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Income Generation and Job Creation in Public Housing:

Case Study of Selected Condominium Sites in Addis Ababa

By Wondwossen Mestie



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Income Generation and Job Creation in Public Housing: Case Study of Selected Condominium Sites in Addis Ababa

Thesis submitted to the School of Graduate Studies of Addis Ababa University in Partial
Fulfillment of the Requirement of Master of Science in Housing and Sustainable
Development

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Declaration

I, the candidate, declare that this thesis is my own original work and it has not been presented for a degree in any other university and all sources of material used for this thesis are duly acknowledged.

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Abstract

The economic effect of housing had been debatable in the past. However, recent global experiences showed that housing has significant impact on urban economy. It creates jobs for unskilled labor during construction and stimulates income generating activities for the urban poor. The Integrated Housing Development Program (IHDP) is a public urban housing scheme designed to use housing as instrument for poverty alleviation and job creation in Ethiopia. However IHDP, commonly called “condominium housing program”, is criticized for focusing only on the physical improvement of housing than wider socio-economic aspects of the beneficiaries. On contrary, IHDP is praised for its success on job creation through Micro and Small-scale Enterprises (MSEs).

This study investigates income generating activities and assesses job creation in IHDP projects in Addis Ababa. It is designed as two fold and dictated by these two key ideas: income generation and job creation. For the first thesis regarding income generation, case study research method is adopted and four different cases are selected. For the second thesis, i.e job creation, both desk review and case study was adopted as a research strategy. The desk review and evidences from this case are cross referenced for conclusion.

Both quantitative and qualitative methods are employed in the study. Analysis of quantitative data was conducted using SPSS: a statistical software design for analysis. Based on the empirical evidence from the case study the following findings are revealed. Two types of income generating activities are observed in condominiums. These are communal income generating activities operated by community based associations and home-based economic activities operated by individuals. The frequency of home-based economic activities operated by individuals varies substantially. Renting is the most frequent income generating activities which outnumbered the remaining home-based enterprises. Particularly, in inner-city condominiums sites most units are occupied by tenants. Vending is the second most frequent income generating activity. The finding indicates that HBEs are common in studied sites in the outskirts of the city. During field survey 26 home-based enterprises are found in Repi I and Repi II condominium sites. On contrast HBEs are not common in inner-city sites. Most businesses are operated by women engaged in small businesses which are the replications of domestic activities. HBEs have vital impact on the livelihood of operators especially for women and unemployed. No considerable negative impact of HBEs is observed. Most HBEs are located in the ground while some located in higher floors. In terms of spatial usage, Kitchen is the most interchangeably used space for income generating activity.

The evidences from Lideta Redevelopment Project and desk review indicate that significant jobs are created through MSEs. Even though MSEs are involved in small sub-contractual works and construction material production, they have substantial contribution in creating casual jobs. MSE created sustainable job rather than safety nets.

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Introductory Notes

- All dimensions in the floor plans are in centimeters.
- Unless specified, all pictures are taken by the Author.
- Data for this study was collected from January to March 2012.
- The new public housing programmes 10/90,20/80 and 40/60 are not the subjects of the study. And they are not discussed in the contextual background.
- The term condominium is used in this research is to describe apartment blocks built unde integrated housing development program.
- One Ethiopian birr (ETB) is equivalent to 19.7 US dollars as september 30, 2013
- To protect the privacy of the repondents only few pictures are included.
- Some of local names used are liste below

<i>Ato</i>	Mr.
<i>Etege</i>	Empress
<i>Qabale</i>	The lowest administrative unit and boundary
<i>Woreda</i>	Administrative units higher than <i>Qabales</i>
<i>W/ro</i>	Mrs.
<i>W/rit</i>	Miss

Acronyms

AAHDPO	Addis Ababa Housing Development Project Office
AARH	Agency for Administration of Rental Housing
ADLI	Agricultural Development Led Industrialization
CBE	Commercial bank of Ethiopia
CSA	Central Statistics Agency
E.C	Ethiopian Calendar
EiABC	Ethiopian Institute of Architecture, Building Construction and City Development
EPRDF	Ethiopian people's Revolutionary Democratic Front
ETB	Ethiopian birr
FeMSEDA	Federal Micro and Small Scale Enterprises Development Agency
GDP	Growth Domestic Product
GNP	Gross National Product
GSS	Global Shelter Strategy
GTZ	German Technical Co-operation
HBE	Home based Enterprises
HBEA	Home based economic activities
HCB	Hollow Concrete Block
IGA	Income generating activities
IHDP	Integrated Housing Development Program
ILO	International Labor Organization
LDP	Local Development Plan
MDG	Millennium Development Goals
MoFA	Ministry of Federal affairs
MOFED	Ministry of Finance and Economic Development
MoWUD	Ministry of Works and Urban Development
MSEs	Micro and small-scale Enterprises
ORAAMP	Office for the Revision of Addis Ababa Master plan
PADCO	Planning and Development Collaborative International
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
SPSS	Statistical Package for the Social Sciences
TVET	Technical and Vocational Education and Training
UNCHS	United Nation center for Human Settlements
UN-Habitat	United Nation human Settlements program
USAID	U.S. Agency for international Development

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CHAPTER ONE

BACKGROUND to the STUDY



CHAPTER ONE

Background to the Study

1.1 Introduction

The essence of housing has been more than dwelling in developing countries. Especially the livelihood of low-income households is highly dependent on housing. Multiple uses of housing are visible in low-income urban areas. Housing creates viable income generating opportunities for the urban poor. It is common to observe different income generating activities in inner-city neighborhoods of Addis Ababa. Similar activities are observed in public housing blocks commonly called “condominiums” which are built starting from 2004G.C. Motivated by this phenomenon and the large scale public sector intervention in the housing sector, this study targeted to investigate existing income generating activities. It shows the significance of housing as productive asset for low-income urban households using case study as one research approach.

In Ethiopia, the existing Urban Development policy focuses on poverty alleviation and small-scale enterprise development. In particular, micro and small-scale enterprises (MSEs) development is the central issue in the country’s development strategy and public housing programs. MSEs are favored due to their potential in creating jobs for unskilled labor and tackling socio-economic problems (FeMSEDA, 2011; MoFA, 2005). The national housing program, the Integrated Housing Development Program (IHDP), envisages alleviating unemployment in urban areas by creating jobs through MSEs along with solving the housing problem. Condominiums are multi-unit public housing blocks, usually in five floors, built under IHDP to solve both housing problem and unemployment. The construction process of condominiums involved many MSEs. The official reports confirm the success of IHDP in creating jobs and developing new MSEs. This study is also motivated by the prominence which the public sector gave to MSEs. In addition to the above mentioned inquiry, it investigates the job creation potential of MSEs by taking a cases and desk review as research strategy too.



Few studies are conducted on IHDP projects by graduate Students of EiABC. Bisrat (2008), Berhanu (2010) and Nebyou (2007) studied condominiums from different perspectives. Bisrat (2008) studied the design and construction, land acquisition, and implementation process of the condominium housing projects in Addis Ababa. His study evaluated the entire process from planning phase to allocation of units. The study focused on allocation of units, public participation, design of housing units and construction technology used to build condominiums. While Berhanu's (2010) study examined how beneficiary households use their condominium units and accommodate their needs. The focus of his study is spatial appropriation and the reasons which caused spatial appropriation. Nebyou (2007) studied the first pilot project of the Grand Addis Ababa Housing Project, which later scaled up as nationwide housing program namely IHDP, and its contribution on improvement of socio-economic and housing condition of the beneficiaries. Emphasizing on the beneficiaries, Nebyou's study compared the socio-economic and housing condition of the beneficiaries before and after living in condominiums.

This study, unlike the above mentioned, concentrated on investigating two economic effects of IHDP. The first main focus is revealing income generating activities and their importance for households who operates in these activities. The second focus is illustrating job creation in condominiums particularly the contribution of MSEs. Hence the research is designed in accordance with these two theses.

1.2 Organization of the Study

This paper is organized in seven chapters. This chapter, **Chapter 1**, presents introductory description about of the study, research design and research methods. Major theories and literatures about the main theses of the study are available in **Chapter 2**. The main concepts and discussions regarding housing, poverty informal sector are presented. Chapter 2 presents the relationship between housing and economic development.

The third Chapter, **Chapter 3**, provides contextual background and relevant discussions about evolution of housing policies and related urban development issues in Ethiopia. In particular, it broadly discusses about Integrated Housing Development Program (IHDP). The chapter also presents the economic profile of Addis Ababa with emphasis on the informal sector and the condominiums practices.

The case study part is presented in **Chapter 4**. The chapter contains two sections; the first is about job creation in IHDP and the second Part consists of the case study of income generating



activities in four selected sites. The Analysis of income generating activities is explicitly presented in **Chapter 5**. The next chapter, **Chapter 6**, summarizes the finds of the study. Spatial and policy recommendations are forwarded in the last part, **Chapter 7**.

1.3 Rationale for the study

Addis Ababa is challenged by housing problem, rampant unemployment and poverty. It is estimated that each year 40,000 new housing units are required to meet the housing demand (UN-Habitat, 2010). This problem is aggravated by the crosscutting issues i.e high rate of unemployment, about 28.6%, and urban poverty in which nearly 36% of the city population lives below poverty line (UN-Habitat 2008). The Integrated Housing Development Program (IHDP), also known as the condominium housing program, is designed to boost the urban economy by using housing as a tool to stimulate the economy. Beside delivery of decent housing, the program envisages to promote MSE development and job creation. IHDP produced considerable amount of housing stock in the city. In addition, the program created numerous jobs during the construction process. The formation of several small-scale enterprises is the major success story of the program (MoWUD, 2010; MoWUD, 2008). This research aimed at assessing this phenomenon as part of two fold study.

Housing is not only used for dwelling but also it is investment which generates income in many low-income settlements (UN-Habitat, 1986; Tibaijuka, 2009 & UNCHS/ILO, 1995). Different income generating activities and renting in condominiums confirms this reality. Although IHDP doesn't target small business development, different small income generating activities persist in condominiums (Mathewos et al, 2011; UN-Habitat, 2010). In Addis Ababa the program has been challenged by decreasing owner occupation and less emphasis on economic improvement of the beneficiaries (Nebyou, 2007; UN-habitat, 2010). This situation revealed the gap which initiates this research which investigates the present situation of income generation activities in condominium.

Generally, Based on the aforementioned rationale this study investigates income generating activities and assesses job creation in IHDP projects in Addis Ababa. Hence it is designed as two fold. Primarily, it targeted to examine existing income generating activities in condominiums and also it investigates employment creation potential of IHDP through Micro and Small Enterprises (MSEs). The research questions are designed and framed to reveal this twofold inquiry in depth.



1.4 Research Questions

1. What are income generating activities in condominiums?

What are the contributions of income generating activities for the livelihoods of residents?

What are the relationships between income generation activities and dwelling spaces?

What are the characteristics of these activities? What are the detriments and advantages of these activities?

2. What is the contribution of MSEs participated in IHDP projects in creating jobs?

1.5 Objective, Scope and Limitation of the study

The general objective of this study is to discuss the economic effect of housing development. The specific objective of the research is to assess two economic effects of Integrated Housing Development Program (IHDP): namely job creation and income generation.

Specific objective of the study is

- To depict the potential of IHDP projects in creating jobs.
- To show the impact of MSEs in terms of creating jobs.
- To investigate income generating activities and their characteristics, type and frequency.
- To portray the impact of income generating activities on households and surrounding.
- To show the relationship between income generating activities and housing units.

There are several issues in public housing. But the scope of this study is limited to describing income generating activities and jobs creation in IHDP projects. Only informal income generating activities are the subjects of this paper. And this study is framed by the selected variables discussed in Section 1.8.3 below.

One of the limitations of the study is the accuracy of data collected due to the nature the context. The domestic construction sector is always unpredictable. MSEs and Contractors involved in the construction don't have proper documentation of their workforce especially for casual workers. Similarly all respondents operating home-based business were working without legal recognition. It was challenging to convince them for interview. Also it was difficult to survey these activities since they blend with domestic household activities.



1.6 Research Design

This research is designed based on the research questions and the hypothesis. Both revolve around two key theses: job creation and income generation. This study hypothesizes these two issues as positive results of housing development.

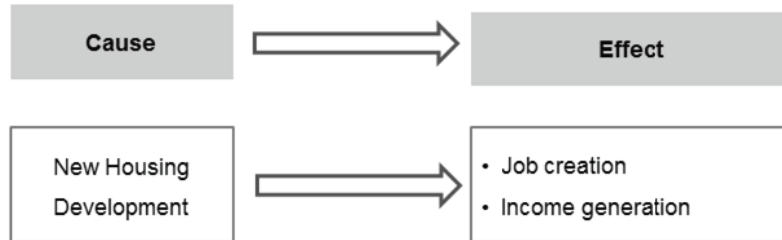


Figure 1. Conceptualization of the study.

This study conceived based on the cause effect relationship between housing development and its two economic effects viz. Income generation and job creation. The research questions seek to depict income generating activities and job creation in condominiums. Hence, based on the research questions it can be classified as descriptive research. The research questions demand only the description of the situations. Case study is adopted as main research strategy.

Why desk Review?

For the second research question relevant literatures are included as desk review. But one representative case was selected to depict recent experiences. The rational for choosing this approach is for triangulation of evidences. Evidences from desk review and the representative case are analyzed as a case study. Therefore, this will make the conclusions regarding the second research question more valid.

Why Case Study?

Case study is conceived based on the notion that analysis of a particular case can be a foundation for conclusion in similar situation. It emphasizes detail analysis of certain situations and their relationship. Case study can be used for describing a phenomenon. Case study approaches is used for this study since the research questions are dependent on contexts. And both quest detail description of the two subjects that can be called events. For such kinds of questions which require detail analysis of limited number of events case study is an ideal model (de Vaus, 2001). According to Yin (1994) the application of case study can be to describe real



life contexts in which some event occurred. For research questions which don't require statistical generalization, case study is practical model to get analytical generalization (Yin, 1994; de Vaus, 2001). Thus the research question regarding income generating activities doesn't seek statistical generalization. The second research question depicts similar character. This is also another reason for choosing case study as research strategy.

The two subjects of the study are highly dependent on the context. The number of cases determined based on the notion of replication and the existing character of the city.

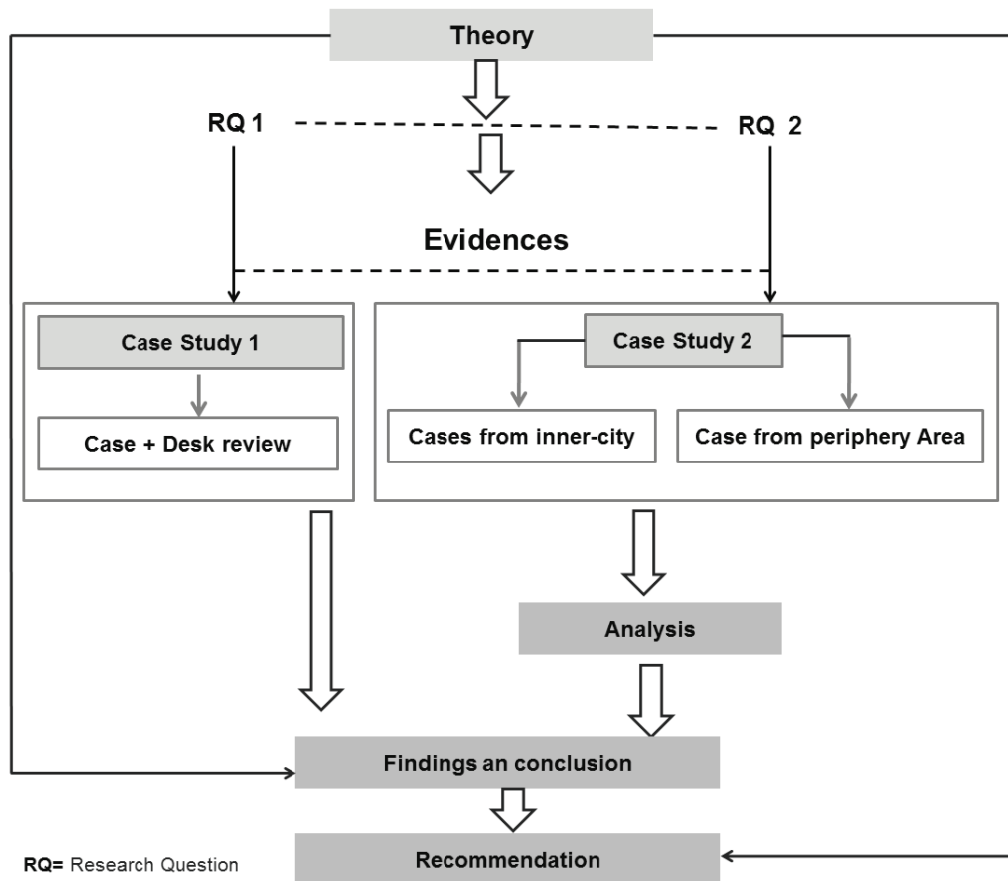


Figure 2. Research design framework.

Before selection of these cases reconnaissance survey and observation studies were conducted. The selection criterion for cases is based on the context of the city and their relevance. This is to make the research more valid and to set the contexts as preconditions for conclusion. Unless the preconditions or contexts are provided, the major conception of the study on replication basis will be invalid.



1.7 Research Method and Materials

1.7.1 Selection Criteria for Cases

Location is the main consideration to select cases. To portray two contrasting contexts regarding income generating activities, four condominium sites are selected from inner-city and peripheral areas. It was necessary to conduct reconnaissance visit on different condominium sites. It helped to choose cases based on the selection criteria. The following were additional selection criteria.

- The organization of dwellers and their interaction.
- The frequency of commercial units in the condominium sites.
- Number of years residents lived in condominiums and the size of sites.
- The location of condominium sites from inner-city areas.
- Relevance of selected cases as representative for future projects.

1.7.2 Description of Cases

Lideta Redevelopment Project

This case is located in Lideta Sub-city and it is the first inner-city redevelopment scheme under IHDP. In the site 52 condominium blocks are built and more than 34 contractors as well as 86 Micro and Small-scale Enterprises (MSEs) are participated in the construction process. This case is selected because it is the first pilot inner-city redevelopment project. Hence, the results of this study will be relevant for prospective projects. The site is more available and suitable to gather primary data from contractors and MSEs.

Inner-city Condominiums sites –Piassa Qabale 10 and Deqe-mehari Sites

Piassa *Qabale*¹10 site is selected for its location and size. The area in which this condominium site is located is dominated by commercial activities and old *qabale* houses. There are three condominium blocks which consists of 88 households. One communal block is shared by all households. The other site Deqe-mehari Garage is located around *Teklehaimanot* area in Lideta Sub-city. There are five condominium blocks in which 170 households reside and two communal blocks.

¹*qabale also, Kebele, is the lowest administrative unit and the smallest boundary.*



Condominiums sites in the city periphery

These condominium sites are built in the outskirts of Addis Ababa. Repi I and II sites are selected due to their location from the city center: considering that the location of the condominiums have impact on the livelihood of the residents. Twenty six residents of these two neighboring sites are engaged in different types of home-based income generating activities. Therefore, it is reasonable to study the situation of such situations.

1.7.3 Description of Variables

This study focuses on few variables and their relationship. Generally the variables of the study and the embedded variables described below.

Table 1. Description of key study variables

Name of Variable	Embedded variables
Households	Size , Gender, Education
Income	
Employment	Skilled , unskilled
Housing units	Floor level, Tenure
Income generating activities	Passive or Active
Types Home Based Enterprises	
Tenure	
Spatial usage	Fixed , interchangeable
Impact of home-based economic activities	

1.7.4 Sources of Data and Collection Techniques

Both qualitative and quantitative data collection method are employed. Discussions with key informants as well as semi-structured interviews are conducted. Structured questionnaires are introduced for both individual respondents and key informants such as government officials and representatives of the condominium owners Associations. Observation studies were tools used to understand of spatial usage of respondents. Illustrative sketches and photographs are also used as data collection methods.



In this study data collected from both primary and secondary sources. Primary sources of data are:

Housing units and the surrounding area: housing units provided vital understanding about housing condition, spatial usage of home-based enterprises. The surrounding environment is observed carefully to understand its relation with the housing units and compounds.

In depth Interview with Individual Households: was the source of primary data. Structured questionnaires are introduced to collect data from individual households. In studied cases in the city periphery 26 households are interviewed about their home-based economic activities. Detailed information of representative households is presented as separate case stories.

Key informants: This includes important individuals who have better knowledge of sites such as government officials, heads of association of community dwellers.

Secondary source used includes:

Documents: The number of workforce employed construction process in Lideta redevelopment project is collected from different sources. Field survey was conducted on 10 blocks. Documents from Addis Ababa Housing Development Project Office (AAHDPO) provided data about workforces employed. Different magazines and websites are also used as data sources. Desk review of relevant texts is conducted to answer the research question regarding job creation in IHDP. Important figures are also collected from these sources.

In studied four sites, residents associations are working to solve communal problems. These associations were the major sources of data regarding income generating activities. The associations in four cases had documented basic information about owners and tenants in their respective sites. It was necessary to ask to visit their archive for comprehensive information such as total number of residents.

Maps and floor plans: maps, typology of condominiums and the location of the sites were essential sources of data. These data are collected from Addis Ababa Housing Development Project office (AAHDPO) and from structural plan of the city.



1.7.5 Data Validity Assurance

Getting reliable data is one of the major challenges. Especially in Ethiopian context respondents don't reply simple answers rather contradictory answers are common. The response can be different based on their perception of the interviewer. Also it is very difficult to get answers about questions like income. As a key variable of the study, income is the center of this thesis. Therefore it was crucial to use different methods. As Elias(2008) observed many informants were happy to respond about their monthly expense than income. He also noted that building trust is important to get valid information. So that using a mediator, such as chair-person of the associations and community leaders, used as means to build trust. These kinds of approaches are used to get reliable information and sometimes it was necessary to evaluate the intended meaning of respondent's statements. In some situations it was challenging to get reliable information unless contradictory answers of informants are analyzed to get the intension of the respondents. In these kinds of irregularities of data the method of triangulation is used to get more reliable data. The collected data from several sources are cross checked to one another to assure their reliability. The background information of most respondents was available in their respective associations. This helped for triangulation and data validity assurance.

1.7.6 Data Analysis

The collected data systematically organized and analyzed using qualitative and quantitative data analysis techniques. The collected quantitative data is analyzed in three stages of analysis using SPSS (Statistical Package for Social Science). The first level of analysis comprises simple method used for Stastical descriptions of the cases. The second level of analysis established the relationship between different study variables. Using SPSS correlation and cross tabulation of variables is conducted. The third analysis is mapping of spatial usage of households engaged in home-based enterprises.

The analysis of the study's variables is included in two ways. The analysis of the first case is implicitly included in the cases study chapter whereas the analysis of the second case study is explicitly presented in chapter five.



Chapter Two

Literature Review

In this section the main background theories of the study and definition of main concepts are presented. Debates and different views about the main theses of the study and related issues are discussed. Also different studies regarding home-based economic activities are presented.

2.1 Discussing Housing and Poverty

Defining Housing

The term housing can be defined both as a noun and as a verb. The former describes the physical aspect of housing as a market good while in the latter housing is conceived as a process that yield a product and other non-physical attributes. John Turner argues that the value of housing should be understood in “what it does” for users rather than “what it is” which is merely the description of physical aspect of housing (Turner, 1976).

Housing is a system which represents relationships between physical structure and social structure of human beings at different spatial scales and levels of hierarchy. Housing is a physical structure which includes its design, material qualities, their arrangement in space, and their interactions with the physical environment. Simultaneously, it is also a social structure which accommodate a residence based activities, their character, social qualities, and their socio-economic interactions in space with the immediate social strata (Un-habitat, 2012).

Overview of Low-income Housing Policies and Practices in Developing Countries

Before the experiences of 1970s and 1980s, housing strategies in developing countries were characterized by construction of mass public housing schemes for low-income households. Public sector was the sole player in the formal sector. But state built housings were high quality respecting building by laws and standards. This makes the units expensive and unaffordable to low-income households without subsidy (UNCHS,1995; Hamdi, 2010).



Further, the total demand was very high compared to constructed units. These kinds of challenges, even if the constructed houses represent substantial financial and organization effort, couldn't be able to solve the housing problem. Later on this provider based approach was replaced by the support based approaches (ibid).

Unlike provider based projects which public sector construct and deliver completed housing units, in support based projects housing units are handover to users with wet-core (bathroom and toilet) and basic services. So that users are anticipated to complete the remaining parts of the units (Napier, 2002). Soon after support based approaches were changed and enabling role of public sector was advocated by international organizations and aid agencies. In enabling approach, the role of governments is different from support based approaches. Thus, the authorities will not involve in the construction and delivery of housing units. But the public sector actively facilitates the housing sectors through institutional, financial support and intervention in the land market (UNCHS, 1995). The Habitat agenda forwarded that lack of appropriate standards and regulatory frame work constrained the development of low-income housing in developing countries. The agenda advocates the enabling process which can adopt appropriate regulatory framework that can suit the needs of the urban poor (UNCHS, 1995).

Urban Poverty and Housing

Poverty has been perceived only from income stand-point. Simply poverty is defined as lack of income (Sen,1999). However, this definition criticized for its narrow focus on only economic aspect of poverty and it doesn't consider basic needs such as access to adequate housing, health services and credits. In addition to neglecting the complexity of poverty, this view is criticized for overriding the diversity and unequal distribution of poverty in society. Later the center of study on poverty focused on deprivation and vulnerability (Verrest, 2007).

Sen (1999) challenged the old perception by defining poverty in new perspective. Sen stated that "poverty must be seen as the deprivation of basic capabilities". According to his argument individual's ability to work can be jeopardized by different factors such as marginalization. Social exclusions, based on gender, race or other can affect the economic opportunities and income level of an individual and can cause poverty.

This capability deprivation is visible in urban area of developing countries specifically for the urban poor. Urban poverty has been underestimated and the urban poor, especially slum dwellers, are excluded from public welfare and Life. Due to the biased perception for slum



dwellers and skewed assistance for rural areas, Attributes such as adequate incomes, and access to economic activity and credit were deprived from slum dwellers (UN millennium project, 2005).

The change in perception of poverty resulted in new perspective that poor people viewed as “individuals actively trying to influence their situation using multiple strategies”. Consequently studies related to poverty and deprivation recently focused on livelihood strategies which focused on determinants of living and their accessibility. These interrelated determinants are asset, activities and vulnerability. In livelihood strategies, the activities of poor people to manage and mobilize their assets become the center of discussion in analysis of poverty. The primary asset for the livelihood of the urban poor is labor and the multiple uses of housing for economic earning are the second critical asset. Rental income and home-based economic activities accounts for substantial share of income of poor urban households (Verrest, 2007). Without their housing poor urban households are increasing vulnerable while access to housing will ensure their wellbeing (Verrest, 2007 citing Beall and Kanji 1999; Moser 1998; Gilbert 1988).

De Seto (2000, cited in Gonzalez, 2009) blamed the failure of legal system and administrative barriers as cause for poverty in developing countries. He argues that the poor in the developing countries owns several assets. However, the legal system didn't recognize their assets particularly self-constructed housing as active section in the economy. This situation refrain the poor to change their asset to capital and benefit from capitalism. Lack of property right constrained the poor from getting loans using their asset as collateral. The poor is forced to operate small livelihood activities without the recognition of legal system. Informality is the only viable option to access credit for poor urban households.

2.2 Economic Development and Housing

From economics stand point, the productivity of housing sector was debatable both in academic arena and public sphere. Housing is related to the urban economy directly and indirectly. In this section the past and the mainstream views about housing and economic development are presented.

2.2.1 Debates on significance of Housing in Economy

In post-World War II period, major view towards public expenditure on housing was influenced by neoclassical economics. The view was overshadowed by the thinking that public



investments in housing doesn't generate foreign exchange and it shares significant amount of resources from other productive sectors. Furthermore this view assumed public expenditures on housing as spending for future consumption. Until 1970s, the economic aspect of housing is almost neglected and housing projects were conducted mainly on the basis of social merits. From 1970s on, the habitat agenda & its advocacy, which recognize housing as productive sector, influenced the housing policies and practices (Tibaijuka, 2009).

