IMPEDIMENTS TO COOPERATIVE HOUSING IN AMHARA REGION: THE CASE OF BAHIRDAR CITY

BY

BEKELE MELESE

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ABSTRACT

Like in many other developing countries, critical shortage and poor condition of housing is one of the biggest urban problems in Ethiopia, and the problem is even more critical in towns and cities of the country where there is high rate of urbanization. Bahirdar is one such city of the country that has been experiencing dramatic rise in its rate of urbanization.

The purpose of this study is to explore the nature and magnitude of the housing problem in Bahirdar and, primarily, to look into the potentials and constraints of cooperative housing as a viable strategy to mitigate the problem at hand. Towards the fulfillment of this objective, members of housing cooperatives who have been undertaking their projects in the last five years were surveyed. A two stage sampling design was used to select sample households from the target population. At the first stage, 16 cooperatives were randomly selected out of the total 48 cooperatives that have received land in the last five years. At the second stage, 150 cooperative members were chosen from the 16 cooperatives proportionate to size. A structured questionnaire was administered to the sample population. This was also complemented with unstructured interview, site observation, and documentary search.

The findings of the research revealed that there is a tremendous shortfall and poor condition of housing in Bahidar, and yet there is no appropriate housing supply system to mitigate the problem. The private rental system (real estate development) is entirely non-existent, and the public housing system is both insignificant and ineffective. Even though the cooperative way of housing is institutionalized to address the tremendous housing need, cooperatives in general have not been able to bear fruit or have failed to realize the intended outcomes. A number of factors hinder the performance of housing cooperatives. The findings of this study indicate that problems of land provision, housing finance, and infrastructure as well as higher housing standards are found to be most important factors that severely preclude the progress of cooperatives

1. THE PROBLEM AND THE APPROACH OF THE STUDY

1.1 Introduction

Coping with the troubling conditions consequent upon unprecedented rate of urbanization is increasingly becoming a great challenge particularly in developing countries. High rate of urbanization and wide spread poverty in these countries have brought overwhelming strains on resources and daunting socioeconomic problems in cities and towns. One of the most acute of such problems is the housing problem.

At the beginning of the twentieth century only about ten percent of the world's population lived in urban areas. Today, however, half of the human population has become urban dwellers (UNCHS, 2002). For developing countries, the contemporary age is said to be the age of "urbanization of poverty." This means that the extent and size of urban poverty is increasing at higher rates than rural poverty. This is because the rural poor continue swarming into cities and towns only to form pyramids of urban poverty (UN-habitat, 2002; World Bank, 1993). The United Nations Center for Human Settlements, UNCHS, (2002) has observed that "every day the urban population in developing countries increases by 170,000 people who require an additional 30,000 housing units." In fact, Ethiopia is one of the developing countries faced by a series of urban problems of which housing may be at the forefront.

Though Ethiopia is one of the least Urbanized countries of the world, the country at present is experiencing high rate of urbanization and the trend is likely to continue into the future. Beyond the natural increase of its urban population, urbanization is accelerated by the unabated in-flow of rural people pushed by the severe life conditions

of the countryside on the one hand and attracted by the very few socioeconomic services and life opportunities that exist in the urban centers on the other hand (Solomon, 1985).

In the last few decades, for instance, the urban population of the country has been growing nearly three times faster than the rural population. The urban growth rate for the period 1967 – 1984 was 6.8% while the rural growth rate for the same period was 2.72% resulting in a 3.86% difference of growth rate. Likewise, for the period 1984-93 the rural growth rate was 2.88% while the urban population was growing at 6.50%. In 1967, only 7.51% of the total national population was dwelling in urban areas. This proportion had been mounting to 11% and 14.63% through 1984 and 1993 respectively (Tegegne, 1997).

Unfortunately, however, this high rate of urbanization is not accompanied with parallel economic development and thus a significantly high proportion of the urban population is poor surviving below poverty line. The widespread existence of such poverty is manifested in different forms of socio economic crisis like poor infrastructure facilities, high rate of unemployment, prevalence of delinquent and criminal behavior, poor condition and shortage of housing. The latter problem is the concern of this research work.

Shelter is one of the basic necessities of human beings just like food and clothing. Lack of adequate shelter is thus a stark reflection of abject poverty. Any development effort becomes, therefore, meaningless " if it takes the form of high production of less

The housing problem of the city can also be seen from the supply side, i.e., the supply of rentable housing to cater for the needs of those who do not own houses. About two-thirds of the rental houses are provided by private households. However, as there are no private investors in housing in this city, such residential houses rented from private owners are not constructed for the purpose of rent and, thus, do not satisfy even a fraction of the demand. Almost all of privately rented dwellings are service rooms and rooms adjacent to the main homes occupied by the owners of the houses. By counting such rooms as independent housing units, CSA has registered 6154 houses as rented from private owners.

The census also shows that only 42% of the city's households have their own houses and the remaining majority (58%) of the households do not own houses and had to endure tenant life or barely survive in improvised shelter. Of course, only a few of them managed to dwell in government rented houses, which are more comfortable and cheaper than privately rented houses. This fact leads to raise the issue of ownership as a second order problem by its own right next to the basic problem of shelter.

Apart from its use as shelter, having a house is highly valued as the material symbol of achieving a successful family life and satisfying the inherent human desire for property ownership (Malpass and Murie, 1993). Culturally house ownership denotes the status or honor of a family and also valued as a source of privacy and security. Not owning a house is, therefore, considered as a sensitive social problem faced by households. It follows, from this that the majorities of households want to have their own house and are willing to invest their maximum effort on housing except the constraints imposed

upon them. In short, the prevailing condition is that the majority of the city's households do not own houses, or were not able to construct houses for themselves, and still worse, there are no suppliers of rental houses to cater for their need.

On the whole, the problem can be stated as: there is critical shortage and poor condition of housing in Bahirdar city, i.e., there are far more households than dwelling units and a significant proportion of the existing dwellings are substandard and have low quality. *The puzzle is, therefore, how to reverse such a problematic condition, and what viable strategies to seek towards its alleviation.*

There are different approaches or strategies to tackle housing problems of which the promotion of cooperative housing is one. Cooperative housing is taken to be a viable strategy particularly in developing countries to tackle the housing problem (Solomon, 1985; Habitat, 1989). Some appealing results have been observed in this strategy from the experiences of many countries (UNCHS, 1989: Lewin, 1981; Liblit, 1964). In Bahirdar cooperative housing has been practiced since the late 1970s. Nowadays many households of the city resort to housing cooperatives in their endeavor to house themselves and in search for feasible way of housing construction. Housing cooperatives, however, have not yielded positive outcomes to address the housing problem owing to a number of factors that impede their performance.

The formation or registration of cooperatives in the last five years, for instance, has shown a declining trend. In 1997/98 about 29 cooperatives were organized. This has declined to 24 in 1998/99, and further down to 14 and 11 cooperatives through the years 2000/2001 and 2001/2002 respectively. Likewise the number of cooperatives that

received land was far less than the number of cooperatives registered annually. Moreover, the rate of land provision for cooperatives has been decreasing from year to year. In 1997/98 some 19 cooperatives were given land and this has continuously declined to 15, 10 and 4 through the years 1998/99, 2000/2001, and 2001/2002 respectively (see table 7).

This study, therefore, has the task of uncovering and explaining some of the major drawbacks and/or constraints that preclude the promotion of housing cooperatives in Bahirdar. The study is also hoped to arrive at some clues that would help enhance the performance of cooperative housing in the study area.

1.3 Objectives of the Study

GENERAL OBJECTIVE

The general objective of the study is thus to understand and explain factors that impede cooperative housing in Bahirdar and, also, to seek strategies that would help improve the performance of housing cooperatives as a viable means of tackling the housing problem.

SPECIFIC OBJECTIVES

1. Assess the nature, magnitude and trends of the housing problem in the study area.
2. Explain the potentials of cooperative housing as a viable strategy towards alleviating the housing problem.
3. Examine the status of housing cooperatives and their performance in the study area.
4. Determine factors that impede cooperative housing
5. Provide some suggestions as to how housing cooperatives could be promoted.

1.4 Research Hypothesis

Several factors impede the performance of housing cooperatives. This study focuses on three potent factors that impede their performance- namely, land provision, finance, and infrastructure. As a guide to the research work, the focus of the study is hypothesized generally as: *Problems of land provision, housing finance, and infrastructure services have impaired cooperative housing in the study area, and thereby have contributed to the prevailing housing crisis in the city.* To make this general proposition more clear and specific, it can be decomposed into three simple component hypotheses as follows:

1. Problems of land provision have impeded cooperative housing.
2. Lack of housing finance that provide credit (mortgage) services has constrained cooperative housing.
3. The absence of infrastructure services in the new residential areas of the city has impeded cooperative housing.

1.5 Data and Methods

SAMPLE SURVEY

The target population of this study, from which the units of data collection and analysis are drawn, comprised those households who are members of housing cooperatives that have received residential land in the last five years. There were 48 cooperatives that took land in the five years between 1997/98 and 2001/2002 with a total membership of 1269 households. In order to select sample households from this population a two stage sampling design was followed. At the first stage, 16 cooperatives, one-third of the total, were chosen randomly. There were a total of 424 member households in the sampled

(16) cooperatives. At the second stage, 150 households were randomly chosen from the 16 sample cooperatives proportionate to size as illustrated in table 1.

Table 1: Sampling Frame and the Sample Size

YEAR	Total no of co-ops	No of sampled co-ops	No of households in sample co-ops	No of sampled households
1997/98	19	7	186	68
1998/99	15	5	134	48
1999/2000	0	0	0	0
2000/2001	10	3	80	26
2001/2002	4	1	24	8
Total	48	16	424	150

A structured questionnaire was used as an instrument to elicit first hand data from the sample households. The questionnaire contained relevant questions on the general socioeconomic and demographic characteristics of the sample population, progresses of cooperative projects, availability of and/or access to basic housing elements, and on other related issues (see appendix). Three qualified persons were employed to undertake the data collection process. They were given training on how to administer the questionnaire to the sample population. The researcher also has accompanied the data collectors while interviewing and closely followed up every progress. The data thus collected are categorized, coded and entered into SPSS computer software for quantitative analysis.

UNSTRUCTURED INTERVIEW AND OBSERVATION

Detailed and unstructured discussions were held with some key informants who have knowledge and experience on the issue under consideration in order to obtain qualitative data that could not be gathered by the survey questionnaire. Informants

approached were experts and responsible persons in housing affairs working in Bahirdar municipality, Bureau of Works and Urban Development, and Bureau of Cooperatives Promotion. These institutions are the principal actors in housing in general and cooperatives in particular. Besides, as the survey was going by, some cooperative leaders and members were approached to elicit their perspectives and experiences via brief and relaxed discussions. Along with all this, the researcher had made visits to cooperative project sites and gained important insights particularly on the availability of physical and social infrastructures.

Analysis of Documentary Sources

A variety of documentary materials such as work manuals and procedures, proclamations, periodic reports and file documents that tell changes and conditions of the housing sector, and statistical publications and compilations have been used in order to secure relevant data for analysis and to substantiate the validity and reliability of the primary data that are generated through sample survey and interviewing informants. Besides, a review of related literature has been deployed as background information to render the study theoretical and conceptual framework.

Methods of Data Analysis

The data that are generated through sample survey are categorized and coded for quantitative analysis using SPSS computer software. Univariate analysis of frequencies, percentages, and central tendencies are employed to arrive at conclusions. Data that are obtained through documentary search and in-depth interview are analyzed qualitatively using quotations and reflective interpretations

1.6 Organization of the Paper

The foregoing first chapter defines the research problem and the approach of the study. The second chapter shads light on the subject mater of housing from different points of view as a theoretical perspective guiding the research. The chapter also presents a brief theoretical and empirical discussion on the concept and relevance of hosing cooperatives as a framework through which the cooperatives under consideration are looked into and appraised. Chapter three is devoted to explaining the nature and magnitude of the housing problem in the study area, Bahirdar.

