY: Cambridge University

#### *1.2.4. The political Economy of urban governance in Ethiopia*

Urban governance, as a concept, or its contribution as analytical framework that elaborates the processes in which urban affairs are managed, originated in the western political economy, and was introduced to Africa by Western policy makers (Cubitt, 2014). However, the democratic pluralism principles embedded in the liberal Western's political culture and later incorporated in good urban governance principles has no root in Ethiopian historical political trajectories (Bach, 2011; Vaughan, 2011). Nonetheless, Ethiopia adopted internationally recognized good governance principles promoted by the World Bank and UN agencies (Ministry of Urban Development Construction [MOUDCo] & Ethiopian Civil Service University, 2015). However, the country did not sustain this practice of democratic participatory governance that allowed the participation of diverse actors to influence policy decisions in late 1990s and early 2000s (Knebell & Kolhatakar (2009). The authors further noted:

“...Over time there has been limited commitment on the part of the government to allow for a participatory process of forming the 'Local Development Plans'. ... The City Administration has also not proven to be very willing to work with the broader private sector and non-governmental actors” (p. 10).

Looking at the policy provisions that highly embraced urban governance as top government agenda as well the good urban governance framework, one would conclude that Ethiopia's urban governance resembles to that of the Western democratic governance model. However, Bjerkil (2013), after closely examining the effectiveness of urban governance in the implementation and management of solid waste in Addis Ababa, concluded that urban good governance in the Ethiopian context is rhetoric. The author further argues:

... The promise of good governance has not resulted in the official goals being attained, but rather a rhetorical use of policies and reforms. The Ethiopian Government has adapted good governance policies to suite its own interests and agendas, and this has not led to improved governance and a more efficient management of solid waste in the city (p.iv).

The disappointment resulting from the mismatch between policy and practice of urban governance in Ethiopia is understandable. At the same time, one should not expect an effective implementation of the good governance principles while Ethiopia leans on Asia's developmental approaches in its socio-economic and political decision-making processes (Vaughan & Gebremichael, 2013). Ethiopia's lenience on Asian's "developmental state governance" model is a political decision in order to defeat the West's dominance in the country's political economy (Bach, 2011). Evidence shows that the country's major turnaround from liberalized governance agenda and the revitalization of more centralized and controlled governance processes occurred after the 2005 national election results (Bach, 2011; Lefort, 2013). This change in the practice of governance is a result of the ruling party's (i.e. Ethiopian Peoples Revolutionary Democratic Front [EPRDF<sup>4</sup>]) political ideological pragmatic stance to implement the political project it

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<sup>4</sup> EPRDF is a ruling coalition party, composed of Tigray Peoples Liberation Front, Amhara National Democratic Movement (ANDM), Sothern Nations Nationalities Peoples R (SNNPR), and Oromo People Democratic Organization (OPDO)

embraces. Political ideologies are clusters of values espousing the underlying philosophies and principles of the government through which socio-economic and political systems and structures are operated (Drake, 2001). Drake further argues that political ideologies generally are determinants of state views regarding how a society should be organized/governed, and the extent to which a state may interact with its citizens and intervene in their daily lives. Therefore, the following section untangles Ethiopia's governing political ideology, the practice of governance structure streamered in the country, and state's relationships with citizens as a way of elaborating Ethiopia's urban governance within its political economy context.

#### *1.2.5. Ethiopia's 'developmental state' and revolutionary democratic governance approach*

EPRDF has been leading Ethiopia since the 1991 regime change. The ruling party promotes "revolutionary democracy" as an ideology that draws its inspiration from Marxism, Leninism, Maoism, and Liberal ideologies in dictating the socio-economic and political structures of the country (Bach, 2011). The ideology is promoted as the only doctrine that would help defeat Ethiopia's major social, economic, and political challenges based on one vanguard political party system (EPRDF, 2005); granting discretionary power to party leaders and bureaucrats decision-making practices at all level, which effectively eliminates other voices. Vaugh (2011) analyzed the state party and EPRDF's revolutionary democratic nation building process and highlights "democratic centralism" as a fundamental tenet of EPRDF's ideology. Similarly, Bach (2011) argues that Ethiopia's revolutionary democracy is an ideological tool legitimatizing the discursive rational on how the central committee members of the party leadership interact with local level structures in order to guide and lead the socio-economic development processes. The doctrine also serves as a powerful tool and made the State vs. Party boundary imprecise. As a result government and the party are one and the same. This further complicates the understanding of governance processes as well as the relationship between the state and society.

#### *Governance structure and processes in Ethiopia's 'revolutionary democracy'*

EPRDF's governance structure and institutional setup, its view on society in general, and the state citizens relationship in particular, conveys mixed messages. On the one hand, Ethiopia embraces decentralized, pluralistic and democratic processes. This is mainly expressed by Ethiopia's 'democratic' notion of the ideology, which is also reflected in the supreme law of the land (i.e. the 1995 EFDRE constitution). Accordingly, the EFDRE constitution provides a framework of a pluralistic society through embracing a federal system of governance and a multi-party democratic system. Consequently, Ethiopia instituted a Federal system of governance, with nine, mainly ethnic-based, national regional States and the special administrative region of Dire Dawa and the federal capital Addis Ababa (Ministry of Urban Development and Construction [MODUCo], 2014). Ethiopia's decentralization process introduced at the beginning of the regime has helped to devolve power from the central government to regional States in principle. However, in practice, critics argue that the decentralization process in Ethiopia has yet to enable autonomous decision-making of regional States on socio-economic development endeavors (Eshetu, n.d.; Samatar, 2004). Meheret further argues: "Ethiopia's current decentralization process has not brought about adequate devolution of decision-making power and responsibility to the local/Woreda<sup>5</sup> tier of government" (p.131).

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<sup>5</sup> Woreda is the smallest administrative unit in Ethiopia's administrative structure.

Ethiopia's decentralization project also allowed city administrations such as Addis Ababa to develop their own charters. The City of Addis Ababa developed its City Charter in 2003. Following the City Charter, urban governance was promoted as decentralization. This was revitalized after the adoption of the national 'urban development' policy by the Council of Ministers in 2005. The urban development policy further facilitated the resurgence of “urban good governance principles<sup>6</sup>” in the country's urban development initiatives. The Urban Good Governance Package developed in 2006 entails relevant principles aiming at ensuring sustainable urban development. The principles are embedded within the Western participatory democratic governance model and refer to sustainability of urban development, subsidiarity, ensuring equity with regard to resource allocation, efficiency and effectiveness in service delivery, transparency and accountability, participation and consensus building and ensuring rule of law and security (MoWUD, 2006). Besides, based on the Urban Good Governance principles, the City of Addis Ababa witnessed major urban governance reforms. According to Knebel and Kolhatkar (2009), participatory planning process were in place and allowed the interaction of public, civil society, and the private sector to develop the city charter in 2003. As a result, the city went through administrative reform and 10 sub-cities were formulated to devolve power. Relevant institutions were established and major capacity building approaches implemented (Ministry of Work and Construction, 2014). Furthermore, citizens were involved in setting their own political and developmental priorities during the participatory meetings and local level development plan committees were established in all sub-cities (Knebell & Kolhatkar, 2009). Emphasis was given to empower Urban Local Governments (ULGs) institutionally and financially so that they can play their municipality's function through collecting taxes and municipal revenues for its socio-economic development purposes (MOUDCs, 2014). According to the World Bank (2015) the decentralized governance structure and institutional setups also improved urban service delivery. Ethiopia's post 1991 decentralization process was apparently embodied within the ruling party's political project to defeat the 'Dergue' authoritarian regime that governed Ethiopia from 1974-1991 through a unitary state model. The decentralization agenda was a politically motivated interventionist approach that followed administrative as well as fiscal decentralization process in later stages. Furthermore, in practice, the principle of vanguard party approach implicitly and explicitly constrains local government structures to exercise their power and authorities as stipulated in the federal and regional constitutions.

Even if it does facilitate the exercise of power and authority at local level, Ethiopia's decentralization agenda does not nurture partnership between different actors, i.e. governmental and non-governmental organizations, in governing local urban affairs. With regard to the decentralization practice Obeng-Odoom (2012) offers an insight in the various forms of decentralization and argues that not all forms of decentralization can be regarded as good urban governance. Ethiopia's existing decentralization practice demonstrates the handing over of administrative or managerial responsibility to regional governments as well as urban local governments. This, according Obeng-Odoom (2012), is deconcentration.

The 'revolutionary' nature of Ethiopia's “developmental state” on another hand has been limiting the country's ability to fully practice the urban governance principles. Particularly, post 2005 democratic revolutionary nation-building process hampers the effectiveness of promoting and maintaining what was initiated during the first decades after EPRDF took power (Bach, 2011). In

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<sup>6</sup>Interview with a senior researcher/policy advise (August, 2016)

the process, a pluralist political economy that clarifies the devolution of power and authority at all level was diminished and local governments are yet to fulfill their responsibilities (Knebel and Kolhatkar, 2009; UN-Habitat, 2011). The recent ‘Ethiopia’s urbanization review’ reported:

Local governments often lack the capacity and the authority to fulfill their responsibilities. Important powers are mostly retained at the regional level, particularly in municipal finance, land management, personnel management, and city operating practices— all making it harder for cities to carry out their mandates (World Bank, 2015, p. xv).

Hence, the political regime instituted a developmental state governance structure and processes and retained major decision-making power to party leaders in guiding urban development priorities that can be implemented by ULG’s. Hence local level governance processes cascade what is identified at top-level decision makers. This is mainly explained in terms of the ideological root that tries to hold the revolutionary and democratic principles and practices together (Lefort, 2013).

### *State Citizens’ Relationship*

As shown above, democratic centralism is the basic tenets of Ethiopia’s developmental state democracy. As a result, the regime’s relationship with citizens also conveys a mixed message. On the one hand, “free and open discussions” (which are basic provisions of democracy) are allowed in a deliberative process under the control of the party, from the lowest level (Kebeles) to the highest level (the party congresses). On the other hand, the principle and practice of “central control” dominates decision-making processes in order to allow the leaders of the vanguard party to make the ultimate decision in guiding the process of discussions as well as its outcome. This in turn significantly constrains citizens’ space in the initiation as well as alteration of urban development agenda setting and policy implementation. According to Bach (2011) the ruling coalition has been engaged in “shaping the society from above” through which all civil society groups, mainly the mass based associations, are expected to embrace the “democratic centralism” principle. This ultimately limits the opportunity to originate different policy ideas and the ability to negotiate on the basis of their merits rather than endorsing the EPRDF prescribed policy option. A political economy analysis on civil society in Ethiopia shows that the decision-making power is concentrated at a national/federal level (Civil Society Support Program, 2013). The report further noted:

...Key policy decisions are made at the party level, sub-national governments, which are dominated by parties subordinate to the EPRDF, endorse the policies as they are. The options they have to make policy changes are extremely limited, since this might mean deviating from the party policy (p. 13).

The role of civil society as an important policy actor in Ethiopia is hugely constrained after the 2009 proclamation on Charities and Societies (CSOs) that classified CSOs on the basis of their funding sources, the citizenship of founders of the CSOs, and also the purpose for their establishment (FDRE, 2009). Hence, CSOs are not permitted to engage in activities related to good governance and human rights if more than 10% of their funding originates from foreign



sources. Furthermore, the EPRDF maintained its dominance through a particular focus on achieving fast economic growth, thereby restoring its legitimacy with the general public (Vaughan, 2011). Similarly, the role of the private sector in setting urban economy agenda is minimal. Accordingly, the EPRDF led government has been guiding the overall economic activity through nurturing developmental investors.

The practice of using the state as a powerful institution and the deliberate exclusion of civil society groups in its urban policy agenda setting, development and implementation process somehow resembles the characteristics of other developmental states. In his work entitled “in search of the 21<sup>st</sup> century developmental state” Evans (2008) shows how Asian developmental states did not include CSOs as development partners, portraying a closed “state-society” relationship. He claims that “civil society as a whole was excluded from the process of “state-society synergy” (p. 7).

Ethiopia’s emergence as unapologetic “developmental state” helped the government to consolidate and rationalize its domination of power and excluding other voices from citizens or organized political parties using one vanguard party approach. This in turn helped in shaping the urban governance structure and process. The centralized government led urban development prioritization has been yielding positive socioeconomic outcomes nationally and in the city Addis Ababa in particular (Addis Ababa Bureau of Finance and Economic Development [BOFED], 2015; MOUDCo and Ethiopian Civil Service University, 2015). Specifically, the Federal government’s handing over of administrative responsibility to the City administration helped the city to perform impressive economic growth with an average 15% over the last five years and improved the coverage of basic urban service provisions, although the quality of service delivery has yet to be improved (BOFED, 2015).

#### *1.2.6. Urban governance as analytical framework*

Against the background of Ethiopia’s political economy of governance, this study utilizes PASGR’s (2016) urban governance analytical framework suggested in the “*urban governance and turning African cities around*” draft concept paper. Thus, this study takes four aspects of urban governance processes such as governance and power; devolution of autonomies, urban symbolism; and gender inclusiveness into consideration.

**Governance and Power:** This aspect of the framework analyzes the power dynamics that exists during policy making and implementation processes of the flagship projects. This analysis identifies roles played by both “hidden” and “invisible” powers that are in play through the governance process. The explanation on how “hidden powers” play in the governance process portray how different actors, including in the political arena, have varying voice in the policy process. This framework acknowledges that urban governance processes lack the presence of a leveled ground that offers all participants (political parties, civil society organizations, citizens and the private sector) equal participation in the policymaking and implementation processes.

**Devolution of Autonomies:** Devolution of autonomies aspect of urban governance processes addresses ways in which urban administrative autonomies are decentralized and distributed. This aspect of the framework informs the study on how devolution of autonomies (including decision-making autonomies and resource distribution) across different levels of governments produces the project outcomes of the two flagship projects. Devolution of autonomies to the lowest levels of government is argued to induce democratization of the governing processes in such a way that urban residents and other stakeholders participate in the process. Governments implement decentralization of urban governance process by providing autonomy of production and delivery of urban services at the lowest levels of government. Decentralization of autonomies to the lowest level of government specifically helps to give room for creativity, better policy design and implementation along with higher levels of accountability.

**Urban Symbolism:** The literature on urban governance in developing countries presents that governments in these countries adopt the theoretical approach of “growth poles” that attract physical, economic and political attentions, hence, justifying sometimes-grand projects that demand large scale expenditures. Such large-scale expenditures are also linked to involving large-scale borrowing from international communities. Such efforts are typically intended to help core urban centers serve as economic engine that potentially regenerate the economic and social fabric of the region. Michael Goldman presents such efforts as “speculative urbanism”. Speculative Urbanism identifies massive urban infrastructure investment as a way to attract foreign investment and create a symbolic representation of cities in developing countries that emulates them as spaces for pride and economic opportunities. However, Vanessa Watson also argues that such development efforts bring with them several other additional demands, including infrastructure and other forms of urban governance demands that put pressure on city administrations. This aspect of the framework, therefore explores the symbolic nature of the two flagship projects and realistic/unrealistic implementation of these projects vis-à-vis the economic, social and political preparedness of the City of Addis Ababa.

### **Gender Inclusive Governance Process: An intersectionality perspective**

Urban development processes have different impact on different demographic groups of society. Past studies have also identified that gender specific policy initiatives have helped enhance women’s productivity and have improved the quality of life of women that were typically invisible in the process. The UN-Habitat Report on Gender Responsive Urban Research claims that women are constantly disadvantaged in comparison to men in urban settings. They are disadvantaged in relation to access to employment, housing, transportation, health services and education (UNHABITAT, 2013). In explaining gender inclusive governance, this study uses an intersectionality analysis. According to Crenshaw (1991) intersectionality as a concept suggests that when socially constructed identities of a person intersect, the person would experience either privilege or oppression (Crenshaw, 1989; Hankivsky & Cormier, 2009). The intersectionality analysis helps to view gender as an one of the multiple identities of a person which continuously intersects with other identifies (i.e. ethnicity, age, socio-economic background and or geographical location) and creates unique experience for a women and men in relation to their benefits from the two flagship projects. Therefore, these intersections and their effects that is of concern in an intersectionality analysis rather than treating gender as a single social category. In doing so, this paper explores whether or not the two flagship projects have different implication

to women and men from varying socio-economic demographic settings in their access to power, choice, and actions including privilege or domination.

In summary, based on the proposed analytical framework, this study provides a critical analysis of governance processes of the two flagship projects and will specifically focus on four major analytical categories that are particularly relevant within the study context. The first two categories help analyze urban governance dynamics including how policy and governance processes are established in the context of the two flagship projects. While, the second two analytical categories help analyze issues of inclusiveness and accessibility of service to urban residents (See Table 1).

Table 1: Urban governance analytical categories

<b>Analytical category</b>	<b>Dimensions</b>	<b>Description</b>
Capacity	Human resource capacity Technical capacity Financial capacity Institutional capacity	This analytical category offers tools to analyze how decentralization and autonomy of the urban governance processes support the capacity of local government institutions.
Symbolic significance	Citizens and others ownership of the projects National significance of the project	This analytical category offers a perspective on the national significance of the two flagship projects to government, citizens and the international community
Process inclusiveness	Decision-making process Program initiatives Gender impacts of the flagship projects	This analytical category offers the analysis on the extent to which project planning and implementation were inclusive of different stakeholders. Besides, the analysis intends to identify if program initiatives take marginalized population (specifically low-income female-headed households) into consideration during project planning and implementation process
Accessibility and affordability of services	Access to financing mechanisms Access to basic urban services (housing, transportation)	This analytical category offers a discussion on how the governance process takes accessibility and affordability issues into consideration during in the planning and implementation process of the two flagship projects.

### 1.2.7. Research questions

Using the conceptual and analytical framework, this study intends to elaborate the governance process in relation to the two flagship projects. Specifically, the study addresses the following research questions:

- Where did the ideas for the two flagship projects originate?
- What are the discursive rationales and strategies that explain the political, financial and institutional will to initiate the two flagship projects?
- What is the symbolic, political, social, financial and institutional relevance of the two flagship projects?
- How do the two flagship projects fit into the city's larger development plan?
- How do the two flagship projects benefited marginalized populations (with specific interest on low-income female-headed households)?
- What efforts were introduced as a measure to close the gender gap in access to urban services (housing and transportation)?

#### *1.2.8. Methodology*

In this section, the methodology that guided and transformed the overall research questions to generate empirical data is presented. Hence, the design, the sample selection plan and procedures, includes the selection criteria, and the method of data collection. Furthermore, data analysis and the mechanisms used to ensure the trustworthiness of the data are discussed.

#### *Design*

The primary objective of this study is to explore the urban governance processes of the two flagship projects in the City of Addis Ababa. Hence, the study uses a qualitative research design. Creswell (2007) defines qualitative research as “an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports the detailed views of informants, and conducts the study in a natural setting” (p. 17). There were two reasons for choosing a qualitative study design. Qualitative research is appropriate when not much is known about the topic under inquiry (Creswell, 2007). As the AA-LRT was launched in 2015, literature that provides relevant data from the urban governance perspective doesn't exist. Furthermore, the qualitative research design is relevant to obtain a deeper understanding on the governance structure, processes, and practice of the two urban turn around flagship projects (AA-LRT and IHDP) and generating explanations embedded within empirical observations. Out of the different approaches of qualitative study, the study uses case study approach. Case study is relevant because it helps narrow down to explore and explain phenomenon that has not been investigated before (Yin, 2003). Hence, the case study approach was instrumental in understanding the governance processes, structures, and practices of the AA-LRT and IHDP projects.

#### *Sample Selection Procedures*

In this study a combination of purposive and snowball-sampling methods are used. Since the nature of the study requires an insider view on how policy issues of AA-LRT and IHDP emerged and how the projects have been implemented, the study finds it important to engage with key

informants that inform the study. Hence, relevant key informants from government, civil society, private enterprises, and research institutions were identified and have participated in the process. Since the study also intends to assess the effectiveness of the two flagship projects in benefiting Addis Ababa residents, direct beneficiaries were also identified and interviewed using in-depth interviews and focus group discussions. Besides engaging in primary qualitative data collection, the study also utilized secondary qualitative data sources. Table 2 summarizes the total number of informants participated in this study.

Table 2. Number of key informants and direct beneficiaries of the two flagship projects

Flagship projects	Type of Organizations						Private Enterprise		Direct beneficiaries	
	Government		CSOs		Research institution		M	F	M	F
	M	F	M	F	M	F				
AA-LRT	12		2	1	2				4 FGDs <sup>7</sup>	4FGDs
IHDP	10	3	-	-	2	-	2	1	2 (Individual)	1 (Individual)
	Condominium housing project beneficiaries interview secondary data; this secondary data source has qualitative interview result from 466 adults and 451 children. <sup>8</sup>									

#### *Data Source and Data Collection Methods*

This study utilized both secondary and primary data sources. Main primary data source are in-depth face-to-face interviews and focus group discussions. In addition secondary data sources that highlight the lived experiences of beneficiaries were used in the study. The following section presents a description of the process of participant selection for each flagship projects identified in the study.

**In-depth face-to-face key informant interviews:** This study has identified key informant that participated in the governance processes that shaped the outcomes of the two flagship projects. In addition, the study conducts in-depth interviews and focus group discussions to explore the lived experiences of beneficiaries.

For the AA-LRT project, a total of 25 Key informants from relevant government offices (i.e. Addis Ababa City Administration officials, Addis Ababa City Administration Transport Authority, Addis Ababa City Administration Road Authority, AA-LRT project office, Ethiopian Railway Corporation specific project administrators), civil society organizations (Ethiopian Cities Association Secretariat, Addis Ababa Women and Youth Associations), representatives of

<sup>7</sup> Focus Group Discussion participants were selected based on their age and sex categories. Accordingly, 8 FGDs with female and male LRT users were conducted. In the FGDs, 39 AA-LRT service users and 8 women association leaders (i.e. 20 women, 14 male youth, and 13 older men) were participated.

<sup>8</sup> Secondary data for qualitative interviews was based on an official published report that incorporated qualitative interview findings, Tiumelissan, A. and Pankhrust, A. (2013) *Moving to Condominium Housing*

relevant research institutions were participated. Furthermore, in order to get the views of AA-LRT service users, a total of 8 focus group discussions were conducted in Gurd Shola and Stadium LRT stations. Semi-structured interviews utilized interview guide to help direct key-informant interview process. In addition, a focus group discussion guide was prepared and used to obtain the perspective of AA-LRT service users.

In order to gain insight on policy-making and policy implementation processes including governance structure of the IHDP program, a total of 21 key informant interviews were conducted using semi-structured interviews guide with policy makers, with individuals that participate in urban planning and technical design of the condominium-housing program. In addition, to inform financing mechanism of the IHDP program, key-informant interviews included individuals from HDPO and the Commercial Bank of Ethiopia. Finally, in-depth interviews were held with program beneficiary households and MSE project participants. In addition to primary data, the study also utilizes a secondary data source with findings from qualitative interview with 466 adults and 451 youth that benefit from the condominium housing project. This particular report documents the lived experience of condominium housing residents from four project sites.

**Literature and document review:** Both published and unpublished literatures were reviewed for this study. These include: relevant government reports along with reports delivered by the United Nations and the World Bank. In addition, relevant government policy, strategy and program documents along with Addis Ababa City Administration plan and monitoring reports were reviewed to inform the study about different aspects of the urban governance process of the city in general and specifically of the two flagship projects. In addition, secondary data that provides descriptive statistics with trends in access and use to the two flagship projects from Addis Ababa City Administration relevant bureaus, Ministry of Works and Urban Development, Sub-cities' administration offices, Housing Development Agency, Central Statistics Office and other organizations were used.

### *Data Analysis*

This study used interrelated qualitative data analysis steps to come up with compared and coherently interpreted data. Hence, selective data transcription method was used to transcribe relevant information for the study. Following that, utilizing the study's identified theoretical framework, data analysis for this study utilizes deductive approach to qualitative data analysis. The study therefore adopts the theoretical framework as a guide or a structure to analyze data collected from primary sources (semi-structured interviews) and secondary sources. Information from each interview transcript is then coded and categorized into themes that explain the urban governance process. Following that, under each theoretical framework emerging themes that explain urban governance indicators are discussed in-depth.