Allocation of resources for housing and the productivity of housing sector are the centers of debate in literatures regarding housing and economic development. These two intertwined issues related to one another. In the past more countries used the incremental capital-output ratio (ICOR) to allocate resources to different sectors in which housing was biased as less capital productive sectors. Arguments against allocating large resources for housing rise from the perspective that housing yields less capital output than other sectors (Katsura, 1984). On the contrary other perspectives reflect that housing is productive sectors for the urban economy both directly and indirectly which needs considerable share of resources to be allocated. Even though housing is vital element for urban economic activities like infrastructures, the previous trends doesn't recognize that lack of decent housing will have adverse effect on the urban economy. Remembering housing as a basic need, it's obvious that other sectors such as industry need work forces which basically need to be housed (Tibaijuka, 2009). Hence, investing in housing is indirectly supporting the development of other sectors such as industry.

Since the early 1970s, following a shift from physical capital development model to human capital development, housing investments attracted many governments and international development institutions. Housing is declared as basic human need in Vancouver declaration of United Nations Center for Human Settlements (UNCHS). In this basic need approach housing conceived as indispensable part of socioeconomic development (ibid).

Later in early 1980s, many developing countries began to exercise market economy. Then housing and its economic effect have been stressed and national policies understood the broad linkage between housing and different sectors. In particular, the dimension and the impacts of housing on the economy are emphasized (ibid). As GSS (Global shelter strategy to the year 2000) forwarded that formulation of housing policies should consider the economic significance of the housing sector. It calls governments to pay attention to the interdependence between housing and economic development (UNCHS, 1993).



2.2.2 The Relationship between Housing and Economic Development

Housing has been a major expenditure and investment both in individual and in public sphere. Housing and economic development have multidimensional relationship and interaction. Housing Investments are driven by different factors such as stage of economic development , model of economic development, political system , demand for housing and macro-economic variables (Tibaijuka, 2009).

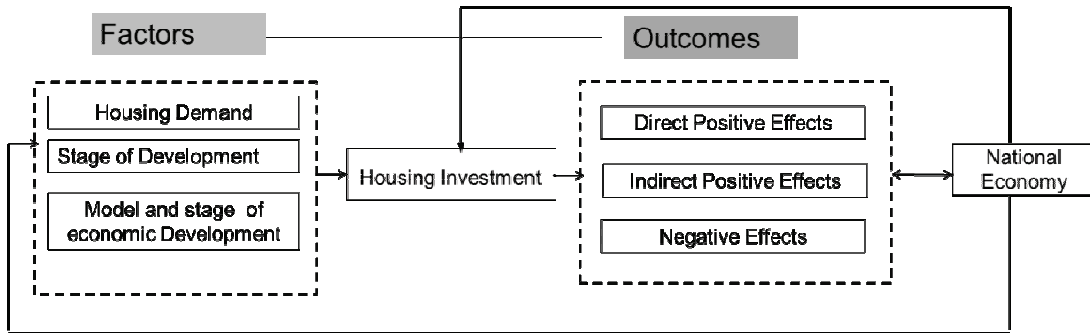


Figure 3. Conceptual framework showing multi-dimensional relationship between Housing and Economy. (Adopted from Tibaijuka, 2009).

The nature of political and economic system, either in centrally planned economies or market-led economies, significantly influenced investment for housing and the conception of housing itself. In centrally planned economies, in socialist countries, housing regarded as social good and its economic essence is often overshadowed by political goals and social equity. Public housing is the major delivery strategy in centrally planned economies. On contrast, in market economic system housing perceived as part of overall economic growth and development strategies. Unlike centrally planned economies which state regulates the housing market, in market economies housing and related services only regulated by market. The impact of political and economic system is visible in the case of transition economies such as Singapore. A shift to market lead economic system contributed for economic growth of these countries significantly (ibid).

Macro-economic variables such as Taxes, subsidies, the availability of credit and consumer have been influencing the housing demand framework that has several impacts on the housing investments their out puts. In developed economies, construction of new housing contributes substantial share of annual GDP (PADCO, 2006; Tibaijuka, 2009). The impact of housing investment on the national economy can be positive and negative. Without appropriate policies and measures housing can cause unexpected negative economic effects. It could cause



inflation and pressure on balance of payments². Eventually macroeconomic policies measures may address these problems.

2.2.3 Economic Impact of Housing Investments

Housing investments, both in upgrading and construction of new houses, have economic effect which can be classified in to four broad categories. These are employment and income effects, price effect, savings effect, and effect on balance of payments (Katsura, 1984).

Investment in housing has remarkable effect on employment and income. It stimulates a demand for labor in the construction and building material sector. Low-income housing uses low less imported materials. This doesn't create a problem of balance of payment for a countries economy (UNCHS, 1993; PADCO, 2006).

Katsura(1984) catagorised the effect of housing investments on economy in to two concepts: these are stock and flow concepts. The former describes direct benefits of housing which are results of construction of new housing stock in short term such as employemnt , trade balance and price effect . The later describes improved living conditions and the flow of services ,in this term housing conceived as a bundle of servicesas a verb, which will occurrelatively after longperiod of time. In constrast to other investment, housing can be conducted in short time lag. Its impact on the economy can be seen in short period. So that housing is regarded as attractive investment to simulate economyduring recession(Katsura, 1984).

Housing investments have higher multiplier effect on the national economy than other investment. Multiplier effect describes the national income which goes beyond direct investment itself. It is measured in ratio of the change in the national income to the initial change in sectorial investments(UNCHS, 1993; PADCO, 2006). Further as Abrams (1964) mentioned, housing programs play major role in the economy by promoting saving and releasing unproductive capital.

Even though housing is vital element for urban economiy, the past experiences doesn't recognize that lack of adequate serviced housing will have adverse effect on the urban economy. It should be noted that housing as a basic need, it is obvious that other sectors such as industry need labor which need to be housed.

²Balance of payments is the difference between the amount paid by a national government to other countries and the amount it receives from them.



Despite its substantial impact on economic development, investment in housing may have its own detriments related to inflation and balance of payments. If the housing sector comprises imported building materials, the national economy will be challenged by trade deficits. Considerable housing investment may divert resources away from export sectors. Also in short run it may create shortage of building materials and skilled. Speculation in real estate market and soaring of land price may be prevalent if skewed public spending and investment in housing exists. The situation in Southeast Asian countries during 1990s can be a good example (Tibaijuka, 2009).

2.3 Informal Economy and Its relationship with Housing

Informal economy-also called traditional, unofficial, extra-legal, and underground economy - is very heterogeneous, hard define and hard to measure. Discussions on informal economy focus on two issues viz. informal employment and informal enterprises. Informal employment is very heterogeneous but it can be categorized in to self-employment and wage employment. Self-employment consists of those who employed or works for themselves in informal enterprises and also other contributing family workers (Chen et al,2001; Chen 2012; Un-Habitat, 1986). Wage employment comprises employees hired by households as domestic labor without provision of social protection. In particular this includes those who employed by informal enterprises as daily laborers, casual workers, temporary or part-time workers, contractual workers and paid domestic workers (Chen, 2012).

Informal workers and informal enterprise owners gain less benefit than their counterparts in the formal sector. However, it is argued that the informal sector is essential for many low-income households. Most micro-entrepreneurs are based in informal sector. Informal sector interacts with the formal sector in several ways and produces legal outputs (Chen 2012, Chen et al 2001). This sector operates illegally as criminal activities. But unlike criminal activities which have illegal outputs, the informal sector illustrated by socially acceptable transactions with legal output. The concept of informality is broad and some argue that informality includes self-sufficiency efforts that have legal output but not measured in the economy. This consists of self-help housing efforts which legal outputs are created without the market transaction (Schneider & Enste 2002 cited in Franssen and Van Dijk, 2008).

The evolution of informal sector is related with the past development paradigms and modernization. In the mid-1950s, the economic development model adopted for developing countries assumed that large number of surplus labor would be absorbed as the modern



industries grow. Hence, poor traditional economies would be able to transform in to dynamic modern economies. Then the traditional economy, which is assumed as less productive characterized by casual employment opportunities, will be expected to immersed into the formal economy and then after disappear (Chen et al, 2001). However, neither the economic development nor the plan to absorb traditional sector came to reality. Instead the traditional economy, informal economy, expanded in developing countries. Consequently persistent unemployment and rapid expansion of informal economy attracted researchers and international organizations such as ILO. There are several points of views for the persistence of informal economy in developing countries. Lack of growth in developing countries pointed out as a cause for the expansion of informal economy. The proponents of this view adhere that informal economy will be decline or absorbed in to formal economy through growth and modern industrialization. While another view forwarded that rapid population growth and limited creation of new jobs due to wide range usage of capital intensive technologies as the main causes for the expansion of informal sector (Chen et al 2001).

In 1980s, informal economy expanded in developing countries due to three reasons. The first is the reform to minimize costs in growing economies which resulted in a reduction of workforce. Alternative modern jobs were limited and this situation left no choice for reduced workforce but to search for informal options. The second is decentralization and outsourcing of production process to smaller and more flexible specialized production units. The last reason is the willingness and the capacity of formal firms to absorb workforce. In 1990s, globalization accelerated the expansion of the informal sector. Formal firms either shift their production to countries which have comparatively low labor costs or arrange employment informally. Due to these reasons the informal economy continued to share considerable portion in developing countries (Chen et al 2001, Un-habitat 1986).

Formalization of the informal sector is pointed out as a strategy to solve this phenomenon. Making the markets work was primary goal which forwarded by the proponents of formalization. Small-scale enterprise development, cluster development and flexible specialization are all recommended instruments to incorporate informal sector in to formal economy. In the 1990s along with poverty reduction the informal sector became a center of discussion in political arena (Fransen and Van Dijk, 2008). In 1992 the United Nations earth summit conducted in Rio Brazil produced comprehensive environmental plan (usually called Agenda 21) which promote employment and income generating programs as a basis for combating poverty and ways to enabling the poor to achieve sustainable livelihoods. It also forwarded inclusion of informal



sector by removing legal barriers and standards. The recommendation also advocates that governments should consider giving the informal sector access to credit and land (UN, 1992).

In most developing countries, informal sector shares 40-60% of the total employment in urban areas (Chen et al 2001; UNCHS 1986). In Caribbean and Latin American countries 57% of the total workforce is employed informally. In addition, in these countries four out of five new jobs are created in informal sector. The sector has substantial role in absorption of rural migrant work force in many cities. In French speaking African countries the sector accounts 78% of urban employment and 93% of the total new jobs created. Similarly the informal sector shares most of urban economy of African cities. This is the result of rapid urbanization exhibited in the continent. Urbanization is happening with minimum growth and industrialization. This caused high rate of unemployment and urban poverty which lead to expansion of the informal sector (Un-Habitat, 2009).

Theories and Debates about Informal Sector

Generally four schools of thoughts dominate the discussion about the nature and the composition of informal sector. Namely the Dualist, Structuralist, Legalist and Voluntarist are prevailing school of thoughts. The Dualist school presents the informal sector as marginal activities distinct from formal economy which generate income for the poor. This school ascribed the imbalances between population growth and employment opportunities as a cause for the emergence and expansion of the informal sector. In Structuralist's perspective the informal economy is a subordinate economic units and activities which aid the large capitalist firms to reduce inputs and labor costs. Hence, informal sector serves these firms to increase their competitiveness. Opposed to Dualists, Structuralists adhere the linkage between formal and informal sector. On the other hand, the Legalist school of thought sees the informal sector as composition of small entrepreneurs who choose to operate underground in order to eliminating additional costs. This school of thought sees the entrepreneurs as individuals who need proper legal recognition to change their assets to productive capital. Also this view credits inappropriate legislations and restrictions as causes of informality. While the voluntarist view share the same approach as the legalist school but it doesn't attribute informality to the failure of legal and regulatory system rather it looks informal entrepreneurs as who deliberately involved in informal activities to offset additional costs and time effort of formal economy (Chen, 2012).



The Linkage between Housing and Informal Sector

In many developing countries the informal economy operates in informal settlements. This shows the relationship between housing and informal urban economy (Tibaijuka, 2009). Informal sector and housing have many different linkages. The informal sector contributes larger portion of the housing in developing countries. Informal settlements provide shelter for half of the population in urban areas of these countries (Tibaijuka, 2009). Informal settlements play important role in providing housing for the poor. In Africa lack of formal option forced middle income groups to reside in informal housing (Un-Habitat, 2009). Likewise, many of informal enterprises are located in informal settlements i.e slums and squatter settlements. Informal economic activities played important role for housing maintenance and to access shelter in informal settlements. Hence, integrating income generating activities in human settlements development is recommended to solve both economic and housing problem of the poor (UN-HABIAT, 1986).

2.4 Housing and Income Generation

The Forward Linkage

Both in developed and developing countries it is common for households to use their home as workplace to generate income. In low-income settlements of developing countries it is common to use housing for other non-residential purposes. Laquian (1983a, cited in UN-Habitat, 1995) emphasized the essence of shelter as a work space for slum dwellers and stated that planners should take in to consideration this fact. UN-Habitat (1995) advocates to consider the forward linkages that is housing as an environment within which economic activity takes place.

Housing is not only dwelling rather a house is a place for production, entertainment, social gathering etc. The livelihood of low-income households is based on this multiple use of housing (Laquian cited UNCHS/ILO, 1995). It is widespread in low-income settlements to use home to generate income and as workplace (UNCHS/ILO, 1995). This is through passive form of income generating activities like renting and active forms such as home-based enterprises (Tipple, 2000). However, official housing project had failed to incorporate income generating economic activities in the design of dwellings (UNCHS, 1993). In several developing countries it is usual for low-income households to alter their dwellings to incorporate home-based enterprises. Usually income generating activities established neither on the recognition of legal body nor respecting planning norms and regulations (Tipple, 2000).



2.4.1 Home Based Enterprises

Home-based enterprises (HBEs), also called home-based economic activities, described as “family mode of production enterprises” which are characterized by family control of labor and capital. Most of family resources (i.e. land capital and labor) are used to operate in enterprises. Also most of labor used is provided by the family (Lipton cited in Kellet & Tipple, 2000).

Policy and legal arrangements have an effect on the level of economic activities in housing (Katsura, 1984). In past experiences, many planner and policy makers opposed using home as workplace and favored uni-functional land use theories. The bias against HBEs reinforced by this practice and by the assumption of HBEs as less productive part of the economy. Nevertheless home-based enterprises persist in many developing countries as it was in developed countries before industrial revolution (Strassmann, 1986). Security of tenure is basic for development of HBEs. In addition, availability of space and infrastructures in HBEs influences the development of HBEs (Katsura, 1984). As Strassmann noted, the installation of infrastructure contributed for development of HBEs as well as for improvement of housing conditions.

Operating HBEs is allowed in South Africa and India. The master plan of New Delhi allowed households to operate HBEs by fulfilling certain requirements. The precondition set that HBEs have to be operated by the owner and have to get license from local authorities. The master plan permits up to 25 percent of the floor space to be used for HBEs. To offset their externality, the municipality prohibited certain kinds of HBEs in vulnerable areas of the city (Matsebe, 2009).

HBEs are also called invisible informal sectors and most home-based workers are women (Chen M. , 2012). There are two arguments for dominance of women. The first argument presents the opportunities of home-based work especially self-employment for women: such as spending time for domestic tasks and social activities. The second argument presents lack of viable option in the formal sector as reason for the dominance of women (Chen M. , 2012; Verrest, 2007).



Benefits of Home based Economic activities

Compared to large-scale businesses, home-based enterprises compared to large scale business require small initial capital. The establishment considers the preference of households, their skills and the demand. HBEs provide employment for unemployment and vital advantage is flexible use of resources (Serna, 2005).

Despite their abundance and importance for low-income households, HBEs and their positive social and economic role has not been recognized in many developing counties (Tipple & Kellet,2000). In these countries the livelihood of urban poor is highly dependant on home-based income generating activities (Kachenje, 2005; Strassmann, 1986).

The linkage between housing and home-based enterprise can depict the advantage of home-based enterprises. Home-based enterprises are essential for the presence and maintenance of housing condition. The symbiotic relationship between home-based enterprises and housing is strong: income generated from home-based enterprises used to improve housing condition. Also without existence of home-based enterprises many households would not have dwelling and of course the existence of home-based enterprises is dependent on dwellings(Tipple & Kellett, 2002).Without HBEs the housing condition of many low-income settlements will be worse than the present situation (UNCHS, 1993).

The major strength of HBEs is interchangeable use of resources and spaces from business uses to domestic activities and the reverse. These interchangeable uses of resource, “to treat resources fungibly” as Lipton(1980) described, can be illustrated by flexibility of spatial uses. For example if a room used as a working space for HBE at day time it can be used for sleeping at night. Moreover, if a product of HBE is not sold can be consumed for household uses (Lipton,1980 cited in Tipple & Kellet,2000).

Verrest(2007) studied HBEs in low-income settlements of Paramaribo in Suriname and Port of Spain in Trinidad and Tobago and his research revealed that HBEs are essential assets of low-income households next to labour. From total studied home-based enetrprises $\frac{3}{4}$ are operated by women and 90% are engaged in food and related services. Verrest’s evidence show that more than 3rdof his samples have steady and secure income from their HBEs. Home-based enetrprises help many poor households to struggle for their day to day life. labour play important role for productivity of HBEs.



Gough et al(2003) study on two settlements in Accra and Pretoria also shows that HBEs are vital income generating strategies for many households. HBEs, which are small in scale, contributed to sustain their livelihood of many households. They are very important for women and elderly to attain financial independence. Women operated HBEs account three fourth of the total. These women work alone with rare help from family members. About 60% of the studied HBEs are produced and retail food items. On contrast only few HBEs engaged manufacturing.

Weaknesses of Home-based Enterprises

Like other informal sector, the existence of home-based enterprises is critically challenged from different perspectives. Arguments rose from the perspective of planning and control pointed that it is very difficult to control home-based enterprises for authorities. This is because they blend in to residential environments (Tipple & Kellet,2000).

One of the weaknesses of HBEs is lack proper working condition and employment benefit for their workforce. Many HBEs operators exploit and abuse their workers. Several detriments of HBEs such as poor and unhealthy working condition are facing the work force. Not only these but also in such kinds of unfavorable working condition precaution and safety tools are not usually employed (ibid).

Another disadvantage of is their negative externality on neighborhoods which they operate: such as nuisance, noise, chemical pollution and smokes(UNCHS,1993).Also crowding, sub-standard spatial usage and conflicting with planning norms are the other main detriments of HBEs(Serna, 2005).

But in most developing countries planning norms and standards are either adopted from previous colonial powers or imported from developed countries without consideration of Socio-cultural and economical condition of many low-income households. Hence, planning norms and standards had been far from practice. This is also similar for other spatial regulations and building material standards (Tipple & Kellet,2000).

A study conducted in Addis Ababa about informal sectors engaged in Weaving around *Shiro Meda*³shows one of the detriments of HBEs. In studied HBEs children whose age 5-14 work more than 70 hours a week. Some of them came from country side seeking a better future. They earn smaller wedge than daily laborers (Lomi, 2002).

³A district in the north part of Addis Ababa.



In their studies of low-income settlements in Indonesia and India Tipple and Kellet(2000) observed that most of studied HBEs have insufficient waste disposal systems. However, some of solid waste is recycled by HBE operators for different uses. It is used as raw material for HBEs, fuel for cooking and also left over foods is given for Animals. According Tipple and Kellet environmental and health threats posed by most HBEs are not as serious as authorities and policy maker's pictured. Yet unlike other domestic activities they may force municipal waste disposal system and it may require changing waste disposal habit of HBE operators.

Home-based Enterprises and Spatial usage

Various studies indicate that one of the characteristics of HBEs in low-income settlements is their flexible spatial usage. The availability of large space is vital for HBEs operators to develop their business. For example Strassman's (1986) study portrayed direct correlation between size of space used and the profitability of HBE. His evidence from Lima shows that households engaged in home-based economic activities uses an average of 30% of their total space. Thus, the availability of more floor space will increase the income level of HBE.

Home based enterprises are not considered in the design of most public housing Projects in developing countries. The need for extra space to accommodate home-based enterprises is one of the driving forces behind spatial transformation of government built housing in developing countries (Tipple, 2000). This shows how low-income households are willing to make their housing as productive environment (UNCHS/ILO, 1995).

The study conducted in Medellin Colombia classified the spatial usage of home-based economic activities in to two categories.

- 1) *Window Sales: minor retail sales through an existing window of the house, without any change in the internal or external spatial organization of the dwelling.*
- 2) *Small Shop: a front room is used for retail sales but the shop and dwelling area share the same access.*
- 3) *Independent Shop or Workshop: independent of the dwelling, it may either be used by the family or let out, for retailing, services or small-scale production(Douglas, 1994, p. 22) .*



Rao and Seshachalam (1987 cited in UNCHS, 1989) classified the spatial usage of informal activities in Hyderabad, India. Accordingly the classifications are:

- *a shopping front with a residential dwelling in the backyard;*
- *a dwelling unit in the front with a workplace in the backyard;*
- *the ground floor as a business place, with upstairs as a residential unit;*
- *the ground floor as a residential unit with the first floor as business space;*
- *a rental residence and own shop;*
- *own house and a rental business space;*
- *own house and an encroached business space;*
- *Own business space with encroached katcha (poorly built) or semi-permanent residential structure(UNCHS/ILO, 1995, p. 151).*

Kachenje's (2005) study of HBEs in Informal settlements of Dar es salaam Tanzania shows the variation of spatial usage of HBEs. Based on the empirical evidences from 33 households, the study indicates how households prepare spaces for HBEs. These include altering the original use space in favour of HBEs, spatial transformation and constructing temporary make shift structures.

2.4.2 Renting: Passive Form of Home-based Enterprises

Rental housing is provided by public sector, private sector and small scale land lords. In the past home ownership has been advocated by different governments as a single solution for the housing problem in developing countries. There is a difference in terms of home ownership between developing countries and the developed world. In developed world the number of home owners is smaller compared to tenants while reverse is true in developing countries. Home ownership had been advocated for its impact on the economy. In the past rental housing was neglected and strategies which enable citizens to home ownership were favored by different governments (UNCHS/ILO, 1995; UN-HABITAT, 2003).

Renting units house many low-income households in developing countries. Small-scale landlords provide accommodation for tenants most often for those who are economically weak as landlords themselves. On the other hand renting is very important income grating activity for low-income landlords. Studies show that renting is the most common income generating activity in low-income urban areas. Usually landlords operate without the recognition of local authorities. It is also impossible to identify landlords from tenants due to the similar socio-economic background. The tenant landlord relationships are not only financial but also go far beyond.



Sometimes the owners and tenants are close relatives (UNCHS/ILO, 1995 citing Schlyter, 1987; Raj and Mitra, 1990).

Several kinds of rental accommodations are found in informal settlements in many cities of developing countries. The most common accommodation is backyard rental units. The variation of renting can be in different form of tenure. Owners can let for intermediate landlords who then construct rental units and rent for other tenants. This is usually common in Calcutta India. In informal settlements of some cities, such as Bangkok, it is usual for tenants to build their unit by themselves. Spatial transformations are prevalent accommodate rental units (UN-HABITAT, 2003; Tipple, 2000).

2.5 Employment potential of housing development in the construction process

The backward linkage

Even though housing is mainly seen for its significance on social development in the past, it had important contribution on economic development. Both directly and indirectly, Housing provides more employment opportunities than any other sector. Predominantly low-income and low-rise housing developments have a potential to create more employment for unskilled labor than high rise conventional housing developments (UNCHS, 1989). Evidences from Kenya and other developing countries indicate that low-income housing tends to be more labor intensive than high income housing (UNCHS, 1993).

Box 1. Defining Employment, Unemployment and Underemployment

For the purpose of this study it is very important to outline the basic definitions regarding employment. Employment can be defined from different stand points. International labor organization (ILO) defined employed people as “those who, during a specified brief period have worked, had a job or were self-employed” (UNCHS/ILO, 1995). Unemployment is defined from different perspectives. Some define unemployed person as who is actively seeking employment. Others such as sabot (1979 cited in UNCHS/ILO 1995) defined unemployment relating with income. Referring the case of Tanzania he defined unemployment as “those jobs for which the earnings were less than the average rural wage.” While Gilbert and Gugler (cited in UNCHS/ILO, 1995) gave the definition of underemployment as the underutilization of labor.



Housing development also can create demand through the backward linkage for building materials and operation. Therefore, housing can stimulate potential for income and employment generation in building materials and construction sector. Increased housing investments can influence employment and income in several ways. For example, housing construction creates jobs directly through on-site employment and indirectly through backward linkages with industries that produce building materials and related products (UNCHS, 1989).

2.5.1 Low income Housing, small scale enterprises and labor-intensive methods

Small enterprises, which involved in the construction sector, are important for creating employment for unskilled labor in the urban areas. In addition to using labor-intensive methods, small-scale enterprises have a number of strengths. According to UNCHS/ILO (1995) these includes:

- *Flexibility in adjusting to special consumers' demands and local market conditions*
- *Knowledge of local conditions*
- *Many small-scale enterprises operate from places where most of their customers live and they offer a local service based on customers' specific requirements*
- *The capacity to develop from a very small scale to large scale*
- *giving employment to local unskilled and unemployed labor as well as local artisans in the process and*
- *The ability to use a variety of local raw materials and minimal use of imported inputs.*

Labor and Construction

Bent et al (1999 cited in Twhala, 2005) described “labor-intensive approach” as an approach where works carried out by labor as main resource, and where labor shares substantial percentage of the total construction cost. The share of labor can range from 25% to 60% of the construction cost. But additionally appropriate level of other resources are integrated in the projects to make certain the quality and competitiveness (McCutcheon, 2008).

The construction sector in most developing countries tends to use capital intensive methods than labor intensive methods even if labor is abundant (UNCHS/ILO 1995). But generally small scale labor intensive methods are usually yield large multiplier effect than capital intensive methods.



Agenda 21 sets employment intensive activities as sustainable activities for construction. It acknowledges the construction sector as engine to achieve socio-economic development and to promote sustainable human settlement development. It recommends activities which encourage the use of labor-intensive construction technologies which generate employment for the underemployed workforce. That is at the same time promoting the development of skills in the construction sector (UN, 1992).

2.5.2 Housing modalities and Employment Generation

Self- help Housing and employment

According to UN-habitat (1993) a move to self-help housing will enable the informal sector to use labor intensive method, local materials and techniques. In self-help programs, labor is assumed to be contributed by the beneficiaries but the reality is far from expected. World Bank's 1980s self-help programs revealed that many households were contracting out much of labor. But the aggregate employment effect is the same with better efficiency. This experience shows the existence of labor division and specialization in low-income settlements. Households prefer their jobs and specialties and it is unlikely for most households to spend their time on constructing their shelter (World bank, 1980 cited in Katsura, 1984). Self-help efforts for neighborhood and community works are highly criticized for assumption that poor people have free labor to contribute to access some facilities. Instead which they better received as rights (UNCHS, 1993).

Sites and Service sand employment

The idea of sites and services is conceived based on two propositions. Primarily it is incremental finance and construction. The second is that owners will invest their labor on the construction. But experiences from different countries show that most households, more than 80 percent in some studies, used hired labor. This is the result of both lack of free time and construction skill of beneficiary household's. So that despite the common approach hired labor in sites and services program is an avoidable (ibid).

Upgrading of the existing houses

Renovation and upgrading of existing housing by its incremental nature is attractive to small-scale contractors. Small-scale contractors mainly use low-tech materials and methods and the usage of capital intensive methods can be limited to scaffolding and small machinery. The



availability of electric power and water from nearby houses contributed to increase interest. Upgrading of existing houses which involves self-help efforts and small scale contractors is carried out in labor intensive way (ibid).

Maintenances of existing housing

Conventional construction requires little maintenance than traditional construction techniques. Because of this reason the initial cost of the buildings is very high. Conventional construction methods demand high capital. But in developing countries, where labor is abundant and capital is scarce, capital intensive method are usually used for construction. Imported low maintenance materials and technologies have been used in several developing countries. Unlike traditional technologies, these imported materials and technologies require high initial capital and low labor input. On the contrary traditional technologies and materials demand relatively low initial capital with considerable maintenance requirements. Thus, employment potential of traditional methods is much higher than the imported technologies through small scale contractors. Further the adoption of local materials and techniques will create more employment (ibid).



CHAPTER THREE

Contextual Background

3.1 Overview

Having the second largest population in Africa, Ethiopia is one of the least urbanized countries in the world. For the last five decades the country passed through three different political-economic systems. Currently the country is a federal state with nine regions. Mixed economic system has been exercised since 1991 change. Despite lack of comprehensive housing policy, the current urban development policy and related programs guide the housing development.