The fourth chapter is entirely based on the data generated by fieldwork and presents empirical findings of the study. The chapter attempts to overhaul the performance of contemporary housing cooperatives by analyzing their institutional arrangements and modes of operations.

Chapter five winds up the study with a summary of finings and conclusions, and offering some suggestions that could help improve the performance of cooperatives. A list of reference materials acknowledged by the research appears at the end of this chapter. Finally, data collection instruments that are used for the study are appended at the back.

2. BACKGROUND PERSPECTIVES TO HOUSING AND THE RELEVANCE OF COOPERATIVES

2.1 Urbanization, Poverty and Housing in Developing Countries

It seems inevitable that the world population will ultimately be urbanite as the world is now experiencing a rapid urban transition. By the turn of the twenty-first century it is estimated that, for the first time in history, more than one half of the world's population would reside in urban areas, which was only about ten percent at the beginning of the twentieth century (UN, 1998; UNCHS, 2002). The settlement pattern of the human population which was dominantly rural has been in a process of reversal and the rural proportion is diminishing through time while the urban share is mounting-up to reach 65 % by the year 2025 (UN, 1991).

In developed countries the process of urban transition began almost 200 years ago and they reached 50 % urban level during the early decades of the twentieth century. They reached 73 % and 75 % level of urbanization by the years 1990 and 2000 respectively. Hence, the urban transition of developed countries has been undertaking in a piecemeal and incremental manner, and involved the growth of cities mostly populated by wage earners engaged in factory and service occupations. That is, the urban transition has created markets for the products of industries which in turn has resulted in conducive economic base for the development of urban services and infrastructure facilities (UN, 1998).

In contrast, the urbanization pattern of developing countries reveals a different picture. While the population of developed countries is already largely urban and their rate of

urbanization is waning, the tempo of urbanization in developing countries is still getting momentum (World Bank, 1993; UNCHS, 2002; UN, 1998). Only between 1990 and 2005, the urban population of developing countries is expected to increase by one billion people which is ten times larger than the corresponding increase in developed countries during the one hundred years between 1815 and 1915 (UN, 1998). Table 2 illustrates that 45 percent of the global population lived in urban places by 1990, two-thirds of which were residing in urban areas of developing countries (UN, 1991).

Table 2: Percentage of Urban Populations in Different World Regions (1950-2025).

Region	1950	1960	1970	1980	1990	2000	2010	2020	2025
World total	29.2	34.2	36.6	39.5	45.2	51.1	56.5	62.0	64.6
Developed	53.8	60.5	66.6	70.3	72.6	74.9	77.9	81.1	82.5
Developing	17.0	22.1	24.7	28.9	37.1	45.1	51.8	58.2	61.2
Africa	14.5	18.3	22.9	27.8	33.9	40.7	47.4	53.9	57.1
Eastern Africa	5.2	7.3	10.3	15.0	21.8	29.0	36.0	43.2	46.8
Ethiopia	4.6	6.4	8.6	10.5	12.9	16.8	22.7	29.9	33.8

Source: Adapted from UN (1991) World Urbanization Prospects, New York.

The urbanization level of developing countries was 37 % by 1990 and it will have risen to 61 % by the year 2025 which will account for about 80 % of the global urban population (UN, 1998). In 1970, 25 % of the population of developing countries lived in urban centers. The urban proportion of these countries will mark the 50% level before 2010 and will have risen-up to 61 % by the year 2025. Thus, in spite of the rampant rate of urbanization, developing countries will still be less urbanized by the year 2025 than developed countries were in 1965 (UN, 1991).

During 1950s, the average annual rate of urbanization for developing countries was 4.26 % while the corresponding rate for developed countries had been 2.43 percent. The pace of urbanization had mounted in 1980s to 4.62 % in developing countries and declined to 1.02 % in developed countries. Rural-urban migration forms a significantly high portion of the rapid urbanization process in these countries. In developed countries, urban growth rates are in continual decline and the small growth is mostly attributable to natural increases rather than rural-urban migration (World Bank, 1993;UN, 1991). Table 3 reveals the relative trends of urbanization rates for different world regions from 1950s through 2025 as computed by the United Nations.

Table 3: Average annual rate of growth of urban populations (1950s through 2020s)

Region	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s
World total	3.16	2.76	2.61	3.06	3.0	2.55	2.17	1.82
Developed	2.43	2.18	1.52	1.02	0.77	0.77	0.69	0.52
Developing	4.26	3.46	3.71	4.62	4.19	3.25	2.64	2.17
Africa	4.54	4.90	4.65	4.89	4.94	4.48	3.85	3.05
Eastern Africa	5.61	6.15	6.20	6.94	6.41	5.44	4.72	3.74
Ethiopia	5.47	5.66	4.26	4.06	5.5	5.9	5.56	4.48

Source: Adapted from UN (1991) World Urbanization Prospects, New York.

There is a significance difference in the rate and level of urbanization among different regions of developing countries themselves. Africa ranks as the lowest urbanized but the highest in its rate of urbanization (World Bank, 1993;UN, 1991; 1998)

Since the Second World War, the pace of urbanization in Africa has accelerated markedly and is expected to do so into the foreseeable future. Even in the years after 2020, African urban population is expected to be growing at a rate of above three

percent which amounts to be six times the rate projected for developed countries by that time. Throughout the 1990s, three-fifths of African population growth had occurred in urban areas. Likewise, in the first two and half decades of the twenty-first century, over three-quarters of the total population growth in the continent will occur in urban areas. Urban growth rates are high for every part of Africa, but are particularly striking for eastern Africa that exceed six percent per year (UN, 1991; 1998).

In the midst of this rapid urbanization are a group of African countries labeled as "least developed" by the United Nations, in which Ethiopia is a member, that are just beginning their urban transition. These countries had less than 20 percent of their population living in urban areas by the year 1990 (UN, 1998). Such Sub Saharan countries are enduring the staggering state of "over urbanization", which means that "migration and natural increases supply greater numbers of people than the urban economy, services and resources can absorb"(Balchin and Maurin, 1998). In such conditions the overflow of population spills into slums and squatter settlements. Urban growth rates of such countries are expected to continue at 4% to 7 % per year and most of their cities will double or triple in ten to twenty years time (World Bank, 1993). The case of Ethiopia is even more astounding that its level of urbanization is far below the average for eastern African countries while its rate of urbanization is outpacing their rate with violent momentum particularly since 1990s as indicated in tables 2 and 3 above.

Owing to the relatively small proportion of urban populations, urbanization was not considered as a problem in Africa until recently. Governments and international

development agencies have been, as a result, focusing on rural development and agriculturally based strategies with little attention to the rapid rates of urbanization (Stren, 1994). Thus, such a backlog has led to the proliferation of potentially devastating problems in cities and towns of Africa. The fundamental cause of this is that the urban population is growing very fast while the rate of socioeconomic growth to support such a growing urban population is rather stagnating. Unlike in the developed world, the process of urbanization in developing countries is not concomitant with industrial development (World Bank, 1993; UN, 1998).

The rapid pace of urbanization in developing countries has greatly increased demands for shelter, infrastructure and other services in towns and cities. The problems of providing such services and facilities will continue to be more serious as the process of urbanization becomes more rapid and as the concentration of the poor in urban centers increases. It is estimated that by the end of the twentieth century more than half of the households living in absolute poverty in developing countries would be concentrated in urban areas. Such a trend is said to be "urbanization of poverty" to indicate that the extent and size of urban poverty is surpassing rural poverty, or the spatial shift of poverty from rural to urban through migration of the rural poor (World Bank, 1993; UNCHS, 2002). Although the incidence of poverty is countrywide in developing countries in general, cities and towns are emerging as the geographical locus of poverty as urban populations grow more than twice the national rates. Almost all of the rural people flowing into cities and towns are poor presenting a special challenge to those who provide housing and other services (UNCHS, 1987). The extent of urban poverty and the migration of the rural poor is further exacerbated by frequent droughts and policies that affect the urban economies negatively. The social and economic impact of

the "structural adjustment" programs of 1980s that involved privatization and retrenchment of workers had exacerbated urban poverty in developing countries (Stren, 1994; MDP, 1996).

The growing concentration of the poor in urban settlements makes the provision of housing and related services extremely expensive. Therefore, the issue of housing appears at the top of the long list of urban problems, and housing production becomes one of the first and most important economic activities in the process of rapid urbanization (World Bank, 1993; UNCHS, 1987). The World Bank has explained the challenge of the housing problem in developing countries as follows:

> *[Between 1950 and 1990] the urban population of developing countries had more than quadrupled growing from 300 million to 1.3 billion people. ... Each year, some 12 to 15 million new households are added to the cities of the developing world. The high costs of land, infrastructure and building materials in the cities, relative to such costs in rural areas, ensure that the economic dimension of the housing challenge will continue in urban areas (World Bank, 1993:11).*

Ethiopian urbanization, like other developing countries, is mainly caused by the migration of the rural poor. The size of urban poverty is thus overwhelmingly large covering as high as 60.5 % of the total urban population in 1994, and its trend is even more troubling (Million, 1996 cited in Tegegne, 2000:12). In Addis Ababa, for example, the level of poverty is estimated to have increased from 45.4 % in 1990 to 51.4 % in 1991 and further mounted up to 63 % through 1992 (Goitom, 1995, cited in Tegegne, 2000:13). These figures signal a threatening and worrisome level and trend of poverty. Million (1996) explained this worsening condition of urban poverty in the country in terms of two main factors. The first is the spatial shifts of rural poverty to

urban centers through continuous in-flow of the rural poor to urban areas driven by the combined forces of pull and push factors. The second reason for the enlarging pool of urban poverty is the impoverishment of urbanites themselves as a consequence of policies that caused the impoverishment of a large number of households. The structural adjustment programs (SAP) that are being undertaken since 1990s have been infamous for enlarging the size of urban poverty (Million, cited in Tegegne 2000: 13).

2.2. Nature of the Housing Sector and Its Problems

Housing, as many people may perceive it, does not mean shelter only, it means more than that. Housing has manifold social, economical, and cultural implications beyond the basic functional aspect of shelter. The UN defines housing as "the residential environment, neighborhood, the physical structure and, all services and facilities needed for the physical and social well-being of the family or the individual"(cited in Solomon, 1999:4). This definition implies that the concept of housing includes, in addition to the dwelling shelter, accessory physical and social infrastructures as well as neighborhood social networks that have implications on the social, political and cultural lives of households.

In a broad sense, housing indicates the welfare and quality of life of a society as one can judge the life standards of a society by looking at the housing structure and condition of that society. From economic point of view, houses are stable assets that form "20 to 50 percent of the reproducible wealth in most countries. It is [also] a major motivation for household saving and [thus] significantly influences household consumption" (World Bank, 1993; 11). Further, housing is intimately related with family life and is a pillar of household satisfaction and social stability. The housing

sector is thus an integral part of the overall economy of societies rather than limited to the issue of social welfare (McGuire, 1981).

The entire housing sector is affected by many factors such as the level of economic development, political predisposition and other related policies and priorities (McGuire, 1981). As economic development proceeds, the average fraction of income spent on housing increases. This is partly because "households give increased priority to housing as incomes increase and as food becomes less of a problem"(World Bank, 1993:22). Thus, higher incomes associated with economic development permit more spending on housing which in turn leads to better housing conditions. However, looking at housing conditions of different countries that are at the same level of economic development reveals considerable variations in their housing condition. This implies that resources can be translated into better housing conditions at different rates, and housing condition is likely to be a function of national housing policies (World Bank, 1993; UNCHS, 1996).

