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## **Cooperative Housing Affordability Challenges: Impact of Urban Housing Policy and Legal Framework Implementation on the Housing Cost**

*The case of 'Ayeru 40 meter' Housing Cooperatives in Gondar City, Ethiopia*

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### **MASTER'S THESIS**

This thesis is submitted to the Ethiopian Institute of Architecture, Building Construction and City Development (EiABC), Addis Ababa University, for partial fulfilment of the requirements for Master of Science in Housing and Sustainable Development.

By

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EiABC, AAU

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This thesis is submitted to the Ethiopian Institute of Architecture, Building Construction and City Development (EiABC), Addis Ababa University, for partial fulfilment of all requirements of Master of Science in Housing and Sustainable Development

Title of Thesis

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*The case of 'Ayeru 40 meter' housing cooperatives in Gondar city, Ethiopia*

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## **DECLARATION**

I, Alemseged Sintayehu Takele, declare that a thesis by the title of “Cooperative Housing Affordability Challenges: Impact of Urban Housing Policy and Legal Framework Implementation on the Housing Cost, *The case of ‘Ayerá 40 meter’ Housing Cooperatives in Gondar City, Ethiopia*” is my original work and has not been presented for award of any degree or diploma in this or other universities. All sources of materials used for this thesis proposal work have been fully acknowledged.

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## **CERTIFICATION**

Here with, I state that Alemseged Sintayehu Takele has carried out this research work on the topic entitled “Cooperative Housing Affordability Challenges: Influence of Urban Housing Policy and Legal Framework’s Implementation on the Cost of the housing; *The case of ‘Ayerá 40 meter’ Housing Cooperatives in Gondar City, Ethiopia*” under my supervision and it is sufficient for submission.

Biruk Kebede Geletu

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Date: \_\_\_\_\_

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## **ABSTRACT**

Cooperative housing in Ethiopia has increasingly become unaffordable for low and middle income groups. While urban housing policies have been studied, there is a gap in assessing their implementation and its impact on affordability. Therefore, the study aims to assess the impact of policy and legal framework's implementation on the scheme's overall cost and affordability as part of an affordability challenge of the scheme. Using 'Ayera 40 meter' site as a case site, a mixed quantitative and qualitative approach was used. Qualitative data were collected through in-depth interviews with purposely selected informants, analyzed using a thematic analysis. Whereas, quantitative data were collected through survey from 320 randomly selected cooperative members and analyzed using a frequency and descriptive analysis. Secondary data were also used from policies, proclamations, directives, reports and books. The study identified key cooperative housing affordability challenges, including unaffordable upfront costs (61.3%), construction costs (86.9%), and housing standards (93.8%). Additional issues were land provision delays, informal surveyor payments (69.4%), unaffordable compensation (38.1%), distant plot locations, and conflicts with local farmers (65.9%). The study also found main implementation gaps that has escalated the overall cost of the housing. A gap in members' replacement payment escalated the entrance cost for new members, a manipulation in the land provision sequence exposed 13.8% households to extra costs via bribery, a lack of quality of plots escalated construction costs of 82.6% of households, an absence of supervision on construction timeline exposed cooperatives to a quadrupled material cost inflations, a lack of governmental legal support exposed 73.9% households to unnecessary costs & financial exploitations, and a deficiency in infrastructure provision greatly escalated cooperatives' construction costs in many ways. The existence of Land speculation also deflected financial supports to high incomes impacting the scheme's goal. The main implementation challenges are found to be staffing shortages, inadequate financial resources, insufficient staff training, and poor inter-organizational coordination. The study recommends the government to provide regular staff training, increase resource allocation to key offices, modernize & centralized databases, enhance supervision and transparency, as well as revise housing policies and directives regarding housing standards, upfront capital costs, vertical development incentives, cooperative-farmer conflict resolution mechanisms, and financial alternatives.

**Key Words:** *Cooperative housing, affordability challenges, urban housing policy, legal frameworks, implementation, Housing cost*

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## **LIST OF ABBREVIATIONS**

**EiABC** - Ethiopian Institute of Architecture, Building Construction and City Development

**ETB** – Ethiopian Birr

**GC** – Gregorian calendar

**EC** – Ethiopian calendar

**Co-op** – Cooperative

**HH** – Households

**IHDP** – Integrated Housing Development Program

**MUDH** - Ministry of Urban Development and Housing

**ICA** – International Cooperative Association

**ANRS** – Amhara National Regional State

**EPRDF** – Ethiopian people’s Revolutionary Democratic Front

**GTZ** – German Technical Cooperation

## **LOCAL TERMS**

**Derg** – provisional military administrative council in Ethiopia that ruled from 1974 to 1991

**Debre Berehan Selassie** – a historic orthodox church in Gondar

**Fasiledes** - Emperor of Ethiopia from 1632 to 1667

**Ras** – a royal title in Ethiopian language

**Sefer** - districts

**Qaha** - River

**Mahadist** – Sudanese followers of Mahdai (Muhammad Ahmad) in late 19<sup>th</sup> century

**Kebele** – smallest administrative unit in Ethiopia

**Woreda** - the third level of the administrative divisions of Ethiopia after zone regional states

**Yechereka Bet** – informal housing

**Zemene Mesafint** – a period in Ethiopia from 1769 to 1855

## **CURRENCY**

1 USD = 75.4 ETB (In July 31, 2024)

## **GENERAL NOTES**

For the sake of confidentiality, pseudonyms (mock names) have been used in place of the real names of interviewees throughout this report.

All figures, tables and boxes without a source (citation) are prepared by the author.

The calendar that doesn't have GC or EC, are in Gregorian calendar.

All the pictures in the document are all taken by the author.

Ibid: means referring to a previously cited source with in a sequence of paragraphs.

## CHAPTER 1. INTRODUCTION

### 1.1. Background of the Research

A ‘cooperative’ is defined by many scholars as a voluntarily organized and democratically controlled autonomous association of peoples gathered to fulfill their common socio-economic and cultural needs (Schaeffer, 2015). It was started during the industrial revolution period in late 18th century (1760 – 1850) by industrial workers as a response to their threatened economic and living situation. Whereas, the modern cooperative movement began in 1844 by weaving artisans in Rochdale town, north of England and expanded to all over Europe and to other part of the world up to the end of 19th century. Even though the initial cooperatives were a consumer’s cooperatives, they had expanded in to other different sectors including the housing sector (Mohamed, 2022). Similarly, housing cooperatives were formed by industrial workers due to the harsh living situation they face during industrial period with an intention of providing an adequate & affordable homes for their members. Internationally, it is distinctly known by its ownership structure that falls between renting and owning by which members own a share instead of owning a single unit (Avilla, Jacoby, & Bilbao, 2021). In most of developed countries it has been proven to be a successful model in providing affordable housing since its formation in 19th century (Schaeffer, 2015).

In Ethiopia, cooperative housing was first introduced by the socialist government of Derg between 1974 and 1991, with the intention of providing affordable housing to the urban population. It is also taken by the current government as a key housing strategy in the urban housing policy (2016). However, the scheme differs from the international cooperative housing by which it has a private ownership structure, not a shared ownership, and doesn’t continue after construction. Therefore, it is not a long-term affordable model and its contribution in the housing supply is not as expected. As revealed by many studies, the scheme is found to be unaffordable to low income households. As a World Bank study (2017) founds the scheme is only affordable to 4<sup>th</sup> and 5<sup>th</sup> consumption quintiles. Addisu Andenet (2018) also found the scheme’s unaffordability to low and middle income households in spite of the provision of 98% free of charge plots. A recent study by Matsumoto and Crook (2021) also found how cooperative housing is being unaffordable to low income households.

Ethiopian government has been trying to formulate many policy responses and interventions to solve housing unaffordability. The current housing policy (2016) has set some supports including lease free plots, free infrastructure provision, tax exemption for construction material imports, land provision priority to communal builders, land provision priority to communal builders and legal and technical

supports. However, the scheme's unaffordability still persists. A few researches attempted to assess the existing policies and legal frameworks and policies regarding the scheme's affordability including Matsumoto & Crook (2021) and World Bank study (2017). However, their implementation on the ground is not studied. There is a lack of knowledge on how policy and legal framework's implementation efficiency impacts the cost and affordability of cooperative housing, except some indications on the presence of implementation gaps including: speculation, under developed land provision, delay in obtaining land and malpractices by corrupted administration (UN-HABITAT, 2010), (MUDH, 2016). As Hudson, Hunter and Peckham (2019) stated in their study, "Policies do not succeed or fail on their own merits rather their progress is dependent upon the process of implementation." Different international experiences also reveals how formulated policies are not always executed as anticipated and result the required outcome (Mthethwa, 2012). Therefore, a need for study on the housing policy and legal framework's implementation efficiency was found to be important in relation to its impact on the cost and affordability of the scheme. Understanding the implementation gaps and their impact will benefit to set a better policy and legal framework implementation strategies in order to improve the affordability of the scheme.

### **1.2. Statement of the Problem**

Ethiopia is Africa's fifth least urbanized and second most populated nation. The rapid population growth in the country brings many housing challenges including an imbalance between the demand and supply of housing. This causes the housing price to be out of the reach of low and middle income households (Matsumoto & Crook, 2021). Low income groups are excluded from all formal housing channels including IHDP which is taken by the government as a fundamental policy to provide an affordable housing (World Bank, 2017), (Nuriye, 2019), (Matsumoto & Crook, 2021). This problem also exists in the current cooperative housing program which is one of the housing strategies in the country and the main source of the housing supply in secondary cities of the country (Matsumoto & Crook, 2021). As some studies revealed, the scheme is no longer affordable to low and middle income households in spite of some governmental supports in the urban housing policy and other legal frameworks (World Bank, 2017), (Andinet, 2018), (Matsumoto & Crook, 2021). However, the problem still continues to exist. Some studies have tried to evaluate the effectiveness of housing policies in terms of an affordability of the scheme and mention some bottlenecks such as the housing standard, the upfront cost, etc (Matsumoto & Crook, 2021; World Bank, 2017). There are also some indications in some studies on the existence of poor implementation of housing policy and legal frameworks in cooperative housing scheme like speculation, power abuse, corruption and absence of

infrastructure (UN-HABITAT, 2010; Nuriye, 2019). However, there is a huge gap in study and knowledge on the assessment of those policy implementations and their impact on the cost and affordability of the scheme. Their impact and relationship to affordability is still undiscovered well. Therefore this research aimed to investigate how a housing policy and legal framework implementation gaps impacts the overall cost and/or affordability of cooperative housing in its registration, land provision and developmental phases in order to improve the affordability of the scheme and establish a better strategy for the successful implementation of the housing program.

### **1.3. Objectives of the Study**

#### **1.3.1. General Objective**

The main objective of the research is to examine the impact of the urban housing policy and legal frameworks implementation on the total cost of cooperative housing during its registration, land provision and developmental phases, along with identifying its affordability challenges, in order to find a way to improve the program and increase its role in providing affordable housing.

#### **1.3.2. Specific Objectives**

- 1) To identify the current cooperative housing affordability challenges in ‘Ayera 40m’
- 2) To investigate how the policy and legal framework implementation impact the total cost of cooperative housing in ‘Ayera 40m’ during its registration, land provision and developmental phase
  - To investigate urban housing policy and legal frameworks’ implementation gaps during registration, land provision and developmental phase
  - To examine the impact of the implementation gaps found on the overall cost of the housing program
  - To investigate the implementation challenges of the housing program
- 3) To find out most effective strategies for the successful implementation of a cooperative housing program

### **1.4. Research Questions**

- 1) What are the current cooperative housing affordability challenges in ‘Ayera 40m’?
- 2) How does an urban housing policy and legal framework’s implementation impact the total cost of cooperative housing in ‘Ayera 40m’ during its registration, land provision and developmental phases?

- What are the urban housing policy & legal framework implementation gaps existed during registration, land provision and developmental phases?
  - What are the overall cost escalations that resulted due to urban housing policy and legal frameworks' implementation gaps?
  - What are the implementation challenges of the housing program?
- 3) What effective strategies can be implemented for the successful implementation of the housing program?

## **1.5. Scope of the Study**

### **1.5.1. Thematic Scope**

The thematic scope of the study included an assessment of the implementation of the current Ethiopian urban housing policy, land lease proclamation, and cooperative directives in relation to their implementation and impact on the affordability of cooperative housing throughout its registration, land provision and developmental phase. It also investigated the main cooperative housing affordability challenges.

### **1.5.2. Spatial Scope**

The spatial scope of the research is limited to the city of Gondar because the scheme is the main housing provision mechanism in the city, as Matsumoto & Crook tries to indicate (2021), and there is a significant housing affordability and shortage problem including in the governmental public housing programs (Bantayehu, 2021). The focus location of the study only consisted 'Ayera 40 meter' cooperatives' location.

### **1.5.3. Temporal scope**

The temporal scope of the research is a time after 2007 E.C when cooperatives under the case site received their plots. The main reason behind is that 2007's cooperatives are the ones that has started constructing their houses but not finished yet, which is helpful to get more detailed and recent information. The 2000's cooperatives are more difficult to investigate because it will be very hard for co-op members to remember what was happened 16 years ago.

## **1.6. Significance of the Study**

In Ethiopia, housing affordability remains a critical issue, particularly within the cooperative housing scheme, which is among the housing strategies in the country. The scheme is un-inclusive to low and middle income part of the society. Even though existing researches explored the opportunities,

drawbacks, limitations, and unaffordability of cooperative housing, no study has been done that links governmental policy and legal framework's implementation with the cost and affordability of the scheme. Therefore, the study contributes greatly to the existing literature by which its findings will use as a tool for further studies of new researchers who are interested to investigate more about the scheme in the city. Moreover, it reveals the root implementation gaps which causes the scheme to be unaffordable and costly as well as reveal other cooperative affordability challenges. As the scheme is the main housing supply channel of secondary cities in Ethiopia, like Dire Dawa, Bahir Dar, Gondar, the study contributes for the enhancement of the program all over the country to increase its contribution in the affordable housing supply. It also has a significance to low and middle income part of the society if governmental policy implementation strategies are improved as per the recommendations of the study. On the other hand, the study shows governmental officials how their practical decisions and policy implementation efficiency influences the cost and affordability of cooperative housing. It also pushes for an improvement of cooperative housing policies, regulations, and directives as well as their implementation strategies in a country level.

### **1.7. Research Limitations**

Although significant findings were gained on the affordability challenges and policy implementation gaps in cooperative housing strategies in Gondar, some limitations are acknowledged. First, the scope of this study was limited to 'Ayera 40 meter' cooperative site, and the results may not fully capture the diversity of cooperative housing affordability challenges and implementation gaps across the city. Another limitation of the study was that the cooperative housing organizing team leader was unable to be reached because he was on annual leave during the data collection. Instead, the cooperative organizing professional was interviewed in his place. Although significant information was gathered from the professional, inability to interview the team leader may have impacted the depth and specificity of the information collected regarding the organizational implementation challenges encountered in the office. Finally, another limitation of this study was that information could not be obtained for 9 of the 76 cooperatives sampled. Five of these cooperatives' chairpersons refused to provide their contact information, and another three never responded to several calls. This limitation may result incomplete data representation. However, additional samples were obtained from the other 69 cooperatives in order to meet the sample size sufficiently.

## 1.8. Description of Study Area

The city of Gondar is one of the oldest Ethiopian urban centers established as a capital city in the 16<sup>th</sup> century during Emperor Fasiledes (ANR, 2015). It is located in North Gondar Zone of Amhara region, ANRS, having a neighboring woredas of Dembya, Gondar Zuria, Lay Armachiho and Wogera. It has a geographic location of 12°03'N latitude and 37°28'E longitude and is located at 120km from Bahir Dar and 737km from Addis Ababa. The city is one of the four city administrations out of 24 woredas in North Gondar Zone. It is also one of Amhara region's metropolitan city with 12 sub-cities along with the city of Bahir Dar and Dessie with an area coverage of 257.4km<sup>2</sup> (ANRS, 2015).

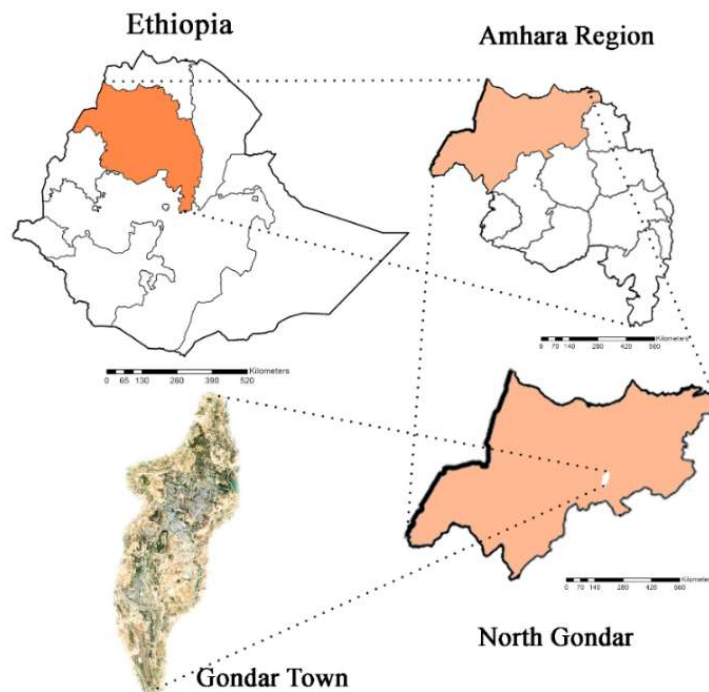


Figure 1-1 - Location plan of Gondar city

The city is one of Ethiopian cities with largest urban population. Its total population was 80,886 during the 1984's census, 112,249 and 207,044 during the 1994's and the 2007's census respectively. Whereas, according to the 2019's national census, the total population of the city reached 500,788 (Bantayehu, 2021).

The city is known for its historic heritage sites including Fasiledes Castles, Fasiledes Bath, Debre Berehan Selassie church, Kusquam, Ras Michael Sehul Castel etc. Most of the districts of the city has been emerged as residential areas around the empirical compound. Those districts (sefers) includes: Abun bet, Addis Alem (Islam bet), Wolaqa, Qaha, Qusquam etc. However, the city had faced many

challenges that challenges the city’s development including: Zemene Mesafint (1769-1855), the shift of capital city to Debre Tabor (1855-1892), Mahadist invasion in 1868, the great famine (1889-1892) and also an Italian invasion in 1936 (ANRS, 2015).The urban design of the city was highly modified during an Italian invasion with construction of residences, cinemas, shops, governmental buildings, offices and also infrastructures that still exists in the present days.

### 1.9. Organization of the Thesis

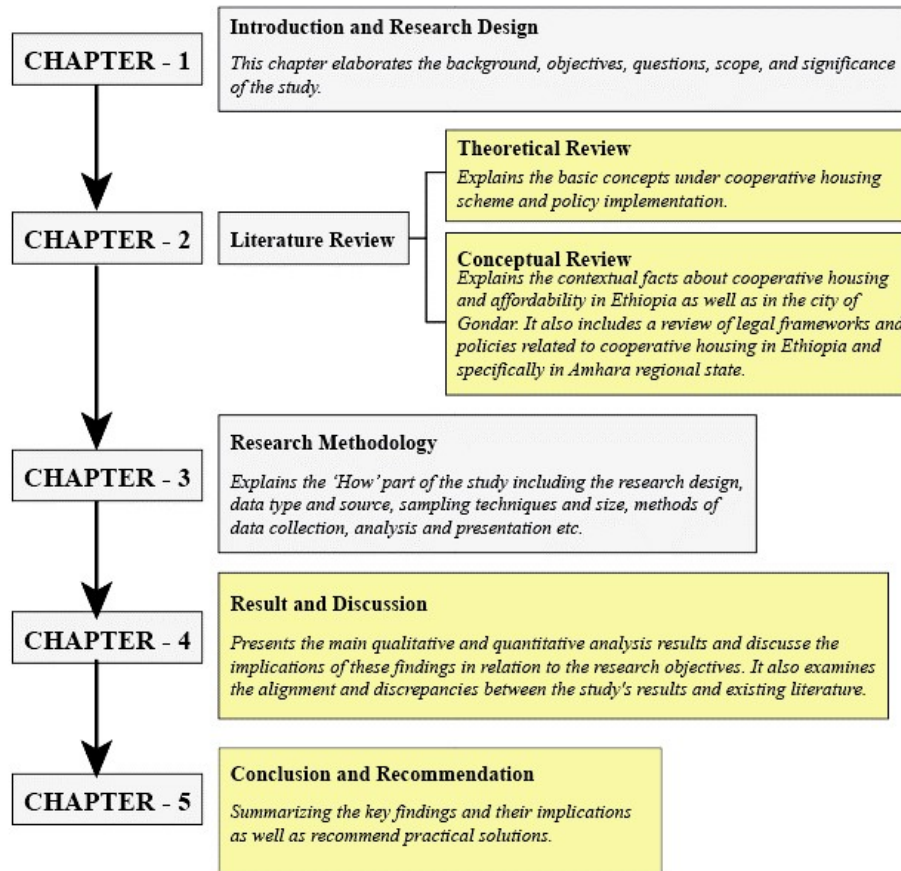


Figure 1-2 - Organization of the thesis

This chapter has presented the background of the study, the research gaps and the main objective of the study in exploring the impact of policy and legal framework implementation on the cost and affordability of cooperative housing. The next chapter will review the existing literature on the matter, in addition with contextual frameworks presenting the current study.

## **CHAPTER 2. LITERATURE REVIEW**

### **2.1. Introduction**

This literature review chapter documents a review of previously done literatures regarding the core issue of a cooperative housing affordability and governmental policy implementation. The literature tries to cover the basic variables related to the overarching topic of the research in their logical order. Therefore, it primarily explains the definition, characteristics, historical background and governing principles of cooperatives worldwide. Then it narrows down to describing housing cooperative describing its goal, unique characteristics and its historical background. Next to that, it presents the basic types or models of housing cooperatives and then describe the world wide affordability of housing cooperatives including its affordability challenges. Then it presents the basic definition and importance, and approaches of policy implementation. Then it describes the linkage between a policy and policy implementation. Since one of the objective of the research is to investigate and assess the policy implementation effectiveness of cooperative housing, the literature tries to review the framework for policy implementation assessment. After that, it presents the factors for the success and failure of policy implementation. This will help to answer one of the research question of the study which aims to know the challenges posed against the successful implementation of cooperative housing program. The last part of the literature presents a contextual review which briefly described the local definition, historical background, policy instruments and legal frameworks of cooperative housing scheme in Ethiopia. It also includes the affordability and the affordability challenges of the scheme in Ethiopia. Moreover, since Gondar is the geographic scope of the study, it presents the housing condition in Gondar city including affordability and the scheme itself.

### **2.2. Theoretical Foundations and Models**

#### **2.2.1. Cooperatives: Definition, Characteristics and Principles**

Almost all of the sources on cooperative identity refer back to the definition of a cooperative given by the International Cooperative Alliance. ICA (1995) defines cooperatives as: “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” (ICA, 1995). Similarly, European Union research service (EURS) also defines cooperatives as: “autonomous associations of people aspiring to achieve their objectives through a jointly owned and democratically controlled enterprise” (EURS, 2019). Cooperative members equally contribute resources to its development as well as share benefits and risks equally based on their share in the cooperative.

Cooperatives are distinctly differentiated from other associations by which they are built on the foundation of a democratic, equitable, self-help, self-responsibility, and solidarity/unity values as well as they strictly follows cooperative principles (ICA, 1995). Cooperative principles are principles that guides any developmental actions by cooperatives. Historically, the first cooperative principles were firstly formulated by the society of Rochdale in 1844 which were subsequently revised twice in 1845 and 1854. (Crabtree, et.al, 2019), (ICA, 1995). It was again revised twice in 1966 and 1995 after adopted by ICA in 1937. The principles, however, continue to be the same as those followed by Rochdale Pioneers. As it is enlisted and approved by ICA (1995) during its 150<sup>th</sup> anniversary meeting, the seven cooperative principles are:

1. Voluntary and Open Membership - cooperatives are voluntary associations formed by peoples who are interested and willing to participate. They are also open for everyone who wants to be a member as long as he/she agrees to accept the required responsibility and respect its principles, rules and regulations.
2. Democratic member control - cooperatives are controlled democratically by their members who have an equal vote as well as equal right in participation, formulation of bylaws, and decision making activities.
3. Member Economic Participation - every member of the cooperative contributes equitably for the capital and resources of the cooperative. They will in return equally own the cooperative including its benefits and risks.
4. Autonomy and Independence - cooperatives are self-help enterprises that are solely run by their members. They are also independent from the government except they agree to cooperate with.
5. Education, Training, and Information - cooperatives provide trainings and education for their members, employees, managers and elected representatives in order to facilitate their development and growth.
6. Cooperation among Cooperatives - cooperatives creates a cooperation between their members who works together in a local, regional, national and international structures for their common goals.
7. Concern for Community - in addition to an economic support, cooperatives work to build a sustainable community and social relation between members.

### **2.2.2. Historical Background of Housing Cooperatives**

The earliest evidence of cooperatives dates to 2067 BC, when King Humm introduced a cooperative system of tenants farming. (CDS, 2002 as cited in Sedhain, 2005). There were also other informal social associations in communities. However, a formal cooperatives were firstly formulated during the

industrial revolution period in Europe in late 18th century (1760-1850) by industrial workers as a response to their harsh living situation (NCF, 2003), (David, n.d). The idea of forming cooperatives were firstly advocated by Robert Owen who is known to be the father of cooperative movement (Mohamed, 2022). He tried to explain how the poverty problem of workers would be solved if they decide to go out from the society of capitalists and inter in to the 'New Moral World' by which workers cooperate themselves to work together for their own economic benefit. As a result the society of Fenwick Weavers' in France established the first cooperative in 1761 (ibid), (David, n.d). The cooperative was a consumer cooperative by which they purchase consumption goods in bulk and provide for their own members at an affordable price. Later in 1844, a group of weavers in Rochdale city, England, initiated the first modern cooperative movement. They were encouraged by a philosophy of Robert Owen. The cooperative was also a consumer cooperative. According to ICA (1995), Rochdale's cooperatives were the first in formulating a cooperative principles, which are still in practice in the present days, as a guideline and rule to govern their cooperative activities. Later on, the cooperatives were expanded to other different sectors. Initially, even though cooperatives were popular in Europe, they were flourished throughout the world in late 19<sup>th</sup> century (Mohamed, 2022). As a result, an international cooperative alliance was founded in 1895 in Britain Now a days, it includes

A housing cooperative is one sector of a cooperative. It is a voluntary association of peoples formed with a main goal of providing an adequate and affordable housing to its members. It is unique from other housing strategies by which it strictly follows the cooperative principles and values (NCF, 2003). It is also unique by its ownership structure by which it promotes a collective or a shared ownership of houses (NCF, 2003). The cooperative owns every property and the members own a share of the whole cooperative which gives them a full right to live at their housing unit. As Avilla et.al. (2021) stated, a cooperative housing gives a right to live, not the right to own it. As a result, members are restricted by law not to sell their own housing unit in a free market. However, there are also other forms of housing cooperatives that allows members to resell their units at a market price.

According to Schaeffer (2015), cooperative housing has been demonstrated to be a successful affordable housing option for low and middle income households. It also provide technical skills and knowledge to its members which could help them in their future career. Through a team building concept, members will have a chance to participate in the construction process and learn basic skills. This creates a sense of pride for members as they build their own house (Tom, 1967). As Crabtree et.al. (2019) stated, rental cooperative residents in Canada and Australia reported that they got a range of

financial, social, administrative and operational skills through participating in a cooperative governance.

Historically, the movement of cooperative housing was started in the late 1800s in Britain during the industrial period by industrial workers as a response for their harsh and dense living situation. Their initial motive was to share their resources and build an affordable communal house for their members (Schaeffer, 2015). According to NCF (2003), the earliest known housing cooperative was established in New York City in 1857 to give artists a shared living, studio, and gallery space. However, the first full residential cooperative housing was constructed in New York around 1916 by a group of Finnish immigrants. The growth of housing cooperatives across countries were seen in 1950s after the Second World War housing destruction. They played a significant role during the era's high housing need (ibid), (Basem, 2016). As Mohamed (2022) stated, they were started to be subsidized by the government after a formulation of 'Low of Workers' in 1953. Several new housing co-ops were then established in the 1970s and 1980s with the aid of numerous government initiatives created specifically to offer affordable homes to households. In 2000, in Germany, legal frameworks were reformed for housing cooperatives to focus on middle-income households in most need of affordable housing (NCF, 2003). Now a days, housing cooperatives are specifically an affordable housing alternatives to low- and middle income households.

### **2.2.3. Housing Cooperative Models**

As NCF (2003) tried to state, the emergence of many various forms of cooperatives is made possible by the flexibility of cooperative laws in order to make each co-ops fit the demands of a specific group of members. Housing cooperatives can be classified in to different types based on, but not limited to, their equity and tenure structure (NCF, 2003), (UN-HABITAT, 2006), (Sedhain, 2005).

#### **Type of housing cooperatives based on Equity Structures**

**A – Limited Equity Cooperative** – is a cooperative which prohibits members not to resell their housing units at a market price. However, the maximum reselling price is decided by the cooperative based on a formula. Usually, this type of cooperative is sponsored by the government or other non-profit organizations through low interest mortgage loans, grants or tax exemptions. So that the main goal of this cooperative is to maintain a long term housing affordability and retain governmental subsidies (Gacosta, 2019), (Schaeffer, 2015).

**B – Market Equity Cooperative** – is a cooperative that gives its members a right to resell their units at a market prices. It is bought and sold similar to condominium housing units. However, its ownership

is still a shared ownership (Sedhain, 2005). However, it is criticized to be un-inclusive to low-income households because of its speculative nature.

**C – Leasehold Cooperatives** – are a rental type of cooperatives by which the housing cooperative manages the building collectively as a cooperative after leasing it from a non-profit organization or a landowner. Members have no any ownership. However they have the right to live in the housing units as long as they pay their monthly payment and maintenance fee (NCF, 2003), (Gacosta, 2019), (Schaeffer, 2015).

#### **Type of housing cooperatives based on Tenure structure**

**A – Limited Housing Cooperatives** - are organized to acquire a land and then subdivide it between members of the cooperative so that every member will be a land owner at the end. The cooperative only sustains until it is provided with a plot. The members then can do whatever they want including reselling the land at a market price (UN-HABITAT, 2006).

**B – Multiple Mortgage Housing Cooperative** - is also known as a condominium by which, unlike limited housing cooperative, members only own their housing unit except the communal areas. The communal areas are owned, maintained and controlled collectively by the cooperative. The name ‘Multiple Mortgage’ is given to the cooperative because each members have a separate arrangements of loan. So that, every cooperative member have the right to resell only their housing unit at a market price (ibid).

**C – Continuing Housing Cooperative** - is also called a ‘Single mortgage housing cooperative’ because there is no a separate mortgage loan for each members. Members do not own their housing unit. However, they only own a share in all properties of the cooperative. So that, reselling housing units at a market price is strictly prohibited. The name ‘Continuing cooperatives’ is given because the cooperative or the bond between members sustains even after the completion of housing constructions (ibid).

#### **2.2.4. Policy Implementation**

Policy implementation has been defined by many scholars in many different ways. As Mthethwa (2012) tried to state, “*Implementation is the set of activities and operations undertaken by various stakeholders towards the achievement of goals and objectives defined in an authorized policy*”. Signe (2017) also tried to define it as “*a specified set of activities designed to put into practice an activity or program of known dimensions*”. Whereas Bhuyan et.al. (2010 as cited in Mthethwa, 2012) define it as

*“the mechanisms, resources, and relationships that link policies to program action. Or more specifically it means to carry out, accomplish, fulfil, produce or complete a given task.”* In general, the process of carrying out and executing a policy is referred to as implementation. Moreover, it is described by scholars as a process which is both political and technical in its nature. A policy implementation process is not always a linear and may alter over time for a number of reasons (ibid). It also involves ongoing decision-making by important actors who operate in complicated institutional and policy environments. As Signe (2017) tried to show, implementation of policies occur on a two level which are Macro and micro-implementation levels. A government program is devised at the macro-implementation level. Whereas, local implementing bodies implement and respond to those plans and programs by contextualizing them to their local condition. Even though earlier researches on housing stock transfers were not focused on the implementation of stock transfers, governments are now starting to show an interest in policy implementation phase of a policy processes (Kearns & Lawson, 2008), (Hudson, Hunter, & Peckham, 2019).

### **2.2.5. The Link between Policy and Implementation**

Policy and implementation are an inter-dependent entities which affects one another. One of the key components of a better and more successful policy implementation is a supportive policy environment (Mthethwa, 2012). Whereas, the success or failure of a policy is also determined by the process of implementation (Hudson, Hunter, & Peckham, 2019). As Durlak and Dupre (2008 as cited in Signe, 2017) founds in their study, three times more effect was made on a program from monitoring an implementation than not monitoring. The policy itself, including its content, serves as the beginning point for a policy implementation assessment. The underlying problem area, the policy's goals and objectives, as well as the broad activities to address the problem, should all be clearly outlined in the policy content (Walt & Gilson, 1994 as cited in Mthethwa, 2012). Poor policy design can result from a variety of factors, including a lack of political support, a lack of knowledge of the implementation context, unclear or even conflicting goals, poor quality evidence, and poor understanding of the problem (Hudson, Hunter, & Peckham, 2019). A policy must set the proper policy action to address the root problem in order to promote effective implementation. One of the reason why some policies are not implemented is also due to unclear or ambiguous policy objectives or actions. Policy objectives should also be clear to understand for implementation. Moreover, it is more challenging to implement a policy that was not established with significant stakeholder participation (ibid). During the policy-drafting process, a comprehensive implementation plan that addresses stakeholder participation, risks, monitoring, and resource management must be established (Hudson, Hunter, & Peckham, 2019).