Prior to 1974 Ethiopian revolution, which overthrew the imperial dynasty, little attention was paid for urban development and housing. There was no policy or strategy to guide the urban development and state involvement in the housing sector was almost negligible. During the socialist government (1974-1991) housing was treated as a consumption good which is the responsibility of the public sector to provide for the urban poor for the purpose of equity. The housing policies and related proclamations were designed based on principles of socialism. As a result, the private sector was unable to operate and the state alone was unable to address the prevalent housing problem (Tilahun, 1996; Tarekegn, 2002; Ashenafi, 2001). After 1991 the new government adopted different policy reforms and structural adjustments including market liberalization, decentralization and private ownership of land on a lease basis. The reforms encouraged the involvement of the private sector in the housing delivery. But the private sector was unable to house the majority of the population. By collaborating with different institutions, the government launched the integrated housing development program (IHDP) for middle and low-income households (MOFED, 2002; UN-HABITAT, 2010; MoWUD, 2008).

Opposed to the pre 1991 situation, public sector involvement in housing is not only for the sake of social equity but also it envisages using the housing sector as a tool to boost urban economy and solve multidimensional urban problems. The housing sector received critical attention and allocation of substantial resources from the public sector.



Box 2. Quick facts about Ethiopia and the Capital City Addis Ababa



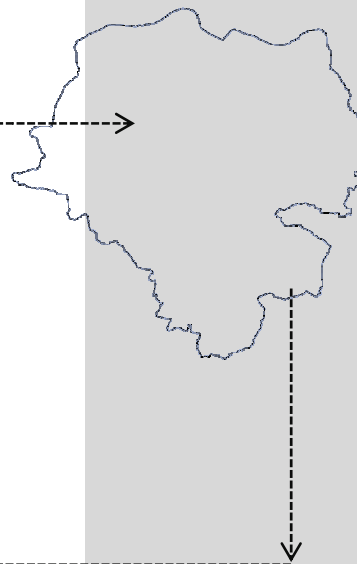
Location Map of Ethiopia



Map of Addis Ababa with ten Sub-cities.

Ethiopia Quick Facts

- **Population:** 91.7 million as 2012
- **GDP percapita:** 482 USD as 2012
- **Official Language:** Amharic
- **Population ages 0-14:** 43% of total (2012 estimate)
- **Urban population Percentage:** 17% (2012 estimation)
- **Improved sanitation facilities** (% of urban population with access): **27 %** (2011 estimate)
- **Labor force Total:** 42,136,780



Addis Ababa Quick Facts

- **Population:** 3.4 million
- **Population growth:** 3.8% per Year
- **Area:** 530.14 km²
- **Elevation:** 2,355 m (7,726 ft)
- **Unemployment rate:** 28.6%

Source: <http://data.worldbank.org/indicator/SE.ADT.LITR.ZS/countries>

<http://www.imf.org/external/pubs/ft/weo/2013/01/weodata>

Unhabitat (2010)

Unhabita(2008)



3.2 Urbanization in Ethiopia

In Ethiopia cities had been emerged with sporadic process. Before 19th century *Ketema*⁴, transient military camps with civilian settlement emerged in a locations where regional chiefs established their garrisons (Wubshet, 2002 citing Marcus 1994).But most towns were abandoned or vanished when garrisons move to other locations. In late 19th century centralization of the country accelerated the establishment of garrisons throughout the country. Later these garrisons developed in to *Ketema* and served as administrative seats. The construction of Ethio-Djibouti railway line in early 20th century brought the emergence of new towns along the railway (Wubshet, 2002 citing Akalou, 1966 & 1967; Horvath 1969).

Though having one of the lowest proportions of urban population in the world at only 16.7 per cent, Ethiopia is rapidly urbanizing at a high annual growth rate of 3.49 per cent. Between seventeen years the urban population increased from 6.4 million in 1990 to 13.8 million in 2007 (UN-habitat, 2010).The urban areas of the country characterized by rampant unemployment poorly developed economic base and widespread urban poverty. In Addis Ababa alone the unemployment is estimated to be 16.7% and up to 28.6%. The portion of urban population living below poverty line accounts 40% of the total. Meanwhile 70% of the urban population is estimated to live in the slum areas (ibid).

3.3 Situation of Housing and Urban development prior to 1974

Prior to 1974, there was no comprehensive urban development policy for housing and urban development. Though housing problem was prevalent, the elites and the imperial government of Haileselassie I⁵ paid little attention to overcome the problem. (Tilahun, 1996 & Ashenafi, 2000).

In this period, the Housing situation and land holding system can be characterized by lack of proper authority to manage urban land. Land was concentrated in the hand of few feudal landlords and nobilities. In 1960s,in Addis Ababa alone about 95 percent of the land was owned by 5 percent of the population (Gulte,1989 cited in Tilahun, 1996). This condition was rooted in the evolution of the city. The 1907 declaration legalized private ownership of urban land and registration for the purpose of exchange and mortgage. The beneficiaries were few feudal and nobilities who already were the largest land holders. With very small reforms the situation persisted till 1974 of Ethiopian revolution (Bahru ,1987).

⁴*Ketema is Amharic word for Town.*

⁵ The last Monarch of Ethiopia overthrew by the Military government in 1974.



In this period the housing sector was operating without state intervention. The private sector was providing housing for the high and middle income groups. But this uncontrolled situation caused soaring land price and widespread speculation. Very little interest was paid by the state to address widespread housing problem. The municipal officials were more concerned on serving the interests of few landlords and nobility than the majority of urban population. There was no legal body or jurisdiction to stop soaring land and rent price. The only low-income scheme was the *Kolfe* low cost housing project which resettled 91 households who were relocated from inner-city part of Addis Ababa (Tilahun, 1996 & Ashenafi, 2000).

This situation, in particular in Addis Ababa, left no choice for the urban poor except living in crowded rental units which small-scale private owner constructed. Lack of effective planning norms and building regulation resulted in crowded and congested urban areas (Ashenafi, 2000). The master plans had little effect to guide the urban development. So that the majority of housing stock had no basic services and rarely meet basic minimum standard. The situation is one of the factors which resulted unplanned development in urban areas (ibid).

Generally, the major factors impeded the development of institutionalized low-income housing were the following. The first reason is that the needy households were desperately poor. Hence, it was difficult to formulate financially feasible low-income housing scheme. The second reason was no financial institution to provide loan for low-income group of the society. The other factor was prevailing private land tenure system and informal housing construction (Mulugeta 1995 cited in Ashenafi,2000).

3.4 Housing, Urban Development After 1974

After the end of Imperial government in 1974, the socialist government introduced new changes and institutional arrangements and centrally planned economic system began to exercise . In this period public sector was highly involved in the housing and became the sole owner, provided and regulator of the housing market. Because of the economic policy the involvement of the private sector was neglected (Tilahun, 1996; Tarekegn, 2002).

The Socialist Military government *Derg*⁶declared the state ownership of land and houses. Proclamation number 47/1975 outlawed the ownership of extra houses and also earning of rental income by individuals. All extra houses and land owned by individuals were nationalized. This resulted in substantial decrease in rent price that all nationalized houses rented with fixed

⁶The name of the former Socialist military government led by Col Mengistu Hailemariam from 1974-1991.



priced under state ownership. The public sector became the sole provider of housing and urban land. This demoted the involvement of private sector in housing supply. However, individuals were supported to construct housing for self-provision. To promote individual house builders, land was delivered free of charge for those who fulfill requirements. Proving their credit worthiness and not having a plot, individuals can get up to the 500m² plot of land free of charge (Tilahun, 1996 ; Wubshet ,2002 ;UN-HABITAT, 2007).

Ministry of Urban Development and Housing was responsible for provision of technical support, issuance of site plans and cost estimation for individual builders. Some of the tasks of the institution consist of promoting the implementation of the proclamation, coordinating activities of urban dwellers associations and supporting housing cooperatives. To control land speculation, institutional hierarchy and formal procedure was established. The urban dwellers association established to implement the endeavors of the proclamation. On its lower level the urban dwellers association consists of central associations, *Kefteгна* and *Qabale*. Two important public institutions responsible for managing the nationalized houses were *Qabale* and Agency for Administration of Rental Housing (AARH). *Qabales* administer houses rented below 100ETB. While houses rented above 100 ETB were managed by AARH. The duty of the *Qabales* were to collect rent, maintain of the housing stock , construction of low cost houses and paying monthly allowance for previous landlords whom their land was expropriated. The single financial institution which provides credit was Housing and Saving Bank (HSB). While other state owned enterprises controlled the production and distribution of construction materials (Tilahun, 1996).

The reform benefited many households by providing affordable rent price. However, barriers to access credit, institutional arrangement and financing system impeded the construction of new house. New housing was constructed under two circumstances either an individual builder had to finance the construction from own pocket or HSB had to proof the individual's credit worthiness for loan. HSB, for example, during 1978-85 provided 82% of the loan for individuals whose monthly income is more than 500ETB. Under this conditions only few portion of the population were able to finance self-built houses (Tilahun, 1996 ;UN-HABITAT, 2007).

The qabales couldn't be able to collect rent efficiently and failed to maintain the housing stock or built new. Housing maintenance was mainly constrained by lack of resources. As a result the physical condition of public rental house, commonly called *Qabale* houses, is deteriorated. Most of these houses need proper maintenance while considerable number of units will be no more the part of housing stock. The state was unable to meet the existed housing demand



significantly. For instance the number of housing constructed only meet 7% of the total housing need. Only AARH constructed substantial amount of housing stock. Yet the earning of rental income by individuals was banned. However people were subletting their dwellings (Ibid).

In early 1980, the housing problem reached at critical stage. The problem also existed in provision of serviced urban land. The 1986 housing policy formulated as official response to address the problem. The focus of the policy was standardization of spaces and material economy. The main actors in the construction of units were self-help cooperatives and individuals. Housing cooperatives were encouraged and Housing and Saving Bank provided subsidized loans for cooperatives. On the contrary, individual house builders were expected to pay interest five times more than cooperatives. The public sector remained the main regulator of housing market. Individuals can sell their houses but only for the government. Later on additional reforms were introduced. Subletting, which persisted despite banned by proclamation No 47/1975, was permitted officially to alleviate the housing problem (Tarekegn, 2002; Wubshet ,2002). Still the policy was unable to meet the needs of low-income households. Those who want to organize and form cooperative had to be credit worthy. Thus, the policy benefited high and middle income households only (ibid).

3.5 Housing, Urban Development and related Policies & Strategies in post 1991

3.5.1 Overview of Development Strategies and Economic Policies

From 1991 afterwards, several policy reforms and structural adjustments are introduced by new coming EPRDF⁷ led government. The reforms were aimed to shift the economy from previously implemented centrally planned economy to market economy. The focus of the reforms and adjustments programs was on liberalization of prices and markets, and institutional and legal support to encourage private sector investment (MOFED, 2002).

Putting poverty reduction as core objective, the post 1991 government formulated the countries development strategy based on four key pillars which are the basis to fight poverty and ensure sustainable development. The four key pillars are Agricultural Development Led Industrialization (ADLI), justice system and civil service reform, decentralization and empowerment, and capacity building of public and private sectors. Different plans and poverty reduction strategies also

⁷ Ethiopian People's Revolutionary Democratic Front (EPRDF) overthrew the military regime through armed struggle in 1991.



commenced after 2000s. Urban development and construction are linked to these poverty reduction strategies and plans (MoWUD, 2006; MOFED, 2002).

Until the public sector intervention through large scale public housing programs, investments for housing only account only 0.5 percent of the total GDP (Yonas, 2003). During the late 80s, investment for housing accounted only for 2% of the GNP. But recently housing shares substantial public sector resources. The Integrated Housing Development Program (IHDP) takes the largest share of the total budget for 1998-2002 E.C that is 15.8 billion ETB for four years period (Tarekegn, 2002; MoWUD, 2010).

3.5.2 The Current Urban Development Policy and Micro and Small enterprise Development

After structural and political reform of 1991, the first comprehensive urban development policy formulated and endorsed in 2005. The urban development policy set the main goals and visions. These are provision of effective public services, facilitate urban-rural linkage and participatory democracy and build rapid economic opportunities which can create jobs. The key areas of intervention identified by the policy to implement these goals are housing development, expansion of Micro and Small Enterprises (MSEs), land and infrastructure provisions, delivery of social services as well as good governance, urban planning and environment (MoWUD, 2008).

The urban development policy viewed Micro and Small Enterprises (MSE) as key instruments to alleviate urban poverty and unemployment. The policy outlined specific actions which the government has to involve to support and promote MSE development. These supports include creating market linkage, providing technical training and workspaces and giving financial assistances (MoFA, 2005).

MSEs favored by the government for their vast socio-economic importance. MSEs require small initial capital to establish and they use small local technologies. Usually MSEs create small entrepreneurs and new low-tech products. Their role in import substitution is very significant. Even more MSEs create jobs for unskilled and unemployed group of the society. This is very essential to combat poverty and other social problems such as Crime and homelessness⁸.

⁸ The sources of this section the Amharic flyer prepared By FeMSEDA; see also <http://www.ethiopia.gov.et/english/moti/information/pages/FederalMicroandSmallEnterpriseDevelopmentAgency.aspx>



The Federal Micro and Small Enterprises Development Agency (FeMSEDA), established in 1990 E.C, is responsible for supporting enterprises. Historically the formation of the agency dated back to the imperial period. It was established in 1934 E.C and named *Etege Menen* crafts school. Later on in 1969 E.C during the socialist regime it was named Small Industries and crafts development Agency.

Box 3. Definition of Micro and Small Scale Enterprises

FeMSEDA defined Micro Enterprises and Small Enterprises based on total asset, employed workers and type of activity Enterprises engaged. Accordingly Micro Enterprises are defined as

- Enterprises involved in Manufacturing, Construction or Mining by employing up to five people (including owner and family members) and have total asset not more than 100,000 ETB. But not including high-tech consultancy firms and other high-tech industries.
- This includes also enterprise involved in service provision, Retailing, Transport, Hotel business which employ up to 5 work forces (including owner and family members) ,and their total asset is not exceeded 50,000 ETB.

Whereas Small Enterprises defined as

- Enterprises engaged in industry which 6 to 30 people, including owner and family members, employed as works force and their total asset is between 100,001 ETB and 1.5 million ETB. In addition the definition includes Enterprise involved in service provision owning total asset between 50,001 and 500,000 ETB while the total workforce is 6 to 30 people including owner and family members.

The FeMSEDA reported that during for years in 1998-2002 E.C MSEs created 1.5 million jobs and women accounts half of the total. The construction sector shares the biggest number. The loan provided for MSEs in these four years exceed 4 billion ETB. More than 8000 shades (makeshift working spaces) and 388 buildings are constructed for MSEs in these years.

Based on these successes, FeMSEDA planned to create 3 million jobs through MSEs during 2003-2007 E.C. The Agency also planned to organize 2.4 million individuals to establish MSEs. Further the agency planned to prepare land for working places and buildings.



MSE development strategy of FeMSEDA outlined cluster development as one of the vital support and development strategies. Clusters, collective working places for MSEs which produce similar goods and services, offer several advantages such as competitiveness, cost reduction since labor and inputs can be pooled by MSEs, enables flow of information and knowledge easily. Other workable marketing strategies provided by FeMSEDA are sub-contract, outsourcing, franchising and out-grower.

3.5.3 The Integrated Housing Development Program (IHDP)

The IHDP, also commonly known as condominium housing program, is public housing program which is the continuation of Grand Addis Ababa Housing Program launched country wide. IHDP is designed as key implementation instrument for the countries urban development policy and poverty reduction plan called PASDEP (Plan for Accelerated and Sustained Development to End Poverty) (MoWUD, 2010).

The major reason behind public sector intervention in housing is the market failure and the limitations of private sector to deliver affordable housing for low and middle income households. Also efforts to achieve Millennium Development Goal (MDGs) are also vital reasons behind public sector intervention. Addis Ababa experience is foundational for the program design and to scale up the success and launch the housing program in national level (MoWUD, 2008 & UN-Habitat 2010).

Public sector involvement in housing delivery is not the only strategy mentioned in the program. But also supporting the private sector, cooperatives and real estate developers is another strategy which the program embarked to achieve its goals. According to the goals of the program the public sector is expected to construct 100,000 units per year. To meet the housing demand and to achieve MDGs in 2015, the government planned to construct half of the demand, i.e 100,000 units per year. While 225,000 housing units will be constructed by private sector, real estate developers and cooperative with the support of public sector(MoWUD, 2008).

Along with its main intent, which is delivery of decent housing for low and middle income citizens, the program designed to alleviate the existing unemployment and widespread urban poverty. The program also envisages boosting the urban economy using the construction sector as a tool for economic growth. It targeted to use housing development as instrument for job creation, Micro and small scale enterprises development and to encouraging saving behavior of citizens. Beside the above reduction of slum and indirect privatization of public housing are the major objectives of IHDP (Yewoineshet , 2007).



The program also targeted to improve the capacity of construction sector and facilitate the development of mixed use settlement which ensures affordability and social mixity. Further, the promotion and improvement of location building materials and their use, use of alternative low cost and construction materials and technologies were additional intensions of the program(MoWUD, 2008).

The specific goals of the program for four year period (2006-2010) were

- *To construct 400,000 housing units that is 100,000 units per year.*
- *To create 200,000 Jobs nationwide which will half the national unemployment rate in 2010*
- *To promote the development of 10,000 small enterprises on a sustainable basis in the - construction industry.*
- *Deliver 6000 hectares of serviced land per annum for housing & other investments;*
- *Enhance and building the capacity of contractors, consultants, engineers and construction workers as well as suppliers of construction materials:*
- *Support private sector to produce 225,000 housing units through provision of land and infrastructure and conducive legal and policy framework (MoWUD, 2010).*

Table 2. Specific tasks of MSEs planned for 2006-2010 (source: Ministry of Urban development and construction _ Available at: <http://www.mwud.gov.et/institutions/LHCB.aspx>)

	Block and masonry work	Electrical installation	Sanitary installation	Finishing works	Site works	Precast beam production	Metal works	Wood works	Hollow Block production	Structural works	Gravel production	Total number of Enterprises
Other regions	553	272	272	272	272	553	553	272	1,097	553	825	5,495
Addis Ababa	442	218	218	218	218	442	442	218	878	442	660	4,396
Total	995	490	490	490	490	995	995	490	1,975	995	1,485	9,890



Target Groups and Beneficiaries

The primary beneficiaries of IHDP are low and middle income urban dwellers. From total constructed units 20-30% is reserved for women. This measure aimed to empower women economically and to ensure equitable distribution of wealth. In addition, Women are anticipated to benefit from jobs and small businesses created. The program also embarked to create jobs for unemployed, to strength private sector and the capacity of the professionals involving in construction sector (MoWUD, 2008). IHDP is aiming to link Technical and Vocational Education and Training (TVET) and MSE development to maximize the competitiveness of TVET programs (MoWUD, 2006).

Key Stakeholders and Participants, Institutional Framework and Legal Aspects

The Integrated Housing Development Program (IHDP) involved different stakeholders. Proper institutional and regulatory framework is provided to commence the program. Also related proclamations and regulations ratified and put in to practice.

At top level, Ministry of Urban Development and Construction is the responsible body concerning IHDP. Under the ministry the housing development bureau facilitates the program finance, capacity building, implementation mechanism and research and design. The Bureau of Works and Urban Development in five regional states is responsible for implementation and coordination of the housing program. The other two key players in the program were German Technical Corporation (GTZ) and MH Engineering: a local private Architecture and Engineering firm. GTZ along with Addis Ababa University and MH engineering introduced new low-cost construction techniques novel to Ethiopia. Currently private Architectural Firms are involving in the supervision of different sites.

Proclamation Related to IHDP

Few proclamation and legislations describe the role of key actors in IHDP and the rights of beneficiaries regarding the transfer and renting of units. Proclamation No. 370/2003 stated the duties and responsibilities of condominium owners association:

The unit owners association shall have the following objectives:

- 1) Manage the condominium on behalf of unit owners;*
- 2) ensure the peace and security of residents in the Condominium;*
- 3) Ensure that unit owners, occupiers of units, lessees of the common elements comply with this Proclamation, declaration, description, by-laws and rules;*



4) *Perform other necessary activities in the interest of unit owners' mutual benefit.*

The proclamation also state about leasing condominium units and the responsibilities of beneficiaries. These are

1).*The owner of a unit who leases or renews lease of a unit shall notify to the unit owners association the contract thereto, and shall provide a copy of the contract of lease or renewal.*

2).*The owner of a unit shall notify the unit owners association the termination of the contract of lease and provided the relevant documents that evidence the termination.*

3).*The owner of a unit who leases a unit shall provide the lessee with a copy of the declaration and description, by-laws and rules of the condominium.*

Proclamation No. 15/2004 article 6 outlines duties and responsibilities of the Addis Ababa Housing Development Project Office (AAHDPO).The office is responsible for land acquisition for housing and infrastructural provision in collaboration with concerned bodies. The entire process from planning, construction process to delivering finished houses is the responsibilities of AAHDPO. And enhancing MSEs is another crucial responsibility.

Box 4. Definition of Condominium

The term condominium describes the tenure of a building. A condominium is a multiunit apartment collectively owned by more than five individuals in which units are owned separately whereas common elements are shared. The common shared area and facilities can be corridors, elevators and passages. The land which the building constructed is collectively owned. The purpose of a condominium can vary. It can be residential, commercial or both. It also can be either row house or high-rise building.

Individual owners have some obligation regarding communal facilities and areas. Alteration of communal areas and units is usually subjected to restriction. Residents collectively decide about the maintenance of communal facilities and areas. The maintenance and transfer of a housing unit is the sole responsibility of the owner.

Sources: Proclamation No. 370/2003:UN-HABITAT. 2010



Design and Construction of housing units

Till to date, majority of the constructed multi-unit apartments, commonly called condominiums, are contained in low rise blocks mostly five storied. Densifications and vertical growth are the main considerations in the design of condominiums. The communal buildings are other features of condominiums sites. These are segregated G+1 building designed to accommodate common traditional domestic activities such as slaughtering and cooking. All condominiums have studio units, one bedroom, two bedroom and three bedroom units. Studios are bachelor type units highly subsidized to house low-income beneficiaries. Along with the aforementioned typologies commercial units are included in the ground floor but usually included in desirable locations. Commercial units are sold by auction with 100% of their cost to subsidies one bed room and studios (Yewoineshet, 2007; UN-HABITAT, 2010).

Financing Mechanism

IHDP is entirely financed by public resources. The current sources of finance of IHDP in Addis Ababa are bonds from Commercial Bank of Ethiopia (CBE) and the city administration's budget. For the plan year 1998-2002 E.C the government allocated 15.8 Billion ETB for housing and related infrastructures. Addis Ababa shares 7.5 billion ETB of the overall allocated budget. In existing system the beneficiaries expected to pay in the hire purchase basis (MoWUD, 2010; UN-HABITAT, 2010).

Table 3. *Financing mechanism of IHDP's housing units (Source: AAHDPO).*

Unit type	Down-payment	Interest rate	Grace period	Repayment period
Studio	10%	0%	6 months	20 years
1-Bed	10%	2%	3 months	10 years
2-Bed	30%	7.5%	--	15 years
3-Bed	30%	7.5%	--	10 years
Commercial		100%		

Beneficiaries are expected to pay 10% as a downpayment for studio and one bedroom. The down payment of two bedroom and three bed room units is 30% without a grace period while one bedroom and studios have grace period of 3month and 6 month respectively. Studio and One bedroom typologies are designed for low-income households. These units are subsidized by 30% and 10% respectively. Whilst extra price is added on two bedroom and three bed room



units to cross subsidize the studio and one bedroom units (Yewoineshet, 2007; UN-HABITAT, 2010).

Table 4. Subsidy percentage of condominium units (Source: AAHDPO).

Unit	Subsidy percentage
Studio	-30%
1 bed room	-10%
2 bed room	+5%
3 bed room	+10%

Challenges and Prospects

IHDP has considerable impact on building the capacity of the construction sector and also in alleviating unemployment (MoWUD, 2010). The program successfully created large number of Micro and small-scale enterprises (Jemila, 2010; World Bank, 2009). The official reports indicate that the program created about 175,000 jobs during four year period from 2006-2010. This is substantial compared to the original plan which is 200,000. But in terms of constructing the planned housing units, only 151,000 units are produced which is less than half of the plan. Several reasons are mentioned for this result. The primary reason mentioned is the capacity and the efficiency of both housing development and the private contractors (MoWUD, 2010).

However the program was challenged by different socio-economic issues. Mathewos et al (2012) pointed out that renewal programs under IHDP paid no attention for small businesses. The potential of small business in creating employment didn't get attention in the program. New housing developments provided space for commercial activities but these spaces are not affordable for small business owners. The program also criticized for only focusing on the physical improvement of the housing condition rather than on the socio-economic condition of the beneficiaries (Nebyou, 2007).

One of the unexpected results is that the beneficiaries opt to rent and moved to cheap rental accommodations to repay the monthly mortgage. Unconfirmed official figures estimated that up to 70% of the total beneficiaries rented their units .But IHDP helped the beneficiaries to improve their economic condition even though this is not the intent of the program (UN-HABITAT, 2010).



3.6. Addis Ababa: Some Descriptions of its Context

Addis Ababa, the capital city of Ethiopia, is established as a garrison town by Emperor Menelik II in 1886. The early development and establishment of Addis Ababa is highly influenced by the political and military reasons. The existing neighborhoods in the central part of the city evolved from several nodes which were occupied by the feudal landlords (Bahru, 1987).

Addis Ababa accommodates around 25% of the urban population of the country. Compared to Dire-Dawa, the second largest city in the country, Addis Ababa's population is 10 times larger with 3.4 million inhabitants. Every year about 120,000 new residents migrated to the city. The city is also the political and commercial center of the nation (Yewoineshet , 2007).

The primacy of Addis Ababa is not only by population, it dominates the rest of cities by economy, social and political activities. The city shares around 60% of the national economy. Eventually Addis Ababa took 90 years to reach a population of 1 million but only 30 years to 3 million (Ashenafi, 2001; Yewoineshet, 2007). Currently the population of the city is estimated to be 4 million increasing at a rate of nearly 8% per annum (in 2005). Migration accounts for a significant portion of the city's growth. In 1999, 46.9% of the population was migrants. The main reason for high migration to the city is economic (Yewoineshet ,2007).

Table 5. Total Population of Addis Ababa, sex ratio and Average household size in different periods (source Ashenifai,2001: CSA 2007).

Year census conducted	Population			Sex ratio	Average household size
	Male	Female	Total		
1961	230 180	218 332	448 512	105.3	3.5
1967	337 350	346 180	683 530	97.5	3.9
1978	553 681	613 620	1 167 301	90.2	4.4
1984	685 184	737 927	1 423 111	92.9	5.2
1994	1 023 452	1 089 285	2 112 737	94	5.1
2007	1,304,518	1,433,730	2,738,248	90.9	4.1

**Economic Profile and Informal Sector in Addis Ababa**

Addis Ababa is facing different socio-economic problems. Unemployment rate is 34percent (UN-HABITAT, 2008). According to World Bank's (2005), 80 percent of the total population gets less than 1,000ETB per month. The same report indicates that 30 percent of the population earns less than 400 ETB per month (Bisrat, 2008). The dependency ratio is critical challenge which for every 10 employed persons there are three dependent individuals (UN-HABITAT, 2008).

Similar to cities of most developing countries, failure of institutions and market exclusion caused informality. Informal sector provides 69% of the total employment in Addis Ababa. Women account the largest portion (81%) of domestic employment. Retail and restaurant and related services account 90% of total informal sector(CSA, 2004; Fransen & Van Dijk, 2008).

Fransen & Van Dijk's study (2008) pointed out that all households in the city take part in informal economic activities either as employees or consumers. The study also mentioned that informality cannot reflect poor quality or low price compared to formal sector. In some areas the informal sector provides better service than formal sector.

Table 6. Informal sector in Addis Ababa and in Country wide some figures.(source: Fransen & van Dijk, 2008)

	Addis Ababa	Urban	National
At informal enterprises	26.0%	42.1%	1.1%
Domestic employee	30.2% (241,582)	7.1	1.2%
Other employed	2,4% (19,540)	0.7	0.2%
Unpaid family work	0.4%	15	Less than 10.0%
Total	69.0% of Total	64.9	Less than 12.5%

CSA (2004) reported that 99% of informal businesses in Addis are individually owned. Partnerships and collaborations are not common in informal Sector.