The housing sector straddles the economic and social sectors of societies. It involves the production, supply and maintenance of houses the process of which is only partially governed by market forces. As a market commodity, housing should maintain the balance between "demand" and "supply" in market relations. But, housing supply and demand are not left free to operate in the market for reasons of "market failure" and societal values. Housing markets do not always function well if they are left free. Institutional and policy interventions are required to ensure and preserve property rights, sustainable source of finance, infrastructure, land use regulations, building materials industry development, and healthy environment (World Bank, 1993: 1986).

The issue of affordability is one dimension of housing in which government intervention is called for. In market principle, housing demand is a function of affordability or the "ability to pay" of households. But there is a considerable gap between housing demand and housing need which refers to what ought to be regardless of ability to pay, and government policies should aim at lowering housing costs so as to make it affordable to the majority households. Because housing is a "merit good", governments behave in such away that demand approaches need by the use of "subsidies" and other policy instruments (McGuire, 1981; UNCHS, 2001). In the United States, for example, tax policies lower housing costs by 20 to 30 percent thus making it more affordable (McGuire, 1981: 8). About "one-third of households in advanced economies cannot access housing of an acceptable standard without state assistance." Thus, it becomes necessary to bridge the gap between the amount of income that people can afford to spend on housing and minimum housing costs (UNCHS, 2001:99).

Housing is also a welfare issue by the fact that human beings have the right to be sheltered in (UNCHS, 1996). Even in advanced industrial societies, there is always some section of the society who need public assistance for their housing. Housing problems such as homelessness and overcrowding arise from the fundamental failure of the market mechanism to satisfy basic needs of shelter among the poorer sections of the society (World Bank, 1993). This leads to more active involvement of the public sector to fill the void left by the market system. Thus, housing is often perceived as a welfare issue requiring the transfer of resources to households unable to house themselves adequately. As a result, government and other welfare agencies are involved in

providing shelter for marginalized sections of the society who are unable to house themselves (McGuire, 1981).

Another issue that called for government intervention is that housing has the characteristics of "public good." This means, housing conditions of individual households affect public health and safety especially in dense urban settings unless corrective measures are taken by the government. The existence of such"negative externalities" caused by the interdependencies of urban life has necessitated a substantial government role in the housing sector. Thus governments enact legislations with the purpose of providing standards of sanitation, light and safety from fire by setting construction standards and land use regulations (Malpass and Murie, 1990). Such standards and regulations in turn result in higher building and maintenance costs beyond the reach of households' ability to pay. That means, the imposition of regulations which specify minimum standards would raise housing costs. This again calls for government intervention to adjust the high costs brought about by standards and regulations (World Bank, 1993; McGuire, 1981).

Thus, reviewing the various dimensions of the housing sector provides a recurrent theme that governments in east or west, south or north, regardless of their political persuasion or economic system inevitably get involved in housing. The thing is that governments' involvement is indispensable given the characteristics of the housing sector (Malpass and Murie, 1990; McGuire, 1981). UNCHS explains the need for government intervention in the housing sector like this: "in no country in the world does the market provide adequate housing for those unable to make payments for it at the prevailing rates of return; nor would the market be expected to do so" (UNCHS,

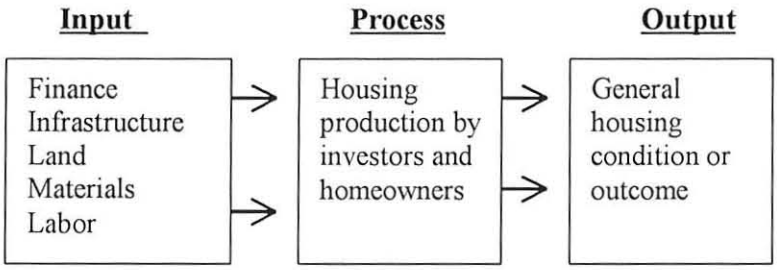
2001: 39). Kemeny (1992:37) affirms that there is a general unanimity among housing researchers on the idea that the state plays a major role in the housing market; and thus no study of housing can be carried without its significant part being devoted to the analysis of the direct and indirect influence of the state.

Among the main ways governments intervene in housing markets are direct measures to increase the number of houses such as public housing and squatter/slum upgrading programs. Indirect measures include financial policies, land policies, infrastructure provision, and building and construction regulations (World Bank, 1986; 1993). Observation of housing production around the world reveals that one of the major determinant factors affecting housing production is lack of constant and guaranteed source of finance. To ensure adequate housing production by homeowners and investors, the availability of finance from dependable source at reasonable rates of interest is a prerequisite (Datta and Jones, 1999; UNCHS, 1996).

The capital cost of a new house is many times more than the annual income of a middle-income household. Part of this high cost is attributable to the minimum standards that are imposed by the government. The durability of houses is also relevant to the high cost. Houses are generally regarded as items of capital investment destined to last for several generations (Malpass and Murie, 1990; Blachine and Maurin, 1998). Some form of housing finance is therefore required to allow this cost to be spread over a longer period of time. The availability of housing finance increases the ability of households to purchase or construct houses and permits a better allocation of household resources between housing and other household budgets throughout the family life cycle (World Bank, 1993; McGuire, 1981).

On the whole, the functioning of the housing sector can be analyzed and understood using the framework of an input- output model illustrated diagrammatically below.

Table 4: An analysis Framework for the Hosing Sector



Source: Adapted from World Bank 1986

Housing problems that are manifested in the output stage are often caused by problems in the input market. Actions that are directly applied on the input elements are appropriate measures to resolve housing problems. However, government interventions in the middle and third boxes either by producing conventional housing or rent controlling are not appropriate for such measures deal with symptoms rather than the real causes of the problem (World Bank, 1986).

Infrastructure supply policies have major influences on the performance of the housing sector. When infrastructure is adequately provided, the price of land remains low as can be reflected in lower housing costs. Underinvestment in residential infrastructure such as roads, water, sanitation and drainage may, on the other hand, result in higher costs of serviced land, delays in construction, and thus higher housing costs. Furthermore, "inadequate infrastructure planning and investment can lead to spatial distortions in cities which are costly in terms of commuting time and expenses, increased congestion and air pollution" World Bank, (1993: 25).

The availability of other input resources such as residential land and construction materials as well as educated and trained labor also affects the performance of the housing sector. Regulations that deal with the organization of the construction industry, land use planning and building standards have tremendous effects on the functions of the housing sector (World Bank 1993; 1986; Balchine and Maurin, 1998).

2.3. Evolving Paradigms and Approaches to Housing

Before 1970s, industrial and urban development was the priority agenda of many developing countries as a means of achieving national development. In regards to housing, developing countries sought to solve housing problems by displacing the poor from slum and squatter neighborhoods under the name of "slum clearance", and rehousing them in standardized conventional houses. The problems of the poor were defined primarily by the condition of their housing, and the provision of public housing with relatively low rents was taken to be the solution. This has led to massive public housing construction during 1960s and 1970s (UNCHS, 1987).

The provision of conventional housing and slum clearance strategies failed for many reasons. Governments found it very difficult to provide adequate shelter through public housing programs, as the costs of doing so were very much prohibitive. Such high costs of delivering public housing services made rents expensive and thus had excluded the poor from benefiting. Only upper and middle income households could afford such houses. UNCHS explained the shortcomings of these strategies as follows:

> *Among the most serious problems with slum clearance programs are that they are extremely costly for national governments because of the high level of compensation paid to owners of demolished properties; they create serious problems of social displacement and disruption for the residents of*

> *slum and squatter settlements; they are often delayed by social and political pressures exerted by slum residents who resist forced removal from their homes; and they impose high transport costs on families who are relocated far from their work places in the center of the city. Moreover, the policies do not alleviate the housing problems of the poor and, indeed, exacerbate them in many countries. The poor cannot afford much of the public housing that replaces slum dwellings and thus, the destruction of slum communities often reduces the stock of low rent units. Often slum clearance in one part of the city simply increases overcrowding in another slum community (UNCHS, 1987:7).*

Since housing needs of households change constantly "according to the family cycle or according to the stages in the migrant's life in the city", standardized conventional houses fail to respond adequately to these varying needs and changing priorities. Young families may need less standardized houses at cheaper prices while as the size of the family gets larger and as the level of their income increases, they will need more standardized houses. And, the same holds true for migrants into cities and towns, i.e., as they stay more and more in urban places their preference for housing changes constantly (Gugler, 1988:139).

In the face of rapid rural-urban migration and the low income of in-migrants, efforts to provide sufficient dwelling units through conventional housing programs have proved ineffective. The sprawl of shantytowns, overcrowded slum areas and the number of poor people eking out some sort of existence in urban areas has shown substantial increments. Poor people continued to resort to building improvised shelters on whatever vacant land they could find leading to further mushrooming of slum and squatter settlements (UNCHS, 1981; Stren, 1994).

Thus, the failure of slum clearance, relocation and conventional housing policies to address housing problems become clear by the early1970s, and, henceforth, many developing countries opted to seek alternative strategies to resolve the problem of housing.

Simultaneously, in 1970s, there was a major paradigm shift in development rhetoric towards the debate on issues of poverty and inequality. The perceived need to deal with poverty and inequality led to the emergence of a new development paradigm called "human needs centered" development as opposed to the "trickle down" paradigm of the previous decades. The emerging development approach raised concerns about the distribution of growth benefits to the poor. Hence, development agencies including the state had resorted to provide the poor with unmeet basic needs. This approach led to target group strategies aiming at the rural and urban poor more directly than had been done previously. Indeed, as the problem of poverty was more severe in rural areas than in urban areas resulting from the "urban biased" policies of the previous decades, more emphasis was given to agriculturally based strategies through "integrated rural development programs" (Stren, 1994).

Contemporary policies in urban areas were basically concerned with the provision of "basic housing" to the urban poor. The Habitat conference held in Vancouver in 1976 (Habitat I) was the first global effort to call attention to the deterioration of human settlements in developing countries. The conference recommended that national housing policies must aim at providing adequate shelter and services to the poor and distributing available resources on the basis of the greatest need. The conference emphasized the need for the improvement of existing settlements instead of replacing

them with new conventional houses, and the need for standards of shelter and infrastructure to be based on the priority needs and economic resources available to the urban poor (UNCHS, 1996;Yeung, 1996).

The economic organization and social networks of neighborhoods should be preserved and enhanced in improving physical living conditions which were severely disrupted by the earlier programs of slum clearance and relocation. Thus, new improvement programs were called for to avoid disrupting the existing socio economic networks of neighborhoods, and to deal with all the necessary facilities and utilities of a residential environment rather than with housing in the narrow sense of "shelter", and also to make maximum use of the social and economic resources of neighborhoods. (UNCHS, 1981; Yeung 1996).

In this line of thought, a new policy advance to the provision of housing to the urban poor in 1970s had been the implementation of "sites-and- services and slum upgrading projects." Slum and/ or squatter upgrading projects were intended to deal with existing but poor and illegal houses through the provision of infrastructure services and ensuring tenure security. Such policies were crafted from the realization that poor households improve their houses progressively until they become adequate permanent houses if given tenure security and minimum infrastructure services. Thus, instead of threatening their self-help efforts, governments opted to respect and support them. To make maximum use of the self-help and self-management potential of neighborhoods and to minimize the massive subsidies on housing, these measures were taken to be incentives or motivating factors. (World Bank, 1993; Gugler, 1988; UNHS, 1981; Yeung 1996).

Sites-and-Services Projects, also known as "basic housing", were programs in which public agencies provide land divided in to "home sites" and infrastructure services instead of finished houses. In this manner, low-income households are provided with a "foot hold" on which they invest their savings, labor and management skills on aided self-help basis. Then, they continue to build their basic shelter, expand and upgrade incrementally through time. This approach allowed the poor to pursue their own housing priorities and to decide the type of house they live in, and helped to promote and deploy the self-help spirit in housing provision (Gugler, 1988:World Bank,1975). However such projects required continuous support from government agencies and they were less likely to succeed without support in basic infrastructure and low cost credit provision (World Bank, 1975:1993).