### *Ensuring the Trustworthiness of Data*

Ensuring trustworthiness in qualitative data analysis refers to ensuring the credibility and transferability, representing the internal and external validity of data; dependability, referring to reliability; and conformability which is largely related to the issue of presentation (Lincoln &

Guba, 1985). To ensure Credibility, dependability and conformability of the study the researchers have used triangulation of data sources, thick description, negative case analysis and multiple informant approaches.

## **II. Addis Ababa City: History, urbanization trends, and socio-economic profile**

This section provides information on the history of Addis Ababa City, urbanization trends, the Addis Ababa city government structure, and socio-economic profile of the city as a background before presenting the findings of the two flagship projects.

### **2.1. Addis Ababa City: Its Origin**

Addis Ababa, the capital city of Ethiopia, was founded in 1889 during the time of Emperor Minilik (MEDAC, 2000). The city has rugged topography and it evolved organically without formal city planning practices, hence spontaneous city growth model was dominant in guiding its development (Mahiteme, 2007). Besides being the capital city of the country the City of Addis Ababa also serves as the seat for several international organizations, embassies, the African Union (AU) and The Economic Commission for Africa (ECA). Hence, making the city a place with regional and global symbolic significance. Formal urban planning practices based on western traditions were only introduced after the Italian occupation in 1935. Although the Italian occupation did not last long, their presence was instrumental for the cities to integrated urban spatial form, which mirrors characteristics of a modern city. According to Mahiteme, the Italians' ambitiously facilitated the development of a master plan for the City of Addis Ababa in 1938. However, the Maser Plan was not implemented. Following that, the first official master plan was developed in 1978, under the Dergue regime (Tufa, 2008). This master plan served from 1986-2006 (Mahiteme, 2007). The 1986 master plan established a rural-urban linkage through incorporating surrounding regions and towns within 200 kilometres of the city and used zoning as a major planning exercise. Consequently, different parts of the city were zoned according to their functional speciality (Tufa, 2008).

After regime change in 1991, the City of Addis Ababa witnessed major changes in terms of its size, population, economic structure, social processes as well as spatial and physical expansion. Furthermore, the city witnessed major changes in City governance structures. As a result, the city has gone through major administrative restructuring through defining the role of government at different levels (AASZDPPPO, 2013). Currently, the City of Addis Ababa is going through major infrastructure development in order to meet the housing, transport, and basic urban service needs of its inhabitants (UN-Habitat, 2011a).

### **2.2. Urbanization trends and population dynamics**

The City of Addis Ababa is a home for 3,201,662 inhabitants accounting for 20% of the total urban population in the country (Central Statistics Agency [CSA], 2014). Addis Ababa is also one of the fastest growing cities in the whole of Africa. Addis Ababa is the only city in the country that accounts for 100% urban population followed by Dire Dawa (68%) urban population and the Harari National Regional State which accounts for 58% urban population (MOUDHC, 2015 p. 4). In the last 30 years, urbanization trends of cities in the country records

gradual change with growing urbanization rate. In 1984 the urban population constituted approximately 11.3% of the total population and in 2014 urban population constituted approximately 19% (MOUDHC, 2015 p. 5). Of the 19% urban population, the City of Addis Ababa encompasses approximately half the population size of 27 largest urban centers in the country, hence confirming that the City of Addis Ababa maintains its primacy. *Table 3* below portrays the urban and rural population trend for the last 30 years.

Table 3. National Urban and Rural Population Size trend 1984-2014

Year	Urban	Rural	Total	Rural%	Urban%
1984	4,505,148	35,363,424	39,868,572	88.7	11.3
1994	7,323,207	46,154,058	53,477,265	86.3	13.7
2007	11,862,821	61,888,111	75,750,932	83.9	16.1
2012	14,502,555	69,818,432	84,320,987	82.8	17.2
2014	16,734,00	71,218,000	87,952,000	81.0	19.0

Source: (MOUDHC, 2015, p.4)

Approximately 20% of the total national population of Ethiopia is estimated to live in urban areas (NRHS, p.11). Compared to other countries in the Sub-Saharan Africa region Ethiopia is one of the least urbanized country (MOUDHC, CSA, 2013). However, the country's level of urbanization has been constantly growing from 6% in 1960, 11.4% in 1984, 13.7% in 1994 and moving forward the country has been projected to have an urbanization level of 19.4% in 2014 (MUDHC, 2015, p. 14). By 2030 the country is also estimated to reach urbanization level of 30% (NRHS, p. 11). The rapidly growing urbanization level of the country categorizes it as one of the fastest urbanizing country in the region and among developing countries as a whole (NRHS, p. 11). In general Ethiopia has also experienced significant population growth as a whole. The national population growth rate between the years 1994 and 2007 (for a period of 13 years) indicates 3.8% and 2.3% population growth rate for urban and rural areas respectively (MUDHC, 2015, p.7). The urban population growth rate has however been slightly fluctuating in the last two decades, with growth rates recorded 4.8% in 1994, 3.8% in 2007 and 4.00% in 2012 (MUDHC, 2015, p. 7). *Table 4* below demonstrates the changing trend in population growth in both urban centers and rural areas in Ethiopia

Table 4: Population Size and growth rate: 1984, 1994, 2007, 2012.

Year	Urban		Rural		Total	
	Popln. Size	GR	Popln. Size	GR	Popln. Size	GR
1984	4,505,148	-	35,365,424	-	39,868,572	-
1994	7,323,207	4.80	46,154,058	2.70	53,477,265	2.90
2007	11,862,821	3.80	61,888,111	2.30	73,750,932	2.50
2012	14,502,555	4.00	69,818,432	2.40	84,320,987	2.70

Source: MOUDHC, 2015, p.4

Future urban population growth rate is projected to increase significantly as a result of transformation of the national economic strategy from agriculture-based into industry-based



economy (MUDHC, 2015, p. 7). Fast growing urban population and urbanization trends in the country continues to pose significant economic, social and physical challenges to the population. With fast growing urbanization trend, which is partly generated from rural-urban migration, is exacerbating housing shortage, basic urban infrastructure (social and physical infrastructure), unemployment and others. The national average urban unemployment rate is estimated to be 16% (CSA, 2013).

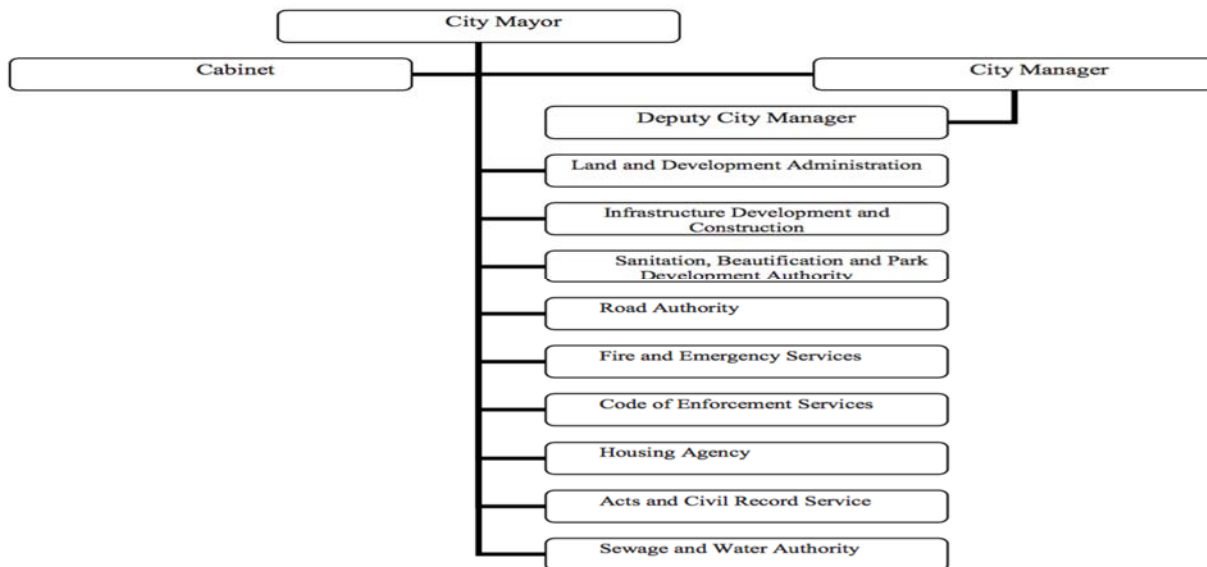
### **2.3. Addis Ababa City Governance systems and structures**

The City of Addis Ababa has been designated the same autonomy structure as regional-states. Hence, giving the city its own legislative framework necessary to rule its jurisdiction, giving it the autonomy for self-rule. Following the national decentralization initiative implemented by EPRDF in 2003, District-Level Decentralization administrative reform was implemented. Prior to the reform the city was sub-divided into six zones, which encompassed 28 Woredas. Post reform, 28 Woredas were dissolved and in place 10 Sub-cities were established which were further divided in to 99 Kebeles and further organized into 102 Woredas (Bjerkli, 2013). Currently, the City of Addis Ababa has 116 Woredas. The city Administration is consists of a City Council that is elected for a period of 5 years and is in charge of administering the city. Administrative hierarchies following the city council consist of 15 executive committee members and this committee is responsible for day-to-day administration of the city (Bjerkli, 2013). The executive committee is further divided into three groups of sub-committees that are responsible to oversee economic, social and administrative functions of the city administration. The city administration has nine agencies, which are (Bjerkli 2013, p. 43).<sup>9</sup> Sub cities are sub-divided administrative units that are also structured in a similar manner with an elected body and a Sub-city manager administer. Sub-cities also have devolved units of the nine agencies of the city administration. This form of urban governance structure is attributed to have improved urban service delivery and The Mayor (Mayor Arkebe) at the time of the institutional and administrative reform is ascribed to have planted the vision for the reform (Yirgalem, 2008).

Figure 2: Organization of Addis Ababa City Administration

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<sup>9</sup> Addis Ababa City Administration nine agencies are: The Land Development and Administration Authority; Infrastructure Development and Construction Authority; Sanitation, Beautification and Park Development Authority; Road authority; Fire and Emergency Service; Code of Enforcement Service; Housing Agency; Acts and Civil Record Service; and the Sewage and Water Authority



Source: Bjerkli 2013, (p. 43).

## 2.4. Addis Ababa Economic profile

### 2.4.1. Urban finance

Urban finances are a vital part of cities ability to finance their operations. A city’s capacity to generate needed finances to fund its operations is also a function of its ability to sustainably generate revenue. Addis Ababa is one of the two self-ruled city in the whole country along with Dire Dawa. These two cities have the autonomy to “select a rate appropriate for their circumstances and/or to introduce a new tax base -full autonomy” (World Bank and City Alliance, 2010, p. 196). Addis Ababa city administration financial revenue sources are collected from several fronts. A report by World Bank and City Alliance (2010) indicates that the city collects its revenue from “own tax and non-tax revenue, foreign grants, road fund, federal ministries support directly to the respective sectors in the city and off-budget sources like NGOs” (p. 15). At the city level the Bureau of Finance and Economic Development (BoFED) is in charge of developing the city’s financial proposal for consideration by the cabinet. Since 2008, the Addis Ababa City Administration in making attempts to create a strong linkage between the city’s budget, policy and planning proprieties. The city has therefore, changed its budgeting “into a multi-year budget framework and the first Medium Term Expenditure Framework (MTEF)” (World Bank, 2010). Annual city budget plans are then prepared and approved by the council. The budget process is also highly decentralized where Sub-cities and Kebeles also prepare their own annual budget. Their budgets are also administered and implemented at Sub-city level including approval of budget by Sub-city cabinets. Sub-city budget requests are then taken into account by BoFED, which then approves grants to Sub-cities. Addis Ababa City Administration fiscal devolution to the nine Sub-cities is evident in the records of annual expenditure of the city administration. Since efforts made to devolve autonomy from the city administration to Sub-cities in 2003 the annual expenditure of Sub-cities has increased significantly while, with the exception of capital spending at Sub-city level because road and housing development are still administered centrally at the City Administration Level (World Bank and City Alliance, 2010).

### *The City of Addis Ababa Revenue Structure*

In terms of revenue, the city collects it in the form of income from tax, municipal tax, road fund, and foreign loan and assistance. Recent data on the City of Addis Ababa's revenue structure shows that tax revenue (i.e. income, profit and capital gains) takes more than 60% of the city's total revenue. Non-tax revenue (mainly from land lease), and municipality revenue respectively constitute the second and third large revenue sources. Road fund, foreign assistance and loan also constitute a significant portion (Addis Ababa Bureau of Finance and Economic Development [AABOFED], 2016) (see Table 5). The data below shows an increasing trend on the city's total revenue performance although it also suggests some concerns that the city has to handle in order to sustain its revenue performance particularly in its municipal revenue.

Table 5. Addis Ababa City Administration Revenue performance from 2010 – 2015 in Billions (Et Birr)

Descriptions	2010	2011	2012	2013	2014	2015
Tax revenue	3.44	4.9	7.2	10.9	14.2	17.2
Non-tax revenue	.95	1.02	1.14	1.09	1.54	2.01
Capital revenue	-	.17	-	-	-	.49
Municipal revenue	.66	.93	1.24	1.24	1.5	1.6
Road Fund	.04	.04	.04	.04	.05	.04
Foreign loan and assistance	.85	-	-	.49	1.78	.55
Total	5.16	6.9	9.6	13.2	19.09	21.67

Source: AABOFED (2016)

### *The City of Addis Ababa Expenditure*

The City's overall expenditure shows an increasing city's expenditure trend (ABOFED, 2016). For instance, the city's overall expenditure has increased from 4.9 billion Et Birr in 2010 to 20 billion Et Birr in 2015 showing a four time increase. Similarly, the city's overall development focused public expenditure (i.e. social services and economic development such as health, education, water, road, housing, and micro and small enterprises) has increased from 2.9 billion Et Birr in 2010 to 13.1 billion Et Birr in 2015 showing a 351% increase (see Table 6)

Table 6. Addis Ababa City Administration development focused expenditure in billions (Et Birr)

Items	2010	2011	2012	2013	2014	2015
Recurrent expenditure	2.0	3.36	3.57	4.6	6.4	7.98
Capital expenditure	2.9	3.4	4.7	7.8	11.57	12.78
Total expenditure	4.9	6.77	8.3	12.5	18	20
Total development focused expenditure	2.9 (59.2%)	3.6 (53.2)	4.3 (51.8%)	8.4 (67.2%)	12.5 (69.44%)	13.1 (65.5%)

Source: BOFED (2016)

### 2.4.2. Unemployment

Despite the city Administration's effort in facilitating the creation of employment creation, the city's unemployment rate however, is reported to be much higher compared to the national average in the City of Addis Ababa standing at 23.5% (World bank, 2014). This number has however reduced significantly from 31.4% in 2007. The reduction in unemployment rate in the city has been ascribed to the large scale Micro and Small Enterprise (MSE) creation. Just in the City of Addis Ababa alone, as of 2013, 130,000 MSEs were established.

### 2.4.3. Addressing Gender Inequality

UNDP (2015) Human Development Report indicates Ethiopia ranks 174th out of 188 countries that participated in the Gender Inequality Index (GII) ranking. This index estimates each participating country's ranking based on health, political empowerment, education and labor force participation indicators. In the last two decades the Ethiopian government has integrated advancement of women in the constitution document. Government therefore promotes gender equality by establishing Women's policy of Ethiopia and drafting the National Action Plan on Gender and Development (MUDHC (2014). MUDHC (2014) notes that the Growth and Transformation Plan (GTP) and Sector Development Plan lays out policy priorities in the areas of economic empowerment, political participation decision-making as well as improvement of health among other human development indicators. National poverty reduction strategies incorporate gender equality as one of the necessary pillars to address poverty reduction. Consequently, government has integrated gender mainstreaming as an important tool to address women's empowerment and poverty reduction in several fronts.

## III. Flagship Projects: Addis Ababa Light Rail Transit and housing

This section presents the findings of the governance structure and process of the two-city turn around projects i.e. Addis Ababa Light Rail Transit and Housing.

### 3.1. Flagship project I: Addis Ababa Light Rail Transit

This section begins reporting current status of public transportation in the City of Addis Ababa and discusses the origin of the AA-LRT through looking at its emergence, the discursive rational of AA-LRT including the politics around its infrastructure investment. This section also presents the governance structure and institutional capacity and the benefit of AA-LRT for the city's residents. Finally, this section analyzes the AA-LRT overall governance using the four analytical categories presented in the conceptual framework.

Figure 3. AA-LRT



### *3.1.1. Overview of Public Transportation in Addis Ababa*

Public transportation in Addis Ababa has been dominated by city bus services provided by the public enterprise called “Anbessa City Bus Enterprise” and taxis operated by private sectors (Gebeyehu & Tekano, 2007). Walking is also major mode of transport for a significant number of city residences. For instance, the 2012 report by Addis Ababa City Planning Office and Lyon Town Planning Agency shows that walking accounted for 45% of the trips made by residents in 2006 (Addis Ababa City Government & Lyon Planning, 2012). Despite the role of buses and mini-bus taxis as the major public transport system, the overall urban mobility in Addis has been characterized as chaotic, unreliable, unsafe, unaffordable and inefficient for a fast expanding city (Ministry of Transport, 2011). In order to provide affordable, efficient, safe and an environmentally friendly mass transport service, the Addis Ababa City Government has been searching for an alternative mass transit system.

Hence, the federal government made huge investments and introduced an LRT service (Ministry of Transport, 2011). The launching of the AA-LRT project, is the first modern mass transit system and has been promoted as a major breakthrough in the transport industry, not only in Ethiopia but also in the history of Sub Saharan countries (CNN, 2015; Jemere, 2014; The Economist, 2015). The AA-LRT infrastructure development took three years with a total investment cost of \$475 million and the project was inaugurated on September 21, 2015. The AA-LRT consists of two lines: the East-West axis from Ayat to Tor-Hailoch and the North-South axis from Minilik II square to Akaki/Kality. The LRT covers a total length of 34.25 km (North-South line 16.9 km and East-West line 17.35 km). Since its inauguration, the AA-LRT has been transporting an average 135,000 citizens daily.

Within this background, this study explores the origin of the AA-LRT, the political context under which the decision was made, and its the governance structure and institutional setups of the AA-LRT. The study also looked at the extent to which residents and local governments were able to influence the overall decision-making process to build of a light rail mass transit system in the city. In addition, this study explored AA-LRT’s efficiency and effectiveness in providing accessible and affordable transportation alternative for the majority of Addis Ababa residents. Finally, the inclusiveness of the project in relation to its impact on different gender, socio-economic, political and ethnic groups is assessed.

### *3.1.2. Light Rail Transit: Its origin, discursive rational and the politics around financing the project*

The Addis Ababa City Government has been searching for an alternative mass transit system in order to provide an affordable and efficient mass transport service to its residents and reduce traffic congestion and pollution at the same time. Over the past fifteen years, several initiatives were being considered and tested. The most notable initiative that was seriously considered by the City government was a Bus Rapid Transit (BRT) system similar to successful bus transit systems in several Brazilian cities. The city government in collaboration with the French Development Aid agency commissioned in 2004 a French Consulting company to undertake a pre-feasibility study of potential implementation of a Bus Rapid Transit (BRT) system for Addis

Ababa<sup>10</sup>. The feasibility study recommended rapid bus corridors along the North South and East-West direction of the city. This was followed in 2005 when the city contracted and commissioned an Indian consulting firm to draw a transport master plan (Agisrail & Lyon Town Planning Agency, 2011).<sup>11</sup> Based on the suggestions, several initiatives were taken to translate the BRT idea into practice on the ground. For instance, the current two LRT routes (i.e. north-south, and east- west) corridors were initially planned for the implementation of BRT idea first proposed in 2004<sup>12</sup>. Long before the Light Rail Idea came to the fore, a BRT demonstration corridor was built in the North-South direction, starting from the center of the city (i.e La Gare) to northern Kality. The current La Gare to Kality LRT route was a full-fledged asphalt road, which was designated as BRT corridor and served to pilot rapid bus services though the necessary guard rails and transit bus stops were missing. Buses with a carrying capacity of 23 and above started providing a rapid bus service along the proposed corridor. While the City of Addis Ababa was undertaking the BRT pilot project as a preferred mass transport option, a swift discussion on the idea of a Light Rail Transit (LRT) emerged out of the blue and without any warning. As one still puzzled key informant succinctly put it:

BRT was initially considered as a solution to the city's mass/public transport need and the two lines; one from La Gare to Kality and Megegnagna to Ayat round about was left as BRT corridors. The current LRT routes (North-South and East West lines) were originally planned to be BRT routes...<sup>13</sup>

#### *The Rise up of LRT: Issue emergence and discursive rational*

*“The late Prime Minister, Meles Zenawi first suggested LRT as a quick solution to the city's growing transport problem.”<sup>14</sup>*

Almost all key informants who participated in this study unequivocally confirmed that the late Prime Minister Meles Zenawi was the one person responsible for singlehandedly promoting the LRT as the best alternative mass transit option. A key informant from the Addis Ababa City Road Authority asserts *“The suggestion on LRT as a better solution came from the late Prime Minister, MelesZenawi”*

Once LRT was introduced as his “Ethiopia’ renaissance” showcase, all cabinet members backed the idea without much confrontation. “Once the late PM introduced the idea, no one dared to challenge”, as one key informant pointed out<sup>15</sup> The LRT was thus a priority project for the government as it strived to demonstrate to the visiting African Heads of State and to the people of Ethiopia the regime's commitment towards enhancing the image of Addis Ababa as the capital of Africa as well as to reinforce the “Ethiopian Renaissance” narrative that was getting political

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<sup>10</sup> Interview with Bureau of Addis Ababa City Administration

<sup>11</sup> A report by Agisrail and Lyon Town Planning Agency reported that the pre-feasibility study and the development of Addis Ababa city transport master plan were part of the Ethio-French project from 2002 – 2010.

<sup>12</sup> Interview with Addis Ababa City Road Authority

<sup>13</sup> Interview with AACRA

<sup>14</sup> Interview with representative of AA city administration

<sup>15</sup> Interview with a senior researcher/policy advisor to the government of Ethiopia

traction. In short, LRT had strong political backing from the highest levels of government that contributed for the success of LRT. The urgency of completing the LRT project in a very short time frame was promoted by the preparation surrounding the 2015 national elections. As one key informant succinctly put it:

In addition to its social and economic significance of LRT for the residence of Addis, it is a political project that had symbolic meaning enhancing the renaissance of the country as well as helping the ruling part to gain popular support”<sup>16</sup>

This study found that the interaction of two major factors contributed to the sudden abandonment of the BRT initiative in favor of the LRT in 2007. The first factor has to do with the rapid growth of the population of Addis Ababa as a result of the dramatic and fast growth of the Ethiopian economy, particularly in Addis Ababa and the surrounding regions. Evidently, the City of Addis Ababa population is growing continuously with an annual growth rate of 2.1% (CSA, 2012). The spatial expansion of the city, fueled by expanding industries and other economic enterprises, more and more people were migrating to the capital in search of jobs and other economic opportunities. This spatial expansion was further exacerbated by massive urban renewal projects initiated by both the Federal and city government. Since the 2005 urban policy, the city was busy clearing the city’s major slum areas in the inner city. As a result, 80% of inner city dwellers that used to live in public houses were relocated and compensated with condominium houses that were built in satellite cities, which are found in the outskirts of Addis since 2005<sup>17</sup>. Relocated inner city residents to the newly built up areas, were forced to commute long distances to and from the city center where their work and social life was concentrated. As the city expands with the mergence of satellite cities, it has created a huge transport demand that can no longer be satisfied with the existing transport systems. Consequently, the government concluded that the BRT alternative is unlikely to meet the growing mobility needs of the fast expanding urban population. Instead, the federal government opted for the Light Rail Transit (LRT) option as the best solution giving the changing dynamics of Addis Ababa and the surrounding regions.