Moreover, the policy should also clearly specify the roles and responsibilities for various actors at various levels of implementation phases (Sedhain, 2005). It should also clearly connect implementing actors horizontally and vertically. Due to the process of change and conflict occurring in the implementation stage, the policy outcome might often be considerably different from what the planners had in mind. As policies deal with the realities of implementation on the ground, they are frequently modified and interpreted during the implementation process (Mthethwa, 2012).

### 2.2.6. Theoretical Framework

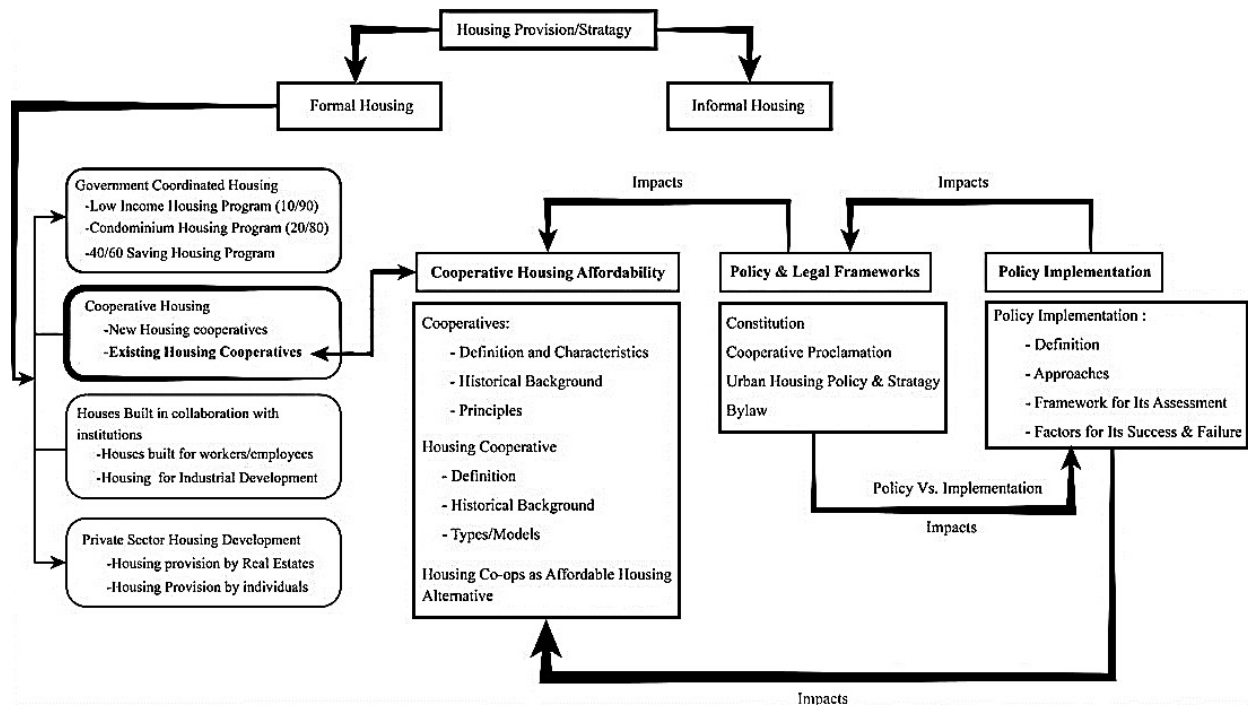


Figure 2-1 Theoretical Framework

## 2.3. Empirical Evidence and Findings

### 2.3.1. Cooperative Housing Affordability

Housing is one of the basic need of human beings that impacts their well-being and socio-economic situation all over the world. It has a share of 70% of urban lands (Satterthwaite, 2019). The global housing need has been increasing because of the high urbanization rate and population growth all over the world. As Moreno-Monroy, et al. (2020) stated, now a days more than half of the world's population lives at urban areas and is expected to be 70% in 2050. The world population is also estimated to be between 7.9-10.9 billion by 2050 (Nafar, 2018 as cited in Kashif et.al, 2019). As a

result, the issue of affordable housing is becoming worse and becoming a heavy burden for policy formulators.

One of an affordable housing alternative used by policies of many countries is a cooperative housing. Since their formation, housing cooperatives' initial goal is to provide affordable housing to low and middle income societies (Coimbra & Almeida, 2013). Low-income households who couldn't afford housing individually will get an opportunity to build their house as a cooperative (Sedhain, 2005). According to Lawal (2021), since there are no significant barriers or bureaucratic bottlenecks in cooperative organizations, access to affordable housing is thought to be made possible through these channels. It allows households to collectively borrow under a joint single mortgage so that members who are not qualified for loan individually will get an opportunity to cooperatively borrow and built their houses (NCF, 2003). According to Crabtree et.al. (2019), cooperatives in Canada, UK and Austria have found to increase security of tenure, housing quality and affordability. Cooperative housing have a promising share out of the entire housing stocks in many countries. At the same study Crabtree et.al. (2019) found, cooperative housing accounts to 22% of the total housing stocks in Sweden, 15% in Norway in 2012, 40% in Oslo in 2016. Moreover, in Austria, every sixth inhabitant lives in limited-profit cooperative owned apartments. According to Sedhain (2005), a bulk purchase of low-cost construction materials and absence of administrative costs contributes for an affordability of the scheme. It also has low operating cost. As Crabtree et.al. (2019) founds, cooperative houses run at a 14% lower cost than public or private non-profit housing in Canada. In addition, in a self-help cooperative housing arrangement, expenses are minimized through member involvement in home construction in weekends (Sedhain, 2005), (Avilla et.al., 2021). The social facilities of cooperatives could also provide a job priority to low income members to help them financially (Tom, 1967).

Housing cooperatives are unique from other housing channels because they provide a long term housing affordability (Gacosta, 2019). It is archived through its equity structure which limits speculation (Nyakuwa, 2010). Under a limited equity structure, members are not allowed to resell their unit at a market price. However, the price is defined by the cooperative board by considering only the unit's initial capital and maintenance cost as well as the paying capacity or income level (median income of an area) of new incoming members. New members are also screened by their income level for the cooperative membership (Crabtree et.al., 2019).

### **2.3.2. Cooperative Housing Affordability Challenges**

In spite of cooperative housing contribution to affordable housing supply, it is challenged by many pulling factors. Because of their dependency on members' deposit, housing cooperatives face a problem of shortage of fund (Muhammed, 2016 as cited in Kashif et.al, 2019), (Basem, 2016). In addition, access to capital for land purchase is a barrier. Another challenge is the problem of power abuse by managing committee of the cooperatives. According to Shahid, et.al (2020), financial irregularities by managing committee can be committed during land purchase and developmental phase of the scheme. Moreover, they manipulate land allotment process. There is also a fraud done by housing developers by which they sell plots at high prices after they get an approval from authorities (Shahid, Muhammad, & Qasim, 2020). A study in Palestine by Basem (2016) revealed that the advantage of some projects goes to peoples that have strictly commercial objective. Most of cooperative housing projects are also limited to a certain part of the society such as doctors, engineers, etc. Nevertheless, housing cooperatives are still an affordable alternatives for low income households in many countries. The other critical cooperative housing affordability challenges are an escalation of cost of construction materials and unnecessary bureaucracy. As Tajudeen Azeez & Basirat Mogaji (2017) found in their study of the constraints of affordable cooperative housing in Nigeria, those two challenges were the most significant affordability constraints faced by the cooperatives. In addition, they found that the design and method of construction that are unaffordable to majority of members, corruption and unresponsiveness of governmental bodies, and internal management issues among cooperative members and leaders, inaccessibility of finance are the constraints for the affordable cooperative housing (Azeez & Mogaji, 2017). Regarding cooperative financing, Hellen Jerubet, Ben Oseno, and Patrick Ojera (2020) also found the existence of a positive and significant impact of financing on housing cooperatives' performance. Moreover, low income and middle income groups are incapable of full filling the requirements of bank loans. This all indicates the inability of low income cooperative members in addition with an absence of financing (loan) impacts the affordability and/or performance of housing cooperatives.

### **2.3.3. Factors for the Success and Failure of Policy Implementation**

There are many factors that are responsible for the success or failure of a policy implementation. However, as Hudson, et.al. (2019) indicated, those factors are complex and multi-leveled. In addition, it should be clear when a policy is failed or successful. According to McConnell (2015, as cited in Hudson, et.al, 2019), a policy is said to be failed when it is unachieved absolutely. In another word, a policy is called unsuccessful when the goals and objectives of a policy are not implemented or achieved

well. Even though the factors that affect policy implementation are numerous, the root factors that are mentioned by many scholars are:

**a) Policy Content, Ambiguity and Conflict**

The content of a policy should clearly state the problem it intended to solve, goals and objectives, roles and responsibilities of different actors and implementation strategies. Its objectives should also support each other for a common goal. As the study of Kearns & Lawson (2008) on an implementation of housing stock transfer in Glasgow revealed, the housing transfer implementation was hindered by an unbalanced set of competing policy objectives. The other important policy issues are a policy ambiguity and conflict. According to Signe (2017), they are the primary factors for the failure or success of policy implementation. A policy becomes ambiguous when its goals, objectives, and implementing strategies are unclear. Whereas, policy conflict is a difference in understanding of policy goals and objectives between self-interested and rational actors.

**b) Governmental support**

A proper commitment, skill and support from a government starting from federal level to regional and local level is very crucial for a policy implementation success. Governmental bodies at those different levels have their own roles and responsibilities. Although local governments implement the majority of housing policies, national governments also have a significant role in influencing housing markets (Moreno-Monroy, et al., 2020). National governments can finance urban infrastructure, create regulations, develop incentives as well as divide responsibility for housing policies between the national and sub-national levels of government. As Hudson, et.al. (2019) indicated, the federal government should track/monitor policy implementation progresses by establishing two-way communication channels between implementers and policy makers, conduct site visits to find delivery-related bottlenecks, and conduct a post-implementation review to evaluate the degree to which policy objectives have been achieved (Hudson, Hunter, & Peckham, 2019).

Local governments are another important & responsible bodies for policy implementation. Housing is one of their core responsibility and they are the primary bodies who are responsible for housing policy implementation in most countries (Moreno-Monroy, et al., 2020). They are found at districts or municipal level closest to the local population. Even though many of the local implementers' decisions may seem insignificant on the surface, when taken collectively, they have the potential to drastically alter policy intention (Hudson, Hunter, & Peckham, 2019). Because those who work on the front lines

are professionally more familiar with the difficulties of delivery than national policymakers, the government should assist front-line staff/implementers by evaluating their current capacity to deliver, understanding what is being done well, what needs to be improved, and how best to build new capacity.

**c) Logistic**

According to Kearns & Lawson (2008), logistics of implementation can be seen in terms of technical, legal, financial and human resources. In addition, Mthethwa (2012) also adds a political, managerial and material resources. To effectively implement a policy, implementation organizations must determine and mobilize such resources. As Signe (2017) mentioned, “*Access to available funding and resources is a precondition for successful implementation.*” For instance, as Kearns & Lawson (2008) studied the housing stock transfer program in Glasgow, they finds that the program was hindered by inadequate attention given to organizational and financial elements of the program’s implementation. Without access to sufficient financing and a planning process, a good housing strategy cannot generate homes at scale.

**d) Stakeholder involvement in policy implementation**

Democratic public participation is necessary for effective policy processes. The groups or people responsible for implementing the policy, those who may be favorably or unfavorably impacted by it, and the officials and experts in charge of achieving the policy's objectives are all considered policy stakeholders. Due to the distinct viewpoints, abilities, and resources that each sector offers, effective collaboration between those various groups is crucial (Mthethwa, 2012).

**2.4. Methodological Approaches and Frameworks**

**2.4.1. Policy Implementation Assessment Framework**

Analysis of the challenges involved in putting public policy into practice has been the main focus of researches now a days (Mthethwa, 2012). Understanding the nature of policy implementation is crucial because, according to international experience, once policies are enacted, they are not always carried out as planned and may not always produce the desired results. New governmental implementing actors often think that once a policy is enacted, it will be implemented exactly as intended by the policy makers. However, since policy implementation does not occur automatically, it may be successful or failed (ibid). Therefore, this calls for a need of policy implementation assessment. The study of implementation makes an effort to examine the reasons why and how policies depart from the expected and desired results as well as why policy makers’ intention were not translated into the expected policy

outcomes by designing frameworks of considerations (Signe, 2017). Love (2003, as cited in Mthethwa, 2012) express it, “*Assessing the policy implementation process opens up the ‘black box’ to provide greater understanding of why programs work or do not work and the factors that contribute to program success.*” Policy implementation assessment is therefore important to advance or improve a program delivery system.

Kearns & Lawson (2008) tried to explain a framework to analyze implementation of policies. This framework includes the following elements.

- **Policy** - how clearly defined is the policy in terms of the desired outcome, the logistics of implementation, and interconnections between different policy goals?
- **Implementation agencies** - how well skilled, committed, and resource occupied are the implementation agencies for the tasks?
- **Inter-organizational relation** – how effective and smooth is the horizontal and vertical relation between organizations?
- **Social and political factors** – how stable are the socio-economic conditions are?

#### **2.4.2. Policy Implementation Approaches**

There are three fundamental policy implementation approaches or models. Those are: top-down approach, bottom-up approach and bargaining & negotiation approach.

##### **A. Top-down Implementation Approach**

It is also known as a system or a rational approach. The approach is known by its hierarchical and control system by which policy objectives are formulated at the top by policy makers, the so called rational thinkers, and then passed to the bottom regional and local implementing officials for implementation (Mthethwa, 2012). Therefore, implementation is seen as more political than technical (Kearns & Lawson, 2008). It frequently ignore historical context as if implementation were just a matter of administration and solely dependent on resource availability. In addition, this approach frequently gives more attention to the organization creating the policy than to the people it will affect (Cerna 2013, as cited in Signe, 2017).

##### **B. Bottom-Up Implementation Approach**

This approach was developed as a critiques in response to the top-down approach. Advocators of the approach think that flexibility is crucial in order to achieve policy goals because a decision made centrally by policy makers is mostly adapted poorly to the local context. So that, the approach argues that an adaptation of policy strategies by local implementers is important in order to address local needs

and concerns (Mthethwa, 2012), (Signe, 2017). It examines a policy from the viewpoints of the target population and service providers or implementing agencies (Kearns & Lawson, 2008). Those implementing agencies who has a direct contact with the public are called ‘street-level bureaucrats’, ‘front-line service deliverers’ or ‘lower-level staffs’ (Hudson, Hunter, & Peckham, 2019), (Signe, 2017). According to the approach, the judgment of those workers in the real world is crucial to policy implementation success and are also more important than a top-down or centralized administration (Signe, 2017).

### **C. Bargaining Implementation Approach**

This approach is formed and advocated by scholars who founds both top-down and bottom-up approaches important for the success of policy implementation. So, they tried to find a centralist approach which is a combination of both the top-down and bottom-up approaches. The approach considers a policy implementation as a collective result of the top and the bottom by which the top sets up the process of implementation and the lower actors make decisions which could alter policies without an influence of the hierarchical tops (Kearns & Lawson, 2008). The model sees the implementation of policies as a negotiation, exchange, and bargaining action and aims to clarify how policy is perceived as the result of negotiations and bargaining among stakeholders. Policy is viewed as being dependent on a negotiation process (Mthethwa, 2012).

## **2.5. Contextual Background**

### **2.5.1. Cooperative housing in Ethiopia: Definition and History**

According to an Ethiopian cooperative society proclamation No. 147/1998, a cooperative is defined as: “a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage same”. Similarly a cooperative society proclamation No. 985/2016 also defines it as:

*“An autonomous association having legal personality and democratically controlled by persons united voluntarily to meet their common economic, social and cultural needs and other aspirations, which could not addressed individually, through an enterprise jointly owned and operated on the basis of cooperative principles.”* Proclamation No. 985/2016

This definition similar to the ICA (1995) definition on cooperatives. However, practically, housing cooperatives in Ethiopia doesn’t organize for the sake of meeting social and cultural aspirations. This can be shown by the definition given by the urban housing policy (2016) defining housing cooperatives as a collection or group of ten to twenty people who register as a cooperative in order to obtain land, build savings capacity, create settlement plans, secure tenure, and mainly construct their own housing

incrementally (Urban Housing Policy,2016), (UN-HABITAT, 2010). This shows how cooperatives in Ethiopia organizes with a solely aim of securing tenure. However, internationally, housing cooperatives are organized with an aim of building a community in addition to securing affordable housing.

Historically, cooperative housing in Ethiopia was first established in the late 1970s to encourage middle and high-income households to become home owners by the Derge Regime (Matsumoto & Crook, 2021). However, since the ruling body was a socialist, cooperatives were established to achieve and implement its socialist objectives or policies. Cooperatives were viewed by the Derg regime as a large-scale movement that could guarantee the equal mobilization and distribution of resources. Cooperatives were also required to function under socialist principles, by which members were asked to pool their land resources under communal control as well as produce and market goods cooperatively (Emana, 2009). By the time of Derg, housing cooperatives were encouraged and incentivized by the government to increase their housing involvement and contribution. Land was given away for free, construction materials were subsidized that were 65 % lower than the market value, lower interest mortgage loans provided to members having a monthly income of at least 250 birr (Tsfaye, 2007), (Matsumoto & Crook, 2021). The interest rates were 10% for house purchasing and 9% for housing construction during 1975-1986. Whereas after 1986 Housing and saving Bank started to lend cooperatives with an interest of 6% for house purchasing and 4.5 % for housing construction (Tsfaye, 2007). Free of charge house plans and technical assistances were also other governmental supports (Esayas, 2006). According to MUDH's urban housing policy and strategy document (2016), 40,539 housing units were produced by housing cooperatives during a period between 1975 and 1992.

Right after the fall of the Derg regime (between 1991 and 1993), the transitional government wasn't giving attention to cooperatives. However, after 1993, the government started to give attention and act as cooperative development facilitator by enhancing cooperative legislations and policies (Emana, 2009). The government tries to encourage housing cooperatives through a lease-free land allocation, provision of optional building designs for collectively owned multistory buildings, free infrastructure provision to their construction sites, tax exemption for abroad construction material imports and legal and technical supports (MUDH, 2016). However, according to the policy, bank loan was totally excluded for cooperatives unlike the time of Derg. Instead, cooperatives are made to finance themselves for the upfront capital and construction cost using a saving mechanism. The scheme was terminated in 2005 by which new cooperative housing units were prohibited at federal level because of exploitation of peripheral lands due to the abuse of land allocation system and land speculation as

well as lack of governmental capacity in monitoring and reporting activities (World Bank, 2015 as cited in Matsumoto & Crook, 2021). However, the scheme was started again in 2010 only in secondary cities of the country. Now a days, it is the main housing supply channel in secondary cities and also the city of Addis Ababa is showing interest in restarting the program (Matsumoto & Crook, 2021).

### 2.5.2. Cooperative Housing Affordability in Ethiopia

Housing affordability in Ethiopia has been one of the major problem in urban areas. Lower income groups can't afford even the cheapest, smallest, and most heavily subsidized IHDP units, leaving them with little option but to live in informal housing (World Bank, 2017), (Matsumoto & Crook, 2021) Besides IHDP, cooperative housing is also a formal housing channel which has been trusted by the government for its contribution to an affordable housing supply. According to the urban housing policy, the scheme was expected to contribute greatly to the housing supply (MUDH, 2016). However, although it has served as the major formal private housing provision mechanism, it now only makes up a small percentage of the overall urban housing stock and is generally reserved for middle- and high-income households (Matsumoto & Crook, 2021). In addition, since its model differs from the international models by allowing dissolution and reselling houses at market price after construction, it is not a long-term affordable option (Andinet, 2018), (UN-HABITAT, 2010). According to a World Bank study (2017), cooperative housing is found to be affordable only for the fourth and fifth consumption quintiles.

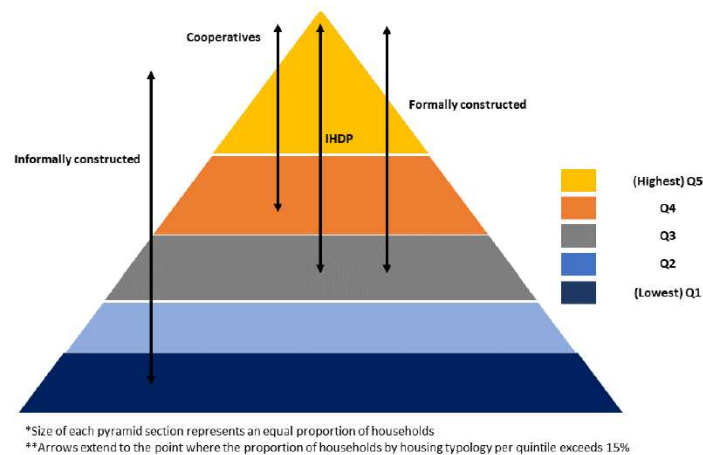


Figure 2-2: Affordability of Housing typologies by consumption quintile (Source: World Bank, 2017)

A study conducted by Andinet (2018) on cooperative houses in Sebahulet Sefer also revealed that even though the government provides a 98.5% free plots to housing cooperatives, cooperative houses were still unaffordable to low-income groups taking 58% of household's income. In addition, a recent survey

by Matsumoto and Crook (2021) in Adama, Mekelle and Addis Ababa revealed that 70% of cooperative house dwellers are from the fourth and the fifth consumption quintiles: 5.5% (Q1), 7.7% (Q2), 15.6% (Q3), 22.4% (Q4), and 47.8% (Q5) (Matsumoto & Crook, 2021).

### **2.5.3. Housing in Gondar: Characters, problems and Affordability**

Since Gondar is located at Ethiopian northern highlands, its settlement is predominantly guided by its topography as well as rivers and streams. The settlement follows the top of the hills and mountains avoiding high slope areas. Old housing settlements of the city are therefore concentrated between the rivers of Angereb and Qaha as well as at Azezo area. Those rivers are also the main reasons for the separation of the eastern and western part of the settlements due to the difficulty and high cost of road construction. Recent settlements are now being developed at the expansion areas of the city following arterial roads including: road to Metema, Azezo ayer marefiya, Teda, GTZ, Maraki, Genfo Kuch etc. (ANRS, 2015). According to 2007 CSA's housing and population census, the total number of households and housing units in Gondar were 52,943 and 50,818 respectively. In 2015, the total number of household in the city becomes 84,516 with an average household size of 4.5 and a total housing unit of 75,623 (ANRS, 2015). According to the population analysis, the population of the city is forecasted to be 710,573 in 2025 with an additional 73,386 households and/or housing units. According to Fenta (2018), rent is the leading ownership status in Gondar, 40% from government and 57% from private owners.

Housing in the city faces many problems including congestion, deterioration, lack of infrastructure and basic social services etc. (Fenta, 2018), (Miyake, Riichi; Okazaki, Rumi; Hirohara, Moe, 2011). Mainly, residential areas found in old part of the city, in Mahal Arada, Abajale, Adebabay Eyesus, Kirkos, Medhanialem, Lideta, Azezo Dimaza and Ayer Marefia, faces a problem of housing deterioration. Whereas, new residential areas also faces a lack of proper surfaced road, kindergartens, playgrounds, and greeneries (ANRS, 2015).

The other main housing problem in the city is the uncontrolled development of informal settlements at city peripheries. As Muhabaw & Gashu (2019) stated, "*Informal urban land market is a common practice in Gondar*". There were about 5,486 informal houses in 2013 of which 3708 houses were demolished out of the total. (ANRS, 2015). Between 2019 & 2020 there were an estimated 9,299 number of informal houses in the city (Redie, nd.). According to Redie (nd.) and Muhabaw and Gashu, (2019), the reason for informal settlements in Gondar city includes uncontrolled migration from rural areas around the city which escalates the housing demand over the housing supply, inability of low

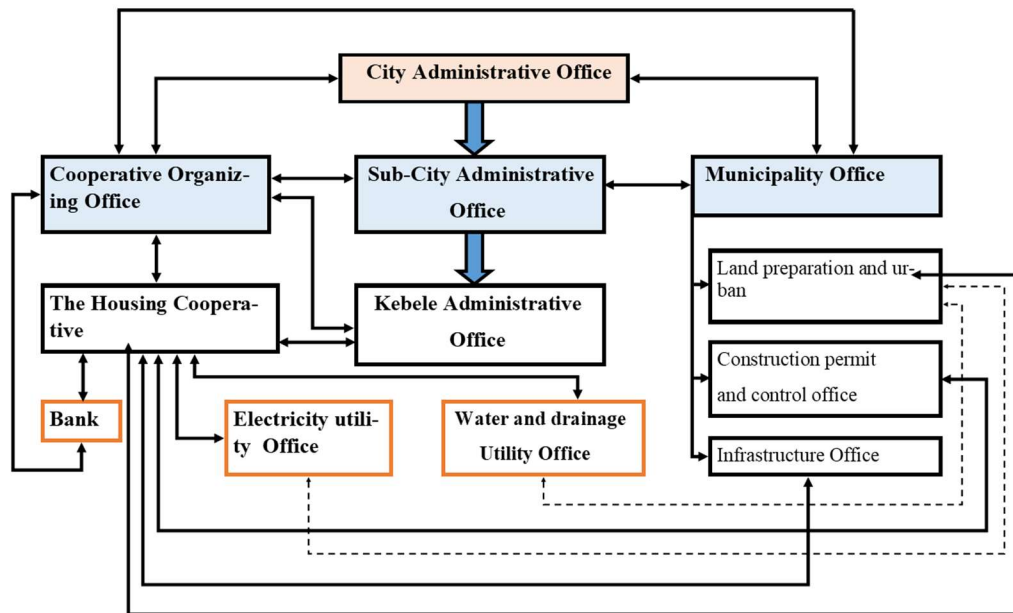
income households to compete with middle and high income groups during land auctions, the high housing price, inefficient formal land and housing delivery systems, and an expensive high housing standards (Muhabaw & Gashu, 2019).

Housing affordability is also a serious problem in Gondar city. According to Fenta (2018) study, households in rental houses spend 56%, more than half, of their income on housing which is relatively higher than residents in Bahir Dar and Dessie. According to Redie (nd.), informal houses in an informal market are also being untouchable for low-income households. His survey result shows that peoples spend a minimum of 150,000 ETB to purchase an informal house (Yecheureka Bet) on a very small piece of land. According to Structural plan of Gondar, Draft (2015), 221 houses were built in seven sub-cities by the government specifically for the poor with a collective effort of the public, who participated with their labor, and the government with a provision of free corrugated iron sheet. However, the problem is by far worse and the effort of the government is insufficient to solve the problem. Between 2012 and 2015, the government constructed condominium housing units with a total cost of 400 million ETB which resides 10,000 residents at different locations including Liteda district, Kebele 17 and Azezo area (ANRS, 2015). However, it is also experiencing a problem of affordability and inability to fill the housing demand in the city. Condominium units are unaffordable for rent or purchase and out of the reach of low-income households. Their price raises overtime. Some of the units were even sold in a bidding because households were unable to pay their housing loans (Bantayehu, 2021). Moreover, according to Redie (nd.), it has been 10 years since the last condominium houses were built in the city which shows the great problem of housing supply. As Bantayehu (2021) indicated, the existing condominiums also have a problem of a poor management of communal properties including communal greeneries, playgrounds and outdoor sewerage lines due to a very low participation of the community in the management. Condominiums also have a problem of a lack of infrastructure and basic social services.

#### **2.5.4. Cooperative Housing in Gondar**

Even though the scheme is a primary housing supply channel, it is easy to say there are no much studies on cooperative housing in Gondar except being mentioned at some related studies including some outdated ones. A 2002 research by Wossen Ali tried to study the problem of gaining access to housing land by factory workers and governmental employees in Gondar city. It explained the existence of a land supply problem in the city. The land supply took a long time to deliver plots to cooperatives which extended up to 20 years after residents' application. In addition, according to respondents, the housing standards, housing plot delivery delays, and a frontal capital cost needed in a closed account had been

a huge constraint for low-incomes to access cooperative houses (Ali, 2002). The housing plot delivery delay was also noticed in 2012 by the study of Redie (nd.). According to Redie (nd.), a registered cooperative members were complaining for waiting a long time to receive housing plots. There was also a lack of a proper infrastructure service in the new cooperative housing sites.



**Legend** ----- moderate relation, ——— Strong relation

Figure 2-3 Existing organizational structure & relationship

### 2.5.5. Housing Cooperatives in Ethiopian Policy and Legal Frameworks

#### a) Constitution

Ethiopian constitution has no detailed explanation on cooperatives or specific issues about housing. However, it tries to mention people’s right of creating an association of any type. Under Article 31 it says “Every person has the right to freedom of association for any cause or purpose”. Whereas, Article 42 is more related to the concept of cooperatives. It says that,

*“Factory and service workers, farmers, farm laborers, other rural workers and government employees whose work compatibility allows for it and who are below a certain level of responsibility, have the right to form associations to improve their conditions of employment and economic well-being.” (FDRE, 1995)*

Therefore, the constitution gives a freedom for every person, including employees, to form an association in order to enhance their socio-economic situation. In relation to a property of land, the

constitution declares the ownership of rural and urban lands as a property of all Nations, Nationalities and Peoples of Ethiopia under Article 40. This article is more elaborated by the land lease policy of the country.

**b) Urban Land Lease Proclamation**

Based on an Article 40 of the constitution, three land lease proclamations has been prepared and amended through different times. The first proclamation was prepared in 1993 as Proclamation No.80/1993 and then amended in 2002 as Proclamation No.272/2002. The current land lease proclamation was prepared in 2011 as Proclamation No. 721/2011. The main objectives of the last Proclamation No.721/2011 are to respond properly to rising urban land demand, as well as to provide effective governance for the establishment of an efficient, transparent and accountable land administration system. According to the proclamation, the provision of land is through the modality of auction and allotment. The lease period ranges from 15 years up to 99 years (FDRE, 2011). Land for cooperatives is provided at a benchmark price and at free of charge for IHDPs. Whereas, for real estates, it is provided through auction. The collected money through land lease auction or allotment are supposed to be used for infrastructure provisions and other social services. However, there is still a problem of infrastructure service when plots are delivered to residents including peripheral locations of housing cooperatives. Moreover, the Proclamation orders construction plots to be clear from any developments or ownership problems.

Another important issues raised in the proclamation is about a commencement and completion of construction. It strictly enforces lease holders to start construction within the period mentioned in the contract. Otherwise, if lease holders are unable to do so, the lease contract will be terminated and the land will be returned back to the government with a penalty fee (FDRE, 2011). Likewise, the proclamation puts a time limit for a completion of constructions which can be extended not more than one year when required. It sets 2 years' time limit for small constructions, 3 years for medium constructions, and 4 years for large constructions. If the landholder is unable to finish the construction within this time limit, it orders the lease contract to be terminated and the owner to move his property within 6 months. However, when we see the reality, this article is not implemented properly by local governments. The article is also not contextual to the condition and the socio-economy of the society. It rather creates a pressure on house builders, specially low and middle-income households.

### **c) Urban housing policy and strategy**

Urban housing policy and strategy is prepared by Ministry of urban development and housing (MUDH) in 2016 to serve as a housing provision strategic framework. The policy tries to set basic and comprehensive directions to support and enhance the housing provision in the country through eight housing delivery modalities. First it tries to present an existing problems they face, then it sets goals and objectives, and finally sets strategies to implement the objectives. It also elaborates roles and responsibilities of implementing bodies at the final part of the document.

Regarding cooperative housing, the policy's goal is mentioned as *“To enhance the contribution of housing cooperatives to economic and social development by participating them in development in line with government's urban housing policy and strategies.”* (MUDH, 2016). The policy includes different supports to increase the contribution of housing cooperatives in the housing market. Those includes: provision of lease-free land, alternative house design, free infrastructure up to construction site, tax exemption for construction material imports, and provision of legal and financial support. However, the policy doesn't allow cooperatives to loan money from banks. Instead, it promotes saving. It also sets the land delivery service based on the order of registration. Under its sub-section called *“Improving deteriorated/dilapidated Neighborhoods”*, it provides land provision priority to housing cooperatives who wants to build condominiums. This helps to save a land resource and control urban sprawl which is seen from cooperative housing scheme in secondary cities.

### **d) Cooperative Proclamations**

Cooperative housing development is generally guided by legislative frameworks. According to ICA, (2011) and FCA (2005, as cited in Emana, 2009), the first cooperative legislation was formulated during the era of emperor Hailesillase in 1960 as a law which is then modified in 1966 and released as 'Cooperative proclamation No. 241/1966'. After that, Proclamation No. 138/1978 was developed during Derg regime. This proclamation was prepared in a way to promote the socialist system and orders collective ownership of properties (ICA, 2021). During the time of EPRDF regime, 1991-current, cooperative society proclamation No. 147/1998 was developed and then amended in 2002 as Proclamation No.274/2002. After that, cooperative society proclamation No. 985/2016 became developed (Emana, 2009), (ICA, 2021). The proclamation added 17 new articles and attempts to set out fundamental rules corresponding to cooperative societies, including guiding principles and values, formation and registration, rights and obligations, management bodies and employees, assets and funds, audit and inspection, dissolution of cooperatives, and other miscellaneous provisions

(Proclamation No.985/2016). Moreover, in addition to the federal proclamations, some regional states such as Southern Nations and nationalities People's Region, Tigray and Amhara Regions also established their own proclamation (Emana, 2009).

