In search of shelter

The case of Hawassa, Ethiopia

Emma Grant, Gemechu Desta, Yeraswork Admassie, Faraz Hassan, Sophie Stevens and Meheret AyeneW
About the authors

Emma Grant, senior expert, Social Development Direct
Gemechu Desta, executive director, Econvalue Consult
Yeraswork Admassie, former associate professor of sociology, Addis Ababa University
Faraz Hassan, senior urban specialist, Social Development Direct
Sophie Stevens, principal consultant, Social Development Direct
Meheret Ayenew, senior public policy researcher

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The city of Hawassa is growing fast, driven by the recent construction of a flagship industrial park which is expected to attract up to 60,000 workers by 2021. As the population expands, Hawassa’s shelter needs are becoming ever more acute: existing housing stock and government housing programmes and policies do not match demand. While informal settlements expand to absorb increasing demand from migrant workers and others, sustainable housing solutions are urgently needed for the city’s hundreds of thousands of residents. This working paper presents findings of recent research into the shelter challenges faced by low-income and vulnerable groups in Hawassa and provides policy recommendations for relevant stakeholders across government, local communities, business and the donor community.
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# Acronyms and abbreviations

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<th>Full Form</th>
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<tbody>
<tr>
<td>AWSAD</td>
<td>Association for Women’s Sanctuary and Development</td>
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<td>BOWCYA</td>
<td>Bureau of Women, Youth and Children's Affairs</td>
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<td>CBE</td>
<td>Commercial Bank of Ethiopia</td>
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<td>CSOs</td>
<td>Civil society organisations</td>
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<td>EIAF</td>
<td>Ethiopia Investment Advisory Facility</td>
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<td>EPRDF</td>
<td>Ethiopian People’s Revolutionary Democratic Front</td>
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<td>ETB</td>
<td>Ethiopian birra</td>
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<tr>
<td>FDRE</td>
<td>Federal Democratic Republic of Ethiopia</td>
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<td>FGD</td>
<td>Focus group discussion</td>
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<td>FHHs</td>
<td>Female-headed households</td>
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<td>GBV</td>
<td>Gender-based violence</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HIP</td>
<td>Hawassa Industrial Park</td>
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<td>HMF</td>
<td>Housing microfinance</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IHDP</td>
<td>Integrated Housing Development Programme</td>
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<td>IIED</td>
<td>International Institute for Environment and Development</td>
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<tr>
<td>IPDC</td>
<td>Industrial Parks Development Corporation</td>
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<tr>
<td>KII</td>
<td>Key informant interview</td>
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<tr>
<td>MFI</td>
<td>Microfinance institutions</td>
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<tr>
<td>MUDHCo</td>
<td>Ministry of Urban Development, Housing and Construction</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<tr>
<td>PPP</td>
<td>Public–private partnership</td>
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<tr>
<td>SACCOs</td>
<td>Savings and credit cooperatives</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SNNPR</td>
<td>Southern Nations, Nationalities and Peoples’ Regional State</td>
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<td>TECS</td>
<td>Trends in Ethiopian Civil Society</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UN-Habitat</td>
<td>United Nations Human Settlements Programme</td>
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<td>UN-Women</td>
<td>United Nations Entity for Gender Equality and the Empowerment of Women</td>
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Summary

Findings

This research has explored how and why state housing schemes have had a limited contribution to deliver housing solutions at scale in Hawassa. Although different Ethiopian government housing schemes (including the Integrated Housing Development Programme or IHDP condominiums, cooperative housing and the Sidama Microfinance Institute scheme) have contributed to the existing housing stock to some degree, none have generated sufficient or affordable housing at scale. Demand outstrips supply by a huge differential — exacerbated by the arrival of thousands of Hawassa Industrial Park (HIP) workers since 2017. Moreover, although existing schemes were intended to provide housing for low-income people, they are largely beyond the reach even of middle-income groups.

Residents of government-supported housing schemes frequently complain of poor infrastructure and a lack of accountability with regards to service provision. This is linked to the approach to installing buildings or improving infrastructure (rarely given adequate oversight by municipal authorities, and thus left to homeowners to find their own solutions). Residents organise only around very specific and urgent common needs rather than an organising themselves at a neighbourhood level to stand for common and longer-term interests — such as for advocacy or oversight regarding affordable housing, sustainable utilities, security and waste-management policy.

Female-headed households, divorced, separated and widowed women, elderly women and women with disabilities all face severe/acute shelter vulnerabilities and are among the most vulnerable urban residents in Hawassa. These are the groups who are most likely to struggle to access both formal and informal shelter, related both to their below-average income levels but also to other forms of bias and discrimination. Despite a range of legal and policy stipulations that provide for affirmative action measures to prioritise women’s access to shelter, gender norms and roles continue to constrain equal property rights for divorced, separated and widowed women — who are also the most economically vulnerable.

Recent reforms offer a major opportunity to involve communities and civil society organisations (CSOs) in oversight and accountability mechanisms that could generate innovative and effective solutions, as well as contribute to potential resource mobilisation. Formalised structures for engagement are more likely to have traction than ad hoc arrangements and give scope to ensure that marginalised and hard-to-reach groups are involved — leaving no one behind. However, Ethiopian CSO capacity has been severely weakened over the last ten years and will require significant support over a period of time in order to provide an effective accountability function. Other cities’ and countries’ experiences regarding engagement and co-production models could provide useful learning.

Scarcity of land for building in a highly centralised system is leading to unaffordable plots prices. Processes to service and prepare land for lease within the municipal boundaries are lengthy, sensitive and expensive, forcing people to look for options outside the formal land allocation system — perpetuating informal settlements and informal deals which are potential grounds for land-related conflict. Inadequate compensation was creating perverse incentives for farmers to transfer leases privately, and sometimes informally.1

The study found that government technical and financial capacity constraints are compounded by a lack of accountability. On the one hand, the lack of staff, limited understanding of access to new technology and lack of financial resources are resulting in an inability to implement existing policy. Beyond this, however, a lack of accountability is evident in the patchy implementation of the law governing evictions of informal settlements, citizens’ inability to demand better shelter and services, and allegations of corruption within the public sector.

Mortgage finance for low- and middle-income groups is highly constrained. There are no options for individuals (or indeed, associations of such individuals) to access finance for leasing land for constructing houses, beyond small-scale traditional rotation savings groups (iquub), social networks such as diaspora, or the very specific microfinance option for housing such

1 Note that, in 2019, after our data collection was finished, a revised proclamation was drafted to repeal the expropriation of landholdings for public purposes and payment of compensation proclamation no 456/2005 (FDRE, 2005a) was drafted in order to enable compensation rates for farmers in a much-improved way. The proclamation is awaiting ratification.
as in the case for HIP workers. This financing vacuum undermines the ability of urban residents to construct new housing, putting additional pressure on state-financed schemes.

**Finances for procuring and servicing land for leasing, building new housing stock and maintaining municipal housing are inadequate.** In line with recent legislation, the Hawassa authorities are now exploring alternative approaches to finance including public–private partnerships (PPPs). Political leadership, again, will be important to iron out potential wrinkles in terms of incentivising international investors to see this as an opportunity while working towards resolving issues around the liberalisation of the finance sector and ensuring inclusivity (that looks carefully at affordability for low-income groups — an area where previous schemes have failed). This includes improving standards in housing allocated to the extremely poor.

**With very few options to access credit, renting or constructing houses in informal settlements is the only affordable option facing many people.** Our research suggests that female-headed households, who are on average poorer, are most likely to seek affordable shelter in remote areas. However, our study suggested that in these areas women and children are more vulnerable to sexual violence, related to the congested proximity of housing arrangements, the long distances that people need to commute, and the transport constraints in the evenings.

**Despite clear legislation concerning the eligibility of (pre-2011) informal settlements and shelters for regularisation, implementation of the policy has been only partial.** Not all settlements that are eligible have yet benefitted from this process, while other ineligible settlements have not been evicted. Until alternative affordable solutions are available, there is obviously a question as to how appropriate and effective any clampdown might be (as well as how it might aggravate the risk of conflict). Some instances of evictions have led to conflict, and there is very limited strategic community organisation and dialogue with authorities. As a result, such cases have not been resolved in a way to impact policy sustainably. Our research revealed widespread feelings of disempowerment and grievance amongst resettled residents who were eligible for compensation, but whose livelihoods, social networks and access to services were hugely disrupted through relocation, without adequate dialogue or compensatory measures.

**Recommendations**

Improve access to housing for low- and middle-income groups by strengthening existing housing stock and providing affordable housing finance.

- The city administration should actively support the formation of housing cooperatives to increase the supply of affordable housing, along with making land available at affordable lease rates.
- Government and donors should identify viable options for opening up access to finance for low- and middle-income groups, specifically through a low-interest lending bank. Microfinance products for housing could be developed, drawing on international experience adapted for the Ethiopian context.
- Government, the private sector and civil society should play active roles in mobilising finance through PPPs that will enable Hawassa’s city administration and the Industrial Parks Development Corporation (IPDC) to build, maintain and expand housing stock. This process should be inclusive and representative of groups such as HIP workers and marginalised and low-income groups. Careful consideration should be given to incentives for private developers and investors; and this consideration should include the removal of bureaucratic impediments to investment.
- Ensure that any investment in Hawassa’s housing development market addresses the lack of affordable housing for low-income groups, providing a core percentage of housing at subsidised, affordable prices for low-income households, in close collaboration with local authorities.
- Implement commitments to providing decent housing for extremely poor and relocated households. Develop proper information channels to ensure that households are consulted on and informed about processes and decisions. These houses must conform to some minimum standards which should be clearly specified and monitored.

**Address barriers to land acquisition.**

- The Hawassa city administration should work with neighbouring local government jurisdictions and farmers to acquire land for housing construction as part of an integrated development plan. Increasing the availability of land for housing will not only help to relieve the acute housing shortage but may also reduce the need to expand the city’s housing vertically using high-rise buildings, which those on lower incomes may find unaffordable.
The government also needs to monitor the impact of recent legislation increasing compensation rates for farmers to ascertain how this is affecting the wider land market and whether it has successfully increased availability or exacerbated access problems for low-income households.

Strengthen capacity and accountability of Hawassa’s city government.

- Existing programmes to strengthen capacity in the municipality’s housing sector are insufficient. Additional financial and technical capacity support is needed for the institutions involved in shelter provision. Capacity support that enables the city government to write credible proposals/housing strategies to leverage financial support from donors would be a priority. Donors/banks should also raise awareness about potential sources of finance that can be accessed.

- Strengthening the power of the ombudsman (with regards to both its engagement with Hawassa city and SNNPR regional bodies) and complaint-handling mechanisms will be key to ensuring that government is more accountable.

- Invest in a robust urban data-collection and management process, focusing on housing and basic services, that permits for a detailed analysis of market segmentation that can assist in prioritising resource allocation for shelter.

Address informal settlements and implement regularisation.

- To ease the acute demand for housing, the city administration should carefully consider regularising some informal settlements in line with the existing legal framework surrounding them. To mitigate the risk of gentrification, this should ideally be done at scale, using alternative standards, with community involvement/ownership, and with consideration for collective land-ownership options.

- Where involuntary resettlement is unavoidable, best practice can be drawn from the International Finance Corporation’s (IFC) performance standards on environmental and social sustainability to safeguard vulnerable residents (including those from female-headed households, people with disabilities and others).

- It is essential that municipal authorities work with relevant bureaux, sub-city offices and CSOs to better understand and prevent violence against women and girls in informal settlements.

Build political consensus and inclusion through good governance.

- Vulnerable residents and those on low incomes should be supported to organise and advocate or collaborate with municipalities for longer-term shelter solutions.

- Designated roles and spaces must be created for the organised input of women in political and housing policy processes.

- Strong political leadership from different levels of government and from Ethiopia’s different ethnic groups will also be required for sustainable and inclusive governance. This will be key to addressing issues of land scarcity as part of an integrated development plan.
Introduction

1.1 The overall research project and its objectives

This working paper is one of a series of three reports covering the main findings from a research project led by the International Institute for Environment and Development (IIED) on shelter in East Africa. This research project examines systems of shelter provision in three East African cities: Nairobi, Hawassa and Mogadishu. It was designed to identify policy-relevant, locally driven solutions to improve shelter at scale for vulnerable groups, including low-income women and men, displaced people, and people with disabilities.

The methodology underpinning the study recognises that gender, poverty, displacement and ethnicity can act as major axes of discrimination that impede access to land, shelter and services in East African cities. The research has explored the three cities' histories, political settlements and variations in housing, in order to generate new insights that can inform more inclusive, affordable shelter interventions. In addition, the research process has provided opportunities for knowledge sharing and spaces for dialogue between communities and local officials, using shelter as an entry point to foster more responsive local governance.

1.2 Conceptual framework

The Hawassa research was conducted based on a shared conceptual framework that was developed at the programme level, governing all three cities in the project. Although the framework enables us to explore the same issues in different contexts, and to highlight lessons from across these very different cities, the programme is not a comparative study as such.

For the purposes of this working paper, we examined access to shelter, basic services and how these have changed over time, with a particular focus on low-income and marginalised groups. The study explored how safe and secure shelter is provided and accessed (as owners, occupiers or tenants) within the city as a whole, identifying critical constraints, inequalities and drivers in the land and housing markets. A multi-scalar approach permitted an analysis of citywide dynamics, low-income settlements in general, and two particular case study settlements. We considered housing typology, as well as access to and quality of basic services — water, electricity, sanitation and transport.

Our analysis integrates a political economy/political settlement lens to identify challenges and make recommendations that help overcome structural and cross-sectoral barriers to inclusive housing, secure tenure and basic service provision at scale. We attempt to examine city governance as a sub-national political settlement and investigate the relationship between political settlements at the national and municipal levels, and within civil society, the federal system, municipal administrative officials and elites. Gender and inclusion issues are mainstreamed into the study as a whole, and explored more deeply through some in-depth key informant interviews (KIs) and focus group discussions (FGDs) with various key informants, including people with disabilities, women heads of household living in various shelter types (informal settlements, low-cost government housing, condominiums, own housing), and select local government and civil society representatives.

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3 Rather than approaching particular sectors (housing, land, livelihoods) or spaces (informal settlements) in isolation, this research seeks to understand markets for land, housing and basic services as integrated systems, whose possibilities are defined in part by conditions of political economy. Our analysis is thus driven by a ‘city as systems’ approach, as it extends beyond low-income shelter to explore citywide housing, land and infrastructure dynamics. We also integrate political economy analysis (PEA) to identify challenges and propose practical interventions that can help overcome structural and cross-sectoral barriers to inclusive housing, secure tenure and basic service provision at scale.
working with vulnerable women, children and people with disabilities in the city.

This paper seeks to illustrate how political settlements between various actors shape access to housing for people in Hawassa, in particular low- and middle-income groups. In order to do this, we first present important national and regional context in Section 2. Research findings are then presented in four sections: Section 3 describes the different stakeholders involved in the provision of housing in Hawassa and the nature of political settlements that exist in the city; Section 4 looks at the resulting supply of housing and key state interventions; Section 5 draws out some findings around gender and how this affects access to shelter; while Section 6 explores a number of additional issues our research found to be crucial in how people are accessing shelter, including safety and security; the rental market; and provision of infrastructure services. Section 7 sets out our conclusions and lastly, Section 8 provides recommendations for government, donors, the private sector and civil society in order to improve access to shelter in Hawassa.

1.3 The rationale for the study in Hawassa

Hawassa is a city on the rise. With the construction of a new industrial park in 2017 — a flagship special economic zone designed to provide 60,000 jobs and massively boost apparel exports — economic growth and livelihood opportunities have attracted tens of thousands of new arrivals — mainly young women — into the city. Demographic change has also been accompanied by fast-paced political change — both nationally and locally — and a generation of new policymakers and officials are now considering how best to address a range of policy areas including, critically, the demand for housing.

Lessons from Hawassa are of interest nationally and regionally. Although presenting unique characteristics — as the capital city of Southern Nations, Nationalities and Peoples, a region in the midst of live political debates concerning its very integrity — Hawassa nevertheless presents a particularly interesting case study of relevance to the wider Ethiopian context because it is home to the flagship HIP. As numerous other parks are being developed in Ethiopia and the region more broadly, learning from the experience of how Hawassa manages its housing needs is therefore of wider relevance. With this research, our team hopes to shed more light on how shelter is accessed in the city and provide recommendations for enhancing the response by the Hawassa municipal government and city administration, the federal government, the international community, private sector and development practitioners.

1.4 Methodology

The research took place over 18 months, starting in January 2018 with a desk review of available secondary data as well as interviews with key policymakers at the city level. Next, the team undertook KIIs with private-sector operators, residents, municipal and sub-city level officials, regional bureau heads, housing and land brokers and CSOs in Hawassa, and selected federal-level interviews (from the Ministry of Urban Development, Housing and Construction, IPDC, Commercial Bank of Ethiopia (CBE) and the Documents Authentication and Registration Agency). Five additional interviews and five focus group discussions (FGDs) were added to the data collection in response to the paucity of data focusing on gender/gendered access to shelter. The team conducted a total of 146 interviews of which 120 were structured, qualitative (checklist based) and quantitative (questionnaire based) interviews with residents, 26 semi-structured interviews with key informants and 11 FGDs with different groups. Participants were identified with support from our local research team and/or from non-governmental organisations (NGOs) working with women and various hard-to-reach groups.

Findings were presented and validated at two workshops with key policymakers and wider stakeholders (donors, HIP management etc) in January and October 2019. After initial analysis, some additional interviews were subsequently done to assess how much the political reforms and changes that new Prime Minister Abiy Ahmed started in 2018 were impacting on the shelter and the political landscape of the city and region as whole. Some findings and recommendations were adjusted after the October 2019 workshop, reflecting changes that had occurred between data collection and validation.

While the data is primarily qualitative, we have drawn upon quantitative data from secondary sources where possible. In addition, a non-representative, non-randomised survey (n= 60) was conducted in one formal and one informal settlement, in order to understand household income, rental and utility costs, household characteristics, type of housing and sources of finance for construction. The Philadelphia neighbourhood was selected as an example of a formal settlement and Dato neighbourhood was selected as a contrasting case study site — a fast-growing informal settlement towards the outskirts of the city. Our research team comprised eight people, trained in the use of the various tools and in ethical protocols. Interview guide templates were developed at programme level, and then adapted to each city context.