Secondly, the government had major desire to modernizing the city image through introducing modern mass transportation system, and that the LRT initiative fits very well into the evolving “Ethiopia’s Renaissance” narratives. Similar to the “Africa Rising” narrative, the notion of “Ethiopia’s Renaissance” evolved internally while the country was celebrating the Ethiopian millennium nine years ago in 2007. Since then, the notion of “Ethiopia Rising” has predominantly occupied national conversation and national development discourse, and is increasingly reflected in key strategic plans and documents, such as the “Growth and Transformation Plan” (I & II). For instance, the Growth and Transformation Plans (I & II) emphasize on undertaking government financed mega infrastructure projects such as the “renaissance dam”, and industrial zones- The LRT represents one among several key mega projects that are designed to showcase the country's economic renaissance and the government's

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<sup>17</sup>The city of Addis Ababa has been building condominium houses in the out skirt of Addis and established satellite Neighbourhoods that can accommodate an average 15,000 households in areas such as Tulu Dimtu, Ayat, Bole arabsa, and Abdowolo. These new sites do not have transport mobility network. And the city has been tremendously working to establish a mass transport service to and from the city center to these new satellite sites.

success in reducing poverty through accelerated economic growth and diversification.

Besides attractiveness, environmental friendliness was used as an important indicator for prioritizing LRT as the most suitable form of a public transport service in Addis Ababa. The acceptance of LRT as the most suitable form of public transport among policymakers contributed for the fading away of BRT, although BRT is cheaper than LRT,<sup>18</sup>. This study found that the capacity, attractiveness, and environmental friendliness argument received more support than the initial investment cost that the LRT would actually incur. In other words, cost considerations were not given serious attention in the decision to go with the LRT.

### *The Politics around LRT Infrastructure Investment*

Once the LRT was recognized as a viable mass transit option with significant political backing, the next stage of the process was the selection of the mode of delivery and construction. A conventional approach of “Design and Build” (D&B) was employed to choose potential contractors who had prior experience in the LRT infrastructure development. The Ethiopian government issued a Request for Expression of Interest (EPI) and companies from Russia, Italy, Turkey, India, and China responded to the EPI immediately. The preliminary selection process identified an Italian company based on its technical competence and the company’s prior experience in designing and building railways following EU’s standards. The challenge at that time was Ethiopia’s ability to finance the project in its entirety. According to one informant: “...For Ethiopia, it was not possible to secure financial resource from European countries, as the timing was where the European financial crisis emerged.”<sup>19</sup>.

The rationale for choosing the EPC turnkey “Build and Design” approach for the LRT project was two folds. First, it was clear that the LRT requires huge financial investment that the Ethiopian government cannot generate on its own. Second, the country neither has prior experience in designing and building an LRT system nor does it have any trained human resource that could contribute in the design and planning of the LRT project. Hence, the government deliberately sought a company who could bring both financial and technical resources. In the end, the government of Ethiopia decided to award the AA-LRT construction to the Chinese LRT turnkey developing contractor (CREC) after considering the company’s experience in rail construction and its willingness to mobilize 85% of the financial cost of the LRT. There was no contestation on the decisions because of the political backing the LRT received.

The fast-track approach has several limitations. According to key informants, the “Build and Design” approach by its very nature does not require precise planning prior to the launching of a construction, making it difficult for decision makers to determine the actual project cost prior to its completion. For example, several amendments on the AA-LRT North-South and East-West were made during the construction phase from time to time, such as building additional bypasses, elevator shafts and so, which definitely skyrocketed the overall investment cost because of the LRT. For instance, the construction of the LRT line has 31km and used 23km on ground level,

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<sup>18</sup>ITDP estimates that BRTs are between four and twenty times cheaper than tram or light rail transit (LRT) and ten to a hundred times cheaper than metro. Accessed from \_\_\_

<sup>19</sup> Interview with the head of Addis Ababa City Road Authority (one of the board members for AA-LRT)



7.33km of bridge construction, 0.9km through underground tunnel. The 23km ground level line is fenced on the two sides of the rail tracks. Decisions regarding the bridge construction, creating an underground tunnel, and fence to separate the rail tracks were made after the LRT construction was launched escalating the estimated construction cost from time to time. Besides, the lack of proper planning introduced unintended social and economic costs. Some of the negative impacts emerged as a result of the decision on the use of a fence to separate the rail tracks from asphalt lanes. The fence disrupted the urban fabric i.e. separating the road and blocking free movements of pedestrians and cars from one side to the opposite direction.

The LRT project also induced huge traffic in all roundabouts where the LRT line is on the ground level and near all train stations. It has ignored pedestrian safety while crossing to and from the train stations. Furthermore, the average distance between two LRT stations were reported to be 800 meters, making it difficult for older people and people with disabilities to cross from one side to the other side of the road. According to one informant, “Since we did not have the design before the construction, we were not able to make relevant decisions timely.”<sup>20</sup> (see 4 & 5)

Figure 4. LRT line induced traffic jam around roundabouts



Image: Meseret Kassahun, March 2017

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<sup>20</sup> Interview with Key Informant from Addis Ababa City Road Authority

Figure 5. LRT induced traffic jam near one LRT Station



Image: Meseret Kassahun, March 2017

Economically, LRT induced a huge loss on individual business operators whose businesses are facing the fenced roads. While businesses incurred huge costs during the construction phase, they continue to do so now since the fence disrupts the normal conduct of business as communities are split apart. Besides, the construction of LRT lines induced enormous amount of economic wastages on the part of the government. Based on a critical study on the damages and wastages of resources in Addis Ababa, a report by Ethiopian Institute of Architecture and Building Construction and City Development (EiABC), (2015) identified major wastages and permanent costs incurred during the AA-LRT development. These include the following:

- A 40 meter wide road that was completed in 2010 with a total cost exceeding 283.6 million birr (~13.5 million USD) to be part of a BRT corridor was demolished;
- The construction of the 8Km LRT line from the CMC area to Mexico roundabouts induced the relocation of a 8km main water pipe line that provides water to over a million people from the Legedadi Dam. The total cost of the relocation of the pipeline was about 421 million Ethiopian Birr (~21 million USD);
- The AA-LRT line construction also induced a relocation of Electric lines that forced the Ethiopian Electric Power Authority for relocation of electric line worth of 130 million Birr (~6 million USD).

Hence, a total of nearly \$42 million was wasted that could have been used for other infrastructure or urban service provision. The enormous amount of socio-economic damage could have been avoided if decision makers had taken the time to assess the potential social, economic and financial consequences of the fast-track approach as well as if different actors had role in the decision making processes. Besides, a thorough planning process using a benchmarking exercise could have helped a lot. For instance, countries such as Morocco have done well by constructing an efficient TRAM system than expensive LRT lines. As a result, the Casablanca tramway has been custom-built to facilitate free movement of passengers and

significantly lessened traffic jams<sup>21</sup>. If the TRAM was chosen, “better traffic flow could have been achieved since TRAM lines/routes can be shared by other transport/mobility systems<sup>22</sup>. For instance, in a guideline developed for the planning of BRT, Institute for Transport and Development Policy (2007) asserts that BRT is a cost effective mechanism compared to LRT and can help cities to rapidly develop a public transport system while delivering quality service.

### *3.1.3. AA-LRT Governance Structure, Institutional and Human Resource Capacity*

#### *AA-LRT Governance structure*

The City of Addis Ababa is a Federal government’s capital and a city administration by itself. This offered greater opportunities to the city in maximizing its unique position in the country’s urban development endeavors. Ethiopia’s Urban Local Government framework guides the overall city development process and the city’s legitimacy in collecting taxes and municipal revenues for its socio-economic development purposes. As part of its municipal functions, the city is mandated to provide major urban infrastructure and services<sup>23</sup>. The budget for these administrative functions is approved by the city council. In short, the City retains some decision making power. This puts Addis Ababa in a better position than the rest of Ethiopian cities.

Despite this presumed advantageous position, and the mandate conferred by the constitution as well as the City Charter, the City of Addis Ababa is not fully exercising its administrative autonomy. The lines between its State function and Federal function are blurred due to excessive federal meddling. According to the World Bank (2015:66), “State government and Urban Local Government roles in the execution of state and municipal functions are not necessarily clear.” For example, the decision to construct the LRT is exclusively made by the federal government. Although providing transport service is the mandate of the city, AA-LRT is not under the city government of Addis Ababa. Ethiopian Railway Corporation (ERC) was established in 2008 based on Regulation No. 141/2007 and mandated for developing railway infrastructures and for providing freight and passenger railway transport services in the country.

The rationale for the establishment of ERC independent of the old bureaucracy was three fold. First, train network needs an independent regulatory body, which raises a couple of issues that need to be addressed by higher officials. One of these issues is whether or not to have one regulatory body for LRT and another for the ongoing and emerging national train networks that the country has embarked on. Second, as a new industry, the country did not have the technical capacity and the experience in managing the day-to-day functioning of the AA-LRT. Third, the country had to find a way to cover the upfront infrastructure and operation cost. Hence, ERC was established to manage AA-LRT and other railway projects.

The political backing from the prime minister office and the personal interest by the late Prime

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<sup>21</sup> <http://www.railway-technology.com/projects/casablanca-tramway/>

<sup>22</sup> Interview with a senior urban development policy advisor, August 2016

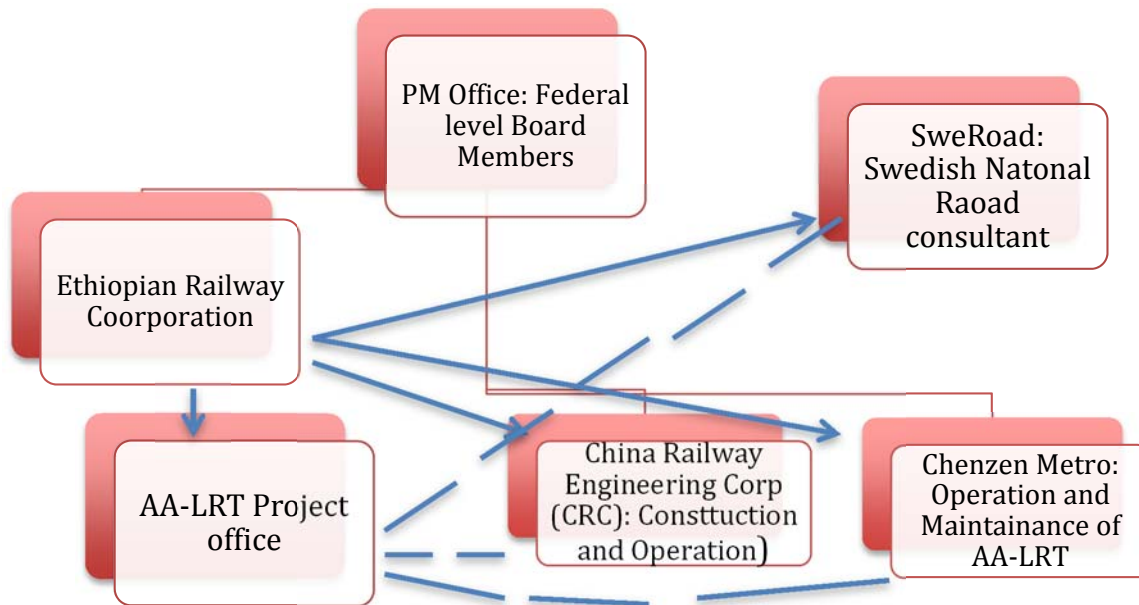
<sup>23</sup> Basic urban infrastructure and services include: housing, □land, water, electricity, telephone, road construction; □road lights; □drainage and sewerages; □solid waste disposal systems; □poverty reduction; □maintaining vital statistics; □certificate of marriage, birth and death certificates; □abattoirs; bus terminals and market places; □combatting soil erosion, landslide □disasters and environmental pollution. □

Minister to the LRT project warranted the creation of a management system independent of the normal government bureaucracy. Hence, the ERC, as an independent institution with strong political backing from the top, was able to freely formulate and implement uniform rules and regulations for the operation of railways in the country. The decision to have a single management and governance strategy in order to avoid red tape and unnecessary gridlock from the existing city and federal bureaucracy was instrumental in increasing the efficiency of the AA-LRT project. However, the establishment of ERC in 2008 has introduced a gap pertaining to the role of the City Government of Addis Ababa vis-à-vis AA-LRT management. A key informant from the City Government of Addis Ababa noted:

Our role was visible during the infrastructure phase of the project. It was the city administration that was responsible to provide land for the LRT lines. As a result, the mayor’s office was active. We used to be involved and informed. Currently, in the operation phase, the relationship between the city administration and the AA-LRT project office as well as in the Board needs to be reviewed. Our present involvement is extremely minimal<sup>24</sup>.

As a federal project, ERC is currently working on AA-LRT phase II i.e. expansion of existing lines. In the current operation phase, the role of representatives of the board including the City of Addis Ababa is minimized. “ERC is managing both the AA-LRT as well as other railway projects of the country. Structurally, ERC is accountable to the Federal Government, not for the City Administration”<sup>25</sup>. In operating AA-LRT, ERC is dependent on external institutions for infrastructure design, operation and maintenance. Figure 6 below shows the current the structural arrangements of AA-LRT.

Figure 6: AA-LRT Structure



<sup>24</sup> Interview with vice Mayor, August 2016

<sup>25</sup> Interview with vice CEO, ERC, August 2016

Source: Own constructed structure based on information obtained from key informant interviews

As shown in the diagram, ERC is currently functioning with the support of two Chinese companies and a Swedish Road Consultancy Firm. The China Railway Engineering Corp (CREC) built the AA-LRT infrastructure. CREC is also partially involved in the current operation phase of AA-LRT. Another Chinese company called Chenzen Metro, which has experience in the operation and maintenance of LRT is also contracted to manage the operation and maintenance of AA-LRT for the next five years. The Swedish Road consultancy is also hired to evaluate the works of the Chinese companies in all phases.

Whether the AA-LRT will remain as a federally administered project for the foreseeable future is not clear. Questions remain whether the Federal Government will, at some point in the future, hand over the day-to-day management and operation of the AA-LRT to the City Administration. If the latter was to happen, city authorities will need time to prepare the appropriate legal, regulatory and management systems.

#### *AA-LRT Institutional Capacity Building*

“There were no railway engineers in the country prior to 2012”<sup>26</sup>

A critical look into the AA-LRT institutional setup shows that the nature of the project itself had significant contribution to the government’s decision on how AA-LRT should be managed. As a new industry, LRT requires specific competences in order to manage its day-to-day operation successfully. The LRT idea was embraced in the absence of relevant professionals who could plan, implement and manage the project. As one informer put it, “At that time [during the inception of LRT], the country did not have professionals on railway engineering. We also had no experience in managing LRT”<sup>27</sup>. Although the LRT office was situated under the Addis Ababa City Road Authority (AACRA), the fundamental institutional capacity gap and lack of relevant professionals was top on the board’s agenda that sought immediate decision to move the LRT idea forward.

The establishment of ERC as an independent institution on its own is not adequate to manage the AA-LRT in a sustainable way. Considering the complete lack of relevant skills in railway engineering and management expertise, the ERC has to depend on Chinese companies in managing the entire LRT design and operation processes. Accordingly, a Chinese company called Chenzen Metro closely working under the AA-LRT project office manages the day-to-day operation and maintenance of the AA-LRT. At the same time, the ERC decided to establish a Railway Engineering Institute in Addis Ababa University, Technology Faculty in order to train future engineers who would in the future be responsible for the management and maintenance of the LRT. According to one informant, “There were no railway engineers in the country prior to 2012”<sup>28</sup>. This is a commendable move, as it would reduce the ERC's dependence on Chinese

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<sup>26</sup> Interview with Railway Engineering Institute, Addis Ababa university, August 2012

<sup>27</sup> Interview with Institute of Railway Engineering, Addis Ababa University

<sup>28</sup> Interview with Railway Engineering Institute, Addis Ababa university, August 2012

management and maintenance services in the long run. Hence, a two-year Masters of Science program focusing on three fields of study at Addis Ababa University Technology Faculty was opened. These fields of study include: Civil Railway Engineering, Mechanical or Rolling Stock Engineering and Electrical Engineering for Railway Systems. After signing a memorandum of understanding with ERC, the institute enrolled 540 students in four cohorts. Since its establishment, a total of 58 students graduated in Railway Civil, 55 in Mechanical or Rolling Stocks, and 27 in Electrical Engineering field. “All students are employees of ERC and will continue to work for ERC after graduation”<sup>29</sup>.

In conclusion, the introduction of AA-LRT as a mass transport option necessitated the need for development of a new institution such as the ERC and AA-LRT project office. This suggests how the newly introduced railway industry created a national demand for capacity building efforts through instituting a railway-engineering institute. The institutional and human resource capacity building effort is justified on the basis of sustaining the AA-LRT and other national railway network operations in the country. The overall AA-LRT infrastructure investments and subsequent capacity building efforts through institutional building process have incurred a huge debt. However, evidence from the current study reveals that the social, economic, and political benefit is immense for residents as well as for promoting resilient cities in the country. The LRT is the only public transport system that is environment friendly in Addis Ababa.

#### *3.1.4. AA-LRT Service Effectiveness*

Although not possible to get an official report on the number of LRT service users on a daily basis, emerged qualitative data shows an average, 135,000 residents uses the LRT service per day. A key informant reported:

Although operated by the federal government, LRT daily ticket sells indicates that the 28 LRT cars transport 120,000-150,000 passengers daily<sup>30</sup>.

The LRT also provides multiple benefits such as time saving to passengers as the LRT lines are fenced, and reduction in pollution as the LRT consumes electricity. In addition, to the effectiveness of the LRT in terms of its benefit, assessing the effectiveness of the AA-LRT, as a mass transit service needs to take transport users’ preferences, the reliability of services, convenience, safety, comfort, accessibility, and affordability issues into consideration (Imam, 2014). Similarly, Friman and Felleson (2009) extensive literature reviews suggest that reliability, frequency, travel time and fare level, comfort and cleanliness, network coverage/distance to stop, and safety issues as relevant factors in customer evaluations of the public transport service. Hence, five themes were used to obtain a deeper understanding on LRT service users’ evaluation of the LRT service. The themes are: 1) Accessibility and Affordability; 2) The Comfort of LRT Service; 3) Reliability of Service; 4) Safety and Security; and 5) Customers’ interaction with service providers were major.

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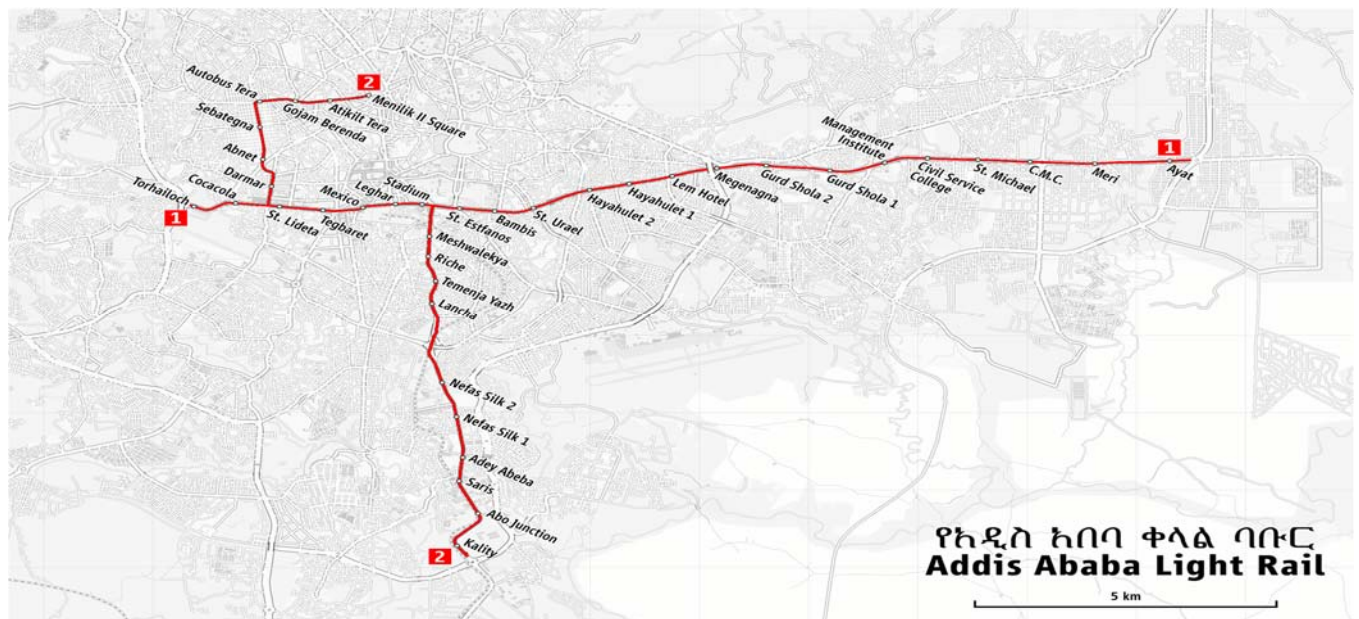
<sup>29</sup> Interview with AA-LRT project office head.

<sup>30</sup> Interview with Addis Ababa Bureau of Transport head, July 2016.

### *Accessibility and Affordability*

FGD participants' experience in using the LRT and their overall assessment of the service is positive. The most recurrent themes emerged from all FGDs were that the LRT is affordable, fast and covers long distance. An observation on the transport fee shows that the train tariff fee is lower compared to other transport services such as city bus and minibus taxi fees for similar distance. In relation to its accessibility, study participants expressed their dissatisfaction that the LRT lines covers only certain areas. The AA-LRT has only two corridors i.e. the East-West corridor that runs from Ayat to Tor-Hailoch and the North-South corridor that runs from Minilik Square to Kality (see Figure 7)

Figure 7. AA-LRT Routes



As a result of its limited connectivity to the different parts of the city, AA-LRT service users expressed their strong desire to see AA-LRT service in every direction of the city with better horizontal connectivity. Hence, its accessibility is only for people who are currently living by the LRT lines. This limits its accessibility for residents outside of the LRT lines.

### *Comfort of the LRT service*

The comfort of the LRT service was explored using three interrelated issues such as cleanness of the station, accessibility of the station, availability of facilities in the station to protect LRT service users from sun or rain, as well as availability of lighting. In this regard, this study found mixed results. On one hand, study participants reported that the stations are clean and relatively very close to each other. In addition, other service users indicate that the stations are built to accommodate people with disabilities and the platforms protect passengers from different weather and have lights (see Figure 8).

On the other hand, study participants reported that the LRT is uncomfortable. The discomfort emanates mainly from the mismatch between the demand for the service and its supply. The affordability of LRT motivates city residents' preference to use the LRT rather than other transportation mechanisms. However, the limited numbers of train cars available in the two corridors significantly limited LRT's ability to provide comfortable service. According to key informants, the LRT has a total of 41 cars. However, all 41 cars do not run on a daily basis.

Figure 8. LRT Station



Furthermore, the cars' carrying capacity is 317 individuals. Practically, both key informants and service users unequivocally agree that the train cars are currently carrying more than its capacity. Suffocation because of congestion is therefore inevitable. In addition, service users frequently mentioned that they often miss their stops, as they could not get off in the station they intended because of the congestion. The following narratives show service users experience of congestion in using the LRT service.

The LRT is uncomfortable because it is very congested. It is not easy to get to the door once you go far behind. There is a high chance of missing your stop.

I have experience missing my stop because I could not get to the door on time.

...It is usually congested.

As far as comfort is concerned, the AC does not work. It is always congested.



...In a congested train, it is very hard for a person to get to the door and get off so usually people are forced to go to the next station to get off...

It would be easier if we can have the larger train cars during rush hours to accommodate passengers comfortably

### *Reliability of LRT service*

Service users' perception of service frequency in relation to travel and waiting times, as well as frequency of departure was assessed and findings from FGDs consistently confirm that the LRT is a reliable and efficient service.