During 1970s and 1980s, many countries adopted the new approaches with assistance from the World Bank and other international donor agencies. The World Bank had been channeling large amount of resources to such projects in its assault on urban poverty in developing countries. Although these approaches had achieved in cost reduction and providing affordable shelter for the urban poor more than the slum clearance and conventional housing programs, they failed to be replicable by the private sector and to eliminate housing subsidies. Therefore, they failed to be sustainable and remained pilot projects serving a relatively small percentage of poor households functioning only as far as they are supported or subsidized. Such subsidies had caused tremendous government budget deficits, particularly as international aid agencies retreat from extending their development aid since 1980s. (World Bank, 1993; Young, 1996; UNCHS, 1988).

On a parallel development, the period of 1980s witnessed unsuccessful experience with highly interventionist policies and large scale public spending. Consequently, a shift was made in development paradigm away from subsidies and towards more efficient and market based strategies. The object of development discourse came to be dominated by "structural adjustment", and disenchantment with the state. "Partnership", "Privatization" and participation have become tenets of development agenda since then. Currently the mode of thinking in development strategy has given emphasis towards poverty reduction and capacity building.

In regards to housing, an "enabling" approach has been ascribed whereby the full potential and resources of all actors or stakeholders are mobilized in shelter production and improvement processes. The enabling approach articulated by the UN, the World Bank and other multilateral and bilateral agencies, focuses on implementing reforms to improve the over all efficiency and effectiveness of housing production. Instead of direct interventions to improve squatter/slum housing conditions or provide sites-and-services, the enabling approach was introduced to eliminate policies that impede housing production. Under this approach, responsibilities are distributed among multiplicity of actors. The principal element of the enabling approach is that governments should create incentives and facilitate the activities of other actors (UNCHS, 1988; Word Bank, 1993, Yeung, 1996).

The role of the government focuses on enabling institutional and regulatory measures that deal with inputs of the housing sector, which are discussed in section 2.2 above. Such measures include the development of housing finance, property rights, infrastructure, land regulation and organization of building materials industry which are

supposed to be main factors that govern housing production (World Bank, 1986; 1993). The enabling approach envisages the promotion of integrated and self administered community organizations to enable collective mobilization of self-help potentials and resources not only for construction but also for organization, planning and managing of projects and training of self help groups (UNCHS,2001).

The approach is, then, entrusted to involve the redefinition and redistribution of responsibilities to a variety of actors including individual households, community based organizations (CBOs), NGOs and the private sector. While in the previous approaches it was largely the government which had been responsible for tackling the housing problem, by now, the trend has become obvious that effective housing delivery calls for a coalition of actors working towards the goal of fulfilling the housing need of the urban population. Thus, since the 1980s, an increasing importance is given to different CBOs such as Cooperatives as effective strategies in housing provision (Yenug, 1996; UNCHS, 1989; 2001).

The acceptance of the enabling approach has increased the importance of self- help endeavors of households to mitigate the problem of shelter particularly when they are organized into housing cooperatives. The underpinning fact for this is that "people's energy is the greatest resource and that people do things best together" (Yeung, 1996). As the object of this research work is primarily concerned with cooperative housing, a bit detailed discussion of the concept and relevance of cooperative housing is in order.

2.4. The Concept and Relevance of Cooperative Housing

A cooperative society is an association of persons who are grappling with a common problem and who endeavor to solve this problem through joint ventures. It is not unusual that people get together to solve their problems through cooperation, as it is inherent characteristics of the human nature. The purpose of cooperatives is to secure better services in terms of quality and cost than could be achieved otherwise. The instrument for achieving this purpose is the integration and pooling together of resources, which results in "economies of scale" and serves as a source of efficiency and bargaining power (Liblit, 1964;UNCHS, 2001). There is a long list of advantages and applications of cooperatives in all walks of human life. Here, the focus is on the relevance of cooperatives in the area of housing.

The high cost and complexities of housing production processes often cause daunting difficulties to individual households to meet their shelter needs. Housing cooperatives strengthen self-help initiatives and enable people to mitigate the difficulties of housing construction (Liblit, 1964). The inability of governments to provide housing and the acceptance of the "enabling" approach has increased the potential of cooperative housing in developing countries. The issue of housing affordability has always haunted urban authorities in developing countries. Their inability to keep pace with the tremendous demands for housing made them turn to self-help housing polices under the framework of the enabling approach. The promotion of this approach entails the mobilization of self-help potential and resources for the construction of houses, which has usually been realized through housing cooperatives (UNCHS, 1989; MDP, 1996).

The principle behind cooperative housing is the pooling together and mobilization of resources for the purpose of constructing houses, and to provide other services related to housing as a response to dire needs for affordable housing (Liblit, 1964; MDP, 1996). "*Housing cooperatives are bona fide groups of beneficiaries working as collectives for the purpose of constructing each member's house. They pool together their resources... in an effort to lower costs*" (MDP, 1996:33). Cooperatives are different from other business enterprises in that they have no profit motives. Thus one fundamental feature of housing cooperatives is that they have no the object of pursuing profit maximization. Their mission is to provide housing services and enable households to own houses at least cost and best quality (Liblit, 1964). Therefore, "*a housing cooperative is one in which the profit motive is absent and individuals voluntarily associate in order to solve their problems through the self–help approach and with government assistance*" (Solomon, 1985:30).

Housing cooperatives provide their members with the opportunity to assume control over where they live and what they live in. In a broader sense, cooperatives help promote community participation by providing opportunities to members to participate and get experience in group decision making, and thereby promote the sense of self-reliance (UNCHS 1989; 2001; Liblit, 1964). Cooperatives foster collective action and self-help which offers economy of scale in the construction, financing and management of housing projects. Collective action also increases the credit worthiness of low income households who often have little access to formal banking systems due to lack of collateral and stable income sources. Cooperatives also help to prevent land speculation by limiting the ability of individual members to sell land in the open market (Lewin, 1981; UNCHS, 2001).

Houses provided by the public or private sectors are not available adequately or, if available, may not be affordable for consumers' ability to pay. Such agencies construct the kind of houses they want to build at prices they want to charge without referring to what people need and afford. Housing cooperatives reverse this condition by building homes that members need at prices they can afford, and hence cooperative houses are tailored to the needs of the beneficiaries (Liblit, 1964).

Housing cooperatives enable people to own their homes and help realize the right to own property and the advantages thereof. Cooperative housing also supports the efforts of governments to reduce the enormous financial burden they have had to assume for housing by promoting self-help and self-reliance. That is, governments would rather promote homeownership because it gives people the kind of home they want and at the same time reduces the demands made on the public sector. Ownership promotion is therefore one of the major devices of governments in housing. Owner occupation significantly reduces the burden of housing on the state, by eliminating the need for the state to build housing and also by reducing the burden of state management and maintenance throughout the life of the houses (Liblit, 1964; McGuire, 1981; Malpass and Murie, 1990).

Housing cooperatives help mobilize the skills of communities and their financial resources towards the fulfillment of housing needs. Cooperatives enable collective savings accumulation as well as disbursement of expenses and repayment of loans at minimum administration costs. Individual transactions incur high administration costs which can be reduced in cooperative ventures. Management costs can be reduced as

members of the cooperative assume such tasks voluntarily without payments. Substantial cost reduction can also be achieved by undertaking large-scale architectural planning, wholesale purchase of building materials and by eliminating middlemen profits (UNCHS, 1989; 2001; MDP, 1996; Liblit, 1964).

Another significant advantage of cooperative housing is that it is readily adaptable and functional to any kind of socio economic settings be it in capitalist or socialist, developed or otherwise. Thus, "several socialist and capitalist countries of both the developed and the developing world accepted the cooperative way of housing as an integral part of their housing programs" (Solomon, 1985:32).

Housing cooperatives have attested success in western countries as a means of meeting the critical housing shortage prevailed at the end of the First World War and was also further fuelled by a similar incident following the Second World War. Troubled by the high housing costs and the economic insecurity of that period, large number of people resorted to found housing cooperatives to tackle their housing problems and they were successful to achieve their goal (Liblit, 1964; Lewin, 1981). In socialist countries such as Poland, East Germany, and others housing cooperatives made invaluable contributions towards the fulfillment of housing needs (McGuire, 1981). However limited in scale, housing cooperatives have also shown promising outcomes in several developing countries such as in Latin America, India and to some extent in Africa (Lewin, 1981; UNCHS, 1989).

However, in spite of the long list of advantages and increasing popularity of housing cooperatives owing to their successes and promising achievements, their full potentials

are not yet realized in many developing countries. An outstanding reason forwarded for the success of housing cooperatives in many cases is the availability of government support in technical, organizational and financial supplies along with human resource development programs (Liblit, 1964; UNCHS, 1989; Lewin, 1981). When housing cooperatives fail to achieve their objectives and potentials, the case is most often attributable to lack of government support and lack of technical know-how on the part of members (Lewin, 1981; Solomon, 1985). Housing cooperatives in developing countries are most often considered as "step-children" because of the priority given to rural development and agriculturally based strategies as compared with housing and urban development (Lewin, 1981).

The development of housing cooperatives and the realization of their potential requires a thorough understanding and awareness of the advantages offered by collective action. Moreover, the construction and administration of a housing project by a cooperative is a complex process necessitating experience and expertise as well as coordination skills. Many professional and institutional skills are necessary to organize the cooperative; to comply with legal requirements, to deal with finance, to educate and train members. Low-income households alone cannot afford to undertake such tasks unless they receive training and guidance from public agencies. Then, the assistance and catalytic action of governments is a necessary condition for the success of housing cooperatives (UNCHS, 2001; 1989; MDP, 1996; Lewin, 1981).

Thus, a considerable assistance is required to enable cooperatives fulfill their potential advantages including the establishment of supportive institutional structures that "channel technical, administrative, legal, accounting, and financial assistance to them"

(UNCHS, 2001:209). Indeed, support is more than having organizations that provide skills and resources. It is also important to have a legal and policy framework with respect to land, finance, cooperative organization and building codes that serve as an operational framework and enable them to work effectively (UNCHS, 1989; Lewin, 1981; Liblit, 1964). *"Regulatory legislation is particularly important, since a cooperative housing development is extremely complicated and difficult to launch, and is usually far beyond the power of a group of laymen to organize and carry through. The building of a large housing project with in a reasonable length of time is no job for amateurs*" (Liblit, 1964: 263).

The legal framework in which housing cooperatives operate should facilitate the intentions and objectives of cooperatives. With respect to finance, it should not only be regulative but should also serve to encourage construction by making available the lowest possible interest rates in mortgage financing. Moreover, the provision of a cooperative legislation is essential for the collective acquisition of land, finance, and for the determination of duties and responsibilities of cooperative members and other stakeholders. In the absence of such legally binding terms known to members and other stakeholders, a variety of disputes, power abuses and similar problems are often unavoidable especially within cooperatives. Thus, cooperative legislations and by-laws are essential instruments to regulate, support and secure effectively functioning housing cooperatives, and should be provided for by the government (UNCHS 2001; Lewin, 1981; Liblit, 1964).

2.5 Cooperative Housing in Ethiopia

In Ethiopia housing cooperatives are recent phenomena started to grow in the late 1970s as an out growth of the 1975 revolution. Before the revolution, urban land was largely owned by the imperial families, the church and feudal lords hence the land tenure system was not conductive to massive housing programs through cooperatives (UNCHS,1989). In Addis Ababa, for instance, most housing was provided by the few land owning classes that constituted only about five percent of the general population while the majority were tenants/renters (Mesfin, 1970; cited in Solomon 1985). Following the 1975 revolution, the government had taken radical measures in urban housing programs and policies, which were laid down by the proclamation No 47/75. This proclamation had abolished private ownership of land and nationalized all urban land and surplus houses. It had limited the maximum land holding for individual households to be 500 square meters and the provision of rental housing by private entities was banned henceforth.