Qualitative primary data was analysed using Excel, and by using a coding system that reflected the overall research programme’s objectives and core areas of
focus. Where possible, during analysis, primary data was triangulated with secondary sources. However, the lack of reliable, up-to-date, published statistical data on shelter in Hawassa rendered this very challenging.

The principal challenge in the research was the fast-changing political landscape, with the result that data collected early in the project needed to be interpreted with caution. Political sensitivity, and the ongoing social unrest, was also a constraint in terms of what questions could be asked, given the imperative to do no harm. Finally, one limitation of the study was that the scope did not extend to include reliable and representative quantitative data that would permit a more detailed analysis of market segmentation. Our research thus paints a broad picture of how particular challenges affect certain population groups in particular, but further research is required to quantify these inequalities to the level of accuracy required for setting budgetary targets or similar.
2

General overview

This section provides a general overview of the national and city-level contexts that frame the complex issue of access to shelter in Hawassa. It also presents a shelter typology for Hawassa, which serves as a point of reference for subsequent discussion and analysis of the more in-depth shelter findings.

2.1 National overview

Bordering Eritrea, Somalia, Kenya, South Sudan and Sudan, Ethiopia’s diverse geography — and population of some 102 million — is landlocked within a tumultuous region. It is a country at a historical crossroads, undergoing important political, social and economic reforms in response to long-held grievances exacerbated by growing inequalities. With ambitious plans to reach middle-income status by 2025, Ethiopia’s major challenge will be to install an inclusive and accountable federal democratic political system while delivering on its commitment to pro-poor growth, managed inflation and sustainable employment.

Over the last ten years, Ethiopia has made tremendous strides in its economic growth, poverty reduction and broader developmental progress — yet remains a very poor country. Looking at the data for 2019, with a per capita income of US$783 (Trade Mark East Africa), the data paints an impressive picture of growth over recent years:

*Ethiopia’s economy experienced strong, broad-based growth averaging 10.3% a year from 2006/07 to 2016/17, compared to a regional average of 5.4%. Ethiopia’s gross domestic product (GDP) is estimated to have rebounded to 10.9% in [financial year] 2017 […] Higher economic growth brought with it positive trends in poverty reduction in both urban and rural areas. The share of the population living below the national poverty line decreased from 30% in 2011 to 24% in 2016. However, this level of growth is heavily reliant on spending on infrastructure development. The share of the service sector in the GDP is close to 30% while*

![Figure 1. Map of Ethiopia showing location of Hawassa in relation to Addis Ababa (left) and map highlighting the SNNPR and Sidama zone (right)](https://reliefweb.int/map/ethiopia/ethiopia-location-map-2013)
that of manufacturing remains as low as 4%. Creating a productive economy that offers employment for the nearly two million Ethiopians joining the labour market every year, while increasing foreign investment, is a major challenge.

The Human Development Index (HDI) likewise reveals a similar pattern — positive progress but remaining very low down in the global scale. United Nations Development Programme (UNDP) data for 2017 shows that Ethiopia’s HDI value is 0.463 (putting the country in the low human development category, ranking 173 out of 189 countries). Nevertheless, it is notable that between 2000 and 2017, Ethiopia’s HDI value increased from 0.283 to 0.463, an increase of 63.5% (UNDP, 2018). The UNDP’s Gender Inequality Index4 scores Ethiopia 0.502, making slow improvements year by year. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) describes Ethiopia as having some of the lowest gender equality performance indicators in sub-Saharan Africa.

Since 2015, Ethiopia has been implementing the Growth and Transformation Plan II (GTP II), which has integrated the Sustainable Development Goals (SDGs) (National Planning Commission, 2015). According to the United Nations Voluntary National Review (2017):

**There exist enabling policies and environments to effectively implement the SDGs in Ethiopia. Political commitments at the government level are quite high [...] Evidences have shown [sic] that in the last decade and half, well-coordinated and integrated implementation of pro-poor national development policies, strategies, plans and programs benefitted the broader citizenry at all levels of government administration [...] Though unemployment and poverty in Ethiopia are still high, performances in economic growth, economic infrastructure development, social development and environmental development have been impressive.**

Meanwhile, the country is urbanising at a rapid rate. Ethiopia is one of the least urbanised countries (19.5% in 2015) relative to its total population, but currently has one of the fastest-growing urban populations; the average urban population growth rate is 4.8–5% per annum (MUDHCo and ECSU, 2015).

In the last five years, conflict has become a more significant threat to the stability of the country. Until recently, despite tensions within the ethnic federalism model, Ethiopia was largely seen as an oasis of calm and a stabilising influence (sending peacekeeping troops into Darfur and South Sudan) within the Horn of Africa. However, over the last four years this stability has been disrupted as major protests have emerged in response to widespread repression and lack of good governance, shaking the status quo. Ethiopia finds itself today with a new political regime searching for solutions to a complex set of ethnic and inequality-generated grievances.

An overview of the national context would not be complete without touching upon the country’s political and economic model of a ‘revolutionary democratic developmental state’. This approach — pursued by the ruling Ethiopian People’s Revolutionary Democratic Front (EPRDF) party for the last 25 or more years — is characterised by ‘a deeply entrenched experience of statehood’ (Clapham, 2017), and a tightly constrained political environment. The roles of civil society and the private sector have been widely curtailed (Clapham, 2017), although this is now in a state of flux in the current context of reforms led by Prime Minister Abiy Ahmed.5 These reforms include: the decreasing of the state’s role in the economy through privatising state enterprises, a policy that increases the role of private-sector investment; and opening up political dialogue and freedoms. However, the re-establishing of strong reform institutions and issuing reform policies are a work in progress as Ethiopia moves towards the 2020 national election.

### 2.2 General overview of Hawassa

Founded in 1959 as one of a handful of planned cities in the country, Hawassa is a medium-sized city located 285km south of Ethiopia’s capital Addis Ababa. Today it is a thriving and attractive city, home to one of the country’s biggest industrial developments, the Hawassa Industrial Park, and capital of the most diverse region in the country, the Southern Nations, Nationalities and Peoples’ Regional State6 (SNNPR). It enjoys the status of a special zone within the region and has become a self-governing city administration within the SNNPR and separate from the Sidama Zone itself, accountable to the SNNPR.

Hawassa has a complex identity and history that frames a very live debate about its current and future status — its political settlement. From around 1978, Hawassa was the capital of Sidama province, up until the province was abolished with the adoption of the 1995 constitution and creation of the federal system; at this point, Hawassa became the capital of the SNNPR and the Sidama Zone itself. As Hawassa’s economy, population and opportunities have expanded and diversified, the tug-of-war over its identity and

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5 In March 2019, the controversial charities and societies legislation was repealed and replaced with a much more rights-based and liberal proclamation, enabling CSOs to work in all sectors regardless of their status as Ethiopian, resident or international.

6 This is the most ethnically diverse of Ethiopia’s regional states, with over 45 indigenous ethnic groups speaking distinct languages.
‘ownership’ has continued between Sidama ethno-nationalists on the one hand, and the many nationalities and peoples constituting the rest of the region on the other. This power struggle has long simmered beneath the official political coalition governance, with occasional outbreaks of civil unrest and violence. The annexation of 12 former rural kebeles (Ethiopia’s lowest administrative unit, similar to a ward) from Sidama into the city administration in 2006 was a key milestone in this power struggle.7 During the course of our research in 2018–2019, these tensions erupted into violence once more, catalysed by wider national protests against the current government. At the time of writing, the public debate concerning a potential Sidama autonomy from the SNNPR suggests major political change may be imminent.

The latest estimates suggest Hawassa’s urban population was around 335,508 in 2017 (based on projections, Central Statistical Agency, 2013); United Nations Human Settlements Programme (UN-Habitat, 2019) data suggests the whole municipal population (rural plus urban) is around 387,087. The city’s annual population growth rate was also estimated at 4% (Central Statistical Agency, 2013). However, both the total population and growth rate are likely to be much higher since the advent of the HIP, inaugurated in 2016. The overdue national census is key to providing more reliable data but was once again postponed from its scheduled April 2019 roll out (The Economist, 2019). The city’s population is ethnically diverse and relatively young, with 65% below the age of 25 (World Bank 2017).

Hawassa is bounded by Lake Hawassa in the west and Oromia Region in the north, which constrains its physical expansion. While 15,720 hectares of land fall within Hawassa’s administrative boundary, only 6,465 hectares (24.4%) are demarcated within the municipal boundary and planned as urban land (Scott et al., 2016, cited in Kinfu et al., 2019). The city is divided into eight sub-cities, that are further divided into 32 kebeles. These kebeles include both urban and rural neighbourhoods, and density varies according to three broad settlement types. Scott et al. (2016) categorise these as follows:

- Well-defined residential housing and industrial areas: low density with well-planned good road access
- Old kebeles within the city: medium to high density, and
- Newly developing informal peri-urban areas: high density within those on the city boundary, while those encroaching on the city are currently more rural in nature.

Informal settlements are proliferating around the outskirts of the city. Often referred to as ‘illegal settlements’ in the Ethiopian context, these have existed in Hawassa since the 1980s, but are now increasing rapidly as the city’s population expands and in the absence of viable, planned alternatives. In particular, the policy of rural kebele annexation post-2005, driven by political representation objectives as much as the objective of acquiring land for urban development purposes, has been a catalyst in the rapid growth of these peri-urban settlements (Kinfu et al., 2019).

Data on access to electricity in formal neighbourhoods (98.3 per cent of households — MUDHC0 and ECSU, 2015) and water (85% improved water supply access in 2014 — Scott et al., 2016) paints a relatively positive picture at city level, but disaggregated data by settlement type is not easily obtainable. Nor is there reliable data on the service quality and infrastructure in Hawassa’s low-income areas, especially the informal settlements.

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7 According to a former member of the SNNPR regional council we spoke to in 2018, a reclassification of the administrative boundaries of the woredas of Sidama zone was done in order to create more administrative functions and enable more people from the Sidama ethnic group to occupy office and administrative functions.
Today, the major economic and social sectors that are attracting private investment and providing employment in Hawassa are agriculture, construction, tourism/hospitality, manufacturing, real estate, services, social services/education and health, and trade. The urban autonomy and decentralised governance model in Ethiopia allows cities to develop revenue-generation mechanisms (collecting both state and municipal revenues) and to utilise their resources in an accountable manner.

Hawassa’s most significant economic development in recent times is the HIP — a key initiative within Ethiopia’s industrialisation drive and the Growth and Transformation Plan II. Designed mainly to produce high-end apparel and textile products, HIP was officially opened in 2016. It is expected to generate about 60,000 jobs and increase Ethiopia’s export revenue by US$1 billion per year. It has attracted thousands of young women to the city, who account for approximately 90% of the HIP workers.

2.3 Housing typology in Hawassa

There is no municipal housing typology or architectural reference for Hawassa that reflects the full variety of existing buildings within the city, in terms of construction materials, form, function, topography, ownership/rental status or other characteristics of different communal and private buildings. Nevertheless, there is a Building Standard and Construction Permit Department within the municipality that is mandated to issue permits for all construction within the city. The department awards permits in line with the city’s master plan, obliging any new building construction to follow the latest master plan’s building standards and land use plans.

Using these standards as a starting point and supplementing them with information drawn from interviews and observations by the study team, a broad typology of residential houses in the city was developed. The typology is intended to provide a brief but comprehensive overview of the various types of shelter available to people living in Hawassa, highlighting some of the key features in terms of access to services and tenure security etc. Since there are numerous variations or sub-categories of the different housing types, reality types of shelter are better understood as falling on a spectrum of housing variety than within a simple categorisation system. We have used three broad categories to classify available shelter in Hawassa; in order of magnitude, these are:

- Detached houses
- Row houses
- Multi-storey tenements (apartments/flats)

Whereas the formal settlements exhibit a highly heterogeneous housing typology, the informal settlements display a relatively homogenous housing typology (i.e. row houses with high ceilings). Houses in Hawassa are built from durable material such as cement, metal and corrugated-iron sheeting, as well as non-durable material such as wood and mud. Makeshift shelters are also constructed from plastic sheeting, cardboard and other flimsy materials by those living on the streets. Table 1 shows some of the characteristics of the different shelter typologies observed in Hawassa.

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10 Hawassa city had three master plans until 2005. In 2006, an integrated development plan was issued, which is currently being used in the city. The city administration is working on a structural plan that will guide how land will need to be developed or is being developed, and provides a mechanism for developing a detailed local development plan for different locations of the city whenever a development project is initiated.
In the absence of any census data, it is extremely difficult to obtain reliable data on the prevalence of housing types within the city. UN-Habitat (2019) have some estimates for housing type prevalence. Since this data uses a slightly different typology that does not map cleanly onto ours, the data is presented separately in Table 2.

Even without city-wide census data, there is evidence of changing patterns of shelter. There is a very limited amount of kebele/publicly owned housing for rent, with an estimated waiting list of 15,000 people (UN-Habitat 2019). Increasingly, low-income households and individuals are searching for shelter in informal settlements where rental prices are lower (this includes HIP workers). According to UN-Habitat, most tenants rent their dwellings from private landlords, rather than through the kebele or rental-housing administration agency.

Table 1. Housing/shelter types in Hawassa

<table>
<thead>
<tr>
<th>HOUSING TYPE</th>
<th>FORM</th>
<th>BUILDING MATERIAL</th>
<th>OWNERSHIP/RENTAL STATUS</th>
<th>INFRASTRUCTURE AND SERVICES</th>
<th>PREVALENCE IN HAWASSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached houses:</td>
<td>Villas: can be</td>
<td>Cement, concrete</td>
<td>• Privately owned or rented by upper-income groups, mostly for family residential use</td>
<td>• Variable: usually has own electric and water</td>
<td>Highly prevalent in all parts of the city in both</td>
</tr>
<tr>
<td></td>
<td>bungalow, two storey</td>
<td>hollow-block,</td>
<td>• Some government-owned and rented kebele/savings houses</td>
<td>connection, toilet facility</td>
<td>formal and informal sites</td>
</tr>
<tr>
<td></td>
<td>or multi-storey</td>
<td>corrugated iron</td>
<td></td>
<td>• Services and infrastructure often in poor</td>
<td>Limited stock of kebele-owned houses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sheet, rebar</td>
<td></td>
<td>condition</td>
<td></td>
</tr>
<tr>
<td>Traditional huts</td>
<td>Wood and mud; thatch</td>
<td></td>
<td>• Privately owned huts tend only to be for own use, not rental</td>
<td>• Houses family and sometimes animals</td>
<td>Uncommon, found at city outskirts in informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Often used as ‘legitimacy’ claim to land</td>
<td>• No power or water supply in these structures</td>
<td>settlement areas</td>
</tr>
<tr>
<td>Shacks</td>
<td>Wood, corrugated iron</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>or plastic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Privately owned or rented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broads</td>
<td>Bungalow or two</td>
<td>Cement, concrete</td>
<td>• Privately owned or rented</td>
<td>• Shared toilet with other houses</td>
<td>This type is prevalent in many parts of the</td>
</tr>
<tr>
<td></td>
<td>storeys</td>
<td>hollow-block</td>
<td>• Usually single room for bachelors or small family</td>
<td>• Metered electricity supply in formal settlements</td>
<td>city in both formal and informal settlement areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Rooms may be rented by individuals or groups (including HIP workers, 4 per room)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-storey</td>
<td>G+3</td>
<td>Cement, concrete</td>
<td>• Integrated housing and development plan (IHDP) condominiums, purchased by lottery</td>
<td>Privately owned or rented. Occupied by different</td>
<td>Prevalent in some of the sub-cities</td>
</tr>
<tr>
<td>tenements</td>
<td></td>
<td>hollow-block</td>
<td>‘winners’ (approx 50% rented out)</td>
<td>family sizes depending on the dwelling size,</td>
<td></td>
</tr>
<tr>
<td>(apartments/flats)</td>
<td>G+4</td>
<td>brick</td>
<td>• Privately funded and constructed through housing cooperatives</td>
<td>common water and electricity but power interruption</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>challenges</td>
<td></td>
</tr>
</tbody>
</table>

3,538 units total
Table 2. Estimated housing stock in Hawassa

<table>
<thead>
<tr>
<th>TYPE OF HOUSE</th>
<th>TOTAL NUMBER OF HOUSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal housing units</td>
<td>45,000</td>
</tr>
<tr>
<td>Built by government</td>
<td>4,525</td>
</tr>
<tr>
<td>Condominiums</td>
<td>3,538</td>
</tr>
<tr>
<td>Resettlement houses/public rental</td>
<td>977</td>
</tr>
<tr>
<td>Kebele houses</td>
<td>2,008</td>
</tr>
<tr>
<td>Built through private development</td>
<td>33,952</td>
</tr>
<tr>
<td>Individuals</td>
<td>33,246</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>626</td>
</tr>
<tr>
<td>Real estate</td>
<td>80</td>
</tr>
<tr>
<td>Informal housing units</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total housing stock in Hawassa</strong></td>
<td><strong>85,000</strong></td>
</tr>
</tbody>
</table>

A luxury villa in Hawassa, representative of the high end of the housing stock
3 Political settlements and access to shelter

This section explores the roles, responsibilities and interactions of various stakeholders around the provision of shelter in Hawassa. It begins by setting out the legislative and policy framework pertaining to housing and land in Ethiopia, before describing how land markets work, including the wide spectrum of actors with a stake in this agenda.

3.1 Evolution of the policy and legislative framework

3.1.1 An historical perspective

Access to shelter as a public welfare priority came to the fore in the 1975 revolution that overthrew the imperial regime. In recognition of the public grievance concerning exorbitant living conditions — including the high rental-housing prices, particularly in the capital Addis Ababa — a new proclamation (47/1975 — FDRE, 1975) was issued, forcibly transferring all urban land and extra houses\(^\text{11}\) to government ownership from the ownership of landlords and the emerging urban ‘petit bourgeois’ class. These expropriated houses are still a key part of the government and kebele housing sector today. In the aftermath of the revolution, some developments in urban housing provision or regulation included:

- Formalised housing standards, where cities developed different housing construction standards that considered size, construction material, typology etc. The urban works and urban development bureau produced prototype housing designs for house builders.
- Cooperative-led housing development, with government providing low-interest loans and free leaseholds.
- Support for private housing construction through schemes offering low-interest rates and free land provision, along with technical support.
- A number of housing projects, implemented, for example, through individual self-help groups and the World Bank Project on Housing (early 1980s).