“...In the city where you wait in line for an hour or two for taxis, the waiting time for the train is 15 minutes which impacts other parts of the city's economy positively.”<sup>31</sup>

Most FGD participants agree that the waiting time is on average 15 minutes during rush hours<sup>32</sup>. However, there are times where service users experienced 40 minutes' delay (2 FGD participants) and 50 minutes (1 FGD participant). Furthermore, service users reported that they also witnessed a train arriving on time and not boarding passengers. This might be explained in terms of a dedicated train as “Express Line” that might escape some stations or a train that might have no space to board additional passengers. Furthermore, despite the dedicated power supply for the LRT, there were some incidents where the train stopped in the middle and later passengers told that electric power was the cause. The challenge in relation to power disruption is also confirmed during key informant interviews. However, the integration of the city's major infrastructure and utility providers was instrumental to reduce the impact of electric power disruption that might interfere with the efficiency of the LRT.

### *Safety and Security in LRT*

The safety and security component of LRT service effectiveness was explored from the perspective of LRT service users feelings of security at stations, on board, on platform waiting for the train and leaving the train stations, as well as while traveling, and safety in the vehicle. Findings from the FGDs revealed that only pickpocketing was mentioned as a safety concern, which is also related to the congestion. However, adolescent girls participated the study mentions sexual harassment as a concern although they did not hear or experience it personally. Relatively, the LRT is rated as safe and secure since there is a police presence in all stations and police officers often check passengers with large backpacks. Interestingly, the lack of order particularly in boarding and leaving the train is mentioned as dangerous to pregnant women, children, people with disabilities, and the elderly. Suggesting the need for instituting a mechanism to help LRT users get into the train orderly.

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<sup>31</sup>Interview with Addis Ababa Women Association leader

<sup>32</sup> The 15 minutes waiting time assertion is confirmed during data collection

### *Interaction with Service Providers*

LRT service users have very limited interaction with LRT service providers. In fact, the only interaction is with the train ticket officers. Since the ticket office is built outside of the train station it is spacious and no serious problem was reported. According to service users, the police officers stationed in the train stations are supportive to LRT passengers. The police officers often help LRT passengers cross the ground line vehicle traffic.

#### *3.1.5. Integration of LRT with Other City Transport Systems*

This study also explored the extent to which AA-LRT is integrated with other forms of public transport service in the city. As part of the commitment to introduce a reliable and affordable mass transport system, the city government of Addis Ababa has commissioned the development of citywide mass public transport master plan. However, the city has yet to implement the transport master plan, which would offer better connectivity vertically and horizontally for reliable and fast mobility. The AA-LRT routes are not systematically connected crossways with other public transport systems outside of the city center. Better connectivity of LRT with existing city bus and taxi services are available in the inner city. Other transport services outside of the city center is however, only available in the direction of the LRT lines, limiting easy connectivity and hence mobility in the outskirts of the city. Service users' appraisal of LRT as less connected with other transport services is consistent with findings from key informants.

As a result, the Addis Ababa City Transport Bureau has been working to introduce BRT systems in 6 routes. During the past few years, the city has studied the feasibility of study on the BRT service and the preparation to pilot BRT service in one of the BRT corridors is underway. The pilot BRT service will be launched in the end of 2009 (EC) i.e. in mid 2017.

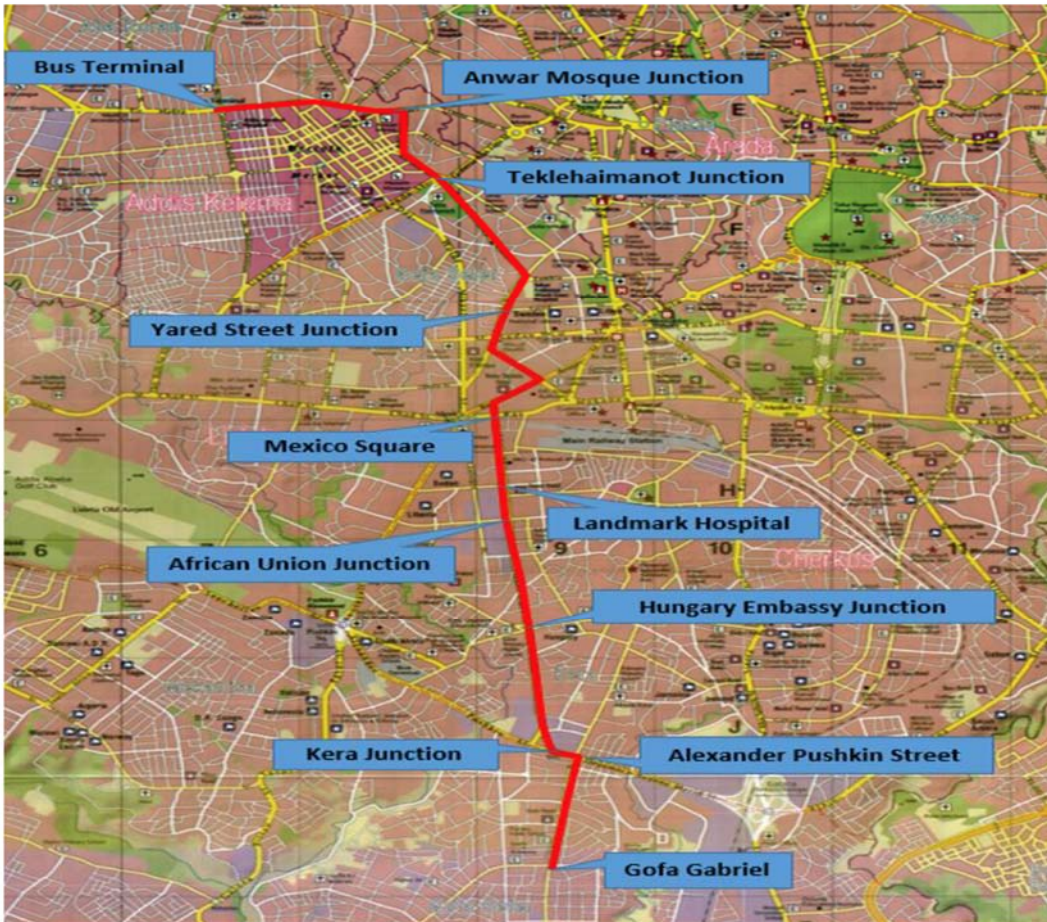
The proposed BRT routes are designed to pass through densely populated areas and major economic areas intending to serve large number of residents as well as to enable BRT routes to feed both LRT lines<sup>33</sup>.

For instance the BRT service that is going to be launched in the near future has connection with the North –South axis of LRT near Merkato (regional bus station) and connection with both LRT lines in Mexico roundabouts (see Figure 9.).

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<sup>33</sup>Interview with the head of the City of Addis Ababa transport Bureau

Figure 9. New BRT routes to be integrated with the LRT lines



### 3.1.6. Inclusiveness of Gender and Other Socio-economic groups in AA-LRT

As discussed in the urban governance analytical framework section, the inclusiveness of gender is assessed using the intersectionality analytical approach. In doing so, this study sought to understand how the AA-LRT entertained the gender dimension of infrastructure development in reference to how the project might benefit or affect women and men when their gender intersect with other identity categories such as ethnic background, age, and socio-economic background. In exploring the intersection of gender in transport infrastructure development as well as service delivery, as well as the benefits it has brought to the men and women in Addis Ababa, quantitative unavailable evidence is available that shows consideration of gender in the implementation of the AA-LRT.

The literature globally on transport planning practices shows that transport service planning tends to be gender blind with an assumption that both sexes could have access if transport services are made available<sup>34</sup>. A report on the state of women in cities by UN-Habitat (2013)

noted that access to public transport is gendered and often times women tend to face particular constraint to mobility because of a combination of factors, such as the prevailing gender biased socio-cultural norms that subordinate women in socio-economic and political processes. The fact that most women are represented in the informal economy through producing and selling consumable items around their home, accessible and affordable public transport is vital to help them transport goods and items relevant to their micro-business from the market. Personal safety and security in using public transport is also another major issue that needs to be taken into consideration while planning public transport services (UN-Habitat, 2013). Therefore, transport planning needs to take women's positions in society into consideration. The report further argues:

Where transport connections are situated in isolated or poorly lit areas, or bus and train carriages are heavily overcrowded and/or inadequately or ineffectively staffed, women and girls face verbal, sexual and physical harassment (p. 42).

During data collection, it was observed that many of the key informants who were involved in major inception meetings, paused and seemed surprised to hear about gender. One informant stated, "Gender has never been mentioned in our discussions"<sup>35</sup> Evidently, during the infrastructure development phase, the issue of gender was not raised. However, the operation phase was instrumental to raise gender equality issues. Special attention was given to hire female staff and deployed as train driver, train maintenance, and ticket sellers. A key informant reported<sup>36</sup>:

Our office has female inclusive approach to empower women. We deliberately encouraged and gave priority to hire female employees who could work as train driver, maintenance, and train ticket officer. So far, we have achieved a 45:55 female to male workforce ratio particularly in the train ticket offices.

Access to quality and affordable public transport service is crucial in determining women's movement within cities. Overall, the benefit of the LRT for women is reported to be positive during focus group discussions (FGD) conducted with Addis Ababa Women Association executive committee members. One FGD discussant reported:

As expected, LRT turned out to be efficient, faster and affordable means of transportation. Low-income females can now commute from Qaliti to Atikilttera<sup>37</sup> to get vegetables for their micro business that they operate near their neighborhood. The cost of LRT is 4 ET Birr to and from their place, while they could have paid twice as much if they use other modes of transport.

In general, the LRT infrastructure development phase helped in creating employment opportunities for most urban unemployed youth and women from different socio-economic groups. The deliberate decision to provide LRT transportation with lower tariff also expanded its

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<sup>35</sup>Interview with AACRA, August 2016

<sup>36</sup>Interview with AA-LRT project head August, 2016

<sup>37</sup>AtkiltTera is a vegetable market place in the center of Addis Ababa, Piazza

benefit for the majority of low and middle-income Addis Ababa city residents. Although the project did not have a clear strategy that shows its gender responsiveness through incorporating key gender indicators the operation phase shows The LRT's inclusiveness of female employees in its human resource.

As this study applied an intersectionality approach to its inclusiveness dimension of governance analysis, observation during focus group discussion conforms that the AALR has huge benefit for Addis Ababa residents from all walks of life. As mentioned above, AA-LRT infrastructure is disability friendly. The LRT service fee is also lower compared to other public transport system in the city. This made the LRT to become more affordable for the lower income group city residents. The symbolic meaning the LRT conveys as modern transport system, it extended the benefit of the service through attracting more male and female youngsters. Hence, it is safe to conclude that the LRT is benefiting Addis Ababa residents irrespective of their gender, socio-economic class, and age. Furthermore, Both LRT lines connect inner city districts that are highly crowded/congested neighborhoods with relatively residential and better off districts. Hence, residents in the low and medium income categories from the inner city as well as the relatively better off districts have equal access to the LRT service.

### *3.1.7. Economic viability of LRT*

The government of Ethiopia financed the AA-LRT infrastructure as well as the day-to-day operation through a loan agreement made with the China State Bank. Despite its inconceivable cost, it has multifaceted benefits as an alternative mass transit system in order to provide affordable and efficient mass transport service to its residents and reduce traffic congestion and pollution at the same time. The LRT also benefited residents through employment generation. Data is not available to determine the monetary values of the aforementioned benefits. Furthermore, the project has been considered as equity project where wealth is redistributed to the poor in the form of basic urban service. However, a study by Mohapatra (2015) analyzed the economic viability of LRT strongly argues that the LRT is economically viable at 33.63%. The study further noted:

The LRT project in Addis is economically viable at 33.63%, even though the project benefits due some other factors such as reduction in environmental pollutions, reductions in vehicle operating costs etc. has not been taken into consideration in the above analysis due to data lag (p. 3142).

### *3.1.8. Discussion and analysis*

The AA-LRT case study sheds light on our understanding of urban governance processes, structures, and institutional capacity within the political economy of Ethiopia's renaissance. Although this study proposed to use governance and power, institutional capacity, urban symbolism, and gender and other socio-economic groups in the process of service delivery as important analytical categories, this study conforms that the AA-LRT case study consistently follows institutional and symbolic patterns. The following section discusses the findings of AA-LRT case study within the major analytical categories.

### *AA-LRT Governance and Power*

As elaborated in the conceptualization section, the political economy of Ethiopia's developmental state approach to governance limited the involvement of various actors during the AA-LRT inception and implementation processes. Hence, the AA-LRT case study demonstrates government grips on decision-making leaves no room for other visible and invisible policy actors outside of the state apparatus to have an input in policy decisions. This is a reflection to the essence of democratic centralism, a principle through which EPRDF operates its strategic and day-to-day activities. This implies that the absence of a leveled ground that offers favorable conditions for organizations and interest groups in the form of civil societies to negotiate and bargain on the merits of an urban project at the AA-LRT scale to maximize its benefit and reduce the negative social and economic impacts on Addis Ababa residents. The AA-LRT idea emergence and the decisions making process consistently reflects "developmental patrimonialism" Kellsal, Booth, Cammack, Golooba-Mutebi (2010). According to Kellsal, the ultimate decision that was made by the late Prime Minister Meles Zenawi in 2007 shows the role of "personal rule" in guiding the city's infrastructure development and growth.

### *Top-down Institutional Setup*

The newly introduced AA-LRT demonstrates "developmental State" pragmatism in putting urban local governance structures and systems to enhance State effectiveness in the delivery of urban transportation service. While the government has committed itself to decentralize decision-making powers to lower tiers of local government institutions, in reality however, it bypasses these same local institutions in certain institutions or fails to consult them fully. Hence, the devolution of autonomy at local level government institution remains less practiced. The AA-LRT case study illustrates this institutional and governance paradox. The federal government's decision to institute an independent railway corporation with separate structure to be managed by the board rather than the city government of Addis Ababa appeared a pragmatic decision rather than an adherence to the country's expressed urban governance interest. This implies that the narrative of urban governance in key urban development is serving as refuge to cascade the top down decisions through embedded consensus at all levels. In this regard, the decision that was made in 2007 by the EPRDF elites to elevate the LRT service as a major option to reduce the city residents' transportation needs and the showcase to demonstrate Ethiopia's "rise" blurred the urban governance structure and systems.

Despite the city's autonomy and mandate in undertaking its municipal functions to provide urban services such as reliable, fast and affordable transport system, the top down decision from the central government on the introduction of LRT hasn't raised any controversy so far. The swift decision to introduce the LRT over the city's own preference to introduce a pilot BRT service represents the hierarchical power relationship between the federal and city government.

The absence of complex and dynamic interaction between various actors is obvious within the "developmental state" or "developmental patrimonialism" approach to governance. What is interesting in AA-LRT case study is that there has no contestation on the AA-LRT emergence as well as implementation processes between the national/federal and local level governance structures. The consensus observed around the introduction of LRT between the federal

government and the city government of Addis Ababa is understandably clear. The city administration neither expressed its concerns over the amount of investment for the initial LRT infrastructure development nor on the ongoing investments for the operation and maintenance of LRT. In addition, none of the authority figures/elites questioned the relevance of the project while it led to the wastage of nearly \$42 million. Although the loan agreement has its own grace period and maturity time, the city government of Addis Ababa was not involved in any of the negotiations and agreements pertaining repayment of loans. Furthermore, the city administration did not undertake the feasibility of the project in terms of sustaining the service through revenue generation. Despite the enormous economic wastage and negative impacts in destructing the urban fabric of the city as well as creating road congestion near train stations and roundabouts, the AA-LRT has received no contestation. The level of consensus and cohesiveness between the federal government and the city Administration resonates' with Kelsall's (2012) neo-patrimonial "embedded bureaucratic autonomy" of the Federal government. Although the "embedded consensus" concept was introduced to imply how diverse actors in a society maintain high level of agreement, the concept in this paper is used to refer to the cohesiveness of the federal and the city government of Addis Ababa. As elaborated in the political economy of governance, the State and ruling party are one and the same. Top party leaders are the leaders of the country. This enhances the State effectiveness in both policy decision-making and service delivery process. Hence, the structures that are instituted around the three tires of governance (federal, regional, and local level) have symbolic nature rather.

### *Urban Symbolism*

Recent literature on development and governance discourses in developing countries shows that African governments often adopt ideas and strategies proposed by international organizations, rather than generating knowledge contextually. Ethiopia's engagement with governance in general and urban governance in particular fits into the narratives and analytical lens of the Western powers. After the Ethiopian government introduced a Growth and Transformation Plan in 2008 (i.e. at the beginning of Ethiopia's millennium) the Ethiopian government engaged in promoting "Ethiopian renaissance" or an "Ethiopian Rising" narrative that is coined to drive economic growth and political stability through implementing grand mega infrastructures. Since 2008, Ethiopia is engaged in the construction of the multi-billion dollar "Grand Renaissance Dam", "sugar factories" and construction of "industrial zones". The discursive rationale offered for Ethiopia's mega projects that demand large scale expenditure is often attributed to industry led economic growth (MOUDCo, 2015). Besides, international lending institutions finance these mega projects. The introduction of the AA-LRT in the absence of relevant institutional capacity, referring to both financial and human resource, confirms Watson's (2013) claim of "urban fantasies" in African cities. The implementation of AA-LRT induced additional demands in terms of creating a new industry that required a grand investment of \$475 million for its infrastructure development, nearly \$200 million for the day-to-day operation and maintenance, and wastage of \$42 million. The revenue that can be generated from the AA-LRT cannot pay off the debt incurred. Ethiopia's commitment to the creation of modern and attractive city clearly shows the dominance of "urban fantasies" suggesting the prominence of urban symbolism rather than the AA-LRT's actual reward for Addis Ababa residents and local governments. In fact the justification offered for the importance of AA-LRT as a way making Addis Ababa become a modern, attractive, and competitive city rests our case of urban symbolism (Jemere, 2012).

Evidence from this study also confirms that AA–LRT service users are happy that their city is now on international media because of the modern infrastructure development such as AA-LRT.

### *Inclusiveness*

In the implementation of AA-LRT, there is no evidence that shows how AA-LRT is gender responsive in the planning and implementation process. However, AA-LRT offers an inclusive approach through employing female staff members in its key activities i.e. as train drivers, maintenance technicians and train ticket selling officers. Furthermore, the affordability of the service offered an opportunity for low-income socio-economic groups to have access to modern transportation.

## **3.2. Flagship Project II: Integrated Housing and Development Project (IHDP)**

This section of the report has four main sections. The first section provides an overview of the housing stock market along with drivers of the housing market and key players that shape it. The second section provides an introduction of the IHDP program, its origin and how the program has evolved through the years. This section also shades light on the governance, administrative and institutional framework of IHDP. Third, based on primary and secondary data the report highlights ways in which IHDP has shaped the city’s economy, physical morphology and most importantly socio-economic and livelihood status of the urban residents. Last, based on analytical framework of the paper, a discussion of IHDP’s urban governance processes is presented.

Following the above-mentioned structure, the paper addresses the following research questions:

- What is the discursive rationale explaining the level of commitment including: monetary, technical and political support invested in the IHDP program?
- What is the economic, political and symbolic significance of the program?
- Who are the acting stakeholders involved in the design and implementation of the IHDP program? What are the roles of the federal and Addis Ababa city governments in program design and implementation processes?
- What are the forces shaping policy and program implementation of the IHDP program?
- What are the program impact and path dependency effects of the IHDP program on individual households, communities and, the City of Addis Ababa?

### *3.2.1. Over View of Housing Delivery in Addis Ababa*

Access to land is one of the main drivers of the housing stock in the City of Addis Ababa. A second and equally important factor that shapes housing delivery needs in Addis Ababa is the rapidly growing urban population coupled with just only a few key players that engage in housing delivery for different economic and social group. In addition, cost and housing



affordability has been one of the factors that shape the housing stock particularly to low and middle-income groups. Tesfaye (2007) argues that the lack of appropriate urban land and housing policies has exacerbated the dire housing demand in the City of Addis Ababa. Access to affordable land and other basic infrastructure are fundamental factors that shape the availability of affordable and decent housing stock to different parts of society. Un-Habitat (2011b) argues that the absence of appropriate land and housing policy in the City of Addis Ababa has given way to massive urban slum and informal settlements in the City of Addis Ababa. The report presents that:

“Data on the national stock of informal housing units is not available, although Addis Ababa in the year 2000, had an estimated 60,000 informal ‘squatter’ units representing 20 per cent of the city’s housing stock” (p. 5)

An official report by the Ministry of Urban Development, Housing and Construction (2015) indicates that of the 20% of country’s population lives in urban areas and of this 20% urban residents 60% of them are estimated to live in slum dwellings with below standard housing conditions and deteriorated environments in the absence of basic service infrastructure. Others also argue that dire housing demands in the city has led to the wide spread informal housing market including squatter developments, unplanned settlements in the absence of basic and necessary infrastructure services (Fransen, 2008). The Addis Ababa Housing Agency (2012) also reports that the city has approximately 380,000 units of housing deficits.

As a response to the high housing stock demands, in 2005 the Council of Ministers of the Federal Democratic Republic of Ethiopia established and instituted an amalgamated effort that came up with a Consolidated Urban Development policy that links the various scales of housing stock delivery efforts in the country. This effort also led to the establishment of the national Ministry of Works and Urban Development (MWUD), which was made responsible to oversee the urban development process. Within the structure of the Ministry of Works and Urban Development (MWUD) the National Urban Planning Institute is responsible for preparing appropriate urban development strategies and plans that respond to the existing housing stock needs. In collaboration with the National Urban Planning Institute the Housing Development Bureau has been working to implement the Integrated Housing Development Program and its parallel programs such as the Micro and Small Enterprise Program (MSE) initiatives (Un-Habitat, 2011b).

### *3.2.2. Forces Shaping Housing Market in Addis Ababa*

The national housing market is driven by several factors. Among the chief drivers of the housing market in the City of Addis Ababa are access to and affordability of urban land, the absence of housing finance mechanisms and affordability of the construction materials and design industry. This section presents a discussion on these three factors that play a major role in shaping the housing market with specific focus on the housing market in the City of Addis Ababa.

#### *Access to Affordable Land*

The Ethiopian constitution promulgates that land ownership belongs to the state and its people. The current constitution specifically notes that “Land is a common property of the Nations, Nationalities, and Peoples of Ethiopia and shall not be subject for sale or to other means of

exchange” (FDRE, 1995). Urban land management also shapes the relationship between state and citizens. For common citizens, land ownership particularly offers access to basic services including housing and affordable urban infrastructure and services.

Urban land management practices in Ethiopia has evolved in the last century. The constitution along with legislative frameworks provides the necessary autonomy for control, delivery and management of land. The land management process has gone through three major transformations in the 20<sup>th</sup> and 21<sup>st</sup> Centuries. First, during the Imperial regime land ownership was dominated by elites of the Feudal system. Land ownership in this period also established the lord-tenant relationship where the feudal elites held primary land ownership and tenants (peasants) only gained access to land through rent. In 1974 following the over rule of the Feudal system by the Dergue regime implemented Proclamation No.31/1975. This proclamation was promoted by the Socialist reform, which resulted in the nationalization of all rural and urban lands. This transformation resulted in the transfer of land ownership from the hands of the few elites into the state. During the 1991, regime change from the Socialist Dergue system into the current Federal Democratic Republic of Ethiopia (FRDE) still maintained the state ownership of land but promoted a market-oriented approach to land-holding through lease. This transformation has been largely evident in more prominent urban centers in the country and has been slowly penetrating all urban centers across the country (Tesfaye 2007, MOUDHC, 2014). The transition from “rent” based into “market-oriented” land management system is buttressed by the argument that the former advanced low-priced and massive land allocation system which proved to be unsustainable and the later promoted economic growth coupled with a more sustainable form of land management system. Others also argue that inefficient land management systems have resulted in magnified horizontal expansion of the urban land development. As a result posing a challenge to deliver basic urban services that matches continuous horizontal urban expansion.

The currently practiced market-oriented land management system has been ascribed to exacerbate the already existing chronic housing shortage in the City of Addis Ababa (Tesfaye 2007). As a result, widening the gap in access to land between the haves and the have-nots. Rapidly growing urban centers across the country have also been facing challenges with scarcity of available land for housing.