**e) ANRS Housing Cooperative Directive No.9/2013 (2005 E.C.)**

The directive is prepared by the Council of Regional Government to guide the provision to housing cooperatives in the Amhara region. The directive explains starting from basic definition of terms up to role and responsibilities of different actors. Under the first chapter it defines basic terms. The second chapter includes objectives of the directive and its principles. The principles are formulated in addition to the cooperative principles listed in the proclamation No.134/1998. In nutshell the principles are: equality, member's obligation to be governed by the decision of the cooperative, service provision according to year of registration and lottery, and participation of different actors. The third chapter describes all about requirements of registration. According to the requirement, members are expected to save 20% of the construction cost during registration and another 30% after the cooperative receives construction permit. A compensation payment for farmers is expected to be covered by the co-op members. A co-op members must not have any kind of housing, including by the name of their life partner. For housing cooperatives organized at work places, the institute/company has an obligation to send a legal list of its workers to co-op organizers. The fourth part of the directive explains about the size of plots, standard housing types, construction cost, and permitted number of members. The permitted size of plot for cities with a population of more than 100,000 is up to 150m<sup>2</sup>. Whereas, the size goes up to 350m<sup>2</sup> as the population size decreases. Regarding the standard type of houses, only two and more than two story houses are permitted in metropolitan cities like Gondar. The least standard permitted in small cities is a self-help incremental house with a primary one room core house. The construction cost of houses was estimated to be 90,000 ETB for one bed room houses, 130,000 ETB for two bed room houses, and 160,000 ETB for three bed room houses. In addition, as it is indicated in chapter five, member's contribution in the construction will be estimated & subtracted from the total cost. According to the directive, the allowed number of co-op members in metropolitan cities is between a minimum of 14 and a maximum of 24. Whereas, it can be between 10 and 24 for cities with below 100,000 number of population. However, the directive allows substituting withdrawers with new members. The fifth chapter of the directive explains the process of organization and registration. The role and responsibility of different actors is explained under sixth chapter. The last chapter includes miscellaneous provisions. Whereas, the directive also include different forms to be filled by Co-op members under its annex part.

**f) ANRS Housing Cooperative Directive No.28/2017 (2009 E.C.)**

Most of the content of the directive is similar to Directive No. 9/2005 except some changes and additional sub-articles. Under its chapter three, the required upfront capital for cities with more than a population number of  $\geq 100,000$  becomes 20% during registration and another 10% during receiving a land. However, at the same time, under its chapter five, it obliges members to pay 20% of the construction cost during registration and another 30% before construction permit. This two creates confusion and are ambiguous to understand. The directive also adds a point which states that the land allocation for housing co-ops will be with an allotment at a land lease benchmark price. Under its chapter three, when explaining the requirements of registration, it tries to include the case of military withdrawers and woreda civil servants. According to the directive military withdrawers are free from the 2 years residency requirement to organize. Under the fourth chapter, the size of plots is reduced when compared to the previous directive. For instance, the size plots permitted is to be up to 100m<sup>2</sup> in metropolitan cities like Gondar, 150m<sup>2</sup> in intermediate and small cities and 250m<sup>2</sup> in rural cities. Regarding the housing type, this directive adds a point which promotes housing cooperatives organized to build condominium buildings with a commercial ground. In addition, it permits wood and mud houses for cooperatives in satellite cities around metropolitan cities. In relation to the cost of construction, the amounts are exactly the same to the directive No.9/2005. The directive doesn't consider price changes that may happens in 4 years from the previous directive. Under its chapter five, the directive adds a budget release percent and duration for co-ops. It permits a release of 80% of their budget when they start a construction of sub-structure and the other 20% when they start slab construction. Under chapter seven, it also adds a built up area percentage standard which is to be 70%. When explaining restriction of registration, it restricts a person who have a house by his or his life partner's name or sold his house from being registered.

**g) ANRS Housing Cooperative Directive No.1/2020 (2012 E.C.)**

This directive is the last ANRS cooperative housing directive. Its contents are more precise and to the point. However, it lacks many details like Directive No.9/2005 and Directive No.28/2009. For instance, it lacks membership registration requirement part, registration and organization process, roles and responsibilities of members, institutions/companies, banks, and housing development enterprises. However, its contents are updated. For instance, the principles are changed. The new principles includes: an efficient use of land, promotion of members' saving as financial source, promoting affordable and adequate housing, promoting community and environmental development, accountability, transparency and equity during land provision, and promoting environmental

protection. Under chapter three, the directive states that the provision of plots should be with a proper infrastructure. Moreover, the directive sets the compensation payment to farmers to be paid by the government. If not, members will pay and the cost will be considered in the lease payment. It also allows to give 80m<sup>2</sup>/person for households who want to build a communal high rise housing. The cost of construction of houses is also updated. For instance, for communal high rise buildings, it is 355,320 ETB for one bed room, 447,440 ETB for two bed room, and 525,000 ETB for three bed room units. The high of communal high rise buildings is allowed to be G+4 and above. Regarding the required upfront capital cost, members are required to save 20% of the construction cost if they are communal condominium builders and 30% if they are individual builders. Unlike in the other directive, the budget release will be 50% when starting footing construction and another 50% when finishing footing construction. The directive also strictly enforces the housing cooperatives to begin and finish their housing construction according to the time lime listed in the land lease policy. Regarding sequence of land provision, the directive gives a land provision priority to housing cooperatives whose most members are married. Those points in general makes the directive different from the other two previous directives.

### **2.5.6. Policy Implementation Approaches in Cooperative Housing Provision**

Typically, two main strategies are used for housing policy implementations: the top-down and bottom-up approaches. In the top-down approach, higher-level authorities formulate and enforce policies that cascade down to local implementers. It mainly aims for consistency across regions, backed by financial supports. However, this approach can lead to a gap between policymakers and local implementers, with policies sometimes failing to address specific community needs. When we see an implementation of IHDP in Ethiopia, it uses a top-down implementation approach. It has a uniform policies, typologies and implementation approaches all over the country. The program is simply enforced by the government which often disrupts resident's way of life, economic and social stability and health (UN-HABITAT, 2010). The participation on the ground is more like informative (convincing) rather than consulting, showing how it uses a top-down approach (Afewerk, 2014). The real estate housing program in Ethiopia is also implemented with a top-down implementation approach. Since real estates are profit based housing programs, the process is not participatory or contextual to different local conditions (Mulugeta, 2021). Whereas, the bottom-up approach relies on grassroots initiatives and community-driven efforts to address housing issues. Communities take charge of identifying problems, devising solutions, and implementing policies tailored to their needs leading to context-specific solutions.

When we see an implementation of legal frameworks on cooperative houses, it seems to follow a mixed implementation approach by which some parts of legal frameworks are enforced directly and the others to be contextualized in regional and city level. According to urban land lease policy of Ethiopia, land for cooperatives is provided at a benchmark price, implemented (from top down) directly to Amhara national regional state. Whereas, the benchmark price amount is left to regional and city administrations to set the price in their own regulations based on their objectives and conditions.

*“Every plot of urban land shall have a benchmark lease price. The valuation method shall be determined on the basis of the objective conditions of each urban center in accordance with regulations issues by the respective regions and city administrations.”* (Urban land lease proclamation no. 721/2011)

This shows us how the benchmark price is mandatory for cooperatives except the amount is allowed to be contextualized according to regional/local conditions. Moreover, regarding land delivery sequence, the urban housing policy (2016) allows the land provision sequence based on the order of registration year of cooperatives similar to what is stated in the cooperative directive, showing an existence of a top-down policy implementation. Whereas, regarding the upfront capital cost, the urban housing policy and strategy enforces members to pay 50% of the cost before registration and the other 50% before construction permit. However, the regional directive contextualizes the percent as 20% during registration and another 10% during land provision, showing a mixed approach. Moreover, the directive plot sizes, housing types and number of cooperative members are all putted by considering the population size and context of cities, showing a mixed implementation approach. The urban land lease proclamation no. 721/2011 also uses a mixed type of implementation approach. Some contents are supposed to be implemented directly and the others left to be contextualized to a city administration level. For instance, regarding construction completion timeline, the proclamation gives up to 2 years and 6 months for small construction, 4 years for medium constructions and 5 years for large constructions. However, it lefts classifying the construction projects as; small, medium and large, to regions and city administrations to determine (Urban land lease proclamation no. 721/2011).

## **2.6. Summary of Literature Review**

Cooperatives were started as a consumer cooperatives, but later expanded into other sectors including housing to provide affordable homes to their members. The scheme has key features which differs it from other schemes: it follow 7 cooperative principles, focus on collective ownership (Avilla et al., 2021), restrict free-market sales and ensure a long-term affordability (NCF, 2003; Avilla et al., 2021).

It has different models including a limited equity cooperative, a market equity cooperative, and a leasehold cooperative each having their own distinctive features. However, in Ethiopia, housing cooperatives have a private ownership structure by which they organized the cooperative, secure the land, build houses up to 50% and then divide and build their own house individually. Moreover, they are allowed to resell their houses at market price because they privately own the houses, unlike the international cooperative housing which has a shared ownership and reselling units is restricted.

Housing cooperatives are proven to be an affordable housing option for low- and middle-income groups since their formation during the industrial period. It has been proven to be a long-term affordable housing alternative in many countries including Ethiopia. It also accounts for a large share of housing in many countries (Crabtree et al., 2019). Its mechanisms of affordability are a bulk purchasing of construction materials, having low operating costs, member's involvement in constructions, joint mortgage borrowing (NCF, 2003) as well as unique models which prevent speculation and ensure long-term affordability (Gacosta, 2019; NCF, 2003; Schaeffer, 2015). However, in Ethiopia, according to studies by the World Bank (2017), Andinet (2018), and Matsumoto & Crook (2021), cooperative housing is unaffordable for low- and middle-income households, despite some government supports in the urban housing policy. Internationally, cooperative housing affordability challenges are: a reliance on member deposits and limited access to financing, (Kashif et al., 2019; Basem, 2016), high construction costs, poor cooperative management, corruption and fraud in cooperative committees (Shahid et al., 2020), poor land allocation quality and insufficient government support.

Cooperative housing program success depends on its policy and legal frameworks implementation (Hudson, Hunter, & Peckham, 2019). Policy implementation by itself faces many challenges including policy content ambiguity and conflicts (Signe, 2017), insufficient government monitoring, inadequate commitment and capacity of local implementers, lack of resources, limited federal support, and poor stakeholder involvement (Mthethwa, 2012). The success and failure of a policy implementation can be assessed using some assessing frameworks such as: the clarity of goals and implementation logistics in policy contents, the skill, commitment, and resources of implementation agencies, an effectiveness of inter-organizational relationships, and stability of socio-economic conditions (Sedhain, 2005; Kearns & Lawson, 2008).

Ethiopian government has tried to formulate legal frameworks and policies to support cooperative housing schemes, starting from the constitution to Cooperative proclamation No. 985/2016, urban land lease proclamation No.721/2011, urban housing policy (2016), and cooperative directives. The

Ethiopian constitution grants people the right to form associations under Article 31. The land lease proclamation No.721/2011 stated cooperative land provision at benchmark prices and free infrastructural supports. The urban housing policy (2016) also stated cooperative land provision based on order of registration and supports including free infrastructure, lease-free land, tax exemption for construction material input, and alternative house design. The cooperative proclamation No. 985/2016 also stated standards, registrations, and dissolution of cooperatives. In the regional level, the ANRS housing cooperative directive No.28/2017 tried to state registration requirements, co-op sizes, upfront capital cost payment and releasing percentage, housing standards, plot size standard etc.

In relation to cooperative housing challenges, this reviewed literature shows some international challenges that impacted the affordability of the scheme. However, most studies focused on other countries rather than a research on cooperative housing affordability challenges in Ayera 40, Gondar city, Ethiopia. In addition, while some implementation gaps in cooperative housing scheme are mentioned, including speculation, lack of infrastructure and power abuse, (UN-HABITAT, 2010), (Nuriye, 2019), there are no empirical studies that analyzes the impact of policy and legal frameworks' implementation gaps on the housing overall cost and affordability. Furthermore, existing studies doesn't provide a comprehensive strategies for a successful implementation of the housing program. These gaps in literature suggests the need for this study which aims to investigate the current cooperative housing affordability challenges, the impact of policy and legal framework implementation on the cost of the scheme and effective strategies for the successful implementation of the scheme in Ayera 40m cooperative location in Gondar city.

This chapter reviewed prior studies, and contextual frameworks related to the impact of policy and legal framework implementation on the cost of the housing, presenting the existing knowledge on the matter. Therefore, the next chapter will outline the research methodology used in this study, data collection methods, and data analysis approaches used to investigate the matter.

## CHAPTER 3. RESEARCH METHODOLOGY

### 3.1. Study Area

The study area of this research is ‘Ayera 40 meter’ location found at a peripheral location of a Gondar city. It covers 110.78 hectare of area. The site is located in the road between Bezawit Mariyam church and Hamlie Amest area adjacent to Genfo Kuch Mountain and Bata church. It has a total study population of 1,615 cooperative members with in 76 housing cooperatives that have received their construction plots in 2015 GC. It consists only 19 completely finished houses. The others are unfinished (at substructure stage, at superstructure stage, at finishing stage).

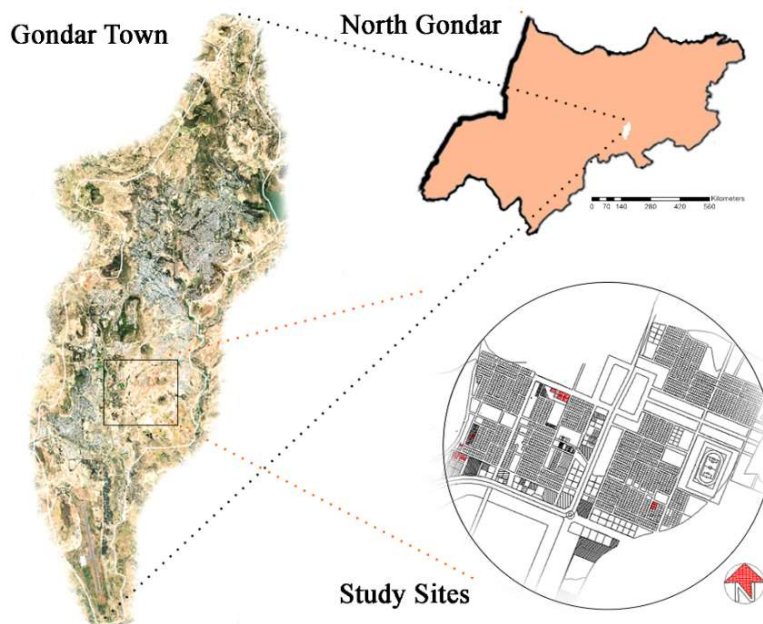


Figure 3-1 Location Map of the study site

#### 3.1.1. Site selection criteria

The study aims to assess implementation gaps in all registration, land provision and developmental phases. Therefore, it chooses ‘Ayera 40 Meter’ cooperative location based on those criteria, elaborated more in the table 1 and 2.

- **Land Provision Year** - site with housing co-ops who received land in a recent past so that respondent would be able to recall the information
- **Pass a land provision phase** – a site with housing co-ops who passed land provision phase so that we can get information found during the phase

- **Under construction** - a site with housing co-ops who are under a construction (developmental) phase so that data availability would be better
- **Familiarity** – a site which is familiar to the researcher. This facilitates an access of the researcher to key stakeholders, enhance contextual understanding and data collection.
- **Number of housing cooperatives** - a site with enough housing cooperatives because large number of population would have a potential to tell the extent of the problem so that the survey data and result would be better

*Table 1 - Site selection among different land provision years*

No.	Co-ops based on their land provision year	Selection Criteria		
		Data 'Recallability'	Pass land provision	Co-ops currently under construction
1	2008 G.C.	Poor	Passed	Finished construction
2	2015 G.C.	<b>Good</b>	<b>Passed</b>	<b>Under-construction</b>
3	2019 G.C.	Better	Passed	Construction not started
4	2023/24 G.C.	Best	Some passed some not	Construction not started
Selected		2015 G.C. land provided co-ops with “Good” data recallability, “Pass land provision phase” and “currently under construction”		

*Table 2 - Site selection among the same land provision years*

No.	Locations	Selection Criteria : - Site with large number of housing co-op members, Site Familiarity	
		Number of housing co-op members	Familiarity
1	‘Ayera 40 meter’	<b>1,615</b>	<b>Familiar</b>
2	Genfo Kuch	154	Unfamiliar
3	Japan School area	1,360	Unfamiliar
4	Mebrat hile	572	Familiar
5	Bezawit Mariyam	355	Familiar
Selected		‘Ayera 40 meter’ Site	

### 3.2. Research Approach

According to Dawson (2002), research methodology is a philosophy or a general principle that guides our entire research process. All a data inquiry and analysis methods are decided based on the chosen methodology. This research uses a combination of qualitative and quantitative research approaches (mixed approach) because the study has both qualitative and quantitative aspects which needs to be investigated. Since qualitative approach is used to study the nature of a phenomena and quantitative approach to study/measure the extent of a phenomena, the combination of the two uses to get a more

holistic information on the case and help us to triangulate one type of data with the other (Kumar, 2011), (Dawson, 2002). Qualitative aspects of the study includes: an experience of housing cooperatives on an implementation of governmental policies and total housing cost escalations. Whereas, quantitative aspects includes the extent of an impact of governmental policy implementation gaps on the cost of cooperative housing.

The study uses mainly a case study method (case based study) by choosing cases that have the potential to show the nature of the problem. The reason why a case study method is chosen is because the objective of the study mainly focuses on investigating how policy implementation gaps impact the total cost and/or affordability of cooperative housing. As Yin states, “*Case studies are preferred strategy when ‘how’ and ‘why’ questions are being posed*” (Yin, 2003). The other reason is that, the policy implementation trend for housing co-ops in the same plot provision year is the same. So that, taking cases from those co-ops is enough to know the case. Moreover, it is impossible to manage all housing cooperatives in Gondar.

Based on the objective of the research, the study is a combination of a correlational and an exploratory type of research. As Kumar (2011) tried to explain,

*“The main emphasis in a correlational study is to discover or establish the existence of a relationship/association/interdependence between two or more aspects of a situation.”*  
Whereas, *“Exploratory research attempts to clarify why and how there is a relationship between two aspects of a situation or phenomenon.”* (Kumar, 2011)

The reason why the study chooses those two type of researches is, in order to identify the relationship between urban housing policy/legal framework’s implementation and cost of cooperative housing in addition with investigating how the relationship happens between them.

### **3.3. Data Types**

The research used both primary and secondary type of data. According to Kumar (2011), a primary data is a data which is collected from primary sources for the first time. Whereas, secondary data is a data that already exists but that we retrieve from a secondary sources for the sake of our study. Under this study, primary data collected includes policy and legal framework implementation gaps, impact of implementation gaps on housing cost, implementation challenges, and cooperative housing affordability challenges. In addition, the collected secondary data includes international and contextual background of housing cooperatives, information on housing cooperatives’ collected from the government, cooperative policy instruments, proclamations, regulations, directives and bylaws etc.

### **3.4. Sources of Data**

Since the study plans to use primary and secondary data, both primary and secondary data sources are used. Primary data were collected through questionnaire on housing cooperative members and interviews on housing cooperative committees, governmental municipality officials and professionals, sub-city administrative office, and Gondar city administration cooperative organizing office. Whereas, secondary data were obtained from books, journals, articles, research papers, policy and legal frameworks.

### **3.5. Sampling Design**

#### **3.5.1. Study Population**

This study considered housing cooperative who have accepted plots in 2015 G.C. at “Bezawit Mariyam” ‘Ayera 40 meter’, “Genfo Kuch”, “Mebrathile” and “Japan school” locations of the city. Among those locations this study choose ‘Ayera 40 meter’ site with a total number of 76 cooperatives and 1,615 members. Therefore the sampling population of the study is 1,615 housing cooperative members from a total of 76 housing cooperatives.

#### **3.5.2. Sampling Techniques**

Under a primary data collection, simple random sampling is used to choose representative samples for a quantitative data. According to Kumar (2011), simple random sampling is the most commonly used sampling technique. The method is chosen because it gives an equal opportunity for all cooperative members to be selected so that the samples could be a representative of the total population. Since the total population of the study is large and also are under similar condition, a systematic sampling is used to draw random samples from a sample frame obtained from cooperative organizing office.

Whereas, purposive (Judgmental) non-probability sampling is used to choose samples for qualitative data collection on a key informants from housing cooperatives, municipality officials, sub-city administrative office, and cooperative promotion office etc. This type of sampling is chosen because the qualitative data from interviews to be conducted needs a key-informants with the required knowledge about the subject. As Kumar said, “The primary consideration in purposive sampling is your judgment as to who can provide the best information to achieve the objectives of your study.” (Kumar, 2011).

### 3.5.3. Sampling Size

For the collection of quantitative data, through survey, Taro Yamane’s formula was used to calculate the sample size with a confidence level of 95% and with 5% (0.05) margin of error. Since there is always a difference between sample statistics and true population mean, the confidence level is chosen to be 95% so that an error of 5% will be allowed in the study. This is because it is impossible to take all population for data collection because of time and resource constraints. Therefore, the sampling size locations is calculated as follows.

$$n = \frac{N}{1 + N(e)^2}$$

n= sample size  
 N= total population of the study (1,615)  
 e= margin of error (0.05)

n= 1,615/1+1,615(0.05)<sup>2</sup>  
**n= 320**

The size of cooperatives under ‘Ayera 40 m’ location runs between a minimum of 14 members to a maximum of 24 members. Therefore, the proportion of samples in each differently sized cooperatives will be calculated as follows.

$$n' = \frac{s \times n}{N}$$

n’ = Number of samples taken from each co-ops  
 s = Size of a co-op  
 n = Sampling size  
 N = Population

For ‘Ayera 40 meter’ Location housing cooperatives, the sampling proportion is as follows.

*Table 3 - sample proportion with in different co-op size*

No.	Co-op size	Sample size per a co-op	Systematic Sampling
1	24	5	Every 5th
2	23	5	//
3	22	4	//
4	21	4	//
5	20	4	//
6	18	3	//
7	16	3	//
8	15	3	//
9	14	2	Every 7th
<b>Total</b>		<b>320</b>	<b>NB-If not available take the next odd</b>

*Source: Own survey result, 2023*

Out of the total selected samples, the study chose 10% (n=33) of the sample population for the purpose of a pilot study. Since cooperatives at the same site have approximate character and experience, it

would be enough to choose 1 sample out of 10, selected based on their special location in a way they would be distributed evenly throughout the site.

According to scholars, sample size is not a matter in a qualitative study (Kumar, 2011). Instead, data saturation is emphasized. The number of respondents may increase or decrease according to the saturation level of the data. However, most scholars suggest from 5 to 50 number of respondents. Therefore, the study used 8 key informants: 4 cooperative chairpersons, 2 from municipality, 1 from cooperative organizing office, and 1 from sub-city administrative office.

### **3.6. Method of Data Collection**

This research used both survey and in-depth interview as a data collection methods to collect quantitative and qualitative data respectively. Qualitative data was collected using a non-structured (In-depth) interview on housing cooperative chairpersons as well as officials from municipality, cooperative organizer and sub-city administrative offices in Gondar city. The in-depth interview method was chosen in order to get a depth and a more detailed information from both cooperative committee and governmental side. Whereas, quantitative data was collected using a mixed or combination of a close-ended and open-ended questionnaire on housing cooperative members at the case study location. The reason why a mixed questionnaire was used is because it allows samples to write some explanations for a closed-ended questions to further elaborate their responses. In addition, secondary data was collected through literature reviews from books, articles, journals, and legal documents.

### **3.7. Method of Data Analysis**

Since the research used both qualitative and quantitative data to answer the research questions, both qualitative and quantitative data analysis methods was utilized. The quantitative data was primarily processed by using statistical software called ‘SPSS’ because it is the easiest, the quickest and most efficient method to process and analyze a large amount of survey data. After that a frequency and descriptive analysis was used to analyze the SPSS data presented using means, ranges, and percentages. As Creswell (2014) stated, “Descriptive analysis of data for variables in a study includes describing the results through means, standard deviations, and range of scores.” Whereas, the qualitative data was analyzed using a thematic analysis method. As Kumar explained, “analyzing the contents of interviews or observational field notes can be done by identify the main themes that emerge from the responses given by respondents or the observation notes made.” Therefore, interview data were categorized under each research questions to make them easy for comparison with quantitative results.

### 3.8. Method of Data Presentation

Due to the nature of the data, the collected quantitative data is presented using tables, pie charts, and graphs in addition with a brief description and discussion. Whereas, since a qualitative data was collected in the form of notes, the data is presented using narrative summaries combined with quotations.

Table 4 - Summary of Research Methodology

No.	Research Objective	Research Questions	Type of Data	Data Source	Data Collection Method	Data Analysis Method
1	To identify the current cooperative housing affordability challenges in Gondar	What affordability challenges does the current cooperative housing strategies faces?	Secondary data	Journals, Articles, Reports, Research Documents	Secondary data Collection	Thematic Analysis
			Primary data	Cooperative Members	Survey (Questionnaire)	Frequency and Descriptive Statistics (SPSS)
				Cooperative Committee, Municipality office, Cooperative organizing office, Sub-city office	In-depth Interview	Thematic Analysis
2	To investigate how the policy and legal framework implementation impact the total cost of cooperative housing in Gondar during its registration, land provision and developmental phase					
	To investigate urban housing policy and legal frameworks' implementation gaps during each cooperative housing phases	a) What urban housing policy & legal framework's implementation gaps exist during each cooperative housing phases?	Primary data	Cooperative Members	Survey (Questionnaire)	Frequency and Descriptive Statistics (SPSS)
				Cooperative Committee, Municipality office, Cooperative organizing office, Sub-city office	In-depth Interview	Thematic Analysis
			Secondary data	Urban Housing policy and other legal frameworks, Journals, Articles, Reports, Research Documents	Secondary data Collection	Thematic Analysis
	To examine the influence of the implementation gaps found on the overall cost of the housing program	b) What are the overall cost escalations that resulted due to urban housing policy and legal frameworks' implementation gaps?	Primary data	Cooperative Members	Survey (Questionnaire)	Frequency and Descriptive Statistics (SPSS)
				Cooperative Committee	In-depth Interview	Thematic Analysis
	To investigate the challenges posed against the successful implementation of cooperative housing policy instruments	c) What are the challenges posed against the successful implementation of cooperative housing policy instruments and	Primary data	Municipality office, Cooperative organizing office, Sub-city office	In-depth Interview	Thematic Analysis

	and legal frameworks	legal frameworks?				
3	To find out an effective strategies for the successful implementation of a cooperative housing program	What are the most effective strategies for the successful implementation of a cooperative housing program?	Primary data	Cooperative Committee, Municipality office, Cooperative organizing office, Sub-city office	In-depth Interview	Thematic Analysis
			Secondary data	Journals, Articles, Reports, Research Documents, Books	Secondary data Collection	Thematic Analysis

### 3.9. Validation and Reliability

According to Kumar (2011), validity in a quantitative study is the capability of research instruments, questionnaires, to measure what the research was intended to measure. Therefore, each and every questions in the research instrument are linked with the objective of the study which is called a ‘face validity’. Whereas, the questions should also cover the different aspects/full extent of the issue which is called ‘content validity’. In this study, a pilot test was used to check/maintain the validity of the instruments so that it could be revised again in relation to the research objectives. Whereas, reliability in quantitative study means the consistency of research findings/results when the same instruments are repeated under the same conditions (Kumar, 2011). The research is called unreliable when a data we get from same population with a same instrument differs from the data we get when repeating the same instrument on the same population. This research used some measures to enhance the reliability of the study including: eliminating ambiguity of questions in data collection instruments by a proper use of wording and keeping the interaction between interviewee & interviewer the same throughout the study.

In qualitative study, it is much more difficult to control validity and reliability like in quantitative study. According to Creswell (2014), qualitative validity means the accuracy, trustworthiness or credibility of findings from the viewpoint of participants, readers and the researcher. In order to increase the validity, this research used a triangulation of information from different sources, clarify researcher’s bias using an honest and open narration of results, presenting negative results as well as spend enough period of time in the study field. Whereas, qualitative reliability is the consistency of the researchers approach during data collections (Creswell, 2014). In this research, reliability was improved by using the same procedures, methods and materials.

### **3.10. Ethical Considerations**

This study was conducted in accordance with the ethical consideration standards to guarantee the rights, safety and dignity of all research participants in the study. Before any data collections, informed consent was obtained from the participants through a consent form that clearly outlines the purpose of the data collection, the rights that they have and their voluntariness. According to the consent form, respondents were assured that they may withdraw and discontinue participation at any time and have the right to decline to answer any question that they may get uncomfortable. Respondents were also assured that their identities would remain confidential and the data they give would be totally anonymized to protect their privacy. According to this, the true name of respondents were substituted by a mock (false) names during writing the report. As well as names in the attached letters under appendix are visually covered to keep the privacy of the participant. Special care was also taken to keep the sensitive information of participant including their recorded voices, which was also done based on their consent. Therefore, all collected data were securely stored and can only accessed by the researcher, the academic advisor and examining bodies of the institute. During data collection process, because of the peace problem in the city, participant's suspicions were tried to be managed by showing student ID cards and academic support letters in order to minimize any discomforts to participants.

## **CHAPTER 4. RESULT AND DISCUSSION**

### **4.1. Introduction**

The previous chapter presented the research methodology, including the research approach, data collection methods, analysis methods used to investigate the impact of urban housing policy and legal framework implementation on the cost of the housing in addition with sampling techniques, Data sources, and data types used. This chapter present the main results of the study followed by discussions interpreting the findings in relation to the research objectives. First, respondent's and Household's profile are presented to introduce the respondents of the study. Next, main results and discussion are presented based on the specific objectives of the study.

### **4.2. Questionnaire Response Rate**

To ensure the data accuracy and reliability, a self-administered survey was done using 4 data collectors. This had eliminated the unresponsiveness of participants. There were 36 unwilling samples from the start of contact, 76 samples who sold their cooperative housing (not eligible for data collection) as well as 9 cooperatives with their respective members. However, a substitute samples were re taken for each of the missed participants. Since unwilling and unavailable participants are not considered during response rate calculation, the response rate of the study is excellent.

### **4.3. Respondents' Profile**

#### **4.3.1. Respondents' Engagement**

Study samples are chosen based on their eligibility or involvement in the cooperative housing process from the Registration phase to developmental phase of the scheme. According to the data collected, from a total of 320 respondents, the majority of respondents (88.8%, n = 284) reported that they hold the title to the house and are responsible for building it. A smaller percentage (11.3%, n = 36) indicated that, although they do not hold the title, they are fully involved and informed in the process. This highlights that most participants have a direct role in the construction of their homes, while a smaller group is involved without holding the title. This indicates that all study participants are eligible for the survey.

Respondents' Engagement

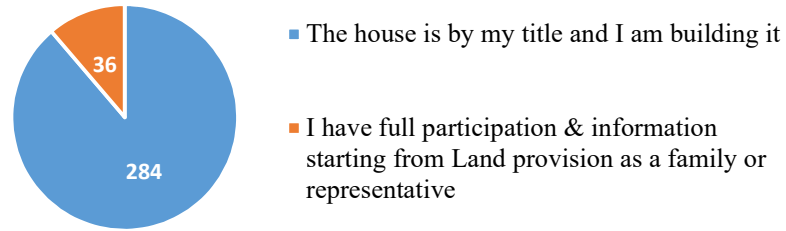


Figure 4-1 - Respondents' Engagement

**4.3.2. Respondents' Gender**

As shown in the table below, out of 320 respondents, 67.2% (n = 215) were male, and 32.8% (n = 105) were female. This distribution shows that most of the respondents were male, with a smaller proportion being female. The results for gender wise distribution of the respondents is presented in table below.

Table 5 Respondents' Gender

	Frequency	Percent
Male	215	67.2%
Female	105	32.8%

**4.3.3. Respondent Age**

As shown in the histogram below, the largest proportion of respondents (53.8%, n = 172) were aged 36 to 45 years, making this the most represented age group in the study. Cumulatively, 68.4% of the respondents were 45 years old or younger, indicating that the majority of participants were relatively younger. Only 13.2% of the respondents were aged 56 or older. This age distribution indicates a concentration of middle-aged respondents in the study, which is beneficial for the study in order to get a better rational responses.

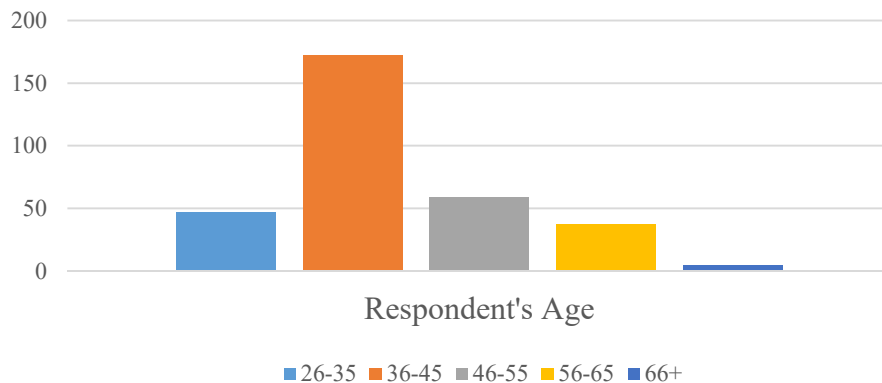


Figure 4-2 respondents' age group distribution

#### 4.3.4. Respondent Educational Level and Skill

Out of the 320 respondents, 86.3% have at least a secondary education, with first degree taking a big share (37%, n=118) indicating that most of the respondents have achieved a relatively high level of education, with a significant portion having at least a first degree. This suggests that the samples are well-educated, which may influence their perspectives and quality of responses. In addition, among 320 respondents, the majority (75.3%) have not engaged in any informal education. However, a minority (21.3%) have participated in different trainings including religious education highlighting that while formal education is predominant among the respondents, there is still a significant portion who have enhanced their education with informal learning which would influence their responses.

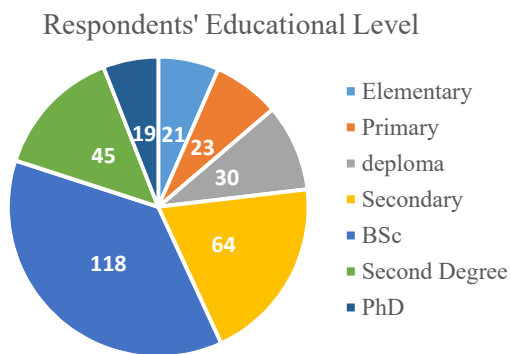


Figure 4-3 Informal education of respondents

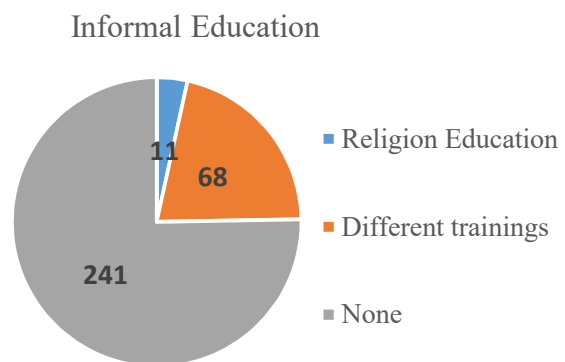


Figure 4-4 Respondents' educational level

Respondents were also surveyed about their skills beyond formal education. 22.8% reported having skills such as driving skill (20.5%), hair work (9.6%), and other skills like carpentry, tailoring, photography, electronics, and finishing work. This indicates a different range of practical skills among a minority of the surveyed population which may impact the perspective of their responses.