Home-based enterprises and renting are important sources of income for many low-income households in Addis Ababa (Tegegne, 2011).Nearly 70% of his sample who operates home-based enterprises responded that home-based economic activities are vital for their livelihood. The study illustrates housing was not only a place for living but also a means for income generation. Yonas's (2003) study on *Qabale* houses in three areas, which two of them are located in inner-city, indicates the significance of home-based enterprises and subletting. In studied two cases 38.0 percent of respondents engaged in home-based economic activities and



most of them have permanent job. The demand to accommodate these economic activities is described as a reason for transformation of *Qabale* houses.

Density and Spatial Standards Related to Housing

The structural plan⁹ of Addis Ababa sets the minimum space standards for low and middle income housing. According to the standard the possible minimum area of for low-income housing unit is 20m² whereas for the middle income housing it sets 30m². In both cases, allowable smallest area for kitchen and toilet is 3m² and 4m² respectively (ORAAMP, 2002).

The housing component of the structural plan indicated the proposed intervention mechanisms. For inner-city area it recommends walkup apartments to maintain the proposed density that is 190-380 households per hectare. And also it recommends for preparation of appropriate privatization mechanism for *Qabale* house which account 70% of the total housing unit in the inner city. This area is also marked for urban renewal .For the expansion areas (periphery areas) the structural plan sets the density of 54to120 households per hectare. For these parts of the city it proposes incremental cluster and row housing and flats in walk-up apartments (ibid).

Condominium Housing in Addis Ababa

The experiences in Grand Addis Ababa Housing (GAAHP) Program helped to establish guidelines for IHDP. The priorities of Grand Addis Ababa Housing Program was to improve the standard of living of low & middleincome citizens by providing decent and affordable housing, creating employment through extensive housing construction are considered in the projects. And the programme commenced construction of 32,000 housing units during its second and the third year project periodin 2003/04 and 2004/05. Meanwhile it was possible to create 40,000 job opportunities and to organize and establish a total of 1566 small enterprises that is 474 in construction &1052 in production. out of which a total of 954 enterprises already participating in the program (399 construction & 555 production).¹⁰

The Addis Ababa City Administration is responsible body for IHDP in the city and for the specific task of housing the city administration established Housing Development Project Office. Design, land acquisition, material supply, construction and delivery and administration is the main task of the office with its branches. While the city administration finance the project and prepare land and other infrastructures for the program.

⁹ The structural plan is under revision.

¹⁰ See www.UN-habitat.org/bestpractice

**Table 7.** Number of condominiums and communal blocks in Addis Ababa until 2006 (source: Emaculate & Elias et al 2010 citing seyoum, 2006)

	Sub-city	sites	Studio	one Bed Room	Two Bed Room	Three Bed Room	Commercial	No of apartment blocks	No of housing units	No of Communal Blocks
1	Arada	19	535	744	858	116	42	67	2253	24
2	Addis Katema	9	435	435	504	65	111	40	1550	18
3	Lideta	9	473	598	538	42	25	51	1676	18
4	Kirkos	14	367	590	994	183	131	61	1965	26
5	Yeka	12	162	500	1786	387	237	97	3050	37
6	Gulele	7	339	415	638	10	62	58	1464	18
7	Kolfe	10	1343	1353	4298	830	790	231	8619	86
8	Nifassilk	10	564	1372	2280	548	489	158	5286	39
9	Bole	9	544	690	2264	258	478	115	4234	44
10	Akaki	5	234	284	625	135	24	39	1302	15
	Total	103	4996	6981	14785	2574	2389	917	31399	325

Condominiums are built either in inner-city as infill development or in vacant land in the expansion area in the outskirts of the city. Addis Ababa Housing Development Project Office (AAHDPO) sets a minimum area of 1000m² for condominium construction (Bisrat, 2008).



CHAPTER FOUR

Case Study

As presented in the first chapter, this section has two Parts. The first part presents discussions and implicitly analyzes job creation in IHDP. The second part presents four cases to illustrate income generating activities in condominiums. Two cases are selected from the inner-city while other two from the periphery area. The analysis of the second part is study is explicitly presented in the next chapter.

4.1 Job Creation and Micro and Small-scale Enterprises

In this section the job creation efforts in IHDP are evaluated and examined. This is intended to answer the second research question which quest qualitative examination of employment generation in IHDP through MSEs. Desk review and case study is adopted as strategy for conclusion. The representative case was systematically selected to triangulate and get more valid results.

4.1.1 Description of Lideta Redevelopment Project

The Lideta Redevelopment Project is the first large scale government led redevelopment project in the inner-city part of Addis Ababa. The project area is located in Lideta Sub-city *Woreda*07/14 in one of old neighborhoods of Addis Ababa. Previously the area was inhabited by 5370 people. Like most inner-city parts of the city, it was dominated by poorly serviced *Qabale* houses which account 75% of the total housing stock¹¹. The unemployment rate of the area can illustrates the seriousness of the situation in the inner city. Unemployed household heads are 38 percent and similarly large portion of households in the area were low-income earning less than 1500 ETB per month.¹² Now the construction of housing units is completed and handover for beneficiaries.

Local Development Plan

The project covers 26 hectare of land. The proposed local development plan included different land uses. From the total of 26 hectare of prepared for construction 9.06 hec is allocated for

¹¹ *Sengatera Ferdbet Local Development Plan, Prepared By Urban planning and Information Institute, Addis Ababa City Administration, 2009*

¹² See <http://lidetakeb07-14.gov.et/>



housing and also 5.09 hec of land is allocated to be leased out for developers for mixed uses. The objective of this approach aimed to collect revenue from developers and to promote mixed settlements.¹³

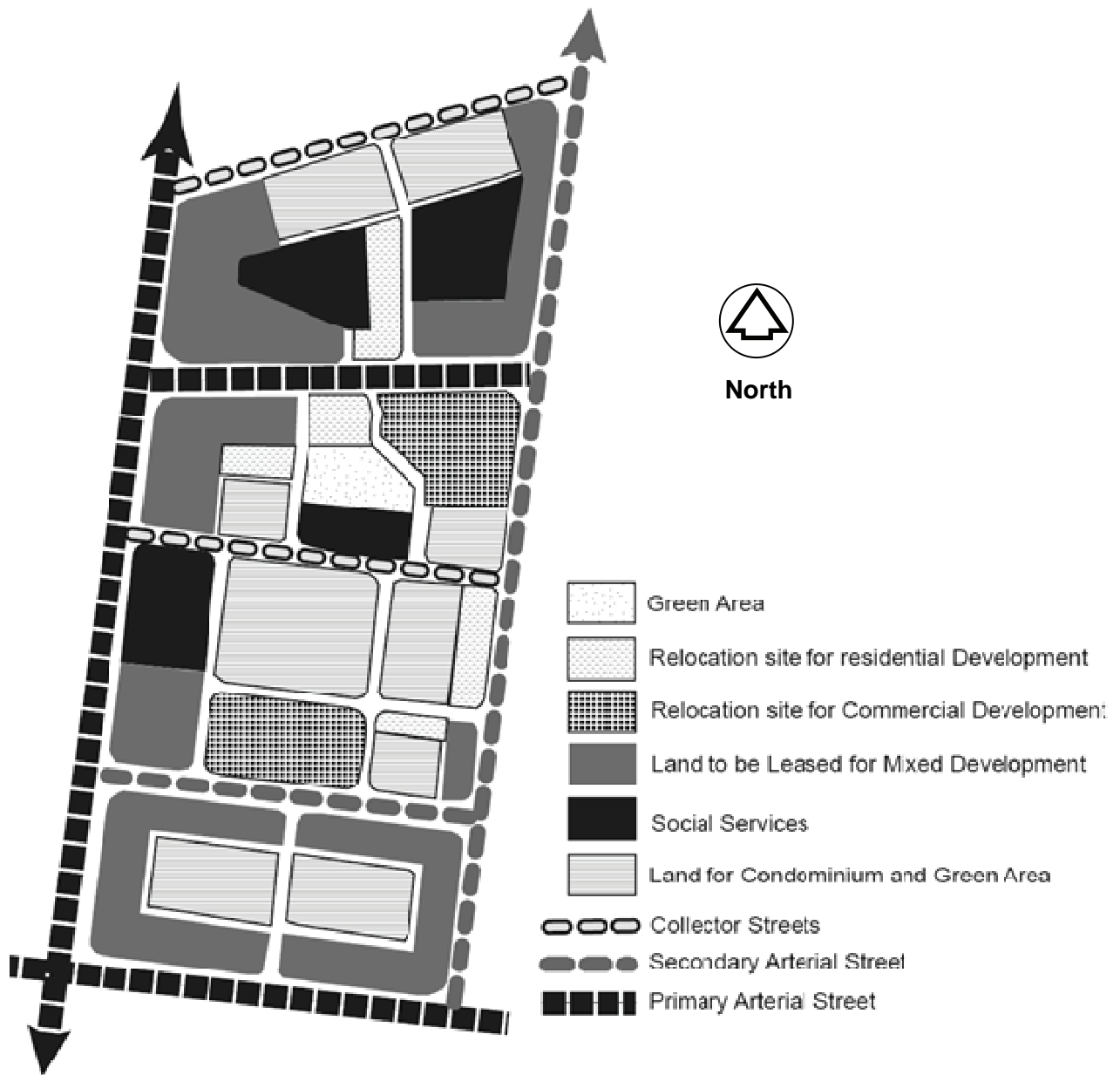


Figure 4. Local Development Plan of Lideta.¹⁴

¹³See <http://www.addisfortune.com/Vol%2010%20No%20473%20Archive/City%20to%20Develop%20Lideta%20Neighbourhood%20with%20236m%20Br%20Investment.htm>

¹⁴Source: Sengatera Ferdbet Local Development Plan, Prepared By Urban planning and Information Institute, Addis Ababa City Administration, 2009



Project Finance

The project is entirely financed by public resources. The total cost of the project is 230 million ETB and the project is anticipated to be subsidized by the revenue generated from lease out lands for developers. The city administration planned to raise 800 million ETB by leasing 85,000Sqm of land. That is about 25% of the project area.

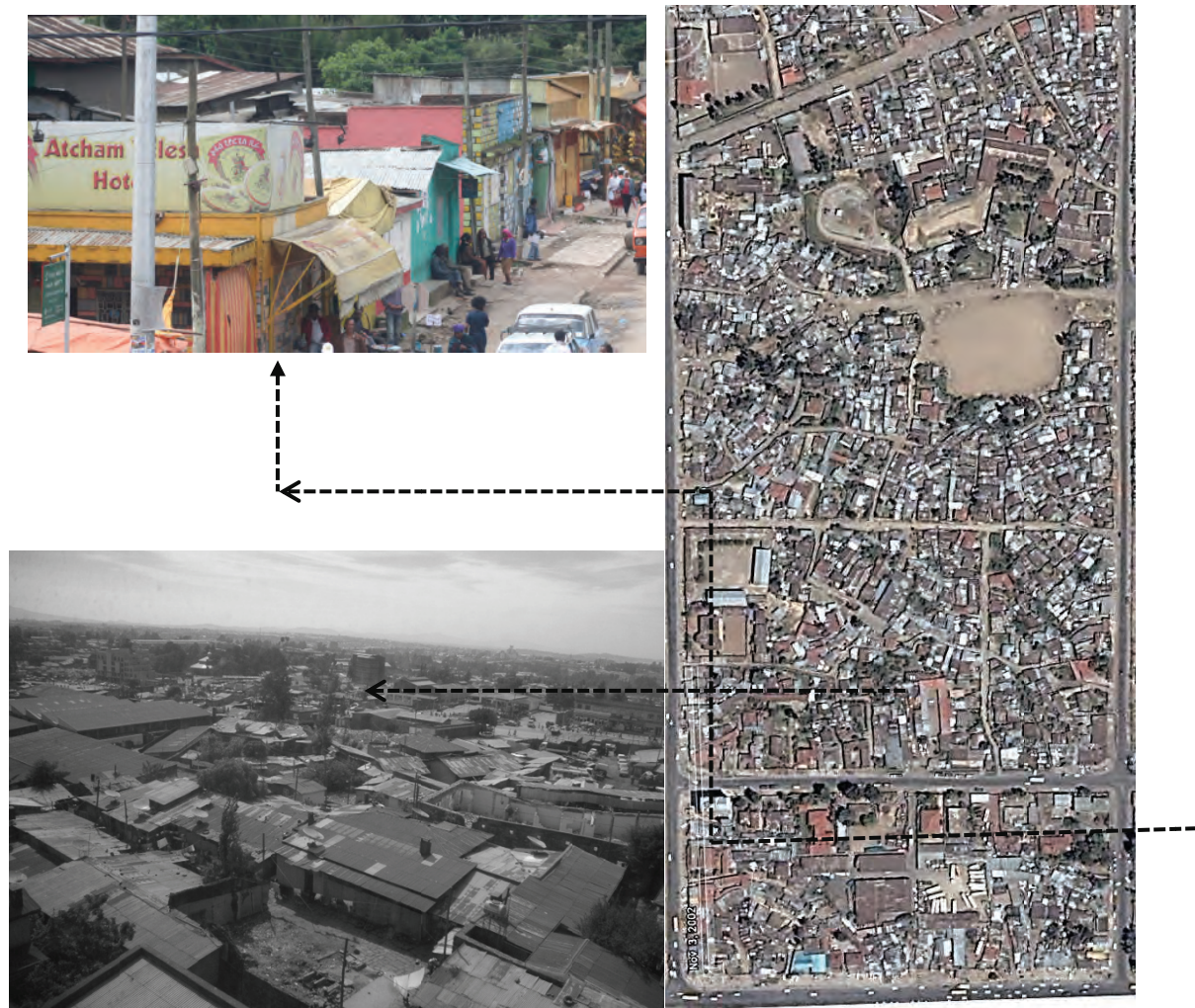


Figure 5. The situation of the area before Redevelopment initiative. (source: Google Earth; Image Addisfortune.com)

Construction process of Lideta Redevelopment Project

Different bodies of the Addis Ababa city administration participated in the project. The base line survey was conducted by *Woreda 14* official. The local development plan is prepared by the city administrations urban planning institute. Land acquisition, relocation and consultation with residents were the responsibility of Lideta sub city. Addis Ababa Housing Development Project Office (AAHDPO) was responsible for the construction and delivery of housing units. AAHDPO



formed different departments to control and manage IHDP projects. MSE development capacity building department is responsible for MSE participated in IHDP.

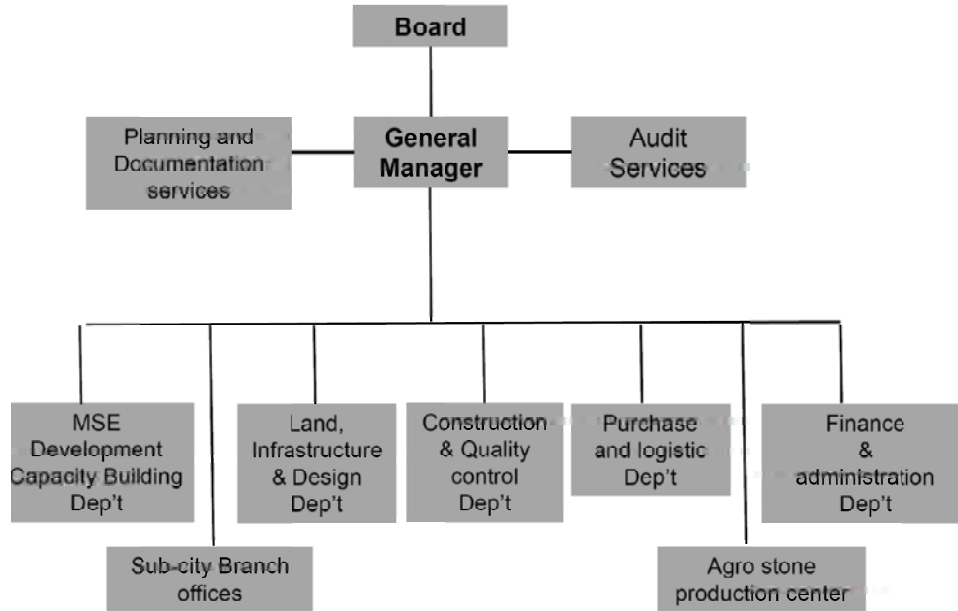


Figure 6. Organization Structure of AAHDPO (Source: AAHDPO)

The construction process is similar to other public housing projects in Addis Ababa. Addis Ababa Housing Development Project Office already prepared the typologies of condominiums. And select eligible contractors for the construction based on their previous performances and reputations. But all materials are supplied by AAHDPO. MSEs willing to participate in the program are shortlisted selected. Private architectural firms are selected for supervision and contract administration through bid. PACE consulting was responsible for site supervision and contract administration of the project.



Figure 7. Redevelopment process in Lideta.

In the beginning phase of the project local residents participated in site clearing. The nature of the redevelopment required large numbers of workforce to demolish deteriorated housing stock.



Table 8. Number of MSEs involved in sub-contractual works in the project and their specific task.

Type of work	No. of MSEs
Sanitary Installation	17
Metal works(windows and Doors)	32
Electrical installation	20
Agro-stone partition board installation	17
Total	86

MSEs are also participated in the production of building materials and components. The enterprises produce precast beam and hollow concrete blocks. Metal handrails and trusses are constructed by MSE. Trusses and rails are prepared based on site dimension and assembled on site too. PVC windows are produced in china but installed by MSE which engaged in the Metal works. In addition these enterprises produce small windows for toilets from RHS(Rectangular Hollow Section) metal.

Table 9. Number of small scale enterprises participated in building material production.

Product	No. of MSEs
Hollow concrete block	22
Precast beam	6
Precast beam and Hollow block	17
Total	45

4.1.2 Design, Construction and Low-cost Technologies Introduced in the project

Like most construction projects in Addis Ababa, the chief construction material used for IHDP projects is reinforced concrete. All housing blocks, i.e condominiums, built in the first and second round of the program are constructed in concrete. But the new design typologies built recently introduced Agro-stone. Internal partition walls in each housing units were Hollow Concrete Blocks (HCB) walls. But as observed in Lideta Redevelopment Project site, the new typologies designed by private Architectural Firms PACE, TELDA and MGM have Agro-stone internal partition walls.



The typologies introduced not only new material but also changes in number of stories and spatial organization. Previously designed typologies were low-rise and usually five storied apartments. In Lideta Redevelopment Project new typology which has eight stories is constructed and two blocks with 13 floors are under construction. Another change is the integration of stairs. The previous housing typologies have external stair-cases as free standing element with metal structural frame and balustrades with concrete-pad treads to minimize cost. But now stairs are included as a part of the main structure in the new typologies.

Low-cost techniques introduced in IHDP are standardization and prefabrication. Ribbed slabs construction system is developed by MH engineering and GTZ. The system is new in the country and introduced to construction industry in Gerji Pilot Project. Ribbed slabs are constructed on site from precast beams and hollow concrete blocks.

Box 5. Agro-stone Technology and Products

Agrostone is processed from organic agricultural byproducts to produce prefabricated building materials. Beside the main raw materials, Agricultural byproducts which account 70-75% as filler, the other raw materials are pumice and red ash as binder and bond accelerator. While fiber glass used as reinforcement material. In the production process binder chemicals magnesium oxide and magnesium dioxide used and these materials can be obtained from dolomite.

Agro-stone has adequate properties to be used for construction. Agro-stone is fire and radiation resistant material. It has no any health impact and additionally the material can carry weight which is more than 7 times of its weight without fracture.

Agro-stone products have significant uses in terms reducing construction cost and time. Also the material has environmental significance since it uses byproducts. Moreover agro-stone is used as substitute material for hollow concrete block walls: the conventional construction techniques. Now in Lideta housing project agro stone boards are used to segregate the internal rooms in all housing units. The partition boards are produced by state owned Addis Ababa Agro-stone factory. These boards are produced with standard height of 250 cm and with 60cm width. Having sound proof property, these prefabricated agro-stone boards have 10 cm thickness.

(Source: Yidnekachew, 2010).

The construction process IHDP is different from other large scale projects. The following table compares large projects and IHDP projects



Table 10. Comparison of IHDP projects and large scale private projects:(based on World Bank, 2009)

	Large projects	IHDP projects
Design	<p>Consultants are responsible for</p> <ul style="list-style-type: none"> • Design preparation • contract administration • bill of quantities • quality control and site super vision 	<ul style="list-style-type: none"> • Typical units are designed through competition and cheaper than in the conventional • Program engineers check quality
Procurement	<ul style="list-style-type: none"> • Tender document based on the bill of quantities • Bids for the tender are collected from consultants and a winner is selected to sign a contract with the client, making him responsible for the construction of the building. 	<ul style="list-style-type: none"> • Procurement is largely taken care of by the sub-city project offices based on participating firms. • Fixed price system & Profit margins lower than in the private sector. But price escalation are now compensated
Material supply and purchasing	<p>Purchase of material inputs is typically the responsibility of the contractor.</p>	<p>Sub-city project office organizes the supply and distribution' of almost all outputs (from production MSEs in the program) and purchases inputs -such as cement, reinforcement bars and iron. (Key) inputs can usually be obtained on credit.</p>
Construction	<p>The contractor may either conduct each activity himself or subcontract some or all activities to third parties.</p>	<ul style="list-style-type: none"> • Super-structure: by contractors with license grade 5 and lower, • Program MSEs construct the substructure and do the finishing where possible; otherwise, done by non-program small contractors • Supervisory activities are • conducted by private firms and inspection by program engineers

4.1.3 Preconditions to participate in IHDP through MSEs

Participating in the program requires skill trainings and passing tests. Anyone who graduated from Technical and Vocational Training can sit for test and join the program by forming small enterprises with other eligible candidates.



4.1.4 Employment creation in IHDP projects

The evaluation conducted by World Bank in 2006 assessed the employment creation potential of IHDP. The study compares firms involved in IHDP and firms outside IHDP projects. These firms are mainly MSEs which are supported by the program. Accordingly, MSEs participated in the program have similar number of workforce as other MSEs. However, at specific point participant they employed more workforce than their counterparts outside the program. The assessment doesn't included jobs created by large-scale firms working as contractors on concrete works. Based on the evidence from Lideta redevelopment project comparisons are made between large contractors and MSEs.

In Lideta redevelopment project 86 MSEs are participated as subcontractors while 30 private constructors are engaged in construction of structural works. MSEs are specifically involved in electrical installation, Metal works, and installation of agro-stone partition wall and sanitary installation. Each MSE is specialized in one of the fore mentioned four sub-contractual works. Members of MSEs are trained in their respective work. The contractors coordinate each MSE working in their respective site. It is the duty of the contractors to supervise MSE working in the same building.

Table 11. Workforce involved in Lideta redevelopment project in February/ March 2012. Source field Survey and AAHDPO Lideta Sub-City office.

Specific Work of MSEs	Employment		
	Casual	Permanent	Total
Sanitary Installation	12	68	80
Electrical Installation	0	110	110
Agro-stone Board Installation	3	130	133
Precast Beam Production	120	296	416
HCB Production	54	272	326
Metal & Wood Works	30	321	351
Laborers	0	160	160
Employed by contractors	632	3126	3758
Total	851	4483	5334

Generally MSEs engaged in the material production created more jobs than other MSEs involved as subcontractors. The nature of these works doesn't require more labor. For example, sanitary installation and Electrical works require more skilled labor than unskilled.



MSEs involved in the Project employed 26% of casual workers, whereas the remaining 74% of casual jobs are created through large contractors. MSEs involved in Precast Beam and Hollow Concrete Block (HCB) production contributed the largest number. Also during construction process assembling precast beams and HCB for ribbed slabs was mentioned as labor intensive compared to solid slab. According to key informants, this specific technology of condominiums helped to create more jobs for unskilled workforce.

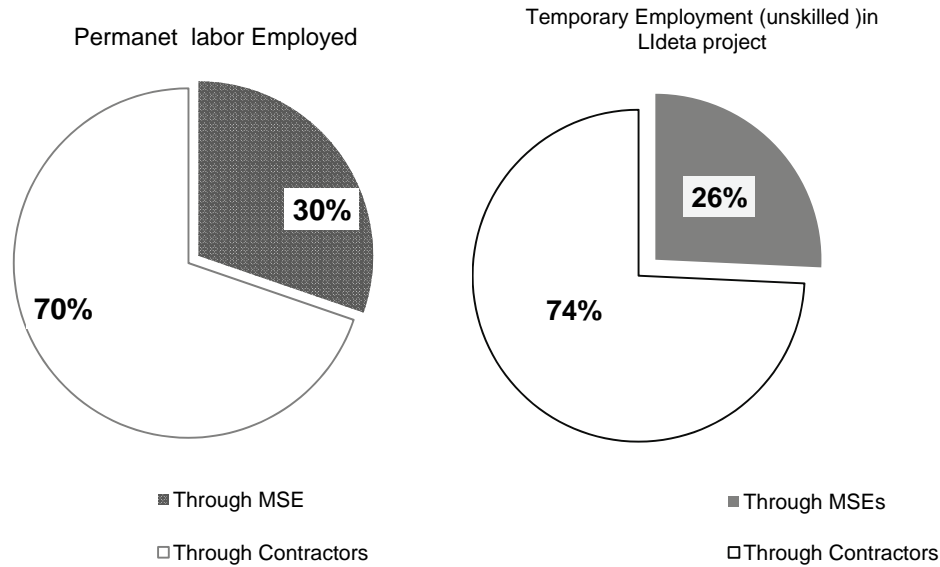


Figure 8. Chart showing labor employed in the construction of condominium in Lideta renewal project.

Contractors employed 70% of permanent workforce and MSE employed the rest 30%. Yet MSEs engaged in material production contribute the biggest share. Those involve in metal works have also substantial share of both permanent and casual workforce. This figure however is very fluctuating because most contractors outsource small works for subcontractors. Masonry works, carpentry works and installing downpipes are the most frequent works which are outsourced to small contractors. This hidden job creation effect increased the labor absorption of the project.

4.1.5 Who are the beneficiaries in MSEs?

The main beneficiaries of jobs created in IHDP projects are not the intended target groups (World Bank, 2009). The surveyed data from three sub-cities by Jemila(2010) supports the conclusion. Using random sampling technique the data was collected from Arada, Bole and Nifas Silk Lafto sub-city. Accordingly, 34 percent of respondents engaged in MSEs were



previously self-employed whereas 23% were previously employed. Only 14% of the beneficiaries were unemployed.

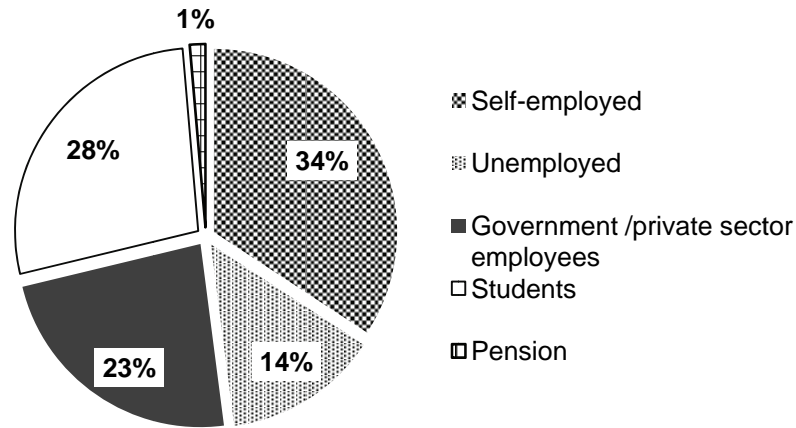


Figure 9. Chart showing the beneficiaries under IHPD through MSEs in four sub-cities(Source Jemila;2010).

But in Lideta Redevelopment Project there were some effort to target the most vulnerable groups. Unemployed youth residents are included in the process. Even more, single household head women formed MSEs and participated in hollow concrete production. With the help Lideta sub-city and local Non-governmental organization, 200 women became the beneficiaries of the project. They formed MSEs and participated in HCB production and Canteen business on site serving construction workers.