The proclamation had made all urban land free, and provided all urban dwellers alike the opportunity to construct their homes. But the problem was that the majority of households were poor lacking the necessary finance and skills to construct houses. So a gap was apparent in housing production as private suppliers were made out of the game on the one hand, and the majority households were not able to build houses on the other hand. It was at this critical time that the cooperative way of housing was resorted to as a best alternative to get off the problem at hand. Solomon (1985:66) has noted that it was following the revolution that the housing problem was strongly felt, and housing cooperatives were devised to undertake large-scale production of housing in order to respond the tremendous quest for housing of the urban mass. Cooperatives were

believed to have several advantages to be adapted and supported by the government. First, cooperatives bring together individual house builders so that they can pool their finance, organizational skills and labor thereby reducing construction costs. The pooling together of financial and other resources creates the advantages of economies of scale and also mobilization of community resources. Second, cooperatives provide an efficient system whereby finance and building materials could be delivered to organized groups of housing producers. Third, it was also assumed that working together would develop a sense of community and would result in a positive effect towards social development (UNCHS, 1989).

In dealing with the housing problem at hand, two government organs were formed and assigned the task of promoting and overseeing housing and urban development issues. These were the Ministry of Urban Development and Housing (MUDH) and the Housing and Saving Bank (HSB). The MUDH was given the mission of administering "urban land and housing as well as to take the responsibility of research, planning and policy formulation" regarding the issues of urban and housing development. Likewise, HSB was assigned the task of providing long-term loans up to a maximum duration of 30 years (Solomon, 1985).

For about two or three years after 1975, the task of organizing housing cooperatives was assumed by the Ministry of Agriculture as it was familiar with the task of organizing cooperatives in the agricultural sector since 1960s. Shortly, in 1978 the MUDH was vested with the full responsibility for organizing and registering housing cooperatives. By 1986, about 798 housing cooperatives had been organized, 347 of which had completed the construction of 10216 houses (Eyob, 1993; UNCHS, 1989).

Nevertheless, from a series of monitoring and appraisal, the progress of housing cooperatives was not found out to be satisfactory as much as expected to address the housing shortfall. The main problems that drewback the progress of cooperatives toward the realization of their expectations were identified to include the following: Limited capacity of MUDH to organize and coordinate the activities of various partakers; bureaucratic delays; ambiguity of operational principles and procedures; shortage of financial resources and high interest rate. To solve these problems and to further facilitate cooperative housing, a revised policy to support cooperatives was issued in 1986. This reformed policy support had taken the following important measures (UNCHS, 1989).

(a) The Cooperative division of the MUDH was expanded in to a full department with four divisions under it: technical, training, organization, and finance divisions.

(b) Interest rates were cut from 9 percent to 7 percent for individual builders and to 4.5 percent for cooperatives.

(c) Standard house plans were to be given without charge to cooperatives.

(d) A government enterprise was created to provide building materials to cooperatives at controlled prices.

(e) A Comprehensive system of training and orientation for housing cooperatives was launched.

(f) Special attention was given to underprivileged groups such as low-income earners and the handicapped in terms of land acquisition and building permits so that NGOs can provide financial assistance.

(g) Physical and social infrastructures were to be provided by the government.

These measures taken by the new policy were very important and progressive, as it had provided structural and functional foundations for the support of housing cooperatives. Accordingly, cooperatives were provided with a range of support services including the provision of land, infrastructure, supply of building materials, finance, and technical assistance (UNCHS, 1989:77). And with in the forthcoming six years through 1992 about 2525 cooperatives were organized countrywide with a total membership of 73383 households (Eyob, 1993:20). This was a great improvement as compared with the progress of cooperatives in the eleven years before the revised policy during which only 798 cooperatives with a total membership of 32742 households were organized (UNCHS, 1989:78).

The MUDH was the principal provider and coordinator of support to the cooperatives through its cooperative department. It was organizing three types of cooperatives: ***Normal, aided self-help, and pure self-help.*** Normal cooperatives were those cooperatives undertaking construction using loans from HSB and were expected to have regular salary income to repay their loan throughout the loan period. Aided self-help cooperatives were those given special subsidy or full grant mainly by the government or NGOs to build a minimum standard houses. Pure self-help cooperatives were those who were not eligible for loan and were entirely financed by the members themselves and informal sources. MUDH had training and orientation programs through which the advantages, principles and working procedures of cooperative housing were introduced to cooperators. Regarding technical support, it had been giving services of preparing site layouts, plot marking and preparing various types of house designs of different standards for cooperatives of different income groups along

with providing building supervisors, cooperative organizers and auditors. (Solomon, 1985; UNCHS, 1989). The ministry had the recognition that the most efficient way to resolve the prevailing housing problem is to offer a number of house plans at varying costs which can be selected according to their capacity. In 1989 there were as much as twenty-five types of designs that were available for cooperatives. The cost of minimum standard housing was as low as birr 8620. (UNCHS, 1989: 48).

Housing and Saving Bank (HSB) in turn, had reduced its lending interest rate for cooperatives. Before the new policy was introduced in 1986, the Bank had been lending to all borrowers at 9 percent interest rate. This rate was thought to be too high and was reduced to 7 percent for individual house builders and 4.5% for cooperatives. The intent of this measure was to cross-subsidize house building by charging a higher interest rate from commercial borrowers (UNCHS, 1989:87).

On the whole, cooperative housing in Ethiopia was designed to serve a number of income groups and this had been effected by providing a range of house types suitable for the loan capacity of different income groups. Housing cooperatives had enabled many households to have access to land, finance, building materials and technical services. Cooperatives were also able to mobilize human labor and financial resources in the informal sector towards the fulfillment of housing needs of thousands of households and are believed to have a significant effect in terms of social development (UNCHS, 1989). In quantitative terms, cooperatives had contributed more than 30 percent of the total urban housing production from 1976 through 1992 (Eyob, 1993: 21).

The structural and technical support system had made the progress of cooperative housing "impressive" and faster than in many other African countries. Most importantly, the financing system had many advantages "which cooperatives in other countries would like to have". Finance was made available to cooperatives at concessionary rate of interest and this had enabled cooperatives to be relatively effective. However, there were some critical concerns as the low interest rate was "in effect transferring resources to housing cooperatives which might be used more efficiently elsewhere." That might be justifiable with low-income groups, but it was not discriminatory against middle and higher income groups. That means, the subsidy was not particularly targeted to the low-income groups, and this was the principal shortcoming of the financing system (UNCHS, 1989:96).

Needless to say, following the change of government and the advent of "free market" policy in early 1990s, all the aforementioned institutional and policy supports to the housing sector were outlawed. Since then the Country's development policy has emphasized on Agricultural Development Led Industrialization (ADLI) with little recognition of the role of urban centers in the over all development of the country. Until now there is lack of urban development in general, and housing policy in particular, which envisages the direction and vision of urban development (Solomon: 2000). The economic policy enacted in 1991bears some directives concerning the housing sector. The directive gives emphasis to the revitalization of the market system and to the role that could be played by private investors (Tadesse, 2000). This inadequately defined urban housing strategy does not properly address the issues of housing finance, low cost hosing investment, and other related services and facilities. This policy impasse has left urban centers and authorities in a welter of problems with no direction to

proceed and thus to be led by haphazard decisions and rule-of-thumb management. Given this general national context, the forthcoming part of this thesis explores the level of the housing problem and the performance of cooperative housing in the study area.

3. NATURE OF THE HOUSING PROBLEM IN THE STUDY AREA

3.1 A Description of the Study Area

Bahirdar is a fast growing city in the northwestern part of Ethiopia serving as the capital of Amhara National Regional State. Astronomically, the city is situated at 11.38'N latitude and 37·10'E longitude. It is vicinally located 565 kilometers Northwest of Addis Ababa and at the southern shore of Lake Tana which is the largest lake in the country. The name "Bahirdar", meaning seashore, is derived from its position in relation to this lake. Presently the city occupies a built up area of about 900 hectares elevated from 1786 to 1886 meters above sea level. The city lies on a generally flat topography the slope of which apparently approaches 0^{O}, except some domes and ridges having a slope of up to 20 percent standing out over the smooth plain. The drainage pattern of the plain land is generally oriented to the Abay River that crosses the city from northwest to southeast serving as the only outlet to drain the surface water running off the city. The flatness of the landform presents the city with flood problem in rainy seasons where streets are inundated and shallow depressions change easily into ponds and swamps. As to its climatic endowments, the city pertains a moderately warm humid climate with mean daily temperature of 18.5^{O}c and mean annual rainfall of 1224 mm (NUPI, 1996: 69- 70).

3.2 Growth of the City and Socio-demographic Trends

The genesis of Bahirdar as a modern urban center dates back to the early twentieth century particularly during the Italian invasion of 1930s. Prior to this period, Bahirdar was an ecclesiastical center serving as a "gadam" or place of Christian learning and worship hence the place was known by the name "Bahirdar Giorgis". The Italian invaders abolished the "gadam" administration system and made it their military and administrative base from where they control the area south of the lake. They constructed new buildings in the area by demolishing old houses and clearing trees. It is from this historical episode that the present day Bahirdar got its modern urban form. (NUPI, 1996: 64).

Following the liberation of Ethiopia from the invaders in 1941, Bahirdar had been serving as a "wereda" capital until up to the mid 1950s during which several government offices and other service giving institutions were established. Henceforth, the administrative status of the young town was elevated to "awraja" level and this had increased its functional role as an important urban center in the region. Above all, the town showed a marked pace of urbanization after 1958 when the imperial government launched a plan to develop it as an economic and regional center for the northwestern part of the country that encompasses the Blue Nile-Lake Tana basin. Such attention was given to Bahirdar by the government owing to its historical importance and locational advantage to serve as a regional center, as a result of which it was also candidated to be an alternative capital of the Empire (NUPL, 1996: 66–67).

The town had continued to grow fast both in physical structure as well as in its functional role and it has got its first comprehensive master plan in 1962 as part of the implementation of the development plan launched in 1958. One of the most significant achievements of this development plan was the installation of Tis Abay Hydroelectric power station in 1963. Bahirdar Textile Factory, Polytechnic Institute and Felege Hiwot Hospital were some of the significant out comes that were established following the inauguration of the power station (NUPI, 1996: 67).

Moreover, its strategic location in relation to the cultural and natural charm of historical areas in Northern and Northwestern Ethiopia makes it one of the largest tourist attraction centers in the country and this has contributed to its fast growth. Currently, the city is at its high point serving as the capital of Amhara National Regional State and as the seat of West Gojam Administrative Zone. The city itself has got the administrative status of ***Special Zone*** along with a separate municipal structure. It is currently serving as the socioeconomic and political center of various regional, and municipal functions and a range of multi-level activities. Thus Bahirdar has grown into an important administrative, industrial, transport and tourist center in Amhara Region. And these functions are expected to be further expanded and consolidated in the future. As a result, many government and non-government institutions are expanding which in turn gravitate a mass of persons to fill such institutions and to get their services. For instance some 5175 people were employed by the administrative sector in 1994, of which 1436 persons were employed by the regional bureaus, 1882 by the various zonal offices and 1857 by the ***special zone***. NUPI also has

explored some fifty-Six public sector companies and enterprises in which about 6000 persons were employed.