#### 4.3.5. Respondents' Employment status

Out of 320 respondents, 92.5% (296) reported having a job, while 24 respondents (7.5%) indicated they do not have a job due to retirement. The distribution reveals that most of the respondents are currently employed. Among the 296 respondents who reported having a job, the majority were government employed (71.3%), followed by self-employed (27.4%). A small percentage were employed by NGOs (1.4%). The distribution of the job and employment status among respondents is summarized in the chart below.

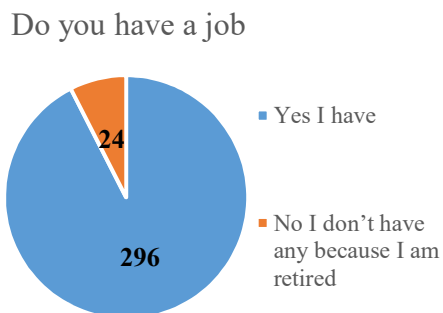


Figure 4-5 Respondents' job status

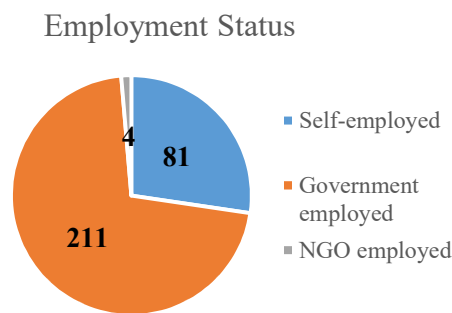


Figure 4-6 Respondents' employment status

#### 4.4. Household Profile

Information on family profiles was also gathered from respondents, which included the size of the household, occupation of life partner, number of students in the family, HH economic character and type of current residence. It will serve as a reference to understand economic burdens faced when building a cooperative housing.

##### 4.4.1. Household Size

The total household size of respondents ranged from 1 to 7 members ( $M = 4.46$ ,  $SD = 1.25$ ). The number of males per household, reported by 318 respondents, ranged from 1 to 4 ( $M = 2.29$ ,  $SD = 1.04$ ). Similarly, the number of females per household, based on responses offered by 307 households, ranged from 1 to 5;  $M = 2.27$ ,  $SD = 1.03$ . Those highlights a household size of 4 to 5 members, with an almost equal distribution of males and females.

Table 6 Household size, Number of Male & Female

	N	Minimum	Maximum	Mean	Std. Deviation
Household size	320	1	7	4.46	1.246
Number of Male	318	1	4	2.29	1.038
Number of Female	307	1	5	2.27	1.033

##### 4.4.2. Type of Household's Current living House

Type of households' living house impacts their financial stability while building their cooperative houses. As shown in the charts below, 48.8% of households live in rental houses, 20.3% reside in a relative's house (not rental), 20.0% live in a private house, and 10.9% live in institutional houses. Of the respondents who live in rental house ( $N = 156$ ), the majority reported living in a private rental

house (n = 125, 80.1%), while a smaller portion lived in a kebele house (n = 31, 19.9%). This indicates that 39% (n=125) respondents, private renters, have a significant cost burden than others side by side with their construction costs.

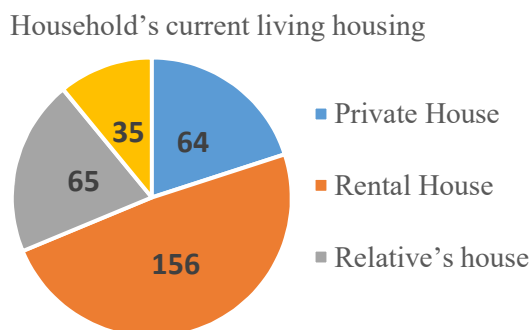


Figure 4-7 Household's current living housing

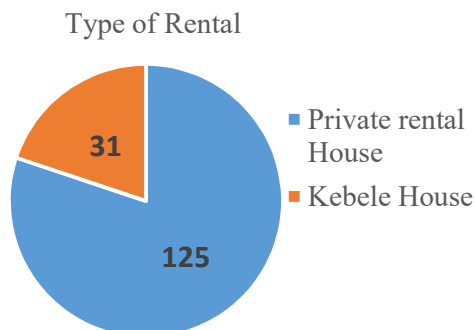


Figure 4-8 Type of rental of tenants

#### 4.4.3. Household Economical Character

The households' economic status is the main determinant factor of their ability to pay or afford their cooperative housing. This includes households' monthly expenditure (house related costs, food expenditure, education and health costs) as well as household head's monthly income. Together, these factors play a critical role in understanding how much of the household's budget is allocated for their cooperative housing construction without jeopardizing other essential needs.

#### Household Expenditure

As shown in the table below, current living house rental fee was reported by 156 households, ranging from 5 (kebele house) to 8,000 (M = 3,379.20, SD = 2,142.14). Electricity costs were provided by 124 households, ranging from 200 to 900 (M = 410.77, SD = 90.40). Water costs, reported by 280 households, ranged from 50 to 350 (M = 177.71, SD = 66.30). All 320 households reported food expenditures, which ranged from 4,000 to 20,000 (M = 6,985.94, SD = 1,677.05). Education fees were provided by 245 households, ranged from 600 to 3,600 (M = 1,992.53, SD = 735.96). Lastly, health (medical) costs were reported by 10 households, ranging from 1,000 to 2,300 (M = 1,560.00, SD = 411.50). This indicates that the largest average expenditures were for food and house rental fees, suggesting these are the most significant financial burdens for the households surveyed.

Table 7 Household expenditure, July 2024

	No. of valid respondents	Minimum (ETB)	Maximum (ETB)	Mean (ETB)	Std. Deviation
House Rental fee	156	5	8000	3379.20	2142.141

Electricity cost	124	200	900	410.77	90.399
Water Cost	280	50	350	177.71	66.304
Food Expenditure	320	4000	20000	6985.94	1677.050
Education Fee	245	600	3600	1992.53	735.959
Health (medical) cost	10	1000	2300	1560	411.501

### Household Monthly Income

The household's monthly income is very important in order to understand the financial ability of households for cooperative housing construction as well as calculate housing affordability in relation to their expenditure. The income of households ranges from 6,300 to 50,000 ETB (M = 14,110.93 ETB, SD = 7,221.28 ETB). This indicates inconsistency in monthly incomes, with a mean income of approximately 14,111 ETB. The wide range standard deviation indicates an income difference within the samples, with some households potentially facing financial constraints.

*Table 8 Household monthly income*

	No. Of Respondents	Minimum (ETB)	Maximum (ETB)	Mean (ETB)	Std. Deviation
Household's monthly income	320	6,300	50,000	14110.93	7221,281 ETB

## 4.5. Cooperative Housing Affordability challenges

Several interrelated factors were identified and investigated regarding their influence on the cooperative housing affordability in Gondar, 'Ayera 40m' site. Those factors includes the affordability of current living houses, delays in land provision, high upfront capital costs, escalating construction expenses, and insufficient compensation for farmers, the affordability of housing standards, the distant location of plots, and conflicts with farmers (influence of local farmers). Those factors will be presented as follows.

### 4.5.1. Current Living House Unaffordability

The study assesses the affordability of current living housing of cooperative households by using the ratio of monthly housing costs to household income. This helps to understand their financial burden during construction. As shown in the table below, while the majority (68.1%) of households afford their living housing, 20% of households are cost burden, with 4.1% experiencing severe affordability challenges. This indicates that while a majority of the households live in affordable housing, a

significant portion lives in unaffordable housing and are exposed to financial pressures while building their cooperative house, side by side with their current living house expenditure.

Table 9 affordability of household’s current living house

<b>Bench of Affordability</b>	<b>Frequency</b>	<b>Percent</b>
<b>Under 30 (Affordable)</b>	256	80%
<b>30% - 50% (Housing cost burdened)</b>	51	15.9%
<b>50%+ (Severely Housing cost burdened)</b>	13	4.1%

The data showed in the chart below indicates that 59% of renters live in affordable housing, whereas 41% allocate more than 30% of their income to rental expenses. On the other hand, the majority (98.2%) of non-renters live in affordable housing. This comparison highlights the increased probability of renters experiencing financial challenges during construction when compared with non-renters.

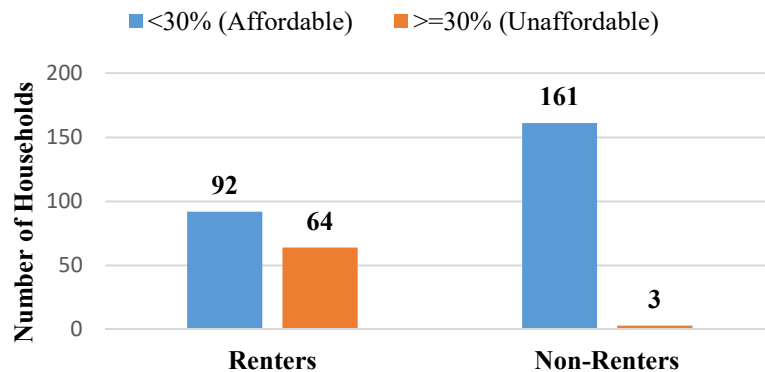


Figure 4-9 affordability of household’s current living house among tenants and non-tenants

The results align with the contextual review on housing in Gondar. According to Fenta (2018), renters in Gondar spend an average of 56% of their income on rent, further supporting the argument that renters encounter cooperative housing affordability issues than non-renters. Overall, the results indicates that the affordability of the current living housing is a challenge for cooperative households, adding extra financial burden on them during construction.

#### 4.5.2. Land Provision Delays

Interview results shows an existence of land provision delays at the city of Gondar with Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader, mentioning the key reasons as: insufficient compensation budget and cooperative registrations before land preparation,

which leads to a prolonged waiting periods. Amare, a Cooperative Organizing Professional, emphasized that the absence of clear direction from the city administration regarding available plots and number of cooperatives to register, aggravates the delay. Those delays potentially expose cooperatives for market inflations increasing the overall housing cost. Both interviewees also mentioned the need for better planning and coordination between organizing offices, the municipality, and the city administration to address these delays. The findings also align with the broader literature which indicates, land provision delays in Ethiopia undermined the effectiveness of the program (Urban Housing Policy & Strategy, 2016). The literature also echoed Wondosen idea explaining how land parceling delays cause provision delays (Nuriye, 2019). Furthermore, historical data from Wossen Ali (2002) documents that in Gondar, land supply delays for cooperatives can extend for up to 20 years showing the persistency of the issue. Overall, land preparation and parceling delays, the lack of compensation budget and lack of planning and communication between core implementer offices contribute to a land provision delays which in return exposes households for market inflations impacting the affordability of the housing.

#### 4.5.3. Upfront Capital Cost Unaffordability

An upfront capital cost is an amount cooperative members must save in a closed account during registration, as per the ANRS Housing Cooperative Directive no.9/2013. As shown in pie chart below, 38.8% of households found the cost affordable, while 61.3% found it unaffordable. This highlights that the cost is unaffordable for the majority of households being a challenge for the overall affordability of the scheme.

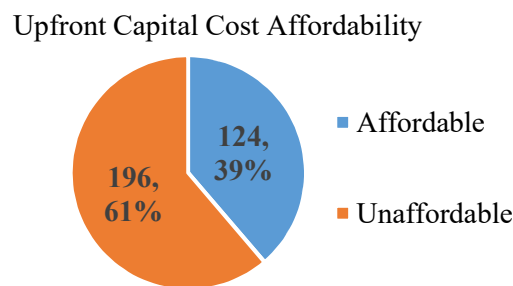


Figure 4-10 Upfront capital cost Affordability

The interview findings supports this result, by which all cooperative chairpersons, Solomon, Samuel, Haile, and Seleshi, described how the cost is unaffordable leading members to withdraw and delay land provisions (as plots were allocated to those who full filled the cost). Solomon’s cooperative experienced five withdrawals, and Samuel’s cooperative had to exclude 12 members who could not

meet the required payment in time. Haile and Seleshi also reported delays in land allocation due to difficulty in full filling the payment. Those results also align with the findings of Ashna Mathema (2005) and Matsumoto and Crook (2021) mentioning how the cost often exclude lower-income groups from accessing the housing. Studies by UN-HABITAT (2010), Ali (2002), and the World Bank (2017) similarly highlight the unaffordability of the housing because of the unaffordability of the upfront cost. In summary, the upfront capital cost is a major cooperative housing affordability obstacle for low-income groups suggesting the need for an alternative financial strategy, besides personal saving, so that all income groups could access the program.

#### 4.5.4. Construction Cost Unaffordability

As shown in table below, out of 320 respondents, the majority (86.9%) reported that construction costs were not affordable relative to their financial capacity, while 13.1% indicated that the costs were affordable. This indicates that the construction cost of cooperative houses is a basic challenge for the affordability of the scheme.

*Table 10 Construction Cost Affordability relative to HH financial capacity*

		<b>Frequency</b>	<b>Percent</b>
An Affordability of Construction cost	It is not affordable	278	86.9
	It is affordable	42	13.1

This result also aligns to the broader context of Ethiopia by which UN-HABITAT (2010) study mentioned how construction costs prevents low-incomes households to be a part of the housing program.

As shown in the table below, significant contributors for the rising construction cost were revealed. Those are rising material prices for 95.3% households, lack of water (87.8%), neighborhood residents forcing higher fees for watering construction sites (85.6%, N = 274), and inadequate road access (81.9%). Other factors includes: guard fees, material transportation costs, labor cost escalation, construction material robbery, construction material wastage by contractors, construction time delays, and absence of electricity. The results show that rising material prices, lack of water, fees imposed by local residents, and poor road access are the major contributors to increased construction costs. This highlights an urgent need for an effective strategy including incentives, infrastructure provisions, and farmer-cooperative relations to ensure the cooperative housing affordability.

*Table 11 Factors for construction cost escalation*

<b>Factors for construction cost escalation</b>	<b>N</b>	<b>Percent</b>
Construction material cost escalation	305	95.3%
Construction input transportation cost escalation	213	66.6%
Absence of road access	262	81.9%
Labor cost escalation	66	20.6%
Construction material robbery during construction	55	17.2%
Absence of water supply	281	87.8%
Absence of electricity	40	12.5%
Neighborhood residents forcing us to water the construction at a higher fee	274	85.6%
Construction time delay	107	33.4%
Guard fee	170	53.1%
Construction material wastage made by contractors	70	21.9%

As shown in the table 10, 95.3% of households experienced construction cost increases due to rising material costs. This aligns with interview results. As Samuel, cooperative chairperson, stated, sand prices rises from 12,000 ETB to 45,000 ETB per vehicle and cement from 400–500 ETB to 2,200 ETB. Similarly, Seleshi added an increase of cement price from 500 ETB to 2,100 ETB. This result also aligns with the overall Ethiopian context showing how the cost of material impacts affordability of housing for cooperatives (UN-HABITAT, 2010). Moreover, internationally, Tajudeen Azeez & Basirat Mogaji (2017), mentioned the cost as one of the critical cooperative housing affordability challenge. Overall, material cost is found to be a major affordability challenge escalating the construction cost of the housing, suggesting the need for an effective governmental intervention.

As shown in the table 10, 66.6% (N=213) of households mentioned material transportation cost as a reason for construction cost escalation. This is mirrored in the interview results, where all interviewees reported similar challenges, primarily due to an absence of road and the distant plot location. Cooperative chairpersons highlighted the 10 times costly horse-drawn cart material transportation, with Solomon noting they pay “50 ETB per quintal of cement,” plus labor fees for loading and unloading, often facing unfair payment demands from local farmers. Bulk material transport is also impossible due to the lack of road infrastructure. Similarly, Belete, a construction control professional, described “foot payments” imposed by farmers for transporting materials through their land which all escalate the transportation cost. Amare, a cooperative organizing professional, blamed the city administration, for the cost escalation, for failing to provide road infrastructure. Overall, the combination of poor infrastructure, labor costs, and local farmers’ influence significantly drives up transportation expenses suggesting the need for a proper infrastructure provision and legal support for cooperatives.

#### 4.5.5. Informal payments for survey workers

Since un-parceled plot is provided to cooperatives, it needs extra work of parceling for each members of the cooperative. During this time, informal payments like field work annuity and transportation fee are asked from cooperatives by survey worker for their parceling works. Those payments are paid as a cooperative by collecting a share of money from each members. As shown in the chart below, informal payments for survey workers is found to contribute for the escalation of construction costs as 69.4% of respondents reported making the payment, being another challenge for cooperative housing affordability.

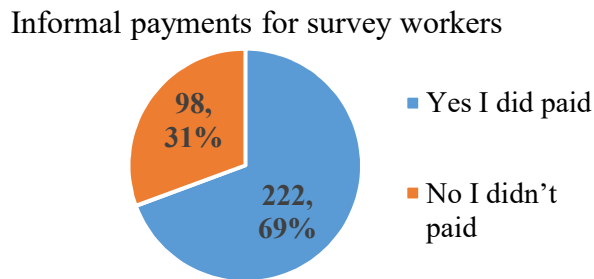


Figure 4-11 Informal payments for survey workers by households

This aligns with the interview findings, where most participants confirmed the existence of the informal payment during plot division works. Solomon, a cooperative chairperson, noted that “we paid survey workers during plot division between members.” Similarly, Samuel echoed reporting paying 3,000 ETB for survey workers. In contrast, Haile indicated that his cooperative did not experience such costs due to having an engineer among their members, highlighting that the necessity for informal payments vary among cooperatives. From a government perspective, Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader and Belete, a Municipality Construction Control Professional, both mentioned that customers are responsible for providing transportation when services are conducted. Belete added that customers also pay additional fees of 400 to 800 ETB for field works with receipts provided. Overall, these findings collectively illustrate the existence of informal payments, increasing cooperative’s financial burden and further impacting their ability to afford the housing.

#### 4.5.6. Farmers’ compensation Unaffordability

According to Ethiopian ANRS Housing Cooperative Directive No.9/2013, a compensation payment for farmers is expected to be covered by cooperatives. As shown in table below, the compensation payments paid by households ranged from 6,500 ETB to 17,000 ETB, with an average of 15,848.80

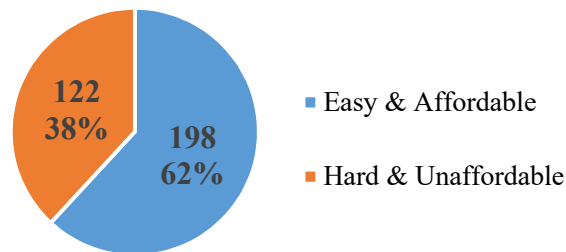
ETB and standard deviation of 2,827.30 ETB. This highlights how inconsistent the payment is. This aligns with the interview result, where Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader, described that the compensation varies according to the type of the land: rocky lands receive smaller compensation than the cultivated farm lands (FDRE Regulation No 135/2007)

*Table 12 Compensation payment*

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Compensation payment paid	6500 ETB	17000 ETB	15848.80 ETB	2827.297 ETB

Out of 320 respondents, 198 (61.9%) found the payments to be affordable, while 122 respondents (38.1%) considered the payment unaffordable. This indicates that the payment is being a challenge for a significant portion of households.

Farmers' compensation Affordability



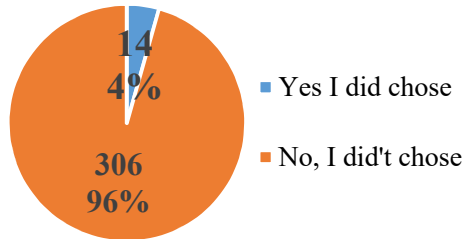
*Figure 4-12 Farmers' compensation & lease payment Affordability*

The fact that 38.1% of respondents found the payment unaffordable, aligns with the interview result. Cooperatives were required to make initial payments of 6,500 to 7,000 ETB per person. All cooperative chairpersons, Solomon, Samuel, Haile, and Seleshi, reported this initial payment miss-used by the government for unclear other purposes, exposing cooperatives for additional payments. Samuel and Seleshi mentioned rumors that the payment was taken by two municipality officials showing an instance of embezzlement. As a result, all chairpersons reported being forced to make additional payments with Solomon and Samuel reported paying 10,400 ETB, and Haile and Seleshi reported paying 10,544 ETB. This indicates the unaffordability of the payment because of an existence of mismanagement of funds which forced additional payments and impose another financial burden on cooperatives, impacting their ability to afford the overall cost of housing. This suggests the need for an improved transparency and accountability in the management of compensation funds to prevent future instances of embezzlements.

#### 4.5.7. Housing Standard Unaffordability

Ethiopian ANRS Housing Cooperative Directive No.9/2013 permits only two and more than two story houses in metropolitan cities like Gondar. 95.6% (306 individuals) reported not having any chance to choose the kind of house they wanted to build, just allowed only to build according to the standard. Out of those, a significant majority 93.8% (n=287) of respondents found it unaffordable, highlighting how it is becoming a barrier of the housing affordability. The results are presented in the charts below.

Households' choice on housing type



Housing type (standard) Affordability

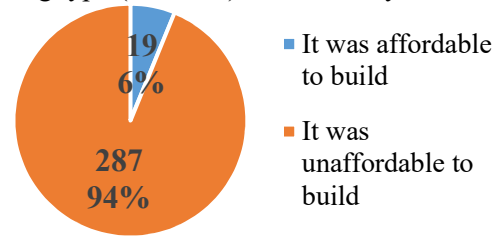


Figure 4-13 Households' choice on the housing type    Figure 4-14 Housing type (standard) Affordability

These result aligns with the interview insights by which all cooperative chairpersons, Solomon and Samuel and governmental bodies: Amare, Cooperative’s organizing Professional and Wondosen, Gondar City Urban Land Preparation and Redevelopment Team Leader, agreed the unaffordability of the housing standard, particularly for civil servants, leading to construction delays, financial struggles, and even pushing cooperatives to sell their plots. Samuel also added that “The government seems like saying ‘sell the plots if you can’t afford the housing.’” Haile, cooperative chairperson, also confirmed that the standard is why their construction remains unfinished even after nine years. However, in spite of its unaffordability, Seleshi also acknowledged its benefit as the G+1 house offers more living space. Similarly, Wondosen, Gondar City Urban Land Preparation and Redevelopment Team Leader, supported vertical developments, though suggesting one-story houses for low incomes, as seen in other cities like Bahir Dar. Both survey and interview result also aligns with the literature, by which Azeez and Mogaji (2017) pointed out the expensive house design as a common obstacle to affordable cooperative housing internationally. Muhabaw and Gashu (2019) also noted how this high housing standards push people toward informal settlements in Ethiopia. Overall, the results indicates, even though the standard has many advantages, it is found to be unaffordable for majority of households, being an affordability challenge. This suggests the need to revise the directive to create a more creative and achievable housing standard.

#### 4.5.8. Distant location of plots and Affordability

As shown in table below, households faced financial burdens due to the distant location of plots such as: increased material transportation cost, reported by 88.8% (N = 284) respondents, high self-transportation costs, reported by 85.0% (N = 272), extra security expenses, reported by 73.1% (N = 234), and theft of construction materials, reported by 24.1% (N = 77) households. These indicates that the distant location of plots is significantly escalating construction costs, impacting the overall affordability of cooperative housing.

*Table 13 Impact of Distant location on total Construction cost*

<b>Impact of Distant location on total Construction cost</b>	<b>N</b>	<b>Percent of Cases</b>
It makes construction material transportation high	284	88.8%
It results extra security cost for my plot	234	73.1%
It makes my construction material to be robbed	77	24.1%
It makes my transportation cost high	272	85.0%

The interview data also supports this survey findings. Most interviewees expressed it increases their material and personal transportation costs, complicates supervision, and exposes them to theft or mismanagement of materials. Majority of cooperative chairpersons, Solomon, Samuel, and Haile highlighted how it makes monitoring constructions difficult. Samuel & Haile echoed this, adding the increased burden of personal transportation costs due to the lack of public transportation to the site, stating three times a week supervisions. Both, survey and interview results also align with the literature review noting that the distant location of cooperative housing plots, coupled with a lack of infrastructure, creates delays in the start and completion of construction projects as well as keeps completed houses unoccupied (Urban Housing Policy and Strategy, 2016). Overall, the triangulated finding shows how the distant location of plots significantly aggravates the housing costs impacting its affordability. This highlights the critical need for a strategic planning of plot locations and/or a provision of a proper road and transportation to the sites.

#### 4.5.9. Influence of Local Farmers

As shown in the pie chart below, 65.9% (n = 211) of respondents reported experiencing conflict with farmers regarding compensation payments, while 34.1% (n = 109). As indicated in the table 13, out of the respondents who encountered a conflict, the majority, 86.3% (n = 182) indicated that the conflicts prevented them from starting construction as planned, while 73.9% (n = 156) experienced unnecessary

costs and 31.8% (n = 67) noted that it slowed down their construction process. A smaller proportion, 10.0% (n = 21), reported paying farmers to remove illegal fences. These findings highlight that majority of respondents encountered a conflict with farmers causing construction delays and financial burdens on households which impacts the overall affordability and cost of cooperative housing.

Have you experienced any conflict with the farmers?

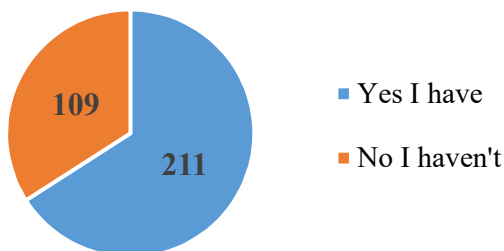


Figure 4-15 Presence of a conflict between Households & farmers

Table 14 an impact of a conflict with farmers on households

Impact of conflict with farmers	N	Percent of Cases
I was exposed to un-necessary costs	156	73.9%
I wasn't able to start construction as planned	182	86.3%
It makes the construction process slow	67	31.8%
B/c they fence the land, I pay farmers to leave	21	10.0%
No influence rather than worldly conflict	18	8.5%

Interview findings aligns and further expands the survey results. All cooperative chairpersons reported the impact of the conflict with Solomon noting that "This conflict delayed our construction," exposing cooperatives to market inflations. Moreover, all chairpersons blamed the government for the conflicts as it delays compensations, and provide unfair payments even though collecting enough amounts from cooperatives. For instance, Samuel & Haile mentioned the insufficiency of the compensation compared to the collected amount. Haile added that a farmer was given a payment of only 700,000 ETB out of the collected 3,000,000 ETB. Samuel also echoed this mismanagement of fund by explaining how the payment wasn't fully transferred to farmers. Amare, a cooperative organizing professional, also added the government's delay in compensation payments and farmers' demand for replacement plots for their children as additional sources of conflict. On the other hand, Belete, Municipality Construction Control Office Professional, also blamed the government for providing plots unfree from third-party claims. As a result, cooperatives received the consequences as farmers impacted them in many ways, including

during material supply, watering constructions, site guarding, and even prohibiting constructions further escalating costs.

Cooperative chairpersons: Solomon, Samuel, Seleshi, and Haile pointed out how farmers inflate their construction material prices. For instance, Haile mentioned that farmers raised sand prices from 42,000 ETB to 46,000 ETB, adding commissions of 3,000 to 4,000 ETB with Belete expressing the escalation from 43,000 ETB (market price) to 50,000 ETB. Similarly, Samuel and Seleshi reported extra commission payments of 1,000–2,000 ETB during any material purchasing, regardless of their involvement, with Samuel mentioning a double charging of the cost of soil. Farmers also demand high material unloading and transportation fees by force. Seleshi said, “We allow them to unload materials, with a high price, only to avoid conflicts with them.” As Samuel expressed, farmers say, “Nobody unloads materials in our neighborhood but us.” Because of that, Solomon reported being charged double the normal price for unloading materials. Samuel also noted being forced to use ten times costly horse-drawn carts.

Farmers also impose forced employments demanding jobs as site guards and labors for watering constructions, all at higher fees. Solomon explained that cooperatives were forced to pay them 10,000 ETB per month collectively and later 1,000 ETB individually for site guarding. Haile confirmed a monthly payment of 8,000 ETB. Even cooperatives that had not started construction were forced to pay for guards. He recalled a story saying, “five cooperative members, who wants so resume their construction after a stoppage, were asked pay a guarding payment of 40,000 ETB in order to continue.” Samuel added, a true story, that refusal to hire them led to property destruction, with farmers demolishing columns and cutting steel reinforcements. Interviewees also reported being forced to hire them for watering constructions at unfair prices. According to Solomon, Belete, Samuel, and Seleshi, farmers would charge 200-700 ETB per day, regardless of whether the job was done. Seleshi and Belete mentioned improper or false watering, with Seleshi recalling farmers pretending to water by painting columns with water. As mentioned by all chairpersons, if a person disagree, the farmers will kick out his contractor and labors, gun fire on the owner, steal construction materials and insult labors. According to Belete, a Municipality Construction Control Professional, all those influences are one of the key reasons for land speculation, forcing cooperatives to sell their plots.

Overall, the local farmers' influence is a very serious and major challenge for cooperatives escalating their overall construction costs and even forcing them to sell their plots. This suggests the need for

improved compensation policies, governmental financial mismanagement, and mediation mechanisms to prevent financial exploitations to improve the affordability of cooperative housing projects.

#### 4.5.10. Money Frauds By committees

When cooperatives construct housing sub-structures as a cooperative, the budget of construction is managed by committees. According to the survey data, most participants (65.9%, n = 211) build their sub-structure individually, while a smaller proportion (34.1%, n = 109) build cooperatively. For those who constructed cooperatively, 21.1% (n=23) of them reported that committees didn't presented financial audit reports to their members. Among those cooperatives that did not present financial audit reports, 34.8% (n = 8) reported instances of money fraud. This shows that while fraud does occur, reported by only 2.5% (N = 8) of the total respondents, it is relatively insignificant to be a challenge of affordability. This contrasts with a study by Shahid et al. (2020), who found financial irregularities, like fund misappropriation, to be more common and impactful on cooperative housing affordability.

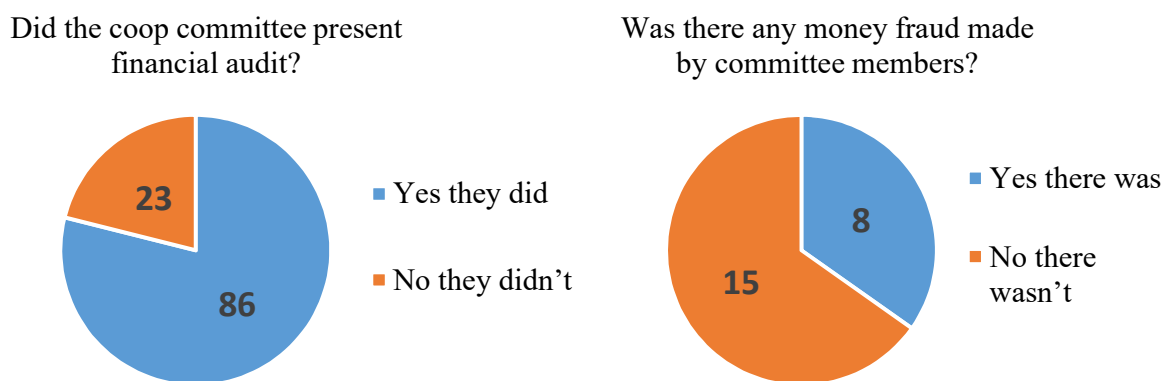


Figure 4-16 Committees' financial audit & money frauds

#### 4.6. Policy & Legal Framework's Implementation Gaps in Cooperative Housing scheme

This result and discussion section explores the implementation gaps within the urban housing policy and other legal frameworks, during the registration, land provision and developmental phases of cooperative housing. It addresses key issues such as infrastructure provision, government legal support, the supervision of cooperative construction, quality and status of construction plots, challenges related to speculation, cooperative dissolution, the sequence of land provision, the consistency of upfront capital costs, payments during member replacement, and the implications of property possession and

household occupancy before registration. These themes are analyzed with identifying where policies and legal frameworks diverge from actual practices.

#### 4.6.1. Household’s Occupancy Period before registration

As outlined in the ANRS Housing Cooperative Directive No. 9/2013 (2005 E.C.), individuals must reside in the city for at least two years to qualify for cooperative housing registration. The survey result shows that, 27 respondents (8%) had lived in Gondar for less than two years before joining the cooperative, against the directive, with the majority (92%, N=293) participants had resided in the city for more than two years. This indicates that the majority of residents are complies with the eligibility criteria of the directive. However, the fact that 8% households joined without full filling this criteria, exposes a potential implementation gap in the directive showing a weaknesses in the verification process during registration. This suggests a need for a stricter verification procedures during registration to control land frauds.

Household's year of occupancy in the city before registration

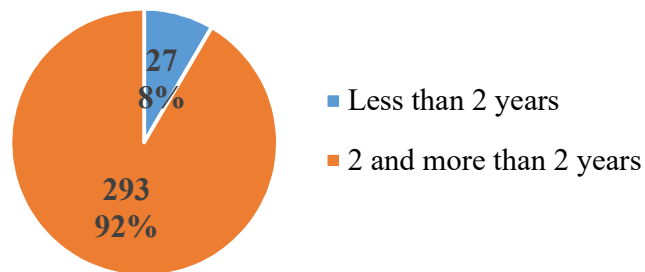


Figure 4-17 Household's year of occupancy before registration

#### 4.6.2. Housing Property Possession before Registration

According to Ethiopian ANRS Housing Cooperative Directive No.9/2013, a person must not have any kind of housing or plot, including by the name of his life partner in order to register. As shown in graph below, out of 320 participants, 45 (14.1%) owned housing property in their own name, 14 (4.4%) owned property in their life partner's name, and 6 (1.9%) owned property in both their own and their life partner’s name. However, the majority of respondents, 255 (79.7%), did not own any housing property. This reveals that while the majority of cooperative members did not own any housing, a significant 20.3% of respondents (n = 65) had some form of housing ownership, showing an occurrence of implementation gap in the directive. This also suggests the need for a stricter verification procedures during registration to control land frauds.