#### *Access to Land and Rapid Urban Migration*

In Addis Ababa access to land is the main driver of the housing stock. It specifically shapes the market to low and medium income population in the City of Addis Ababa. A second and equally important factor that shapes housing delivery needs in the City of Addis Ababa is the rapidly growing urban population coupled with lack of multiple key players that engage in housing delivery for different economic and social groups of the city’s population. Tesfaye (2007) argues that the lack of appropriate urban land and housings policies has exacerbated the dire housing demand in the City of Addis Ababa. Access to affordable land and other basic infrastructure are fundamental factors that predict the delivery of affordable and decent housing stock to different parts of society. Un-Habitat (2011b) argues that the absence of appropriate land and housing policy in the City of Addis Ababa has given way to massive urban slum and informal settlements in the City of Addis Ababa. The report presents that:

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#### *The Construction Industry*

Another factor that shapes the housing stock market in the City of Addis Ababa is the high cost that is associated with construction. Housing construction practices lack sustainable and diversified techniques that cater to different individuals based on preferences and income level. The high cost of raw construction materials drive the construction cost in the city. This is partly caused by the absence of robust construction material production and supply industry. In addition to the lack of diversified construction industry market prices of construction material fail to cater to a great majority of the urban population that falls under the low and middle-income group.

#### *Infrastructure Services*

The Addis Ababa city administration is primarily responsible for the construction and financing of urban infrastructure services in the City of Addis Ababa. Growing urban population coupled with horizontal expansion of the City of Addis Ababa have put tremendous burden on the city administration to provide the basic urban infrastructure to the city residents. These services include physical infrastructure such as roads, sewerage, electricity, water and social infrastructure such as health centers, open spaces and libraries, schools and youth centers. Housing delivery in the city is as a result influenced by the lack of urban land that has basic urban infrastructure.

#### *Affordability and Alternative Financing Mechanisms*

Coupled with the above factors that drive the housing market in Addis Ababa, the absence of diversified housing finance mechanism makes home ownership a challenge for a great majority of the city’s residents. For so long, housing finance in Ethiopia has been solely provided by the Construction and Business Bank (CBB). CBB primarily provides homeowners that need financial assistance at the later stages of house construction processes. In the 1990’s with the establishment of the housing cooperative initiative to cater to middle income households, CBB started providing mortgage loan finance to housing cooperatives (UN-Habitat, 2011). Besides the absence of competitive housing finance mechanisms, the existing service is also limited the few that qualify for the program. Tesfay (2007) notes that three factors limit accessibility of housing finance service to citizens, first, services are available to citizens that demonstrate “good” or appropriate collateral for eligibility to the program. Second, citizens need to demonstrate consistent and reliable income. Third, the absence of diversified institutional competition that seeks out clients limits service options that are at the disposal of citizens. Such eligibility requirements disqualify a great majority of the city residents.

### 3.2.3. Key Actors in the Housing Sector

To date federal government remains to be the key player in housing delivery both nationally and in the City of Addis Ababa. The federal government owns and controls larger section of the rental housing stock. A large percentage of the government owned houses are Kebele units which are single story public housing that are typically shared by multiple household. Kebele houses are typically below standard. A study by the AAHA (2012) reports that 76% of government owned Kebele houses account for the 46% of Addis Ababa city’s housing stock. The same report asserts that most of these Kebele housing units are run-down, highly congested and lack access to basic urban service infrastructure. AAHA (2012) also reports that of the existing housing stock in the city 31% are single room accommodations, 21% lack any type of sanitary infrastructure, 26% lack proper kitchen or cooking facilities and 75% of the housing stock is constructed using traditional construction materials such as mud and lack basic physical infrastructure including water and electricity.

According to the World Bank (2005) the Addis Ababa city housing stock is made up of four different housing typologies. The first constitute housing stock delivery through the formal sector; second, housing delivery through government specifically Kebele housing units; third, informal settlements; and fourth, slum dwellings. *Table 7* below provides a breakdown of Addis Ababa City’s housing stock.

Table 7: Typologies in Addis Ababa

Typology	No. of Units	Percentage
(a) Formal sector housing (built to standard units on legal land)	298,000	47
(i) Housing cooperatives	156,450	25
(ii) Individuals	35,760	6
(iii) Private real estate developers	3,874	0.6
(iv) Government housing for civil servants and others	101,216	16
(v) Government new “low-cost” condominiums	700	0.1

(b) Kebele rental housing (government owned below standard units on legal land)	150,000	24
(c) Illegal housing (Organized, built to standard units and plots on illegal land includes cooperatives and privates.	130,000	20
(d) Slums (disorganized, below standard units on illegal land)	60,000	9
Total	638,000	100

Source: World Bank (2005, p. 2)

### *Housing Delivery Through the Formal Sector*

Housing delivery through the formal sector encompasses five different forms of delivery. While the first three are housing stock delivered by individuals and the private sector the last two are housing stock delivered by government. Housing delivered by the private sector incorporate housing cooperatives, individuals (private citizens) and private real estate developers. Government essentially participates in providing limited rental housing for civil servants and others along with providing Kebele housing units, which are rented for very low rental fees. In the last decade government has engaged in providing “low-cost” housing through the Integrated Housing Development project for the city’s residents that are typically excluded from the formal housing market. Besides the housing delivered through the formal market, illegal housing developments and slum dwellings have been the available options for a great majority of urban residents in the city.

### *Housing for Low and Middle-Income Groups*

**Housing Cooperatives:** The housing cooperative sector was first established during the Dergue regime (Tesfaye, 2007). This form of housing delivery was introduced in 1978 as a policy measure to address the housing stock shortage in the country with specific interest to address the housing stock gap for low and middle-income families. The policy caters towards working families that did not have access to housing through the formal economy. Housing cooperatives are established when the city’s residents organize to form small groups or an average of 15 people, register as cooperatives to request land for housing purposes. One of the requirements for this approach to housing for the low and middle income groups is that it requires individuals to demonstrate savings capacity, prepare architectural and engineering plans in order to secure land and tenure to build their housing as a group. UN-Habitat (2011) reports that in the last four decades, housing cooperatives have benefited significantly from government subsidies. Subsidies included gaining access to land and subsidies associated with construction materials. When cooperatives or their members gain access to mortgage finances, they have benefited from low interest rates. This policy allows land to be leased out to city residents that establish as cooperatives. While the program started with individuals obtaining 175 meter-square of land leased out to individuals, today, individuals gain access to lease land as small as 75 meter-square. Individuals that gain access to leased land through housing-cooperatives are expected make upfront block payment to secure their participation in the program.

Unlike real estate developers leasing development land, housing cooperatives requires that individuals come together as a group and register as a cooperative to gain access to land from the city administration. Although this form of housing delivery was limited in its reach to the larger

population (partly because of lack of appropriate housing finance system) it was acclaimed for reaching a typically unreached part of society. *Table 7* above indicates that private cooperative initiatives have aided in providing 25% of the housing stock. Shortcomings of the private cooperative housing delivery system was in the fact that it required that participating individuals paid 20% of the total construction cost of their units prior to acquiring land, hence automatically excluding a significant portion of the underserved population. Besides the substantial block payment, land provided by the city administration were located in urban periphery areas which had little or no basic infrastructure such as road, electricity, water or other social infrastructure. Finally, this form of housing delivery system has been reported to fall short of its initial policy intention, which was to relieve the housing stock demand by middle and low income families. Consequently, making little progress in the housing stock demand by marginalized groups of the city's population.

**Kebele Rental Housing:** Kebele housing units provide affordable and below market rental arrangements for majority of the low and middle-income city residents in Addis Ababa. Kebele rental housings are primarily government owned housing units which house a great majority of the rental services in the city. Kebele housing rental values are as low as low as 1USD per month and has remained stagnant since its first establishment in the 1970's. These rental-housing units are also old and sub-standard, typically constructed from mud and wood. Residents of Kebele housing typically share individual rooms or co-exist with other residents in these housing units. Basic facilities such water, electricity, sanitation and kitchen services are typically shared and are sometimes absent. Kebele rental units provide the most affordable and secured housing option to the low-income residents of the city.

**Informal Settlements:** informal settlements provides one fifth of the housing stock in the City of Addis Ababa. This is primarily because low-income population of the city's residents have been marginalize and underserved by the legal land provision process. Rapid urban population growth coupled with the dire housing demand in the City of Addis Ababa has expanded informal settlements in the City of Addis Ababa. Informal settlements serve a great majority of the in migrating population. Typically, informal sector houses are built to standard units that are constructed on illegally acquired land. With fast urban growth urban population and growing housing demand in the city, informal settlements have provided viable option for the city residents that can not gain access to land and housing through the formal housing sector. This form of housing arrangement lacks tenure security and is subject to government action at any time. Informal settlements also typically develop on urban peripheries and expansion areas with little to no access to basic social and physical infrastructure (UN-Habitat, 2007). Since the informal settlements are built illegally they are not taken into account for in any urban development plans.

**Slum Settlements:** slum settlements are typically illegal, unplanned and mostly single room settlements that accommodate a great majority of the city's poor. However, Kebele housing units also sometimes fall under the slum settlements category because of their below standard conditions as well as the absence of basic services. A great proportion (about 80%) of Addis Ababa housing stock is considered slum, which also incorporates Kebele housing (UN-Habitat, 2004 and Elias, 2008). These settlements are highly populated and are characterized by the absence of basic infrastructure services.

### *3.2.4. Public Housing Program: The Integrated Housing Development Program (IHDP)*

As a measure to address the dire housing situation in the City of Addis Ababa, government established the Integrated Housing Development Project (IHDP) in 2004. The program was inaugurated by the Ministry of Works and Urban Development (MWUD). This project is unique for the reasons that it aimed to reach out to middle and low-income population of the city, that is and it is a fully government led and financed project. According to the UN-Habitat (2011b) IHDP's objectives are to:

- a. Increase housing supply for the low-income population
- b. Recognize existing urban slum areas and mitigate their expansion in the future
- c. Increase job opportunities for micro and small enterprises and unskilled labors, which will in turn provide income for their families to afford their own housing
- d. Improve wealth creation and wealth distribution for the nation
- e. In the last two years, the program has also emphasized on savings as one of its core objectives.

What makes the IHDP program unique in its approach is that it uses the housing development program as a way to initiate and promote urban development, including addressing unemployment, urban poverty, promote and build the capacity of the construction industry and Micro and Small Enterprise (MSE). Unlike previously initiated policy and regulatory frameworks which attempted to remedy the housing stock backlog, such as prompting the real estate sector, the housing cooperative initiative or providing access to private housing development, IHDP program adopted very large scale approach to addressing the housing demand. This approach was also unique in the fact that it ventured to provide housing for previously underserved population (the middle and low-income groups of society). This project was acclaimed to be very ambitious, complex and demanding large-scale financial, institutional material and human resource capacities.

### *3.2.5. Program Scope, Institutional Structure and Process*

#### *Project Origin*

The IHDP project was born out of the vision of the then mayor of the City of Addis Ababa, Arkebe Oqubay between 2003-2005 (UM-Habitat, 2011). The project was initiated with the intention to address the dire housing need in the City of Addis Ababa. The Mayor then proposed to the German Technical Cooperation (GIZ) to study and design appropriate and adoptable condominium housing pilot project, the Gerji Pilot Project. For the pilot project GIZ was responsible for the design, training of skilled manpower and construction of the project. This project was unique for reasons that it adopted low-cost design and construction techniques and it was intended to be completed in a short period of time. Up on completion of the pilot project the Mayor established a special institution within the Bureau of Works and Urban Development that took over operation and implementation of the project at a much larger scale.

The IHDP project was the first of its kind in the country to envision:

- A large-scale housing development program that would respond to the dire housing backlog in the City of Addis Ababa.
- This project was not only large-scale in nature but it also largely intended to cover housing provision for low and middle income households that were typically marginalized by the existing housing supply market. The program intended to improve the quality of life of the city's residents that previously lived in underserved and dilapidated conditions.
- The program was also very unique in that for the first time in the history of the country mapped and served low-income households that were not part of the credit or mortgage loan system. A financing system was established that ensured households that qualified for the project gained access to mortgage loans.
- The program departed from the way government traditionally participated in the housing market (providing rental housing) into playing the role of delivering condominium housing ownership for the city's residents. The program also emphasized on the role that government plays to tackle housing needs for the middle and low-income group, hence, closing the housing market gap to this group.
- The program was the first of its kind to integrate housing supply for the low-and middle-income population as a core component of its effort to tackle urban poverty. Besides integrating housing supply, the project intended to stimulate the economy by building the capacity of Micro and small-scale businesses, create employment opportunities.
- As a measure to insure gender mainstreaming in urban development policy initiatives, IHDP program has established a policy that requires 30% of condominium housing stock to be reserved for women that qualified for housing ownership through the program. Gender emphasis is also a major component of the employment and MSE program that are part of IHDP program initiatives.

### *Institutional Framework*

The institutional framework of the IHDP program is unique and experimental in nature. This is the first time government has taken unique venture to establish a large-scale institutional collaboration that also involved the private sector. This project involved the federal government, the Addis Ababa city administration and Housing Development Project Office<sup>38</sup>, the German Technical Corporation (GIZ)<sup>39</sup>, MH Engineering<sup>40</sup> and the Commercial Bank of Ethiopia (CBE). The institutional framework of IHDP program is unique in a sense that it coordinates the design and implementation of several administrative, financial and technical institutions to ensure the successful implementation of the project. *Figure 10* below demonstrates the institutional framework of IHDP program. The following section provides a discussion on major stakeholders in the implementation process of the IHDP program.

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<sup>38</sup> Housing and Development Project Office (HDPO) was particularly established to oversee the program

<sup>39</sup> GIZ was responsible for the initial project design and implementation of the pilot project and was mostly involved in the pilot project and technical design of low-cost housing at the initial stages.

<sup>40</sup> MH Engineering is a local architectural and engineering firm that over saw the project technical design during the first and second phases of the project.



### **Federal Government: Ministry of Work Urban Development (MWUD)**

MWUD serves as the umbrella overseeing autonomy of the IHDP program. UN-Habitat (2011b) reports that MWUD delivers “support and direction at the national level” (p. 15). Under MWUD each region in the country has a bureau that fosters the work of MWUD. Each regional bureau has four directors that oversee: housing finance, project implementation strategy, capacity building and research and design.

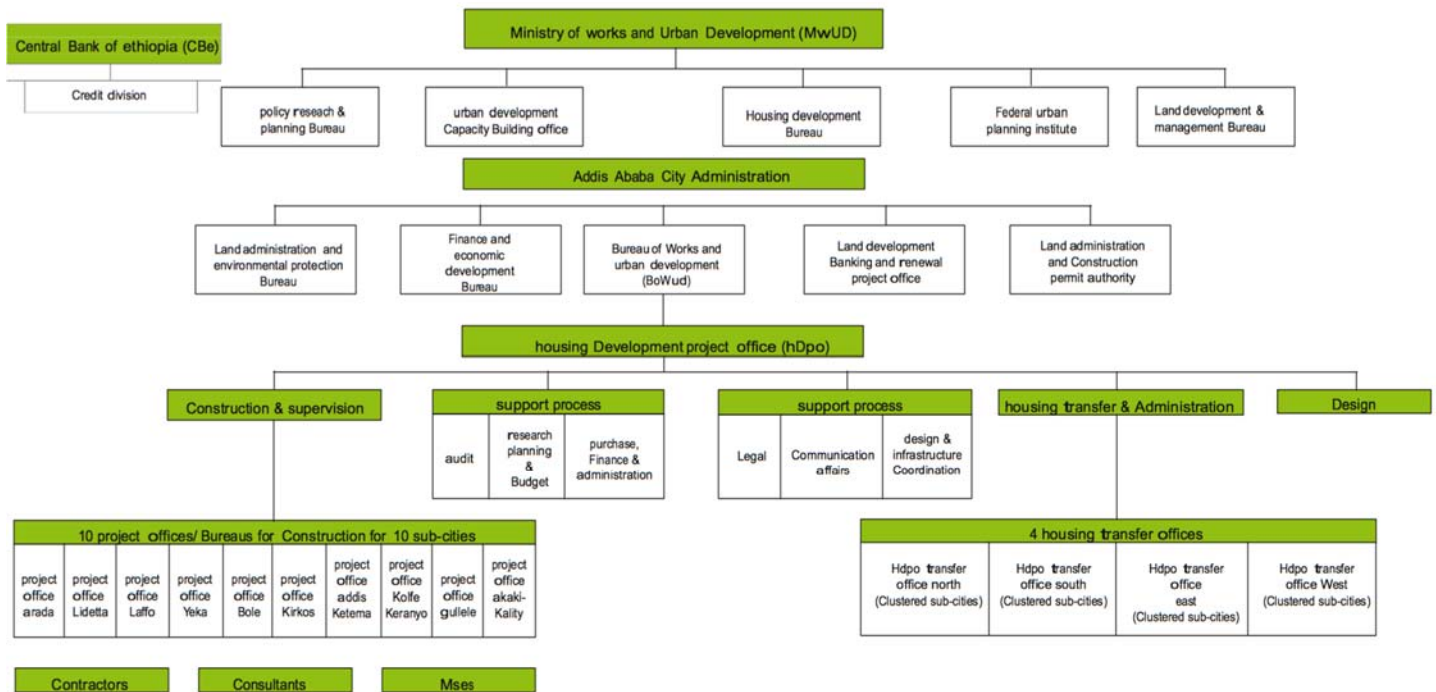
### **Addis Ababa City Administration**

The Addis Ababa city Administration is the central managing agency for IHDP program in the City of Addis Ababa. The roles and responsibilities of the city administration span from being responsible for site selection including planning and allocating both financial, institutional and human resources support. The city administration provides land, infrastructure support and all necessary human resource and administrative support. The Addis Ababa City Administration has specifically established Housing and Development Project Office (HDPO) that is in charge of the day-to-day administration of the IHDP program including design, construction, administration and handling of housing transfer to program beneficiaries. Housing and Development Project Office (HDPO) initially established ten site offices in each of the ten Sub-cities in the City of Addis Ababa. Today the city administration has 18 project sites that are administered under the ten sub cities.

### **Private Sector: MH Engineering (MHE)**

During the Pilot Project phase The German Technical Agency (GIZ) was responsible for the transfer of knowledge and technology on low-cost design and construction techniques. Post pilot project phase, technical design of condominium housing units was overseen by a local and private architectural and engineering office. MH Engineering participated in the technical design of the housing projects and served as advisor to the program until HDPO was established. At the initial stages of the IHDP program MH Engineering was responsible for coming up with cost-efficient design and build techniques in collaboration with GIZ. This technical collaboration resulted in the introduction of the Cost-Efficient Methodology (LCH-MH system) of building design that is used across all IHDP programs. In later years MH Engineering transferred design and technical administration to HDPO and has been mostly engaged in site supervision of housing constructions.

Figure 10: IHDP institutional framework



(Source: UN-Habitat, p. 16)

## Project Phases

### *Pilot Project (2002-2006)*

The pilot project was a trial joint venture to pilot test the low cost housing project initiative. This pilot project was executed at a much smaller scale where it delivered 750 housing units. This pilot project was tested in the Gerji Condominium site. The project design and implementation was mainly overseen by the GIZ, where GIZ was responsible on knowledge transfer on low cost housing design technique including supervision of the project sites. Lessons learnt from the Gerji pilot project were later incorporated into the first phase of the IHDP program.

### *Phase I (2005-2011): Urban Renewal (Infill Development)*

During the first phase IHDP intended to achieve the first four established goals, which were discussed earlier. These are alleviating the housing stock backlog; close the employment gap; support micro and small enterprise businesses; alleviating urban decay and capacity building of the construction industry. Using urban renewal approaches, at this phase the project primarily intended to upgrade dilapidated urban inner city locations. Hence, IHDP program cleared previously dilapidated inner city infrastructure and replaced them with new condominium housing projects. Initially the program aimed at delivering “396,000 housing units, but was only able to deliver 142, 802 due to a lack of adequate financing from the national bank of Ethiopia.” (UN-Habitat, 2014). The project was however faced with multiple challenges including financial

challenges to deliver the intended housing stock, shortage of skilled construction industry that could in large-scale production, scarcity of inner city development land, conflicts associated with relocating businesses, private property owners and residents. In addition, urban renewal projects depended on already existing physical infrastructure to provide service to large-scale housing development sites that were intended to house thousands of new residents. This situation created a heavy burden on the already existing urban infrastructure. An example of this challenge is that since, most of Addis Ababa’s sewerage lines depend of septic tanks and not sewerage lines, the project faced the challenge to supply sewer lines that could connect newly developed housing projects to appropriate sewer lines. This challenge was later addressed in the second phase by ensuring that selected sites were convenient for establishing necessary urban infrastructure or identifying project sites where adequate urban infrastructure exists. *Table 8* below provides a breakdown of the total number of housing units by typology delivered by the IHDP program.

Table 8: Housing units delivered Phase I of the IHDP project

Type of dwelling	Addis Ababa			
	2004/5	2006/7	2008/10	Total
Commercial	1727	2465	1400	5592
3-bedroom	1770	2132	3184	7086
Studio	5922	4844	2202	12968
2-bedroom	11,717	7068	4645	23,430
1-bedroom	11,084	11,196	8889	31169
Total	32,220	27,705	20,320	80,245

Source: UN-Habitat (2014). Structural Transformation in Ethiopia the Urban Dimension, (p. 51)

During the first phase of the IHDP program the construction industry has shown a 12% growth (UN-Habitat, 2014). The number of contractors and construction managers has also grown from 1152 to 3095 and 29 to 170 respectively (see *Table 9*). In terms of job creation, regardless of the fact that the program was only able to achieve 36% of the its housing delivery goals, it was able to create 193,000 jobs and a great majority of the job creation part of the program benefited women. Besides providing job opportunities for female urban residents, a great majority of the job creation benefited small-scale construction enterprises.

Table 9. Growth in the number of contractors and construction managers

Field	2005	2006	2007	2008	2009	2010	2011	Total
Contractors who renewed their permits	1152	1588	2452	2133	2418	2511	3095	
Consultants and Mangers	29	29	28	158	167	221	170	802

Source: UN-Habitat. (2014). Structural Transformation in Ethiopia the Urban Dimension, (p. 54)

*Phase II: 2011 to date (Urban Periphery development)*

Prior to launching the second phase of the project, the program implemented significant revisions. At this stage, the project attempted to close the skilled labor and skilled construction sector deficit by retooling construction industry professionals. Besides enhancing the skills of construction industry professionals the program also equipped construction sector businesses with the necessary training, tools and equipment to execute the second phase of the project. At this stage of the program, the project revised its urban inner city renewal approach, to developing housing projects in urban peripheries. This strategy was put in place, primarily to avoid prior experiences of urban infrastructure deficit as well as having to deal with relocation and displacement of inner city residents. In addition to changing urban renewal approach, at this phase it also changed its housing delivery system by grouping beneficiary households by loan group. The first group 10/90 was catered toward housing delivery to the low-income groups. In this case, beneficiary households will make a 10% down payment and will gain access to mortgage loans for the remaining 90% . The second group 20/80, was catered to lower income groups that could afford to pay 20% of the housing cost as down payment and gain access to mortgage loans for the remaining 80% of the cost. The third group catered to middle-income groups were expected to make a down payment of 40% of the total housing cost and they gain access to 60% of the housing cost through mortgage loans. *Table 10* below provides a summary of the total number of housing units delivered at the second phase of the project. The second phase of the IHDP program also succeeded in creating jobs and adding more numbers to contactors and skilled manpower in the construction industry. To date IHDP program has created about 185,980 jobs (see *Table 10*).