3.1.2 Evolution of current national policy framework

With the advent of the Ethiopian People’s Revolutionary Democratic Front (EPRDF) in 1991, land regulation policy continued to follow the same principles of state ownership of urban and rural land. Indeed, state ownership of all land was re-affirmed in the very constitution of the country, published in 1995, which stipulates that land is a common property of the nations, nationalities and peoples of Ethiopia and shall not be subject to sale or other means of exchange. While every Ethiopian citizen has the right to own private property, the constitution does not provide for private ownership of land. As such, according to the law, if land is required for any government purpose then it has the right to evict anyone from that land after paying compensation for the private property (FDRE, 1995).\(^\text{12}\)

\(^{11}\) According to the proclamation, urban residents could keep one residential property and another business property (if they had a business), but were required to hand over any other properties (‘extra houses’) to the government.

\(^{12}\) Without prejudice to the right to private property, the government may expropriate private property for public purposes, subject to payment in advance of compensation commensurate to the value of the property (FDRE, 1995, Article 40, sub-article 8).
Nevertheless, under the EPRDF, land and housing regulations and policies were developed significantly. A shift from a command economy (and later from a mixed economy towards a market economy) gave an opportunity for the rapid growth of the private sector and particularly housing development or real-estate industries. The policy of land allocation through lease contracts and large-scale low-cost housing projects such as the Integrated Housing Development Programme (IHDP) (see Section 4.3) were implemented. A number of policies and regulations were developed addressing shelter-related issues, such as land lease allocation, low-cost housing distribution, environmental protection, government housing operation and maintenance, condominium regulation, housing cooperatives regulation, and special and preferential treatment for women and government employees, among others. The regional regulatory documents are usually a direct copy of the federal ones, detailing a highly formal approach of developmental state-dominated housing and land provision agenda.

The 2005 Urban Development Policy provides the overall framework for these multiple policies and regulations. It was intended to provide a national approach that would link together the small-scale efforts made by regional governments and cities since 2000. Two key points stand out in this policy: that housing construction should be intensified by the government, private sector and cooperatives, and that the construction of houses (particularly that of condominiums) should be linked to micro and small enterprises for the employment creation for urban youth. Moreover, old government and kebele houses should be renovated and communities should be encouraged to make savings in order to own their houses. Investors also should be encouraged to construct affordable housing units for the public.

Today, Ethiopia’s urban policy has many commendable elements but remains patchy and not effectively implemented. Aspiring in principle to be pro-poor and gender equitable and to achieve multiple objectives (including promoting employment, growth and so on), the policy is nevertheless urgently in need of updating to reflect a fast-changing sector and demographic, and is clearly lacking in certain major aspects. Specifically, the rental market is a policy vacuum: public and private housing rental is governed by the civil code tenancy provisions (2896–3018), but there is no law on rental housing defining the roles, responsibilities and rights of both the lessor and the lessee. The absence of regulation and protection mechanisms has fostered severe tenure insecurity and exploitation, especially at lower socioeconomic levels (see Section 6.3).

In addition, a major constraint relates to the lack of implementation of these policies, for lack of technical and financial capacity or political reasons. Efforts at affirmative action have also proven to have limited effect due to the mismatch between the supply of these houses and the corresponding demand for them. Furthermore, the inflationary pressure in the economy and the related foreign currency devaluation impacts have escalated the original budget of the units, with the result that these units are unaffordable for low-income groups. Two key pieces of legislation that operationalise shelter policy are the 2011 proclamation on lease holding of urban land, and the 2007 proclamation on compensation for evictions. These are described below.

3.2 Key legislation

3.2.1 Leaseholds on urban lands

Governed by a series of amended proclamations on the use of urban land, the most recent leasehold proclamation (FDRE, 2011) builds on and addresses the limitations of its predecessors. It was intended to improve the fair and transparent allocation of urban land and collection of adequate revenue from leasing through various new measures.

The most recent iteration of regulations in this area contain a range of provisions which our research found to be fundamental drivers in informing the ways in which people are constrained from or incentivised to access housing (see Box 1). These include the annual lease payment for the right to use leased land, regularisation of informal tenure, and consolidation of the permit and leasehold tenure systems. New urban land is now allocated only through tender (auction) and allotment (land lease transfer without auction). Land for private housing is allocated through tender, but due to the scarcity of land combined with increased demand, it was found that land available through auction is too expensive for many. Land can be acquired more affordably through the formation of housing associations which can then acquire land at a minimal rate through allocation. All land allocated for business and private residential housing construction is treated only through the lease payment (although city municipalities at times provide land by allotment for the construction of government offices, religious institutions, public

13 It is worth mentioning that the federal house of representatives has reportedly approved a proclamation to regulate the housing rental market, including the relationship between landlords and tenants. It is expected to come into effect in September 2019, a belated step that will be a welcome development for tenants that have so far remained at the mercy of landlords in all respects.

14 Proclamation No. 721/2011 (FDRE 2011) states: “No person may acquire urban land other than the lease-holding system provided under this Proclamation” (Article 5, sub-article 1). Failure to comply with the lease law will have consequences of clearing the land by the appropriate body which shall have the power, without the need to issue a clearance order, to clear illegally occupied urban land by merely serving a written notice of seven working days to the parent in person or by affixing it to the property situated on the land (Article 26, sub-article 4).

15 Kifs with Bahil Adarash, sub-city representative and municipality officials for the housing development and administration core process.
residential housing programs, etc). Individuals displaced due to urban redevelopment are also entitled to be allocated lease-free land at no cost, provided their occupancy was legal.

Lease payments are triggered when informal land settlements are regularised, when old possessions are transferred to third parties under certain conditions, and/or they are merged with newly leased lands. While regularisation of informal settlements is obviously an opportunity in many ways, the requirement to make lease payments may also represent a disincentive or barrier for very poor households, particularly female-headed households who already face constraints on their income. Kinfu et al. (2019) describe the effect of introducing competitive leases as segregating the poor and middle-income groups by forcing them to relocate to peri-urban areas.

Moreover, the mechanisms, modality and the timeframe for converting ‘old possessions’ into leaseholds have not been clearly specified. There is public concern regarding the obligation of people who previously possessed land who now have to pay for their holdings when the permit system is converted into the leasehold system (Gebremichael, 2017). In addition, introducing...
the time limit based on the leasehold system to the land occupied under the old permit system (where there was no time limit on land occupation) requires an overall land database review (Ambaye, 2011). At the present time, when even the overdue national consensus has been postponed, this seems unrealistic.

3.2.2 Compensation for displacement for infrastructure development including housing

Compensation for displacement is governed by a series of proclamations17 and provides for the loss of property during redevelopment or for public purpose and to assist displaced persons in providing replacement land to live on. ‘Property’ refers to fixed assets and perennial crops — there is no compensation for land (Wubneh, 2018). In the case of urban areas, the compensation figure includes the estimated cost of construction (current value) of a home plus the cost of permanent improvements on the land.

In Hawassa city, eligibility for compensation is only open to residents living in legally owned houses or informal settlements constructed prior to 2011. Residents of shelter constructed since that date are not entitled to compensation, a restriction introduced in Hawassa right after the federal proclamation 721/2011 (FDRE, 2011). As such, Article 5 of the proclamation states, “No person may acquire urban land other than the lease-holding system provided under this proclamation”.

Informal settlement residents often live with uncertainty as to their future, should the government decide to allocate that land for any other development purpose. The regulation is insufficiently clear on what constitutes alternative land allocation, including the size and location of the substitute land offered.18 According to Proclamation 721/2011 however, “Failure to comply with the lease law will have consequences of clearing the land by the appropriate body which shall have the […] power, without the need to issue a clearance order […] to clear an illegally occupied urban land by merely serving a written notice of seven working days to the occupant in person or by affixing it to the property situated on the land” (FDRE, 2011: Article 26, sub-article 4).

In practice, evictions usually entail additional costs for households19, including the loss of livelihoods, social networks and transport links, due to the lack of careful financial resettlement management and inclusive community dialogue. Our research highlighted complaints about non-payment of compensation, as well as unfair amounts. This issue is reported to be the most frequent cause of housing complaints to the Ethiopian Institute of the Ombudsman office in Hawassa, although an interview with the latter suggests that some people may not understand their entitlement and be claiming for land that belonged to a parent — technically ‘unlawful’20 — while there are others who quickly build a shack on land that has been earmarked for development in order to try and get some compensation.

A lack of clear delineation of boundaries on allocated land has also led to tensions between condominium residents and farmers, who (according to interviews) were not fairly compensated and perceived new residents to be pushing them out:

- The owners of the land who were not paid compensation feel that we have come here and built the houses to push them away. They abuse us […] The problem is that the area is not delineated. No boundary was set.
- KII with female condominium residents

The actual implementation of compensation measures — particularly after the expropriation of land — has proven problematic. Compensation for land expropriated is considered not to reflect the actual value that is derived from the land:

Although the proclamation states that compensation for displacement which shall be equivalent to ten times the average annual income secure during the five years preceding the expropriation of the land to be paid […] that compensation payment […] is too little to sustain life after eviction (Gashaw, 2015:96).

Our interviews uncovered examples of (eligible) households who were still waiting for clarification about their long-term resettlement after six years, occupying shelter that was evidently sub-standard and

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18 Gebremichael (2017) notes, “The EPRDF regime’s urban land tenure system has empowered regional and city administration to discretionally determine the size and location of substitute land. As such, it has not expressly required the size of the substitute land to be equivalent nor situated in an equally convenient location. Thus, the substitute land granted to a permit holder for expropriation of his permit holding may be lesser in size and located in inconvenient place/ outskirts or it may not be near to different infrastructures, such as schools, roads, and health centers, as the expropriated land. Furthermore, when it is not possible to find identical land in its every aspect, the tenure system has not provided any leeway to compensate such differences in monetary term. This inadequate compensation for land taken under the powers of eminent domain can create a high degree of tenure insecurity and anxiety among permit holders” (Bekure et al., 2006). Therefore, this stipulation implies that the state has extensive power of expropriating land without fair compensation.”
19 This closely reflects the wider global shift in urban housing policy documented elsewhere, namely “the return to mass scaled supply-driven approaches to housing provision” (African Centre for Cities, 2015: 14) and all the associated problems (for critiques, see Buckley et al., 2016; Rojas, 2018). Mistakes from the 1960s to 1970s are being repeated: public housing is built on peripheral locations where it is expensive and time-consuming to access labour markets and services (even if the housing is subsidised). Many developments have large concentrations of housing with little provision for enterprises, services or public space and typically only very deficient infrastructure (ibid; also Croese et al., 2016).
20 KII with Office of the Ombudsman in Hawassa.
in violation of the compensation regulations. The focus group discussants were housed in very poor-quality, overcrowded and remote shelter with limited access to services and livelihoods. One woman testified as follows:

We were moved to a very far place [municipality area] away from our livelihoods. We don’t have income. Some people have donkeys and cart to do small business and even the animals stayed in that half-living room area. Now few people have gotten into the Safety Net Programme. With my husband, we are six. The other guy sharing the salon with us has six family too. Twelve people live in a small salon. Six corrugated iron sheets per household. Previously the toilet used to be for 12 people. Now they built 12 corrugated iron-sheet toilet stalls. Because of this problem, we asked the municipality. We complained. They said, ‘We are building a house for you.’ It has been six years and we’re still in the same condition. Initially, they said it will only take three months for the house to be completed.

FGD with FHHs in poorest-of-poor housing, Kitafa

Furthermore, there is a risk that where housing deeds or leases are held by the husband in a household, in practice, compensation will be paid out to male leaseholders only — which can impact women and household decision making. The same group of female discussants observed that their husbands did not tell them how much they were given by the government as compensation.

3.3 How Ethiopia’s land markets work — formal and informal practices in Hawassa

3.3.1 Formal land delivery mechanisms and the land market

As per the constitution, all land in the country belongs to the nations, nationalities and peoples of Ethiopia, administered by state; it is the responsibility of the municipal government to allocate or lease land for public, residential and commercial use. For urban residential use, land leases are allocated through an auction system (competitive tender), negotiations, administrative allocation and reclassification of old possessions into leasehold when properties on old possessions are transacted to individuals or to cooperatives — see FDRE (2011) cited in Kinfu et al. (2019). This state-controlled mechanism lies at the heart of the political settlement with regards to shelter, since essentially the state becomes the gatekeeper to the land, both new plots within the municipal plan, as well as new land that is annexed into the city from surrounding areas.21

Although the roles and responsibilities of different government administrative levels are clearly set out in the 2011 land lease proclamation(s), (summarised in Box 2), in practice, however, decision making and influence is generally more complex. The abundance of competing and at times conflicting legislation at different levels does create some grey areas with regards to roles. One example of this is the administrative vacuum described by Kinfu et al. (2019: 90) in terms of governance of "rural land within the urban jurisdiction at the peri urban". Another example flagged in our research relates to the lack of coordinated planning by federal, regional and municipal governments which are responsible for ensuring adequate housing for HIP workers. As a result, many migrants are living in unsafe and sub-standard housing. This complexity relates both to multi-level governance issues, as well as cross-sector governance tensions: municipal officials highlighted the impact of “multi-sector development questions that hover everywhere” on their capacity to make decisions.

Critically, Hawassa citizens do not appear to have great faith in this state-driven system, leading to a sense of mistrust in local government and a search for alternative markets. According to Sungena et al. (2014: 164), there is widespread belief that ‘policies and laws have been deliberately put in place to benefit the rich rather than the poor who, incidentally, cannot participate due to unaffordable pricing’. Our own research found multiple examples of this scepticism and lack of confidence.22

3.3.2 Politics, informality, malpractice and barriers to due process

Provision of land for shelter development is a key responsibility of the municipality, but land availability for distribution is extremely limited. This is a critical factor undermining local government’s ability to fulfil its core responsibilities — with highly adverse consequences. Hemmed in by Hawassa’s immediate topography (i.e. the lake, swamp and mountains surrounding the city), other critical constraints to the supply of land include the government’s limited financial resources

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21 This process is explained in detail by Wubneh (2018: 172): “In response to the growing demand for housing and other urban activities, local governments initiate the process of annexing rural land into urban areas through a series of legislative actions. The first step is to incorporate the peri-urban area into the city’s master plan (structure plan) so that the municipality would have the legal authority to initiate the land acquisition process. The second step is to extraprove land from farmers after paying compensation. This process converts the land from a rural land use system with no time limit on tenure to a land use system that can be transferred to an individual or a corporation for a specified period (ranging from 60 to 99 years) through the lease arrangement. The third step is to dispose of the land through an auction or tendering system where the highest bidder would be able to execute a lease contract for the specified period depending on the type of land use.”

22 Numerous examples include the KIl with the Bureau of Women, Youth and Children’s Affairs (BOWCYA) on women and children and the KIl with the officer from Ethiopian Catholic Church Social and Development Coordination Office of Hawassa.
for obtaining plots and preparing them for use (and the high land value). According to our KII with the SNNPR Urban Development and Housing Bureau deputy head, compensating farmers for their land, allocating replacement land (including to the Sidama farmers who have the right to replacement land within the city, if the city’s expansion incurs onto their land) and settling any other third-party ownership claims is both complex and expensive, in a context of very limited resources. Inadequate technical and professional capacity of municipal staff also limits land distribution (Sungena et al., 2014, confirmed by KII23). For example, housing associations will request support to which they are entitled from the municipality to service plots with infrastructure, or to help coordinate with financing institutions, but municipal staff are unable to support them due to a lack of staff capacity.24

This limited availability of land also has political drivers and consequences. The question of which kebeles form part of the municipal masterplan is highly sensitive, linked to the distribution of power between competing political factions (Kinfu et al., 2019). In the current political context, the status of Sidama requires resolution before a new masterplan can be developed: KIIIs reported that land auctions have been halted for the time being, although ‘land allocation [not through bidding] is going on for critical investors as well as for compensating evicted persons’. Indeed, land auctions for new land have been halted throughout the country at present pending political discussions and the development of a new land policy, most likely to occur after elections in 2020.25

The failure to deliver land at scale is a critical factor in Hawassa’s housing crisis. Unmet demand results in “escalation of land prices, growing illegal settlements and dwindling public revenue” (Sungena et al., 2014: 163). These high land prices were borne out in our KIIIs, where land leases were reported by city officials as costing 14–15,000 Ethiopian birra per square metre in recent auctions.26 One broker reported:

**There is no piece of land that sells for less than 1.5 million ETB [Ethiopian birra]27, even when the house on it is only good to be demolished […] A piece of land that is 180 square metres large and a mud house good enough to be demolished was recently sold for 1.1 million ETB, but two weeks later it was resold for 1.4 million ETB.**

KII with broker operating in Guwi Stadium kebele, Menaharia sub-city

As prices escalate, there are reportedly fewer, but wealthier, bidders for plots of land,28 which can exacerbate the perception of injustice and grievance amongst the wider community. The unaffordable costs lead to the perception that “land is being given only to the rich”.29 This is reflected in other recent studies of Hawassa (Gebeeyehu, 2015; Sungena et al., 2014) which highlight allegations that the lack of information on land use, size and zoning is a deliberate policy that

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**BOX 2. RESPONSIBILITIES OF FEDERAL, REGIONAL AND LOCAL GOVERNMENT**

- Regional states, through the bureaus of Agriculture and Rural Development and Urban Development and Housing, are bestowed with the power to handle regional matters and grant land limited to 5,000 hectares to private investors (FDRE, 1995) and to enact land use law (FDRE, 2005b).
- City administration, woreda (district) and kebele land-management institutions are organised at local levels and handle micro issues, including land expropriation (FDRE, 2005a, 2011). Local institutions are required to handle land measurement and registration issues as well as to arbitrate rural land-related disputes (FDRE, 2005b).
- Urban local governments (ULGs) and municipalities are bestowed with the power of expropriation, public land development and land-lease auctions, and the power to approve construction designs, to grant construction permits and to control illegal occupation of land.
- Kebele administrations, more specifically, are responsible for the control of private land occupation and development.

Adapted from Kinfu et al. (2019: 89).
benefits corrupt insiders, generating “a high level of perception-to-reality situations in the population and this has greatly ruined the confidence of players in Hawassa land market” (Sungena et al., 2014: 163).