የልደታ ክስተት ተጠላ 07/14 በተደገው ተጠላ 39 እና 49 ተጠላዎች የመልሶ ማሰማት ስራ ላይ መገንባት ሰውዓቶች በጠባብ ክፍተት ጉዳይ ላይ መልሶ ማሰማት ክፍሎች ማሰማት ብቻ ሳይሆን ነጥሎችም በተለያዩ የልማት ስራዎች ላይ ተጠቃሚ እንዲሆኑ ማድረግ እው በመሆንም በዚህ የመልሶ ማሰማት ስራ ነፃ በላይ የሆኑ ማህበራት የተጠላውና የክፍለ ከተማው ወጣቶችን በጥቃትና አስተኛ በማድረግ የሚረጋገጡ ሲሆኑ በሌላ በመውሰድ ከተጠላው ብድርና ቁጠባ ገንዘብ በመጠየር እንዲያረጋግጡ ገዳተኛዎችን መሆን የገንደና ኢንፎርሜሽን ቴክኖሎጂ ስራ ላይ ተስተካክሎ አስገቢ ገልፀዋል። በተጨማሪም በሚሰሩው ግንባታ ላይ ወጣቶቹ በየውጭው ብሎክትና ንጋዴት በማምረት ራሳቸውን የሚችሉበትን ቤተሰቦቻቸውን የሚያስተዳድሩ በትን መክሮ ለማመቻት የተያሰገገ ሁሉ እያደረገን እው ብለዋል።



Figure 10. News about early stage of the project and MSEs (left) one of the G+7 typologies (right).



4.1.6 Challenges facing MSEs participated in IHPD projects

World Bank's study indicated that the fixed pricing system created risks for MSEs since the contract with AAHDPO doesn't compensate for rising prices. And it recommended revising contracts and introducing systematic method to compensate for price escalations. Recently AAHDPO is practicing compensation mechanism to offset this problem. However, MSE operators in Lideta Redevelopment project mentioned coordination and material supply are other two constraints. Despite supportive measures taken by AAHDPO, raw materials supplied by AAHDPO are not always on time. In particular, some materials are not delivered in specific stage of the construction process when needed. Lack of coordination impeded the construction process and resulted delays. According to MSE operators, sometimes waiting for materials till delivered to site consumes more time than the construction.

The question of quality is facing MSEs participating in the program. This hindered their competitiveness in the market. There should be appropriate mechanism to improve the quality of materials produced by MSEs (Bisrat, 2008). Before involving in the construction process all MSE operators take tests and skill trainings. Some MSE operators are suggesting that five training days are not enough to acquire proper skill. Officials from AAHDPO share the same view regarding training days¹⁵. During focused group discussion with Foremen employed by contractors explained that MSE operators had no adequate know how of construction process. This created a bottleneck for coordination in the Lideta Redevelopment Project.

Construction delays created a problem for MSEs. According contractors and MSE operator if the construction process follows the schedule there will be more labor absorption to save time. This will create more casual jobs for unskilled labor. But there is time to commence all works with few workforces except mandatory concrete works.

4.1.7 Summary

The skill training and addressing the constraint of MSEs such as land and finance creates sustainable employment for beneficiaries. This is the positive effect of the program which considered more than providing a safety net. But the main beneficiaries should be the most vulnerable groups of the society. In redevelopment projects there are efforts to include and benefit local residents in some extent. There is considerable difference in job created by MSEs

¹⁵ **Source:** Addis TV(ETV 3), Program: Addis Zikre Hasab , Saturday 30/6/2012, 11:00pm to 11:30pm



involved in the construction and material production. MSEs participated as material producers contribute large number of casual jobs. Generally the program absorbed large workforce. It increased wages of unskilled labor.

Coordinating activities between MSEs and Large contractors is a critical challenge of the Lideta project. By collaborating large scale contractors and MSEs it could be possible to improve the skill of MSE operators. The skill training can also help MSEs to adjust their skill based on the local market outside IHDP Projects. Specializing in specific task may hinder MSEs to operate and compete outside IHDP projects.

The technologies introduced in IHDP contribute for job creation through MSEs. Especially ribbed slabs are described as labor intensive compared to solid slabs. But this technology may require more machinery because assembling rib slabs in high rise condominiums.

MoWUD's (2010) implementation report of IHDP from 2006-2010 shows that from planned 200,000 planned new jobs country wide it was possible to create 170,000 jobs. And similarly it was planned to create 10 thousand MSE but only 4 thousand are participating in the program. This resulted attributed by the report to lack of effective implementation capacity of government bodies.



4.2 Income Generation in Condominiums

As described in the first chapter, case study is adopted as main research strategy for the second thesis which is income generation. Four cases, Piassa Qabele 10 and Deqe-mehari sites from inner-city and Repi I and Repi II sites from the peripheral area, are strategically selected for case study. The evidence from these cases is presented in this section.

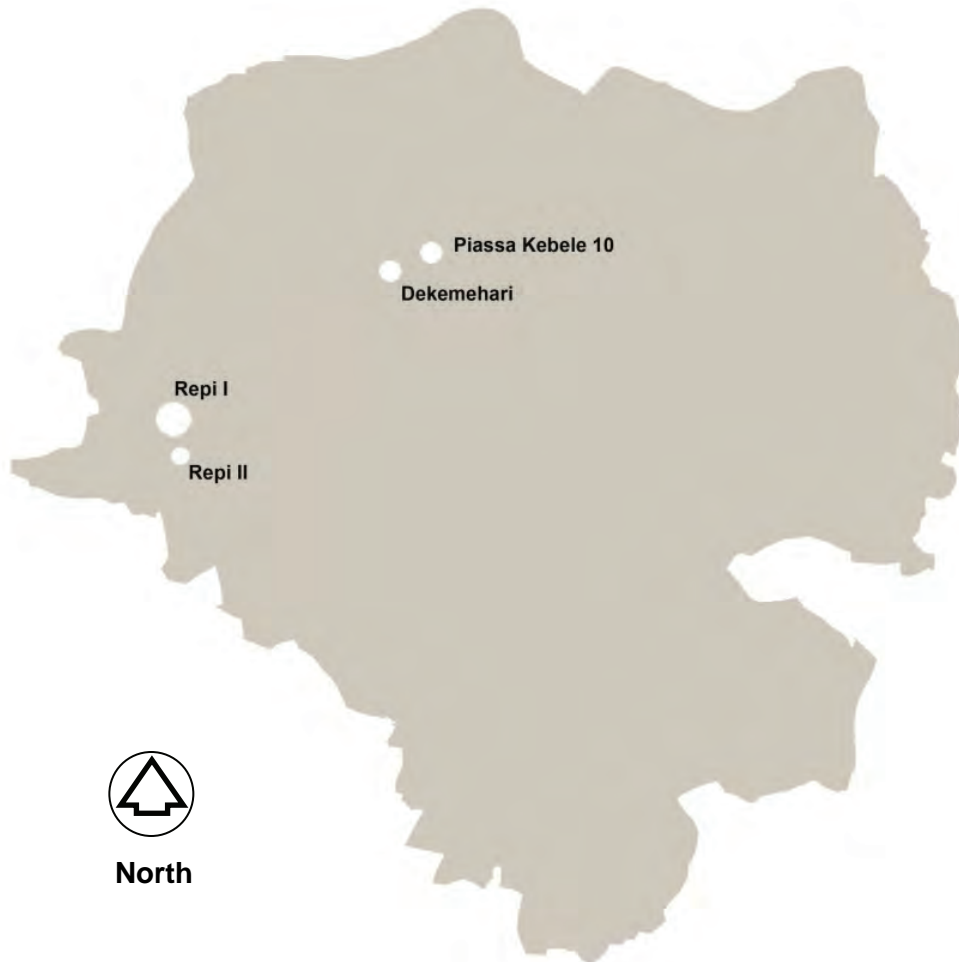


Figure 11. Location of studied cases in the city .

4.2.1 Inner-city Condominium Sites

4.2.1.1 Piassa Qabale 10 Site

Piassa *Qabale* 10 condominium site is located in Arada sub-city in the area commonly called *Serategna Sefer*. The area is dominated by *Qabale* owned houses and commercial activities. It is one of the old inner-city neighborhoods.

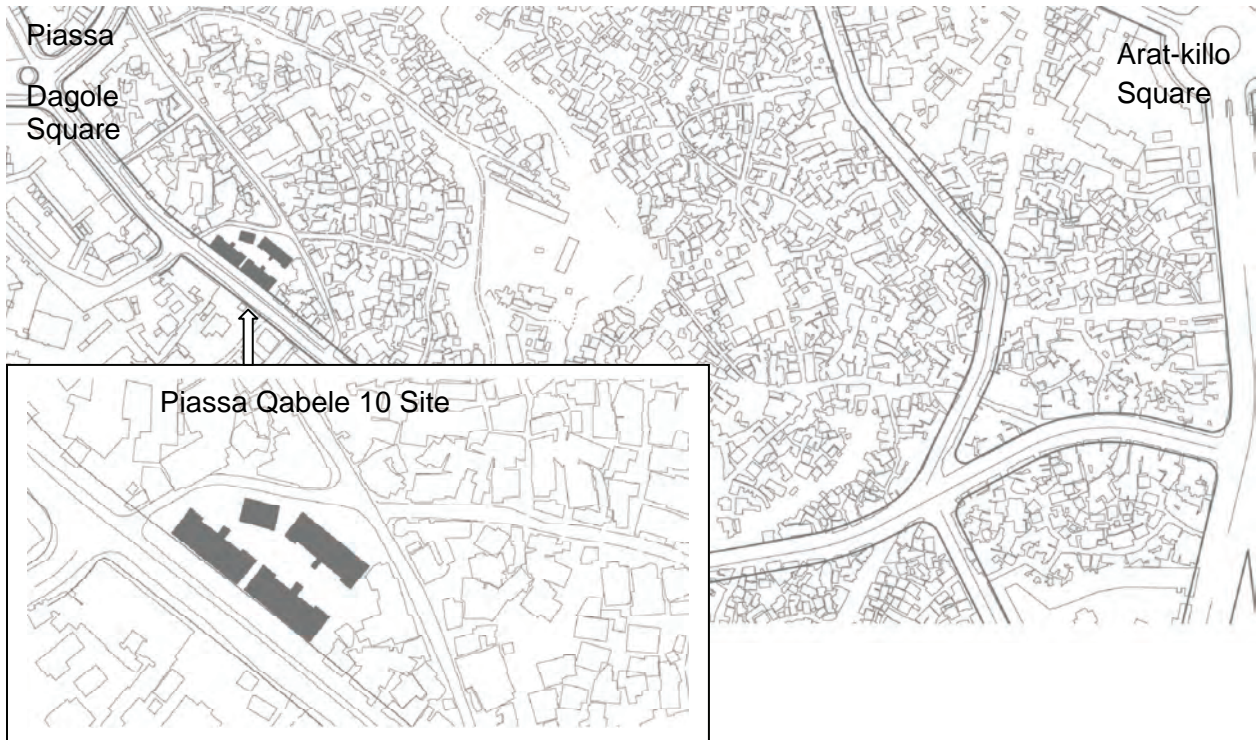


Figure 12. Location of Piassa Qabele 10 site.

There are three apartment blocks (condominiums) and one communal building. Two blocks face the adjacent Sub-Arterial Street. All 15 commercial units are located in the ground these blocks facing the street. The typology of the blocks is C5 as named by Housing Development Bureau. Due to the slope of the site one block has a basement used for commercial activities. The third block faces the internal courtyard and the neighboring local asphalt street. It is C2 typology which has 4 one bedroom units and 2 two bedroom units in all stories. The area of two bedroom units is 42.38m² whereas the area of one bedroom units is 32.74m² excluding the area of balconies and corridors. Distinctively, in this typology each housing unit has balcony. All three blocks in the site have metal framed structure external stairs with concrete pad tread.



Figure 13. Piassa Qabale 10 condo site (left) and the surrounding area (right).

The cooperative society of Piassa Qabale 10 condominium residents and owners was established in 2000 E.C. The Association is officially registered and accepted legal certificate from the Addis Ababa City Administration Trade and Industry Development Bureau. The main duties of the association are to secure the compound, to maintain communal facilities and green areas. The office of the cooperative is located in the first floor of the communal block.

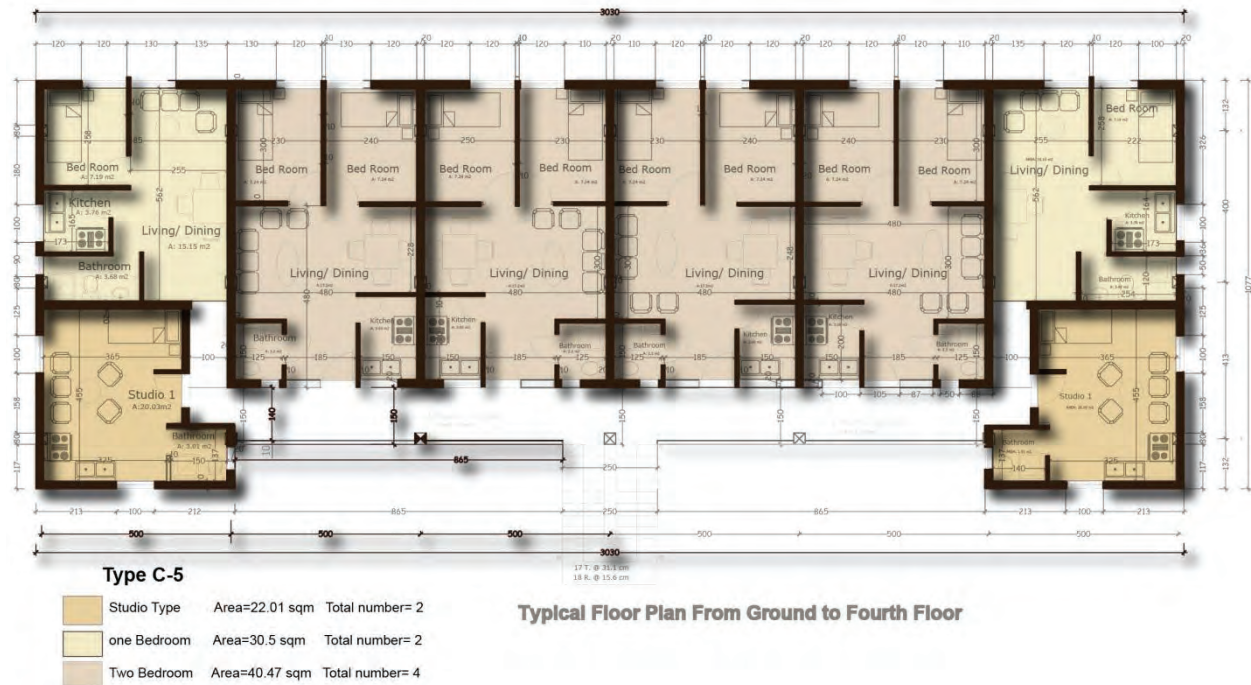


Figure 14. Typical floor plan of the C-5 type condominium blocks.



The numbers of tenant occupied units exceed owner occupied units. Tenant occupied units are 74 percent of the total while owner occupied units are 26 percent. Location of the site is the main reason for this variation.

Table 12. Number of units and their tenure in Piassa Qabale 10 site.

Tenure	No of housing units
Owners occupied units	29
Rented units	84
Commercial	15

One of the constant financial sources of the cooperative is the monthly contribution of members. Each commercial unit owner pays 124ETB while the owners of residential units pay 24ETB. The contributions primarily cover the salaries of security guards who look after both residential and commercial units. From leased out housing units, each month landlords contribute 2% of the rent price is allocated to the cooperative for maintenance of buildings, services and for ongoing cobble stone pavement construction. The cooperative is planning to change internal street to cobble stone pavement. Site clearing had been completed and the remaining phase of the construction is anticipated to be completed by the sub-city. The construction is financed in collaboration with the government. Arada Sub-city Administration contributed 70% of the project cost.



Figure 15. The view of two blocks which face the street.



The cooperative abandoned using corridors for household activities and storage purposes. As observed during field visit, the corridors of each three blocks were free from domestic activities unlike other visited sites. There are also other restricted activities like hanging clothes in the stairs, covering or altering corridor. Without the permission of the association, covering the communal corridors and balconies is strictly forbidden.

The cooperative attempted to create income generating unit in the compound. The unit was a shop located in the main gate facing the local street which is less than 20 m away from the Sub-Arterial Street. The shop was intended to sell basic consumption goods with affordable price for residents by buying directly from producers. The effort was simultaneously aimed to create few jobs for unemployed women living in the site. The profit was planned to subsidize soaring prices. The price of basic goods is every time soaring in the market. The government is trying to regulate the price by intervening in the market by providing subsidized goods to community based organizations through *Qabales*. But despite the cooperative's effort, the local authorities banned the shop because it has no legal permission.



Figure 16. *Transformed balconies in PiassaQabale10.*

Even if the Association enforces regulations about communal corridors, balconies are out of the domain of the Association. Balconies are incorporated in to dwelling spaces. Some residents covered balconies to prevent rain whereas some residents altered to small bedroom.

**Case Storey: Ato Alemayehu Tegene's Family**

Ato Alemayehu, a banker in profession, is one of few owners living in the site. He owns one bedroom unit in the fourth floor of the block facing the adjacent Sub-Arterial Street. Ato Alemayehu and his family were living around *Aware*¹⁶ area. Their former home was provided by his relatives. Ato Alemayehu's wife is a secretary in a Private firm. She also had tailoring business at home. At that time, Ato Alemayehu was unemployed and his wife was supporting the family. The income from tailoring business was critical on such desperate times. When they moved in to their condominium unit, He became employed in a bank. But the location of their unit is difficult for his wife to continue the tailoring business. The site is in accessible and it difficult for the family to run the business without any legal permits. The family was preparing to rent their house and leave the site to start small business in convenient location. Their condominium unit is located in fourth floor and difficult to run related business like common business in the city. Also it is difficult the family to look after their children. By letting their unit they planned to get enough money for cheaper accommodation. They are searching for a house which can be used both as shop and residence like common single storied residences.

¹⁶ A district in Addis Ababa located in the central part of the city known for its local market.



4.2.1.2 Deqe-mehari Condominium Site

Deqe-mehari Condominium site is located in Lideta Sub-city *Woreda* 10 around *Teklehaimanot* area. The surrounding area is known for its intense economic activity and proximity to Merkato, the largest commercial center in the country and also in Africa. Before condominiums were built on the site, it was occupied by a garage called *Deqe-mehari*. The site is named after this garage. There are four condominium buildings: Three of them are C5 typologies and one is E2 typology. One of the C5 Typologies and a wing of the E2 type block face the arterial street that connects *Tewodros* square to *Tekelhaimanot* square. The site is fenced and has single entrance to the Arterial Street.

Out of total 177 units 11 of them are commercial units. Owner occupied housing units account are 40 of the total 177. The demand for decent rental housing increased the rent price. Many low income households opt for leasing their unit to generate income. There are two communal buildings and the association rented single cells of communal units for residents.

Table 13. Number of owner occupied, rented and commercial units in Deqe-mehari site

Type of units	Number
Owner occupied units	40
Renter occupied units	136
Commercial	11

Owners of Deqe-mehari site established Association which is officially called “The Cooperative Society of Deqe-mehari Condominium Residents Association” in 2002 E.C. Now the association is responsible for management of communal facilities and services. Starting from its establishment up to now the Association maintained the internal gravel pavement. Similarly the association constructed two septic tanks.



Figure 17. Panoramic picture of Deqemehari site.



The communal blocks are serving their intended original purposes. The space provided for slaughtering and washing clothes is used by resident. There are ten toilets in the two communal blocks. The association’s office is also located in the first floor of one of the communal blocks in front of the E2 type block. Before letting for storage purposes, the association rented small rooms in the communal unit for residences. However, many tenants changed the rooms to *chat-bet*¹⁷. *Chat-bets* created many problems. New faces came and leave the site frequently. This created security problems. Also Chat bets are official abandoned illegal activities. The situation forced the Association to notify *chat-bet* owners to leave the site. The Associations is forced to let all rooms in the communal blocks for storage purposes. he rent was based on auction and the association gave priorities for owners.

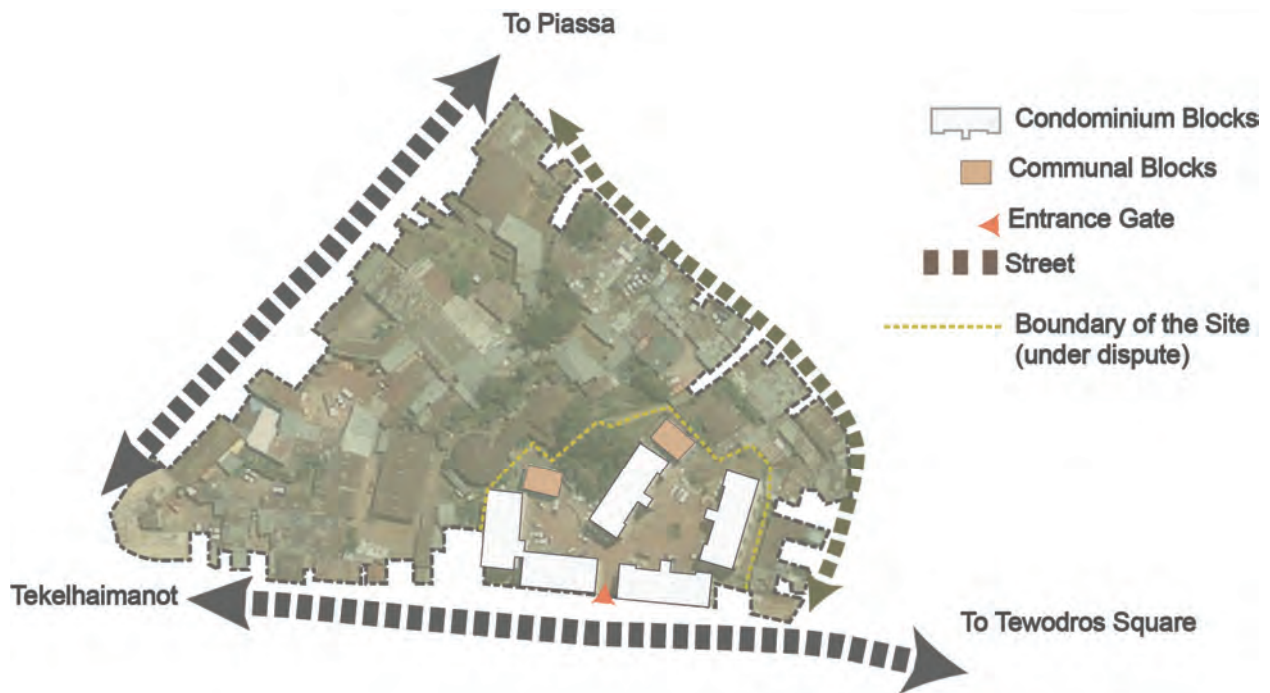


Figure 18. Site plan of Deqe-mehari Condominium compound and the neighboring buildings.(Based on Google Earth 2012)

The income sources of the association are parking fees, monthly rent collected from communal blocks and contribution of members. Owners are expected to contribute 10 ETB per month. The parking fees are collected from both tenants and owners. A Tenant who owns a vehicle pays 90ETB per month while an owner pays 30ETB per month for a single vehicle. The income from the above mentioned sources is repaying the credit of communal blocks which was not included in the price of housing unit. Currently the association is planning to enforce regulation that

¹⁷ This is Amharic name for small businesses which trade Chat and provide space customers for chewing.



dictates landlords to submit written rented agreement. Hence the agreement will be legal and the association will charge certain amount of money both tenants and landlords. Alongside of this income source the association also plans to start retailing consumption goods such as sugar and oil. The government is selling these goods through cooperatives and *Qabales* to stabilize the soaring price. The association is planning to earn small income and on the same time selling these goods with affordable price for residents.

Since the site is located in highly active area, dwellers face security problems and robbery. Even if the association hired six security guards, robbery and burglary are the major security threats. The secretary of the Association mentioned that adequate registry is not introduced and it is difficult to differentiate residents from invaders. The local police command post is also closely working with the association. The command post is requesting the association to send the list of residents. According to the command post, the association has to register residents and report their status.

Ethio –Kuwait Employment Agency and the Two bed room unit

Ethio–Kuwait Employment Agency provides employment service of hiring and sending Ethiopian workers to Kuwait and Saudi Arabia. The Agency has five employees and a manager who is also the owner and it has a legal license from Ministry of Labor and Social Affairs. Most of workers are going to serve as maid and all of them are women. Before sending abroad, the Agency gives orientation and training for workers. The training focuses on housekeeping and it is mainly to teach about the cultures of the two Middle Eastern countries. Every month, the Agency has to send a minimum of 50 workers. This is imposed by Ministry of Labor and Social Affairs and it is effective in all private employment Agencies.

The private employment Agency's office is located in the first floor of C5 type block. The Agency rented the two bed room unit from female beneficiary for 3000ETBper month in 2000 E.C. The landlord has no permanent job or income source to repay the mortgage. By letting her unit a single mother covers her living cost and the monthly payment for mortgage.

There were disputes among the agency and the local *Qabale* officials. They accused of the agency for altering the original uses of the two bedroom unit. The housing agency of Lideta sub-city is also following the case. However, the issue is now suspended because the land lord started paying income tax from the monthly rent. Now the *Qabale* officials are not questioning the agency. However, the Association has complains about the agency. Even if the block faces



the street, the agency's office is in the first floor and accessible by stair which is on the opposite side of the street inside the compound. Every day many new faces visit the compound looking for the agency. According to the secretary of the Association, this creates uncomfortable condition for residents.

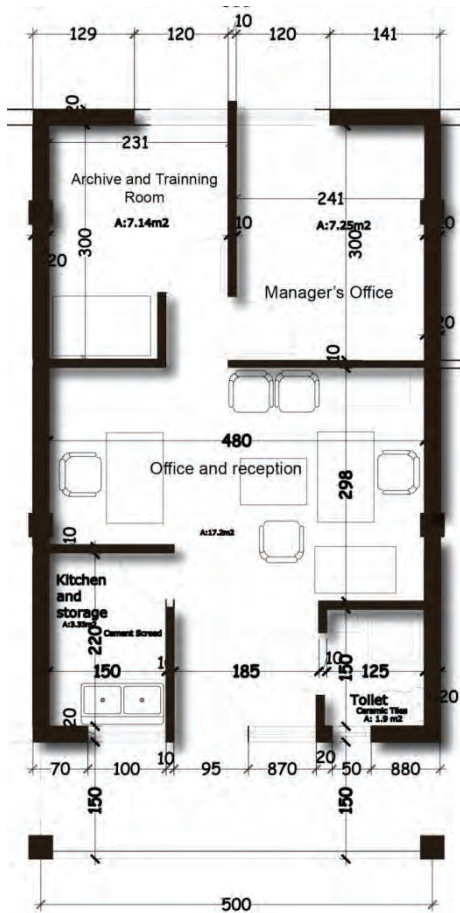


Figure 19. Floor plan of the Agency's rented condominium office (left) and the two employees are discussing in the reception.
Note: Dimensions indicated in the floor plan are in centimeters

The two bedroom unit is now serving as office. One of the two bedrooms is the manager's office. The second bedroom is used as archive and training room. But the room is not adequate and the agency rented other house for training only. Now they are using the room only for verbal orientation, whereas the kitchen is serving as store. The living room, which is directly accessible from the entrance door, is used as office for two employees and reception for customers.

The Agency is contributing 350 ETB per month for the association. For security purposes the association charged all commercial units the same amount of money. The agency is easily accessible because of the billboards posted in the wall of their office facing the street.



4.2.2 Condominium sites in the Peripheral area

The two cases, Repi I and Repi II condominium sites, are located in Kolfe Keranyo sub city. These condominium sites are near to each other. Similarly these two sites are constructed on vacant land. The surrounding area has active commercial activity along the main arterial street which runs from *Karakore* to *Ayertena* . *Ayertena*, one of the sub-centers of the city demarcated in structural plan, is located within 1km radius whereas the main commercial center *Merakato* is located within 8km radius.

4.2.2.1 Repi I Condominium site

Repi I condominium site is located in the *Kolfe-Keranio* Sub-city near to Repi Detergent factory. The site is about 500m away from Primary Arterial road which runs from *Ayer Tena* to *Karakore*. It is located in the expansion zone of the city which the surrounding area is dominated by residence. The commercial units in the site are the dominant activities and active shops in the area.



Figure 20. Site Plan of Repi I .



It had been three years since the Association of Repi I residents is established. The major intension for its establishment was to facilitate the maintenance of communal services and buildings and to secure the compound. One of the big challenges is securing the compound. Rapid mobility of tenants and the size of the site exacerbate the challenge. To solve security problems the association is forced to give ID card for residents.