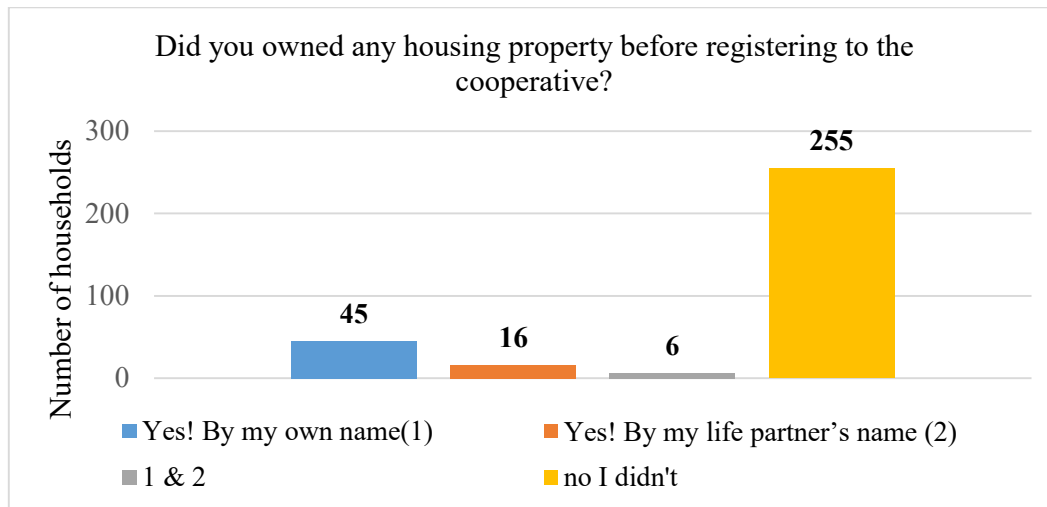


Figure 4-18 Household's housing property before registration

The interview results further explains the implementation gap. Abreham, a database professional from Gondar Maraki sub-city, explained that it is their responsibility to screen whether individuals possessed a housing or not and send verification letters to cooperative organizing offices. However, he explained the critical weaknesses in the verification system. He explained that the Excel-based database used for tracking housing possessions is not consistently updated, especially when individuals receive new plots or purchase homes from original owners. This results in incorrect ownership statuses and potential frauds, as individuals may register in multiple sub-cities using falsified documents. Both Amare, cooperatives organizer, and Abreham highlighted the issue of multiple registrations because of that. Overall, the survey result shows an occurrence of an implementation gap in the directive regarding housing possession of individuals showing the ineffectiveness of both sub-city and urban development office screening systems resulted from an outdated databases in sub-cities. This gaps exposes the scheme for land speculations and impact its initial goal in serving the true housing demand.

#### 4.6.3. Consistency of Upfront Capital Cost

As per the ANRS Housing Cooperative Directive no.9/2013, individuals must save 20% of the construction cost during registration and an additional 30% after getting a construction permit. As shown in table below, all households had paid an upfront capital cost ranging from 10,000 ETB to 35,000 ETB, with a mean of 20,032.81 ETB (SD = 2,896.01 ETB). The most common payment was 20,000 ETB, made by 78% (N=249) of respondents, as shown in pie chart below. Whereas, the remaining 22% reported payments either lower or higher than 20,000 ETB. These findings suggest a lack of consistency in the enforcement of the directive regarding the amount of the upfront capital.

Table 15 Descriptive analysis of upfront capital cost Payment

	Minimum	Maximum	Mean	Std. Deviation
Upfront Capital Cost	10,000 ETB	35,000 ETB	20,032.81 ETB	2,896.006 ETB

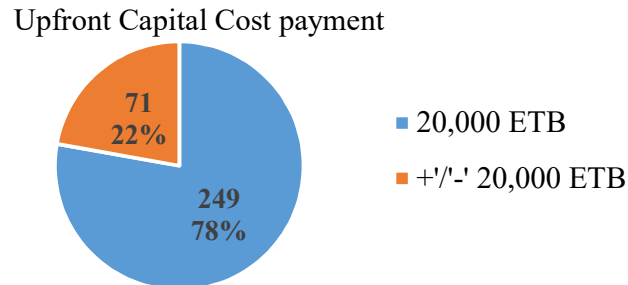


Figure 4-19 Upfront capital cost payment

However, the survey results provided a contrasting insights into this issue. Although the survey shows inconsistency of the capital cost by 22%, the interview result shows that the cost was consistent. Cooperative chair persons, Samuel, Solomon, and Haile, mentioned that the amount was 20,000 ETB. Moreover, Amare, a Cooperative Organizing Professional, explained that the upfront capital cost required from cooperatives is consistent across all members. This discrepancy between the interview and survey result shows that either the amount was inconsistent, or was consistent but the deviations shown in the survey resulted from an inappropriate responses. However, since the interview responses are more reliable and the deviation in the survey result is low, we can say that the upfront capital cost was consistent showing no implementation gaps.

#### 4.6.4. Upfront capital cost release percent

ANRS Housing Cooperative Directive No.28/2017 permits a release of 80% of their budget when they start a construction of sub-structure and the other 20% when they start slab construction. Whereas, ANRS Housing Cooperative Directive No.1/2020 updated it to 50% when starting footing construction and another 50% when finishing footing construction. However, according to Amare, a cooperative organizer, cooperatives cannot withdraw their savings until the substructure is completed. Which contrasts both of the directives. Moreover, cooperative chairpersons Solomon, Samuel, Haile, and Seleshi reported that funds were often not released as intended or were unavailable for construction purposes, but forced to be used for funding infrastructures. Solomon explained that although the saving was supposed to be used for constructions, cooperatives were not allowed to access the saving. Similarly, Samuel mentioned that their cooperative did not receive the funds, forcing them to spend 60,000 ETB out of their pocket for footing construction. Seleshi also reported that their upfront capital

was not released, and 10,544 ETB was deducted by the government for farmer’s compensation. However, Amare, cooperative’s organizer, saying “we allow cooperatives to use the interest for different purposes.” This is also echoed by chairpersons that they were able to use the interest of the saving to cover the costs of guards. Overall, the result highlights that the upfront capital cost is not being released properly and is not allowed by the government to be used for intended uses, constructions, but rather allowed to be used for infrastructures and extra farmer’s compensation against the directive indicating a serious implementation gap which impacts the finance of cooperatives. This suggests the need for a strong enforcement of the directive.

#### 4.6.5. Member’s replacement Payments

Ethiopian ANRS Housing Cooperative Directive No.9/2013 allows substituting cooperative withdrawers with new members under the knowledge of cooperative organizing office. The new member have a responsibility of paying the upfront capital cost and the administrative costs only. The survey results reveal a significant implementation gap in the directive. As shown in table below, 91 respondents (28.4%) indicated that new members did pay additional payment beyond the required. Whereas, 130 respondents (40.7%) reported un-existence of such payment rather than the upfront capital and administrative costs and 99 respondents (30.9%) mentioned un-existence of such replacements.

*Table 16 New members’ entrance payment*

		Frequency	Percent
If there was member’s replacement in your cooperative, did the new member paid additional money?	Yes they did	92	28.4%
	They didn’t paid rather than upfront capital cost and execution costs	130	40.7%
	There was no any member’s replacement	98	30.9%
<b>Total</b>		<b>320</b>	<b>100%</b>

On another hand, as shown in pie chart below, out of the 91 samples who reported an additional payment, 8 respondents (9%), indicated that the additional payment was made to committee members without cooperative’s knowledge showing an instance of fraud. Whereas, 68 respondents (74%), reported that the payment was made to the withdrawing member. The smallest group, 16 respondents (17%), stated that the payments were made to the cooperative itself.

To whom did they had paid for the replacement?

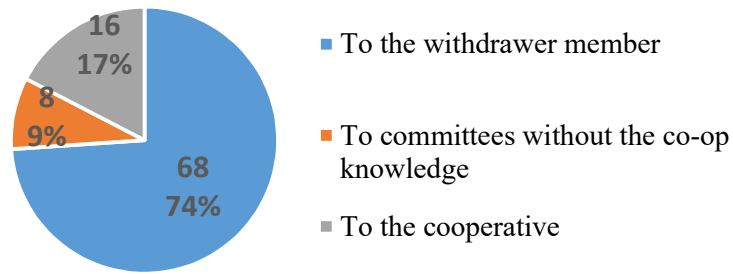


Figure 4-20 Replacements’ payment

The survey result aligns with the interview findings in many way. The fact that 74% (n=68) respondents, reported payments to the withdrawing members, cooperative chairpersons: Solomon, Samuel, and Haile, also mentioned the existence of private negotiations between withdrawing and new members where additional payments are agreed upon privately outside the cooperative knowledge. This highlights the existence of an implementation gap in the directive. Moreover, a money fraud by committees during replacements also shows an implementation gap which impacts the financial ability of cooperatives.

#### 4.6.6. Land provision Sequence Manipulation

Ethiopian urban housing policy (2016) and ANRS Housing Cooperative Directive No.9/2013 allows the land provision sequence to be based on the order of registration year of cooperatives. As shown in pie chart below, out of 320 respondents, the majority, (75%, N=240) indicated that the land provision process was based on the year of registration, consistent with the legal frameworks. However, significant portion of respondents (25%, N=80) reported a sequence manipulation. These highlights while the majority of respondents perceive the process to be in alignment with policy, a significant minority have observed a manipulation and an implementation gap in the land provision sequence.

Was the land provision process according to cooperatives’ year of registration?

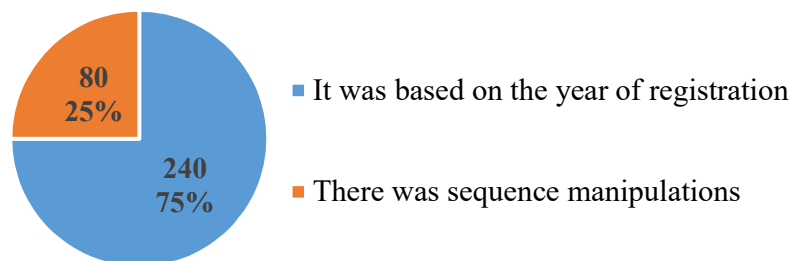


Figure 4-21 Land provision sequence legality

As shown in table below, among 80 respondents who reported sequence manipulation, 35 (43.8%) indicated nepotism, 26 (32.5%) mentioned bribery and 19 (23.8%) respondents reported both as a factor for the manipulation, highlighting the existence of nepotism and bribery in the land provision sequence causing an implementation gap.

*Table 17 Frequency Analysis of Reasons for Sequence Manipulation in Land Provision*

		<b>Frequency</b>	<b>Valid Percent</b>
If your answer to question no. 20 is ‘there was sequence manipulations’ what was its main reason?	1. Corruption	26	32.5%
	2. Coordinators working based on relative and friendship	35	43.8%
	1 and 2	19	23.8%%
	<b>Total</b>	<b>80</b>	<b>100%</b>

The interview results contrasts and aligns in some ways with the survey results. Even though 75% of respondents stated the land provision was based on year or registration, all cooperative chairpersons, Solomon, Samuel, Haile, and Seleshi, stated that land was not allocated according to registration sequence. Instead, cooperatives that quickly met upfront capital requirements were prioritized. This indicates that cooperatives’ financial capability played a more significant role than the year of registration, highlighting a gap between the directive and its practical implementation.

Whereas, the reasons for the sequence manipulation, as stated by 25% of respondents, is well supported by interview findings. Haile and Samuel mentioned corruptions as a cause of the manipulation, with some officials selling higher-quality plots for personal gain, even by reclaiming lands from cooperatives. Solomon also observed that cooperatives formed since 2009 EC often paid bribes to secure land early showing the existence of the problem to the present days. According to him, the sequence manipulation is all done at the cooperative organizing office. However, Amare, cooperative organizer, denied any illegal activities within his office, emphasizing that all procedures were documented by maintaining accurate records of each cooperative’s registration year, month, and date. Overall, even though denied by the organizing office, the existence of corruption at the office is reported to cause the land provision sequence to be manipulated, indicating an implementation gap in the directive. This suggests the need for a more transparent processes and stronger enforcement mechanisms to make the land provision fair.

#### 4.6.7. Cooperative Dissolution

Alike an international housing cooperatives, continuing housing cooperatives, which also continues after construction and occupation, (UN-HABITAT, 2006), cooperatives in Ethiopia are allowed to divide their 50% completed house between members using a lot system after they received construction plots as a cooperative. As shown in the table below, most participants (65.9%, n = 211) reported they built their houses' sub-structure individually while the others (34.1%, n = 109) constructed cooperatively. This indicates that the majority of cooperatives build sub-structures individually, by dividing the plots between members, against the directive, showing an implementation gap.

*Table 18 Way of sub-structure construction*

		Frequency	Percent
Have you constructed sub-structure of the houses as a cooperative or alone?	As a cooperative	109	34.1%
	Alone	211	65.9%



Figure 4-22 Different stage constructions showing cooperative dissolution

The survey result is also echoed within interview results. Cooperative chairpersons, Samuel, Seleshi, and Solomon, all stated that a land division was performed before sub-structure construction. In contrast, Haile noted that his cooperative divided land after foundations were built, which is also not allowed. Similarly, Wondosen, the Gondar city urban land preparation and redevelopment team Leader, admitted the existence of the dissolution even though it is not allowed. Overall, both the survey and interview results shows the existence of illegal dissolutions before meeting the 50% requirement, showing a clear implementation gaps. This suggests the need for a more strict enforcement and oversight from the government.

#### **4.6.8. Cooperative Land Speculation**

As Wondosen, the Gondar city urban land preparation and redevelopment team Leader, stated, cooperatives can sell houses once 50% completed but cannot sell otherwise. However, he admitted that plots are being sold informally. As he explained, sellers give "representation" to buyers, allowing them to build the house up to 50% and transfer or sell it to whomever they want. This informal practice reveals a gap in policy enforcement, as informal sales bypass regulations designed to prevent speculation. Amare, a cooperative organizing professional, added the unaffordability of the housing standard as the reason why cooperatives sell their plots informally. Whereas, Belete, a Municipality Construction Control Professional, mentioned the influence of local farmers during construction as a factor for the speculation.

This findings align with the broader literature by which developers (cooperatives) often involves in frauds by selling plots at inflated prices after obtaining approvals, further aggravating affordability issues (Shahid, Muhammad, & Qasim, 2020). In the Ethiopian context, it is also evidenced that malpractices, like open-market sales of plots by cooperative management, have been identified as one of the major factors undermining the affordability of cooperative housing schemes in Ethiopia's Urban Housing Policy and Strategy (2016). Overall, interviews show that in Ayera 40m', Gondar, land speculation occurs informally, through "representation," whereby plots are sold out before reaching 50% completion, bypassing formal regulations, indicating a clear implementation gap. This suggest the need for a stricter system to control informal land speculative activities.

#### **4.6.9. Construction Plot Quality and Status**

As it is stated in the land lease proclamation no.721/2011, the government is expected to supply a properly prepared construction plots free from any development during land provision. As shown in the table below, most respondents (56.9%) reported their plot's soil type was unsuitable for construction, 22.8% noted issues with water streams or gorges, and 13.1% cited the slope as problematic for building. Only 7.2% of the respondents replied that their plots were free from any issues. This indicates that the majority of plots provided have some kind of problem showing a significant gap in the government's obligation to provide properly prepared construction plots. This is also reflected in interview results. Cooperative chairpersons, Solomon and Seleshi, and Samuel explained that some plots have black cotton soil and some are hills with Samuel adding that some cooperatives even asked a replacement plots, while others continued the construction at high cost. Haile, coop chairman, also mentioned the presence of gorge touching some plots, making construction difficult.

Table 19 quality of cooperative plots

		Frequency	Percent
How was the quality of the plot you received?	Its slope was uncomfortable for construction	42	13.1%
	It was defeated by water stream or gorge	73	22.8%
	Its soil type was uncomfortable for construction	182	56.9%
	The plot was good and has no any problem	23	7.2%
<b>Total</b>		<b>320</b>	<b>100%</b>

On another hand, out of 320 respondents, 53.1% reported their plot was occupied by farmers' crops during provision, while 46.9% said their plots were free from such issues. This aligns with interview result by which Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader, mentioning even though the office delivers plots free from crops, delays in cooperative construction often result in farmers reusing the land for farming.

Was the land you received occupied with farmers' crop during the land provision?

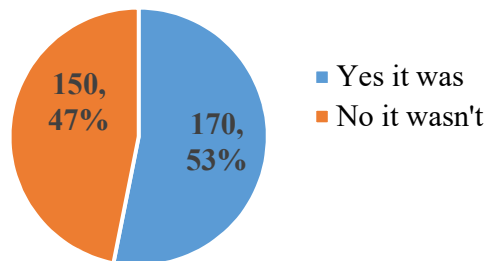


Figure 4-23 Presence of Farmers' Crops on Plots during Land Provision

Both of the interview and survey results align with the contextual review which shows that poorly prepared cooperative plots in Ethiopia required significant additional work to make them suitable for construction because of uneven terrains and inadequate drainages. (UN-HABITAT, 2010). Overall, the results reveals a significant gaps in the implementation of the land lease proclamation regarding the quality and status of cooperative housing plots as most respondents reported unsuitable soil for construction, and also occupied with farmers' crops, highlighting This indicates a lack of enforcement in the lease proclamation suggesting the need for an improved land preparation processes and a site assessment before land provisions.

#### 4.6.10. Government Supervision of Cooperatives' Construction Timeline

According to Land Lease Proclamation No. 721/2011, leaseholders must finish construction within the timeframe specified in their contract, 2 years' time limit for cooperatives to finish constructions.

Failure to do so results in contract termination and land return to the government within 6 months, with a penalty. However most of cooperative houses are under construction even after 9 years. As shown in the table below, the main reasons for construction delay are the lack of infrastructure, as reported by 89.2% of households, financial shortages cited by 70.3%, and ongoing peace issues in the city reported by 69.4%. Additional factors include conflicts with neighbors, the COVID-19 pandemic, and construction quality problems. This indicates that, infrastructure problem and financial shortage are the major reasons for construction time delays. Those findings aligns with existing literature, which emphasizes that in Ethiopia, construction delays are frequently caused by insufficient infrastructure, such as electricity, water, and roads. (Nuriye, 2019; UN-HABITAT, 2010).

*Table 20 Reason for Construction time delay*

		<b>N</b>	<b>Percent</b>
Reason for construction delay	Because I am forced to build in summer because of absence of water	35	31.5%
	Absence of Financial ability	78	70.3%
	Current peace problem in the country	77	69.4%
	Corona pandemic	28	25.2%
	Conflict with neighborhood peoples	50	45.0%
	Construction quality problems	11	9.9%
	Lack of infrastructure	99	89.2%



Figure 4-24 Unfinished Constructions Showing a lack of governmental supervision

Regarding governmental supervision, as shown in the table below, out of 320 respondents, a vast majority (96.6%, n=309) of respondents reported that there was no any governmental influence or supervision to ensure that construction started and finished within the specified time, showing an implementation gap in the enforcement of the lease proclamation.

Table 21 Government supervision (push) on Construction Timeline Compliance

		Frequency	Percent
Was there any influence (push) from the government to make you start and finish construction in time?	Yes there was	11	3.4
	No there wasn't	309	96.6
	<b>Total</b>	<b>320</b>	<b>100.0</b>

This result aligns with the interview result by which all cooperative chairpersons, Solomon, Samuel, Haile, and Seleshi, mentioned the absence of governmental supervision and control on the construction finishing timeline. Seleshi added, "The government doesn't care at all whether we finish our construction or not." And Haile stated that, "The government has no morals to control the timeline of our construction because there is no infrastructure provided." As Belete, a Municipality Construction Control Professional, stated, even though the proclamation allows the government to take over plots if cooperatives do not meet deadlines, this hasn't been implemented at all. He noted that only once has the land management office posted a notice to cooperatives to timely start constructions, but no further action was taken. Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader, explained that the infrastructure problem is the reason why the government doesn't strictly enforce construction deadlines. Overall, both the survey and interview findings shows the absence of governmental supervision and enforcement on construction timelines, causing construction delays and indicating an implementation gap in the lease proclamation. The reason presented from both the cooperative and governmental side for the delay is the absence of infrastructure. This suggests the need for a strict governmental supervision mechanism to enforce what is stated in the proclamation.

#### 4.6.11. Governmental Legal Support Implementation

Urban housing policy (2016) includes different supports for cooperatives including legal supports whenever needed. According to the survey result, the majority (83.4%, n = 176) of respondents who experienced conflicts with farmers reported the absence of legal support from the government, showing an instance of implementation gap in the urban housing policy.

Was there any governmental legal support

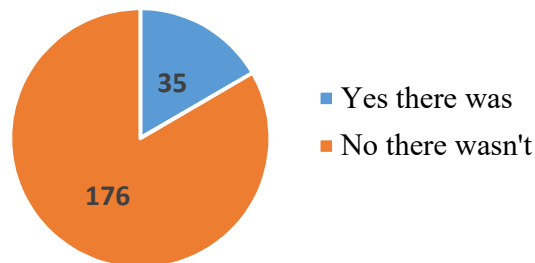


Figure 4-25 governmental legal support

This survey result is also supported by interview results. Cooperative chairpersons, highlighted the lack of effective governmental legal support during their conflict with farmers. Solomon stated, "We report conflicts for the government, but never responded practically." Haile and Samuel also echoed this, with Samuel noting that the government ignores their complaints. Seleshi also said, "The government doesn't care about our problem or conflict with farmers." According to Belete, a municipality construction control professional, resolving such disputes is the responsibility of local police. However, police often doesn't respond, or side with farmers when they do. The police might respond with, "this is not our responsibility or duty." He added that the fear of local farmers' revenge, who might respond with damaging their construction materials, discourages cooperatives from reporting. This reveals a significant gap in the implementation of Urban Housing Policy (2016), as the government fails to address cooperative-farmer conflicts with local authorities either unwilling or unable to intervene effectively. This impact cooperatives during construction in many ways including financially as mentioned under affordability challenges section.

#### 4.6.12. Infrastructure Provision Implementation

Ethiopian Urban housing policy (2016), Land lease Proclamation No.721/2011 and ANRS cooperative housing Directive No. 9/2013 all stated the responsibility of the government to fulfill basic infrastructures (road, electricity and water supply) up to construction site before a land provision. However, all survey and interview result show the total absence of infrastructure on the site, despite even though receiving plots nine years ago, showing a significant gap in the implementation of these policies. According to the survey result, 100% of respondents reported the absence of local road access and electricity line in the site. Whereas, 99.7% of respondents reported the absence of water supply in the site.

Does the neighborhood has a water supply (line)?

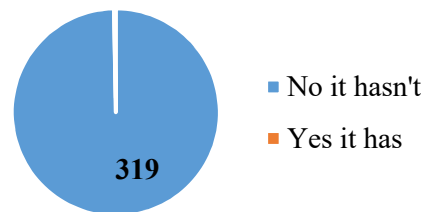


Figure 4-26 presence of water supply

All cooperative chairperson, also revealed the absence of infrastructure with Samuel, questioning the government, "How could anybody build a house without road, electricity and water?" Seleshi also highlights that the government has even asked cooperatives to contribute to infrastructure construction.

Similarly, government officials also acknowledged the lack of infrastructure, even though the directive enforces, and explained its causes. Wondosen, Gondar City Urban Land Preparation and Redevelopment Team Leader, explained the reason as an absence of governmental budget. He noted that constructing roads at cooperative sites costs millions ETB and is further complicated by compensations to farmers whom lands touched by the road. He added that, the only solution taken was to discuss the situation with cooperatives and get their consciences on the provision of infrastructure free plots. Amare, a cooperative organizing professional, and Belete, Municipality Construction Control Professional, also admitted the absence of infrastructure and called it as a major barrier to cooperatives’ construction. This results also aligns with UN-HABITAT (2010) study which stated that infrastructure in Ethiopia are either absent or very much delayed. Redie, nd also stated that, in Gondar, complaints have been raised about the lack of proper infrastructure services at new housing sites. This clearly indicates the existence of implementation gap regarding basic infrastructures which could expose cooperatives for many financial problems during construction.

#### 4.7. Cost escalations Due to Policy & legal framework Implementation Gaps

##### 4.7.1. Member’s replacement Payment and Housing Cost

In the above section, even though new members are only required to pay the upfront capital and administrative costs, according to the cooperative directive, 28.4% of respondents, reported extra payments with 74% of them reporting the payments made to withdrawing members during replacements through private financial negotiations between the two parties indicating the existence of a directive implementation gap. This indicates that new members are exposed to extra costs increasing their financial burden.

Did the new member paid extra money during replacement?

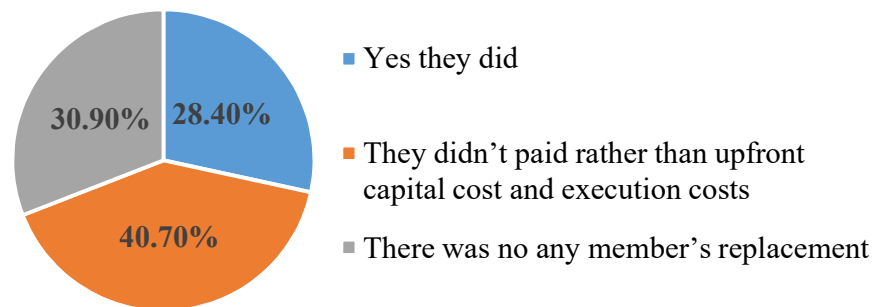


Figure 4-27 New members’ entrance payment

The interview results also reflect the survey results. Amare, a Cooperative Organizing Professional, explained the formal process saying "the new member will save the upfront capital cost in a closed account according to the letter we wrote him to the bank," and pay an administrative fee according to the cooperative law. However, all chairpersons including Amare, agreed that informal negotiations outside the framework of cooperative recognition between the withdrawing and new member were made regarding additional payments. Solomon also explained the current situation saying, "Currently, new members must pay an addition of 50% of the upfront capital cost" to join older cooperatives, on top of the formal payments. This shows how the implementation gap, extra payment, impacts cooperatives financially, disrupting their financial stability and escalating the overall cost of the housing for them. This suggests the need for a more transparent member's replacement system to save new members from extra costs.

#### 4.7.2. Land provision Sequence fairness and housing cost

A frequency analysis was conducted to determine whether cooperative members were asked to pay money for land provision priorities. Out of 320 respondents, 44 (13.8%) reported that they had been asked to pay, while the majority, 276 (86.3%), indicated that they hadn't been asked any payment. These findings indicates that while the practice of bribes is not widespread, it is still significant enough to impact a notable minority of cooperative members.

*Table 22 payments for the sake of land provision sequence*

		Frequency	Percent
As a co-op, have you been asked any money from committees for the purpose of land provision priority (to get land provision priority than others)?	Yes I have been asked	44	13.8%
	No I haven't been asked	276	86.3%

The interview result also echoed the exposure of the land provision process to a corruption. Seleshi, coop chairperson, confirmed that "the land provision process is exposed to corruptions or bribery," as land was not provided based on registration year but rather on the cooperative's ability to fulfill the upfront capital cost. Similarly, Solomon, coop chairperson, stated that cooperative committees, some of which have been registered since 2009 EC, pays cooperative organizers to get priority in plot allocation. He noted, "I know cooperatives who have paid 6000 ETB/person for the sake of land provision sequence," adding that the payments are also for securing better-quality plots (grade 1 and 2). Samuel, Coop chairperson, also shared an example of corruption, where his cooperative requested

a good-quality plot, but denied and given to the official’s family and relatives, organized as a cooperative. Overall, both the interview and survey results shows the land provision process being exposed to corruption which obliges cooperative members to waste their money, through their chairpersons, to get good quality lands first like the others. This greatly impact the financial stability of cooperative members contributing to the overall cost escalations of the program.

#### 4.7.3. Upfront capital cost release percent

An implementation gap in ANRS Housing Cooperative Directive No.28/2017 regarding the release of upfront capital cost for sub-structure construction, impacted cooperatives financially. Samuel and Solomon, cooperative chairpersons, mentioned that their cooperative couldn’t access the fund, so that they were forced to spend 60,000 ETB and 75,000 ETB respectively, out of their pocket for footing construction. Seleshi also reported that their upfront capital was not released, instead 10,544 ETB was deducted by the government for farmer’s compensation against its purpose. Overall, the implementation gap impacted cooperatives financially during their construction, suggesting the need for a strong enforcement of the directive.

#### 4.7.4. Construction Plot Quality and Status vs. Housing Cost

As it is discussed in the earlier section, a significant gaps in the implementation of the land lease proclamation regarding the quality and status of cooperative housing plots is found, as most respondents (92.8%) reported hilly and unsuitable soil types, steam-affected plots as well as occupied by farmers' crop, highlighting issues with land preparation implementation gap. As shown in the table below, among the respondents who reported problems with their plots, a substantial majority, 82.6% (n = 245), reported that these land problems exposed them to unnecessary costs. This shows that, the land problems escalated the construction cost of cooperatives impacting its unaffordability.

*Table 23 impact of Plot Problems on Construction Costs*

		Frequency	Percent
Did the land problem exposed you for unnecessary cost?	Yes it did	245	82.6%
	No it didn't	52	17.4%

On another hand, as shown in the table below, of 170 respondents who indicated their plots were occupied by farmers' crops, 113 (66.5%) reported that this issue caused a delay in construction starts, exposing them for high market inflation and construction cost.

*Table 24 impact of Plot Problems on Construction start delays*

If your answer is that the land was occupied with farmer's crop, did it become a reason for you to delay the start of your construction?	Frequency	Percent
Yes it did	113	66.5%
No it didn't	57	33.5%
<b>Total</b>	<b>170</b>	<b>100%</b>

Supporting the survey data, several cooperative chairpersons highlighted how challenging plot conditions, significantly escalates construction expenses, particularly during the sub-structure phase. Solomon, coop chairperson, explained that cooperatives faced high expenses during footing construction due to these unfavorable conditions. Similarly, Samuel emphasized that "some cooperatives waste a lot of money for soil removal and compaction", adding that additional costs were wasted when leveling sloped plots. Seleshi also mentioned the high construction material transportation cost to transport it up to the hill site. Moreover, Haile explained the existence of a gorge on the site and its impact on the cost of cooperatives' sub-structure construction. On another hand, Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, discussed a market inflections because farmers' crop obliged cooperatives to delay their constructions. Those results align with the existing literature by which a UN-HABITAT (2010) study stated how uneven terrains and inadequate drainages at cooperative sites in Ethiopia escalates developmental costs. This indicates how the issue is persistent till the present days. Overall, an implementation gap regarding the quality of cooperative plots escalates developmental costs, impacting the housing affordability, suggesting the need for a proper site evaluations and land preparation before a land provision.

#### **4.7.5. Governmental Construction Timeline Supervision and Housing Cost**

In the previous section, it is found that both the survey and interview findings show the absence of governmental supervision and enforcement on construction timelines indicating an implementation gap in the lease proclamation No. 721/2011 causing cooperatives to delay their construction. As shown in the table below, a significant majority of respondents (78.2%) reported that the absence of government pressure benefit them by giving them a time flexibility, which reduced the stress associated with meeting a tight construction deadlines.

*Table 25 Impact of Time Flexibility on Reducing Construction Tension*

		Frequency	Percent
Does the time flexibility benefits you to reduce the tension of finishing the construction within short time?	Yes it does	241	78.2
	No it doesn't	67	21.8

However, the lack of governmental supervision, while providing flexibility for cooperatives, has contributed to significant construction delays which has a direct impact on the affordability of the cooperative's construction, primarily due to construction material cost inflations over times. As cooperative chairperson, Samuel stated, sand prices rises from 12,000 ETB to 45,000 ETB per vehicle and cement from 400–500 ETB to 2,200 ETB. Similarly, another cooperative chairperson Seleshi added an increase of cement price from 500 ETB to 2,100 ETB over time. This makes more difficult for members to afford constructing their housing. Therefore, the implementation gap regarding construction timelines escalates the overall construction costs of cooperatives.

#### 4.7.6. Governmental Legal Support & Housing Cost

As discussed in the previous section, a significant implementation gap in the Urban Housing Policy (2016), regarding legal support, is found as the majority of households who encountered conflicts with local farmers did not receive any legal assistance from the government. As discussed briefly under affordability challenges section, all interviewees and survey results agreed that this made cooperative sites be dictated by local farmers exposing cooperatives to many financial exploitation, escalating construction material prices, unloading costs, labor fees of guard and watering, as well as delaying and prohibiting constructions, as a result forcing cooperatives to sell their plots. As shown in the table below, a significant majority, 86.3% (n = 182), reported that these conflicts delayed their construction start, 73.9% (n = 156) reported being exposed to unnecessary expenses, 31.8% (n = 67) reported construction process delays and a smaller group, 10.0% (n = 21), indicated additional payments for farmers to resolve fencing disputes. This shows how the lack of the legal support exposed cooperatives to unnecessary costs.

*Table 26 an impact of lack of legal support during a conflict with farmers*

<b>Impact of conflict with farmers</b>	<b>N</b>	<b>Percent of Cases</b>
I was exposed to un-necessary costs	156	73.9%
I wasn't able to start construction as planed	182	86.3%
It makes the construction process slow	67	31.8%
B/c they fence the land, I pay farmers to leave	21	10.0%
No influence rather than worldly conflict	18	8.5%

Moreover, during the initial phase of constructions, households who reported conflicts were forced to pay farmers extra compensation payments beyond the formal amounts. As shown in the table below,

the extra payments ranged from 1,000 ETB to 3,600 ETB per person, with a mean payment of 2,042.86. This results shows cooperatives are exposed to extra informal compensation payments due to an absence of governmental legal support.