Allegations of malpractices were also evident in various KiIs in our research, for example:

The land and houses progressively end up accumulating in the hands of the rich that speculate on land and houses; some of these people have made their initial capital from land speculation or by using their public office positions to acquire it.

KiI with broker operating in Guwi Stadium kebele, Menaharia sub-city

In practice, there are mechanisms for acquiring plots of land by purchasing shacks or semi-completed structures that can then be pulled down and replaced with new housing. Our own primary data revealed this as a common practice, involving farmers, brokers and even government officials.30 Ambiguous interpretation of the law means that ‘quasi-legal land markets’ can develop in peri-urban areas (Kinfu et al., 2019), and the local authorities have little incentive to tackle this — particularly if there are perverse incentives (financial or political) to turn a blind eye:

Even though the sale of land is prohibited by law in Ethiopia, peri-urban residents manipulate the right to transfer usufruct rights and property ownership to legitimise the peri-urban land transactions. They take advantage of the existence of rural land within the city’s jurisdiction and of rural land rights for transferring to a third party. Peri-urban settlers thus manipulate loopholes in the rural land policy in order to acquire or transfer land to a third party (Kinfu et al., 2019: 85).

At one level, this process seems a win–win for both the buyer seeking to build a home and the farmer selling the land and receiving immediate cash. The broker or speculator also stands to gain due to the margin as a result of speculation on the land or brokerage fees it can charge. However, the homebuilder remains in a state of uncertainty and risk emanating from the lack of any legal title deed to the acquired land. Some informal settlement interviewees in Dato stated that although they requested a title deed for the plot, they were unable to get it. As a result, land occupants and the local administration are in constant state of conflict. According to one interviewee,

“We cannot build a new house because they said it is illegal […] We asked for area plan but they said they cannot give us […] We hate them so much, they hate us too […] because we keep asking but none of them are happy to cooperate with us.

Informal settlement interviews, Dato, 2018

Our research suggests that, at the time of the data collection, the compensation rates that farmers were receiving from the municipality, in comparison to sums from private sales, acted as perverse incentives for farmers to make deals privately. At the time of data collection, farmers stood to make considerably more money from ‘selling’ their shack/farming land to individuals with an interest to build their own shelter, speculators or informal land developers. A new revised proclamation on the expropriation of landholdings for public purpose and payment of compensation is expected to increase the compensation allowance for farming land to a much higher rate than previously. This is expected to motivate farmers to negotiate with the municipality on land transfers that can be used for leasing rather than transferring it informally to individuals.

Settlers take the risk of building illegally, having calculated that the municipal government’s approach to demolishing such shelters is patchy. Various informants in our study mentioned instances of alleged bribery of officials in this regard.

3.4 The role of the state in shelter and land delivery: past interventions

Since the nationalisation of extra houses in 1975, there have been two major strands to state shelter provision. The first comprises government and kebele houses (managed by a government housing agency) and the woreda (district) administrations where they are located. These include those houses nationalised after the mid-1970s Ethiopian Revolution, as well as various types of low-cost housing built by the housing agency in the early 1980s and 1990s in different towns; ‘own assisted’ houses — which were built partly using people’s own finances and partly with a long-term government loan under a cost-efficient construction system; and, from 2005 onwards, the condominium houses constructed under the IHDHP.

Although highly sought after, such houses have not been adequately maintained due to rent controls and many units are in very poor condition. Tenure insecurity is also problematic in kebele houses, as ongoing urban renewal in Hawassa (as elsewhere in Ethiopia) typically entails the demolition of kebele/low-rent public housing (Berhe et al., 2017; MUDHCe and ECSU, 2015), which in any case are relatively few (numbering 2008 in total in Hawassa, according to UN-Habitat, 2019) and hard to access.31 While female-headed households, people

30 KiI with broker operating in Guwi Stadium kebele, Menaharia sub-city.
31 KiI with SNNPR Urban Development and Housing Bureau deputy head.
living with disabilities and those affected by HIV/AIDS are formally prioritised in the allocation of these units when they become available, there are allegations that they are often allocated instead to relatives of municipal officials, including through illegal and forced eviction of existing tenants.32

The second strand was initiated in 2005, when the government launched the IHDP — arguably one of the most ambitious social housing programmes in Africa (Gardner, 2016). This programme aimed to address housing deficits for low-income urban groups, as well as create employment through micro and small enterprises (MUDHCo and ECSU, 2015), in line with a global shift towards “mass scaled supply-driven approaches to housing provision” (African Centre for Cities, 2015: 14). Drawing on finance awarded by the CBE, regional governments constructed high-rise condominium blocks in 56 urban centres (including Hawassa). These were awarded to registered citizens through a lottery scheme. As with kebele housing, female-headed households were given priority. Prior to the beginning of the lottery award, 30% of condominium housing went to female-headed households or women directly. After that, women were also entitled to participate in the remaining 70% of the housing lottery competition.

Finance for the IHDP was made available both to the regional governments and municipalities, as well as through mortgages for individual householders. In 2006, the government-owned CBE signed a memorandum of understanding with five regional states and the city of Dire Dawa to purchase municipal bonds that would enable the regions to finance the implementation of the IHDP. From 2007, Hawassa municipality started participating in the municipal bond financing system with the CBE for the housing lottery winners; between 2013–2015, a total of US$740,000 was invested in the IHDP (condominium housing).

The CBE provides funding for the total cost of the programme’s implementation.33 An agreement was also signed with the Housing Development Project Office (HDPO) to provide a loan service to all condominium beneficiaries, whereby CBE provides 60, 80 or 90% of the unit price on behalf of the beneficiary; the beneficiary pays the remainder as a down payment. The mortgage has an interest rate of 9.5%, to be repaid over a maximum of 20 years. As few individuals can pay the total cost of the apartment at handover, the CBE stands to benefit from the interest rate.34 The implementation of this important scheme — and the lived experience of condominium residents — is discussed in Section 4.3.

### 3.5 Other actors involved in local housing and land markets

In addition to Hawassa government stakeholders, there are a plethora of other urban land actors in Hawassa with a stake in shelter development. These include — among others — the IPDC, brokers, farmers, CSOs and private developers.

#### 3.5.1 Industrial Parks Development Corporation

The IPDC35 is in charge of the planning, execution and monitoring of the infrastructure works, as well as the management of the industrial parks. Helping to solve the lack of housing for HIP workers is also one of IPDC’s responsibilities. For example, IPDC is discussing whether establishing a public limited company (PLC) is a potential solution to provide accommodation for 4,000 workers, and whether required financing might come from IPDC, CBE and other local banks. In our research, IPDC officials we spoke to at the Addis Ababa head office in April 2019 suggested that in Hawassa, “as in other parts of the country, it is IPDC that tries to solve the housing problem without real support from the city administration”.

In principle, the Hawassa municipality and the Hawassa Industrial Park, as one of the parks being managed by the IPDC, should have a harmonious relationship with each other. On the one hand, the municipality is...

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32 KII with Office of the Ombudsman in Hawassa.
33 Although Hawassa city government has financed IHDP housing construction through the municipal bond from the CBE, other housing construction (such as in the case of shelter for the very poor) is financed through its own internally generated revenue. Of the city’s annual budget for the 2017/18 fiscal year, the amount allocated for the low-cost housing component was 34,069,772 ETB (approximately US$1.2 million) – about 7% of total municipal expenditure.
34 More details can be found in Table 5, UN-Habitat (2011: 26).
35 The mission of IPDC is to activate both pre- and post-investment servicing. It avails serviced industrial land, pre-built sheds equipped with all-encompassing utilities and infrastructural facilities that fit international standards, with no compromise on workers’ security and environmental safety. See: www.ipdc.gov.et.
expected to ensure timely planning and implementation of the infrastructure, including housing requirements of the city; on the other hand, the park is expected to create employment which should result in additional multiplier effects (tax income, related investments) in the urbanisation and management functions of the municipality. However, the two institutions did not interface effectively at the planning stage. The HIP was a federal government plan, while housing, transport services and security provision fell to the municipality in practice. However, in the course of this research it became apparent that planning for the HIP workers’ houses started after the completion of the park. Although the park later on provided funds for the microfinance-facilitated individual loans for housing, earlier harmonisation in planning would have provided greater potential to resolve housing and related infrastructure challenges for park workers.

### 3.5.2 Brokers

Known locally as ‘dalalas’, brokers play a major role in the facilitation of the housing market — rental, purchase, houses and rooms. In a case study of three towns in Ethiopia — Dire Dawa, Bahir Dar and Hawassa — Alemie et al. (2015) confirm the ‘significant role’ played by brokers in both the formal and informal land markets. They find that brokers “sometimes act as a bridge between the people and the experts in the government offices, for example, to deal with corrupt activities during bidding and land delivery processes especially before the 2011 urban land management policy” (ibid: 400).

In Hawassa, brokers facilitate the buying and selling of both houses and land. Most operate informally, i.e. without having a formal registration or opening a broker’s office. They charge commission fees of 4% (2% each for the buyer and seller). However, in the case of house rental, they take the difference of what the broker actually states as the rental price and what the landlord is willing to take for the rent (real price). This increases the rental price for the tenant. A number of brokers prepare rental contracts for such transactions. However, verbal rental agreements are also a common practice.

Brokers also engage in facilitating land and house transactions in informal settlement areas. They tend to keep the details of the transaction confidential — including the identity of the buyers and the sellers. Nevertheless, brokers interviewed in our research alleged that it is common to find people from all backgrounds, including government employees, engaging in informal land and house transactions.

In case of conflicts or disagreements concerning land-transaction contracts in informal settlements, elders are often required to arbitrate, due to the commodity’s (land or house) lack of legal status. According to some brokers, it is quite common for disputes to occur, particularly when the buyer is a stranger or newcomer to the area. Brokers working in the formal settlement areas make arrangements such as asking tenants and owners to sign written contracts or to deposit photocopies of their ID cards etc, so as to make them accountable and pre-empt conflict.

In sum, our research suggested that brokers play an important role, and one which has the potential to expand significantly. In the first place, they are already key in forging agreements between absentee landlords (many of whom live in Addis Ababa or abroad) and tenants. Those interviewed claimed to be involved in legal or formal house and land transfers only, and these only with wealthy or well-off customers. However, the industrial park businesses are also reportedly interested in exploring whether brokers could play a role in helping support newly arrived workers coming into Hawassa, whose successful social integration (including finding safe and affordable shelter) is considered to be a key element in their retention. Given that most HIP workers are living in informal settlements, this would involve navigating the complexities of ‘formal’ and ‘informal’ brokers, the latter operating below the radar due to engaging in unofficial land transactions. Nevertheless, brokers already do serve some park workers in finding residential quarters in the informal settlement areas, negotiating rates and collecting a commission.

### 3.5.3 Developers

The role of private-sector real-estate developers has so far been non-existent in addressing the housing deficit of low-income households, catering rather for high-income groups who either buy property as an investment or for the purposes of their own residence. Whereas Hawassa is experiencing a service-building boom of star-level hotels and business centres, there are no real-estate developers that have established operations in the city to undertake the construction of residential houses for low- and middle-income groups. Likewise, PPPs for housing have not materialised either.

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36 KII with broker operating in Guwi Stadium kebele, Menaharia sub-city.
37 Not engaging in illegal transactions with farmers, for example.
38 KII with brokers.
39 KII with outreach director, PVH Corp (global clothing company), Hawassa.
If real-estate investors bid40 for land, there are criteria within the new proclamation and guidelines on real estate for evaluating whether or not their proposal will include elements that are affordable for residents, for job creation, or for social and economic benefits and so on. These are stated as a “priority to the interest of the public and urban centres to ensure rapid urban development” (FDRE, 2011). However, there are doubts over whether the criteria have been fully applied to date, including in some real-estate development projects that were implemented for high-income groups by Hawassa Lake. One local official commented that:

When a real-estate investor comes with the project to build a real estate, there are criteria on its affordability to the community. Even it is clearly set in the proclamation and the guideline what a project needs to fulfill. The project is evaluated against those criteria [...] So far, we did not ask for this to be fulfilled 100%.

KII with Bahil Adarash sub-city representative

Although in principle private developers may access credit to invest in real-estate markets (see Section 3.6 for a discussion of the potential of the PPP model), they have not done so. Our research uncovered no evidence of their contribution to low-income housing in Hawassa, with the exception of the HIP-related microfinance scheme (see Section 4.5).

3.5.3 Civil society

Although the constitution upholds the role of non-state actors (both for profit and not for profit) in urban affairs, there has been very little engagement in practice. It is interesting to note that national policy papers prior to the Prime Minister Abiy Ahmed-led reforms do recognise the potential role of non-state actors and CSOs in Ethiopian city affairs, including an apparent recognition that the way that this engagement occurred was ineffective: "NGOs and CBOs [community-based organisations] also espouse the ideals of public participation. What is at stake is the need to improve the quality of participation" (MUDHCo and ECSU, 2015: 210).

Gizaw (2017) argues that a lack of civil society engagement in Hawassa urban policy development may stem from the perception among non-state actors that the city administration is rigid in its decision making and unlikely to be responsive to advocacy or oversight from the sector.41 Moreover, the fact that charities have at times an operational relationship with some line bureaux in the city administration itself, provided their operation is within the city proper, can put them in a complex position in terms of monitoring the city administrations’ functions (ibid).

Furthermore, the dominance of the single-party system in the city and the whole of the country undermines the role of CSOs in ensuring accountability. Despite federal-level political reforms in 2019 that endorse a much more active role for civil society in governance and accountability, there are indications that in Hawassa (as in other places outside Addis Ababa), local government perceptions of and relationships with CSOs have not evolved at the same pace.42

3.6 Political engagements on shelter

3.6.1 Citizen–state engagement

From the constitution right down to the proclamations and directives that govern urban shelter provision, the state is firmly in the driving seat with respect to land ownership, allocation and occupation. Within the broad policy framework, there is little or no explicit provision for organised civic engagement to develop or engage in shelter-related policy discussions. As a consequence, Ethiopian cities do not present a history of co-production or collaborative approaches to shelter development: the state sees its own role as being to directly provide shelter (e.g. through the IHDP), and to facilitate, coordinate and motivate individuals to construct houses through cooperative models. However, since cooperatives are not offered a policy space in which to engage, their function is very specific to their particular unit construction, and is then often replaced by management committees to deal with day-to-day issues and troubleshooting — any civic engagement with government is at the sub-city level and focused on troubleshooting rather than advocacy or political dialogue.

Nevertheless, one form of tacit engagement involves the highly political, implicit forms of collaboration or collusion that may take place between authorities and citizens with regards to shelter. One example is in the way that local authorities are incentivised to turn a blind eye

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40 Real-estate developers have to participate in an open and competitive tender process to acquire the land they need. However, regions and city administrations are required by law to prepare in advance plots of urban land to be assigned by tender for ‘mega’ real-estate developments to be undertaken by the private sector. Mega real estate is a housing development involving the construction of at least 1,000 residential units, for sale or to rent, with the purpose of alleviating the housing shortage in urban areas. There are incentives (in terms of provision of land) offered to developers to do this.

41 CSOs have only observation status in the city council, that does not include any other formal participation in the governance process such as elections (Gizaw 2017). This observation status itself is limited to women and youth league associations, a group of CSOs known as mass-based societies whose impartiality is questionable. Amdework and Gebre’s (2012: 24) research on mass-based societies (MBS) states that, ‘Due to their limited capacity, especially at the local levels, the less capable associations are particularly dependent on the support and goodwill of the regional governments for their day-to-day operations, and, in some cases, even their very existence’.

42 Verbal communication from the Civil Society Support Programme 2 team to our team members regarding political economy analysis.
eye to informal settlement development, instead of preventing or evicting illegal squatting:

**Authorities at local levels are entitled to control land development activities so that any new developments can be prohibited. However, rural kebele administrations in peri-urban areas, in particular, are often unwilling to prohibit any development because they are either socially influenced and/or bribed. Thus, ‘rural land’ in the peri-urban areas is being converted to new homes for migrants, empty houses and fenced subdivided plots almost overnight** (Kinfu et al., 2019: 90).

Similarly, in our focus groups with condominium residents, there was evidence of widespread cynicism regarding the government’s commitment to deliver decent housing for all. This included perceptions that the allocation of housing is a deeply political enterprise for government, and that housing policy might be seen as first and foremost a vehicle for political co-option:

**Nevertheless, with regard to the condominium rather than its social benefits, the government gave attention to its political advantages […] It is not from a genuine intention of constructing houses to alleviate the housing problems of citizens, rather it is based on the assumption, ‘If I construct the condominiums, how much political support do they get?’ They magnify the political advantage over its social advantages.**

Female condominium residents

A clear message resulting from our research was that consultation and engagement between citizens and the state is either lacking, ineffective or very superficial with regard to housing. On the one hand, tenants complain that the engagement is simply non-existent:

**The government does not give us special attention […] We have been here for the last seven years but they do not consider us as human beings.**

Second female condominium resident FGD

However, on the other hand, sub-city-level government officials report that they do have contact with residents in different fora:

**We have very close contact with local-level organisations and local residents. Our administrative task brings me face-to-face with ordinary residents. Also, I come in contact with neighbourhood and block representatives since we call them to meetings or when they bring the complaints or appeals to us.**

Local government official, Misrak sub-city

It may be that the capacity and commitment to consultation across sub-city administrations are uneven but either way, the nature of the engagement is very low level, and sub-cities do not have a mandate to make decisions on issues such as relocation and compensation.

Our research suggests that the Ethiopian Institute of the Ombudsman office could play an important role, if issues of inclusivity and answerability were addressed. On the one hand, the office reports that it already receives numerous complaints related to housing (primarily from men rather than women, as a result of gender norms pervasive across the social context), suggesting that it is viewed as a potential mechanism for redress. Nevertheless, on the other hand, a KII from this office described it as a ‘toothless tiger’, with very limited ability to enforce its judgments:

**We have given advice or solutions and ideas but they are often not implemented. Let alone implement, when we request an explanation from the executive who is allegedly mis-administering, they do not even reply […] This is because the executive is powerful. So often, we act like the mediator when they do not reply to us. We ask the ombudsman to contact the head of the concerned executive. Most work is done by regional ombudsmen, and now that regions are becoming powerful themselves, they do not even listen to us like they used to. Before, there was some command of respect by federal officers. We manage cases where people who are supposed to be given shelter are left on the streets. The executive comes up with arguments such as that the individual is not a resident of the kebele even if the person has ID. So, we are forced to strengthen our evidence. We start negotiating with executives. It is all based on their good nature.**

KII with Ethiopian Institute of the Ombudsman office, Hawassa

The new national political settlement — currently in flux as political reforms are underway — creates opportunities to experiment at a regional and even municipal level. Given the 2019 repeal of the tight rules governing civil society engagement (FDRE, 2019), there is now a major opportunity for more collaborative approaches to shelter development, provision and management, involving the state, civil society/community representation, the private sector, universities and think tanks. Hawassa, home to a flagship industrial park, is well placed to provide leadership and innovation by drawing on the many different local institutions that have an interest in solving the housing crisis.