There are 1247 housing units in 34 blocks and 14 communal buildings. One communal building is serving about 250 housing units. Every block has identification number and also each unit have House No. registered by the Association. Most blocks are C5 and C2 typologies and three blocks are E2 typology. The site is designed in a way that all blocks are organized around seven open spaces. Also open spaces are serving as green areas some parts of the site. There are seven clusters of blocks in the site. All of communal blocks are evenly distributed to the seven clusters.

Table 14. Gender of owners in Repi I sites.

Gender	Frequency	Valid Percent
Valid Female	804	66.2
Male	410	33.8
Total	1,214	100.0
Missing	33	
Total	1,247	

Like most condominiums in the city built in the first and second round all blocks have stairs made with steel with treads in concrete pads. The green areas in the north part of the site are well maintained. On contrast the remaining are entirely serving as playgrounds and as space for domestic household activities.



Figure 21. Identity card of residents and view one of open spaces.



Residents have to show ID card issued by the association to go out or in to the site. Clearance forms are introduced for security purpose when residents especially tenants move in or out of the compound. Even more for the security purpose the entire site is fenced and one can only access the site through six gates which are carefully watched by security guards. Not only is this but also there are individuals in charge of each block assigned by the Association.



Figure 22. *The view of the Repi I site from South.*

The major financial sources of Association are monthly contribution of 15 ETB from owner members, rent collected from communal blocks, service charges for ID card and parking fees from tenants. The price of communal blocks was not included in the price of individual units. So that residents decided to rent communal blocks and repay the credit for Commercial Bank of Ethiopia. A tenant who owns a car is expected to pay 45 ETB monthly as parking service charge. The monthly salary of security guards and other 4 personnel employed for office work financed by the money collected from aforementioned sources. Also when tenants and landlords signed lease contracts the Association approaches as legal body. Both tenants and landlords are expected to pay 100ETB and 50 respectively to process and legalize the contract.



Figure 23. The situation of the area in November 2004(Left) and in October 2011 (Right).

The association commenced different maintenance activities. Owners are expected contribute if additional money is required for special situation. Like its counter parts, the Association is planning to change the internal streets of the site to cobble stone pavement. Fund raising is established to collect 25% of the project cost. The remaining is financed by the sub-city.

Income generating activities in the site

Different kinds of income generating activities are observed in the site and 20 households are engaged in these activities. The activities are renting, preparing *Injera*¹⁸, vending, sewing and beauty shops.

Table 15. Number of rented and owner occupied units in Repi I site.

Tenure Condition	No. of Housing Units
Rented units	546
Owner occupied units	670
Total No. of Housing units ¹⁹	1216

Most households leased out their units. Renting is the dominant income generating activity in the site. Preparing and selling *Injera* is the next prevalent home-based economic activity. It is common household activity and as a business it requires less initial capital and skill. Operators

¹⁸ Traditional flat bread baked in thin layer similar to large pancake.

¹⁹ This doesn't include the missing 33 in Table 14.



deliver their daily outputs for nearby shops and these shops sell for both residents and neighboring dwellers. As the same time the operators themselves sell for residents. Only two operators are using the communal block. The rest uses their kitchen to prepare *Injera*. None of them use firewood or other polluting materials.

Six households are engaged in vending but except one woman vendor the remaining vendors are selling items in the main entrances facing the collector street. Even though the local authorities' harassment is tough, the entrance gates are more convenient and accessible for vendors.

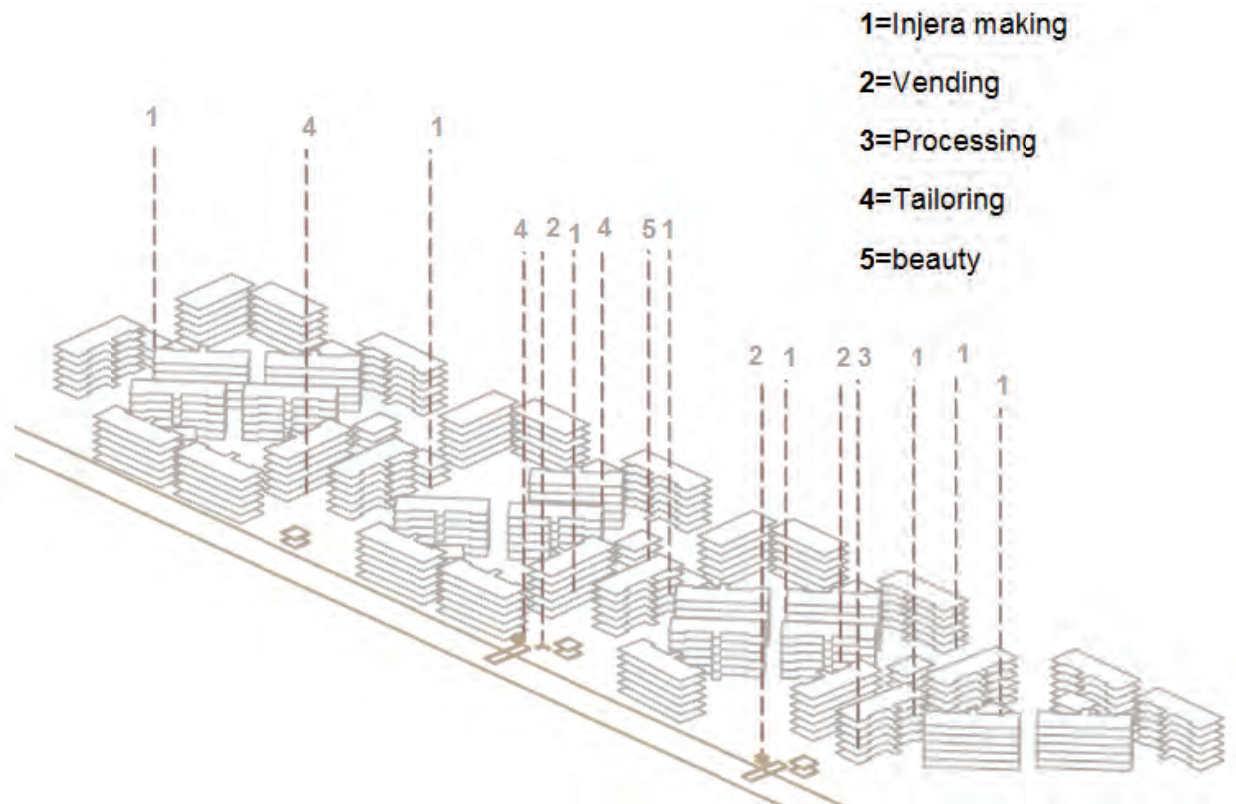


Figure 24. Aerial view of Repi I site and the location of some Home-based Enterprises.

Except vendors all Home-based Enterprise (HBE) operators work and live in their units. HBEs are found in all floors. To facilitate accessibility small posters are introduced to describe floor level and House No of HBE owners. Stairs cases are filled with notifying posts in the blocks where HBEs are located.

**Table 16.** 16 of the surveyed income generating activities in Repi I site.

Type of activity	Block No	Floor level	Work space	Tenure
Tailoring	13	3 rd	In the main gates	R
Injera making	13	2 nd	In Home	R
Injera making	--	1 st	Communal block	R
Injera making	24	G	Home	O
Beauty	10	G	In the	O
Injera making	10	G	Home	R
Injera making	14	2 nd	Home	R
Tailoring	17	G	Home	O
Vending	9	3 rd	Home	O
Baking	6	3 rd	Home	R
Vending	8	2 nd	In the main gates	O
Onion Grinding	6	2 nd	Home	O
Vending	15	2 nd	In the site	O
Vending	9	3 rd	In the site	O
Injera making	11	4 th	Home	O
Tailoring	10	G	Home	O

Abbreviations O=Owner**R= rental**



Case Stories

Case Story 1: Nessredin: the Home-based tailor

For 45 years old Nessredin working in home is the only suitable job. He has no formal education or training except his tailoring skill which he acquired through experience. For several years Nessredin had been working in tailoring business in *Sebategna*: The area in inner-city part of Addis adjacent to *Mercato*. He and his mother were living in a *qabale* house in *Sebategna*. But it became a history after his mother got a two bedroom unit through lottery. They didn't move in rather they rented the unit till paying the down payment. Mean While Nesredin went abroad to Saudi Arabia first and later to Dubai seeking for a job. After returning they moved in the unit in Repi I site. Luckily the unit is located in the ground. His tailoring business is started again and he bought new electric sewing machine and small weaving tool. He said there is a demand in the Repi I for tailoring. He mentioned that the business is getting better and promising.

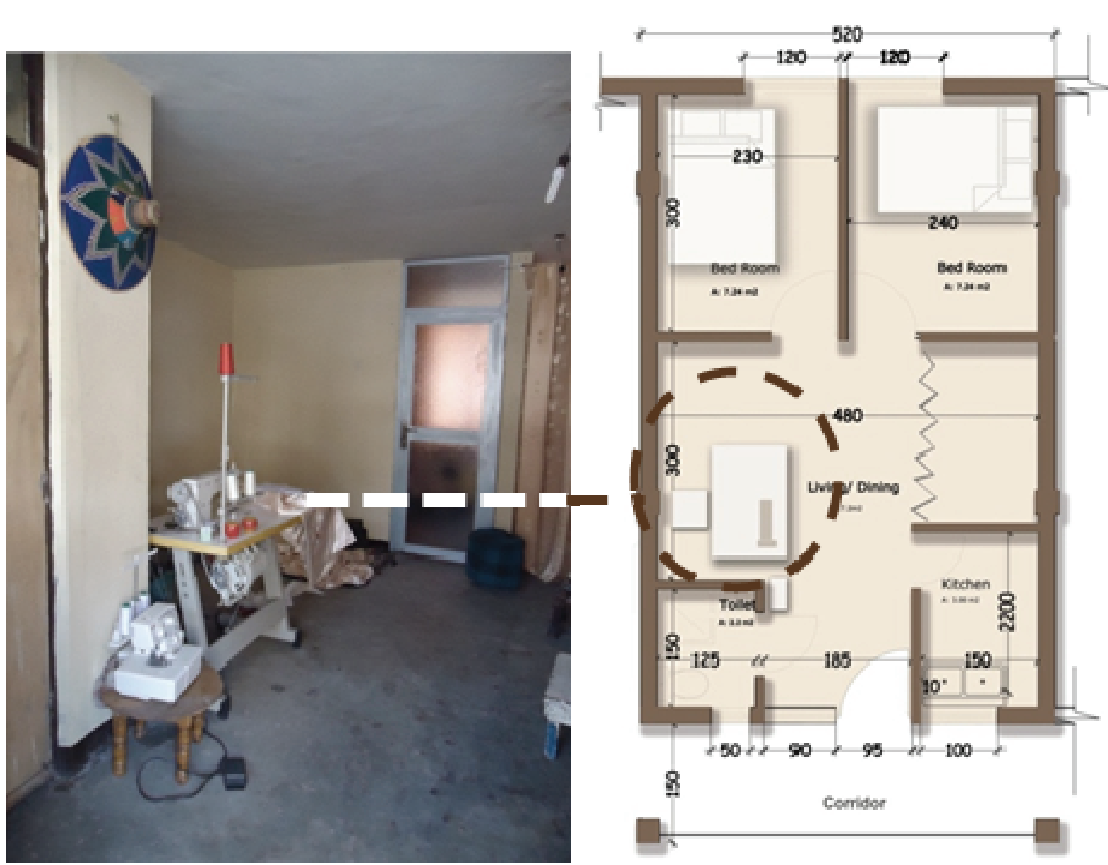


Figure 25. Floor plan of Nessredin's home and the picture the sewing machine.



Nessredin always works in the living room. The sewing machine is placed in the corner facing on the right side of the main entrance door. Unlike the mechanical sewing machine, the electric sewing machine doesn't create a noise. Most of his customers are nearby residents and he also has some customers outside the site. He buys fabrics and other raw materials from Merkato. There is no large amount of waste fabric to be disposed except putting few pieces of fabrics to trash. Mostly he uses the pieces to make brooms. The caution and safety instructions in the machines are very easy to understand and Nessredin is aware of all possible accidents.

Nessredin's vision is to have large garment business which will produce completely finished clothes. He is very eager for change. He is preparing to buy a table to cut fabrics and searching for assistant to hire. Even more, in the near future he is thinking about providing additional services like ironing for his customers. He is searching for individuals and companies to work with in collaboration. The remittance from his brother and the tailoring business supports Nessredin and his mother.

Case Story 2. W/rit Bizuye Endris

Buzuye, a 35 years single lady, is one of the small business owners in Repi I site. Buzuye is a full time employee in a private company. She is also studying accounting in Admas University College in the evening program. During Ethio-Eritrea war in 1990 E.C, Bizuye and her mother fled from Asmara to Addis Ababa. Before renting a house in Repi I they were living in informal settlement around *Gerji*²⁰ area. They build *Chereqa bet*²¹ and started preparing *Injera* and retailing food items.

Bizuye's landlord bought the unit by auction like other commercial units. The units are intended for commercial purposes and handover to end users without any partition wall except for the bathrooms. Bizuye constructed chip wood partition wall to define spaces for kitchen and other household activities. The gate in front of the adjacent local road is permanently closed.

²⁰A neighborhood in south-western part of Addis Ababa.

²¹ Local name for informal houses built by users themselves



Figure 26. Floor plan of Buzuye's house and the view of the block.

Bizuye is dependent on her business in addition to her salary. The income from the business has substantial impact on the household. Majority of the work is done by Bizuye's mother and their Maid. They sell *Injera* for individual buyers and most of their customers are nearby residents. Mustafa, a shop owner in the nearby private residence, is one of the big clients of Bizuye . Every day Mustafa buy more than 50 *Injera* then he sells for individual buyers.

Case Story 3. Ato Muluneh : a Tailor at the Main Gate

Ato Muluneh is usually seen sewing clothes in his shack in the entrance gate. His home is located in the third floor of block 13. The two bed room unit is not suitable for work. It is not easily accessible for his customers. Even if the machine doesn't generate too much sound loud enough to disturb neighbors, Muluneh is careful about his neighbors and possible noise caused by the machine. Due to these reasons he chose to work in his shack. Most of his customers are nearby condominium residents. After working all day in the shack, during dusk Muluneh put his treadle sewing machine in neighboring shops. It is very difficult to take the machine to his unit located in the third floor. But he always takes finished clothes to his unit, because in the evening customers usually come to his house to take their clothes.



Most customers order Muluneh to change wear out cloths. Some time he gets orders such as changing the size of cloths. Very few customers order him to make new cloths. Some of his orders are making new curtains. Only for such kind of special orders Muluneh have to take a taxi to Merkato to buy new fabric. Smaller items such as Needle are available in the nearby shops and in Ayertena.

Muluneh is 53 years old and the father of two children. The main provider of the family is his wife who is a public sector employee. In addition to his wife, for the last 30 years he was workings as tailor to support his family. The biggest expense of the family is the monthly rent for the unit. Each month Muluneh's family has to pay 1200 ETB for a two bed room unit. Hoping one day he will be lucky, He registered for condominium in 2004.

Muluneh doesn't have finical capacity neither to rent a unit nor to have legal permit. He doesn't complain about his current shack. Unlike street vendors adjacent to him, Muluneh is well protected from sun and the dusty wind.

Case Story 4. W/ro Zenebech Yayeh

Before renting studio type unit in Repi I site, W/ro Zenebech Yayeh was living in Ayertena area. At 26 Zenebech is married and a mother of two children. She completed Secondary School but she has no formal job. Instead of searching for job, she preferred staying home and looking for self-employment options that can be suitable to take care of her two children. When she started living in Repi I, Zenebech observed that the place has a potential businesses related for food items. Especially there is a demand for traditional food items since it consume time and need intensive work for preparation. In September 2011 she began small home-based business to support her family. And also to share the strain of her husband who is the only provider of the family. She started making *injera* for sell. Her customers buy *Injera* on daily basis. Most of them are neighboring bachelors.

Zenebech usually uses kitchenette to prepare *Injera* . The intensity of the work sometime forces her to use the living area. Studio type units like Zenebech's have no separated kitchen. There is no segregating element to separate the kitchen area from a space provided for living and sleeping. She uses specific spot for preparing *Injera* between living and cooking area. On that spot she can look the approaching customers and the common corridor. She tried to segregate the working space by curtain. Making *Injera* has no solid waste or liquid waste. The process of baking *Injera* generate vapor that increases the room temperature. Also the heat from the



baking device (in Amharic called *Mitad*) aggravates the problem. Her 21 m² is warmer when she bakes *Injera* however the unit can easily get proper ventilation through four fenestrations. The main entrance door contributes much for ventilation.

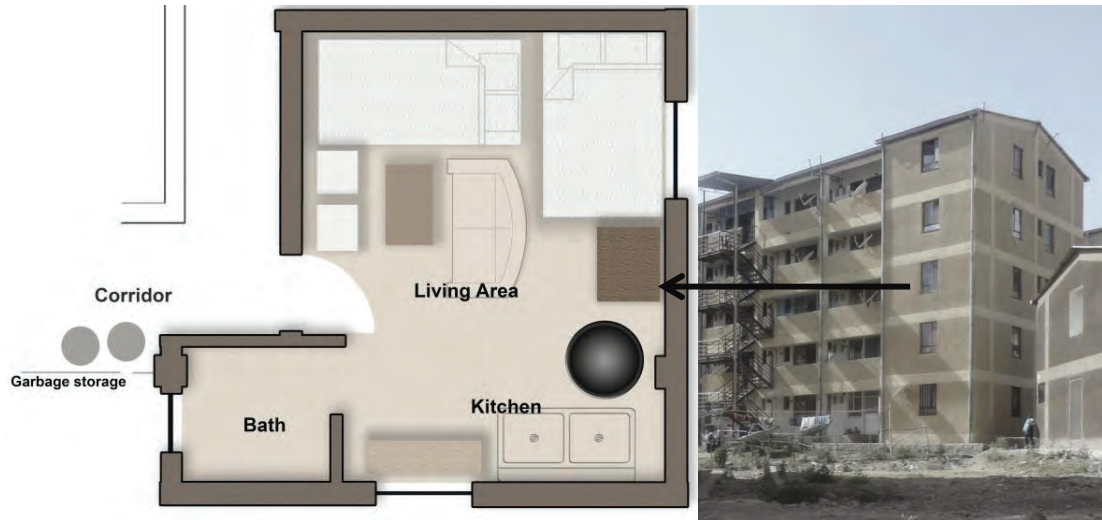


Figure 27. Floor plan of Zenebech's Studio and its location.

Zenebech's business is going with some challenges. Her unit is located in Block 13 in the second floor. She rented the unit for 700ETB per month. She posted advertising papers in the ground floor of the Block 13. The advertising papers describe her house number and floor level. So that it is easy for new customers to access the unit. There are two main problems Zenebech facing in running home-based business. Shortage of tap water is the first critical one. Even if the unit has its own Tap-water; it is available only for two days a week. The location of her unit, which is the second floor, exacerbate the problem. The problem forced Zenebech to buy Tap-water from nearby private house owners. Also she couldn't get enough space to work. To solve the problem she is planning to add a cabinet in her kitchen.

The income earned from the business is enough to cover the monthly rent of the unit. The business is important for Zenebech's financial independence from her husband. This was the first main reason to start the business. Also her husband is usually out of the city for work. In such desperate situations the business covers different costs of the household.

Case Storey 5. W/ro AtbiyaKokeb

W/ro Atbiyakokeb is a teacher in a primary school. On her spare time she provides onion grinding services for nearby residents. She started this business when she was pregnant. She received sick leave during her pregnancy. Although she is supposed to stay in home without



working she was bored. Later she decided to start small home-based business with available resources.

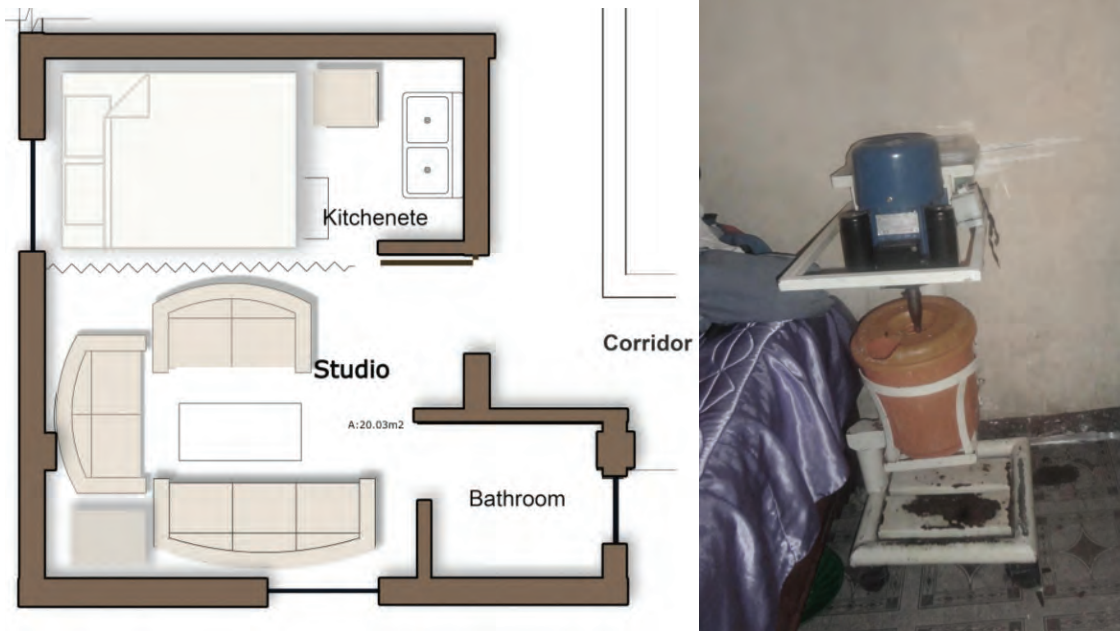


Figure 28. W/ro Atbiyakokeb's Units and the grinding machine

The first idea in her mind was preparing and selling *Injera*. However, this activity is the most common and prevalent in Repi I. She focused on providing new service for residents particularly related to food processing. She buy small onion grinding machine and posted notifying message in the corridor. Customers expected to bring palled onion or can call and ask her to collect from their home. Or she sends her help to bring items. W/ro Atbiya owns studio type unit and the grinding machine is located in kitchenette.



4.2.2.2 Repi II Condominium Site

Repi II condominium site is located in the outskirts of Addis Ababa near to Repi detergent factory in front of the main road which runs from *Ayer Tena* to *Karakore* and *Sebeta* .There is electric power substation in front of the entrance gate of the site. The area in the north part of the site is demarcated as green buffer zone in the structural plan. In the south there is a place used for park by private owner.

There are 9 blocks of condo buildings which have 312 housing units. Five communal blocks are dispersed in the site in such a way to be shared by two blocks. Except one building which is E2 typology the remaining 8 buildings are C5 typology. A typical floor of C5 typology have 2 studio units, 2 one bedroom units and 3 two bedroom units .There are 8 shops in the site mainly serving residents only.



Figure 29. *The Situation of Area in November 2004 (left) the situation of the Area in October 2011(right).Source: Google Earth Satellite Image*

The association of Repi II is established before 3 years. The association is financed by monthly fees from condo owners, the revenue collected from tenants for parking and rent collected from communal buildings. Each owner member is expected to pay monthly fee 20 ETB. Tenants who owns car have to pay monthly parking fee of 45 ETB for the association. Not only these but also the association regulates the contract between the owners and tenants. Both tenants and owners pay for the association as regulatory fee. The other source of income is rent collected from communal blocks. The association leased out the communal blocks. Four of condo owners let their units and rented small units in the communal blocks from the association.



Figure 30.ID card of tenants and owners (right) and the view of the site from entrance street.

Security is the vital issues which the main concern of the association. The association employed 11 security guards. Their salary is paid from monthly contribution and other income sources. For further security issues the association introduced ID card. Tenants have their own different id cards similarly the owners Owners ID cards attached with monthly payment form. Even more the association has close contact with local police department.



Figure 31. Site plan of Repi II condominium site.

Low income households, who let their units to repay the monthly payment, get priority to rent smaller units from communal block with affordable price. Four households are currently living in communal blocks renting their units. For these four low-income households letting their units is the only option they have to repay.



Green areas and internal streets are well maintained. One gardener employed by the association is responsible for green areas. The internal cobble stone pavement of the site is built in collaboration with Government. From overall construction cost the government contributed 75% .And the remaining 25% covered by the association by mobilizing residents. Based on their willingness residents including tenants individually contributed 1500 ETB for the construction. According to Ato Mohammed, one of the Board Members of the Association and also broker, the construction substantially increased the rent price per units from 500 to 880. Beside it was planned to collect books and open a library for residents. But due to different reasons it's impossible to have a library. In the near future the association has a plan start small income generating activities like small shops in the entrance of the compound.

Table 17. Number of owner occupied units and rented units in Repi I site.

Block No.	1	2	3	4	5	6	7	8	9	10	Total
No. of Rented units	8	12	8	10	13	16	16	15	14	10	122
No. of Owner Occupied Units	25	22	18	18	17	7	17	14	14	18	170

The association organized eight unemployed women and created self-employment opportunity for them in collaboration with *Qabale*. The *Qabale* arranged loan to purchase four laundry machines and each machine was distributed to a group of two beneficiaries. Eight women began laundry services for condo residents in four groups. All four groups repaid the loan. But it doesn't continue as it was, some of the beneficiaries sold their share of the business for their partners. Currently only four of the eight are working in the site. Only two of them are observed during site visit.

Six home-based enterprises are found in the site. Two of them are retailing business and the other two businesses and beauty business is operated in one of the communal blocks. Two other businesses surveyed are laundry services. 5 of the six businesses in the site are operated by women. The location of the site described as advantage of home-based businesses. There is no competition from the nearby small business since the site is accessible only from the main gate. Residents have to walk more than 300 meters to get nearby shops. But there are eight shops in the ground floors of two condo blocks.



Case Stories

W/ro Mekdes Bizuneh and the Laundry Business

W/ro Mekdes Bizuneh is one of the eight women who engaged in laundry business in Repi II. Before getting her studio unit through lottery, a 33 years old woman was living in Kolfe area. She was working as vendor of salvage clothes in the market in Kolfe. This informal business is very tricky and very casual business that she described as a volatile business. She didn't have any permanent space or client. The benefit from her business is not enough to cover the transportation costs. Her former home was near to the market and transportation cost was not the problem. Because of this she forced to look for other alternative self-employment option. Now she is running small laundry services.

The laundry business was organized by the association and the local *Qabale*. Mekdes and other eight women get the loan and are able to buy laundry machine. Then they started serving the residents and to avoid competition they shared the costumers equally. In the beginning Mekdes was working with a partner. Now her partner is no left the area and Mekdes is working alone.



Figure 32. *W/ro Mekdes(left) and W/ro Yeshi(right).*

There is no enough space in Mekdes's Home. Her 22 m² studio type unit has no spare space for the laundry machine. She is working in the corridor facing adjacent street. The septic tank is near to her working spot. So that it is easy to dispose grey water from the laundry. Mekdes's customers are residents of Repi II condo site. Her business is profitable, as she mentioned, she paid the loan which she took from *Qabale*. The minimum daily income of Mekdes is 25 ETB. The earring is vital for Mekdes in terms of covering household expenses. The majority of the expenses of the household are covered by her husband who is a vendor in Kolfe market.



Mekdes want to expand her business but she is not satisfied by the loans she get from *Qabale*. She planned to include other services such as ironing services if she improved her financial capacity. The second challenge the business is the location of the site .The site is isolated from surrounding neighborhoods. This has strong impact on her business too. The location of the site hinders Mekdes from getting new customers. She only has limited number of customers only from the condominium. She can't afford to rent a unit for the business and also the legal requirements.

W/ro Yeshi and the hand washing business

W/ro Yeshi is a mother of four children. In her former neighborhood, the 50 years old woman was earring income by making Injera for neighboring people. On his part, her husband was supporting the family. He is a street vendor in Merkato and He is the main supporter of the family. Their former home was around *Ehel Berenda* and it is near to Merkato compared to Repi II. Now He has to travel about 9km to arrive to Merkato. Now W/ro Yeshi's family is living in Repi II in studio type unit.