*Table 27 extra payments paid due to conflicts with farmers*

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Dev.</b>
How much extra compensation payment did you paid, beside the estimated one, if any?	42	1,000 ETB	3,600 ETB	2,042.86 ETB	678.644 ETB

Overall, the implementation gap regarding governmental legal support exposes cooperatives for the dictatorship of the site by farmers who imposes an escalated and unfair prices during construction. This escalates the overall construction cost of cooperatives forcing them to sell their plots. As it is reported by cooperative chairpersons and even governmental bodies, this gap is the number one challenging factor which impacts cooperatives financially during construction phases. This suggests an urgent need for a strict legal framework to maintain the rights of cooperatives in order to prevent them from financial exploitations which escalates their construction costs.

#### **4.7.7. Infrastructure Implementation and Housing Cost**

As discussed in the previous section, an implementation gap is found regarding the fulfilment of basic infrastructures during land provision by the government. Interviews identified the lack of infrastructure as a major factor contributing to the escalation of cooperative housing constructions. Wondosen, the Gondar City Urban Land Preparation and Redevelopment Team Leader, explained that "The infrastructure problem results many financial problems for cooperatives. Even cooperatives who have finished their construction couldn't occupy it because of the problem, which will expose them to other housing costs. Similarly, Amare, a Cooperative Organizing Professional, admitted the problem and highlighted that cooperatives often have to fund infrastructure developments themselves which increases their financial burden. This findings also align with the wider context of Ethiopia by which inadequate infrastructures complicates and increases the cost of housing developments as well as delays constructions, making it difficult for low-income families to afford cooperative housing (Nuriye, 2019; UN-HABITAT, 2010).

#### **A) Road Infrastructure and Housing Cost**

The study revealed that the absence of road access in cooperative housing neighborhoods significantly impacted residents financially, with 73.7% of respondents experiencing increased construction

material transportation cost, 81.9% facing higher labor costs for material supply, and 19.4% experiencing delays. This highlights the severe impact of absence of road on the overall cost and affordability of cooperative housing projects. As mentioned in the previous sections, it is also the major factor for construction time delays as reported by 89.2% of respondents, exposing them for market inflations.

*Table 28 Financial challenges of an absence of road access*

		<b>Frequency</b>	<b>Percent</b>
What financial challenge did the absence of road impose on you?	1. It makes the transportation cost of construction materials high	57	17.8%
	2. It makes my labor cost high for material supply	70	21.9%
	3. It makes my construction delayed	1	0.3%
	1,2 and 3	48	15%
	1 & 2	131	40.9%
	2 & 3	13	4.1%

This result also align with interview results. According to an interview with cooperative chairpersons, the absence of road is found to be the main reason for an escalation of material transportation costs. It obliges cooperatives to transport materials using horse-drawn carts that costs 10 times the cost of a vehicle. Similarly, Samuel emphasized that the absence of road access caused delays in construction, which, in turn, led to increased material costs due to market inflation. He stated, "We had waited the government for 3 years" regarding road supply.

On another hand, as shown in the table below, 74% of respondents were asked to contribute financially for both fuel and labor costs for temporary road clearance, 14.1% expected future contributions. This shows a financial burden created on cooperatives even though it is the government's responsibility. This result is also supported by interviews. Cooperative chairpersons, Solomon, Samuel, Haile, and Seleshi all noted that they were asked to contribute 1,000 ETB per person to be used for construction vehicle's oil, for temporary road clearance only. Solomon added, despite this payment, "the road is still un-cleared," forcing the neighborhood to collect up to 150,000 ETB to clear the road themselves. Samuel added that each cooperatives financed the temporary clearance of road access to their own sites, resulting unnecessary costs. Overall, the lack of road infrastructure impacts cooperatives

financially during construction phases, escalating their construction material transportation costs and delaying their development, suggesting the need for a proper provision of the infrastructure by the time of land allocation to cooperatives.

*Table 29 Contribution for road access construction*

		Frequency	Percent
Have you been asked any contribution for the road construction?	1. Yes, we have been asked to cover fuel cost of vehicles for the work	67	20.9%
	2. Yes, we have been asked to cover the labor cost for road clearance	–	–
	3. We haven't been asked, but Contribution is expected from us for the future	45	14.1%
	No, We haven't been asked at all	38	11.9%
	1 and 2	170	53.1%
	<b>Total</b>	<b>320</b>	<b>100%</b>

## B) Water Infrastructure and Housing Cost

As shown in the table below, 93.4% respondents reported being exposed to high cost of water-supplying vehicles, 74.9% reported being exposed to high cost of water transporting labors, and 17.1% reported being forced to construct during summer because of the absence of water supply which will expose them to market inflations.

*Table 30 Financial challenges due to an absence of water supply*

		Frequency	Percent
What financial challenges did the absence of water impose on you?	1. I have been exposed to a high cost for water supplying vehicles	61	19.1%
	2. I have been exposed to a high cost for water transporting labors	1	0.3%
	3. Because I was forced to construct during summer, I face an escalation of construction materials	19	5.9%
	1, 2 and 3	35	10.9%
	1 and 2	203	63.4%
	2 and 3	1	0.3%
	<b>Total</b>	<b>320</b>	<b>100%</b>

This is also reflected in the interview results by which, all mentioned the high cost of water supplying vehicles. Solomon and Seleshi stated the cost to be 3,500 ETB and Samuel to be 4,000 ETB per a vehicle. Samuel added that a onetime purchased water only serves for 2 days of construction, which shows the severity of the problem. He also recalled paying 26,000 ETB for water only for watering a concrete slab. He also mentioned a payment of 3,000 ETB to purchase river water pulled by generators. Haile also added that cooperatives used labors to transport water from a nearby river, further escalating the labor cost. Seleshi echoed this with adding the high cost of those labors especially during the summer when vehicles couldn't enter the muddy site. This indicates how an absence of water expose cooperatives for the high cost of water purchasing and transportation during construction, suggesting the need for the provision of water supply during land allocation.

### C) Electricity Infrastructure and Housing Cost

As shown in the table below, because of the absence of electricity, 78.4 % respondents reported experiencing generator costs for slab constructions, 28.1% faced a generator cost for door and window works, 70.9% reported exposed to a generator cost for watering the construction. Overall, the absence of electricity imposed significant financial burdens on 90.9% of the respondents, highlighting the severity of the problem. This is also reflected by interview results. All interviewees highlighted the need to use generators for constructions, esclated their financial burdens. On another hand, Samuel and Seleshi also noted that completed homes even remain unoccupied due to the lack of electricity, with some members abandoning their homes and exposed to additional rental costs elsewhere.

*Table 31 financial challenges due to an absence of electricity*

		Frequency	Percent
What financial challenges did an absence of electricity impose on you?	1. I have been exposed to a generator cost for slab construction	13	4.1%
	2. I have been exposed to a generator cost for door and window works	0	0
	3. I have been exposed to a generator cost for watering the construction	1	0.3%
	1, and 3	187	58.4 %
	I didn't face any unnecessary cost	29	9.1%
	1 and 2	51	15.9%
	2 and 3	39	12.2%

<b>Total</b>	<b>320</b>	<b>100%</b>
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On another hand, all respondents (100%) reported they had been asked to contribute financially for the construction of an electricity line. As shown in the table below, the amount requested from each household ranges from 14,850 ETB to 16,600 ETB with a mean amount of 15,597.97 ETB, and a standard deviation of 346.30 ETB, indicating relatively consistent financial demands across households. This result is also reflected by all cooperative chairpersons being interviewed. Solomon reported that the payment asked was 50% of the electricity construction costs, which was higher than 10%, a mandatory contribution as stated by Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader. Samuel specified it to be 26,350,000 ETB per a neighborhood. Haile and Seleshi further elaborated the payment to be 16,600 ETB and 15,000 ETB per person, respectively. This indicates that cooperative members are financially burdened to contribute for the electricity construction more than the requirement amount, impacting their financial stability during construction.

*Table 32 Electricity financial contribution*

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
How much have you been asked to pay individually for electricity?	14,850 ETB	16,600 ETB	15,597.97 ETB	346.302 ETB

Overall, the absence of electricity in addition with an imposed contribution payments, escalated the construction cost and financial burdens of cooperatives suggesting the need for an attention for the provision of electricity by the time of land allocation in order to reduce cooperatives' burdens.

#### **4.8. Challenges Posed Against the Successful Implementation of Policy and Legal**

##### **Frameworks**

The implementation of housing policies and directives faces various challenges regarding human and financial resources, staff trainings, and inter-office relationships. Insights from key professionals working in Gondar's Municipality and cooperative organizing office, including Wondosen, Amare, and Belete, expressed the difficulties encountered. This research investigates the challenges posed against the successful implementation of housing policy instruments and legal frameworks in the co-op housing provision.

#### **4.8.1. Human Resource**

Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, and Amare, Cooperative's organizer, both reported a significant workload that far exceeds the capacity of their current staff, negatively affecting their performance and execution ability. Wondosen, specifically, pointed out that while the staff number is aligned with the directives, they are insufficient compared to the current workload, and he recommended revising the directive to meet the current needs. Amare also emphasized that his office has only one housing cooperative's organizing professional, which is inadequate to serve cooperatives, further delaying works. In contrast, Belete, from the Municipality Construction Control Office, stated the sufficiency of staffs in his office for the tasks they handle. This results indicates that the core offices for cooperative housing program, cooperative organizer office and land preparation office, are under staffed which impacts their performance in implementing program. It also suggests an update on directives regarding the number of staffs in order to meet the current service need.

#### **4.8.2. Experience of Staffs**

As Kearns & Lawson (2008) explained, how well skilled and committed the implementation agencies are impacts the success of the implementation. Therefore, the experience level of staffs for core cooperative housing implementer offices is examined. The interview responses from all governmental bodies indicate that the experience of their staff is sufficient and is not a significant challenge in the implementation of the housing program. Wondosen highlighted that the staff in his office are well-experienced, with the lowest experience level being six years, and even newer staff can perform adequately after a year of work. Amare and Belete echoed similar thoughts, noting that the experience levels of their professionals range from 7 to 15 years and 5 to 13 years, respectively. This shows that the experience level of staffs is not an implementation challenge.

#### **4.8.3. Financial Resource**

The responses from governmental bodies reveal significant challenges related to financial resources that impact the staff performance, office operations, and overall service delivery. Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, noted that the budget for his office is insufficient, forcing customers to provide basic supplies like transportation and stationery. He also highlighted low staff salaries, ranging from 4,000 to 6,000 ETB for engineers, which contributes to staff migration and vulnerability to bribery. Additionally, the lack of essential equipment, such as a differential GPS, impacts the office's operations. Amare, Cooperative's organizing Professional, similarly emphasized the lack of budget, with much of the office's expenses being covered by

sponsorships. Belete, Municipality Construction Control Professional, also mentioned budget shortages in his office, including a lack of transportation, where staff rely on customer's sponsorship for transportations and additional payments for site visits. The interview results align closely with the literature, as both highlight the critical role that a financial and material resources play in the successful implementation of programs. Wondosen, Amare, and Belete all identified budget shortages and lack of essential equipment as major barriers to their offices' performance and service delivery, echoing Signe's (2017) statement that "access to available funding and resources is a precondition for successful implementation." Additionally, the interviews reflect Mthethwa's (2012) emphasis on the importance of material resources, as evidenced by the lack of transportation, low salaries, and essential tools like differential GPS, which impacts governmental operations. Kearns & Lawson's (2008) explanation of how resource constraints in Glasgow's housing stock transfer program hindered implementation further supports the interview findings, showing that insufficient financial and organizational attention can impact a housing strategy's ability to implement its goals. This suggests the need for a proper governmental funding and resource allocation.

#### **4.8.4. Staff Trainings**

The responses from governmental bodies indicated a lack of regular staff training impacting staff performance and office's efficiency. Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, highlighted the absence of professional or technical training, only recalling one training within 5 years, preventing staff from keeping up with new technologies, equipment (for instance latest surveying equipment), software, and directives, which in turn affects the office performance and forces the office to be depend on outdated methods. Similarly, Amare, Gondar City Urban Land preparation and Redevelopment Team Leader, confirmed the absence of periodic training, stating that he had not received any training in the past three years. Belete, Municipality Construction Control Professional, also mentioned that while there were trainings in the past, there have been no recent sessions, which reduces the overall skill development and efficiency of the staffs.

This result aligns with the literature in terms of the importance of training and capacity-building for front-line staff to ensure effective policy implementation. As Hudson, Hunter, and Peckham (2019) stated, front-line staff are the most familiar with delivery challenges and that the government must assess and improve their capacity through training to enhance policy outcomes. Furthermore, Moreno-Monroy et al.'s (2020) stated that local governments are the key bodies closest to the local population, and thus require a periodic training to fulfill their roles effectively. Overall, the result shows an absence

of a periodic trainings at the core implementers of cooperative housing program which also impacts the offices' implementation capacity. This suggests the serious need for staff capacity building.

#### **4.8.5. Horizontal and Vertical Relationship of Offices**

Kearns & Lawson (2008) explained that how effective and smooth the horizontal and vertical relation between organizations impacts the success of implementation. According to an interview with governmental bodies, poor inter-office relationships and lack of coordination are found to be bottlenecks for cooperative housing implementation. Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, expressed difficulties in coordination with offices like the electricity, water and telecom service offices, citing examples where their uncoordinated actions disrupted land preparation work saying, "Once, when we allocated plots to cooperatives, the electricity office built high-tension lines through the site without consulting us, wasting many housing plots." He also mentioned lack of coordination with cooperative promotion office, which registers cooperatives beyond land availability, leading to cooperatives' longer wait for land provision. Amare, Cooperative's organizing Professional, echoed similar issue, emphasizing the city administration's lack of a timely response, during approving the cooperative lists for land provision, and clear planning for the land provision, causing delays. Belete, Municipality Construction Control Professional, also pointed out his office poor relation with the archival office saying. This becomes a bottleneck for our work, especially when a hurry customer comes." He also pointed that this slows down the office's document verification process. Overall, interview result shows ineffective horizontal and vertical relations between the core implementers of the program which impacts its effective implementation. This shows the need to improve how departments work together and communicate.

#### **4.9. Strategies for the successful implementation of cooperative housing program**

To successfully implement cooperative housing policies and legal frameworks, a well-defined implementation strategy is essential. Governmental officials, Wondosen, Amare, and Belete, highlight several vital elements for this framework. These includes promoting vertical housing to optimize land use, ensuring clear and planned land allocation, addressing cooperative-farmer disputes through proper conflict resolution mechanisms, and making the housing standards flexible.

##### **4.9.1. Vertical vs. Horizontal Housing**

Wondosen, Gondar City Urban Land preparation and Redevelopment Team Leader, recommended the implementation of incentives, mentioned in the urban housing policy and cooperative directives, for

cooperatives who want to build communal buildings with emphasizing the importance of vertical development in optimizing land use, improve city image, and make housing more affordable for cooperatives. It also minimized many administrative resources of offices. He suggested that instead of allocating large plots (e.g., 3000m<sup>2</sup> for 24 people), it would be better to provide smaller plots (e.g., 500m<sup>2</sup>) for the construction of communal apartments. However, he also advocated allowing one-story homes in certain areas to benefit citizens, similar to the case of Bahir Dar city.

#### **4.9.2. Planned Land Provision**

Amare, Cooperative's organizing Professional, stressed the need for the city administration to be guided by a clear plan, setting a specific number of cooperatives that can be provided with land each year. He also suggested cooperatives to be allocated in the same areas for an easy provision of infrastructure services.

#### **4.9.3. Financial Alternative**

Amare, Cooperative's organizing Professional, highlighted the experience of Bahir Dar city as a positive example where basic infrastructure is provided before land allocation, and partnerships with banks by which the housing cooperative plans are given to banks, which build the houses and deliver them to members, who then repay the loans monthly at a reasonable interest rate. This enables cooperative members to afford housing through loans, reducing speculation and construction delays.

#### **4.9.4. Conflict Resolution and Ownership Clarity**

Belete, Municipality Construction Control Professional, emphasized the importance of providing cooperatives with land free of ownership disputes to avoid conflicts with local farmers. He suggested that the directive should include specific conflict-resolution mechanisms and assign responsibility for managing disputes and also should enforce the provision of basic infrastructure at the time of land allocation to prevent cost escalations and delays during construction. Additionally, he suggested that directives should address the influence of local farmers on cooperatives and material costs by regulating pricing for construction material supplies, labor cost, watering construction, and security fees to reduce over exploitation of cooperatives and cost escalations during construction.

#### **4.9.5. Flexible Housing Standards**

Both Wondosen and Belete discussed the need for more affordable housing standards. Belete noted that the current standards make it financially difficult for civil servants and cooperative members to complete construction in a reasonable timeframe. He proposed allowing single-story (G+0) houses as an option, which could be more affordable for cooperatives based on their financial capabilities.

#### **4.9.6. Federal Government Support**

A proper support from a government starting from federal level to regional and local level is very crucial for a policy implementation success. It has a significant role in influencing housing markets (Moreno-Monroy, et al., 2020). National governments should finance urban infrastructure, and develop incentives. As Hudson, et.al. (2019) indicated, the federal government should track/monitor policy implementation progresses by establishing two-way communication channels between implementers and policy makers, conduct site visits to find delivery-related bottlenecks, and conduct a post-implementation review to evaluate the degree to which policy objectives have been achieved (Hudson, Hunter, & Peckham, 2019).

#### **4.9.7. Staff Trainings and Capacity Building**

Trainings for local implementers are another important factors for policy implementation. Since they are found at districts or municipal level closest to the local population, they have the potential to drastically alter policy intention (Hudson, Hunter, & Peckham, 2019). Because those who work on the front lines are professionally more familiar with the difficulties of delivery than national policymakers, the government should assist front-line implementers by evaluating their current capacity to deliver, understanding what is being done well, what needs to be improved, and how best to build new capacity.

#### **4.9.8. Logistic**

According to Kearns & Lawson (2008), logistics of implementation can be seen in terms of technical, legal, financial and human resources. In addition, Mthethwa (2012) also adds a political, managerial and material resources. To effectively implement a policy, implementation organizations must determine and mobilize such resources. As Signe (2017) mentioned, “Access to available funding and resources is a precondition for successful implementation.” Without access to sufficient financing and a planning process, a good housing strategy cannot be implemented well.

#### **4.9.9. Stakeholder involvement in policy implementation**

Democratic public participation is necessary for effective policy processes. The groups or people responsible for implementing the policy, those who may be impacted by it, and the officials and experts in charge of achieving the policy's objectives are all considered policy stakeholders. Due to the distinct viewpoints, abilities, and resources that each sector offers, effective collaboration between those various groups is crucial (Mthethwa, 2012).

This chapter has discussed and presented the key findings of the study related to the research objectives. The next final chapter will present study conclusions highlighting the main insights and finally forward practical recommendations on the matter and for future researches.

## **CHAPTER 5. CONCLUSION AND RECOMMENDATION**

The general aim of the research was to investigate the major cooperative housing affordability challenges with a focus point of the impact of governmental housing policies and legal frameworks' implementation on the overall costs of cooperative housing from registration to construction phases, with the aim of identifying ways to improve the program and enhance its contribution to affordable housing. This chapter concluded the main research findings in relation to each research questions, with forwarding a practical recommendation to improve the housing affordability.

### **5.1. Conclusion**

#### **5.1.1. Cooperative Housing Affordability Challenges**

The first research question addressed the overall affordability challenges of the current cooperative housing in 'Ayera 40 meter' during each registration, land provision and developmental phases.

##### **A) During Registration Phase**

During registration phase the upfront capital cost is found to be a major cooperative housing affordability challenge. It is unaffordable to 61.3% of households, forcing members to withdraw from cooperatives and delay their land provision highlighting the need for an alternative financial strategy, besides personal saving.

##### **B) During Land Provision Phase**

Land provision delay, caused by lack of governmental compensation budget, delay in land preparation, lack of planning and poor government offices communication, are found to be affordability challenges exposing cooperatives to market inflation, rising construction costs. The other affordability challenge was found to be mismanagement and unaffordability of farmers' compensation payment. 38.1% of households found these payments unaffordable. Because of mismanagement of collected compensation payments, cooperatives were mandated to pay additional payments, further impacting their finances.

##### **C) During Developmental Phase**

The first and for most cooperative housing affordability challenge during this phase is found to be the unaffordability of the current living house of households. It added a financial burden on cooperatives

while constructing their house side by side. 20% of respondents found their living house unaffordable. In comparison, renters are particularly more affected than non-renters, suggesting the government to develop a targeted support for cooperatives. The construction cost of cooperative housing is another major affordability challenge, with 86.9% of respondents finding it unaffordable. Rising cost of constructions materials, a lack of basic infrastructures, an influence of local farmers are the main contributing factors. This highlights an urgent need for an effective strategy to ensure the cooperative housing affordability. The other challenge is an informal payment to survey and supervision workers which further escalated households' financial burden and became an affordability challenge. It was reported by the 69.4% of respondents. The high housing standards set by the ANRS Housing Cooperative Directive No.9/2013 is also found to be a major affordability challenge. It is found to be unaffordable for 93.8% of respondents, causing construction delays, financial difficulties and even sell their plots. The distant peripheral location of plots is also found to be an affordability challenge causing higher material transportation costs, higher personal transportation costs, security expenses and material thefts, impacting affordability. The influence of local farmers and a conflicts with them over compensation are also the major affordability challenges. A conflict over compensation is reported by 65.9% of respondents causing construction delays and unnecessary costs. Farmer's influence exposes cooperatives for forced financial exploitations by farmers during the entire construction process, raising their construction cost and making the scheme unaffordable. This suggests the need for improved compensation policies, and mediation mechanisms.

In conclusion, the top 5 ranked cooperative housing affordability challenges are: Unaffordability of the housing standard, the construction cost, the farmers influence on cooperatives, unaffordability of upfront capital cost and compensation payments.

### **5.1.2. Housing Cost Escalations Due to Policy Implementation Gaps**

The second research question addressed cost escalations caused by policy implementation gaps.

#### **A) During Registration Phase**

Two implementation gaps are found during registration phase. Those are a gap in the household occupancy period verification and housing possession status verification processes. 8% of members and 20.3% of members bypass the two requirements respectively against Housing Cooperative Directive No. 9/2013. Even though these gaps doesn't have a direct impact on the housing cost, they

expose the scheme to land frauds and misallocation of resources to unqualified and untargeted high income groups. They also impact the goal of the scheme in meeting the true housing need in the city.

### **B) During Land Provision Phase**

During the land provision phase four implementation gaps were found regarding member's replacement payments, land provision sequences, quality and status of plots, and the provision of infrastructure. Implementation gaps in the member's replacement payments exposes new members to extra costs which can be as high as 50% of the upfront capital cost. This disrupts their financial stability and increase the overall cost of the housing. An implementation gap (manipulation & nepotism) in the land provision sequence is also found to escalate the overall housing cost with 13.8% of respondents reporting being asked to pay a bribe to get land early through their committees, exposing them to unnecessary costs. An implementation gap in the quality and status of cooperative plots is also found to escalate the construction costs of cooperatives. Because of a hilly slope, unsuitable soil, stream-affected plots 82.6% of respondents reported being exposed to unnecessary costs during sub-structure constructions. Farmer's crop also exposed cooperatives for construction start delays and market inflations. An implementation gap regarding the provision of infrastructure during land provision was also found to be a major reason for an escalation of the total cost of cooperatives' construction. Because of the absence of road, 73.7% of respondents experienced an increased construction material transportation cost, 81.9% faced higher labor costs for material supply, and 19.4% experienced construction delays. Cooperatives were also forced to use a tenfold expensive horse-drawn carts for material transportation. Moreover, they were also forced to waste additional money for temporary road clearance. Because of the absence of water, 93.4% of respondents were exposed to high cost of water-supplying vehicles (3,500-4,000ETB), 74.9% to high cost of water-transporting labor, and 17.1% delays due to being obliged to construct during summer, exposing them to market inflation. Lastly, because of the lack electricity, 78.4% of respondents reported relying on costly generators for construction tasks, 28.1% reported generator costs for door and window installations, and 70.9% for watering the constructions. In addition, all chairpersons reported contributing between 14,850 and 16,600 ETB per person for an electricity construction, 50% of the cost, above the mandated 10%. This all indicates how the lack of road, water, and electricity at the site escalates the overall cost of cooperative's construction suggesting the need for a comprehensive infrastructural development to reduce cooperatives' financial burden.

### **C) During Developmental Phase**

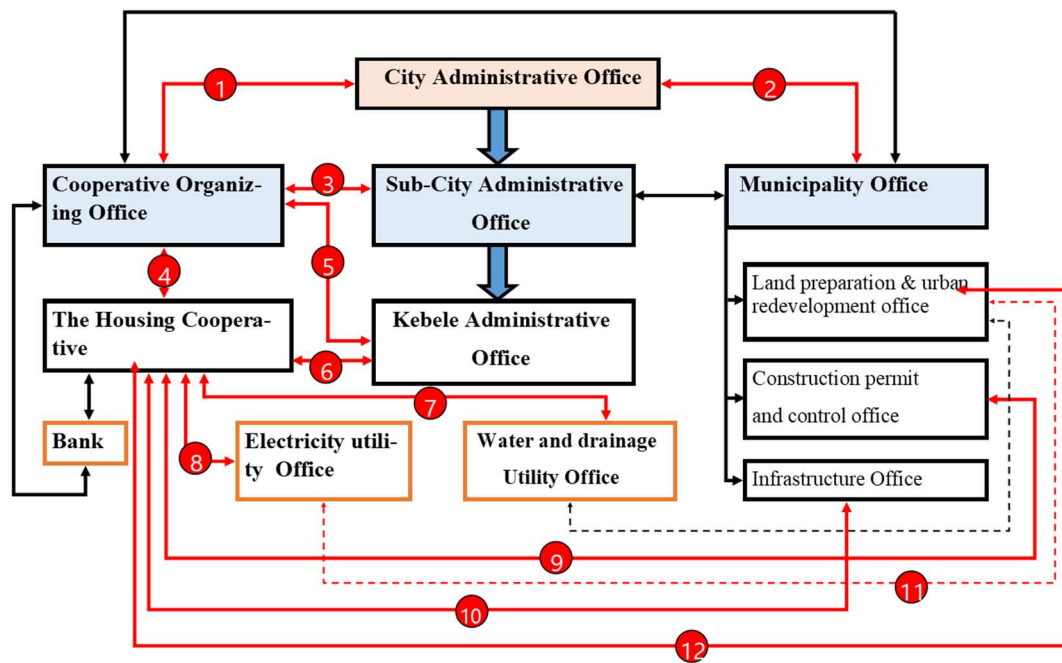
During the developmental phases, five implementation gaps are found. Such gaps are regarding the upfront capital cost release during construction, regarding cooperative early dissolution, regarding governmental supervision of cooperatives' construction timeline, regarding governmental legal support to cooperatives, and regarding cooperative land speculation before 50% construction completions. An implementation gap regarding an upfront capital fund releasing (inaccessibility) forced cooperatives to spend additional 60,000 ETB for their sub-structure construction, impacting their financial stability. An implementation gap in governmental construction timeline supervision also escalates the overall construction cost of cooperatives. While 78.2% of respondents wanted the flexibility of the timeline, it exposes them for market inflections which escalates their construction cost. This suggests the need for a strict supervision and setting a more achievable moderate timeline. An implementation gap in urban housing policy (2016) regarding governmental legal support is found to expose cooperatives for financial exploitations by farmers during the entire construction process. Those includes escalated construction material prices, increased unloading costs, high labor fees for guards and watering, and delays or prohibitions of constructions, and construction delays all forced by local farmers escalating costs and forcing some cooperatives to sell their plots. An implementation gap regarding cooperative early dissolution, reported by 65.5%, before substructure construction against the directive have no a direct impact on the housing cost. However it expose the housing to land speculation which is also another implementation gap found, causing misallocation of resources and impacting the goal of the housing in providing affordable housing to low-income households.

Challenges posed against the successful implementation of housing policy - The study identifies major implementation challenges that are the root causes for the above cost escalations. The first one is the lack of human resource/staff in the core implementing offices: cooperative organizing office and municipal land preparation and urban redevelopment office, negatively impacting their performance and ability to implement the program effectively. The second challenge is an absence of financial and material resources at those offices including at municipal construction control office, forcing them to relay on external sponsorships, impacting their work efficiency. Low salary is also reported aggravating the issue leading staffs to withdraw or expose to bribery. The third challenge is found to be a lack of proper staff trainings. Because of that, staffs are unable to keep up with new technologies, equipment, and directives, resulting a dependence on outdated methods impacting their performance

and work efficiency. The last challenge is found to be poor coordination and communication among key implementer offices, significantly impacting their work efficiencies.

### 5.1.3. Strategies for the Successful Implementation of Cooperative Housing Program

The last research question explores possible ways of enhancing the implementation of policies and legal frameworks in cooperative housing. Several strategies that will make the program effective and increase its contribution towards affordable housing are recommended by governmental officials from core cooperative housing implementer offices. Those includes: promoting communal vertical cooperative housing developments to use the land effectively, enhance the city's image, lower the housing price for cooperatives, and efficiently use administrative resources, making the housing standard flexible or allowing one-story houses in certain areas to benefit civil servants, planned land provision with a clear yearly targets, partnering cooperatives with banks to help members afford the housing through loans and reducing speculation and construction delays, implying conflict resolution mechanisms between cooperatives and farmers including pricing regulation at the neighborhood, federal government supports in terms of financing urban infrastructures, provision of incentives, ensuring the policy is being implemented, providing regular staff trainings and building capacity for the local implementers, providing efficient logistics in terms of technical, legal, financial, managerial, and material resources.



**Legend** ——— Implementation gap existed    ——— No implementation    - - - - - Moderate relation

1. Gap in Land Provision Sequence, Delay to Approve Cooperative Lists
2. Absence of Infrastructure, Poor Logistics Support, poor material resource Support
3. Gap in ‘Housing Property Status’ Verification
4. Gap in Land Provision Sequence & Member’s replacement payments, Gap in Upfront capital cost release
5. Poor Verification of ‘Residency Period Status’ (Household occupancy period verification gap),
6. Gap in governmental legal support to cooperatives, Gap in ‘Residency Period Status’ Verification
7. Gap in Water infrastructure
8. Absence of Electricity infrastructure, Informal Financial Contribution
9. Gap in Construction Timeline Supervision, Informal Payment for Field workers, Cooperative early dissolution, and Cooperative land speculation
10. Gap in Road Infrastructure, Co-op’s Excessive Financial Contribution
11. Lack of Coordination disrupting land preparation phase
12. Gap in quality and status of plots

Figure 5-1 Summary of Implementation gaps inside cooperative housing organizational structure

### 5.2. Recommendation

The main objective of the research was to investigate the impact of urban housing policy and legal frameworks implementation on the total cost of cooperative housing during its land provision and developmental phase long with identifying cooperative housing affordability challenges, in order to find a way to improve the program and increase its contribution to the affordable housing supply. Therefore, following the above main findings, the study forwards the following practical recommendations.

#### 5.2.1. Recommendations regarding cooperative Housing affordability challenges

**A) Registration Phase: Review Housing Policies and Directives:** Revise the unaffordable upfront capital cost and introduce other payment arrangements, including loans.

**B) Land Provision Phase:** Providing specific yearly targets on land allocations to mitigate land provision delay.

**C) Developmental Phase:** Establish a well-structured mortgage system by introducing a long term low-interest loans or developing cooperative-bank collaborations to help low income groups afford the housing. Review Housing Policies and Directives: Introduce other financial alternatives, such as low-interest loans or developing cooperative-bank collaborations, to help low income groups. Accommodate more flexible housing standards to allow single-story houses in defined areas to make it affordable for low-income groups. Moreover, strictly follow the proper releasing of the upfront capital cost only for its intended purpose. Align legal frameworks with successful international cooperative housing models such as: limited equity and continuing housing cooperative models to reduce land speculations and ensure a long-term affordability. Moreover, introduce different kinds of

incentives to the legal frameworks like incentives for construction materials to improve affordability. Introduce conflict resolution mechanisms to resolve conflicts between cooperatives and farmers. Prepare clear guidelines on the cooperative-farmers relationship during the construction phase, and increasing legal support for cooperatives through local policies.

### **5.2.2. Recommendations regarding implementation gaps and their impact on housing cost**

**A) Registration Phase:** Modernize Verification Process: Periodically upgrade the databases and introduce more effective screening processes to reduce frauds and gaps in registration.

**B) Land Provision Phase:** Enforce strict anti-corruption measures to prevent land provision sequence manipulations. Implement a transparent systems to prevent cooperative members' replacement process from financial frauds. Ensure a fair and timely compensation payments for local farmers. This reduces farmer's disturbance during constructions saving cooperatives from financial exploitations. Land preparation and Provision: Enhance planning and coordination among the city administration, municipality and cooperative organizing office. Providing specific yearly targets on land allocations as well as check plots' quality before provision. Ensure Basic Infrastructure: roads, water, and electricity, before land provision to reduce related cost escalations during construction. Enough budget should be allocated by the government for proper infrastructure services.

**C) Developmental Phase:** Strengthen supervision of construction timelines. Introduce transparency measures to prevent fraud by cooperative committees and informal payments to survey and supervision workers. Regular audits should also be mandated to prevent frauds. Introduce conflict resolution mechanisms to resolve conflicts between cooperatives and farmers. Enforce vertical development to optimize land use, improve the city's image, and reduce administrative costs. Prepare clear guidelines on the cooperative-farmers relationship during the construction phase, and increasing legal support for cooperatives through local policies. Moreover, enhance supervision over cooperative dissolutions with strict penalties to maintain the objective of the program and reduce informal land speculations.

### **5.2.3. Cooperative housing scheme Organizational and Structural Recommendation**

- **Regular Capacity Building:** prioritize regular staff training and capacity building within core cooperative housing program implementing offices for efficient implementation.
- **Resource Allocation:** Increase office staffing, provide necessary financial and material resources in the key offices like cooperative organizing office, and municipal offices.