43 “Mostly it’s men who lodge complaints. This may have to do with women’s context — [lack of] access to information, lack of courage and dependence, most lack awareness and ‘the culture’ which relegates women to the private sphere of life” (KII with Ethiopian Institute of the Ombudsman office, Hawassa).
3.6.2 Private sector

Historically, the private sector has been kept at arms’ length due to a long-held belief that their ‘profiteering, rent-seeking’ agenda renders them unfit to deliver the types of solutions that are needed. However, Hawassa’s most interesting and live example of collaborative approaches to shelter with the private sector is the current engagement of homeowners in the construction of residential units through a microfinance scheme aimed at providing housing to HIP workers. The envisaged PPP of HIP tenants (investors) with the IPDC to build dormitory blocks for their staff is an example of an effort made by the private sector to resolve the housing shortage.

Recognising that the existing finance levels from federal and regional sources, in addition to funds from the municipal coffers (e.g. from tax and other revenue), are insufficient to solve Hawassa’s shelter needs, IPDC is now exploring alternative approaches to finance including PPPs in line with recent legislation. PPPs have existed for years, on a relatively small scale, but are now being given renewed attention — as evidenced by the recent proclamation aimed at addressing the huge financial demand for infrastructure projects which were previously financed from the government’s own budget (FDRE, 2018).

The IPDC, with technical support from McKinsey & Company (a global management consulting firm) through the Ethiopia Investment Advisory Facility (EIAF) I project44 is currently exploring two options to facilitate a PPP option for housing the HIP workers. Current IPDC discussions concern a dormitory-style solution that could host thousands of workers, in compliance with International Labour Organization (ILO) housing standards. In this scenario, government provides serviced land, and the investors/developers bring financing and ensure minimum standards are met. Options are:

- Housing development by manufacturers that invest within the industrial park — whereby particular companies have offered to construct dormitories for their own workers and will get a certain amount of serviced land within the park to do so.
- Development by a foreign private developer that is not investing within the park but interested in engaging in housing development — whereby serviced land within the park will be provided to the private developer to build and benefit from over 15–20 years and which will then be handed over to IPDC with the asset built on it after the agreed time.

Political leadership will be important to iron out potential wrinkles in terms of incentivising international investors to see this as an opportunity while working towards resolving issues around the liberalisation of the finance sector and ensuring inclusivity (that looks carefully at affordability for low-income groups — an area where previous schemes have failed). Where the PPP model relates to HIP worker housing schemes, it is also important that those workers should be represented in discussions — in line with the co-creation and collaborative approach described above.

Current challenges in delivering this model, however, include the tension between the central government-driven industrial park model versus the need for regional governments to be involved in land allocation and processes (see Section 3.4 on roles and responsibilities of government). Other perceived impediments are the lack of incentives and high risks for developers who can make better margins in Addis Ababa building offices;46 the lack of clarity on procurement as well as responsibility for provision of power/roads/waste management; the current need for prime ministerial-level approval/decision-making in a context of high tensions around land allocation decisions; and recent conflict dynamics which are shaking the HIP tenants’ (investors) confidence that Hawassa is the right city for their investments.

Given the high profile of the HIP, it is clearly a government priority to resolve one of the major challenges to worker retention (i.e. adequate housing), as well to resolve huge challenges relating to workers’ welfare. Investing political capital and resources in solving both the financial and delegated authority questions is desirable, as well as cross-sector collaboration (such as with the private sector) to help find solutions to housing. Our research did not find any fundamental political reason for this tension/poor relationships between IPDC and city government, suggesting that some surge support to both parties in terms of mediation, planning and communication could be catalytic in agreeing on solutions. A further critical element is the actual finance source. Since the CBE is increasingly reluctant to provide loans, foreign debt financing may be an option — potentially involving interested donors — at commercial interest rates. IPDC will need to invest in infrastructure (estimated at 15% of overall project costs).

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44 Funded by the UK’s Department for International Development (DFID-Ethiopia), the EIAF aims to “strengthen the effectiveness of growth enhancing public investment in Ethiopia in order to promote outward orientated, manufacturing-led inclusive growth”. See: https://devtracker.dfid.gov.uk/projects/GB-1-204635
4

Current state of housing provision

Framed by the earlier discussion of political settlements, this section assesses the imbalance of demand and supply, analysing the provision of housing both through various government-supported schemes as well as the development of informal settlements.

4.1 Demand and supply

Demand for housing in Hawassa has grown at speed while housing supply is hardly increasing. Over the last two decades, demographic growth and regional in-migration have been compounded by in-migration of businesses and migrants from other parts of Ethiopia attracted by the city’s reputation as a safe, peaceful and desirable place to live. Due to geographical constraints, such as Lake Hawassa to the north and Oromia region to the west, land for housing is in short supply, and competes with land needed for other important development needs, such as the earmarking of large tracts of land for hotel and resort complexes to support Hawassa’s tourism industry.

Since 2015, the construction and thereafter staffing of the industrial park has had a significant impact on demand for shelter in Hawassa. The city has both cleared a large area of land for the site itself, and attracted tens of thousands of workers from the wider region to live and work in the city. Most HIP workers are young women, arriving without families or dependents, and living off very low wages (the average salary of new arrivals is approximately 900 Ethiopian birra, according to the park workers). Many of these workers are currently renting accommodation in informal settlements, given that other housing options are either insufficient for a number of reasons (see microfinance scheme — Section 4.5) or unaffordable.

An increasing population implies the need for increasing the housing stock in Hawassa — public, private, rental, ownership — as a top priority. Current efforts to develop the housing stock were described by one local official as ‘fetching seawater with a spoon’. UN-Habitat (2019) figures suggest a housing deficit in Hawassa of approximately 32,400 units (based on population estimates and excluding informal housing). With supply failing to progress in step with demand, challenges of overcrowding and affordability (see Box 4) have become more acute. Accurately assessing overcrowding in Ethiopia is extremely challenging, as the last Central Statistics Agency (CSA) census was conducted in 2007. Drawing on 2007 data, the average level of occupation in Hawassa is calculated to be 3.8 persons living in one room and there were 20,710 one-room houses, constituting just over half of all Hawassa shelter included in the census (MUDHCo and ECSU, 2015).

Nevertheless, despite projected population levels for Hawassa of some 1.8 million people by 2035 (EDRI, 2018, reported in UN-Habitat, 2019), the city’s future growth is not certain. Recent interviews and media analysis suggest that conflict dynamics might evolve in a way that reduces the demand-supply gap, as people move to escape unrest. For example, recent reports suggest that local conflicts have led to people...
moving from the outskirts to central Hawassa; one KII reported that levels of insecurity were reducing illegal squatting. Certain peripheral areas have experienced acute insecurity relating to disputes over ownership and ethnic tensions, as well as protests concerning the compensation of the original owners. Since these dynamics were ongoing during our research, and remain very live at the time of writing, it is not yet clear how this phenomenon will affect housing demand and prices more generally. According to one anonymous interviewee, this state of affairs may even shift priorities set for housing in favour of other emerging concerns such as security.

4.2 Housing development strategy

Formalised in 2012, the housing development strategy provides an important framework for shelter provision in Ethiopia. The strategy sets out eight housing-delivery mechanisms, of which the first four are delivered by the government. These different schemes (many of which actually pre-date the strategy) are primarily based on the income level of the residents, and enable the state to provide support to complement an individual’s house or shelter ownership endeavours. These options are summarised in Box 5 below, and then described and assessed in more detail thereafter.

**BOX 4. AFFORDABILITY OF HOUSING IN HAWASSA**

Nationwide, housing affordability remains a big challenge particularly for low-income groups due to the lack of access to diversified and flexible housing finance in the country (Kayira, 2017). Low household incomes and high levels of unemployment (particularly for women) mean that housing rental or construction options are highly constrained for a large swathe of the urban population.

Hirboro et al. (2017) conducted surveys on Hawassa’s condominium and rental housing, and found that most residents were ‘shelter poor’, meaning they could not meet basic non-housing needs after paying rent. Our research confirms this, in particular highlighting how people struggle to meet rents within the formal housing rental sector. Our non-systematic, non-randomised survey concerning household expenditure (n=60) found out that almost half of respondents residing in the formal residential areas ranked rent as their biggest expenditure, compared to only one sixth of informal settlement residents dwelling in rental housing.

The same survey found the average monthly rental expenditure to be 1,353 Ethiopian birra for respondents in the formal residential areas whereas it is only 384 Ethiopian birra in informal sites. This constitutes approximately 37% of the average wage income for formal settlement residents compared to 51% for informal settlement residents. While recognising limitations in the representativeness of the data, it is a useful snapshot of affordability in these two different settlement types.

4.3 Low-income housing: the Integrated Housing Development Programme (IHDP)

4.3.1 How does it work?

The IHDP scheme was designed to benefit low- and middle-income residents. As such, its financing was thus designed with a banded approach to loans depending on the income of each applicant or household. Individuals able to make down payments (that could be in the form of savings over time until a minimum threshold is achieved) are entitled to access long-term mortgages of differing sizes, provided through the CBE (UN-Habitat, 2011). The IHDP units are allocated by lottery. Households earning 1,200 Ethiopian birra (about US$40) per month or less (equivalent to the bottom quintile) are eligible for the 10/90 loan, which requires a 10% down payment and can only be used to purchase a studio. Households earning more than 1,200 Ethiopian birra per month are eligible for the 20/80 and 40/60 loans, requiring 20% and 40% down payments, respectively.
Since 2015, condominium construction and the IHDP have been effectively suspended outside of Addis Ababa, switching to a different financing modality for any subsequent schemes. Nevertheless, the Ministry of Urban Development and Construction still considers condominium housing as a strategic approach to alleviate housing shortages and insists that it continues to be implemented in the seven selected industrial centres in the country. The condominiums are to be built using CBE loans, with the ministry taking full control for processing the funds — in contrast to the earlier approach in which the city administrations took a loan in the form of a municipal bond. Currently, a financing proposal that has been submitted to the Ministry of Finance and Economic Cooperation is under review at the prime minister's Office.

52 Addis Ababa, Adama, Hawassa, Dire Dawa, Kombolcha, Jimma, Bahir Dar and Mekelle.
4.3.2 Achievements and challenges

The IHDP (condominium) housing scheme has been successful to the extent that it has added to the housing stock and provided a home for tens of thousands of households — but supply of these apartments has been wholly unable to match demand. In Hawassa, 18,835 people registered for condominiums in 2008, but to date the Hawassa municipal authorities have only transferred 3,538 apartments (Mitiku, 2015; Regassa and Regassa, 2015; UN-Habitat, 2019), meeting only a small portion of actual demand. Many households have sublet these apartments to benefit from the rental income, although this was not the original intention of the scheme.

In Hawassa, as well as more widely across the country, affordability for low- and even middle-income target groups has been highly problematic. Over time, the scheme has become economically unviable (Abiye, 2019). In order to ensure the sustainability of the scheme as a whole, the government has raised the value of the down payments necessary to join the lottery waiting list (The Economist 2017). The widespread use of similar construction material and limited skilled labour for the scheme has increased the demand for — and cost of — both, resulting in enormous increases in the unit price of the construction of condominium houses. The 9.5% interest rate — the same rate as paid by investors, according to key informants — is difficult for borrowers to bear. As a result, the scheme has become economically unviable for the intended beneficiaries, especially female-headed households (UN-Habitat, 2011; Regassa and Regassa, 2015; World Bank, 2015; Gebeyehu, 2015; The Economist, 2017). This problem characterised many public housing schemes around the world in the 1970s and 1980s, when interventions only reached low-income groups if they were heavily subsidised — sharply curtailing how many units could be constructed (Wakely, 2016), often allocated to or captured by middle-income households, and with numbers of constructed dwellings falling far short of governmental targets (Hardoy and Satterthwaite, 1989).

The affirmative action approach of the IHDP favouring female-headed households and people with disabilities represents an important step for these historically marginalised groups. However, both the literature and our primary data confirmed that in practice the requisite level of deposit is sufficiently high as to preclude low-income households:

For the bottom third of households, IHDP condominiums are only affordable if households select small units, take on high down-payments and are able to support high payment-to income ratios. In fact, the three-bedroom unit is unaffordable for even median households in Addis Ababa. Aside from high monthly payments, there are other reasons the current structure of the IHDP may not be a feasible housing solution. Notably, beneficiaries of the 10/90 loan may only purchase studios, even though lower-income households are not necessarily smaller (World Bank, 2015: 33).

Table 3. IHDP unit types and mortgage loan types

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>% OF PLANNED UNITS</th>
<th>SIZE</th>
<th>LOAN ELIGIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>20%</td>
<td>&lt;20m²</td>
<td>10/90,20/80,40/60</td>
</tr>
<tr>
<td>1 bedroom</td>
<td>40%</td>
<td>20–30m²</td>
<td>20/80, 40/ 60</td>
</tr>
<tr>
<td>2 bedroom</td>
<td>20%</td>
<td>30-45m²</td>
<td>20/80, 40/60</td>
</tr>
<tr>
<td>3 bedroom</td>
<td>20%</td>
<td>&gt;45m²</td>
<td>40/60</td>
</tr>
</tbody>
</table>

Source: Tipple and Alemayehu (2014)

53 A study by the CBE and Ministry of Urban Planning and Housing revealed that the condominiums in the new 40/60 scheme required an additional ETB 4,919 (US$210) per square metre from their originally indicated price.

54 Various KIIs including an FGD with a mixed group of men/women, as well as tenant residents and owner residents at the Debub (Southern) condominium site, located in Menelik sub-city, Guwi Stadium kebele.
Gebeeyehu notes that in the case of Hawassa, the condominium housing project does not in fact address the need of the low-income groups because “the monthly income of more than half of the households [55% in 2009 and 61% in 2011] who were assumed to get condominiums in the two rounds lie between 500 ETB [US$34] and 1,500 ETB [US$100]” (2015: 173). Furthermore, only 16% and 20% of those households who won the lottery for condominium housing in 2011 and 2009 were able to pay the 20% down payment (ibid). Our interviews also suggested that condominium housing is prohibitively expensive for many, but in particular for women, whereas more simply constructed housing would be more appropriate for very poor women:

When I see a woman with seven children at her back [...] how can such a woman join and compete for the house you have mentioned [cooperatives]? Isn’t there anything cheaper than this? [...] I am looking for small houses to be constructed in a small size which may not cost much just only where women can simply get into and sleep [...] Can a woman afford to complete the 20:80 ratio payments to the last?

KII with chair of women’s association in Hawassa

Beyond affordability, our research found that both peripheral location and poor infrastructure were critical concerns of condominium residents, especially sanitation and toilets. Poor construction of the waste system appears to be compounded by a lack of clarity regarding ownership or management. One female respondent complained:

I think the construction was not studied by professionals. It was carried out by those who were organised under small and micro business enterprises [...] It is full of problems. The toilet [...] the septic tank does not have an owner. Who owns the septic tank and to whom to appeal is not known [...] The biggest and major problem is that the pipeline was not properly designed and implemented. The pipelines from the top leak to the lower floors. This creates problems among dwellers; it is a common cause of complaints [...] When the toilet is full, it flows in the house.

Female condominium resident, FGD

Inadequate toilets are also a particular concern for women due to menstruation and concerns over privacy/safety. The needs of people with disabilities were seemingly not systematically incorporated into condominium allocation decisions. A representative from the disability charity Leonard Cheshire in Hawassa described how:

When condominiums were given, there were instances where those who can’t even walk were being given houses on the third floor of a building.

Others described how such residents ‘may prefer to live in rental houses’ or ‘may prefer to sell the unit’ rather than live in it. Although in some cases complaints by tenants led to them being moved to ground-floor units or having adjustments made to showers and floors, these appeared to be ad hoc responses prompted by complaints and advocacy by local CSOs.

These findings raise the question of whether citizens are adequately skilled, equipped and supported to develop infrastructure for multi-storey buildings — or to seek accountability where contractors fail to deliver to standard:

The contractor should have finished everything and wound up the project [...] The contractor simply hung it up and left the rest on the ground. We did not check and he also collected the retention and left [...] It is now unlikely to force the government to create pressure on the contractor to finish [...] We have to finish by ourselves.

Female condominium resident 3

One respondent also complained that the rural location of her condominium meant there was a lack of infrastructure. The impact of remote locations of new buildings on livelihoods is also a well-documented concern in Ethiopia (Tiumelissan and Pankhurst, 2013; di Nunzio undated).

Finally, our research identified a particular challenge relating specifically to the administrative capacity of local government but possibly linked to the political sensitivities (and ethnic dimensions) of land usage and ownership. This is the clarity and security of the plot demarcation on which condominiums are constructed. One resident reported that:

The government built the condominium without area demarcation just after taking the land from an owner. Still the issue of demarcation is not resolved. As a result, we could not construct fences [and] we are exposed to many hazards [...] The people in this area send their cattle for grazing around our compound. Dogs and cats which do not have

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55 FGD with female-headed households, Monopol area.
56 KII with male resident in Philadelphia area.
57 KII with Leonard Cheshire representative, Hawassa.
owners are living in the compound [...] They are a serious threat to our health.

Second female condominium resident, FGD

In principle, this should have been a relatively straightforward problem to solve, had it been a matter of technical surveying and demarcation alone. However, under the current situation, local authorities may well be reluctant to take any action that could exacerbate the volatile situation of the local youth.