Table 10: Number of housing created at the second phase of the project

No.	Type of Project	Number of Housing Units
1	20/80 Condominium Housing Development	70,712
2	10/90 Low Income Housing Development	24,288
3	40/60 Saving Housing Development	1,233
	Total	96,233

Source: UN-Habitat (2014, p. 53)

Table 11: Total number of employment created during phase one and two

Year	Permanent	Temporary	Total
1997	27033	11585	38,618
1998	38153	21461	59,614
1999	2128	9696	11,824
2000	14443	56634	71,077
2001	21711	37198	58,909
2002	26378	22868	49,246
2003	43138	43138	56,635

2004	56,635	34870	66,635
2005	20755	22332	43,087
2006	42294	24357	66,651
2007	35794	22301	58,095

Source: (Addis Ababa Housing Development Project Office)

### 3.2.6. Target Population

The IHDP program intends to benefit citizens in multiple ways. The program primarily intends to provide affordable housing ownership opportunities for urban residents that have been marginalized by the market. In order to benefit from the housing program citizens must meet three requirements: individuals must be of age 18 or above, and individuals registering for the program have to be first time homeowners. Besides the aforementioned requirements the policy establishes that only one head of family can register to participate in the housing program. The program also primarily targets to make housing ownership an option to low-income families that are ill-housed citizens and that previously resided in urban slums. Besides targeting previously marginalize population by the market, urban renewal aspect of the IHDP intended to give housing opportunity to inner city residents that resided on the urban renewal sites. Despite IHDPs effort to deliver housing ownership opportunities to low and middle-income city residents, cost and affordability issues have hindered ability of the program to reach this group of the population. A discussion on cost and affordability is provided in later section of this report.

### 3.2.7. Delivery Process

IHDP housing delivery process involves four stages. First, city residents that meet the minimum requirements register to take part in the housing program, individuals that register for specific housing typologies (10/90, 20/80 and 40/60) are expected to save 10, 20 or 40 percent of the required down payment amount to secure delivery of condominium housing. Once condominium housing units have been built and are ready to be delivered, lottery system will determine registered residents that will benefit from the program. To date there have been ten rounds of housing delivery process. While in the first nine delivery stages 65% of the lottery winners benefited from the program while 35% missed the opportunity because of lack of ability to raise the required down payment amount. At the last (tenth) round delivery process however 96% of the lottery recipients were able to advantage of the program. This is primarily because of the saving strategy that was introduced in the last 3 years to help low and middle income families start saving in advance (detailed discussion on saving strategy of the IHDP program is presented later section). Finally, once individuals have made the expected down payment amount, they sign mortgage loan contract with the Commercial Bank of Ethiopia (CBE) and receive their condominium-housing unit. However, home-owners will only gain access to their title deeds once they complete paying their mortgage loans. Until then, CBE holds condominium units as collateral. To date, close to one million Addis Ababa residents have registered to benefit from the housing program. However only 150,000 residents (about 15%) of the registered city residents have won the lottery and benefited form the program. Individuals that make a 100 percent payment are always given priority during the delivery process.

### 3.2.8. *Housing Typology, Loan Groups and Land Use*

There are four types of housing units in each condominium buildings: studio type, one bedroom, three bedroom and three bedroom units. Each of these units has separate kitchens, bathrooms as well as access to basic infrastructure such as electricity, water and sewer lines. Communal facilities such as laundry room, communal traditional cooking spaces, animal slaughtering space and parking spaces are delegated to a group of condominium blocks. Each condominium block has spaces for commercial purposes on the ground floor.

At the initial stages of the program, condominium building design were typically five or six floor buildings where the ground floor served for commercial purposes and the upper floors served as housing units. In the last few years, however, with the effort to increase density, particularly in inner city locations where<sup>41</sup> land value is significantly high, eight to twelve floor condominium buildings are being introduced. While the one bedroom typology is most popular and encompasses 40% of the total building space all other three typologies (studio, two-bedroom and three bedroom) make up 20% each of the building space.

Taking advantage of different land use zones, the IHDP program has designed cross-subsidy strategies where commercial functions are sold to businesses at market value to help subsidize the construction of condominium housing units. Hence, the program, assigns 10% of the condominium site for commercial purposes. Typically, ground floors of the condominium buildings are reserved for commercial purposes. In some sites land that is part of condominium housing development is being leased out at market value for commercial purposes. This practice helps raise funds necessary to subsidize the program.

#### *10/90 Loan group*

10/90 loan group provides home ownership opportunity to low-income households. The 10/90 scheme targets low-income households with a monthly income of 1,200 Birr. 10/90 scheme also offers only Studio type-housing unit. This loan group is the highly subsidized group of all three-loan groups. Individuals that take advantage of this loan arrangement are expected to make 10% down payment of the total condominium unit cost. This loan group benefit from 50% subsidy of the actual construction cost. Although highly subsidized 10/90 housing units are the least desired, primarily because most households prefer housing typologies other than studio-types. Households that benefit from the 10/90 program are expected to pay back the remaining 90% of the total condominium unit cost including 9.5% interest rate over a period of 25 year (see table 12).

#### *20/80 Loan Group*

This scheme provides home ownership opportunity to lower-middle income and middle-income households. It also provides options for one, two or three bedroom condominium unit typologies. Households registered under this group are expected to save a down payment of 20 percent of the total condominium unit cost over 7 years period. Mortgage financing with CBE offers

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<sup>41</sup> Although technically communal spaces such as laundry room, slaughter room...etc, are provided, these services are converted in to commercial services or are not utilized by residents.

households the opportunity to pay back the remaining 80% including interest rate of 9.5 over 20 years period (see table 13).

#### *40/60 Loan Group*

This scheme caters to upper middle-income households. Households that participate under this group are expected to make 40% down payment and gain access to 60% of the cost through mortgage loan arrangements over 17 years of period at an interest rate of 7.5% (see table xx). Households are also given the option to participate in savings program over the course of 5 years. Housing typologies under this scheme include one, two and three bedroom. Individuals participating under this scheme are encouraged to make full payment up front and are given priority in the delivery process when they make full payment.

Table 12: Interest rate for condominium housing unit mortgage

Loan Group	Floor Type	Housing Type	Down -Payment Saving Period	Mortgage Loan Term (in years)	Interest Rate (in %)
<b>10/90 loan group</b>	Ground + 2	Studio	3 years	25	9.5
<b>20/80 loan group</b>	Ground + 4, Ground +7 and Ground + 12	1 bed room	7 years	20	9.5
		2 bed room			
		3 bed room			
<b>40/60 loan group</b>	Ground+9 and Ground+12	1 bed room	5 years	17	7.5
		2 bed room			
		3 bed room			

Adopted from Urban Housing Strategy of Ethiopia, Ministry of Urban Development and Construction, August 2013 and World Bank (2014)

#### *3.2.9. Financing the IHDP program*

Financing initial construction of the IHDP program and later arrangements for mortgage loans are two distinctly separate processes. While at the first stage (construction of condominium buildings) financing of the project is fully administered by the Addis Ababa City administration, financing the later stage, post transfer of condominium housing to beneficiary households, is administered by the Construction Bank of Ethiopia (CBE). The following section provides a discussion on the financing process of the two stages.

#### *Financing the Construction Process*

Financing for implementation of the IHDP program in Addis Ababa, is fully administered by the Addis Ababa City Administration. This program is also run without foreign aid assistance. During the first three years of the program, the City Administration incurred cost of condominium housing development from the city's annual budget. This practice however, proved to be unsustainable for the city administration, which later pursued other avenues to fund construction of the project. The city administration later resolved to raise necessary funds required for the construction of the condominium buildings by selling bonds to the Commercial Bank of Ethiopia (CBE). By purchasing bond CBE therefore provides the full cost associated

with the construction of the condominium housing projects. These funds are then later recovered when housing units are transferred to beneficiary households. To date the city administration has invested close to 41,000,000,000 Birr for the construction of condominium housing in the City of Addis Ababa.

#### *Financing Condominium Units (Individual Mortgage Loans)*

Since the year 2006, the Commercial Bank of Ethiopia, which is a government owned bank and established for commercial purpose, signed memorandum of understanding with the Housing Development Program Office (HDPO) to participate in purchasing bonds and later providing the options of mortgage loan services to households that benefit from the condominium housing program. Therefore, while every condominium-housing owner is expected to make a down payment of 10%, 20% or 40% of the housing cost prior to property transfer, CBE provides the mortgage loans at low interest rate to individuals upon housing transfer.

While only a fraction of beneficiary households are able to fully self-sponsor condominium housing payments, a great majority of them take advantage of available mortgage loans from CBE. Every individual that wins a lottery and qualifies for the condominium housing ownership automatically gets access to mortgage loans. Households that sign contract agreement with CBE, however, do not gain access to their property title deeds until they complete their mortgage loan payments. Consequently, condominium units are used as a collateral for the bank. HDPO, reports that mortgage default and foreclosure rates are very low. However, in instances where homeowners fail to make their regular mortgage payments, they are legally required to evacuate and CBE will take ownership of their condominium housing. Unlike, condominium housing projects in other regions of the country, CBE reports Addis Ababa project as success and highly profitable. To date, CBE has ventured into new business fronts, which has added over 40,000 new customers to its business. CBE reports that this new mortgage loan venture has been very profitable in Addis Ababa.

Although mortgage loans made available to previously marginalized households helped close the housing finance gap, a great majority of the target population is still not able to raise the necessary funds for first down payments. Hence missing opportunities presented to them. As a response to this need, in the last three years HDPO in collaboration with CBE came up with a saving strategy that would assist households to save a monthly amount needed to make down payments necessary to acquire their housing units. This saving program has proved to be successful and has helped save close to 19,000,000,000 Birr to date.

#### *3.2.10. Government Subsidy*

IHDP program has implemented large-scale government subsidies with the effort to close the housing stock backlog for the low and middle-income group of the city's residents that benefit from the program. The program utilizes four types of subsidies. First, the Addis Ababa city administration fully subsidizes three different costs associated to the project. First it takes up infrastructure cost including road, water, electricity and sewerage lines. Second, land which is the major cost associated with housing development in the city is fully subsidized by the city administration (provided for free). Third, all program administration including staff and administration overhead related costs are covered by the city administration. Second, the



program has designed cross-subsidies where studio and one-bedroom types receive the highest subsidies and two and three-bedroom apartments pick up some of the construction costs. The cross-subsidies, two and three bedroom typologies take up costs associated with building of common building spaces like staircases and corridors. Third, construction materials that are imported for condominium housing construction receive full tax-free benefits. Hence, significantly reducing construction cost related to material cost. Last, selling of commercial facilities at market value helps subsidize 10/90 loan groups. Among the three loan groups (10/90, 20/80 and 40/60), the 10/90 loan groups receive the most subsidies at 50 percent.

### 3.2.11. Cost

There is no question that condominium-housing project has provided a below market value for individuals that benefit from the program. However, regardless of large-scale government subsidy efforts, the program has failed to reach the target group. At the initial stages of the IHDP project, the project manual states that intended beneficiary groups ranges from individuals or households that have a monthly income of 300 Birr to 1300 Birr. Others that can make a self-pay for condominium-housing units were also encouraged participate in the program. This initiative was also part of the intention to crate a mixed socio-economic group in the condominium communities. Because of escalating construction costs and foreign exchange inflation, the program has had to make several price revisions (see table 13). Unit construction cost for per meter square has increased between 300 and 200 % for the different typologies.

Table 13: Condominium housing price revision and price percentage increase

Housing Transfer Rounds	Year	Selling Price/m <sup>2</sup> in Birr			
		Studio	One bedroom	Two bedroom	One bedroom
1 <sup>st</sup> and 2 <sup>nd</sup>	2006-2008	665	665	950	1,110
3 <sup>rd</sup> and 4 <sup>th</sup>	2009-2010	1,110	1,414	1,728	1,807
5 <sup>th</sup> and 6 <sup>th</sup>	2010	1,450	1,865	2,280	2,385
7 <sup>th</sup>	1011	1,481	1,931	NA	NA
8 <sup>th</sup> and 9 <sup>th</sup>	2012	1,869	2,491	3,426	3,581
10 <sup>th</sup>	2015	2,483	3,438	4,394	4,776
11 <sup>th</sup>	NA	NA	NA	NA	NA
Percentage increase of price		200.73%	400.17%	300.63%	300.3%

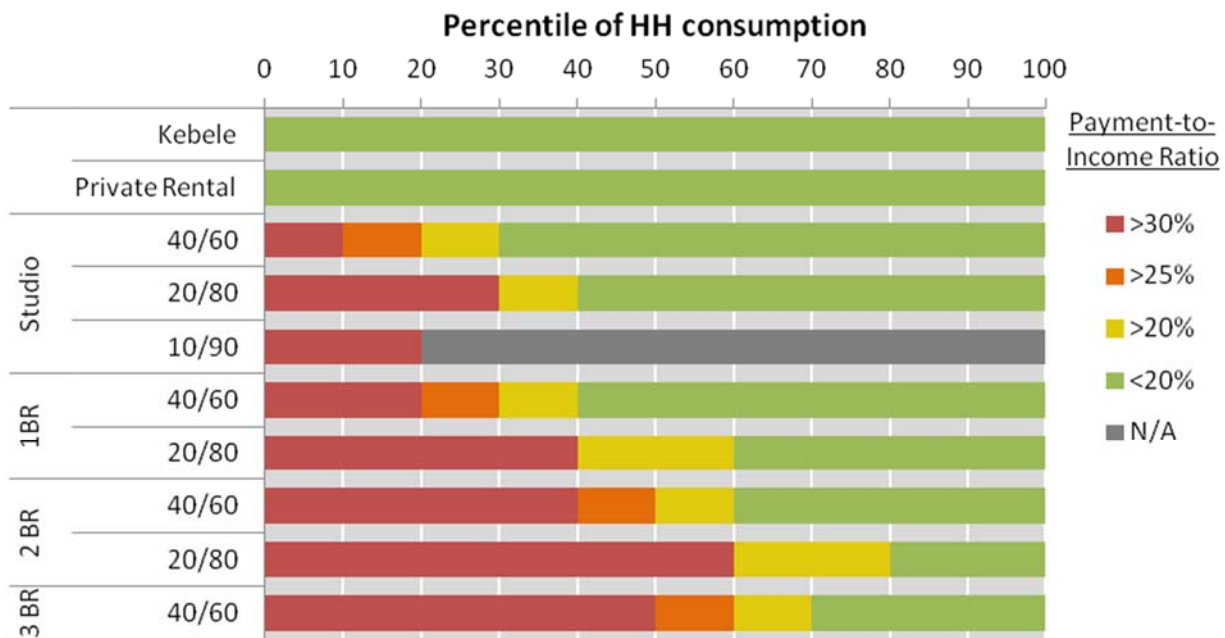
Source: Modified from Ondakie et al, 2015

### 3.2.12. Affordability and Savings

IHDP program approaches affordability of condominium housing by providing alternative payment plan for families based on income groups. One of the recurring challenges for a significant number of households that register to participate in the condominium-housing program is raising the first deposit in order to qualify for the program. Regardless, of the effort to tailor the deposit amount based on income groups, most registered low-income households are still not able to raise the deposit (down payment) amount. Besides challenges to raise down payment amount, low-income households that have made the initial deposit still find it difficult to come up with the monthly-required mortgage fees.

Housing affordability is evaluated based on percentage of household income that is paid towards monthly mortgage loan. When households spend less than 30 percent of their monthly income on housing it is considered to be affordable. Figure 11 below provides a comparison of the affordability level of Kebele, private rental and condominium housing. The graph provides a comparison of households' monthly housing payment as a function of their income. The graph below demonstrates that compared to Kebele and private rental housing condominium housing appear to pose affordability challenges to residents. The graph below also shows that except for studio typology all one, two and three bedroom typologies appear to require households to pay more than 30 percent of their monthly income. In certain cases even taking more than 60 percent of their monthly income. Of all condominium housing typologies, only studios housing units appear to be affordable requiring households pay 30% or less of their income. Affordability is even more challenging for the city's residents that struggle with job security, high food and transportation cost and other costs. Hence, showing that the program falls short of closing the housing need for the target population.

Figure 11: Payment to income ratio of the IHDP program as a function of percentile of household consumption, Addis Ababa.



Source: World Bank (2014), Urbanization Review p. 32

Experiences from program implementation in the first few years revealed that, despite large scale demand, a number of registered city residents were not able to meet the initial down-payment requirements to gain access to condominium housing. From the first round of recipients only 65% of the households that registered were able to fulfill the requirement and gain access to their condominium housing units. The other 35% were not able to meet the requirement. This was mostly due to household's inability to raise the initial down payment requirement. Particularly low-income groups lack the ability to save for the required first time down payment amount that

qualifies them as beneficiaries of the program. Individuals that have access to personal savings, family support, loans from social groups or informal lenders are able to raise the necessary funds to make their deposit. However, households that do not have such resources miss the opportunity.

In order to address problems associated with individuals failing to raise the funds necessary for down payment, Commercial Bank of Ethiopia made arrangements for individuals to take part in long-term savings strategies. MUDHC (2014) reports that a total of 862,216 individuals participated in a specially arranged long-term savings scheme that helps individuals planning to purchase a condominium unit. This saving scheme is arranged for individuals that fall under the 10/90 and 20/80 loan group. To date, approximately 19 Billion Birr has been saved through this saving program. Besides raising necessary funds for initial deposits, it is also reported that having sustainable income to make monthly mortgage payments poses a challenge. Consequently, several households that benefit from the program have ended up renting out their newly acquired condominium housing units in order to help pay their monthly mortgage and earn extra income.

### *3.2.13. Program Impact and Path Dependency Effect*

#### *Quality of Life*

Besides the added benefit of home ownership, beneficiary households have taken advantage of improved quality of life in their new condominium housing. The lives of beneficiary households have improved in a number of ways. This section presents a discussion on ways in which the quality of life of beneficiary households has improved as a result of the condominium-housing program.

The first and repeatedly mentioned improvement that beneficiary families indicated is that unlike their previous living arrangement in single or two room units with shared sanitation and food preparation spaces, their current condominium housing offers them with better living arrangement with private toilets, kitchen and separate bedroom and living spaces (Tiumelissan, and Pankhrust, 2013). In a program impact study by Tiumelissan, and Pankhrust (2013) a number of condominium residents reported that privacy was a challenge in their prior living arrangement. Today however, they are able to have their privacy for the first time in their lives. Parents of school-aged children repeatedly communicated that their children now have proper space for studying and doing their homework. Therefore, their new life has improved children's school productivity.

Besides improved quality of life that comes with better living and working space, first time home-owners reported that condominium housing units have provided beneficiary households with a sense of ownership and security which they have never experienced before. Particularly, beneficiary families that previously lived in private rental units reported that tenure security was a major problem. This is because landlords regularly increased rent or threatened to evacuate residents when they find better paying renters. Also, households that previously lived in inner city settlements reported that they lived daily with the fear that inner city redevelopments will one day come and displace them.

Third and equally important quality of life aspect that study participants reported is safety and security which condominium housing units offered them. This response was particularly repeated among those that previously lived in Kebele housing in communal arrangements. Study participants reported that in their previous lives, their rooms were frequently broken into and their children lacked safe and secured home environment. Unlike their previous living arrangement, condominium-housing units have however, provided families with much needed safe and secured living spaces.

Despite improved quality of life, condominium residents have also responded that increased utility expenses have incurred economic challenges to them. This is primarily because residents that previously lived in Kebele housing units mostly used shared communal kitchens where they used wood fire or charcoal for cooking. Now, living in condominium housing households are forced to use electricity or kerosene oil for preparing food. In addition, Addis Ababa city administration officials report that, because of increased demand of electricity and water supply, the city administration is experiencing shortage of water and electricity. On a positive note, some residents have reported that access to clean and potable water in their house is one that they did not have in their previous lives. Typically, these households used to purchase water from common distribution centers and transport it home in buckets or large containers.

#### *Socio-Economic Dimension*

Despite several positive impact on the quality of life of program beneficiaries, the condominium housing program has also shaped the socio-economic and livelihood landscape of these residents. This discussion presents ways in which condominium housing program has changed the economic and social dynamics of its residents. In addition a discussion is presented on ways in which IHDP's urban renewal program has shaped the livelihood of displaced communities. At last, the discussion presents ways in which the program's intended wealth distribution materialized in the past ten years.

**Income Generation:** as mentioned earlier in this section IHDP's condominium housing program targeted a wide range of income groups including low-income groups of the city's households. One of the limitations of the program as indicated by beneficiary households is that the program has failed to take into consideration ways in which it affects income generation capacity of beneficiary households. Low-income households, typically depend on economic activities with in the informal sector. Men and women from this income group engage in daily labor work and women engage in preparing food and beverages for sale. Nevertheless, when households are displaced from inner city locations where they are able to get access to daily labor jobs and income generation activities, their livelihoods are challenged and survival becomes difficult. Condominium residents report that because of disrupted livelihoods they are forced to sell or rent out their condominium housing units and relocate back to inner city where they are able to engage in the informal economic activity (Tiumelissan, and Pankhrust, 2013). Residents also report that cost of living is higher in their new community than it was in their previous locations where they are able to gain access to affordable traditional food market. Hence, making survival a challenge for low-income groups that benefit from the program.

**Displaced Livelihood:** as discussed earlier, the livelihood of most low-income beneficiary

households has been challenged as a result of relocation to urban peripheries. Besides challenges to engage in economic activities in newly developed urban peripheries key residents report that they have lost their strong social network that was an integral part of their daily lives (Tiumelissan, and Pankhrust, 2013). Social networks include “*iddir*” which is a social support network for major life events such as family death and burial and “*Mahiber*” which is a social gathering for religious rituals. These social networks are typically established in communities that live within the same area. Although these networks serve specific social purposes, they are also an important source of social capital for women and families. Upon relocation households lose their social network as result communities are disintegrated.

Besides disintegrated social networks, families have also reported that urban periphery developments lack the necessary physical and social infrastructure including paved roads, schools, parks and traditional market places. Mothers and children note that unlike their previous living arrangements where children were able to attend near by public schools in inner city areas, they now have to take public transportation to attend school (Tiumelissan, and Pankhrust, 2013). Trips to school in their new communities take much longer time than they did previously. Parents have reported such circumstances have incurred unplanned expenses on families. Some reported that there are instances where children have dropped out of school because families can no longer afford to pay transportation cost for their children. Besides school children, working individuals that have relocated in similar circumstances, also reported that travel time to and from work takes much longer and expenses related to transportation cost have put additional financial burden on them. In several instances key informants also reported that a number of condominium housing residents have rented out their units and relocated back to their previous communities. By doing so, they are able to secure funds needed to pay their monthly mortgage loan as well as gain additional income.

Besides economic and social impact of IHDP housing program, female key informants reported that life in condominium housing has made some of their daily chore difficult. Particularly they noted that hand washing laundry and engaging in labor intensive food processing have become difficult activities. Also, because households do not have access to private space where they can air dry laundry, they are forced to dry their cloths in open spaces out side of their units and many reported that laundry theft is a common occurrence in condominium housing.

Finally, mixed land use development which is the approach taken by the IHDP program to cross subsidize condominium housing with businesses has imposed safety issue on residents. This is particularly problematic for residents that live on condominium housing blocks that have bars and restaurants under them. Some key informants have reported that drunken people occasionally disturb or harass residents in the community.

#### *Urban Form and Spatial Dimension*

Form and spatial dimension analysis of the IHDP housing program specifically looks at ways in which built landscape of the city has transformed the physical and social dynamics of the city. Condominium housing projects have demanded large urban land for development. While the city administration attempted urban renewal approach to develop housing projects in inner city locations, this approach proved to be unsustainable. This has resulted in the city administration allocating land for large-scale housing development on urban peripheries. IHDPs housing project

is largest housing development ever under taken in the country. Notably, such developments have significantly shaped the urban landscape of the city. Condominium housing projects take the cookie cutter and standardized approach to architectural and urban design where building and settlements design lacks integration. Figure 12& 13 & below shows the spatial landscape that the IHDP projects are introducing to the city.

Figure 12 Lideta inner city renewal site 2008 (above) and 2014 below (left) and Figure 13 Jemo urban periphery development site 2005 (above) and 2009 (below) (right): Changing urban morphology



Source: Mota, N.J.A. (2015), From the Kebele to Condominium

Besides economic challenges that urban periphery developments impose on residents, they also add infrastructure development burden on the city administration. Most periphery developments lack both physical and social infrastructure including road, electricity, water, schools health centers, markets and other several services that are necessary for communities. Such conditions have put burden on the city administration and households that reside in these communities. Key informants have reported that electricity and water interruption are common occurrences that impact quality of life of residents. In addition, the fact that most housing developments are farther out of the city center, has imposed transportation cost on residents. Besides, residents have reported that transportation availability has become a major challenge that affects their daily lives.