Moreover, there is a growing agglomeration of all sorts of formal and informal private activities gravitated to the city particularly since it was made a regional capital. Since migration is responsive to such conditions, the city has been experiencing high rate of population growth and is likely to continue into the future. The rapid population growth paired with the low-income level of the population made the city unable to cater urban services and facilities to its residents. Indeed, the housing problem has become the most perplexing puzzle faced by households as well as the public authorities. In the last two score years the population of the city has been growing so fast that by the year 2002 its residents numbered beyond 140 thousands which was only about 12 thousands in 1965. Table 4 depicts the general trend of population changes of the city since 1965. The year 1965 is taken to be the starting time simply because of lack of data prior to this period.

Table 5: Pattern of Population Growth from 1965 –2002 (BD)

Year	Population	Growth Rate
1965	11990	-
1975	26490	12.1
1984	54766	11.90
1994	96140	7.6
2002	140084	5.7

Source: - Complied and Computed from CSA census reports and Annual Statistical Abstracts.

As table 5 indicates the population of the city had been growing at a higher rate between late 1960s and early 1980s. In this period, the population was growing in the order of eleven and twelve percent per annum which is alarmingly high. The population growth rate since 1980s, however, has shown a declining trend. Between the two census years of 1984 and 1994 the population had been growing at a rate of 7.6 percent per year, and afterwards it is estimated to be growing at a rate of 5.7 percent per year. Even if the recent growth rate seems lower as compared with that of earlier years, it is still one of the highest rates by any standard when compared with the rate of different world regions as presented in table 3. An important Consequence of this rampant population growth is continuously increasing demand for large number of housing and the overstraining of the existing stock. In section 3.3 the nature and magnitude of the housing problem is analyzed in statistical terms.

3.3 Housing Conditions and Problems in Bahirdar

The housing problem can be experienced both in quantitative and qualitative terms. Quantitatively, the problem can be understood from the point of view of whether the existing housing stock is proportionate to the number of households. Qualitatively, the problem can be viewed as to whether the existing dwelling units are of satisfactory standard in respect to accessory services and facilities to ensure the general well being and comfort of households. In this regard, the structural and functional analysis of the existing housing stock in respect to the availability of basic services and amenities helps to judge the qualitative aspect of the problem. Likewise, comparing the number of housing units against the number of households helps to comprehend the quantitative shortfall. In the light of this perspective, an attempt is made in this section to shade light on the nature of the housing problem in the study area.

the year 1995. There is an apparent consistency between the data of NUPI and BWUD as their difference could simply be taken to be the result of the time gap between the two reports. The difference implies that in the five years, from 1996 through 2000, about 218 new houses were produced, i.e. nearly 44 houses per annum.

Thus, the census report is most likely to have exaggerated the size of the housing stock of the city. One evidence for this is that CSA had reported 6154 rental-housing units provided by private households. But as there were not (and are not still to day) private investors on housing in the city, these privately rented houses are predictably service rooms and rooms that are part and parcel of the main homes occupied by the owners. Such rooms should not have been counted as separate housing units and thus CSA's report has undoubtedly exaggerated the housing stock. For instance, the BWUD has documented that the total number of housing units owned by private households, both rented and occupied, was 10704 by the year 2000. While, contrary to this, the same stock reported by CSA for the year 1994 was 14961. The total population of the city for the year 2000 is estimated at 128024 and, taking the average family size of 4.4 according to the census, the number of households would be 29096. Therefore according to the BWUD's document, the housing deficit in the year 2000 would be 15476, which is total number of households (128024) minus the existing housing stock (13620).

Housing need is a function of demographic conditions irrespective of affordability or household's ability to pay. The level of housing need is inferred from the point of view of what ought to be based on need regardless of economic capacity or distributional

inequalities. Housing demand on the other hand is a function of affordability which is affected by a range of factors including household income, housing quality, the availability of housing elements or inputs, and policies that govern these elements (see section 2.2.). In other words, housing demand is that portion of housing need backed by the ability and willingness to pay. In conditions where there is a high prevalence of poverty, or where the majority households are worse off it is predictable that there would be tremendous gap between need and demand.

Total housing need refers to the housing backlog accumulated in the past and the future need that arises from new family formation as a result of population growth. Housing backlog represents the current deficit to accommodate codwelling households and the stock of dilapidated houses that need replacement or basic repairer.

In 1995 NUPI has reported a backlog of 7192 housing units of which 4665 houses were the quantitative shortfall or needed to accommodate codwelling households, and the remaining 2527 houses were to replace obsolete houses in the form of renewal and upgrading. Four years latter, BWUD has disclosed that the total housing stock of the city was 13620 and hence a shortfall of 15476 housing units by the year 2000. Thus, if the number of obsolete houses that need replacement and upgrading are assumed to remain as estimated by NUPI for the year 1995, then the total housing need by the year 2000 would be 15476 + 2527 = **18003** housing units.

As to the accommodation capacity of housing units, data could not be found from documentary sources except the CSA report of the 1994 census. According to the census report, the highest proportion of the total stock (55%) had single room and 19% had two

rooms. This implies that most of the housing units (74%) had only one or two rooms and could not adequately accommodate the smallest family size (one couple). More than 87% of the total housing units had three or less rooms and are not good enough to independently accommodate households that have average family size. It is in this condition that two or more households codwell in a housing unit.

In regard to the number of persons per housing unit, unlike the number of single room houses, only 13.63% of the total housing units were occupied by one person each, and 13.78% by two persons. As illustrated in table 5, 14% of houses were resided by three persons and 12.75% by four persons. In general the total number of housing units in each of which one to four persons were dwelling was less than the number of single room houses. The implication is that five or more persons were crowdedly residing in a single room. The number of housing units that had five or more rooms were only about 5% while the number of housing units occupied by eight or more persons were 16.5%. This comparative analysis reveals that there is a high concentration and crowdedness of persons in houses that had less number of rooms. The majority of houses have few numbers of rooms while they are resided by larger number of persons. This means that the distribution of housing units in respect to the number of rooms is largely skewed towards fewer numbers of rooms while the distribution in respect to the number of persons is dominated by higher number of persons

Table 6: Comparison of No. Rooms and Person Per housing Units (%)

No. of Rooms	% of houses	% Cumulative	No of Persons	% of houses	% Cumulative
1	55.00	55.00	1	13.63	13.63
2	19.00	74.00	2	13.78	27.41
3	13.49	87.49	3	14.00	41.41
4	7.19	94.68	4	12.75	54.16
5	2.50	97.18	5	11.86	66.02
6	1.00	98.18	6	9.68	75.70
7	0.72	98.90	7	7.85	83.55
8+	1.14	100.04	8+	16.49	100

Source: Computed from CSA census Report (1994).

In general, there is a high concentration of persons in single or two room houses and density of occupation is very high. A housing unit on the average had 1.9rooms which is far less than the average family size, and it is not good enough to accommodate even a single household let alone for codwelling households. In such overcrowded conditions, it is easy to estimate how severe would be the extent of sanitation related health hazards and social discomfort resulting from lack of privacy and tensions created in sharing utilities and services.

Apart from analyzing the quantitative shortfall and density of occupation, a review of the structural aspect of the housing units would further help to grasp a general understanding about the durability and quality of houses, or the level of safety and comfort houses render to occupants as well as the level of the construction industry.

In this respect the walls of the majority of housing units (87%) were made up of wood and mud, 4.4% blockets, 3% wood and thatch and the remaining from other low-grade materials. The floors of 81.5% houses were earthen and only the remaining minority had floors made up of plastics, cement and other materials. Eighty-five percent of the houses were roofed with corrugated iron sheet (CIS) and the remaining houses were roofed with thatch and other low standard materials. In regards to ceiling, more than 86 percent of the houses had no ceilings and only the remaining minority had ceilings made up of fabrics, chipwood, and other materials (CSA, 1995).

In general the structural level of the housing stock is at a lower standard and the dominant typology of housing is wood and mud implying poor quality and durability. Wood and mud houses require frequent maintenance and replacement in relatively shorter period of time.

Looking at the availability of basic services and facilities, it can be observed from the census report that most housing units were devoid of such services and facilities. About 11.4% of the total housing units had no access to tap water and obtained their water from wells, river or lake. As to the source of light, 15.5% of the total housing units had no any electrical connection and used to get their light from kerosene and lantern, while 62.3% of the houses had electricity connections from their neighbors or shared with the neighbors. About 50.4% of the housing units have no toilet facility. The implication is that a significantly high number of households are defecating in open spaces in every corner of

the city (CSA, 1995). NUPI (1996:166) has documented that about 45% of the households had no toilet facility and hence in-field defecation is a common practice.

In summary, attempt has been made in this section to reveal the nature and magnitude of the housing problem both quantitatively and qualitatively. The majority of the housing stock is substandard and quantitatively it is far less in number than the total number of households. Some interviewees have informed this study that nowadays, let alone standardized housing units; even small rooms with minimum facilities are critically demanded but not available easily. In the private rental market, prices are very high. A moderate single room narrow enough to accommodate only a bachelor can be obtained with the rent of no less than birr 200, and a moderate housing unit that can accommodate an average family size can hardly be rented for birr 500 and the less. A discussant informing this study explained the problem like this:

> *"You do not need to undertake research, it [the problem] is stark. For instance, a single narrow room that can accommodate only a bachelor can be rented for no less than 200 birr. How many of our citizens can afford that? You can imagine!*

4. PERFORMANCE OF HOUSING COOPERATIVES IN BAHIRDAR

4.1 Institutional Setup /Arrangement

Following the downfall of the Derg regime in 1991, a period of sociopolitical turmoil had set in for some time and a transitional period was necessary to resume stability. Organizing housing cooperatives thus had been discontinued for some years until things get settled and until new rules and regulations tailored in line with the new government's economic policy were articulated. In Amhara Region, it was in 1995 that organizing housing cooperative resumed under the context of the new socioeconomic and political orientation. Since then the Bureau of Works and Urban Development (BWUD) was vested with the responsibility to organize housing cooperatives until the responsibility was transferred to another newly formed government organ in 1998. BWUD had prepared a working manual that articulates rules and regulations concerning housing cooperatives. The manual states that cooperative housing is a most viable strategy to resolve the prevailing critical housing problem and to pursue sound urban development. Accordingly, housing cooperatives are thought to have the following advantages (BWUD, 1997;unpublished document).

1. Cooperatives provide an efficient system to supply financial, technical and other supportive services to house builders
2. Cooperatives enable the growth of planned urban neighborhoods or communities and thereby prevent informal settlements.
3. Cooperatives minimize costs through wholesale purchasing and large scale transportation of construction materials

4. Cooperatives enable municipalities to provide residential land and related services for large number of households in groups thereby reducing the burden of treating individual households one by one.

Towards the realization of the advantages of cooperative housing, the BWUD had the mission of rendering supportive services to housing cooperatives including the following (BWUD, unpublished document):

1. Organize three types of cooperatives: ***normal, aided self-help, and pure self-help***; categorized according to the financial capacities and sources of members. The definition of each of these types is similar with the definitions given to them during the cooperative movement in pre 1991 period as discussed in section 2.5. To flashback the basic characteristics of each type: **Normal cooperatives** are to be formed by members who are regularly employed and have monthly salary income that make them eligible for bank loans to borrow the money required to build their respective houses. **Aided self-help cooperatives** are to be established by households who have very low incomes and can not afford to borrow from banks so that need some assistance from the government or other welfare bodies. **Pure self-help cooperatives**, on the other hand, are established by members who do not want bank loan or who are not eligible to join either of the other two types. In practice, however, BWUD had been organizing only one type of cooperatives that approximate the " normal" type.
2. Provide Priority to cooperatives in residential land allocation
3. Provide auditing service

4. Offer different types of low cost house design tailored to the needs and capacities of different income groups.
5. Arrange conditions for cooperatives to get financial services at lower interest rate (soft loan).
6. Provide model cooperative by-laws.
7. Provide engineering services like site planning, plot marking and surveying
8. Search for and arrange conditions for aided self–help cooperatives to get financial, material and the like assistances from different NGOs and welfare institutions.
9. Give trainings and orientations about the advantages and operational procedures of cooperative housing.