4.4 Housing cooperatives

4.4.1 How do they work?

The cooperative housing model that was introduced in 1975 today receives strong support from national and local government and is considered a key pillar of the housing policy. Housing cooperatives are regulated under the Cooperatives Proclamation No. 147/1998, which provides for the establishment of different types of cooperative societies (housing, consumer, handicrafts, mining, construction and services cooperatives, and so on) for a common purpose but with a limited life — in this case, until the housing construction is complete (Emana, 2009).

The housing cooperative model is designed to support citizens in accessing secure land for housing construction, subsidising the costs and enabling them to build their houses incrementally. Legally registered cooperatives are entitled to receive government subsidies towards the costs of construction material, free or subsidised land (non-competitive, base lease price), and low mortgage interest rates. Local government is meant to broker wholesale prices on construction materials from private as well as government enterprises, and to provide engineering and supervision advice to cooperative members. The government also shares the cost of providing infrastructure — most notably access roads, power, water supply and electricity. According to an official from the Hawassa Bureau of Urban Development and Housing, this cooperative (or ‘association’) model is the approach that the city has been primarily focused on, out of the various mechanisms listed in the housing strategy.

4.4.2 Achievements and challenges

Cooperatives have certainly contributed valuable housing to the existing housing stock. KIIIs confirm that by 2016, a total of 70 associations in Hawassa had been awarded land; out of 941 households, 645 were male-headed and 296 female-headed. UN-Habitat (2019) data records a total of 626 cooperative housing units in Hawassa. At one level, it appears to be a very promising option:

If you look at Hawassa, the number of people who were to be provided with land for housing in 2015 when we issued this guideline, there were 126 cooperatives. It took only three and four months for 79 cooperatives to get organised. If this much can be organised within this span of time, it can easily be projected that the demand is very high.

KII with SNNPR Urban Development and Housing Bureau deputy head

Nevertheless, there are mixed reports as to how well local authorities have played their role in facilitating subsidised construction materials and providing technical support and supervision. While one municipal official working in housing development flagged that in the construction of houses at the Addis Ketema neighbourhood, the civil engineering and supervision were provided for free, another informant from a different government office admitted to a lack of coordination to date, as well as flagging the inadequacy of the options available to cooperatives:

Speaking frankly, so far we have not given enough support to the associations as stated in the guideline [...] If you ask me why, it is because the government office was not strengthened, lack of adequately qualified manpower in the market at the time [...] From the cooperatives side, there is a demand that the government should provide them technical support in material supply; this was not done for them. They purchased cement and corrugated iron at expensive prices. When they negotiated with contractors they were cheated and agreed to pay expensive price. The support in that area was not full.

KII with municipality officials, housing development and administration core process
In practice, the cooperative mechanism has not yet delivered housing at scale. Mobilising the prerequisite for land allocation (i.e. 50% of the construction costs, the minimum savings requirement for a cooperative) is a major challenge for cooperative members as individuals. UN-Habitat (2011) notes that the poorest sector of society is often excluded from cooperatives as they do not have the savings capacity at the scale demanded. KII with city officials also indicate that even the cooperatives of government employees such as teachers and police (eligible for additional benefits and reduced savings thresholds) tend to admit defeat in the face of the high deposit costs required:

Now the teachers, the police as well as others argue, why doesn’t the government pay the cost and arrange a long-term loan for them to pay it back? They mean that the government should construct the houses and let them occupy them, and afterwards they would save the money because life in Hawassa is very expensive, that they cannot save while paying high rentals for the houses they rent [...] This is the major cause for them not to be organised for the service. This is the greatest challenge.

KII with Hawassa City Cooperative Development 4.

The same sources highlighted that as the land allocated is in the urban periphery, households are exposed to additional transportation costs. Land allocated has often been peripheral in location, creating extra transport costs. Low-quality land also increases the cost of construction. Nevertheless, an interesting question of new building technologies was also raised by a bureau official during the research; he cited approaches and technologies being used in Addis Ababa that might massively reduce the time and cost of digging and building cooperative housing:

Now, there are new technologies coming from head office. In Addis Ababa, there are situations in which new buildings are built within a short period of time. They are using these technologies. In our case even for digging and building a G+2 and 3 it takes five to six years. We are still backward. To use new technologies, which are produced in factories which can easily be fitted, requires integration. Unless this is done, I am quite certain that the cooperatives would not be successful [...] Cooperative houses are to be constructed in the traditional way. In that way, boiling all these metals and mixing lots of things, I don’t think is effective [...] Anyway, the issue of technology is in our plan but changing it into practice is our challenge.

KII with SNNPR Urban Development and Housing Bureau deputy head

Despite the many challenges raised above, the cooperative model is still considered a way forward in urban housing provision. For national and municipality officials in Hawassa, exploring ways of reducing inefficiencies and promoting knowledge and technology sharing between the cities seems like an obvious opportunity. A KII from the mayor’s office acknowledged that municipal staff capacity is problematic in this respect:

Human resources are another challenge. Most of the available staff need capacity building in order to engage in construction activity adequately [...] We don’t feel it is sufficient. Firstly, there are constraints in terms of leaving what we are used to and moving forward with technology — we need additional knowledge and skills. We need additional knowledge inputs in the area of materials and how to design activities.

KII with municipality official, mayor’s office

4.5 Sidama Microfinance Institution-supported housing

In considering housing solutions to accommodate HIP workers, a specific scheme has been tried to provide dedicated housing for workers, at a pre-agreed and capped rental price. The Sidama Microfinance Institution (Sidama MFI) has financed the construction of 536 housing units, each with a capacity to host four workers, by investing 18.2 million Ethiopian birra in 2017. Willing house owners are provided with loans, housing designs and free engineering supervision to construct additional rooms on their compounds. According to the

One of the Sidama MFI-financed houses in which HIP workers reside – a row house typology
deal made by the HIP management with the Sidama MFI, the owners of the housing units are permitted to rent the units solely to the workers of the industrial park; the rental agreement exists between the landlords and the IPDC, and then again between IPDC and workers.

Unfortunately, the scheme has faced a number of challenges which call into question whether this scheme can really contribute significantly to the HIP needs. Although there are some successful arrangements between landlords and tenants, challenges reported across our interviews include:

- High rates of attrition as tenants pull out of the rental agreements for various reasons (including conflict among themselves)
- Disagreement between the landlords and tenants (for example, some tenants allege mistreatment by landlords, but are too afraid to leave due to lack of other options)
- High rents compared to the meagre workers’ incomes
- Long vacancies of the units which forces the borrowers to default on their loan, and
- The mandatory reduction in chargeable rent (from 1,300 to 1,000 Ethiopian birra per unit, that is significantly below the market rate), significantly affecting the repayment capacity of the borrowers.

4.6 Informal settlements

In the absence of viable, affordable alternatives, informal settlements are proliferating around the outskirts of the city. Unplanned informal settlements have existed in Hawassa since the 1980s, but have greatly intensified since 2003: according to the Kinfu et al. (2019) study of peri-urban Hawassa, around 60% of the residents in these areas have settled since 2011. Informal housing constitutes an estimated 47% of shelter in the city, according to UN-Habitat (2019) approximations. For an unregulated and unorganised market operating outside of the law, it is nevertheless providing shelter solutions for many thousands of people: “The informal market has become a veritable competitor to the formal channel and appears to be doing much better in delivering land resources for development in Hawassa” (Sungena et al., 2014: 164).

While questions of affordability and availability are behind residents’ decisions to settle in informal areas, other ‘enabling’ factors, ranging from capacity constraints to bargains and compromises around political settlement, help to explain the expansion of these areas. On the one hand, the municipality’s inability or unwillingness to enforce building regulations was highlighted in our research, echoing the “challenges or flaws associated with the land administration process” described by Gondo (2013: 5). On the other hand, investment decisions that prioritise land saving underpin the way that condominium housing has ‘crowded out’ other forms of investments in housing and provision of land (MUDHCo and ECSU, 2015). Informal institutions may also play a role, for example the rent from illegal land deals acts as an incentive, driving the expansion and maintenance of informal settlements. Corruption allegations were also recorded in our interviews, including by a person at the ombudsman’s office who noted that:

> In as much as we have to look at administrative malpractice, the key issues are kebele officials giving kebele home to their own families [corruption] [...] Often, those that are corrupt and trying to give the house to their relatives often times look for reasons to evict and force out dependents.

KII with Ethiopian Institute of the Ombudsman, Hawassa

To date, the city has regularised some 17,000 holdings — although large but unknown numbers remain non-regularised. Where regularisation has occurred, however, no support is provided to the individual households to upgrade the shelters themselves. City officials report that the main challenge of regularisation is that some households will need to be demolished or relocated to make way for roads, green spaces and public buildings such as schools, but the ability to actually allocate land for relocation sits with the regional government rather than municipal authorities. Municipal officials did not refer to any processes of consultation
around these demolitions. Displaced residents described their feelings of ‘being thrown away’69, pointing to a sense of powerlessness and grievance. One official commented:

The challenges are that there are people who are going to be displaced due to road construction in the sites […] When this situation happens, some individual’s plot of land is likely to be reduced. Some of them may squat at the back of other houses. This is the biggest challenge […] Displacement certificates are given for those who are going to be displaced […] for these displaced people, replacement land has already been prepared and ready for decision.

Bahil Adarash Sub-city representative

As discussed in Section 3, different layers of government are implicated in this process, which also lends itself to bottlenecks in the compensation process:

The city administration has already presented to the regional state […] The municipality cannot give replacement certificates; it has to be decided by the regional state for the provision. We cannot give them land with the assumption that they are displaced people. The city administration municipality cannot give land; it has to be decided by the region […] We simply transfer the documents of the displaced people and the region re-examines, assesses the documents and sends us the decision.

Bahil Adarash sub-city representative

Infrastructure provision is supplied to informal settlements at a reduced rate but this may not be easily accessible. Officials acknowledge a tension between supplying services to informal settlements (‘a problem for us in the long run’) which are illegal and which may subsequently need to be replanned, and the regional state directive to the effect that citizens should not be obstructed from accessing water. The municipal authorities have adopted an interim approach to solving this:

So these people ask for water, so as much as possible we are not laying the line for each but what we are doing is, there is a public tap and they are using this […] They are paying according to what we communicate with the kebele and there is an agreement, there is a public tariff for 1 metre cube, it is 3 ETB […] and there is a person who is nominated from the kebele and they agree with us and at the end of the month they pay us […] It is one fountain per 1.5km radius.

KII with Hawassa City Water and Sewerage Services Enterprise

However, households who can afford to have a door-to-door water supply may pay privately for their own water pipes to be installed.

Amongst the wider benefits to residents, our research suggested that regularisation of informal settlements may have particular benefits for enhancing women’s access to credit. This was widely agreed on during FGDs with women in these areas — one resident commented that:

After we got a plan [for their home when regularised], we got something better. In the past, we couldn’t use our informal house as collateral. But now we can. So, if we want to invest, we can do that by getting loans from our house.

FGD with FHHs in Monopol

Another FGD participant noted the gender differences:

As for me, a house with a plan and deed and is near to the road is better for women. So, water, electricity and other things are important to allow the women to do some sort of work near their house.

FGD with FHHs in Monopol

However, some of these women felt that if good roads had been built after regularisation (this had not yet happened), they would be better able to run businesses from their homes or sell their goods further afield. Enhancements to the tenure security of women can have significant impacts on their prospects for economic empowerment, safety and wellbeing, due to their normative or actual association to the household compared to male counterparts. For example, it is the site of child-rearing or income generation, as well as the foundation for women’s social networks.

Nevertheless, regularisation does present a risk of increasing costs (associated with the land lease, services etc), and thus the potential gentrification of such areas, pushing low-income households into even more remote locations if they are unable to afford the costs. Although this was not discussed during our primary data collection, secondary sources suggest that the ways to mitigate this risk include conducting regularisation at scale (Boonyabancha, 2005, 2009 for Thailand); involving local community-based organisations or federations of the urban poor (Lines and Makau 2017 for Kenya); providing alternative, appropriate standards such as smaller plot sizes or narrower roads (e.g. Chitekwe–Biti, 2018 for Namibia, Muungano for Nairobi); ensuring that regularisation does not only focus on individual titling (Payne et al., 2009) but also improving services and infrastructure (Gulyani and Bassett, 2007); promoting livelihoods (Majale, 2008); and establishing community land ownership (e.g. Boonyabancha above for Thailand).

69 KII with municipality officials, housing development and administration core process.
5

Understanding shelter from a gender perspective

Building on our use of a gender and social inclusion lens to examine shelter issues in Hawassa, this section collates findings around the vulnerability of different groups in accessing secure shelter.

In line with global literature, this study found clear evidence that the key vulnerability factors affecting people’s access to decent shelter are poverty, gender, age, social status and disability. These factors intersect in diverse ways and circumstances to produce higher or lower levels of shelter vulnerability. In our research, shelter vulnerability was found to vary according to shelter type — female-headed households were found to be particularly affected by safety issues and challenges in accessing shelter (due to discriminatory perceptions or lack of access to finance) in informal settlement and low-income private rental areas, whereas this was less of a concern reported by those living in government-provided condominiums or low-cost government housing. People living with disabilities were identified as universally vulnerable and disproportionately likely to experience extreme poverty and destitution, and face stigma and discrimination when trying to access housing (see Box 6 below).

Gender norms and roles continue to constrain equal property rights for divorced, separated and widowed women, despite positive legal and regulatory frameworks. For example, Article 35 sub-Article 7 of the Constitution of the Federal Democratic Republic of Ethiopia (FDRE, 1995) states:

Women have the right to acquire, administer, control, use and transfer property. In particular, they have equal rights with men with respect to use, transfer, administration and control of land. They shall also enjoy equal treatment in the inheritance of property.

Although there is very little reliable secondary data on women’s access to and experiences of shelter in Hawassa, our findings nevertheless validate existing evidence from elsewhere in Ethiopia that female-headed households, divorced, separated and widowed women, elderly women and women with disabilities all face severe/acute shelter vulnerabilities and are among the most vulnerable urban residents in Hawassa.

Residents interviewed for this study, both women and men, universally identified women in these categories as the most economically vulnerable in the city, who therefore find it hardest to access decent shelter in a context of high and rising rental and purchase prices. One man interviewed noted that “it is known that it is difficult [for a single woman and divorcee] to work and do things by herself […] When a single woman is compared to those who live in pairs, her economic condition is very low”. Local women’s groups agreed, describing single (never married/divorced/widowed) women with children as significantly overrepresented among destitute city-dwellers.

70 In particular, stability of livelihood/employment, marital status and kinship ties.
Women family heads and poor women family heads have a serious housing problem; particularly on women with low income. As you know, high budget is required in order to solve housing problem. We help them participate in different saving schemes so that even if it is difficult for them to construct their houses with such a saving, at least they would be able to pay their home rents and live better life. They are struggling in this regard. They have started to solve these problems and are living better life relatively now.

Further, a study of women and children sleeping on the streets in Hawassa (Nathan, 2012) found that almost a third were disabled, and a 2015 World Bank poverty assessment similarly found that nationally in Ethiopia, “elderly, disabled, and female-headed households are much poorer in urban areas” than other social categories (World Bank, 2015). This aligns with global evidence that divorced, separated and widowed women are at particular risk of dispossession and constitute the most vulnerable sub-section of urban women (Chant and McIlwaine, 2016; Rakodi, 2014). It is important to note that the economic vulnerability of women in these categories is understood to be a product of unequal access to assets, finance and property as well as resulting from issues regarding traditional gender roles vis-à-vis employment and caring responsibilities (ibid).

Having children was described as an important vulnerability factor for single women by informants in our study, both in terms of the economic and time burden of caring for children, and discrimination by landlords. A broker reported that pregnant women are turned away by landlords. One female resident in a low-income district of Hawassa claimed that:

If you have a family and have two children, the house owners do not want to rent to you. Specifically, children are unwanted. What they ask is, “How many members of a family do you have?” These are all studied first otherwise you cannot get it [the housing].

There were different views on whether single women without children face the same challenges or not. Some felt that women in general face discrimination in accessing rental housing because of perceptions by landlords that they will use more water, invite their friends over and disturb their neighbours more than men. This is likely due to women generally spending more time around the home during the daytime than men, who are more often working away from the home for long periods in the day. Women living in informal settlements on the outskirts of the city reported fewer challenges than women renting in those areas because:

The area is remote, and there are not a lot of people who want to rent a house there, so there is not such a problem with landlords.

FGD with FHHs in informal shelter, Monopol area

In contrast, there was a strong perception among members of this same focus group that “in the city centre no one would let women rent unless she is married, regardless of your income (sic).”.

Several steps have been taken by the Ethiopian government in recent years to support female-headed households to access shelter. Legally, the Revised Family Code (FDRE, 2000) stipulates that pre-owned or later purchased assets are co-owned by spouses after marriage. Women are also given priority in terms of retaining access to shelter during a divorce,
in recognition of their traditional role as the primary caregiver to children. Affirmative action in favour of women has been incorporated into the major pro-poor housing schemes: the IHDP scheme intended that at least 30% of 90/10 housing and condominium (20/80) housing should go to female-headed households as a direct award prior to lottery competition for these units (UN-Habitat, 2011). Female-headed households are also formally prioritised in allocations of kebele and other government housing for the very poorest. That this principle is so embedded in pro-poor housing approaches is to be lauded, and sets a strong foundation for future policy.

However, in practice our data revealed multiple barriers which inhibit women from realising these legal rights: limited knowledge and awareness of the law; lack of access to legal advice and representation for divorce proceedings; lack of awareness and access to household assets (as men traditionally manage these, even commonly ‘hiding’ assets from their spouses to avoid sharing them with wives during or upon dissolution of a marriage); or cohabiting practices and unformalised marriages (conducted in traditional or religious ceremonies but never registered with state authorities). Research from Ethiopia more broadly confirms that as in many urban contexts, women are disproportionately represented among renters due to these greater barriers they face in owning homes (Eskezia, 2011). Many women interviewed discussed these barriers in depth, for example:

The asset division is not fair. They usually bring an elder in the process. The culture is a barrier […] often […] the woman does not even know anything about the asset […] Usually they [elders and engineers consulted] skew the boundary towards the man because of bribes and then make the woman lose in the arrangement.

KII with Ethiopian Women Lawyers Association (EWLA)

Nevertheless, there was a perception among some women that women are steadily claiming more of their legal rights regarding divorce and inheritance.