- **Structural:** There must be an organization that controls a centralized database that consists of all housing possession status of people at all sub-cities. This will eliminate repeated registrations using different sub-cities. Moreover, regarding electricity and water infrastructure, the municipality infrastructure office should directly communicate with electricity and water service offices instead of cooperatives presenting their need and negotiating with offices. This will eliminate unnecessary financial exploitations and manipulations for the sake of infrastructures.

#### **5.2.4. Recommendations for Further Study**

Given the limitations of this particular study, some areas of future research are recommended. First, since this study is limited to ‘Ayer 40 meter’ cooperative location in Gondar, future research could compare the cooperative housing affordability challenges and implementation gaps in other parts of the city like ‘Genfo Kuch’, ‘Japan School area’, ‘Mebrathile’, and ‘Bezawit Mariyam’ cooperative locations. This could help to determine if the challenges in the case study area are unique or persistent across the city. Secondly, future studies could also focus on exploring cooperative housing alternative financing mechanisms which could reduce cooperatives’ financial burden of upfront capital and construction costs in order to maintain the affordability of the housing program and prevent land speculations resulting due to the unaffordability of those costs. This could include micro financing, low interest single mortgage loans and cooperative-bank partnerships. Finally, this research found the conflict with farmers and their influence as a major barrier to housing affordability throughout the entire developmental phase. Future researches could investigate the cooperative-farmer conflict resolution mechanisms and how these could reduce the financial burdens of housing cooperatives and improve the overall affordability of the program.

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## APPENDIX 1: PUBLISHABLE MANUSCRIPT

*Thesis Paper*

### COOPERATIVE HOUSING AFFORDABILITY CHALLENGES: IMPACT OF POLICY AND LEGAL FRAMEWORKS IMPLEMENTATION ON THE HOUSING COST, THE CASE OF ‘AYERA 40M’ HOUSING COOPERATIVES IN GONDAR, ETHIOPIA

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**Abstract:** Cooperative housing scheme in Ethiopia has become unaffordable for low- and middle-income households. While housing policies have been touched up on, there is a gap in their implementation assessment and impact on affordability. This study aimed to assess the impact of policy and legal frameworks’ implementation on the scheme’s overall cost with identifying its affordability challenges. Using 'Ayerá 40m' site as a case study, a mixed methodology was used. Qualitative data were collected through in-depth interviews on purposely selected informants, analyzed using a thematic analysis. Whereas, quantitative data were collected through survey from 320 randomly selected respondents and analyzed using a frequency and descriptive analysis. The study identified key cooperative housing affordability challenges, including unaffordable upfront costs (61.3%), construction costs (86.9%), and housing standards (93.8%). Additional issues were land provision delays, informal surveyor payments (69.4%), unaffordable compensation (38.1%), distant plot locations, and conflicts with local farmers (65.9%). The study also found main implementation gaps that escalated the cost of the housing. A gap in members’ replacement payment escalated the entrance cost for new members, a gap in the land provision sequence exposed 13.8% households to extra costs, a gap in the quality of plots escalated construction costs of 82.6% of households, a gap in construction timeline supervision exposed cooperatives to a quadrupled material cost inflations, a gap in governmental legal support exposed 73.9% households to financial exploitations, and a gap in infrastructure provision greatly escalated construction costs in many aspects. Those findings concluded how serious the impact of policy implementation is on the cost and affordability of the scheme. The study recommends the government to develop its organizational capacity, enhance supervision and transparency, and revise its policies and directives.

**Key Words:** *Cooperative housing, affordability challenges, urban housing policy, legal frameworks, implementation, Housing cost*

## 1. INTRODUCTION

A ‘cooperative’ is a voluntarily organized and democratically controlled autonomous association of peoples gathered to meet their common socio-economic and cultural needs (Schaeffer, 2015). While it initially emerged as consumer cooperative during industrial revolution period, it gradually expanded into other sectors, including a housing cooperative which has an intention of providing affordable houses for its members (Mohamed, 2022). The housing has been proven to be a successful model in providing affordable housing since its formation in 19th century, incorporating successful models that ensures its long term affordability (Schaeffer, 2015).

In Ethiopia, as the country is the second most populous and the fifth least urbanized country in Africa, housing affordability has been a major challenge (Matsumoto & Crook, 2021). Low income groups are excluded from all formal housing channels including IHDP which is the country’s fundamental policy to provide an affordable housing (World Bank, 2017), (Nuriye, 2019). Likewise, cooperative housing scheme, which was intended to benefit low and middle households is no longer affordable. Even though the government tried to create an enabling policy environments and different supports such as lease-free land provision, alternative building design provision, free infrastructure provision, tax exemption to construction material imports, land provision priority to communal builders and legal and technical supports, its unaffordability is still unresolved (MUDH, 2016). According to a World Bank study (2017), the program is only affordable to the top two income quintiles, while Addisu Andenet (2018) and Matsumoto and Crook (2021) further highlighted the scheme's unaffordability for low- and middle-income groups in spite of policy supports.

Some studies touch upon the assessment of the housing policy and legal frameworks in relation to the scheme’s affordability in Ethiopia within the broader context of their study including the study of Matsumoto & Crook’s (2021) and World Bank (2017). Other studies also tried to mention the existence of some implementation gaps in these policies, highlighting issues such as speculation, land provision delays, and administrative malpractices (UN-HABITAT, 2010; MUDH, 2016). However, there is a gap in an assessment of urban housing policy and cooperative housing legal framework’s implementation in relation to their impact on the overall cost and affordability of the scheme.

Therefore, the main objective of this study is to investigate an impact of urban housing policy and legal frameworks implementation on the cooperative housing cost during its registration, land provision and developmental phases with identifying its affordability challenges, in order to find a way to improve the program and increase its contribution to the affordable housing supply. The specific objective of the study to be addressed are:

- 1) To identify the current cooperative housing affordability challenges in Gondar
- 2) To investigate how the policy and legal framework implementation impact the total cost of cooperative housing during its registration, land provision and developmental phases
  - To investigate urban housing policy and legal frameworks' implementation gaps during each cooperative housing phases
  - To investigate the impact of the implementation gaps found on the overall cost of the housing program
  - To investigate the challenges posed against the successful implementation of cooperative housing policy instruments and legal frameworks
- 3) To explore a better strategies for a successful implementation of a cooperative housing program

The thematic scope of the study encompasses an investigation of the main cooperative housing affordability challenges and an assessment of the implementation of the current Ethiopian urban housing policy and other legal frameworks such as: land lease proclamation and ANRS cooperative housing directives in relation to their impact on the overall cost and affordability of the scheme throughout its registration, land provision and developmental phase. The special scope of the study is limited to 'Ayera 40m' cooperative site, Gondar, Ethiopia. Whereas the temporal scope only includes a time after 2007 when the case study area cooperatives were provided with plots.

Under this document, the theoretical and contextual reviews will be discussed under literature review, then the study design, area and sampling techniques will be discussed under the method section. Then, the study main findings and discussions will be presented under Result and discussion section. Finally, conclusions and practical recommendations will be presented under conclusion and recommendation section.

## **2. LITERATURE REVIEW**

### **Historical background of Cooperative Housing**

Cooperatives are an autonomous, democratically controlled, and jointly owned association of voluntarily unified individuals who come together to fulfill their common economic, social, and cultural needs (ICA, 1995, EURS, 2019). Even though their origin can be traced to 2067 BC, formal cooperatives were born during industrial revolution period in Europe (1760-1850), first initiated by Robert Owen, the father of cooperative movement. Even though the first cooperatives were consumer cooperatives, they later expands to other sectors including housing. Housing cooperatives were formed to provide an affordable housing for their respective members. They follow the seven cooperative principles and promote collective housing ownership, restricting members from selling their units on a free market (NCF, 2003; Avilla et al., 2021). The first known housing cooperative was established in New York City in 1857, and the first fully residential cooperative housing was built in 1916 by Finnish immigrants. It was then spread across countries in 1950s after the World War II housing destructions (NCF, 2003), (Basem, 2016).

### **Cooperative Housing Affordability**

Since its formation, housing cooperative's initial goal is to provide affordable housing to low and middle income societies (Coimbra & Almeida, 2013). It has been proven to be an efficient affordable housing option for low and middle-income groups in a number of countries. According to Crabtree et.al. (2019), cooperatives in Canada, UK and Austria have found to increase security of tenure, housing quality and affordability. It also accounts for a significant share of the housing stock in various counties: 22% in Sweden, 15% in Norway, and 40% in Oslo. In Austria, one in six people live in limited-profit cooperative-owned apartments. Its affordability is achieved through a bulk construction material purchasing, low operating costs, and member involvement in construction (Crabtree et al., 2019; Sedhain, 2005; Avilla et al., 2021; NCF, 2003; Tom, 1967). It also enables collective borrowing allowing members who may not qualify for loans to access housing through a joint mortgages (Satterthwaite, 2019; Moreno-Monroy et al., 2020). It achieves its long-term affordability through its limited equity model that prevent speculation (Gacosta, 2019; Nyakuwa, 2010).

### **Cooperative Housing Affordability Challenges**

Despite their benefits, housing cooperatives faces several affordability challenges. These includes shortage of fund due to reliance on members' deposits (Kashif et.al, 2019), manipulation of power by the managing committees which lead to corruption and financial irregularities (Shahid, et.al, 2020), fraud done by members who sell plots at high prices after getting an approval (Shahid, Muhammad, & Qasim, 2020), high construction material costs, and internal cooperative management problems, highlighting the need for an access to finance, better governance, and governmental supports to enhance its affordability (Azeez & Mogaji, 2017).

### **Policy Implementation and Its Challenges**

“Implementation is the set of activities and operations undertaken by various stakeholders towards the achievement of goals and objectives defined in an authorized policy” Mthethwa (2012). It determines the success or failure of polices (Hudson, Hunter, & Peckham, 2019). It faces many challenges impacting its results. Its primary challenge is the content of the policy. As Signe (2017) noted, unclear or ambiguous objectives often lead to conflicts during implementation. Policies must have clear goals, comprehensive implementation plan, stakeholder participation, proper logistics, and resource management (Hudson, Hunter, & Peckham, 2019). It should also clearly state the Roles and responsibilities of all actors (Sedhain, 2005), with ensuring a strong inter-organizational connections. The other challenge is insufficient government monitoring through site visits and post-implementation reviews (Hudson et al., 2019). Lack of governmental support and inadequate capacity and resource of local implementers is also a major challenge. The government must assess and build the capacity of front-line implementers, through trainings to improve their implementing efficiency. It also should mobilize sufficient logistical resources: financial, material, human, technical resources, to core implementing bodies. (Kearns & Lawson, 2008; Signe, 2017). The other challenge is a poor stakeholder involvement in the process, including implementers and affected groups (Mthethwa, 2012).

### **Cooperative Housing under Ethiopian Policy and Legal Frameworks**

The Ethiopian constitution grants people the right to form associations under Article 31, while the land lease proclamation No.721/2011 states land provision at benchmark prices for cooperatives and free infrastructure though imposing strict construction deadlines (2 years for cooperatives).

The urban housing policy (2016) also outline support for housing cooperatives, including free infrastructure, lease-free land, tax exemptions for material imports, and alternative house designs. Whereas, the cooperative proclamation No. 985/2016 details guiding principles, registration requirements, and responsibilities of actors. In the Amhara region, there are respective housing cooperative directives such as No. 9/2005, No. 28/2009, and No. 1/2012. The most comprehensive legal framework is ANRS housing cooperative directive No. 1/2012, which addresses principles, upfront cost percentages and releasing, plot sizes, housing standards, cooperative size, organizing processes, and role and responsibilities of actors.

### **Cooperative Housing Affordability in Ethiopia**

As study conducted by Andinet (2018) on Sebahulet Sefer cooperatives revealed that, even though the government provides a 98.5% free plots, cooperative houses were unaffordable to low-income groups taking 58% of their income. In addition, a recent survey by Matsumoto and Crook (2021) in Adama, Mekelle and Addis Ababa revealed that 70% of cooperative house dwellers are from the fourth and the fifth consumption quintiles. Similarly, a World Bank study (2017) stated that cooperative housing in Ethiopia is only affordable for the fourth and fifth consumption quintiles. As Matsumoto and Crook (2021) indicated its required upfront capital costs and construction costs are the challenges preventing low-income households to be a part of the program. UN-HABITAT study (2010) also stated that poor quality peripheral land allocation, makes housing development challenging and expensive for low-income households (UN-HABITAT, 2010).

### **3. METHODS**

The study area of this research is ‘Ayera 40 meter’ location, found at a southern peripheral location of a Gondar city. The site is located in the road between Bezawit Mariyam church and Hamlie Amest neighborhood adjacent to Genfo Kuch Mountain and Bata church. It has a total of 76 housing cooperatives that have received their construction plots in 2015 GC. It was selected using some criteria including land provision year and construction progress. Cooperatives at the site received land in a recent past (2015) so that respondent would be able to recall the needed information. Moreover, it contains many cooperatives who are at construction phase so that recent data availability would be better.

Since the study aimed to investigate ‘how’ policy and legal framework’s implementation impacts the overall cost and affordability of cooperative housing, a case study method is used. As “*Case studies are preferred strategy when ‘how’ and ‘why’ questions are being posed*” (Yin, 2003). The study used a mixed qualitative and quantitative approaches in order to get a more holistic information, addressing both the nature and extent of a policy and legal framework’s implementation gaps and their impact. Based on the objective of the research, the study is a combination of a correlational and an exploratory type of research in order to identify the relationship between urban housing policy/legal framework’s implementation and cost of cooperative housing in addition with investigating why and how the relationship happens between them. As Kumar (2011) explained,

*“The main emphasis in a correlational study is to discover or establish the existence of a relationship/association/interdependence between two or more aspects of a situation.”*

Whereas, “*Exploratory research attempts to clarify why and how there is a relationship between two aspects of a situation or phenomenon.*” (Kumar, 2011)

The research used both primary and secondary type of data. The primary data collected includes: cooperative housing affordability challenges, policy and legal framework implementation gaps and their impact on the housing cost, and cooperative housing implementation challenges. Whereas the secondary data collected includes the theoretical and contextual aspects of the housing and the study problem.

The quantitative primary data were collected from cooperative members. Moreover, the qualitative primary data were collected from cooperative chairpersons, municipal land preparation and urban redevelopment office, municipal construction control office, Gondar cooperative organizing office, and Gondar Maraki sub-city office. Whereas, secondary data sources used are Ethiopian policy and legal framework documents, journals, articles, research reports, and books.

Simple random sampling was used to choose representative samples for a quantitative data collection because it gives an equal opportunity for all cooperative members to be selected so that the samples could be a representative of the total population as stated by Kumar (2011). Whereas, purposive (Judgmental) non-probability sampling is used to choose samples for qualitative data collection because it needs a key-informants with the required knowledge about the subject as

Kumar said, “*The primary consideration in purposive sampling is your judgment as to who can provide the best information to achieve the objectives of your study*” (Kumar, 2011).

The sampling population of the study is 1,615 housing cooperative members from a total of 76 housing cooperatives at ‘Ayerá 40m’ location. Taro Yamane’s formula was used to calculate the sample size with a confidence level of 95% and with 5% (0.05) margin of error.

$$n = \frac{N}{1 + N(e)^2}$$

n= sample size

N= total population of the study (1,615)

e= margin of error (0.05)

$$n = 1,615 / 1 + 1,615(0.05)^2$$

$$n = 320$$

Therefore the total sample size of the study is 320.

This research used both survey and in-depth interview as a data collection methods to collect quantitative and qualitative data respectively. Qualitative data was collected using a non-structured (In-depth) interview. Whereas, quantitative data was collected using a mixed or combination of a close-ended and open-ended questionnaire because it allows samples to write some explanations for a closed-ended questions to further elaborate their responses. Secondary data was also collected through literature reviews from books, articles, journals, and legal documents.

The quantitative data was analyzed through a frequency and descriptive analysis using an SPSS presented in means, ranges, and percentages. As Creswell (2014) stated, “*Descriptive analysis of data for variables in a study includes describing the results through means, standard deviations, and range of scores.*” Whereas, the qualitative data was analyzed using a thematic analysis method. As Kumar explained, “*analyzing the contents of interviews or observational field notes can be done by identify the main themes that emerge from the responses given by respondents or the observation notes made.*”

The validity of the quantitative study is maintained by using a 4 staged pilot study test to ensure whether the instrument measure what it needs to measure. Whereas, some measures were used to enhance the reliability of the study including: eliminating ambiguity of questions in data collection instruments by a proper use of wording, keeping the physical setting of the data collection when repeating the instruments, as well as keeping the interaction between interviewee & interviewer the same throughout the study.

## 4. RESULT AND DISCUSSION

### Cooperative Housing Affordability Challenges

The first challenge is found to be a land provision delay. According to governmental interviewees, it is caused by lack of governmental budget, delay in land preparation, and lack of planning and poor communication between key government offices. This aligns with literature findings showing the persistency of such delays in Gondar, sometimes extending up to 20 years (Ali, 2002). Such delays expose cooperatives to market inflation, rising construction costs and making the housing unaffordable. Upfront capital cost is also found to be an affordability challenge. The cost is unaffordable to the majority (61.3%) of households. Interview results also shows that the cost forced members to withdraw their cooperatives and impacted their land provision sequence (since plots were provided for whom fulfils the cost first) exposing them for a longer waiting. This result also align with the Ethiopian context by which Ashna Mathema (2005), UN-HABITAT (2010), World Bank (2017), and Matsumoto and Crook (2021) studies showing how the cost often exclude lower-income groups. The construction cost of cooperative housing is another major affordability challenge, with 86.9% of respondents finding it unaffordable. Rising cost of constructions materials, a lack of infrastructure, an influence of local farmers are the main contributing factors. Interview results also shows how the dramatic inflation of construction materials escalated their construction cost: rise of cost of sand from 12,000 ETB to 45,000 ETB per vehicle and cement from 400–500 ETB to 2,200 ETB. This findings also aligns with literatures regarding the impact of the construction cost on the scheme’s affordability in Ethiopia (UN-HABITAT, 2010), showing the consistency of the problem. As reported by the majority (69.4%) of respondents, informal payments to survey and supervision workers was imposed on them, becoming a challenge, further escalating their financial burden and becoming an affordability challenge. These payments include worker’s transportation and commission costs. The other affordability challenge was unaffordability and mismanagement of farmers' compensation payment. 38.1% of households found it unaffordable. The interview results indicated that because the government mismanage the payment cooperatives were obliged to pay an additional payments which impacted their ability. Even though cooperatives paid an average initial payment of 6,500ETB, they later add additional payment of 10,472ETB further impacting their finances. The cooperative housing standards set by the ANRS Housing Cooperative Directive No.9/2013 is also found to be a major affordability

challenge, as 93.8% of respondents found it unaffordable. Interviewees explained its role in causing construction delays, financial difficulties and even unwanted selling of plots impacting the goal of the housing in benefitting low and middle income groups. This aligns with Azeez and Mogaji (2017) who pointed out the expensive house design as a common obstacle to cooperative housing affordability internationally, and Muhabaw and Gashu (2019) who explained how it pushes people toward informal settlements in Ethiopia. The distant peripheral location of plots also found to be an affordability challenge exposing 88.9% respondents to higher material transportation costs, 85% to higher personal transportation costs, 73.1% to security expenses and 24.1% to material thefts. Interviewees added that it complicates site supervisions, raise personal transportation costs and cause delays in construction. This highlights the need for a strategic planning of plot locations and a provision of transportation to the sites. Conflict with farmers over compensation and their consequential influence is also a major affordability challenge reported by 65.9% of respondents, causing construction delays and financial exploitations by farmers. Interviewees stated governmental embezzlement and mismanagement of collected compensation moneys and its failure to provide adequate and timely compensation to farmers as the root cause of the conflict. The farmers escalated cooperatives' security, construction watering, material cost, unloading costs often using intimidations and violence, forcing cooperatives' to sell their plots. This suggests the need for improved compensation policies, financial mismanagement, and mediation mechanisms.

### **Implementation Gaps and Their Impact on the Housing Cost**

The second and third research questions examined implementation gaps in the urban housing policy and other legal frameworks and their impact on the cost of the scheme during cooperative housing registration, land provision and development phases. Two implementation gaps are identified during registration phase in the verification processes of household occupancy period and housing possession status. Even though ANRS Housing Cooperative Directive No. 9/2013 requires 2 years of residency before registration, 8% of members didn't meet this requirement and 20.3% of households owned other housing before registration, against the directive's requirement. Interview with Maraki sub-city database professional their outdated database used for verification, easy for bypasses. Even though those gaps doesn't directly impact housing costs, they causes land

frauds impacting the aim of the scheme in providing housing to low and middle incomes who are truly in need. This suggests a need for a strict and up-to-date verification procedures.

During the land provision phase four implementation gaps are found. First, during member's replacements, although cooperative directive No.9/2013 states that new members should only pay an upfront capital and administrative costs, 28.4% of respondents reported additional payments, often made directly to the withdrawing member, as reported by 74%, and committee members showing an instances of fraud and private negotiations. All interviewees also acknowledged this privates financial negotiation between the withdrawer and new members. This escalates the entrance cost of new members. Solomon, cooperative chairperson, also explained that new members now pay 50% of the upfront capital cost to enter an early established cooperative. This suggests the need for a more transparent member's replacement system. Secondly, although the directive orders the land provision sequence to be based on year of registration, 25% reported sequence manipulations with interview data echoing that the provision was done based on cooperatives' ability to save the cost first, not by registration year. Nepotism and bribery are found to be the causes for the problem. Out of 320 respondents, 13.8% (44) were asked money for bribes through their committee. Solomon, co-op chairperson, remembered cooperatives paying 6000 ETB per person for land priority. Samuel, Co-op chairperson, also stated that even some good quality cooperative plots were reclaimed by municipality officials to be sold at higher prices. Overall, a gap in the sequence greatly impact the financial stability of cooperatives exposing them for additional costs, suggesting the need for a more transparent controlling mechanism. Thirdly, although the lease proclamation no.721/2011 stated a provision of well-prepared and third party free plots, 56.9% households reported unsuitable soil types, 22.8% noted water streams or gorges, and 13.1% cited hilly slopes. Moreover, 53.1% households found their land occupied by farmers' crops during provision. Interviewees also echoed those results. Because of this, among respondents who reported problems with their plots (92.8%), 82.6% reported higher construction costs. Moreover, out of respondents whose plots were occupied by farmers' crops (170), 66.5% reported construction start delays, leading to high market inflation and construction cost. Interviewees also reported higher costs for soil removal and compaction and for levelling hilly sites. This aligns with UN-HABITAT (2010) study highlighting uneven terrains at cooperative sites in Ethiopia escalated developmental costs. Overall, the results suggests the need for an improved land preparation and

site assessment before land provisions. Lastly, even though the lease proclamation, the directive and urban housing policy (2016) all stated the provision of infrastructure before land provision, all survey and interview data shows the complete absence, including road, water and electricity. Governmental officials mentioned an absence of budget as a factor. Because of the absence of road, 73.7% of respondents experienced high material transportation cost, 81.9% faced higher material unloading cost, and 19.4% experienced construction delays and market inflations. Moreover, 74% of respondents were asked to contribute financially for temporary road clearance. All chairpersons also mentioned additional costs for temporary road clearances, as well as being obliged to use 10 times costly horse-drawn carts for material transportation. In addition, the absence of water exposed 93.4% of respondents to high cost of water-supplying vehicles (3,500-4,000ETB), 74.9% to high cost of water-transporting labor, and 17.1% delays due to being obliged to construct during summer, exposing them to market inflation. Lastly, the lack electricity exposed 78.4% of respondents to generator costs for slab construction, 28.1% for door and window installations, and 70.9% for watering the constructions. All chairpersons also reported contributing between 14,850 and 16,600 ETB per person for an electricity construction, 50% of the total cost, above the mandated 10%. This findings reflects a challenge in Ethiopia where inadequate infrastructures increased housing development costs and construction delays, making the scheme unaffordable to low-income families (Nuriye, 2019; UN-HABITAT, 2010). This suggesting the need for a comprehensive infrastructural development to reduce cooperatives' financial burden.

During the developmental phases, five implementation gaps were identified. The first gap is that, even though the cooperative directive allows a phased release of upfront capital funds, 80% during sub-structure construction start and 20% when starting slab construction, all interviewees reported their inability to access it for construction purposes. Instead, funds were allowed to be used for infrastructure and an extra farmer's compensation, showing an implementation gap. According to Samuel and Solomon, cooperative chair persons, this forced them to spend up to 60,000 ETB and 75,000 ETB respectably, significantly increasing their construction expenses. The second gap is regarding cooperative dissolution. Even though dissolution is only allowed after constructions are 50% completed, the majority (65.9%) built their sub-structures individually by dividing the plots, showing an implementation gap. This is also supported by interviewees. Even though this illegal dissolutions have no direct impact on the cost of the housing they will expose the housing for land

speculations, highlighting the need for a strict oversight from the government. The third implementation gap is the lack of governmental supervision over construction timeline. Although the lease proclamation requires cooperatives to finish constructions within 2 years, 96.6% of respondents reported the absence of governmental enforcement, still under construction even after 9 years. Municipal construction control professional stated the absence of governmental land taking over action. Both households and government mentioned the absence of infrastructure as a cause. Even though 78.2% of respondents appreciated the construction time flexibility, the delay exposed them for market inflation, escalating construction costs. For instance, Samuel, cooperative chairperson, stated sand prices inflation from 12,000 ETB to 45,000 ETB per vehicle and cement from 400–500 ETB to 2,200 ETB. This highlights the need for effective governmental supervision. The fourth implementation gap is the lack of governmental legal support, as reported by 83.4% of respondents during conflicts with farmers, though stated in the urban housing policy (2016). Interviewees also stated that their complaints are often ignore, exposing them for financial exploitation by farmers during construction. This includes high commission free for material supply, high unloading costs, and high labor fees for guards and watering constructions. Moreover, 73.9% reported being exposed to unnecessary expenses, 86.3% reported construction start delay, 31.8% reported construction process delays. Some were even forced to pay farmers to remove their fencing and extra compensation payments ranging from 1,000 ETB to 3,600 ETB per person. Those cost escalations due to the lack of legal support even forcing some cooperatives to sell their plots, highlighting the need for an effective conflict resolution mechanisms. The last implementation gap found is a cooperative land speculation against 50% construction completion requirement. As Wondosen, the Gondar city urban land preparation and redevelopment team Leader, stated, land speculation is being done informally through “representations” without the knowledge of the office, showing informal sales bypassing regulations designed to prevent speculation. The driving factors are found to be unaffordability of the housing standard and the influence of local farmers. Even though the speculation doesn’t directly escalate the cost of the housing for cooperatives, it impacts the aim of the scheme diverting all governmental supports towards high income groups who are not truly in need of housing. This suggest the need for a stricter system to control informal land speculative activities.

### **Challenges posed against the successful implementation of affordable housing policy**

The fourth research question investigates cooperative housing policy and legal framework's implementation challenges. According to the study, the first challenge is the lack of human resource/staff in the core implementing offices: cooperative organizing office and municipal land preparation and urban redevelopment office, negatively impacting their performance and ability to implement the program effectively. The second challenge is an absence of financial and material resources at those offices. This forces offices to rely on external sponsorships to cover their expenses, transportation fees and other costs. For instance, municipal land preparation office is forced to borrow differential GPS from other offices, impacting their work efficiency. Low salary is also reported leading staffs to withdraw or expose to bribery. The third challenge is found to be a lack of proper staff trainings making staffs unable to keep up with new technologies, equipment, and directives, resulting in a dependence on outdated methods. The last challenge is a poor communication among key offices, significantly impacting their work efficiencies. For instance, between land preparation office and electricity service office, between municipal construction control office and archival office slowing down service delivery and influencing work processes. This all suggests the need for a directive update regarding office staffing, a proper governmental funding and resource allocation, staff capacity development, and an improved departments' communication system.

### **Improvements for the successful implementation of a cooperative housing program**

The last research question explores possible ways of enhancing the implementation of policies and legal frameworks in cooperative housing. Several strategies that will make the program effective and increase its contribution towards affordable housing are recommended by governmental officials from core cooperative housing implementer offices. Those include: promoting communal vertical cooperative housing developments to use the land effectively, enhance the city's image, lower the housing price for cooperatives, and efficiently use administrative resources, making the housing standard flexible or allowing one-story houses in certain areas to benefit civil servants, planned land provision with a clear yearly targets, partnering cooperatives with banks to help members afford the housing through loans and reducing speculation and construction delays, implying conflict resolution mechanisms between cooperatives and farmers including pricing regulation at the neighborhood, federal government supports in terms of financing urban infrastructures, provision of incentives, ensuring the policy is being implemented, providing

regular staff trainings and building capacity for the local implementers, providing efficient logistics in terms of technical, legal, financial, managerial, and material resources.

## **5. CONCLUSION AND RECOMMENDATION**

The main objective of the research was to investigate the impact of the implementation of the urban housing policy and legal frameworks on the total cost of cooperative housing during its land provision and developmental phases in addition with identifying the broader cooperative housing affordability challenges. According to the study findings the main cooperative housing affordability challenges are found to be the current housing unaffordability in the city, cooperative housing land provision delays, unaffordability of the upfront capital cost, construction cost unaffordability, informal payments to governmental field workers, unaffordability and embezzlement of compensation payments, unaffordability of the housing standard, distant location of plots, and influence of local farmers during constructions. The study also found the major legal framework's implementation gaps that causes financial escalations and impact the affordability of cooperative housing. Those are: implementation gap in the verification process of registration regarding households' occupancy period and housing property status, inaccessibility of upfront capital costs during sub-structure constructions, an existence of informal payments during cooperative member's replacement, land provision sequence manipulation, early cooperative's dissolution, land speculation, poor quality plots' delivery, uncontrolled construction timelines, absence of governmental legal supports during cooperative-farmer's conflicts, and an absence of basic infrastructures. Those escalates the overall cost of the housing directly or indirectly. Therefore, this study recommends the following practical recommendations.

### **Recommendations regarding cooperative affordability challenges**

- A) Registration Phase:** Review Housing Policies and Directives: Revise the unaffordable upfront capital cost and introduce other payment arrangements, including loans.
- B) Land Provision Phase:** Providing specific yearly targets on land allocations to mitigate land provision delay.
- C) Developmental Phase:** Review Housing Policies and Directives: Accommodate more flexible housing standards to allow single-story houses in defined areas to make it affordable for low-income groups. Moreover, strictly follow the proper releasing of the cost only for its intended purpose. Align legal frameworks with successful international cooperative housing models such as: limited equity and

continuing housing cooperative models to reduce land speculations and ensure a long-term affordability. Moreover, introduce different kinds of incentives to the legal frameworks like incentives for construction materials to improve affordability. Introduce other financial alternatives, such as low-interest loans or developing cooperative-bank collaborations, to help low income groups. Introduce conflict resolution mechanisms to resolve conflicts between cooperatives and farmers. Prepare clear guidelines on the cooperative-farmers relationship during the construction phase, and increasing legal support for cooperatives through local policies.

### **Recommendations regarding implementation gaps and their impact on housing cost**

**A) Registration Phase:** Modernize Verification Process: Periodically upgrade the databases and introduce more effective screening processes to reduce frauds and gaps in registration.

**B) Land Provision Phase:** Enforce strict anti-corruption measures to prevent land provision sequence manipulations. Implement a transparent systems to prevent cooperative members' replacement process from financial frauds. Ensure a fair and timely compensation payments for local farmers. Moreover, strengthen supervisions to check if the collected compensation is all provided to farmers. This reduces farmer's disturbance during constructions saving cooperatives from financial exploitations. Land preparation and Provision: Enhance planning and coordination among the city administration, municipality and cooperative organizing office. Providing specific yearly targets on land allocations as well as check plots' quality before provision. Enforce vertical development to optimize land use, improve the city's image, and reduce administrative costs. Ensure Basic Infrastructure: provide basic infrastructures: roads, water, and electricity, before land provision to reduce related cost escalations during construction. Enough budget should be allocated by the government for proper infrastructure services.

**C) Developmental Phase:** Strengthen supervision of construction timelines. Introduce transparency measures to prevent fraud by cooperative committees and informal payments to survey and supervision workers. Regular audits should also be mandated to prevent frauds. Introduce conflict resolution mechanisms to resolve conflicts between cooperatives and farmers. Prepare clear guidelines on the cooperative-farmers relationship during the construction phase, and increasing legal support for cooperatives through local policies. Moreover, enhance supervision over cooperative dissolutions with strict penalties to maintain the objective of the program and reduce informal land speculations.

### **Cooperative housing scheme Organizational and Structural Recommendation**

- **Regular Capacity Building:** prioritize regular staff training and capacity building within core cooperative housing program implementing offices for efficient implementation.
- **Resource Allocation:** Increase office staffing, provide necessary financial and material resources in the key offices like cooperative organizing office, and municipal offices.
- **Structural:** There must be an organization that controls a centralized database that consists all housing possession status of peoples at all sub-cities. According to this peoples' 'housing possession status' verifications should not be done in sub-cities rather in this new centralized organization.

### **Recommendations for Further Study**

1. Given the limitations of this particular study, some areas of future research are recommended. First, since this study is limited to 'Ayera 40 meter' cooperative location in Gondar, future research could compare the cooperative housing affordability challenges and implementation gaps in other parts of the city like 'Japan School area', 'Mebrathile', and other cooperative locations.
2. Second, future studies could investigate alternative financing mechanisms (e.g., microfinance, low-interest loans, and cooperative-bank partnerships) to reduce cooperatives' financial burden, and maintain the housing affordability.
3. Finally, this research found the conflict with farmers and their influence as a major barrier to housing affordability. Future researches could investigate the cooperative-farmer conflict resolution mechanisms and how these could improve the overall affordability of the program.

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## APPENDIX 2: IMPORTANT PICTURES DURING DATA COLLECTION

### Cooperative's Registration Certificate

**CCOP**

**AMHARA**

የምዝገባ ቦታ .....  
Registration No. ....