In 1998, a new cooperative proclamation (No147/98) was provided for by the federal government. According to this proclamation the task of organizing and registering cooperatives in any field is vested to the newly formed government organ which is referred to as Bureau of Cooperatives Promotion (BCP) at the regional level. Accordingly, BWUD handed over the task of organizing cooperatives to the new BCP. Currently, the BCP discharges its responsibility of organizing and registering cooperatives under two wings / divisions. The first wing, which is relatively well organized and staffed, deals with agricultural cooperatives. The second wing which is minor to the first one and desperately understaffed, deals with non agricultural cooperatives including housing cooperatives.

The non-agricultural cooperatives division is most poorly staffed and given marginal importance as compared with the agricultural division. There is only one expert dealing

with all non-agricultural cooperatives along with a few supportive staff. The expert admits that the non-agricultural cooperatives division is not yet organized properly and he spends most of his working time to cooperatives other than housing. The reason is that, as he said, housing cooperatives do not require close follow up after once they are registered and given the registration certificate. Even though his office is in principle, entitled to provide training and many other technical services to housing cooperatives, the only service currently given to housing cooperatives is issuing registration certificate to organized groups. This is due to the limitation of personal and organizational capacity of his office.

To be registered as a cooperative, there are procedures and conditions that potential cooperators should fulfill. A group of at least twenty members first decide to build houses in a cooperative way and presents its application to the BCP. Relevant documents that accompany the application are (BCP, unpublished document):

1. Minutes of meetings held to establish the cooperative by founding members – indicating the name and type of the cooperative.
2. The cooperative by-law prepared in consistence with the model by-law provided by BCP
3. List of founding members along with details such as address, age, sex income and employment
4. List of executive committees of the cooperative
5. The amount of capital raised and deposited

When the required criteria are fulfilled, the BCP will grant the cooperative registration certificate and will inform the municipality too. The municipality then enlists the cooperative into the waiting list for land allocation. Land acquisitions is the most worrisome step for the cooperatives. There are a long list of cooperatives in the waiting list. Since there is a shortage of land, cooperatives are not allocated residential land immediately after they get registration certificate. The municipality decides every year for how many cooperatives to give land. The selection of cooperatives for land allocation is done based on three criteria:

1. Level of capital deposited in blocked account (75%)
2. Length of time since the cooperative was established (15%)
3. Number of members a cooperative has (10%)

Accordingly, the most significant criterion is the amount of capital a cooperative has deposited in blocked account. For example, for this year (2002/2003) five cooperatives were decided to be given land and this was announced on the notice board calling all cooperatives waiting for land acquisition to compete according to the above criteria. Every year the municipality announces and invites cooperatives for an auction-like competition to acquire land. Those cooperatives with well-off members are likely to get land shortly after they are registered. The length of time a cooperative has been waiting for land allocation has insignificant weight and, as a result, there are cooperatives registered six to seven years ago and yet have not received land .In contrast there are cooperatives that have acquired land in the same year they are registered. The size of members of a cooperative is determined de jure to be between 20 and 32. This would make no significant difference as

the size of most cooperatives is either similar or close to each other and also as the 10% weight is considerably small.

4.2 Performance Status of Cooperatives In Bahirdar (1995_2002)

As table 7 depicts there were 122 cooperatives established in the seven years between 1995/96 and 2001/2002 with a total membership of 3232 households. On the other hand, the number of cooperatives that acquired land in the same period of time were 67 with a total membership of 1775 households. But out of these 67 cooperatives that acquired land during the said period of time, 19 cooperatives were organized in the early years of 1989 to 1991, and had been waiting for land allocation until the municipality resumed the task of land allocation in 1995/96. Thus, out of the 122 cooperatives organized in the last seven years, only 48 cooperatives (39%) have acquired land by the year 2001 /2002, and currently there are 74 cooperatives on the waiting list of the municipality for land acquisition. That means 61% of the cooperatives which were organized in the last seven years have not acquired land. The trend of cooperative organization and land allocation indicates a downward change particularly after 1997/98, the time when the new cooperative proclamation is enacted. In the year 1999/2000 there was no cooperative organization and land allocation at all. This was because the newly formed BCP had not started to carry out its responsibility, as it needed some time to organize itself in personnel and facility before running its operation. This had created a time gap during which cooperatives were not registered. The municipality could not allocate land until the new government organ concerned with cooperatives came to operation with new operational rules and procedures. In regards to the construction of houses by cooperatives, data could

not be found as to how much housing units were constructed by cooperatives. Thus there is an apparent information gap except the data obtained by the sample survey.

Table 7: Number of cooperatives Registered and acquired land

YEAR	REGISTERED		LAND ALLOCATED	
	No of coops	No of members	No of coops	No of members
1995/96	21	456	11	290
1996/97	23	504	8	216
1997/98	29	772	19	496
1998/99	24	530	15	392
1999/2000	0	0	0	0
2000/2001	14	370	10	276
2001/2002	11	280	4	104
Total	122	3232	67	1775

Source: Bahirdar municipality official documents /files

4.3 Modes of Operation

When a group of people form a housing cooperative they agree to make three types of financial contributions. The first is registration fee, which is used to cover the costs incurred for routine activities and items such as buying stationery and secretarial services. The amount of registration fee varies form one group to another and in most cases it ranges between birr 10 and 20. Second, regular contributions made on monthly basis deposited in block account on behalf of the cooperative. Third, special contributions raised on ad hock basis. Every cooperative specifies in its by-law the amounts and conditions of such contributions. The rules and procedures of such contributions are strictly observed until residential land is acquired and the foundations of houses are built. From the day of establishment, contributions are facilitated and mobilized by group pressure particularly

until land is acquired. This is because land acquisition is basically based on the level of capital cooperatives have raised. After land is acquired, members decide to start the construction work as soon as possible. The construction work can begin either from the main houses or the service rooms. The choice is basically dictated by the economic capacity of the members. Cooperatives formed by better off members start the construction of the main housing units while lower income groups prefer to start from the service rooms. The construction of service rooms requires relatively small amount of finance and shorter period of time than the main housing units would require. This enables families to dwell in the service rooms first and build the main housing units incrementally in time. The construction of the main housing units requires more expense and longer period of time. Families manage the construction of the main houses while residing in the service rooms and thereby saving the expenses they would have incurred for rent. This is a strategy households innovated to save the expenses that would have been incurred on renting and also to tackle the problem of housing shortages and sufferings thereof. It has been found that a significantly high number of the respondents were residing in the service rooms or in the uncompleted main houses by the time this survey was made.

After the foundations of either of the main housing units or service rooms are built mutually, members divide the plots among themselves by lot. Afterwards, the construction work is undertaken privately and the progress of the work is determined by individual capacities and devotions. The cooperative society then becomes a mere symbolic though not declared dissolved. Its activity is now relegated to minor communal issues like applying for infrastructure services and bureaucratic formalities. One important activity

retained by the cooperative society is that in case any one of the members fails to pursue the construction work for one or another reason and wants to transfer his lot to another person, he will present the case to the executive committee. The committee then deals with the matter and allows the new entrant to take over the place of the withdrawing member. And the committee informs this to the BCP in letter for approval. The BCP in turn responds its approval in letter to the cooperative and to the municipality too. This is the normal routine task of cooperative societies and also the day-to-day activity of BCP concerning the established cooperatives.

4.4 Results and Discussion

4.4.1 SOCIOECONOMIC CHARACTERISTICS OF THE SAMPLE POPULATION

The age of the members range between 26 and 57 years and the median age is 38, the most frequently reported age being 35. As table 8 shows only 3.3% of the members had ages below 30 and the majority of the members had ages between 30 and 49 years inclusive accounting for 84%. In general the distribution of members with regard to their age reveals that people in thirties and forties are apt to venture to have their own house and this pattern decreases as the age seniority increases from late forties onwards. From the lower side, there is not as such pronounced desire for building a house in the age of twenties or below even if the cooperative procedure prescribes the minimum age to be 14.

Table 8: Age Distributions of Co-op Members

Age category	No	%
Below 30	5	3.3
30 – 49	126	84
Above 49	14	9.4
Not stated	5	3.3
Total	150	100

Table 9 indicates that only 11.4% of the members had never married and the remaining majority (88%) had been married at least for some time. About 80.7% were currently married and the rest 7.3% were either divorced, widowed or separated. An important implication that can be inferred from this pattern of marital status is that married people are more predisposed to have their own houses. In his similar survey, Solomon (1985) had found that 80.5% of his sample population was married and only 14.2% were single. Married people are likely to have large size families thus tend to be dissatisfied living as tenants. They are also likely to have a desire to lead a settled life in a specific area which encourages a tendency to be house owner. For married persons, house ownership is culturally one of the principal objectives in family life. About 88% of the members have reported that they would like to build their houses even if rental housing were available at reasonable cost.

Table 9 Marital Statuses of Members

Marital status	No	%
Single	17	11.4
Married	121	80.7
Divorced	5	3.3
Widowed	3	2.0
Separated	3	2.0
Not Stated	1	0.7
Total	150	100

The distribution of the members in terms of sex shows that only 3.3% of the respondents were women and the remaining were all men. But this does not indicate that women are not participating in cooperative housing. As most of the members were married, women are part and parcel of the projects. The data show only that the membership of female-headed households in the cooperatives is minimal.

As illustrated on table 10, 41.3% of the members had just lived in the study area for six to ten years. This confirms the idea that many people were gravitated to the city during the years following the growth of the city to regional capital in early 1990s. Nearly 11% of the members have reported that they have lived in the study area for three or less years and the same number have lived for four to five years. In general more than 60% of the members have come to the study area with in the previous ten years, and 24% of the members have lived in the study area for about eleven to twenty years. Only 12% have lived in the area for twenty-one and above years. This reveals that it is the recent comers who move to have their housing, as they are the primary survivors of the housing problem.

Table 10: Number of Years Respondents Lived in the Study Area

Years lived	Number of respondents	Percentage
1_3	16	10.7
4_5	17	11.3
6_10	62	41.3
11_20	36	24.0
21_54	18	12.0
Not stated	1	0.7
Total	150	100

With regards to the residential background of members before they come to the study area, only 22% of the members informed that they used to reside in rural areas and all the remaining had been residing in urban areas. This pattern may probably indicate that most migrants to the study area have originated from other urban centers rather than directly from rural areas. Alternatively, it may also indicate that people who have urban background are more likely to have their housing through cooperatives than people from

rural background. This might be because rural migrants often have less income status than urban migrants and hence less likely to venture on house building. The data imply that there is statistically significant association between income level and residential background of members ($X^2 = 12.63$; DF= 2; $P < 0.05$), with moderately strong measure of association (V= 0.3).* The trend is that those who have rural background tend to have lower income levels while those who have urban background appear to have higher incomes.

The household sizes of members range between a minimum of one person and a maximum of nine persons. The median household size is 5 which is also the most frequently reported (modal) household size. The mean household size, being 5.5 persons, is much larger than the average family size of the city as reported by the 1994 census which was 4.4 persons. This may indicate that large family size could be one of the driving forces to construct one's own house since the housing problem faced by large size families will be more severe. Table 11 shows that nearly 90% of the members have household sizes of three or more persons, and, likewise, about 70% have four or more persons.