In practice, the peripheral location of condominium units, their unaffordability for the very poorest urban dwellers — among whom women are disproportionately represented — and corruption in kebele housing allocation all undermine the effective implementation of these policies. Similar challenges of unaffordability are more acutely felt by female-headed households trying to access the cooperative scheme.

Findings from Hawassa on this intersection between economic vulnerability and gender roles and norms validates global recommendations, that “without livelihoods, incomes and access to basic services, access to land and property will not take women very far […] pro-urban land policy must be located within a broader urban development framework” that includes gender-sensitive support to raising incomes, livelihood opportunities, education, housing and infrastructure (Baruah, 2007: 2,108 as quoted in Chant and McIlwaine, 2016: 96).

72 KII with Tabor sub-city representative.

73 KIIIs with Ethiopian Women Lawyer’s Association, SNNPR Bureau of Women, Children and Youth Affairs, and Hawassa Women’s Association; some female-headed households also mentioned their lack of awareness or engagement in household asset management as a reason why they were living in poor-quality shelter and could not access their rightful marital property/assets (FGDs with FHHs).
Further key issues for housing provision

This section overviews additional key issues that were highlighted by our research. This includes the constraints and potential of affordable housing finance in Ethiopia; overviewsing the rental market — an important sub-sector in access to shelter; important issues of safety and security related to shelter, particularly for women; and lastly, an overview of the role and influence of infrastructure in Hawassa’s shelter options.

6.1 Access to finance for shelter and infrastructure, including for low-income groups

Mortgage finance for low- and middle-income groups is highly constrained. The Construction and Business Bank (CBB) — formerly the Housing and Savings Bank — stopped providing long-term mortgage loans in the early nineties, although in any case this would not have been accessible to those without bank accounts. Following the market-led adjustments implemented post-1991, subsidised mortgage rates were abandoned. The mortgage interest rates were increased from 4.5% for cooperatives and 7.5% for individuals to 16% for both. This created a major barrier for low-income households to securing a housing loan.

Our sampled survey shows that there are three major ways of financing housing: through savings, credit unions and when given as compensation. Among these three sources of financing a house, savings is the most important one. We observe that within the formal type of settlement, 75% of households finance their house using their own savings, in all informal settlements 100% finance their households using their own savings. Of the households surveyed in formal settlement areas, 16.7% stated that they financed their house using credit from credit unions whereas only 8.3% drew upon compensation funding for relocation.

Currently, there is no specialised housing finance (mortgage banks) in the country, and the role of private banks in loan provision for housing construction is very limited. Loan opportunities that do exist are for one year maximum. However, few private banks provide loans for individual housing construction and the average interest rate was 12.75% in 2018. There is limited involvement in residential mortgages by public and private banks because of the perceived high risk and limited experience. The high volatility of the macro-economy makes long-term loans unattractive for lenders.

Microfinance institutions (MFIs) in Ethiopia have been offering housing renovation loans for individuals since around 2005. MFIs started operating in Ethiopia using the peer collateral approach (adapted from the Grameen Bank of Bangladesh), involving a peer group of (usually five) like-minded individuals with similar economic backgrounds who can trust and rely on each other’s capacity in repaying the loan.

Remittances also constitute an important source of financing for private shelter construction. Remittance...

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74 Recently, government banks like the CBE and the Development Bank have joined the mortgage market but only in the commercial construction sector. The same is true of emerging private-sector banking.

75 Although the CBE does offer a mortgage loan programme for the diaspora in order to buy or construct residential housing. The prerequisite for this loan is an initial saving of 20% of the loan and a repayment requirement in a foreign currency (GBP, US$ or Euros). The bank will finance up to 80% of the cost of the house, charging a minimum interest rate of 8.5% per annum.
flows are channelled through the formal state-owned and private-sector banks as well as a number of informal-sector operators. The value of remittances to Ethiopia has increased dramatically, from a reported level of US$141 million in 2003 to some US$4 billion by the end of 2016 (IOM, 2017). This constitutes about 6% of the GDP. Recent research by the Forum for Social Studies (FSS) on remittances and migration found that among migrants to the Republic of South Africa and the Middle East, 96% send remittances on demand to their families in Ethiopia for reasons which include building/maintaining housing, with the average amount ranging from 1,000 to 5,000 Ethiopian birra (Kefale and Mohammed, 2018: 28). However, there is no data on how the money sent through both formal and informal channels is allocated by the receiver in Ethiopia, and our research was not able to assess its relevance in Hawassa.

Informal loans from friends and relatives play a role in housing finance. Research by Kedir et al. (2007) suggests that these sources provide up to 75% of loans acquired by individuals for different purposes including house construction or improvement. Since informal loans from relatives or friends are usually interest free, the loans tend to be shorter term (ibid).

Traditional savings groups such as iqub also operate in Ethiopia. Iqub is a traditional method of cash saving practised widely in both urban and rural areas in Ethiopia, and stands outside of the formal financial system (Aredo, 1993). It is a form of saving association in which regular (usually a weekly or monthly) payments of a fixed sum are collected and passed to an individual, who receives a large sum at some point during the duration of the iqub. This is repeated until reaching the last person within the group (Levine, cited in Aredo, 1993). Idir is a traditional burial association that meets regularly to collect cash for burial services of its members and their family members. It has an additional objective of providing loans for housing maintenance.

While we did not find direct examples of interviewees who had constructed their houses using savings from iqub, we did receive reports that iqub is used for housing maintenance, in addition to funding small businesses.

In rare cases, idirs can provide a role in supporting shelter arrangements: one informant76 asserted that idirs may play an advisory role in mediating rental arrangements, when both the landlord and tenant households are members of the same scheme.

Savings and credit cooperatives (SACCOs) tend to be found in rural areas, be employee-based or be agricultural. SACCOs are key primarily in remote rural areas. Nevertheless, “they provide less than one per cent of the country’s total financing, and many struggle with low capacity management and governance (Tesfamariam, 2015).

In sum, the dearth of adequate and accessible financing options is highly problematic for most city residents, but particularly for low-income households. In order to foster meaningful approaches to coproduction of shelter, access to finance represents a significant area for policy attention by both government and donors — for example, by considering options for creating/piloting access to finance for low- and middle-income groups through a low-interest lending bank. Donors already supporting HIP have vested interests in making this work, since the shelter situation of workers (affordability, safety, service quality etc) is a significant risk factor to worker retention and the park’s success.

6.2 Safety and security

Safety and security emerge as key concerns for residents in different types of shelter across the city, after discussions ranging from transport issues to the location of housing. Underreporting of gender-based violence (GBV) is widespread in Ethiopia, and systems for collecting data are underdeveloped, leading to a lack of hard data. This gap echoes the lack of reliable and comparable global estimates on the scale of GBV in public spaces (Fulu, 2016), and is recognised as having ‘an impact on the development and design of gender-sensitive public services, as well as the implementation and monitoring of existing programmes and interventions trying to reduce attacks on women in public spaces’ (Schauerhammer and Fraser, 2018). Nevertheless, our research highlighted three particular areas of concern to residents.

The first is insecurity related to tensions between new residents and former residents of plots. This is closely linked to the question of compensation, and requires municipal government mediation to resolve. An FGD with female condominium residents provided a telling example:

We are often robbed. The owners of the land who were not paid compensation feel that we have come here and built the houses to push them away. They abuse us [...] robbing and theft. The problem is that the area is not delineated. No boundary was set. On the upper side it was fenced. On the first gate there are farmers, many huts and there is inset farm [...] Although the fence was made on the upper side to some extent, the lower part is still open [...] therefore we are exposed to robbery and theft on the lower side. It should have done that when it gave us.

FGD 18417–2316, female condominium residents

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76 KII with administrator of Misrak sub-city.
The second source of insecurity relates to the wider political, ethnic insecurity associated with the broader regional or ethnic ownership of lands. This has resulted in the killing and displacement of groups of people from particular areas of the city. This violence appears to vary from sub-city to sub-city; some areas are particularly affected by 'youth disturbances', others less so. This kind of insecurity and conflict requires higher-level mediation and political consensus-building to address — and has implications for the future of Hawassa in highly significant ways.

Finally, there is the issue of the safety of women — particularly young female workers in the HIP — travelling out to informal settlements where limited transport options put them at considerable risk of sexual violence at the end of their commute. An NGO staff member working with survivors of violence described this:

Recently IP [industrial park] workers come here. Most are women. They get low salary. They live around Cheffe Datto, which are far, remote and inaccessible locations that do not have access to transport. When they go out in the morning or come back home in the evening, they are violated.

KII with the Association for Women’s Sanctuary and Development (AWSAD) Hawassa project coordinator

Distressing reports were made during fieldwork by women residents and key experts, that rape of women and children is ‘very common’ in informal settlement areas ‘because the houses are congested together’. A representative from the SNNPR Bureau of Women, Children and Youth Affairs described how women living in these areas ‘are raped by landlords and the landlords’ sons’. Others described rape of children in these areas as a common phenomenon because their parents work long hours in the city away from the settlements.

Although our research highlights that this phenomenon is known within the HIP and beyond, there were no reports by any KII of actions being taken to tackle the violence — whether by addressing infrastructural concerns and hardware, or through efforts to understand and target “underlying causes of violence, such as gender inequality, control over women’s movement and bodies and male sexual entitlement” (Fulu, 2016). One interviewee suggested that the lack of clear roles between levels of government authority was a clear impediment to joined-up action.

6.3 Regulating the rental market

6.3.1 Public housing rental

Government houses are those which were nationalised in 1975, and administered by the Housing Rental Agency at regulated and mostly fixed rates for tenants. In most cases, rent has remained constant for decades, the contracts are standard and seldom face disputes. While Hawassa city council can increase rents through a regulated process, the generally low public housing rent levels have “constrained the capacity of city administrations to generate adequate resources to be used to maintain kebele houses and thus contributing to the dire physical situation in the public rental housing stock and dwellers’ limited access to basic housing facilities” (MUDHCo and ECSU, 2015).

According to a KII within the SNNPR government, there is a huge demand for rental of kebele houses, but there is simply not enough housing finance for government to construct new housing for these prospective renters:

This means that cities which have acute shortage of houses are not able to construct houses. They cannot simultaneously build houses and serve people who have the capacity to rent houses. They lack the capacity to build houses for rent for those who can pay rent but cannot build houses due to financial constraints.

KII with SNNPR Urban Development and Housing Bureau deputy head

One KII emphasised that even identifying whether new migrants already have access to government housing elsewhere (and are therefore ineligible) is a major challenge to existing government information systems.

6.3.2 Houses for the most marginalised

Low-cost housing for people who cannot afford to own — or indeed rent — housing is also something that Hawassa city government has included in its plans. These low-cost houses are for poor, vulnerable or displaced people — for example, those evicted from their plots to make way for other urban development are meant to be given housing free of charge. In such instances, with funding from regional government, the city administration should build and allocate houses by assignment.
However, KII s report that although the city had a plan to construct 1,000 corrugated iron-sheet houses in 2018 for ‘the poorest of the poor’, only 33 had been built by halfway through the year. There is also a plan to construct 12,500 ‘cost-effective’ brick houses across the region in the next few years — but only 79 have been built so far — suggesting a lack of government capacity:

[Regarding cost-effective houses] allocating budget, preparing designs, clearing the land from claims and preparation take time. Therefore, we believe, it will be accomplished in the 3rd and 4th year.

KII with SNNPR Urban Development and Housing Bureau deputy head

The quality of existing housing of this type is reported as being extremely problematic by residents, being overcrowded and remote, and characterised by poor construction materials, poor ventilation, no access to livelihood opportunities, and inadequate basic infrastructure. On top of this, interviewees living in these houses were unanimous in complaining that they were kept in the dark regarding municipal plans to rehouse them, and in the face of lengthy delays in promised rehousing, had not been consulted or involved in planning. Certain groups of women, in particular, were worse off, and reported that they had not been rehoused in the same way as their male counterparts:

Single unmarried women were not given homes [for those displaced by HIP]. They were made to live

84 FGD with FHHs in poorest-of-poor housing, Kitafa.
with their parents. However, divorced and widowed women were given houses in the same way as other men.

FGD with female-headed households, poorest-of-poor housing, Halafa

In terms of maintenance, although the sub-city is responsible for repairing and ensuring that services functions properly, residents also reported that the authorities are not accountable and that residents tended to band together to fix problems.

6.3.3 Private rental market and unpredictability

The private rental market is quite different. It is virtually unregulated (except for tax requirements), and several KIIIs reported that tax duties are rarely enforced, with landlords failing to report or underreporting rental incomes.

In the absence of a widely developed property market, private landowners of residential and commercial houses may set, change and even terminate rental agreements abruptly and arbitrarily (Berhe et al., 2017). In contrast to the formal arrangements that generally govern high-value property rentals, when the rental rates are ‘low’ or the property is in an informal settlement, rental agreements are often verbal, based on trust and mutual agreement. As such the landlord may take the prerogative to evict, increase the rent unexpectedly or restrict the tenant’s activities in the use of the rented housing unit. One religious leader interviewed commented:

Tenants are forced to change housing very often and keep up with the ever-rising rentals demanded by unscrupulous landlords. Another area of difficulty faced by tenants is the unreasonable conditions that are placed on them, such as that they may not bring many visitors, that the toilets are off limit to visitors of tenants, etc.

Representative for the Hawassa City Arahma, Dae’wa Main Mosque

Key informants in our research confirmed that private rental prices have been increasing rapidly, forcing residents — especially female-headed households — into the less-expensive peripheral areas of the city. This presents challenges for transport and livelihoods. Our own study in Hawassa confirms that rental prices have increased dramatically in recent years. For example, according to KIIIs with brokers, the rental cost of a small studio which has reportedly increased by more than fourfold over the last five years: “Before five years it was 600 ETB. Since then it became 1,000, then 1,200 and it now reached 2,500.” Our survey respondents in the formal settlement reported a maximum and minimum house rent of 4,500 and 600 Ethiopian birra respectively, and an average rent price of 1,352.78 Ethiopian birra per month. For informal settlement respondents, the maximum rent price was 800 Ethiopian birra and minimum was 150 Ethiopian birra, with an average rent amount of 384.22 Ethiopian birra. Moreover, there is a perception that landlords themselves may also be selective in their choice of tenant:

The criteria they [renters] use are: sex [favouring males that are bachelors], childless families, fulltime employees who can make regular payments, etc. They prefer to rent rooms to people that are brought/introduced through acquaintances. The average rent has gone up by some 25% in the last two years.

Resident of an inner-city neighbourhood and history teacher

In the event of conflict, KIIIs reported that it is usually social arbitration or further negotiation between the landlord and the tenant that resolves the disputes. Making a complaint via the court or the ombudsman’s office are also theoretical mechanisms for a tenant to seek protection from arbitrary eviction, but our research did not verify how reliable these mechanisms are in practice.

Although there is no regulation governing the owner-tenant relationship, some tenants are known to have extended their stay by six months after they have been served with evacuation notice by appealing to the courts.

KII with Housing Development and Administration Agency

6.4 Improving infrastructure development and access to basic services

Overall, the periphery of the city is least well served with infrastructure, since many of these settlements are either relatively new or informal and thus not eligible for municipal service provision in the same way as the regularised settlements. In this section, we also share results from our ‘snapshot’ survey of 60 residents of Hawassa drawn from two different settlements. The Philadelphia kebele is located within the Addis Ketema sub-city and is one of the oldest neighbourhoods within Hawassa (see figures 4 and 5). Its name originates from a Swedish missionary service that was established in the city in the early 1960s.

85 SNNPR Urban Development and Housing Bureau deputy head.
86 SNNPR Urban Development and Housing Bureau deputy head; administrator of Misrak sub-city.
87 KII with chair of Women’s Association in Hawassa; SNNPR Investment Commission.
Figure 4. Addis Ketema sub-city and Philadelphia kebele

Source: Hawassa City Administration, Town Planning Institute, 2018

Figure 5. Hawela Tulla sub-city and Dato kebele

Source: Hawassa City Administration, Town Planning Institute, 2018
The Dato neighbourhood, a fast-growing informal settlement, was selected as a contrasting case-study site. It is located within the Hawela Tulla sub-city at the periphery of the city and alongside Hawassa’s rural kebeles that are not within the plan boundary. It is one of the fastest-growing informal settlement sites hosting the city’s low-income population, including a number of HIP workers.

While the sample is small, non-randomised and non-representative, it provides some indicative pointers as to differences in these two types of settlement.

### 6.5 Case study: infrastructure provision in Philadelphia and Dato settlements

Table 4 compares infrastructure provision in two settlements in Hawassa, where 60 residents were interviewed as part of our housing survey. Residents were asked about a range of issues including rental costs, services, shelter size and other shelter details.

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<thead>
<tr>
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<tbody>
<tr>
<td><strong>Electricity</strong></td>
<td><strong>Variable electrical supply, with disruptions reported up to 2–3 times daily. Cost not reported as a specific issue.</strong>&lt;br&gt;<strong>Disruptions to electricity supply hamper use of home appliances.</strong>&lt;br&gt;<strong>Some residents have opted for private electricity connections, which offer more reliable supply.</strong></td>
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<tr>
<td><strong>Water &amp; Sanitation</strong></td>
<td><strong>Most residents have water from private taps.</strong>&lt;br&gt;<strong>Many respondents did not feel cost of water was high, but that quality of water can be variable or dirty.</strong>&lt;br&gt;<strong>Disproportionate impact on women as a result of unsafe communal toilet facilities.</strong>&lt;br&gt;<strong>Poor design in condominium construction has led to ineffective disposal of liquid waste and problems with water supply on upper floors.</strong>&lt;br&gt;<strong>Respondents noted benefit of cleaners and street sweepers employed and provided by municipality.</strong>&lt;br&gt;<strong>Community has established an association to tackle waste and clean up the area.</strong></td>
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<tr>
<td><strong>Transport</strong></td>
<td><strong>Acute transport shortage. Buses and minibuses are overcrowded and infrequent. Bajaj and taxis are increasingly costly.</strong>&lt;br&gt;<strong>Kebele has made improvements to road safety.</strong></td>
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<tr>
<td><strong>Safety</strong></td>
<td><strong>There are many safety concerns after dark and a lack of lighting.</strong>&lt;br&gt;<strong>Night patrols organised by residents have helped promote safety, particularly for women.</strong></td>
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Key findings:

- **Unequal costs**: Residents of informal settlements in Hawassa are often paying more for basic services than residents of formal settlements, who have access to utilities and services provided by the municipality. This places an additional financial burden on low-income residents that could prevent them from investing in other assets such as shelter.