Now W/ro Yeshi is earring small money by washing clothes for condo residents. She didn't have any machine like her counterpart makes. Instead she uses a tub to wash clothes by hand. It easy to depose the gray water after washing clothes .because the ditch and septic tank is in front of her working space; the corridor in front of the entry her studio unit. Her customers provide soap while she fetches water from her own tap. Although the washing clothes by hand is challenging for 50 years old W/ro Yeshi, she is not complaining three days a week she washes clothes get some business.



CHAPTER FIVE

Analysis

Based on field visit conducted in four sites, two types of income generating activities are surveyed. These are communal income-generating activities controlled and managed by Associations of residents and home-based enterprises operated by individuals. Home based enterprises, dominantly retailing and food preparing, are found in Repi I and II. Focusing on home-based enterprises and renting, this analysis framed according to the described study variables in the first section. In this chapter the analysis of both quantitative and qualitative data is presented.

5.1 Types of income generation activities, their frequency and characteristics

In all four studied sites, rental units have substantial share of the total housing units. Renting is the most common income generating activity which exceeds the remaining home-based enterprises. Generally, **49.4 %** of the total housing units in the study areas are rented and **50.6 %** of the units are owner occupied.

Table 18. Number of rented and owner occupied units in all four condominium sites.

Case study Site	Total No. of Housing units	Rented units	Owner occupied units
Deke-mehari	177	137	40
Piassa qabele 10	113	84	29
Repi I	1216	546	670
Repi II	292	122	170
Percentage	100%	49.4%	50.6%

In the inner city cases, rental units are higher in number than owners occupied units. On contrast, in Repi I and II sites owner occupied units are larger than rented units. There is a rent price variation between the inner-city cases and cases in the outskirts. It varies from 300-600 ETB. According to Key informants²² most renters are women and the reason for renting is mainly economic. Most landlords rented their units to repay their costs of pre-occupancy maintenances and the down payment.

²²The name and position of Key informant is mentioned in Appendix 1.

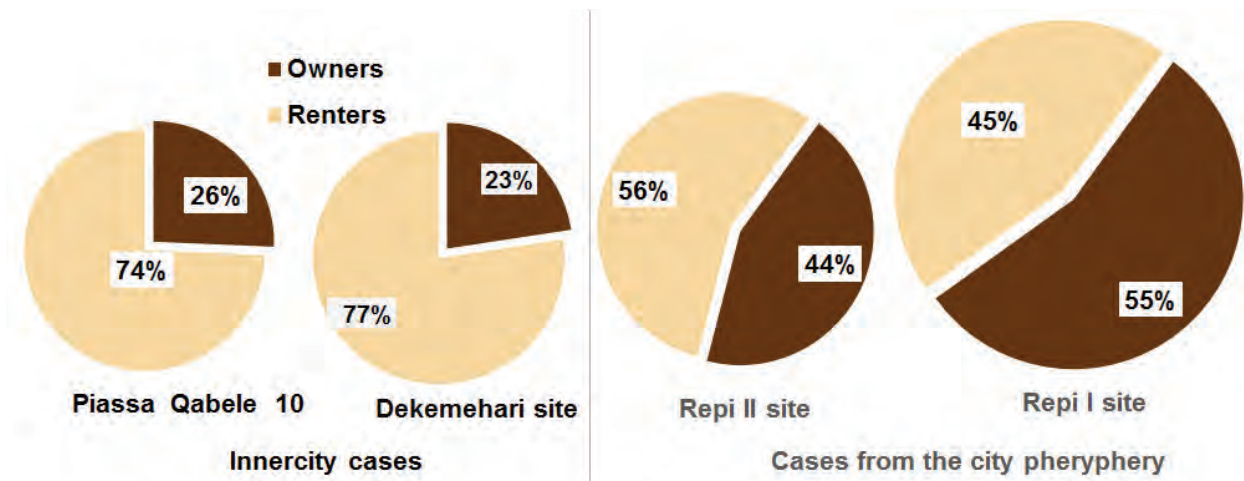


Figure 33. Percentage of rental units and owner occupied units in studied cases.

Home-based enterprises are prevalent in Repi I and Repi II sites whereas in Piassa and Deqemehari sites home-based enterprises are not found during the field survey. Home-based enterprises surveyed in these two sites are the sources of data for this section.

Generally, the second most frequent income generating activities is vending. Preparing *Injera* is notably the third most frequent activity which is entirely operated by women. Women operated activities account about ¾ of the studied business. Meanwhile 17 out of 26 operators had been engaged previously in the same business before. The remaining 9 operators established new HBEs after living in condominiums. The main reason described by these operators is the social mixity in condominiums and location.

Table 19. Ratio of Home based enterprises to total number of housing units.

Site	No of Total units	No of surveyed Home based business	Ratio
Repi I	1216	20	1 HBE for 60 units
Repi II	292	6	1 HBE for 48 units

It should be also noted that all business operators live in the condominiums. There are other individuals who engaged in small business but they don't reside in the condominiums sites.



However, the study focuses on those who live in the condominiums operate small business without official recognition.

All HBEs have two similar characters. Most businesses are owned by single person. No collaboration or partnership is observed. In addition all of them have no employed workforce. Instead labor contribution of family members as workforce gives critical support.

Table 20. *Types of surveyed home-based business.*

Business Type	Frequency	Percent
Tailoring	4	15.4
<i>Injera</i> preparing	7	26.9
Vending	8	30.8
Food Processing	2	7.7
Beauty	3	11.5
Laundry	2	7.7
Total	26	100.0

All of home-based enterprises directly or indirectly sell their good for nearby residents and a few residents outside their condominium compound. Like a whole sale, some of women engaged in *injera* preparing sell their entire daily output to legally registered shops and on their turn these shops sell for individual buyers.

Table 21. *Number of Households which have HBEs in their former Neighborhoods.*

Response of Operators	Frequency	Percent
Don't have HBE before	9	34.6
I Have HBE before	17	65.4
Total	26	100.0

Home-based enterprise operators serve the neighboring residents by selling or preparing household related items. As shown in Table 20 most activities are either food related or common activities in most neighborhoods in Addis Ababa. For example vendors sell household related item such as vegetables.

**Table 22.** Cross-tabulation between Gender of operator and Type of businesses.

Type of Business	Gender		Total
	Male	Female	
Tailoring	4	0	4
Injera preparing	0	7	7
Vendor	2	6	8
Food Processing	0	2	2
Beauty	0	3	3
Laundry	0	2	2

In all sites communal income generating activities are observed. These are charging residents for parking, renting communal blocks and fees for processing contractual agreements between tenants and Landlords. The associations of residents in all cases use this income to manage and maintain communal services and properties. The income covers monthly salary of security guards and office employees.

5.2 Employment Status and Education Background of HBE Operators

Except two female operators, all business owners are unemployed. The two females are formally employed and their business is serving as additional income source. During interview half of the operators described that it is very difficult for them to think their livelihood without their businesses. They have no chance to get formal employment due to lack of education. Women respondents added that that these businesses play important for social interaction because these activities changed their role more than housewives.

Table 23. Employment status of HBE operators in Repi I & II sites.

Employment Status	Frequency	Percent	Valid Percent
Unemployed	23	88.5	92.0
Employed	2	7.7	8.0
Total	25	96.2	100.0
Missing	1	3.8	
Total	26	100.0	

In their turn the remaining two respondents said even if they are employed still the income from their HBE is very vital to cover some of household spending.



Table 24. Gender vs Education Cross-tabulation.

	Education				Total
	College	High School Grade 9 &10	Primary Education	No Education	
Male	0	1	3	2	6
Female	2	4	5	9	20
Total	2	5	8	11	26

Only 2 female respondents studied in college. While 11 respondents described that they have no education and barely read and write. 8 respondents completed primary school and 5 respondents enrolled in secondary school.

5.3 Spatial Usage of HBEs and Typologies of Housing units

Two kinds of spatial usages are observed; indoor and outdoor. Some of vending business takes place outdoor in the entrance gate of Repi I site. These vending business owners opt to sell good in the entrance gates to ease the access for their customers. While three vendors use their housing units to store and sell goods.



Figure 34. Two vendors in the main gate of Repi I site.

Women owned businesses take place either in the kitchen. The communal building is also used by beauty business owners. One household uses her rented single unit in the communal block both as workspace and living space.

Maximum space used in the studied business is 6 m². This is found in the surveyed home-based business which operates in communal buildings.

**Table 25.** Summary of data about workforce and space used in HBE.

Variable	N	Minimum	Maximum	Mean
Workforce	26	1	3	1.45
Size of Space used	26	.0	6.0	1.636

16 of 26 businesses are found in studio and one bedroom units. HBEs operators who live in studios and one bedroom units complain about space shortage. Despite their main purposes communal units are rented and some tenants are operating small business inside communal blocks. Two respondents rented commercial units and used the space for both residence and home-based economic activity.

Table 26. Typology of housing units in which HBEs are found.²³

Typology	Frequency	Percentage from Total Sum
Studio	8	30.7
One Bed Room	8	30.7
Two Bed Room	5	19.3
Communal	3	11.6
Commercial	2	7.7
Total	26	100

Fixed and interchangeable spatial uses are observed in the studied units. HBE operators who use fixed space account for 14 out of 26 respondents. Kitchen is the most interchangeably used space by female business operators. Beside the main domestic activity, the operators used it as workspace. Based on mapping of housing units (see Figure 30) the second used space is living room. This implies the spatial approach to house low-income residents under have to be revisited. Spatial usages of the beneficiaries vary and specifying certain area for conventional spatial uses may be challenging for end users to accommodate their needs.

Table 27. Types of Spatial usages in studied HBEs.

Space usage	Frequency	Percent
Fixed space for HBEs	14	53.8
Interchangeable spatial usage	12	46.1
Total	26	100

²³ In this table the housing units of street vendors are included. All 6 street vendors are living in studio type units.



During field survey there was no physical alteration of housing units observed in the studied HBEs. This could be attributed to the control of the Associations. The rule and regulation imposed by the associations prohibited using corridors for domestic activities. However, small activities such as putting garbage cans in front of the housing units are common. In Piassa *Qabale 10* condominium site some balconies are incorporated in to the housing units as storage space.

Alteration of spatial use is observed in Deqe-mehari site in addition to above mentioned spatial usages. A two bedroom units is leased out by a female for private agency for office. This resulted in legal conflict between the agency and the local authorities. The controversy is mainly revolved on changing the use of residential unit to commercial unit without the consent of legal body.



Figure 35. Spatial Usage some of the Surveyed Home based Enterprise Operators



5.4 Location of HBEs in different floors and Tenure condition

For many respondents living in new multistoried apartment doesn't hinder the operating home-based business. 16 of the surveyed 26 home-based businesses are located either in the ground floor or on the street side, while remaining businesses are located in higher floor levels.

Table 28. Frequency of home-based economic activities in different stories.

Storey	Frequency	Percent
Ground	10	38
First Floor	1	4
Second Floor	4	15
Third Floor	3	12
Fourth Floor	2	8
on the street side(at main gate)	6	23
Total	26	100.0

There is a negative correlation between number of floor and number of HBEs. The correlation coefficient from SPSS interpolation output, using floor levels and Number of HBEs as variables, shows -0.6. This indicates negative correlation between the two variables so that as the floor level increases the number of HBEs decreases.

Table 29. Correlation between Storey and number of home-based enterprise.

Correlations		Floor Level	No_of_HBEs
Floor_Level	Pearson Correlation	1	-.626
	Sig. (2-tailed)		.259
	N	5	5
No_of_HBEs	Pearson Correlation	-.626	1
	Sig. (2-tailed)	.259	
	N	5	5

It is quite common to observe people engaged in home-based business in their own home. This is also the same in the studied condominium sites. Tenant operated home-based business account 10 out of 26 businesses enumerated whilst 16 home-based enterprise operators use their own houses.



Table 30. Number of tenant and owner occupied Home-based business.

Tenure Condition	Frequency	Percent
Owner Occupied	16	61.5
Rented	10	38.5
Total	26	100.0

HBE operators who rented units described the condition of the condominiums is suitable for their business. Because unlike the common private rental units, the tenants doesn't share utilities like tap water with their landlord or neighbor. Thus, the situation in condominiums, absentee land lords and the control of utilities by tenants themselves, described as reason for establishment of home-based business. There is also legal contract between tenants and landlords and this provided better security for tenants than the common low rise private rental units which tenants have no legal agreement with landlords.

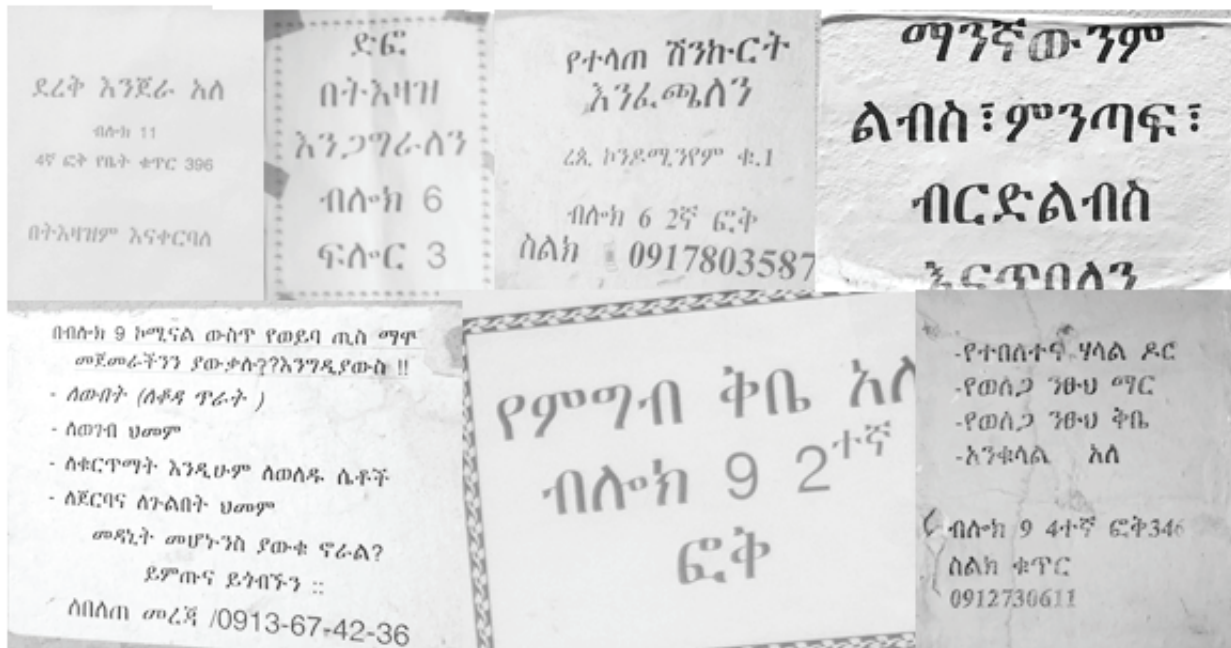


Figure 36. Tags are common in the stair cases and walls to facilitate accessibility of business.

HBE operators responded that heterogeneous society in condominiums created opportunities for them to have new customers. Especially bachelors who rented units are their important customers.



5.5 Impact on the Livelihood of Operators

Regarding renting, the majority of the landlords are highly dependent on their earning from renting. According to four key informants in the four sites, rental income has substantial contribution on the livelihood of beneficiary landlords. Also most of low-income beneficiaries borrowed money for the down-payment and pre-occupancy maintenances. Rental income was critical for beneficiary to repay these costs.

Income earned from home-based business has substantial impact on the livelihood of residents. 12 of 26 respondents have other permanent income source while the remaining respondents are dependent on their earning from HBEs. For former 12 respondents the support from family members and remittances contribute for their monthly earning. Yet HBE operators are highly dependent on their business for individual expenses. Ten women respondents described that they established HBE for financial independence in particular to cover the basic needs clothing and other expenses.

Table 31. Number of HBE operators and dependency on their business.

Source of income	Frequency	Percent
HBE as main income Source	14	53.8
HBE as Additional Source	12	46.2
Total	26	100.0

Compared to female operators, male operators are highly dependent on their businesses. Out of enumerated 20 female operators 11 of them has additional financial support and operate their business as additional income source. On the other hand 5 of 6 male operators are dependent on income from HBEs.

Table 32. Dependency of male and female operators on their business.

Source of income	Gender		Total
	Male	Female	
HBE as main income Source	5	9	14
HBE as Additional income Source	1	11	12
Sum	6	20	26

Income from home-based business have substantial share of the monthly income of the households. Even if the respondents were unable to know their earning precisely, the estimated incomes of few households show the impact of these businesses on their livelihood. But two



food processing businesses (see Table 21) relatively have small contribution on the monthly income of operators.

Table 33. Estimated income of some of home-based enterprise.²⁴

Operator	Gender	Type of Business	Daily sales (Items)	Income from HBE per Month(ETB)
Tigist	F	Injera preparing	80	1550
Bizuye	F	Injera preparing	75	1125
Werkey	F	Injera preparing	60	900
Tsehaye	F	Injera preparing	50	750
Mekdes	F	Laundry	--	1200

5.6 Impact of HBEs on surrounding Environment

As shown in the above section the two frequent home-based businesses are preparing *Injera* and vending. It should be noted that preparing *Injera* is one of the common household activities in residential areas. In contrast to traditional method of preparing *Injera* using fire wood, all of home-based business operators are using electric power. During the field visit it is observed all women engaged in this business are very cautious about possible accidents. Usually it is rare to have accidents in the process of preparing *Injera* because the process is frequent domestic activity.

When conducting interviews in three housing units, which household engaged in *Injera* preparing, the room temperature was very high. However, the operators always overcome the problem by allowing proper ventilation in the rooms. In studio type which didn't have segregated room for kitchen (for example in the home of Zenebech) the problem is worse. Also in W/ro Atbiyakokeb's unit (see case stories) processing onions creates temporary hostile condition. But her business is casual and during the gridding process the family members keep out of the room.

²⁴ This is estimated based on the interview with respondents and only five respondents can estimate how much they earn from their business. The remaining respondents have no distinct account or recording system for their income from HBEs.



The waste disposal system of these income generating activities is notable proper. This is because all of the businesses produce very small waste to be discharged. Operators who engaged in tailoring business recycle their byproducts to make other small items such as pillows and brooms. Most of studied HBEs have properly held trash bags. Beside there are formally known and paid workers to collect the solid waste and transport to dumping sites. Water and electric city are the most frequently used infrastructures. But it can't be said that these home-based economic activities are causing a burden of the supply of the two utilities.

5.7 Constraints Facing HBEs

During the interview all respondents describe similar reasons which constrain the development of their businesses. The first and the main reason is lack of loan. Microfinance institutions give credits for small business operators organized in groups and form small enterprises (each group has to include a minimum of two members). However, some of the respondents mentioned that they don't like to work in groups. The free-rider problems the vital cause for the discouragement. Vendors in Repi I site described that they are mobilizing themselves to get a credit using this system. The second constraint is lack of market and space. However, only few respondents emphasized lack of space. Instead lack of permanent market was critical for all. And the third is lack of consistent infrastructure supply such as water. Respondents described that shortage of potable water hampered their businesses.



CHAPTER SIX

Summary of Findings and Conclusion

In this section the results of the study are summarized and presented. The conclusion part discusses the results by comparing and revisiting literature review section.

6.1 Summary of Findings

Employment creation potential of condominiums through MSEs

The evidences from the studied case and desk review indicate that significant jobs are created. Even though MSEs are involved in small Sub-contractual works and in HCB and Precast beam production, they have substantial contribution in creating temporary jobs. MSEs engaged in precast beam & HCB production created substantial temporary employment compared to those engaged in Sanitary, Electrical and Metal works.

The skill training and addressing the constraint of MSEs created sustainable employment for beneficiaries. This is the positive effect of the program which considered more than providing a safety net. However, Evidences from desk review and case study indicates that most beneficiaries are not the intended target groups of IHDP. Yet in Lideta redevelopment project there are efforts to benefit vulnerable residents in some extent. Even though MSEs are involved in small sub-contractual works and construction material production, they have substantial contribution in creating casual jobs. MSE contribute 26% of casual workforce and 30% of permanent work force. The causal workforces are usually unskilled laborers. The technologies introduced in IHDP contribute for job creation through MSEs.

MSEs face different challenges such as lack of skill of operators and construction delays which will hamper their growth. Specializing in specific task may hinder MSEs to operate and compete outside IHDP projects.



Income generation activities in Condominiums

Generally, income generating activities in studied cases can be categorized in to two. The first income generating activities are operated by individuals. These are home-based economic activities namely renting and home-based enterprises. The second type is operated by the Association of residents. Renting is the most frequent income generating activities which exceed other home-based enterprises. But the percentages of owner occupied units are smaller in the studied inner city cases compared to the studied cases from the city periphery. Condominium units occupied by tenant account 70 % in the inner-city condominium sites. While in the case of sites selected from the city periphery, tenant occupied housing units account 45 % of the total. Similarly the rent price is significantly higher in the inner-city sites.

Home-based enterprises exist only in the studied cases located the city periphery: in Repi I and Repi II. The area which the two cases located is dominated by residential units. In contrast to the inner-city sites, only few commercial activities are observed. It can be one of the reasons for the emergence of home-based business in the sites. 26 Home-based enterprises are found in Repi I and Repi II sites.

The majority of home-based enterprises are food preparing and vending businesses. These activities require small initial capital and skill because they are simply the replication of domestic activities. Also the activities are typically dominated by women enumerated $\frac{3}{4}$ of the total. Furthermore these activities serve local needs and retail household items. Majority of the respondent, 17 of 26, operators were involved on the same business in their previous dwellings. This implies the fact of continuity of the basic livelihood assets of the households. All labor employed in home-based economic activities is contributed from operators' family members. No partnership or collaboration between businesses is observed during the survey.

The Associations of residents in all sites generate revenue and maintain common facilities and services. The sources of revenue are rental income from leased out communal buildings, parking fees and monthly contribution of residents. Efforts of the Associations to solve socio economic problems in small scale are observed during field visit.

The impact of income generating activities on the livelihoods of residents

Renting has significant financial contribution for many households to repay the mortgage. Beside this, the rental income has substantial contribution for livelihood of renters. The studied home-based enterprises have significant impact on the livelihood of operators. Except 2 HBE



operators, all operators are unemployed and have no viable choice for formal employment except home-based work. Only 12 of 26 have additional income sources from family support. The remaining 14 operators' livelihood is dependents on their HBEs. The income from HBEs is substantial in terms of covering household's expenses and essential for financial independence of women operators.

Only two female operators complete college education and are employed. Other respondents have inadequate educational background to get employment in the formal sector. They didn't opt for home-based self-employment but have no choice except to establish informal businesses.

Relationship between income generation activities and dwelling spaces

Home-based economic activities are found in outdoor and indoor spaces. HBEs are found in all typologies and in all floor levels including in communal buildings. But HBEs are dominant in ground floor and in outdoor in the main gate as street vending. There is a negative correlation between number home-based enterprises and floors levels. As the number of floors increase, the number of home-based enterprises decreases.

The majority of HBE operators reside either in studio or one bed room units. Whereas two individuals rented the commercial units in the ground floors and arranged the units to accommodate both business and domestic activities.

14 of 26 respondents' uses fixed spaces for home-based enterprises. Other 12 use mainly kitchen and living rooms interchangeably in particular. This is resulted from space shortage and there is overcrowding.

HBEs exist in both tenant occupied and owners occupied housing units. About 6 of 10 HBEs operated by owners themselves and nearly 4 of 10 studied HBEs are tenant operated business. The tenancy agreement and freedom to access basic services are the reasons for establishment of HBEs by tenants.

Communal blocks, even if their original purposes was to accommodate traditional household activities, used as living spaces and rented to generate income.



Detriments and advantages of income generating activities

Despite their existence without legal recognition, the studied home-based business run with negligible impact on the surrounding since they are the replication of domestic household activities. Also the Associations and nearby residents are concerned about the impact each activities in their site.

6.2 Conclusion

MSEs are constrained by different problems such as lack of adequate skill and lack of market outside IHDP. By collaborating large scale contractors and MSEs it could be possible to improve the skill of MSE operators. The skill training can also help MSEs to adjust their skill based on the local market. Specializing in specific task may hinder MSEs to operate and compete outside IHDP projects. Other sustainable skill training mechanisms should be devised.

Different literatures noted that housing is more than residential place. Housing is productive asset of many low-income households and it accommodates additional socio-economic activities which are vital for livelihood of the urban poor. Home-based enterprises are one of the vital assets which enable the urban to survive day to day life (Verrest, 2007; UN-HABIAT, 1986; Peter & Tipple, 2000; Tibaijuka, 2009). The findings of this study reinforce these studies. Although IHDP is designed to use housing as a tool to stimulate urban economy, the design of housing units in the program doesn't create suitable situation for multiple uses of housing. The design of housing typologies units can be revised to accommodate different economic activities. Dividing and assigning specific purpose for rooms may not be helpful for end users to accommodate their needs.

As Nebyou(2007)indicated, the Grand Addis Ababa Housing Project focused only on physical improvement of housing and little attention was paid on socio-economic improvement of the beneficiaries. The presence of Home-based enterprises in condominiums reinforce that socio-economic issues should be considered during the planning and design stages of the public housing scheme. This will make the housing sector productive and ensure social sustainability as well.

One of the objectives of IHDP is to promote mixed settlement in its housing projects. Hence, these settlements can be a tool to develop small business by mobilizing beneficiary households and providing space in their residential areas. So that housing development schemes will contribute for the national economy by supporting and creating small businesses through



forward linkage. Hence, the current involvement of MSEs in backward linkage can be replicated for the future and current condominiums by replicating the practice in the forward linkage.

Existing home-based economic activities give indication about the future trend of condominium housing development. It can be pragmatic to incorporate income generating activities, which have negligible impact on the surrounding, within the prospective condominiums. The concern of the associations regarding the control of externalities of these activities can be mobilized in the new housing developments to incorporate income generating activities; the associations can be intermediate legal organizations to control home-based businesses.

Home based economic activities are mentioned as reasons for spatial transformation especially in public housing (Tipple, 2000; Yonas, 2003; Kachenje, 2005). However, No physical change is observed during field survey in the studies home based enterprises. This is attributed to the control of respective Associations and condominium residents' regulations which banned such kinds of alterations of the communal spaces. But alteration of use is observed in the study.

Most studied home-based enterprises are operated by women this has its own implications for future housing development under IHDP which reserve 30% of the housing stock for women. It will be likely certain portion of beneficiaries will let their units for financial reasons. And home-based enterprises will emerge despite the constraining rule and regulations. The results of this study shows most operators are women. It indicates that as larger portion and vulnerable group of society, women beneficiaries will opt of attributes of housing which enable them to improve their economic wellbeing.

The dominance of women in informal sector especially in home-based works is discussed in literature. The first reason presented for this phenomenon is lack of viable option for women (Verrest, 2007; Chen M. , 2012). The results of this study also confirmed this argument that most of respondents have no chance to get formal employment. Their educational background contributed for lack of employment opportunities.

In all studied sites, especially Repi I and II, can illustrate the significance of collective ownership of income generating units on the maintenance of communal facilities. Communal blocks are serving as means of income generating tools. This indicates the demand for income generating activities in condominiums to cover the shared costs of maintenance of facilities. In new housing developments communal income generating activities have to be considered for maintenance of services.



The weaknesses of home-based economic activities are several as discussed in literature. However many of the weakness mentioned are not observed in the studied condominium sites. This is the results of strong control of the associations. This also indicates that it can be pragmatic to allow certain home-based activities in condominiums which have negligible impact on the surrounding.

The results of this study show that informal home-based economic activities persist in IHDP projects sites. These activities play important role for the socio-economic wellbeing of their operators. Further research should be conducted on related subjects to reveal more hidden economic activities their contribution for households. This will help to design practical policy measures address urban problems.



CHAPTER SEVEN

Recommendations

7.1 General recommendations

MSEs are effective in creating employment for unskilled workforce especially those engaged in the material production. Outsourcing Agro-stone Production to MSEs will have substantial impact in creating employment than the current factory. Also more employment can be created by substituting the roofing Sheet with materials which can be produced by MSEs such as concrete roof tiles. Such kinds of materials can be produced by MSEs and as the results of this research indicated MSEs engaged in the material production created more employment than others. Besides the construction process of the roof will require more unskilled workforce than the corrugated iron sheet.