**በአማራ ብሔራዊ ክልላዊ መንግስት**  
**የንብረት ሥራ ማኅበራት ህጋዊ ሰውነት ማረጋገጫ ምስክር ወረቀት**  
**Amhara National Regional State**  
**Registration Certificate of Cooperative Societies**

የንብረት ሥራ ማኅበራትን ለማቋቋም በወጣው አዋጅ ቁጥር  
220/2014 አንቀጽ 11 መሠረት ዛሬ \_\_\_\_\_ ቀን \_\_\_\_\_ ዓ.ም  
የ \_\_\_\_\_ ኃላፊነቱ የተወሰነ  
ገ/ሥ/ማህበር/ በሌላ ስም ታወቀ በ \_\_\_\_\_  
\_\_\_\_\_ የተመዘገ መሆኑን የሚያረጋግጥ ይህ  
የምስክር ወረቀት ተሰጥቷል።

A Cooperative Society With limited liability under the  
Name .....  
Has been duly registered in accordance With article 11  
of Cooperative societies proclamation No. 220/2014  
provided For the establishment of .....  
.....of the Amhara National  
Regional State on this day of .....

**“ንብረት ሥራ ማኅበራት ለዘላቂ ልማት ወላኝ ናቸው !”**




Cooperative Dissolution Lot system


ለ- [Redacted]

ማህበራችን ልማት የመ/ቤ/ እና አ/አ/ሀ/ሀ/ማዕዘር ምልክተ ጉባዔ ለቀን 17/07/2015ዓ.ም ጥሪ ተደርጎ በተጠቀሰው ቀን 13 አባላት ተገኝተው ስለተጣዩ የሰራ ሁኔታ በዝርዝር መወያየቱና ሁሉም ቀሪ ስራውን በተናጠል ለመስራት ሽንሸና መካሄድ እንዳለበት መስማማታችን ይታወቃል።

ስለሆነም በተለያዩ ምክኒያቶች በተያዘው መርሃግብር እጣ ማውጣት ያልተቻለ በሆነም ዛሬ ማለትም ቁጥር 126 ቀን 2016 በቦታው በመገኘት እጣ እንዲወጣ ባደረግነው መሰረት ለእርሱም የደረሰውን የእጣ ቁጥር 1258 ነው። በዚህም መሰረት የካርታው አዋሳኝ ቁጥር በሰሜን-1271 በደቡብ-1272 በምስራቅ-1273 እና በምዕራብ-1259 መሆኑን እንገልጻለን።

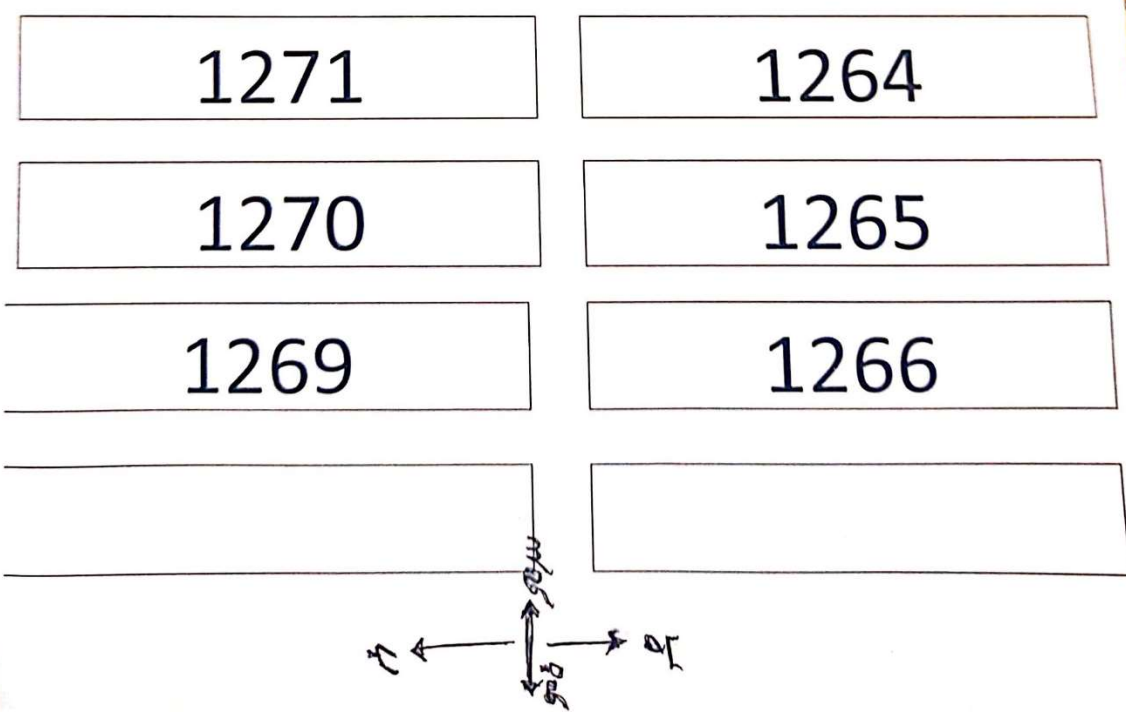


ከሰላምታ ጋር!



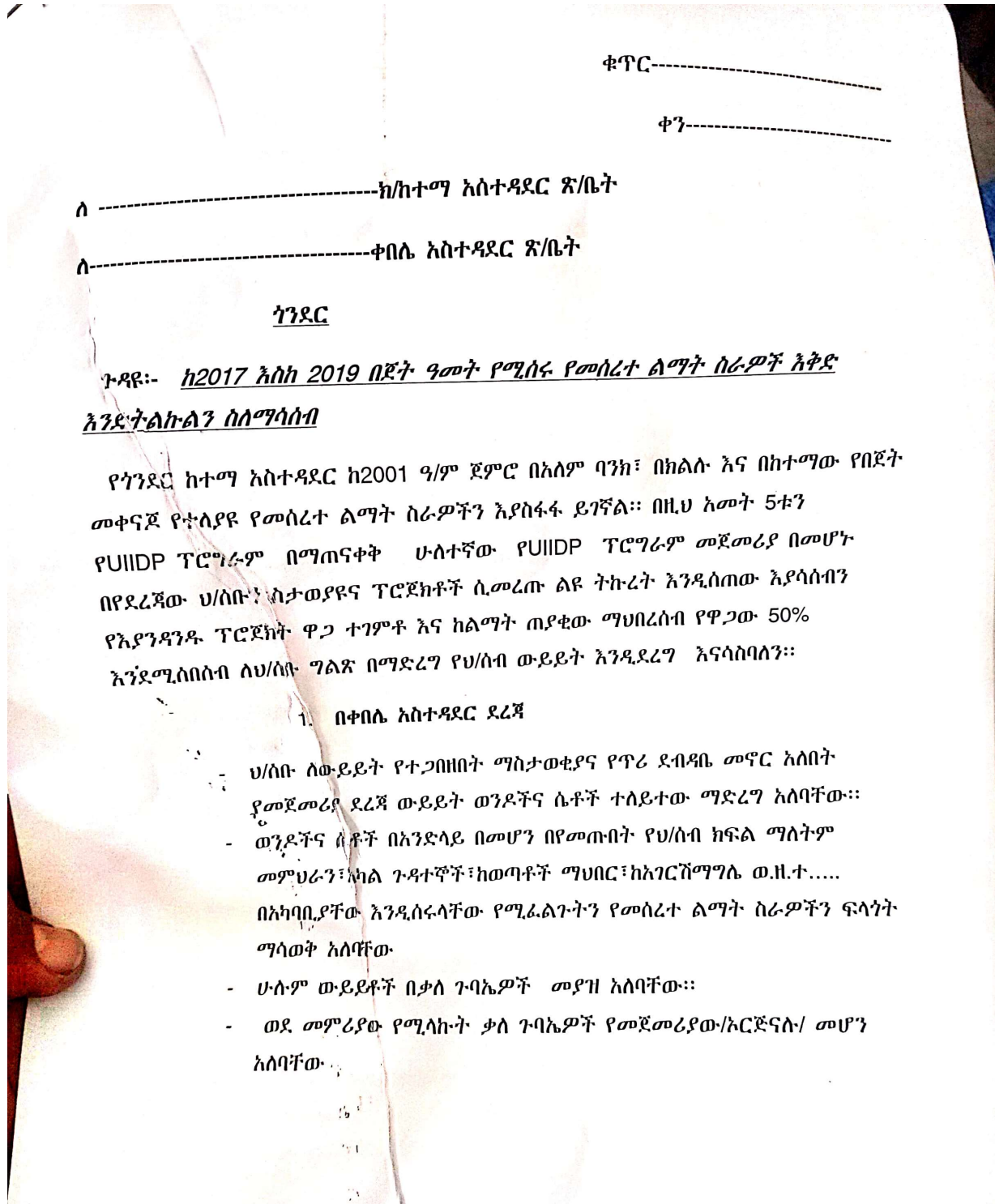
[Redacted]

የማህበሩ ሊቀመንበር





Municipality Request for Infrastructure Plan of Sub-cities



Appendix 2 – Important Pictures During Data Collection

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Cooperative's Finished & Unfinished Construction



Partially & fully finished Constructions



Sub-structure Constructions & House skeletons



Plot quality – Uncomfortable slopes

## Appendix 2 – Important Pictures During Data Collection

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Plot quality – Uncomfortable slopes



Water Stream through the site



Muddy routes uncomfortable for vehicles



Horse Drawn-carts for material transportation



Farmer's crop occupied Plots



Constructions Using Generator due to absence of Electricity

## APPENDIX 3 – DATA COLLECTION INSTRUMENTS

### Appendix A: Questionnaire to Housing Cooperative Members

#### ADDIS ABABA UNIVERSITY

#### EiABC

#### Introduction

Hello! My name is Alemseged Sintayehu Takele. I am currently a Graduate student of Addis Ababa University under the program of Housing and Sustainable Development. I prepared this questionnaire in order to collect data as a part of my master's thesis by the title of "Cooperative housing affordability challenges; Influence of Urban Housing Policy and Legal Framework's Implementation on cost of the housing : *The case of 'Ayer 40 meter' housing cooperatives, Gondar city, Ethiopia*". The main purpose of this questionnaire is to collect data on the impact of governmental policies and legal framework's implementation on the affordability of cooperative housing scheme, specifically during its land provision and developmental phases. I would like to assure you that the purpose of this questionnaire is purely academics and any information you give will not be passed or be visible to any third party. Therefore, you can freely share me your experience and opinion. Finally, I would like to thank you very much for your participation and valuable time to this study.

Sample Code \_\_\_\_\_

#### **Part One:** Respondent information

- 1) What is your role in the cooperative house process?
  - 1) The house is by my title and I am building it
  - 2) The house is not by my title, But I have full participation & information starting from Land provision as a family or representative
  - 3) I have no role
- 2) Sex:    1) Male                    2) Female
- 3) Respondent's Age: \_\_\_\_\_
- 4) What is your education Level?
  - 1) Elementary (1-4)    2) Primary (5-8)    3) Secondary (9-12)    4) diploma    5) 1<sup>st</sup> degree (BSc)    6) 2<sup>nd</sup> degree    7) PhD
  - 4.1) please tell if you have taken any education rather than the formal one
    - 1) Religion Education            2) Different trainings            3) No I haven't
  - 4.2) Please write if you have any skill rather than the formal education: \_\_\_\_\_
- 5) Do you have a job? (The owner)
  - 1) Yes I have            2) No I don't have any            3) No I don't have any because I am retired

5.1) If your answer to question no. 5 is “**yes I have**”, what is your employment status?

- 1) Self-employed    2) Government employed    3) NGO employed    4) Private company employed

**Part Two: Household Profile**

6) Total Household size \_\_\_\_\_

6.1 – Number of Male \_\_\_\_\_

6.2 – Number of Female \_\_\_\_\_

7) What type of house do you/the family currently live in?

- 1) Private house    2) Rental house    3) Friend’s house (not rental)    4) relative’s house (not rental)    5) Institutional house

7.1 – If your answer to question no. 7 is ‘rental house’, what type of rental house?

- 1) Private rental house    2) kebele house    3) Housing Agency rental house

**Part Three: Financial status of the Household**

8) Household’s monthly Expenditure: please write your expenditure for those items

8.1) House Rental fee (if any): \_\_\_\_\_

8.2) Electricity cost: \_\_\_\_\_

8.3) Water cost: \_\_\_\_\_

8.4) Food expenditure: \_\_\_\_\_

8.5) Education fee: \_\_\_\_\_

8.6) Health (medical) cost: \_\_\_\_\_

9) How much is the total household head’s monthly income? \_\_\_\_\_

**Part Four: Household Former status before co-op registration**

10) How long have you (the registered household person) lived in Gondar before registering to the housing cooperative?

- 1) Less than 2 years    2) 2 and more than 2 years

11) Did you owned any housing property before registering to the cooperative?

- 1) Yes! By my own name    2) Yes! By my life partner’s name    3) yes! By other relative’s name    4) All    5) ‘1’ & ‘2’    6) 1 and 3    7) no I didn’t

11.1 - If your answer to question no. 11 is “no I don’t”, What type of house was the family living before registration?

- 1) Rental house    2) Friend’s house (not rental)    3) relative’s house (not rental)    4) Institutional house

11.1.1 – If your answer to question no. 11.1 is ‘rental house’, what type of rental house?

- 1) Private rental house    2) kebele house    3) Housing Agency rental house

**Part Five: Co-op Housing Affordability Challenges**

12) Did you paid an upfront capital cost in a closed account during registration?

- 1) Yes I did            2) No I didn’t

12.1 – If your answer to question no. 12 is ‘Yes I did’, how much did you paid? \_\_\_\_\_

12.2 – If your answer to question no. 12 is ‘Yes I did’, was the upfront capital cost affordable to you to pay relative to your capacity?

- 1) Yes it was affordable to pay    2) No it was unaffordable to pay

13) What was the source of your upfront capital cost payment? (**you can choose more than one**)

- 1) Personal saving (Including salary)    2) Loan from bank    3) Loan from friends    4) Loan from relatives  
5) Grant from relatives    6) By selling other property    7) ‘Bederna Quteba’  
8) Equb            9) Family or relative from outside the country

14) In what way did you received the cooperative land?

- 1) By paying farmers’ compensation    2) By paying lease Payment    3) All

14.1 - If your answer to question no. 14 is ‘By paying farmers’ compensation’, how much was the estimated compensation payment that paid? \_\_\_\_\_

14.2 - If your answer to question no. 14 is ‘By paying farmers’ compensation’, relative to your ability, was the payment easy to pay or hard?

- 1) Easy & affordable            2) Hard & unaffordable

14.3 - If your answer to question no. 14 is ‘By paying lease Payment’, relative to your ability, was the payment easy to pay or hard?

- 1) Easy & affordable to pay            2) Hard & unaffordable to pay

15) Is the cost of your construction affordable in relation to your financial capacity?

- 1) It is not affordable    2) It is affordable

16) If there are factors that makes the construction cost of your house escalate, what are they? (**you can select more than one**)

- 1) Construction material cost escalation    2) Construction input transportation cost escalation  
3) Absence of road access    4) Labor cost escalation    5) Construction material robbery during construction  
6) Absence of water supply    7) Absence of electricity  
8) Neighborhood residents forcing us to water the construction at a higher fee  
9) Construction time delay  
10) Guard fee    11) Construction material wastage made by contractors

16.1 – If your answer to question no. 16 is “Construction material cost escalation”, what was the reason for the escalation?

- 1) Neighborhood residents forcing to supply us construction materials at a higher price than the market price 2) Road close-ups 3) Reduction in manufacturing 4) All 5) 1 and 2 6) 1 and 3 7) 2 and 3

16.2 – If your answer to question no. 16 is “Construction time delay”, what was the reason of the delay? (**You can choose more than one**)

- 1) Because I am forced to build in summer because of absence of water 2) Absence of Financial ability 3) Current peace problem in the country 4) Corona pandemic 5) Conflict with neighborhood peoples 6) construction quality problems 7) Lack of infrastructure

17) Did you choose the kind of house you want to build during registration?

- 1) Yes I did choose 2) No I didn't choose

17.1 – If your answer to question no. 17 is “Yes I did choose”, did the choice include a one story (G+0) house?

- 1) Yes it did 2) No it didn't

17.2 – If your answer to question no. 17 is “No I didn't choose”, was the housing type (standard) affordable or unaffordable to build relative to your financial ability?

- 1) It was affordable to build 2) It was unaffordable

18) What impact does the distant location of your plot have on the total construction cost of your co-op housing? (**you can select more than one**)

- 1) Its makes construction material transportation high 2) it results extra security cost for my plot 3) it makes my construction material to be robbed 4) It make my transportation cost high

## **Part Six: Urban Housing Policy & Legal Framework Implementation & Cost escalations**

### **During Land provision Phase**

19) If there was member's replacement in your cooperative, did the new members paid additional money?

- 1) Yes they did 2) No they didn't 3) they didn't paid rather than upfront capital cost and execution costs 4) There was no any member's replacement

19.1 – If your answer to question no. 19 is “yes they did”, to whom did they paid?

- 1) To the cooperative 2) to the withdrawer member 3) to committees without the co-op knowledge

20) Was the land provision process according to cooperatives' year of registration or was there any manipulation of sequences?

- 1) It was based on the year of registration      2) there was sequence manipulations

20.1 - If your answer to question no. 20 is ‘there was sequence manipulations’ what was its main reason?

- 1) Corruption      2) Coordinators working based on relative and friendship      3) All

21) As a co-op, have you been asked any money from committees for the purpose of land provision priority (to get land provision priority than others)?

- 1) Yes I have been asked      2) No I haven’t been asked

22) Have you experienced any conflict with the farmers regarding the compensation or/and land ownership after payment?

- 1) Yes I have      2) No I haven’t

22.1 - If your answer to question no. 22 is “Yes I have”, what influence did it impose on you? (**you can select more than one**)

- 1) I was exposed to un-necessary costs      4) B/c they fence the land, I pay farmers to leave  
2) I wasn’t able to start construction as planed      5) No influence rather than worldly conflict  
3) It makes the construction process slow

22.2 - If your answer to question no. 22 is “Yes I have”, how much extra compensation payment did you paid, beside the estimated one, if any? \_\_\_\_\_

22.3 - If your answer to question no. 22 is “Yes I have”, was there any legal support from government?

- 1) Yes there was      2) no there wasn’t

23) Were governmental bodies present by the time of land division between co-op members?

- 1) No, they weren’t      2) Yes, they were

23.1 - If your answer to question no. 23 is ‘No, they weren’t’, was the land division process fair?

- 1) Yes it was fair      2) No It wasn’t fair

23.1.1 - If your answer to question no. 23.1 is “No it wasn’t fair”, what was the reason?

- 1) Committee members taking good plots without members’ knowledge      2) The lot was drawn when I was absent      3) Committee favoring peoples they know      4) All      5) 1 and 2      6) 1 and 3      7) 2 and 3

23.1.2 - If your answer to question no. 23.1 is “No it wasn’t fair”, what problem did you face due to this?

- 1) I have got a plot difficult for construction    2) I have got a plot far from the main road line  
3) 1 and 2    4) I didn't face any problem

24) How was the quality of the plot you received?

- 1) Its slope was uncomfortable for construction    2) it was defeated by water stream or gorge  
3) its soil type was uncomfortable for construction    4) the plot was good and has no any problem  
5) all except '4'    6) '1' and '2'    7) '1' and '3'    8) '2' and '3'

24.1 - If your answer to question no. 24 is "the plot have a problem", did the land problem exposed you for un-necessary costs?

- 1) Yes it did    2) No it didn't

24.2 - Was the land you received occupied with farmers' crop during the land provision?

- 1) Yes it was    2) No it wasn't

24.2.1 – If your answer to question number 24.2 is "Yes it was", did it became a reason for you to delay the start of your construction?

- 1) Yes it did    2) No it didn't

### **During Planning & Construction Phase**

25) Have you been asked to pay for survey workers when your plot was prepared?

- 1) Yes I did paid    2) No I didn't paid

26) Have you constructed sub-structure of the houses as a cooperative or alone?

- 1) As a cooperative    2) Alone

26.1 - If your answer to question no. 26 is "As a cooperative", did the coop committee present financial audit reports for members during construction?

- 1) Yes they did    2) No they didn't

26.1.1 - If your answer to question no. 26.1 is 'No they didn't', was there any money fraud made by committee members?

- 1) Yes there was    2) No there wasn't

26.2 – If your answer to question no. 26 is "As a cooperative", did the governmental bodies ever came to your cooperative to supervise the financial audits and management of committees?

- 1) Yes they did    2) No they didn't

27) What was/is your source of budget for the construction of your house? (**you can select more than one**)

- 1) Personal saving 2) Loan from bank 3) Loan from friends 4) Loan from relatives  
5) relative's grant 6) by selling other house or property 7) 'Beder ena quteba' 8) 'EQub'  
9) family member outside the country

27.1 - If your answer to question no. 27 is 'Loan from bank', how much was your monthly payment? \_\_\_\_\_; what percent is the interest rate of the loan? \_\_\_\_\_

28) Was there any influence (push) from the government to make you start and finish construction in time?

- 1) Yes there was 2) No there wasn't

28.1 - If your answer to question no. 28 is "No there wasn't", does the time flexibility benefits you to reduce the tension of finishing the construction within short time?

- 1) Yes it does 2) No it doesn't

29) Does your co-op housing neighborhood has a local road access?

- 1) Yes, it does 2) No, it doesn't

29.1 - If your answer to question no. 29 is 'No, it doesn't', what financial challenges did it impose on you?

- 1) It makes the transportation cost of construction materials high  
2) It makes my labor cost high for material supply  
3) It makes my construction delayed 4) All 5) 1 and 2 6) 1 and 3 7) 2 and 3

29.2 - If your answer to question no. 29 is 'No, it doesn't', have you been asked any contribution for the road construction?

- 1) Yes, we have been asked to cover labor cost for road clearance  
2) Yes, we have been asked to cover fuel cost of vehicles for the work  
3) We haven't been asked, but Contribution is expected from us for the future  
4) No, we haven't been asked at all  
5) 1 and 2

30) Does the neighborhood has a water supply (line)?

- 1) No, it hasn't 2) Yes, it has

30.1 - If your answer to question no. 30 is 'No, it hasn't', what financial challenges did it impose on you?

- 1) I have been exposed to a high cost for water supplying vehicles 2) I have been exposed to a high cost for water transporting labors 3) because I was forced to construct during summer, I face an escalation of construction materials 4) All 5) "1" and "2" 6) "1" and "3"  
7) "2" and "3"

30.2 - If your answer to question no. 30 is 'No, it hasn't', have you been asked any contribution for the water access construction?

- 1) Yes, we have been asked to cover the cost of water line excavation  
2) Yes, we have been asked to cover workers annuity

3) We haven't been asked, but Contribution is expected from us for the future

4) We haven't been asked any contribution at all

5) 1 and 2

31) Does the cooperative site has an electricity line?

1) Yes, it has

2) No, it hasn't

31.1 - If your answer to question no. 31 is 'No, it hasn't', what financial challenges did it impose on you?

1) I have been exposed to a generator cost for slab construction

2) I have been exposed to a generator cost for door and window works

3) I have been exposed to a generator cost for watering the construction

4) All

5) I didn't face any un-necessary cost

6) 1 and 2

7) 1 and 3

8) 2 and 3

31.2 - If your answer to question no. 31 is 'No, it hasn't', have you been asked any financial contribution as a cooperative for the construction of the electricity line?

1) Yes, we have been asked

2) No, we haven't, but it is until the cost becomes

estimated

3) No, we haven't been asked and contribution is not expected from us

31.2.1 - If your answer to question no. 31.1 is 'Yes, we have been asked ', how much have you been asked to pay individually? \_\_\_\_\_

## **Appendix B: Interview to Gondar City Municipal Construction Control Office**

### **ADDIS ABABA UNIVERSITY**

#### **EiABC**

Name of Interviewee: \_\_\_\_\_ Name of Interviewer: \_\_\_\_\_

Position in the committee: \_\_\_\_\_ Interview Location: \_\_\_\_\_

Date: \_\_\_\_\_ Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

#### **Part One: Construction Supervision**

1. Cooperatives in Gondar are building without time restrictions. Does the office has a system that controls or supervises whether housing co-ops started and finished construction as per the land lease policy timeline? If yes. How effective is it? If No, why?
2. Is there any auditing system to control the financial management of housing co-op leaders during construction? If yes, how effective is it? If No, how does the office then controls their progress?
3. Does the office supervise the construction of cooperatives? If yes, what benefit does it have?
4. Is there any directive that allows the local residents around the cooperative sites to organize in a cooperative to provide construction materials for cooperative house builders? If no, then how come they force cooperatives to supply materials and how does the office controls the overcharging of

local residents on cooperatives regarding construction material supply? If yes, does the document specifies how the cost of their delivery should be?

5. Does the office encountered any complaint from the cooperatives regarding their conflict with local residents regarding overcharging of material supplies? If yes, how does the office solve it?

**Part Two: Challenges posed against the successful implementation of policies & legal frameworks**

6. What is the reason for the office not to deliver infrastructure services by the time of land provision to cooperatives?
7. Are there enough **human resources** in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
8. Are there enough **financial resources** and **material resource** in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
9. How well skilled, and committed are the staffs in your office for an effective implementation of co-op housing program?
10. Is there any training given for staff members? If yes, how effective is it in terms of improving implementation capacity of staffs? If No, what do you think is its impact on execution performance of the office?
11. How does the support from the federal government to the office look like? How effective is it?
12. How effective and smooth do you think is the horizontal and vertical relation between your office and others regarding co-op housing program tasks? What impact does it have on the implementation of the housing program?

**Part three: Implementation framework Improvement for a successful execution**

13. What policy and/or directive implementation improvements do you suggest to make the co-op housing program more affordable and low cost?

**Appendix C: Interview Questions to Municipal Land Preparation and Urban Redevelopment Office**

**ADDIS ABABA UNIVERSITY**

**EiABC**

Name of Interviewee: \_\_\_\_\_ Name of Interviewer: \_\_\_\_\_

Position in the committee: \_\_\_\_\_ Interview Location: \_\_\_\_\_

Date: \_\_\_\_\_ Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

**Part One: Land Provision Phase**

13. What is the reason for the delay of land provision to co-ops? Is it after or before land preparation does the cooperatives' registration proceeds? What impact does the land provision delay has on cooperatives?
14. There is an information on the exposure of the scheme to speculation. Does the office has a cooperative land speculation controlling system? If yes, what kind of system and how effective is it? What methods does cooperative landlords use then to sell their plots?
15. Up to what level is the cooperative land preparation expected to be (according to legal frameworks) before a provision (including infrastructures)? How do you also see its implementation in practice?
16. Does the office provide plots for cooperative free from any farmers' crop or property? If no, why? (this is because there are some complaints from cooperatives)
17. How much compensation payment did cooperatives (2007 batch) paid per square meter? Is there a system in the municipality which resolves a conflict between co-ops and farmers regarding compensation and ownership issues if happened? If yes, how effective is it?
18. Is there any system by which the municipality controls the fairness of the land division between co-op members? If yes, how effective is it in controlling manipulations by committee members?
19. Is there a co-op members' screening system in your office to check whether co-op members had any other land property or not? If yes, what kind of system and how effective is it?

**Part Two: Challenges posed against the successful implementation of policies & legal frameworks**

20. What is the reason for the office not to deliver infrastructure services by the time of land provision to cooperatives?
21. Are there enough human resources in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
22. Are there enough financial resources and material resource in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
23. How well skilled, and committed are the staffs in your office for an effective implementation of co-op housing program?
24. Is there any training given for staff members? If yes, how effective is it in terms of improving implementation capacity of staffs? If No, what do you think is its impact on execution performance of the office?
25. How does the support from the federal government to the office look like? How effective is it?
26. How effective and smooth do you think is the horizontal and vertical relation between your office and others regarding co-op housing program tasks? What impact does it have on the implementation of the housing program?

**Part Three: Implementation framework Improvement for a successful execution**

15. What policy and/or directive implementation improvements do you suggest to make the co-op housing program more affordable and low cost?

**Appendix D: Interview Questions to Cooperative Committee**

**ADDIS ABABA UNIVERSITY**

**EiABC**

Name of Interviewee: \_\_\_\_\_ Name of Interviewer: \_\_\_\_\_

Position in the committee: \_\_\_\_\_ Interview Location: \_\_\_\_\_

Date: \_\_\_\_\_ Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

**Part One: Co-op Housing Affordability Challenges**

27. What are the impacts of those listed factors on the affordability and cost of cooperative housing?
- a. – Upfront capital cost payment
  - b. – Cost of construction (material cost, transportation cost, labor cost etc.)
  - c. – Neighborhood residents’ influence (on material supply, watering of the construction, security of the plot’s property, and others)
  - d. - Farmers’ compensation payment
  - e. – A conflict with farmers regarding to compensation payment and land ownership
  - f. – Cooperative housing typology/ standard
  - g. – The distant location of plots
  - h. – Presence and absence of Infrastructure

**Part Two: Urban Housing Policy & Legal Framework Implementation & Cost escalations**

**During Land provision Phase**

28. Were there any policy or directive’s implementation problems during land provision phase? If yes, what are they? What are their impact on the cooperative financially?
29. Was there any member’s withdrawal because of unaffordability of the upfront capital cost? If yes, what did you do as a response to fill the gap or replace a new members? How about the reason for the extra payments paid by new entering members for committees?
30. There is an information on the payments asked by some cooperative coordinators for the sake of land provision priority. Did you encountered this kind of problem during the land provision? How much have you been asked? If No, how about in other co-ops?
31. Did the cooperative encountered any conflict with the farmers regarding the compensation payment and/or land ownership? If yes, how did the co-op solved it? What was its financial impact? How do you see the impact of the problem on the other cooperatives as well?

32. How do you see the quality of the cooperative plots in general at the neighborhood area? (slope, soil type, any defects)
33. There are some complaints from members on the fairness of the land division process between members. How do you see this complaint? Were there any government's supervision by the time?

**Part three: During Planning & Construction Phase**

34. What policy or directive's implementation problems did you encountered during planning and construction phase? How did they impact the co-op financially?
35. Was the cooperative asked any money from the municipality illegally for house plan approvals and construction permits? If yes. How do you see its financial impact on the cooperative members?
36. What are the reasons for the cooperatives not to finish their construction in time? Does the government supervise or control your construction progress? Why?
37. What financial challenges did the cooperative face during the construction phase because of infrastructure problems (Road, electricity, water supply), if any?
38. Have you been asked to contribute financially for infrastructure works (electricity, water, road construction) of the area? If yes, how much? What is its financial influence on cooperative members?
39. How was the budget (coop's saving) release percentage and duration? (The directive says 50% budget release when starting footing construction and 50% when finishing footing construction) Was there any delay in budget release? If yes, what was its financial impact on co-op members?

**Part Four: Policy's and Legal framework's Implementation framework Improvements**

40. What policy and legal framework's implementation improvements do you suggest to make the co-op housing program more affordable?

**Appendix E: Interview Questions to Cooperative Organizing Office**

**ADDIS ABABA UNIVERSITY**

**EiABC**

Name of Interviewee: \_\_\_\_\_ Name of Interviewer: \_\_\_\_\_  
Position in the committee: \_\_\_\_\_ Interview Location: \_\_\_\_\_  
Date: \_\_\_\_\_ Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

**Part One: Co-op Housing Affordability Challenges**

1. How effective do you think is the housing cooperative program regarding providing low cost housing to low incomes?
2. What do you think are the factors that contributes to un-affordability and/or high cost of cooperative housing in Gondar?

3. What do you think is the impact of land speculation on the affordability of co-op housing?
4. Do you think the goal of cooperative housing scheme in providing affordable housing to low-income and middle-income households is successful? How come?

**Part Two: Urban Housing Policy & Legal Framework Implementation and cost escalations**

**During Land preparation & provision Phase**

5. Is there any system to check the legality of co-op member's replacement? If yes, how effective is it in preventing extra payments paid to co-op leaders?
6. How does the office control (screen) whether co-op members have or haven't any other housing property by theirs or their life partner's title, registered ones or more than once, and lived in the city more than 2 years (as the directive says)? How effective is it? Does the office use an online data base or a hard copy for its work?
7. There are some information on the land delivery sequences lapse during land provision? How do you see this problem?

**Part Three: Challenges posed against the successful implementation of Policies**

8. Are there enough human resources in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
9. Are there enough financial resources and material resource in your office for better and timely execution of tasks? If no, what do you think is its impact on implementation capacity of the office?
10. How well skilled, and committed are the staffs in your office for an effective implementation of co-op housing program?
11. Is there any training given for staff members? If yes, how effective is it in terms of improving implementation capacity of staffs? If No, what do you think is its impact on execution performance of the office?
12. How does the support from the federal government to the office look like? How effective is it?
13. How effective and smooth do you think is the horizontal and vertical relation between your office and others regarding co-op housing program tasks? What impact does it have on the implementation of the housing program?
14. Does the previous coop directive (the 2005's), has issues (contents) that became a source of conflict with cooperatives during implementation? If yes. Please list the issues.
15. Does the coop directive/2005 has ambiguous contents which had led to confusion during execution? If yes. Which contents?

**Part Four: Implementation framework for a successful execution**

16. What policy and/or directive or implementation framework improvements do you suggest to make the co-op housing program more affordable and low cost?

**Appendix F: Interview Questions to Gondar Maraki Sub-city Administrative Office**

**ADDIS ABABA UNIVERSITY**

**EiABC**

Name of Interviewee: \_\_\_\_\_ Name of Interviewer: \_\_\_\_\_

Position in the committee: \_\_\_\_\_ Interview Location: \_\_\_\_\_

Date: \_\_\_\_\_ Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

1. How does the office provide a certificate for applicants regarding whether they have or haven't any housing property? (The process) How does the office crosscheck their file?
2. What kind of filling system does the office use for this activities? (An online database or hard copy) If "hard copy", how convenient and effective do you think is this filling system during crosschecking the applicants' housing property?
3. Does the office crosschecks applicants' housing possession in other sub-cities before providing them the certificate? If yes, how effective is it? If no, why?