- **City-wide issues**: A number of issues, such as safety concerns, a shortage of public transport, and regular disruptions to water and electricity supplies were found to be common to both settlements. These are more likely to be city-wide issues.

- **Disproportionate impact on women as a result of inadequate infrastructure**: The impact on women of the absence of key services can be seen with regards to unsafe communal toilet facilities, lack of adequate public transport making it unsafe or costly for women to travel at night, and a lack of adequate street lighting.

- **Community organising has been limited** in both settlements and focused around specific issues, although in Philadelphia the community has established a community night patrol which has improved safety for women.

The city’s water source comes mainly from deep boreholes outside of the city through a piped municipal network. Available data for Hawassa city indicates that improved water supply access in 2014 was 85% (Scott et al., 2016). The same study included a household survey which identified that 97% of households throughout the city have access to an improved water point (Scott et al., 2016). However, in the city, the access to ‘safe’ water supply at ‘66 % of consumption is low, even by sub-Saharan African standards’ (World Bank, 2015: 26). With the existing rapid expansion of informal settlements, this figure is liable to increase over time. In our survey, around one quarter of people were accessing water from a communal tap, half from a private tap (mostly residents from formal settlements), and the rest (virtually all from informal settlements) from kiosks and other retailers.

In terms of costs, subsidised water tariffs have been in place for low-income groups (accessing water through piped networks), but there is a recognition among city officials that covering costs will become increasingly critical, and that water shortages are a fundamental problem requiring a more holistic solution. When asked about affordability of water prices, 63% of those we surveyed in informal settlements felt it was unaffordable, compared to 25% in formal settlements.

Hawassa currently has no sewerage system (Scott et al., 2016:13). Vacuum trucks under the responsibility of the Water Supply and Sewerage Enterprise empty septic tanks and latrine pits, and waste is processed at a treatment plant outside of the city. Scott et al. (2016:14) provides a broad profile of sanitation cross the city:

- **In the well-defined housing and industrial areas, buildings are served by mostly septic tanks and soakaways. Septic tanks are emptied periodically using vacuum trucks.**

- **In the old kebeles, most of the houses are served by pit latrines. In some cases there are several households sharing one latrine. Some of these pits are emptied regularly, but in other cases pits are abandoned and new pits constructed.**

- **In the newly developing informal low-income communities in the peri-urban areas, there are a range of latrine types used, but with a number of households having no toilets at all. This has led to some level of open defecation.**

Government data suggests 98.3% of the (formal) housing units in Hawassa have access to power (MUDHCo and ECSU, 2015). Respondents from the poorest of the poor housing flagged that electrical power was extremely problematic, with one extended line serving over 20 residents. In our small survey, roughly half of respondents were connected directly to the national grid (virtually all in formal settlements), and the other half (almost all in informal settlements) accessed electricity through an extension cable from nearby (formal) houses in the neighbourhood which have grid supply, often at a cost higher than the tariff fee. The average monthly spend on electricity was 151 Ethiopian birra per month (176 Ethiopian birra in formal settlements; 105 Ethiopian birra in informal settlements); on average, 45% of respondents consider this to be unaffordable (60% of informal residents, versus 36% of formal residents).

There is also a need for more affordable and reliable public transport in Hawassa. According to UN-Habitat (2019), Hawassa’s vehicle-to-population ratio is 6% with 20,916 registered vehicles, with motorcycles constituting the largest share (48%) followed by three-wheeled motorcycles called ‘bajaj’ (12%).

Based on our survey, the main modes of transport are three-wheeled bajajas, taking the lead with 54.8% of usage in formal settlements. Horse-drawn carts are the lowest of all with 3.4% use among informal households. Residents also use minibuses/buses, bicycles and walking to move around the city. Households in formal

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89 Categories of improved water supply in the survey include: piped into dwelling (10%), piped to yard/plot (77%), public tap (8 per cent), semi-protected dug well (1%) and bought from a neighbour (1%).

90 FGD with FHHS, poorest-of-poor housing, Hitafha.
settlements spend up to 750 Ethiopian birra on minibus and bajaj fares, and incur an average transport cost of 246.77 Ethiopian birra per month, whereas the average cost is 500 Ethiopian birra (minimum 176 Ethiopian birra) for informal settlement areas. The maximum amount of time needed to commute to and from work for residents of formal settlements during peak time is two hours, whereas for residents of informal settlement it is three hours.

As described in Section 6.2, transport shortages, particularly in peripheral areas, have significant implications for women’s safety. Findings in both Philadelphia and Dato outlined above also illustrate how the high cost of transport, or infrequency of service, can price out poor and vulnerable groups who cannot afford to ‘contract’ taxis or pay higher fares at night. During a focus group with female industrial park workers, they highlighted how they are required to walk, as being late to work by using unreliable bus services could see their salary cut, which they cannot risk:

*We are paid 1,205 ETB — out of this, it [the bus service] requires 200 ETB. They said, ‘If your income is limited to 600 we can give you service.’ Look when it rains, we are hit by rain to go to work on time. If we are absent, the cut 150 ETB from our salary. Therefore, we go on foot.*

FGD with female HIP employees
Conclusions

State housing schemes have made a limited contribution to deliver housing solutions at scale in Hawassa. Although different Ethiopian government housing schemes (including the IHDP condominiums, cooperative housing and the Sidama Microfinance Institution scheme) have contributed to the existing housing stock to some degree, none have generated sufficient or affordable housing at scale. Demand outstrips supply by a huge differential — exacerbated by the arrival of thousands of HIP workers since 2017. Moreover, although existing schemes were intended to provide housing for low-income people, they are largely beyond the reach even of middle-income groups.

Residents of government-supported housing schemes frequently complain of poor infrastructure and a lack of accountability with regards to service provision. This is linked to the approach of installing buildings or improving infrastructure which is rarely given adequate oversight by municipal authorities, and thus left to homeowners to find their own solutions. Residents organise only around very specific and urgent common needs rather than an organising themselves at a neighbourhood level to stand for common and longer-term interests — such as for advocacy or oversight regarding affordable housing, sustainable utilities, security and waste-management policy.

Female-headed households, divorced, separated and widowed women, elderly women and women with disabilities all face severe/acute shelter vulnerabilities and are among the most vulnerable urban residents in Hawassa. These are the groups who are most likely to struggle to access both formal and informal shelter, related both to their below-average income levels but also to other forms of bias and discrimination which may work against them. Despite a range of legal and policy stipulations that provide for affirmative action measures to prioritise women’s access to shelter, gender norms and roles continue to prevent equal property rights for divorced, separated and widowed women — who are also the most economically vulnerable.

Recent reforms offer a major opportunity to involve communities and CSOs in oversight and accountability mechanisms that could generate innovative and effective solutions, as well as contribute to potential resource mobilisation. Formalised structures for engagement are more likely to have traction than ad hoc arrangements and give scope to ensure that marginalised and hard-to-reach groups are involved — leaving no one behind. However, Ethiopian CSO capacity has been severely weakened over the last ten years and will require significant support over a period of time in order to provide an effective accountability function. Other cities’ and countries’ experiences regarding engagement and co-production models could provide useful learning.

Scarcity of land for building in a highly centralised system is leading to unaffordable plot prices. Processes to service and prepare land for lease within the municipal boundaries are lengthy, sensitive and expensive, forcing people to look for options outside the formal land allocation system — perpetuating informal settlements and informal deals which then become potential grounds for land-related conflict. Inadequate compensation is creating perverse incentives for farmers to transfer leases privately, and sometimes informally.

91 Note that after our data collection was finished, a revised proclamation was drafted in 2019 in order to repeal the Expropriation of Landholdings for Public Purposes and Payment of Compensation Proclamation No. 455/2005 (FDRE, 2005a) in order to enable compensation rates for farmers in a much-improved way. The revised proclamation is awaiting ratification.

Government technical and financial capacity constraints are compounded by a lack of accountability. On the one hand, a lack of staff, limited understanding of/access to new technology and lack of financial resources is resulting in an inability to implement existing policy. Beyond this, however, a lack
of accountability is evident in the patchy implementation of the law governing eviction of informal settlements, citizens’ inability to demand better shelter and services, and allegations of corruption within the public sector.

**Mortgage finance for low- and middle-income groups is highly constrained.** There are no options for individuals (or indeed, associations of such individuals) to access finance for leasing land for constructing houses, beyond small-scale traditional rotation savings groups (*iquub*), social networks such as diaspora, or the very specific microfinance option for housing such as in the case for HIP workers. This financing vacuum undermines the ability of urban residents to construct new housing, putting additional pressure on state-financed schemes.

**Finances for procuring and servicing land for leasing, building new housing stock and maintaining municipal housing are inadequate.** In line with recent legislation, the Hawassa authorities are now exploring alternative approaches to finance including PPPs. Political leadership, again, will be important to iron out potential wrinkles in terms of incentivising international investors to see this as an opportunity while working towards resolving issues around the liberalisation of the finance sector and ensuring inclusivity (that looks carefully at affordability for low-income groups in an area where previous schemes have failed). This includes improving standards in housing allocated to the extremely poor.

**With very few options to access credit, renting or constructing houses in informal settlements is the only affordable option facing many people.** Our research suggests that female-headed households, which are on average poorer than other types of household, are most likely to seek affordable shelter in remote areas. However, our study suggested that in these areas women and children are more vulnerable to sexual violence, related to the congested proximity of housing arrangements, the long distances that people need to commute, and the transport constraints in the evenings.

**Despite clear legislation** concerning the eligibility of (pre-2011) informal settlements and shelters for regularisation, implementation of the policy has been only partial. In Hawassa, as in other cities, not all settlements that were eligible for regularisation by 2015 have in fact benefited from this process, while other ineligible settlements have not been evicted. As a result, in 2016 the Ministry of Urban Development, Housing and Construction proposed extending the period of transfer to enable cities to complete the lease transfer process (MUDHCo, 2016). Until alternative affordable solutions are available, there is obviously a question as to how appropriate and effective any clampdown might be (as well as the possibility that doing this might aggravate the risk of conflict). Some instances of evictions have led to conflict, and there is very limited strategic community organisation and dialogue with authorities. As a result, such cases have not been resolved in a way to impact policy sustainably. Our research revealed widespread feelings of disempowerment and grievance amongst resettled residents who were eligible for compensation, but whose livelihoods, social networks and access to services were hugely disrupted through relocation, without adequate dialogue or compensatory measures.

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8

Recommendations

Based on the research and conclusions presented above, the following recommendations should be considered.

8.1 Recommendations for the Ethiopian government

- **Review and update the national housing policy, in particular:**
  - Take advantage of the recent political and legal reforms in Ethiopia to develop more collaborative cross-societal approaches to shelter production. Develop and formalise participatory and inclusive mechanisms whereby citizens can get involved in designing affordable solutions, and in holding government to account on delivering its housing policies (and commitments). Learn from other countries' experiences about effective and successful approaches to co-production.
  - Provide for better regulation and oversight of the rental sector (defining the roles, responsibilities and rights of both the lessor and the lessee), to reduce abrupt and arbitrary rental termination or rent hikes. However, safeguards must be put in place by anticipating the possibility of steep rises in rental prices given the fact that a significant proportion of housing stock in Hawassa is informal. Prioritise resources to maintain public-sector rental housing.
  - Implement commitments to providing decent housing for extremely poor and relocated households. Develop proper information channels to ensure that households are consulted on and informed about processes and decisions. These houses must conform to some minimum standards which should be clearly specified and monitored.

- **Invest in a robust urban data-collection and management process, focusing on housing and basic services, that permits for a detailed analysis of market segmentation that can assist in prioritising resource allocation for shelter.**

- **The city administration should actively support the formation of housing cooperatives to increase the supply of affordable housing. This policy must be combined with additional incentives, including servicing and availing land at subsidised or concessional rates, and providing subsidised infrastructure and services such as water and electricity to help alleviate costs for housing cooperatives.**

- **The Hawassa city administration should work with neighbouring local government jurisdictions and farmers to acquire land for housing construction as part of an integrated development plan. Relatedly, an efficient transport system in and out of the city is critical to the success of this.**

- **Recognising that political consensus is essential to solving land scarcity issues, federal government should provide political leadership that supports regional and local authorities as well as key stakeholders in the private sector and civil society to develop viable proposals regarding land that can be used for residential development that can accommodate Hawassa's residents and migrant workers.**

- **Ensure that solutions are inclusive, responding to the needs of vulnerable households and individuals such as migrant HIP workers, female-headed households, women and children facing risks of sexual violence in informal settlements, extremely poor households, resettled households and people with disabilities. It is important that inclusion goes beyond design to include implementation, which requires close monitoring and beneficiary feedback loops.**
• Recognise and address negative public perceptions of municipal approaches and challenges (including allegations of corruption, bias/discrimination, negligence etc). Work with civil society to ensure better reporting and oversight, foster a culture of openness and constructive criticism (including a ‘hotline’ for reporting allegations of corruption). Strengthening the power of the ombudsman with regards to both its engagement with Hawassa city and SNNPR regional bodies, and complaint-handling mechanisms, could help with ensuring that government is more accountable.

• Women have so far lacked formal channels through which to engage in political and housing policy processes; designated roles and spaces must be created for their organised input.

• Mobilise relevant bureaux and sub-city offices to explore multi-sector options for preventing violence against women and girls, including data collection, provision of safe transport, improvements in water and sanitation facilities, and consideration of reliable day care facilities for children whose parents work away from home. Other relevant stakeholders such as UN-Women and CSOs should be consulted and coordinated with.

• To ease the acute demand for housing, the municipal government should carefully consider regularisation of eligible informal settlements according to the existing legal framework. To mitigate the risk of gentrification, this should ideally be done at scale, using alternative standards, with community involvement/ownership, and with consideration for collective land-ownership options.

• Ensure any evictions of informal settlement residents are managed with maximum due diligence and consultation. The municipality should also engage with residents of informal settlements and formulate policies for the sustainable provision of shelter. If involuntary resettlement is unavoidable, best practice can be drawn from the IFC’s performance standards on environmental and social sustainability, specifically Performance Standard 5, to safeguard vulnerable residents of informal settlements. For eligible settlements, this must ensure the provision of alternative secure shelter for informal communities and avoid conflict. Improved involuntary resettlement processes could include reviewing alternative sites for relocation, ensuring community dialogue to identify core needs and inform relocation plans, development of grievance mechanisms, and creation of resettlement action plans and livelihood restoration plans.

• The government also needs to monitor the impact of recent legislation increasing compensation rates for farmers to ascertain how this is affecting the wider land market and whether it has successfully increased availability or exacerbated access problems for low-income households.

• Revise local government taxes and rates to raise more resources for affordable housing and providing quality public services.

• Hawassa city government should provide more serviced land for housing at affordable lease prices. This might entail an additional mechanism that permits allocation of land to low-income households, outside of the competitive bidding system which is beyond the reach of these households.

• Reintroduce the specialised mortgage bank that can offer loans at reasonable rates to public and pro-poor housing schemes.

8.2 Recommendations for the international community and donors

• Mobilise financial resources, technical assistance and political support to get behind efforts of stakeholders in the Ethiopian government to solve this complex challenge. Beyond UN-Habitat’s technical assistance, consider financing ‘surge’ capacity support to the different authorities involved in shelter (land allocation, construction, service delivery etc), alongside financial and political tracks, in consultation with city authorities. Capacity support that enables the city government to write credible proposals/housing strategies to leverage financial support from donors would be a priority.

• Donors, working with the government, should identify viable options for opening up residents’ access to finance through a low-interest lending bank. Microfinance products for housing could be developed based on existing models such as the Community-Led Infrastructure Finance Facility (CLIFF). Provision of financial support for cooperatives will be key to unlocking this particular model which has foundered due to financial gaps.

• Donors/banks should also raise awareness about potential sources of finance that can be accessed.
8.3 Recommendations for civil society

• Organise, mobilise and advocate around issues of shelter affecting low-income groups, and especially efforts to address the acute challenges facing women and others facing particular risks. Learn from the work of Shack/Slum Dwellers International (SDI) in East Africa about effective approaches to advocacy, such as informal settlement surveys. The formation of community groups or farmers’ associations can benefit stakeholders too, giving them a stronger voice in these decisions.

• Strong political leadership from different levels of government and from Ethiopia’s diverse ethnic groups will also be required for sustainable and inclusive governance: civil society can play a role in this process too, ensuring inclusivity and representation of diverse voices.

8.4 Recommendations for the private sector

• Companies operating in the HIP should provide holistic support for the welfare of their staff, including minimising their exposure to violence on the journey to and from work. It is in these companies’ interest to improve shelter for workers, to boost worker retention and the park’s success. This includes ensuring that staff are able to report incidents (not only those taking place within the workplace) and to access confidential referral services (medical and non-medical). They should also seek advice from relevant GBV experts as to how they can contribute (individually and collectively) to preventing GBV by better understanding the scale and types of risks.

8.5 Recommendations for all stakeholders

• Persist in efforts to mobilise finance through PPPs that will enable Hawassa’s city government and the IPDC to build, maintain and expand the housing stock. Incentives must be in place for private investors (including removal of bureaucratic impediments to investment), on the condition that a minimum percentage of housing is explicitly offered to low-income households through a subsidised scheme. Ensure emerging PPP discussions include voice and representation of residents. Where the PPP model relates to HIP worker housing schemes, workers should be represented in those discussions.

• Pilot donor-supported models for subsidised/low-interest credit that can be accessed by low- and middle-income households. MFI loans for low-cost housing for the poor and vulnerable must be subsidised by regional and federal governments. Drawing on experience from other countries, these pilots could include the development of housing microfinance (HMF) as a specific product offered by microfinance institutions.93
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The city of Hawassa is growing fast, driven by the recent construction of a flagship industrial park which is expected to attract up to 60,000 workers by 2021. As the population expands, Hawassa's shelter needs are becoming ever more acute: existing housing stock and government housing programmes and policies do not match demand. While informal settlements expand to absorb increasing demand from migrant workers and others, sustainable housing solutions are urgently needed for the city's hundreds of thousands of residents. This working paper presents findings of recent research into the shelter challenges faced by low-income and vulnerable groups in Hawassa and provides policy recommendations for relevant stakeholders across government, local communities, business and the donor community.