Finally, development patterns show that households that find it difficult to sustain their livelihoods rent or sell their condominium housing units to individuals who can sustain this life style. Most key informants reported that transportation cost, distance from work and inability to secure monthly mortgage loan payments are some of the pressing issues that drive residents out of their condominium housing. Some have also seen selling or renting out their condominium

units as an economic opportunity. In either case, such patterns of movement are indicating trends of gentrification, where economically abled populations are moving into condominium housings and low-income households are leaving returning to their pervious way of life.

### *Environmental Dimension*

Condominium housing units have significantly improved the quality of life of low-income residents that previously resided in inner city slums. In their condominium housing units these residents have access to private toilets and kitchens with running water and electricity. Nevertheless, since communal living in condominium housing developments is a newly introduced life style, residents have reported that environmental pollution, particularly littering in condominium compounds is a major problem. In addition to littering, noise pollution particularly coming from businesses that run very late into the night are reported to affect the quality of life of residents.

### *Time Dimension*

Construction of condominium projects that were intended to take a maximum of 18 months have ended up taking three years and in some cases longer. Such circumstances have caused dislocated residents particularly from inner city developments linger in waiting for their housing units to be ready for occupation. In such circumstances the project occasionally offers Kebele housing as substitutes for those displaced as a result of IHDP projects construction. Many have been relocated with other family members, or have rented out housing in other part of the city. Such circumstances have incurred burden on displaced residents. In addition, project delays have economic impact on homeowners. This is because as projects delay housing delivery the chances of the price revision and cost inflation are higher. Hence incurring additional cost on beneficiary households.

### *Technology Adoption*

IHDP's condominium housing development program has adopted low-cost technology called Cost-Efficient Methodology System (UN-Habitat 2011). This construction and building technology enables the program to efficiently design and build at a reasonably lower cost than traditional building and construction mechanism. Low cost design technically applies modular building system where the project is able to mass prefabricate building parts. Besides mass prefabrication, this technology also adopts building techniques that enable: utilizing easier and cost efficient building parts production; designing building types that can be adopted on any type of soil; techniques that do not require framework, modular architectural system that enables flexible design and reducing construction material wastage.

Besides adopting cost-efficient building technology, the program has also trained Micro and Small Enterprises and local construction industries involved in the project these new technologies. By doing so, the program has initiated building the capacity of the local construction industry.

### *The Displaced Urban Poor*

Urban renewal development sites in inner city locations have become a constant scene where the urban poor are dislocated to make way for condominium housing development. Urban renewal projects have faced the challenge of dislocating exiting residents and businesses off land allocated for condominium housing development. In such cases IHDP offers the property value<sup>42</sup> or condominium housing ownership opportunity to homeowners residing on the project site. Kebele housing residents are on the other are offered condominium housing opportunity or a substitute Kebele housing in other locations. Sublets and non-tenured residents that do not have tenure are left to fall through the crack. The problem with this arrangement has been that most Kebele residents cannot afford to be part of the program, therefore automatically miss the opportunity. While IHDP tries to provide substitute Kebele housing in other locations because of Kebele housing shortage, most end up displaced and having to find their way for new living arrangements.

Figure 14: Displaced Kebele housing resident



**Source:** International Business Times, *Growth in Addis Ababa Pains The Urban Poor Into A Desperate Corner* (November 01, 2013)  
*Gender Dimension*

Gender is an important dimension in our understanding of how access to decent and affordable housing impacts the livelihood of female-headed households, women and children in critical ways. Particularly, analysis of access to decent and affordable housing through the gender lens highlights ways in which programs improve disparities in tenure security, quality of life, livelihood including income generation, safety and social capital. The following section highlights some of the ways in which the IHDP program continues to impact female-headed households and women that benefit from the program.

53% of the beneficiary households from the IHDP project in Addis Ababa are female-headed households. Beyond access to decent and affordable housing ownership opportunity given to female-headed households, the project has improved the quality of life of female residents in

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<sup>42</sup> Property value only estimates the value of the property on the land



several ways. Interview with beneficiary families highlights benefits including tenure security, improved quality of life for women and children and safety among others.

Women in developing countries are socially and economically vulnerable parts of the society. Poor women are even more vulnerable in the social and economic hierarchy. Within the economic strata, women from low-income group are disproportionately engaged in the informal economy and their livelihood is typically associated with their capacity to produce goods to sell or services that to provide. In that sense, their home is a place of work and production, hence, where they live determines their ability to be productive and earn income needed for survival. This discussion highlights ways in which the built space of condominium housing program has improved the quality of life of women that benefit from the program. Second it also highlights how the program has impacted the livelihood and social cohesion of these women.

Discussions with key informants stresses that condominium-housing program has significantly improved the quality of life of women that previously resided in below standard housing. These informants noted that compared to their prior living condition where they had to cook with charcoal and/or wood fire in sub-standard kitchen (shelters), in their newly acquired condominium housing they are able to have individual and private kitchen spaces. They have also reported that although maintaining a kitchen with electricity or gas is more expensive it has improved their daily cooking and food preparation process. Besides improved food preparation space, these informants also reported that having private toilets with running water has improved the health implication of unhygienic shared pit latrines where the lives of women and children were at risk. These conditions affected women particularly because they are typically engaged in cleaning of shared toilets, therefore exposed to unhygienic environment. Besides having proper kitchen and toilet, access to potable running water in their house was a significant advantage to these women. In their previous housing arrangement, women from low-income economic group typically used to buy water for cooking and cleaning. Besides cost of purchasing water, these women had to carry the water each time and which had health and time implication on their daily lives. In the absence of access to running water, the quality of their life of women was significantly compromised.

Besides benefits associated with improved physical space, informants that previously resided in inner city communities where bars and prostitution activities were common, reported that condominium housing has provided them a healthy and safe environment for them and their children. They too reported that, their current living arrangement allows them to control the day-to-day activities of their children because children can study from home and conduct most of their activities in their home. Women with young children have also reported that, living in multiple story building has caused additional stress on them because of problems associated with child safety. They have reported that there were a few cases where children fell from condominium building and their lives were put in danger. This is partly a problem of change of lifestyle where children and caregivers are having to adopt to a new environment. In addition, building design code lacks to incorporate proper child safety measures.

Besides improved living space, an equally important aspect of gendered dimension of condominium-housing program is ways in which the program has impacted the livelihood and social cohesion/network of beneficiary women. Beneficiary women that previously engaged in income generation activities through the informal market such as those that produced food items

or goods for sale have reported that they have lost their income generation activity since they moved into their new neighborhood. This was mostly reported among women that relocated from inner city locations to condominium housing units in urban peripheries. In their prior life, these women reported that they were able to sell goods and generate income to sustain their families. They report that, condominium housing has incurred monthly mortgage payments while their income has diminished significantly. They too have reported that such situations have forced many to sell their condominium housing or rent out their units and stay or relocated to in the city where they are able to generate their livelihoods. Key informants have reported that although IHDP's condominium housing program has aspired to improve the living condition of beneficiaries it has made the effort to incorporate income generation as an integral part of the program. Hence, making it challenging for these women to maintain their livelihood in their new life.

Last, female informant have reported that up on relocating into new their homes, they have lost their social support and network system which is an important aspect of their daily survival. Some also reported that, they depended on their social support for child and elderly care, hence the lose of that support has incurred additional pressure on their lives. Most have reported that because of the individualistic living environment in condominium housings they have found it challenging to develop the social support system which they were accustomed to in their previous lives.

Table 14: Summary of program action and unintended program impact

	Socio-Economic Dimension		Spatial Dimension		Environmental Dimension	Technology Adoption	Time Dimension	Gender Dimension
	Income Generation	Displaced Livelihood	Urban Morphology and Connectivity	Gentrification				
<b>Program Action</b>	Job creation through MSEs has been a core component of the IHDP program, as a result, to date the program has created 193,000 jobs and boosted the construction industry.	IHDP's condominium housing projects, particularly urban renewal programs, have resulted in displacing households from inner cities.	IHDP's Condominium housing program interjects new urban morphologies that are foreign to the existing urban fabric. Most new settlements are also developed in urban peripheries on underdeveloped land.	Condominium housing cost has increased between 200 and 300% since its initial establishment. Hence, making the program even more unaffordable to the great majority.	Each housing units have private toilet, kitchen which with running water and electricity.	Low cost and precast design technology has helped significantly reduce construction cost. In addition it has helped reduce time it takes for building housing units.	Construction of housing units that were initially intended to take to 18 months, mostly ended up taking three years or more.	30% of the condominium housing units are allocated for women. In addition women have equal chance of participating in 70% of housing allocation. So far 56% (78,400) of the housing units are delivered to women .
<b>Program Unintended Impact</b>	IHDP's housing program, particularly those developed in urban peripheries have disrupted economic activities of many households.	Many households have lost their home and livelihoods. Households that were relocated to condominium housing in urban peripheries have also lost their economic and social network.	IHDP's urban periphery projects have taken much less consideration on connectivity issues which have added economic and transportation burden on households.	Households that can afford the living in condominium are flocking in and others that fail to make required monthly mortgage loan payment are flocking out. Over 60% of the current condominium housing residents are either renting tenants or buyers from individuals that benefited from the program.	New life style in condominium housing compounds where thousands of residents reside has resulted in poor environmental condition.	Poor low-cost technology adoption has resulted in production of below standard products.	Delayed housing delivery process incurred financial distress on beneficiary households that are kept on the wait.	Women have been impacted the most by lose of economic and social network in their new communities. In addition, lack of appropriate space for traditional food preparation has made food preparation process difficult.



### *3.2.14. The governance of the IHDP program*

#### *Capacity Building*

This section provides insight into the extent to which the urban governance processes of the IHDP program has integrated capacity building into its program initiatives. The discussion will identify ways in which the program has made effort to integrate financial and technical capacity building into its governance strategies.

Capacity building is a core strategic plan of the IHDP program. It has therefore, made significant contribution in two specific areas. The first is capacity building of Micro and Small Enterprises, second the project has provided significant skill based trainings and business support to local construction companies that participate in program.

First, the program has made several efforts to identify financial, skill and other needs of Micro and Small Enterprises (MSE) and has supplied capacity building support to establish them. One MSE beneficiary group identified that “Our business benefited from the program and gained access to business strategy trainings, loans and land for further expansion of our business with minimal lease arrangement” The same group asserted that, they took advantage of IHDP’s MSE program and were able to come together as a group to establish their business ten years ago. Since then, they noted, “they were able to receive business strategy training, construction industry related skill training and loans to run their business and participate in the construction of the housing projects”. Now this group has graduated from small-scale industry to medium scale industry and has become self-sufficient to run the business without much government subsidy.<sup>43</sup> While most MSE program beneficiary businesses tell similar success stories, those businesses that graduate from government assistance also reported, “There is no continual support to ensure that MSEs that are established by the program are sustained”. Hence, reported that a number of MSE beneficiary program beneficiary businesses that graduated from government assistant disintegrated for lack of proper transitioning plan and preparations. The MSE program has created 60,000 jobs to date.

The second capacity building effort of the IHDP program is the effort made to train and build capacities of the construction industry in the country. As one of its program objectives, IHDP has been taking proactive initiatives to train and build the capacity of local construction companies to part take in construction activities in the City of Addis Ababa. A higher official at the HDPO reported, “Prior to IHDP’s program it was very difficult to find 100’s of contractors that would engaged in the construction industry. The program has recruited skilled professionals while also provided trainings, tax exemption privileges for importing machineries and equipment necessary for there the industry. Today there are about 3,400 contractors delivering service across the country”. The same key informant notes that in last ten years IHDP’s capacity building program has aided in the growth of the construction industry by over 300%. These construction companies are now engaged in building 45 universities across the country. The housing program has become a stepping stone to train and engage local contractors in several areas of the

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<sup>43</sup> In this program businesses graduate from small to medium scale when they reach 1.5 Million birr capital (approximately \$65,000 USD).

construction industry. The program has also aided in expanding and promoting construction material production industry in the country. At the beginning of the IHDP program, ten years ago, most construction materials were imported. Officials that participated in the study reported that today through the capacity building program the construction material manufacturing industry has grown to the extent that cement, most sanitary and electricity equipment and construction iron bars are not imported anymore.

Finally, although capacity building through savings was added as a program objective and implemented in the last three years, this aspect of the program has been reported to be one of the most successful of the IHDP program. This program has succeeded in aiding citizens and government save a total of 19,000,000,000 birr.<sup>44</sup> An official from HDPO reported that “although savings was introduced later as an objective of the IHDP program it has been very successful and achieved expanded success”.

### *Symbolic Significance*

#### ***International Significance***

In recognition of outstanding public service, in 2015 the Ethiopian government was awarded the United Nations Public Service Award (UNPSA). This award is given to the Ethiopian government for its effort to close housing need gap through the Integrate Housing Development Program. The award symbolizes excellence of public institutions accomplishments and impact on effective and responsive public service. From the initial stages, government intended to use IHDP program to address multiple social, physical and economic challenges that were faced by urban centers. This program was part of the larger national Growth and Transformation Plan, which also intersected with the national urban planning strategy. One of the key informants that participated in the interview identified that:

“Prior to the initial design stages of the IHDP project, the Addis Ababa Master plan office had identified housing and employment demands as critical needs of the city. At the time there was no private or non-profit sector that was able to intervene and respond to the identified critical housing needs of the city, that drove government to take the role of housing delivery”

This key informant identifies that the grand housing intervention was actually initially driven by demand and recommendation from experts of urban development. As discussed in previous sections, nationally, housing delivery was limited to private sector players such as real estate developers and private cooperatives in addition to individuals building their own housing units. Consequently, as an intervention to respond to the large-scale housing backlog, government intervened by coming in as one of the housing suppliers in the market. Prior to the IHDP program government was only involved in renting out government owned rental housing in the form of Kebele rental housing (which are typically below standard housing units). In addition to that, government also provided rental housing to civil servants (World Bank, 2005). The initiative to deliver housing to the public in the form of housing ownership with specific interest to reach out to low and middle-income groups of the population was a new venture for government.

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<sup>44</sup> Approximately \$827,000,000 USD.

IHDP initiatives are not only noble in Ethiopia but are seen as regional success where other representatives from African countries are coming for best practice learning experience. One informant asserts that “This project has a symbolic significance where other African country representatives come seeking best practices learning experience”. One of the significant successes of the project according to another informant is the fact that “There has never been a national level institutional collaboration of this kind that crossed several sectors to deliver service to the public, and specifically to underserved part of the public”. Hence, the program gained interest nationally and internationally because of its collaborative and national intervention strategy to housing demands for low and middle-income groups. The program is also unique in the sense that it took an approach that is self-sufficient in the absence of foreign aid assistance. The program is able to circulate initial seed funds and tap into an unconventional collaboration with the Commercial Bank of Ethiopia (CBE) to close housing finance institutional gap. The other repeatedly mentioned point of pride of the project is the fact that although it was primarily a housing delivery programs it took an integrated approach to fight against poverty.

### *National Significance*

The IHDP program had significant impact on the economic and institutional function of the Addis Ababa City Administration. The program introduced new forms of institutional collaboration between several key players and stakeholders. One key informant reports magnitude of the financial implication of the project to the Addis Ababa City Administration claiming that:

“When the project started, politicians and Addis Ababa City Administration took a bold step to allocate budget for the program, and came up with the seed money. At some point the project demanded 50% of the City Administration annual budget and yet it had strong political support”

IHDP program had strong support at the Federal, state and local levels down to the lower units of government. Key informants however clearly communicated that the IHDP program implementation is a clear top-down approach where federal and state governments ensure that there is collaboration and following of the rules at all lower levels of government. Most key informants at Sub-city levels expressed that most program related challenges arise at the project implementation phase on the ground. Some reported that the program had strong political interest that “Political decisions intervened in technical aspects of the project”. Others discuss the extent to which grand political interest was blind to realistic institutional and financial capacity that was available. They argued that: “The project’s ambitious plan didn’t match the capacity of the construction industry, program financial allocation, material supply, institutional capacity and other required institutional infrastructure”.

Regardless of the many challenges of the program implementation in Addis Ababa, it quickly gained momentum in interest by other regions nationally. The interest however, was very political and not necessarily demand driven. A key informant that was also one of the initial administrators of the program in the mid 2000’s communicated that: “Although the project started as a pilot project in Addis Ababa, at later stages it grew into a national project. This is because of the large scale demand and interest by regions across the country”. However, the same informant communicated that interest by regional states was a political move that was not

backed by actual feasibility study that substantiated the demand. This study identified that once other regional states showed interest, the Addis Ababa project office conducted a study to identify which of the cities in these regions qualified for the project and came up with a report that concluded only three other cities qualified for the program. Another informant identified that:

“When other regions demanded that the housing project must also be implemented in their respective localities. The Addis Ababa project office was given the responsibility to do the feasibility study and later determined that only Bahirdar, Dire Dawa and Hawassa qualified to participate in the housing program. However, regions other than the three demanded that they too participate in the program and later it became a political decision and those regions were also included in the national IHDP program”

This case clearly shows that the decision to expand the program into other regional states was a political decision and it is reported to create disappointing results. Another key informant asserts that:

“The results were devastating that there was little demand for the housing program in some of those regions and the project failed and stopped after the first phase. Housing units were left unoccupied because there is no demand by the people to this date. As a measure to intervene this situation universities and other institutions purchased some of the condominium housing units as housing for public servants and university staff. Some units are still unoccupied and others are left unfinished”

### *3.2.14. Policy and Program Processes*

This section presents findings on urban governance processes as it relates to institutional policy-making and program implementation. First, a discussion is presented on IHPD’s policy-making process and key actors that participate in policy-making and program implementation processes. Second the study identifies program implementation processes as it relates to the incremental nature of the program and the extent to which it took collaborative and inclusive initiatives to encourage stakeholder participation.

#### *Policy Process*

As discussed in the national significance section of the study, IHDP program was initially introduced in the early 2000’s by the then in office Mayor Arkebe Oqubay. Prior to the introduction of the housing program government had small scale housing delivery intervention programs which were overseen by the German Development Agency (GIZ) in Tigray<sup>45</sup>. At the time when the Mayor was a public official in Tigray he had come across one of the small scale housing intervention programs in that region. Following his appointment as the Mayor of the City of Addis Ababa he brought this idea to implement the housing program to address the already recognized severe housing demand in the city. Around the same time the National Urban Planning Institute had identified housing backlogs particularly for the low and middle-income groups as an urban problem needing immediate attention. This window of opportunity presented the Mayor to push for a large-scale housing intervention program. One key informant clearly expressed that the project was highly politically driven and was decided at higher-level office

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<sup>45</sup> Tigray is a city in the northern region of the country.



with little policy dialogue with public or experts in the field. Participants expressed that policies and project design was instituted with very little foresight into what it would entail and was highly incremental in nature. One interview participant that worked at the Housing Development Project Office (HDPO) in the early 2000's identified that "The process was incremental in nature...it did not take normal policy and project life cycle." This key informant identified that much of the project since the initial stages was characterized by "learning by doing". However, the same participant also notes that the project had clarity on its objectives, the participants argued

"The project was clear on its objectives, it had clearly set its interest increase housing supply, employment creation and capacity building of the construction industry. However, the policy process was not clearly crafted from the initial stages, for example you would not find a policy document that has clear description of how the program intends to create employment or build the capacity of local construction industries. The program was pretty much based on learning by doing. Through the process of doing, the program evolved and experimented on effective ways of achieving program objectives"

In the absence of clear road map, there was strong political will and the drive to achieve objectives established by the program.

### *Stakeholder Participation*

Governance process of the IHDP program has several stakeholders. The major players are the federal government which oversees the program, state project offices, which in the case of the Addis Ababa project is the Housing and Development project Office (HDPO), Sub-city project offices<sup>46</sup>, Addis Ababa City Administration infrastructure provision offices<sup>47</sup>, financial institution<sup>48</sup>, local contracting and engineering offices, businesses and citizens. Information from key informants depicts that the federal government made much of the policy framework and administrative institutions were only engaged in policy and program implementation. Key informants indicated that program implementation processes did not encourage citizen participation. Hence, indicating the governance process to be devoid of participatory processes. An interview with a participant that worked at HDPO during its initial planning stages report that "The community, had very little role in policy or program implementation processes. At times community representatives were invited to participate in large informative meeting sessions without much participatory dialogue". The absence of citizen or beneficiary households participation had substantial impact on program outcome. Key informants asserted that there was a disconnect between actual need and delivery of housing typologies, as a result the project office had to redesign housing units which had little demand.

The absence of participatory process had a detrimental effect on the lives of households that previously resided in inner city urban renewal sites. At urban renewal sites, families and

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<sup>46</sup> These are the ten Sub-cities under the Addis Ababa City Administration: Arada, Addis Jetema, Yeka, Kirkos, Gulele, Lideta, Kolfe Keranyo, Nifas Silk Lafto, Bole, Akaki Kalit and Gergi.

<sup>47</sup> Infrastructure offices include water, electric, sewer, road and other social infrastructure services like school, parks, clinics...etc.

<sup>48</sup> Commercial Bank of Ethiopia

businesses were displaced from their livelihoods by order and had no say on how the project was going to impact their lives. One key informant asserted that:

“The project may be successful in the physical sense of the urban renewal process through the IHDP program, however it failed in terms of changing or transforming the livelihoods of those who resided in the inner city renewal sites prior to the urban renewal project. It lacked to renew and transform the lives of those impacted by the renewal projects”

Some displaced households were given alternative option to relocate into Kebele housing, others were given the chance to participate in condominium housing while a significant number of them were dislocated fell through the cracks. In conclusion, the governance process of the housing program excluded voices of all stakeholders whose lives were impacted by the program.

### *Program Implementation*

Again this study identifies that the program implementation process both in terms of institutional, financial and technical capacity has evolved in the last ten years. Presented here are some of the ways that key informants identified the evolving nature of the program and how changes introduced affected program outcomes. The implementation process is discussed under identified themes of: learning by doing and capacity building.

#### *“Learning by Doing”*

As mentioned above the study finds that most program design and implementation strategies have evolved over time. This includes, financial structure of the program, institutional set up and technical design of the program. This section will present a discussion on how the aforementioned aspects of the program have evolved over time. An overarching theme across all program design and implementation processes is the fact the program took no time to stop and think and was very much driven by need to continually produce outcomes. One key informant that is currently part of one of the Sub-city project offices identifies that “There was not ever a time when, you can stop and think to identify problems and solutions, you just make changes as you go, the process is hectic and complex”. Hence, indicating that the program implementation process lacks integrative approaches to problem solving. A second key informant also identified that program “Decisions were made at the higher level and there was no time to stop and think through some of the negative repercussion of the program”. Hence implying that lack of participatory and inclusive processes had negative implications on the program outcome. At the initial stages of the program, major problems were reflected when housing typologies were delivered based on assumptions that most low-income families choices would be studio or 1-bedroom typologies<sup>49</sup>. It appeared that 80% of the interested residents wanted 2 and 3-bedroom housing typologies. This led to a situation where studio and one-bedroom typologies had very little demand compared to 2- and 3-bedroom typologies. Therefore, resulting in the redesigning of most of the studio and 1-bedroom typologies into 2 and 3-bedroom typologies. This scenario reveals a clear disconnect between program design, implementation and actual interest of

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<sup>49</sup> These decisions were made based on housing unit cost and not based on need and interest assessment from beneficiary residents.

beneficiary households. As a result, some projects required costly modifications and ended up taking 3-4 times more time than initially intended.

Financial structure of the program was probably one of the most acclaimed success of the IHDP program. The program was initially set up in such a way that the Addis Ababa City Administration would use up to 50% of its annual budget toward condominium housing as a seed money to start the project. However, it later established a collaboration with the Commercial Bank of Ethiopia, where the city sells bonds to CBE for project implementation and then recovers its costs once housing units are transferred and homeowners and CBE sign mortgage loan contract with beneficiary households.