Condominiums can be designed as low-rise high density urban blocks if construction is commenced in the peripheral parts of the city. This will have two benefits. First, the low-rise buildings are more labor intensive than high-rise buildings. It doesn't require machinery and complex mechanized construction system. Second, low-rise development is more suitable for home-based economic activities. It can stimulate the establishment of new home-based enterprises.

Housing has been always a productive asset for many households and the public housing program could recognize this fact. HBEs are vital characteristics of low-income settlements. Hence IHDP should focus on incorporating these activities to solve the economic problem of the beneficiaries. Therefore alternative strategies should be considered to promote home-based economic activities. It could be possible to include MSE development program for low-income beneficiaries after occupancy which workspaces will be located in condominium sites. Linking industries to MSEs could benefit both. Industries can outsource certain processes to MSEs. Thus the industry can benefit from cheap labor and there will be no demands for the industries to build new structures since some process are outsourced. This could be also very practical especially in condominium sites such as Repi I and Repi II which have proximity to industries (see proposal section below).

This approach will empower the financial capacity of citizens to afford housing units. The support of the public sector in the backward linkage can be replicated in the forward linkage.



Hence the housing program will boost income of the beneficiaries and increase the ability of low-income households to afford condominiums. But the different kinds of approaches should be followed to incorporate income generating units in the condominiums.

Unemployed low-income household heads are the intended beneficiaries'. Thus they are anticipated to form small enterprises which can facilitates the pooling of resources and to manage communal activities.

The residents can also engage in low scale productive activities which require only very few space such as producing mushroom. The communal working space can be provided for these purposes.

7.2 Spatial recommendations

Possible externalities of income generating activities can be avoided by introducing communal spaces as separate units. Thus, the beneficiaries will work in separate space. The activity can be certain portion of non-hazardous manual activity which can be outsourced from a factory. The design of the condominiums can have the following features to support possible HBEs. But these recommendations are generic and some of them are adaptable and context based.

- Designing housing units to allow subletting could help the beneficiaries to earn rental income. But appropriate regulation should be put in to practice regarding the density. The regulation should specify the number of residents.
- It could be ideal to increase the density by introducing another floor in one housing units. This could intensify the density while allowing more housing units to be accommodated in the ground floor. The findings of the study indicated that many HBEs are located in the ground floor. This also creates compact and more interactive blocks.
- This helps for beneficiaries to segregate the working space from other dwelling activities. Household activities can be accommodated in upper floor whereas units which can accommodate HBEs can be accommodated in the ground floor. But this recommendation should be adopted based on contexts and should be reinforced by regulatory frame works.
- Internal walls can be introduced as incremental elements to reduce the initial costs. The design of condominiums could be in accordance with this approach. This will also give the beneficiaries to customize their units based on their needs. But the wet-cores (kitchen and

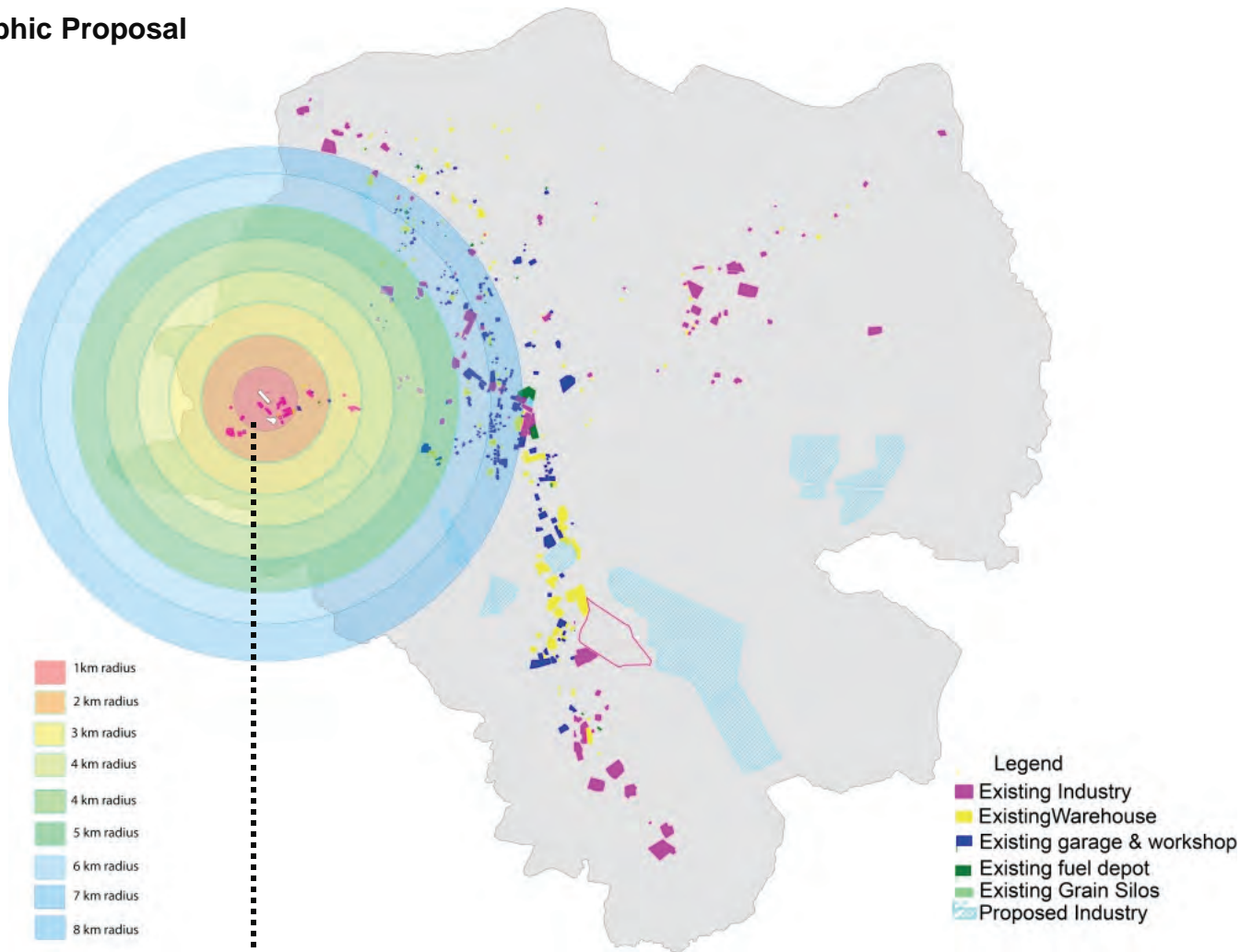


Bath rooms) will be enclosed by internal wall. This approach also maximizes spatial flexibility and efficiency.

- To maximize spatial efficiency sliding door are possible alternatives especially for internal doors.
- The current designs don't have created any possibility to accommodate new spatial demands. This can be solved by facilitating horizontal transformation of housing units. As observed in the case study spatial transformations could be possible. This can be allowing residents to incorporate their own balcony in to specific room to accommodate new spatial demands through time. This can solve space shortage even if the transformation will be limited to certain extents. But the possible transformation should be dictated by the design or appropriate regulation should be enforced to dictate colors and materials.
- Movable window can be introduced for balconies which later can be used during the transformation process. Residents could simply reuse this will not disturb the image of the condominiums since the transformation processes is dictated and residents will use the same material and patterns which keep the visual coherence.
- The size of kitchens have to be increased, the results of this research indicated that kitchen is the productive part of the units interviewed women business operators. It should be not minimum than 4m² as described in the structural plan.
- Home-based enterprises are not visible however this can be solved by providing communal working space near to circulation areas and corridors. Therefore any externalities can be more visible for nearby residents. The communal working space can be provided in each floor.
- The communal working spaces also have advantage such as the beneficiaries will have the chance to work outsourced works from industries. The segregation will help business with most frequent visitors to be more convenient and secure. Communal selling shop can be ideal if communal working spaces are provided in each floor.

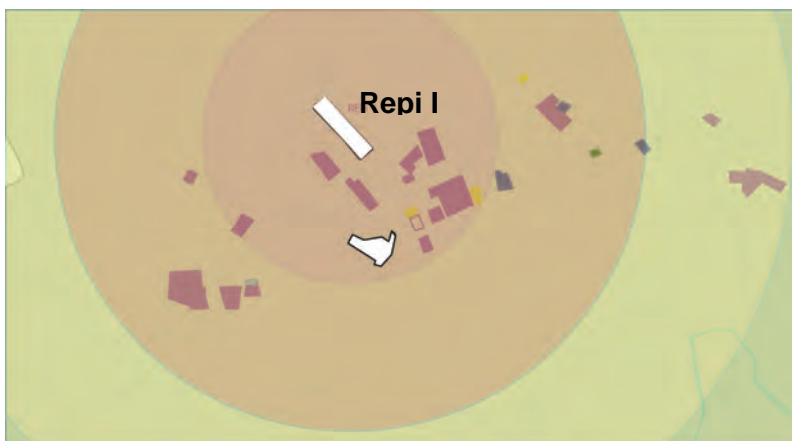
The public sector is dealing with establishment and development of MSEs in all administrative levels. Its role is clearly stated in urban development policy and other related documents. The major tasks attributed to consists of supporting MSEs by arranging loan, creating market links and providing necessary trainings and working spaces. Following this policy directions, this recommendations delineates the primary role to public sector to implement the proposed actions.

Graphic Proposal



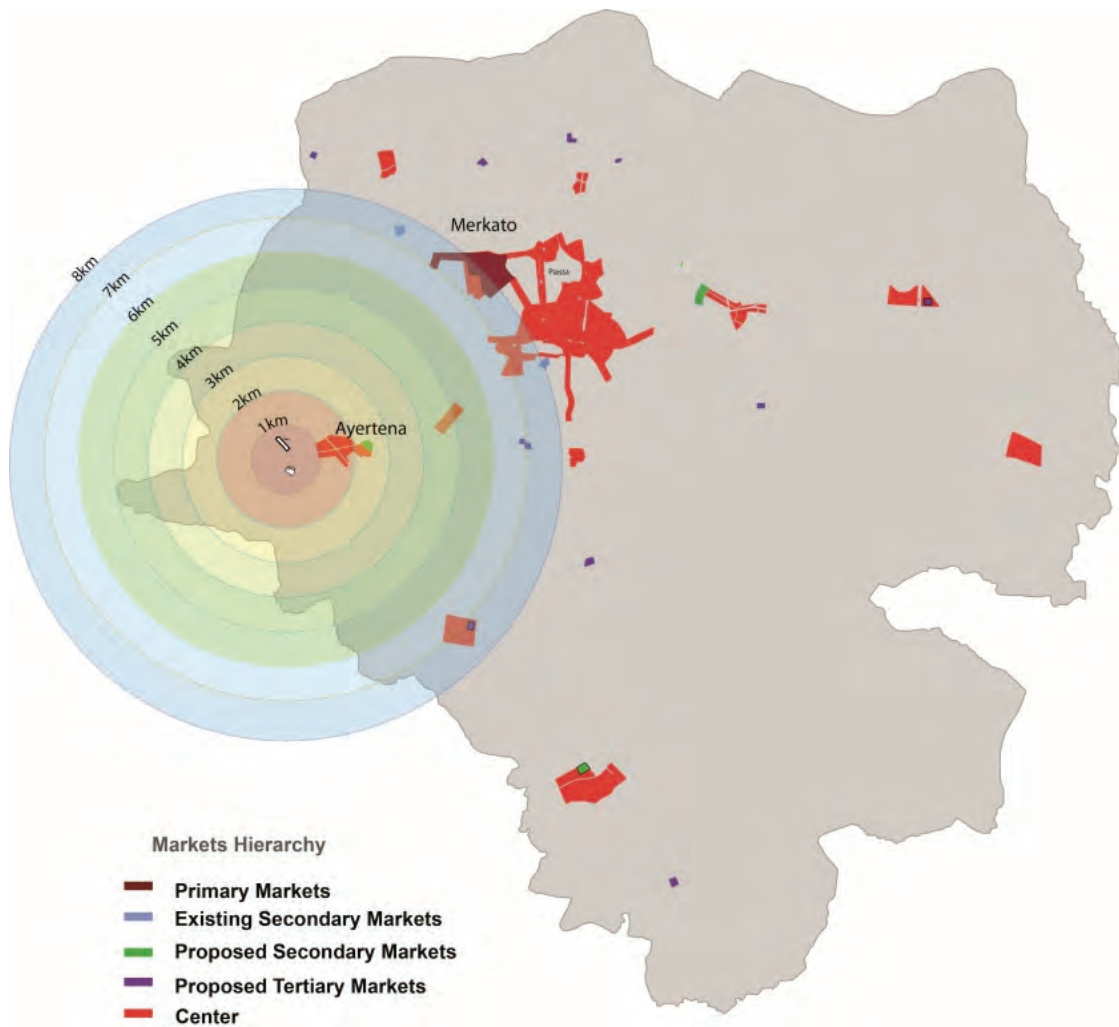
Existing and Proposed Industries around Repi I and II.

(Based on ORAAMP,2002)



Magnified view with in 3km radius

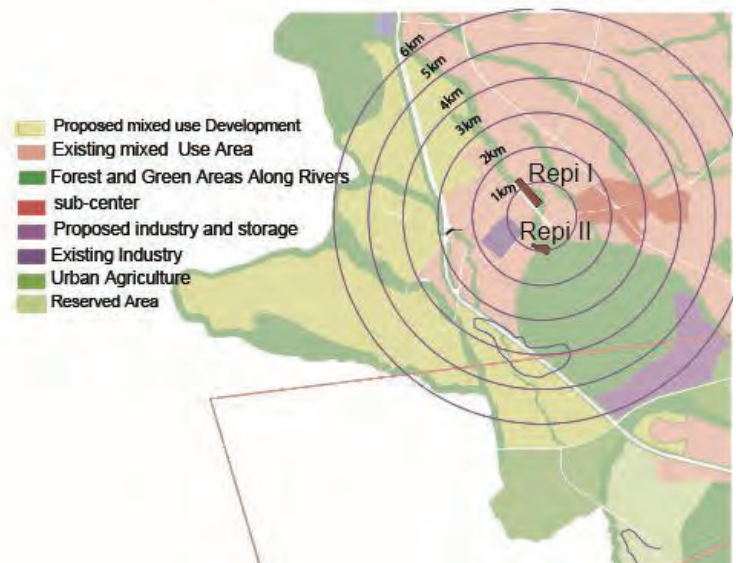
The existing industries can be essential for MSEs in condominiums. Existing and future industries can benefit by outsourcing certain portion of the work flow to MSEs organized and have working spaces in condominiums. Processes such as packing and cutting which have low impact can be outsourced to MSEs. But there should be incentive for industries that outsource .And related policy measures can be taken to simulate industries, now and in the future.



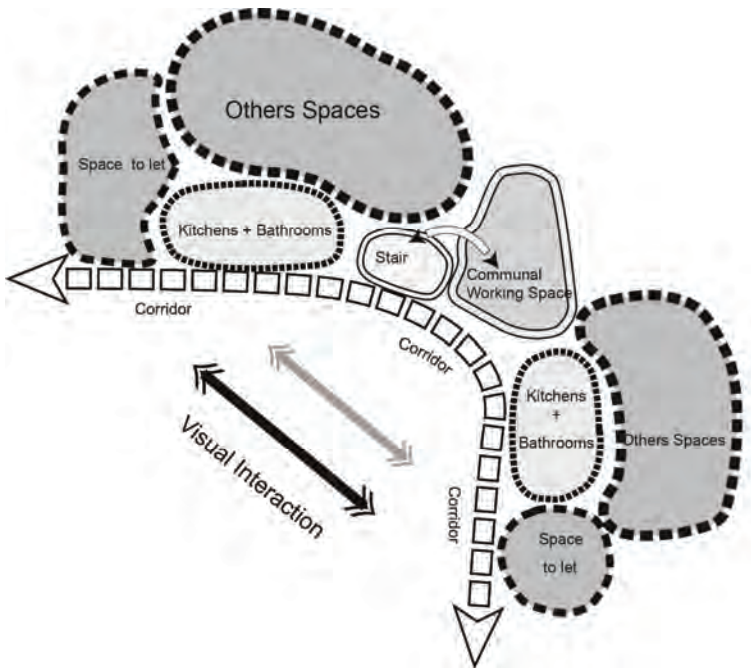
Market Hierarchy in Addis Ababa with Repi I and II .(Based ORAAMP,2002)

In the proposed Mixed use development area it can be practical to include working spaces for MSEs that engaged in food production and related compatible activities.

In particular, for sites like Repi II which has proximity to land reserved for urban agriculture, It could be pragmatic to link MSEs, Housing and Urban Agriculture. Also forest related economic activities are very ideal. Thus households can both benefit and reserve the areas. It can also be handover to the associations

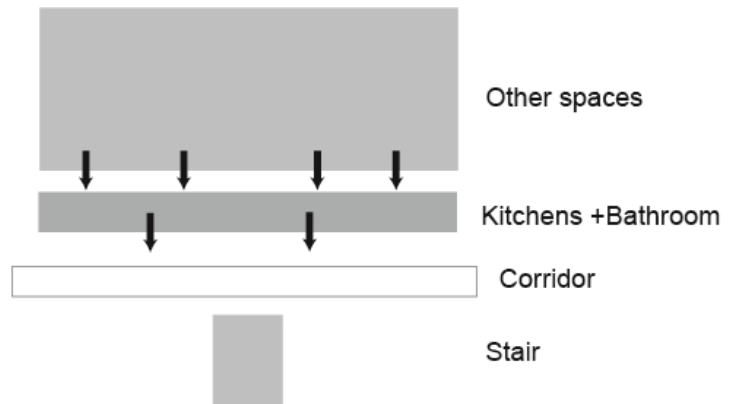


Land use around Repi I and II.(Based on ORAAMP,2002)

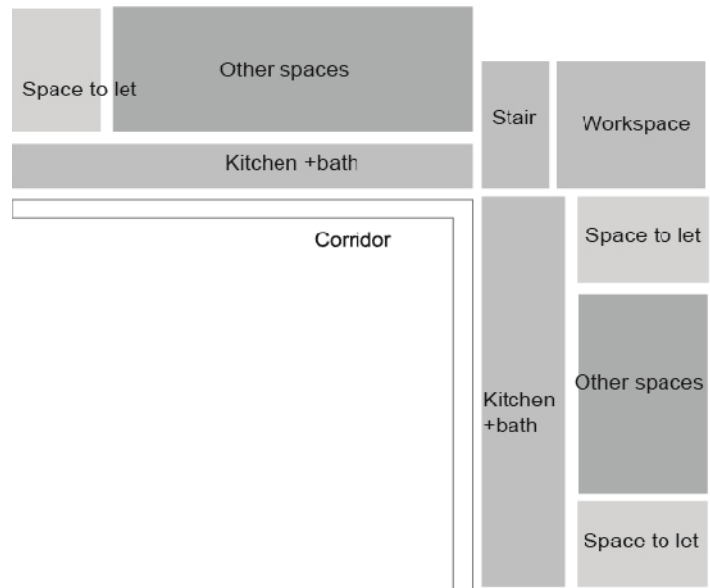
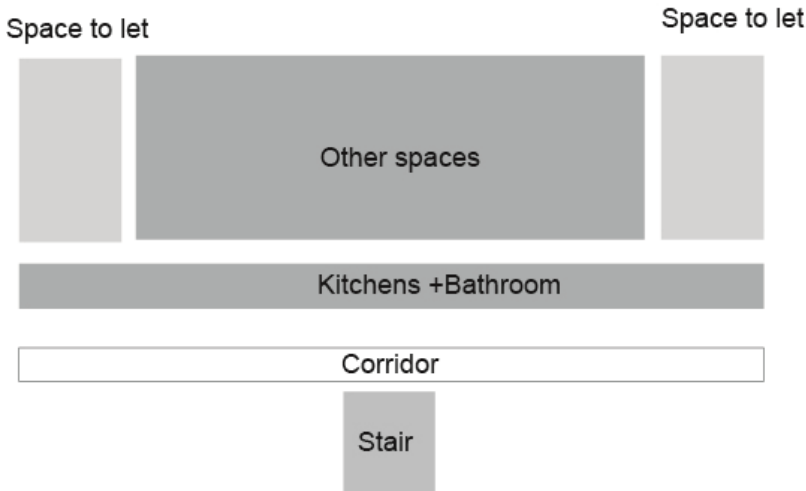


Concept Development

Schematic Diagram



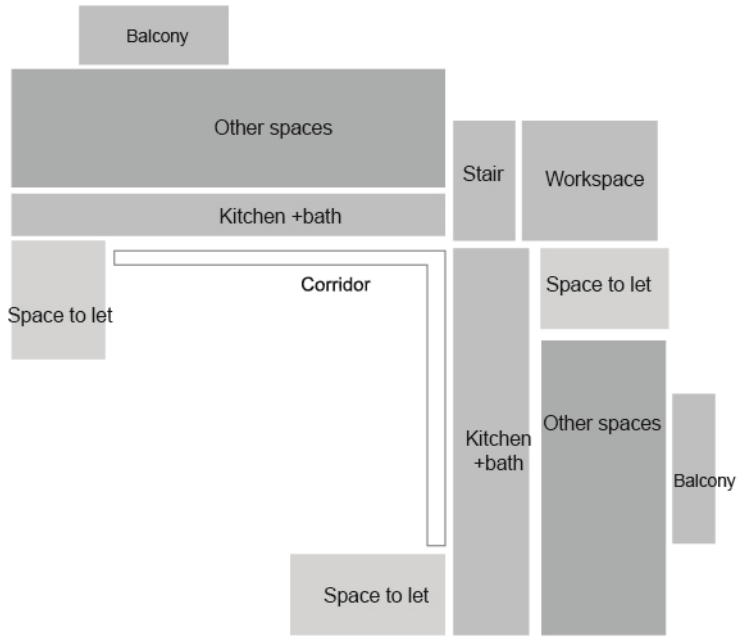
1 The proposed layout considered wet-cores (kitchen + Bath rooms) to be aligned linearly .whereas the remaining spaces can be flexible and the beneficiaries themselves can alter the uses. This approach will ensure the participation of



2 Designing condominiums in a manner to allow subletting is essential. So that the beneficiaries can sublet their units since the design created more comfortable situation than the current designs. But sharing bathrooms is necessary.



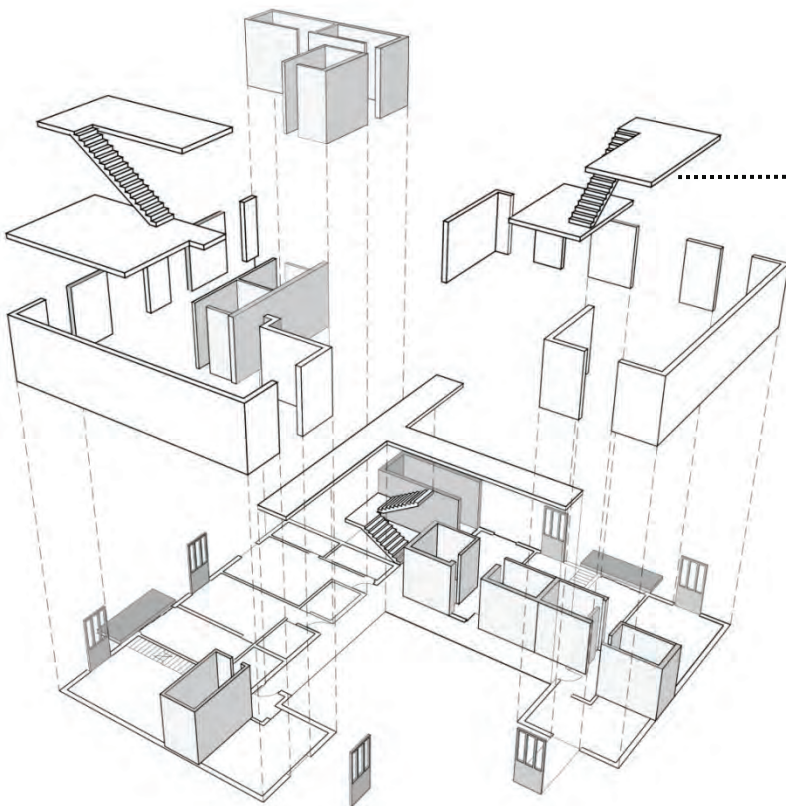
3 Arrangement of the housing units could allow more visual interaction. Such layouts could also increase the visibility of future Home-based enterprises. Further this L-shaped arrangement creates more territoriality.



MSE + CONDO = PRODUCTIVE HOUSING

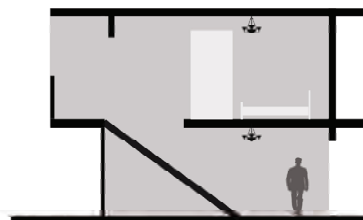
4 Providing space to accommodate extra spatial demands is essential. This space can be provided as **balcony** which later can be incorporated as living spaces especially for bedrooms.

5 the beneficiaries can organize through MSEs and each condominium could incorporate working spaces for MSEs. These workspaces have to be used as clusters for textile and food processing and related low impact activities. This approach can save time and finances which is common for constructions of new buildings for MSEs. Hence condominiums can have small productive clusters (it can be also small independents building) which are vital to boost the income of the beneficiaries. Also



Schematic 3D view of the proposed floor plan

6 by providing additional floor in one unit it could be possible to have more rooms in the ground. This can also create high density condos which have ground spaces and allow subletting. In particular this approach is practical for low-rise condos (up to G+2)



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Appendix 1. List of Key Informants

Ato Tsegaye Yalew (secretary Piassa qabale 10 Condominium owners Association)

Ato SHEMELES Tesfaye (Chairperson of Repi I Condominium owners Association)

Ato Mohammed (Secretary, Repi II condominium owners Association and Broker)

Ato Menelik (Secretary, Dekemahari site condominium owners association)

AtoTewodros Teshome(Gate Keeper in Repi II site)

Victory Sanitary Works Enterprise (Lideta site)

Rhobot Metal Work Enterprise (Lideta site)

Mered Dechassa Construction P.L.C. (Interview with the foreman)

Hajafeji Construction P.L.C.(Interview with the foreman)

Hairedin Sultan Construction P.L.C.(Interview with the foreman)

Appendix 2. Structured Questionnaire for HBE Owners

1. Name _____ Gender Age Previous Address
2. Typology of housing unit Area If you rent it how much
3. Household size, including dependents and co-dwellers?
4. What types of home-based activities you have? _____ Who are the target groups _____ how many workers does it have? Monthly income from
5. How do you use your home for work? Which rooms and resource used interchangeably? How many workforces engaged in the business?

6. What are the raw materials you're your business? What is the size of space used HBE?

7. What are the precautions and safety mechanism you take to prevent hazard on workers and children's?

8. What it's the contribution of your home-based business on housing improvement and livelihood?

9. What are the main problems you face running home-based enterprise?

10. What are waste disposal systems? Which infrastructures you use frequently?

Appendix 3. Data collection form for Contractors and MSEs

Block No.____Typology_____	Skilled labor	Unskilled labor	MSE	Other Subcontractors	Contractor	Remark
Masonry work						
HCB						
Earth work						
Windows and doors						
Finishing (Painting)						
Plastering						
Tiles						
Roof						
Concrete work(structural elements)						
Metal works						
Sanitary works						
Electrical works						
Hand rails						
Agro stone partition board						

Appendix 4. Interview form for HBEs

Survey Form No _____	Name :	Name :	Name :	Name :	Remark
Gender of H.H					
Age					
Typology of unit					
Family size					
Education/training					
Employment status					
Income (per month)					
Tenure					
Floor area- Floor level					
Do you have HBE before					
Type of HBE or IGA					
Target groups					
Total workers					
Your interest on HBEs					
Size of space used for HBE					
Impact on housing maintenance					

Abbreviations:

B bed room
Rrental
Oowner occupied
H High
Llow

C Communal area
H.H Household Head,
HBE Home Based Enterprises
Y Yes
N No

NI Not interested
HBHave before
Iinterested
1 Male
2 Female

E Employed Formal
UE Unemployed
EI Employed informal
SSstudio
IGAIncome Generation Activity

Appendix 5. Visited Websites and Sources of Maps

Ethiopian Television Official Website- www.erta.gov.et

<http://www.ertagov.com/erta/erta-news-archive/765-eighty-four-mses-in-addis-ababa-transformed-into-medium-industry.html>

Ministry of Works and Urban Development Official Website (now Ministry of urban development and construction)

<http://www.mwud.gov.et/policies/default.aspx?did=34> and <http://www.mwud.gov.et/institutions/LHCB.aspx>

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