Technically the project has mainly evolved from initial arrangement where all technical documents were produced in house<sup>50</sup> into an arrangement where the program outsourced its technical design to local Engineering and Architectural firms to oversee technical document preparations as well as supervision of project sites. This process basically transformed the project implementation into one that involved Public-Private-Partnership. The project also devolved responsibilities to determine infrastructure needs to Sub-city program offices. Another driving factor of the learning by doing process of the program was the fact that changing nature of the construction industry continually incurred cost revisions that required regular revision of program design and technique to keep costs affordable to the target population. A key informant, that was part of the technical design team in the late 2000's reports that:

“Cost was the main driver of the condominium housing design, and the project was very ambitious that it was not possible to deliver the number of housing units that government promised to deliver, therefore it needed to conduct several design and technical revisions”.

Finally, institutional set up of the program has changed a few times as the program grows larger and restructured its implementation strategies. Currently the program has a specialized and independent project office<sup>51</sup> that functions under the Bureau of Works and Urban Development<sup>52</sup> and collaborates with the ten project offices under each Sub-city administrations. Each Sub-city is in charge of coordinating for infrastructure provision including water, sewer, electricity and other infrastructure services. In addition, design and technical supervision related work are outsourced to local engineering offices and contractors under the supervision of the Housing and Development Project office (HDPO).

#### *Accessibility and Affordability*

This section presents efforts made by the IHDP program to promote accessibility and affordability of the service to urban residents. Specifically, to urban residents that are underserved by the market. Accessibility and affordability issues were primarily addressed by the IHDP program by making housing accessible to the low and middle income economic group

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<sup>50</sup> Technical documents and processes include architectural design, engineering and construction supervision

<sup>51</sup> Housing and Development Project Office (HDPO)

<sup>52</sup> This bureau is situated under the Addis Ababa City Administration

of the urban population. Second, the program has established policies that specifically prioritized housing delivery to female-headed households.

As discussed in length in this study, IHDP program was initially instituted to alleviate the housing stock backlog, specifically for parts of society that were underserved by the market. The program addresses accessibility and affordability of service in three specific ways. First, for the first time government intervened to promote housing delivery to traditionally marginalized population by becoming one of the key players in housing delivery. Second, IHDP program promotes capacity building and employment creation through establishment of the micro and small enterprise program. Finally, the program has given emphasis to accessibility of housing delivery to female-headed households.

Government's intervention as one of the key players in the housing sector is anchored on the objective to ensure accessibility and affordability of services to low and middle income citizens that were previously marginalized by the market. IHDP's initiative to make housing accessible and affordable to this group was primarily integrated in the large-scale government subsidy, mortgage loan arrangement, housing typology design, mortgage loan group scheme and saving services. As discussed earlier in this section, in order to make housing affordable to the target population, government has made the effort to implement several subsidies. Subsidies include, provision of land for condominium housing development<sup>53</sup>, technical and human resource support for the program (costs associated to technical and human resource are not incurred on the housing value) among others. The program has also initiated housing mortgage loan arrangement with the Commercial Bank of Ethiopia, which provides mortgage loan services to all beneficiary households. This arrangement stands to be the first of its kind ever implemented in the country with the aim to cater to previously marginalized population. The program also designed four different types of housing typologies that cater to households based on their interest and financial capabilities. In addition to housing typologies mortgage loan arrangements with CBE has established three loan group schemes where households can be categorized into the loan groups<sup>54</sup> base on their income and ability to raise required initial down payments. For households that are interested in participating in the condominium housing program but do not have the means to raise first down payment, in the last three years the program in collaboration with the Commercial Bank of Ethiopia has established saving mechanism where they can make monthly payment to save the required amount in 3, 5 or 7 years.<sup>55</sup> A policy-maker that participated in the program mentioned that currently there is a policy revision to add rental housing development as an intervention to cater to low-income households that are still not able to participate in the program.

In terms of making the program accessible to women and disabled populations. Of the total 150,000 housing units delivered women constitute 53% of the beneficiary households. This is because, in the effort to close the gender housing gap the program has instituted a policy initiative that requires 30% of the housing units available for women. In addition, women have equal chances of gaining access to the lottery system for the remaining 70% of housing

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<sup>53</sup> Land is the highest cost associated with housing development

<sup>54</sup> 10/90, 20/80 and 40/60

<sup>55</sup> Number of years of saving depends on typology of condominium unit households register for.

allocation. In terms of accessibility of housing units to the disabled population the program policy requires individuals with physical disability that have won lottery to be given priority in the housing unit selection process.

Despite its commendable effort to make housing accessible and affordable to low and middle-income households, it is also criticized for overlooking challenges associated with income generation. In addition, the program has faced significant price increase since its establishment where as a result initially targeted low-income families are practically not able to participate in it at all.

Findings from this research confirm to prior studies that report on access to and affordability of public housing programs in other Sub-Saharan African countries contexts. Similar largescale housing programs have been implemented in Angola, South Africa, Congo DRC and Rwanda. Across all country cases, affordability and accessibility of public housing programs remain to be a challenge. Goebel (2007) suggest that access and affordability of low cost housing programs in South Africa are challenged by the larger “macro-economic” condition in the country. Regardless of the affordability challenge, Goebel also suggests that affordability challenges are shaped by macro-economic conditions, “the low-cost housing and service delivery programs have dramatically increased access to urban services by the poor. These successes have been recognized internationally” (p. 293). Comparable to the IDHP program, the South Africa affordable housing program also called the “Comprehensive Plan for the Development of Sustainable Human Settlement” functions on an upfront grant to households with income ceiling of \$308 per month (Buckley, Kallergis and Wainer, 2016, p. 202). Hence, catering to a part of the population that has been underserved by the market.

Contending to the challenges of delivering affordable housing to urban residents in Sub-Saharan African countries, The Economist (August 31, 2017) article on “Not for the poor anymore Ethiopia is Struggling to Make Housing Affordable” argues that:

“Ethiopia is not alone in its struggles. Public-housing programmes have a long history of failure in Africa. They have often focused on large-scale developments on the edges of cities—and are proven unaffordable. A recent project on the outskirts of Luanda, the capital of Angola, offers flats starting at \$84,000 in a country where the per capita income is just over \$6,000 and the median is far lower. In Cameroon the government’s flagship housing programme is out of reach for 80% of the population, says the World Bank. South Africa has built some 3m houses since 1994, which are doled out free of charge, but most are in poor shape.”  
(Para. 6)

Evidences, from other Sub-Saharan African country contexts speaks the constant struggle associated with public housing provision that caters to the urban poor. Hence, suggesting the need for more robust, creative and participator processes that are relevant to the needs of the target population. Nerveless, this study also recognizes the complex nature public housing delivery even in the context of strong political, economic and technical will.

### **Limitations and Future Research**

This study has a number of limitations. The most critical limitations of this study are, first, the limited number of study participants that engaged in the data collection process. The scope of data collection was mainly driven by the availability of resources and time. Besides that, gaining access to government officials and policy makers participating in the IHDP program design and implementation processes was a challenge.

Second, due to the vast application of the IHDP program, it became difficult to comprehend program impact across all stages of the program design and implementation processes. This limitation is also exacerbated by the transitional nature of government workforce that engage in the project. The researchers found it challenging to engage with policy makers and program officers that were present at the initial stages of the program. Hence, making it necessary to rely on secondary data and transferred institutional knowledge from the current workforce.

Third and equally important limitation of this study is that while qualitative data from in-depth interviews were mostly conducted in the national language (Amharic), it was necessary to translate interview transcriptions that could potentially result in loss of important information. To ensure minimal impact from this process, the researcher conducted multiple reviews of selected interview transcriptions.

Last, because of the data collection (in-depth interview) nature of the study, most program officers that participated in the study were often reserved to voice their critical opinion of the program for fear of their identity being revealed. Such circumstances impact the reliability and precision of data collected for analysis.

While providing a broader overview and analysis of the factors that shape urban governance processes of the IHDP program is valuable, the researchers also argue that there is value in conducting an in-depth analysis of the policy process, including factors that shape it. Second, besides secondary data, this study capitalized on data from in-depth semi-structured interview with study participants. The study also recognizes the need to conduct an in-depth case study of specific public housing projects to provide detailed analysis of the program impact on the livelihood of the city's residents. Finally, preliminary analysis from this study suggests that IHDP housing program has had major economic implication (both positive and negative) for households benefiting from the program as well as the larger community. Consequently, calling for further in-depth investigation of the program's economic impact on individual households, communities and the city as a whole.

### **Implications to Public Policy**

The overarching policy implication of this study are three-fold. First, findings from this study inform us of the disconnect between program design/implementation and need of the target population. Second, the study also highlights the highly centralized nature of the IHDP program and the lack of institutional collaboration at policy/program design levels and at the program implantation level. Hence leaving room for delays, mistakes, wastes and gap in program outcome. Last, the study, stress on the lack of process and program evaluation which could have

to a greater degree provide the opportunity to correct program mistakes with limited damage. The absence of evaluative processes denies the IHDP program the opportunity to evolve with the learned program and community needs. *Table 15* below provides a brief summary of the assessment of the IHDP program along with areas of policy implication of the study findings.

*Table 15: Assessment of program processes and policy implication of findings*

	<b>Process Inclusiveness</b>	<b>Program Design</b>	<b>Program Implementation</b>	<b>Program Evaluation</b>	<b>Long Term Impact</b>
<b>Assessment</b>	Highly-centralized policy-making and program design approach	Often program design does not involve target beneficiary groups	Decentralized implementation process  Does not adequately integrate voices of impacted citizens, businesses and other groups	Lacks program evaluation as a learning tool to improve service delivery	Program has long term and lasting impact on the quality of life, socio-economic, environmental and spatial dimensions of the urban residents and physical spaces
<b>Policy Implications</b>	Incorporate voices of various stakeholders	Connect program design: technical, financial and administrative processes with the actual needs of target groups	Needs connecting program implementation to what is really on the ground through stakeholder participation	Requires stepping back to learn from strengths and mistakes to improve service	The program needs to invest time learning and assessing long term impacts of the program to make necessary changes for future program design and implementation.

#### **IV. Conclusion and Implications**

This study explored the urban governance processes of the Addis Ababa Light Rail Transit (AA-LRT), and the Integrated Housing Development Program (IHDP), as flagship projects that have turned the City of Addis Ababa around. Specifically, the study looked into the origins of the two flagship projects, the extent to which residents and local governments of Addis Ababa were able to influence the overall policy making and implementation processes. The study also critically analyzes the governance structure, process, and practices, within the political context under which the decisions were made, and the specific role that the city government of Addis Ababa played in the management and operation of the projects. This section concludes major findings and discusses the implications to policy pertaining urban governance in Ethiopia.

#### **4.1. Conclusions**

As thoroughly discussed in the finding sections of the two flagship projects, the AA-LRT and Housing project plays significant roles in meeting the city residents' transportation and housing needs, while increasingly contributing towards the service provision aspect of urban governance. The launching of the Light Rail Transit helped to transport an average of 60,000 residents per day. While the construction of hounded thousands housing units helped to provide housing for 96, 263 households.

The AA-LRT and Housing projects as urban infrastructure development was an integral part of Ethiopia's urban development policy and strategy that intends linking urban development related investment in the overall poverty reduction efforts of the country through employment creation as well as private sector development. In this regard, both projects offered employment opportunities for the urban poor. Particularly, the housing project was instrumental in creating new jobs and facilitated the growth of small and micro enterprises through an increased demand for products and services for the construction process. Evidence for this study shows that the housing project created 193 jobs for individuals and micro and small enterprises. Hence, significantly contributed to increase household income that in turn contributes to reduce urban poverty.

The two flagship projects were introduced and implemented under the political economy of Ethiopia's urban development and governance affairs, within the deeply entrenched bureaucratic centralism. Hence, the system of governance does not promote a dynamic interactional process between various actors, rather guided by the State effectiveness, demonstrating embedded consensus as a way forward. The fact that the two projects have evolved at different phases of Ethiopia's "developmental state" nation building processes, this study found and reveals peculiarities in each of the dimensions of urban governance. Hence, the two flagship projects have differences in relation to governance and power in relation to stakeholder participation, institutional capacity, and gender sensitivity.

With regards to the governance and power dimension of governance, this study found limited or no power dynamics that exists during policymaking and implementation processes of the flagship projects. Particularly, the findings show that the federal government often plays significant roles through the governance process. This is further explained by the practice of stakeholder participation. In this regard, the initial phases of the urban housing infrastructure development process in Addis Ababa witnessed high level of stakeholder participation, and the idea of the low-cost housing/condominium was originated from GIZ, a German Development



Aid. Not only in originating the idea, GIZ had an active role on the initial project design and implementation of the pilot low cost housing project, after which the Ethiopian government took over and continued by them. Furthermore, consultative meetings involving housing experts from Addis Ababa University, local contracting and engineering offices, businesses and residents were conducted. Furthermore, the housing project diligently created a public-private-partnership through engaging private contractors to engage in building condominium houses. On the other hand, the AA-LRT was initiated and implemented without involving local non-state actors. There was no contestation during issue emergence as well as on the implementation phase both from outside of the government structure or non-visible actors.

In relation to institutional structure and capacity, the two projects show differences. As shown above, the two projects were initiated and evolved in different phases of Ethiopia's socio-economic, and political trajectories. As a result, the urban housing project has relative independence and is structurally situated under the City Government of Addis Ababa. However, the AA-LRT is under the federally structured Ethiopian Railway Corporation, directly reporting to the PM's office. The Addis Ababa housing program is fully implemented using local, financial as well as human resources; where as the LRT is significantly dependent on external financial and technical resources. Since the housing program is based on owner occupant strategy, the Ethiopian National Bank has been covering the financial need of the project through a long-term loan agreement with potential condominium housing unit owners; whereas, Exim Bank of China financed the AA-LRT infrastructure as well as its operation and maintenance. The housing project is fully managed and implemented by Ethiopian nationals, where as the Chinese Chenzen Metro leads the AA-LRT's day-to-day management and operation with CREC. The Swedish Road consultancy has been evaluating the works of the Chinese companies in all phases. The current ERC initiated Institute of Railway Technology in Addis Ababa University would provide relevant human resources, who could completely manage, operate, and maintain the AA-LRT and other national level railway projects.

Furthermore, both projects have a symbolic significance at a national and international arena. Nationally, the projects have a major part in the Growth and Transformation Plan (GTP) that intends to showcase the "Ethiopian Renaissance" narrative. Furthermore, the projects have been used as evidence for the Ethiopian government's effectiveness in facilitating pro-poor growth and social development. As a result, both projects have received significant political backing, without which the projects could not be a success. The renowned commitment of the government in building more housing for the poor and middle income and the expansion of LRT lines in GTP II (from 2015-2020) demonstrates the political commitment and backings. Furthermore, both projects contributed towards the city's economic growth through revenue generation. The projects are also portrayed as drivers of the City of Addis Ababa's competitiveness through providing an environmentally friendly, modern transportation and housing to the poor and middle-income households. Internationally, the two projects have received media attention, demonstrating a symbolic significance for the African continent in general and for the City of Addis Ababa in particular.

In relation to the inclusiveness in general and gender sensitivity in particular, the housing project demonstrates gender sensitive planning, particularly in incorporating measurable indicators in its policy and strategy documents. As discussed earlier, the IHDP program established a policy that

requires 30% of condominium housing stock to be reserved for women. On the other hand, in relation to the AA-LRT project planning, gender was not brought up for discussion. The AA-LRT project has started including women in its operation phase through employing women in relevant positions. Evidence for this study unequivocally shows that the two projects were instrumental in facilitating employment opportunities for unskilled daily laborers in the city. In exploring inclusivity, this study intended to explore the benefits of both projects for women and men using the intersectionality approach. However, data was unavailable to critically examine how gender and other intersecting socio-economic identities of a person contribute for women's inclusion or exclusion, in access to the transport and housing services. This suggests the need for further research.

In general, evidence from the two-flagship projects show that the governance process is devoid of genuine democratic/pluralistic participatory processes during issue emergence as well as implementation of the projects. This, however, is not without a reason. The governance process that was evident in the two-flagship projects also show the Ethiopian government's pragmatic stance, that is based on its fundamental "developmental state" ideals that boldly assert the centrality of the state role in any development interventions. Within the developmental state paradigm, expanding services are vital and the two projects show the relative state effectiveness in delivering transportation and housing to the city residence, although much needs to be done to meet the transport and housing needs of Addis Ababa residents. In conceptualizing urban governance, this study employed the political economy analysis approach to situate the governance of the two flagship projects contextually. Although the study did not attempt to provide a new conceptualization of urban governance, the evidence from this study consistently demonstrates that urban governance in the Ethiopian context is equated with state effectiveness in delivering services through enhanced government institutions.

While embracing state effectiveness in delivering basic urban services such as mass transportation and housing, this study demonstrates the limitation of the current urban governance process and systems. Evidence for this study highlights the emphasis on the centrality of state in initiating ideas, planning, and making a sole decision on the way to urban infrastructure prevented the specification of alternatives. Availability of policy alternatives often expands the opportunity to get more benefits. Hence, the involvement of diverse groups in the delivery of urban transport services, and housing could have benefited in terms of weighing options based on better coverage in public transportation as well as enhancing the affordability of housing to citizens with low income. Here, it has to be noted that the housing project relatively opened its room for the involvement of non-state actors, particularly the private sector compared to the LRT project. However, housing stakeholders' involvement is only on service delivery rather than expanding their role in generating alternative policy ideas from which the government could have made authoritative choices. Furthermore, the absence of genuine non-state actors i.e. the media, civil society groups, and academics in evaluating the effectiveness of existing policy and strategic direction in urban service delivery has limited feedback loops. This in turn limited the government's ability to engage in a timely policy revision so as to prevent wastage of precious public resources. In this regard, the government's decision to expand the projects with additional loan agreement without undertaking a critical cost benefit analysis and trying to solicit alternative mass transport system is indeed troubling. Table 15 summarizes the governance processes of the two flagship projects.



Table 16. Summary of LRT and Housing governance process using the governance analytical categories

Flagship Projects	Governance Analytical categories			
	Governance and Power	Institutional/Capacity building	Urban Symbolism	Inclusiveness and effectiveness
AA-LRT	The federal government was the sole decision maker and faced no contestation from within the government structures, including the city government of Addis Ababa. There was no room for other visible and invisible policy actors outside of the state apparatus to have an input in LRT policy decisions.	A new institution, Ethiopian Railway Corporation was established under the federal government. The institution is dependent Chinese companies. Capacity development efforts were planned and being implemented. The establishment of Institute of Railway engineering anticipating 100% takeover of operating AA-LRT in near future.	AA-LRT has shown significant urban symbolism in both national and international spheres. The LRT is one symbol for Ethiopia's renaissance both in terms of economic growth and urban service delivery. International media made coverage of the LRT inauguration and made significant analysis.	Gender was not recognized in the initial phase. During the operation phase, however, the AA-LRT project office made a policy decision to employ female staff members in its key activities i.e. as train drivers, maintenance technicians and train ticket selling officers. The affordability of the service offered an opportunity for low-income socio-economic groups to have access to modern transportation.
Housing	While the implementation process of the IHDP program is highly decentralized, program design and decision-making remains to be highly centralized showing no-contestation. The government as sole policy decision-maker. Under the guidance of the state, non-state actors were involved. Moreover, the housing project helped the engagement of the private sector in the delivery of housing. Hence, the city administration has been contracting both micro and small enterprises, which are in the construction sector.	Job creation and building capacity of the construction industry were two of the main objectives of the IHDP program. The program has succeeded in boosting the construction industry and creating a total of 580,391 jobs (303,592 permanent and 276,799 temporary jobs)	IHDP program is one of the largest and most comprehensive poverty reduction program ever implemented in the country. The program has gained both international and national recognitions. In recognition of outstanding public service the program recently received 2015 United Nations Public Service Award (UNPSA).	Gender and economic status were considered during the initiation of the program. Because, Low and medium income households were previously marginalized by the formal housing market. The program also allocates 30% of the condominium housing stock to women; in addition women had equal chance in gaining access to the remaining 70%. As a result, 53% of the beneficiary households are female-headed households giving However; cost and affordability issues have resulted in the exclusion of low-income groups.

## 4.2. Implication to policy and future research

The findings of this study is the first in presenting the governance processes, structures, and practices in relation to Addis Ababa city turn around projects i.e. AA-LRT and Housing through exploring the origins of the projects. Hence, the study fills the gap in the knowledge base by addressing urban governance issues in Ethiopia in general and the City of Addis Ababa in particular within a developmental state political economy. The following section presents implications to policy and future research.

### 4.2.1. Implications to policy

This study is exploratory in its nature and hence, the study is limited to exploring the phenomenon of urban governance of the two flagship projects and offers an important contribution and implications to policy in two ways. First, Ethiopia's urban good governance packages adopt internationally recognized good governance principles. Furthermore, the ULDPs also offer a relevant governance structure and institutional setup to enhance decision-making at a local level. However, the practice of urban governance in relation to the two flagship projects are far from the western type of democratic and participatory governance that encourage diverse actors to influence policy decisions. This is mainly explained by the political ideology of the ruling party that offers ultimate power to leaders of the ruling party to control the public policy agenda-setting processes. Hence, in order to avoid the contradiction between the country's commitments towards good governance practice, the country needs to redefine its urban governance policy and approaches within its ideological preferences

Second, despite the political economy of Ethiopia's urban governance that fundamentally assure the State dominance in policy decision making, policy reforms is needed to enhance the role of citizens' and the private sector to maximize the benefits of prioritized urban mega projects. In particular, the federal government and the city government of Addis Ababa needs to revise its policy direction to sustaining the benefits of the AA-LRT with clear mandate to the city administration. The need to transform governments' commitment to pluralist participation of relevant non-state actors in the planning and implementation of mega project is vital so as to enhance the efficiency, effectiveness, and sustainability of mega urban projects such as AA-LRT and Housing at national and local level.

Based on the major findings, this study provides specific policy recommendations for the two projects.

#### AA-LRT

- The federal government and the Addis Ababa City government needs to revise its policy direction to sustain the benefits of the AA-LRT with clear mandate to the City administration regarding the management and control of the project;
- Transform the governments' policy commitment to pluralist participatory governance though involving relevant non-state actors (i.e. citizens and the private sector) in the planning and implementation of urban mass transit;

- Consider other financially and technologically feasible transport systems that will integrate existing transport services in the city;
- Before expanding the AA-LRT, undertake a critical cost benefit analysis vis-à-vis quality and effectiveness of the service.

## IHDP

- Aligning policy and program design to cater the program to the target population;
- Engage the different stakeholders, including citizen groups, businesses and civil society groups into the program design and implementation process;
- Identify and address short term, as well as long term impacts of the program on beneficiary and displaced communities;
- Take time to evaluate and learn from socio-economic, livelihood, environmental and spatial impacts of the program on existing and newly developed communities. This will prevent the production of new forms of urban slums in the city.

### 4.2.2. Implications to research

The findings of this study have significant implications for future research. The findings about the AA-LRT and Housing projects further illuminate the urban governance policy and practice dilemma in Ethiopia. The differences of the two projects on their emergence, governance structure and process, as well as sources of finance necessitates the importance of conducting further research on how the City of Addis Ababa manage and control other urban projects. Future studies could specifically examine the power relation between the Federal and City Governments in determining socio-economic policy options, planning and implementation. Furthermore, future studies could critically evaluate the effectiveness of both projects using scientifically approved variables, including the economic viabilities vis-a-vis infrastructure and operation costs as well as quality of the projects.

### 4.3. Limitations of the study

The current study findings highlight the exercise of urban governance in Ethiopia through exploring AA-LRT and IHDP. However, the findings need to be understood in light of the study's limitation. Although the use of the qualitative research design was instrumental to obtain a complete and detailed description on the emergence, discursive rationale, governance structure and processes of the two projects, the design has some limitations. Hence, the design does not allow us to make a generalized statement about Ethiopia's urban governance process numerically. Hence, the findings need to be attributed to the governance of the two flagship projects. Despite the methodological limitation, we made efforts to ensure the trustworthiness of the study.

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