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* X^2= ***Chi square test of association. DF= Degree of freedom. P= level of significance. V= measure of association (Cramer's V).***

Table 11: Household Size of Respondents

No of persons Per household	No of households	%	% Commutative
1-2	17	11.3	11.3
3	30	20.0	31.3
4	21	14.0	45.3
5	40	26.7	72.0
6	16	10.7	82.7
7^{+}	25	16.7	99.4
Not stated	1	0.7	100
Total	150	100	

As table 12 reveals, quite less than 10% of the members were less educated having an educational standard of grade eight or below and 22% have achieved nine up to twelve grades. The cumulative proportion of members who have educational level of grade twelve or below constituted only 30.7% of the total. The highest proportion (36.7%) of the members has educational status of first degrees and above. Those who had certificate and diploma level (31.3%) ranked second followed by high school graduates (22%). An important conclusion that can be made of this distribution is that it is relatively highly educated people who are likely to be members of the housing cooperatives. Solomon (1985:88) has previously found in Addis Ababa that only13.5%of cooperators had first degrees and above, 17.8% certificate and diploma level, 21.5% nine to twelve grades and 41.6 % grade eight and below that. The present study in Bahirdar shows a different trend. While the previous study indicates that educated people were minority in membership, this study reveals the reverse.

Table 12 Educational Statuses of Members

Status	№	%	% Cumulative
0-8 grades	13	8.7	8.7
9-12 grades	33	22.0	30.7
Certificate/diploma	47	31.3	62.0
BA/BSc and above	55	36.7	98.7
Not Stated	2	1.3	100
Total	150	100	-

As indicated in table 13 the majority (70.7%) of the members are government employees while self-employed persons, either in the formal or informal sectors, accounted only for 18 %. Likewise, those members employed in private companies and other employing organizations constituted only 3.3% and 6.7% respectively. The "other" category comprises those who reported to be employed in different non-governmental organizations. In general, the distribution shows that self-employed people are not represented well and it is only salaried people, particularly government civil servants who dominate housing cooperatives. One of the principal criteria set to join housing cooperatives is to be regularly employed in salaried employment and this has prevented the majority of the city's population from getting into housing cooperatives to fulfill their shelter needs. The few self employed people appeared in the distribution have predictably got into membership under different guises in the process of member turnover. Some members for example appear as caretakers on behalf of withdrawing members.

In late 1970s and 1980s low income people who had no regular salary income had the opportunity to organize themselves into self-help housing cooperatives and used to get all

sorts of organizational and technical supports except credit service (UNCHS, 1989). Currently, however, such cooperatives of low-income groups in the informal sector are entirely excluded by the criterion of regular salary income.

Table 13 Employment of Co-op Members

Employment Type	№	%
Self employed (formal and informal)	27	18.0
Government employee	106	70.7
Private Company Employee	5	3.3
Others	10	6.7
Total	150	100

Table 14 shows that higher income people dominate cooperative membership while lower income groups are less in number. Only 10.6% of the cooperative members have income levels of Birr 500 or less where as 23.4% were earning above 2000 birr. Less than 37% of the members have been earning a monthly income of birr 1100 and less while a significantly high proportion of the members (63.4%) earn a monthly income of more than 1100. In a similar survey, Solomon (1985) had found that 57.7% of the sample population laid in the income category of Birr 500 or less, and those earning birr 1000 or more were only 13.3%. Now, however, the pattern reveals a different picture. A significantly sound conclusion hat can be inferred from the contrast and from the distribution on table 14 is that present day housing cooperatives are exclusively meant for high-income groups quite unlike the previous ones. This statement is further affirmed by the educational levels of members too. As indicated in table 12 the majority of members were educated to the tertiary levels. Thus, it is a rather disappointing picture that poor people are excluded from

cooperative membership and their effort to search the way out to resolve their housing problems is prevented. The income distribution of members reveals that the majority of the members were high-income earners. The most frequent (modal) income being 2000, the median income of the members is nearly 1400.

In contrast, the median monthly household income of the city was Birr 204 in 1996 with 79% of the income being spent on food and water (PADCO, 1997:10). In this general context it would be predictable for sure that housing cooperatives are not serving the needs and interests of the majority people. In 1995/ 96, about 23.4% of the city's households were earning a monthly income of less than birr 166; while 62.9% earned between birr166 and 1050 inclusive, and only the remaining minority (13.6%) had monthly incomes of more than Birr 1050 (CSA, 1998:32).

Table 14 Income Level of Co-op members

Income Level (Br)	№	%	% Cumulative
500 and less	16	10.6	10.6
501 – 800	25	16.7	27.3
801 – 1100	14	9.3	36.6
1101 – 1400	21	14.0	50.6
1401 – 1700	17	11.3	61.9
1701 – 2000	10	6.7	68.6
Above 2000	35	23.4	92.0
Not Stated	12	8.0	100
Total	150	100	

The low involvement of low-income people in the cooperatives becomes clear if cooperative members are classified into income categories. For this purpose, those

members earning **Birr 500 and less** are labeled as "low income", those members earning **between 501 and 1400** as "middle income", and those earning **above 1400** are labeled as "high income" groups as presented in table 15 below. This table shows that low income people have less involvement than middle and high income categories.

Table 15:Simplified Income Groups of Members

In Come Group	№	%
Low (500 and less)	16	10.7
Middle (501-1400)	60	40.0
High (above 1400)	62	41.3
Not stated	12	8.0
Total	150	100

Table 16 illustrates that the main motive that drive the majority (58.7%) of the members to build their houses is the need to have one's own house. Eighteen percent of the members reported that their reason for building their houses was lack of rental housing that satisfy their need. It would not be surprising that such a significant proportion of the members are urged more by lack of rental houses to build their houses, as there are no rental houses that can satisfy the demand for rent. As discussed earlier, houses that are supplied for rent by private households are almost entirely single rooms that are part and parcel of the main home units occupied by the owners. Needless to say, such dwellings do not render suitable accommodation, particularly for large size families. About 23.3% of the members also disclosed that they resorted to build their own houses because rental housing is too expensive.

In general terms, it can be inferred from table 16 that the majority of the members were driven more by the desire for property (house) ownership than by the housing problem per se. This may be partly because members see house ownership as a source of privacy and security for their family. In the majority of cases, the writer has observed in the field work that households are in a hurry to build fences around their houses, surprisingly, even before the construction of the main housing units is completed. In many cases, service rooms are built first and households start to reside in these rooms and next they build fences, putting aside the construction of the main housing units for latter time. This is good evidence that the majority of families have a strong desire and priority for privacy.

Table 16: Reasons For Building Own House

Reason	№	%
Rental house is not available	27	18
Rental housing is expensive	35	23.3
Need for owning a house	88	58.7
Total	150	100

4.4.2 MEMBER TURNOVER AND CONSTRUCTION PROGRESS

Table 17 indicates that 42.7% of the respondents were not founding members in their respective membership and have joined the cooperatives by replacing withdrawing members. This implies the prevalence of high member turnover in the cooperatives. About 60% of the members reported that financial problem causes members to withdraw, 12.7% reported that members with draw to maximize profit by selling their lot, while 18.7% said the reason is change of residence as a result of employment or other life opportunities

somewhere else. Thus, financial problem is a major roadblock for households to fulfill their housing need in a cooperative way. In the process of member turnover, lower income groups are gradually eliminated from cooperative membership and cooperative plots end up in the hands of the middle and high income groups. This is how the market system operates against the poor. As such, at the end of the day the poor will be marginalized and entirely out of the scene as their plots are taken over by the middle and the higher income groups.

Table 17: Membership Status of Respondents

Membership	*№*	**%**
Founder	86	57.3
Non founder	64	42.7
Total	150	100

Exactly 50% of the members reported that they undertake the construction work by a contractor and 44% reported they use hired labor on daily basis managing the supervision work by themselves. This implies that a significant proportion of the members use informal skills and labor at large. The use of informal and traditional construction skills is in most cases to minimize cost.

Table 18 shows that 16% of the members reported that they have completed the construction of their houses and 53.3% have reported that their houses are partially completed. "Partially completed" is operationally defined to mean either the service rooms are completed while the main housing unit may not be started at all; or the main housing unit is erected including the walls and roofs. This definition seems to have exaggerated the

number of partially completed houses, as there were many of such cases where the services rooms are completed and resided by families while the main housing units were not yet started. "Just started" is used to mean the foundation is laid or the walls are under construction but the roofs are not yet built.

Table 18: Construction Level of Housing Units

Level /Progress	№	%
Completed	24	16.0
Partially completed	80	53.3
Just started	42	28.0
Not stated	4	2.7
Total	150	100

More than half of the members reported that they were dissatisfied by the slow progress of the building work. Forty-two percent of the members disclosed that financial constraint is the major reason for the delay or standing-still of the construction work. While financial constraint is the principal factor that impeded the efforts of the majority members, there are also some procedural bottlenecks that discouraged members from advancing the work to the maximum of their effort. As mentioned earlier the construction work has been made a private matter for every individual member after foundations are laid mutually. But government organs, the municipality in particular, do not recognize this officially. In principle, the cooperative society is officially understood as if it operates mutually. Thus, every individual member is supposed to get a private title- deed when the construction of all houses is completed. Similarly, electricity installation will be allowed when at least 75% of the houses in a cooperative are completed. This procedure has discouraged some

members even if they are capable of constructing their houses. This means, unless all or the majority of the members advance with equal pace, those who finish early will not be given the title-deed for their houses or will not get electricity service. This discourages the timely completion of houses. In other words, members who are more capable and devoted to facilitate their projects are demotivated from doing so for the reason that other members could not advance with equal pace. In effect, therefore, housing cooperatives are discouraging the construction of houses rather than facilitating.

The logical conclusion that can be made at this point is that the performance of housing cooperatives, as they are so called, is off track from the main principles of cooperative work. The essence of cooperative housing is collective mobilization of resources to overcome problems that would have been difficult for individual efforts. In this respect, it can be said that cooperatives in Bahirdar no longer retain an element of collective undertaking or mutual effort to strengthen individual efforts as members advance the construction work individually. Rather, the mere symbolic existence of cooperatives appears to be a roadblock to individuals' efforts to house themselves as discussed here above. It might appear puzzling why people associate themselves into housing cooperatives while practicing the actual work individually, and yet their individual efforts being hampered by the cooperatives established by themselves. What is then the advantage of joining into housing cooperatives over individual efforts?

Table 19 shows that the majority (68%) of the cooperators reported the advantage of joining housing cooperatives is land acquisition. The municipality does not respond to

individual applications for land, and the only way to have access to land is through cooperatives. This is supported by official sources that land provision for individual applicants is not done annually like that of cooperative applicants. The municipality has turned deaf ears to individual applicants even if there are thousands of them in the waiting list. So many applicants resort to the cooperative way even if it has no advantage other than giving access to land. About 21% of the cooperators have reported that cooperatives have the advantage of cost minimizing, though it is not clear how cooperatives minimize cost. Most probably they are reporting the intended advantages of cooperatives rather than the actual advantages derived. Alternatively, they may be reporting the cost incurred to get access to land through cooperatives as compared with the cost that would have been incurred in the informal land market. A significant proportion (6.7%) of cooperators also suggested different qualified opinions regarding the advantages of cooperatives. These include cooperatives "have no advantage at all", " minimize bureaucratic ups and downs", "encourage saving " and the like.

Table 19: Cooperators View Towards the Advantage of Housing Cooperatives.

Advantage	№	%
Land acquisition	102	68
Cost minimizing	32	21.3
Others	10	6.7
Not stated	6	4.0
Total	150	100

4.4.3 Major Impediments to Cooperatives

As discussed earlier in the analysis framework of the housing sector through an input-output model, access to basic housing factors or inputs is a major issue that determines the

production (output) of housing by different actors (see table 4). This section tries to uncover some potent factors that impede cooperative housing severely in the study area, as was proposed by the thesis statement or the hypothesis.

Access to Land

The supply of residential land for cooperatives is very low as compared with the high demand. Out of the 122 cooperatives with 3232 members applied for land acquisition only 48 cooperatives with a total membership of 1296 households were able to acquire land in the last five years since 1995/96. This is because the municipality could not provide land adequate enough to respond the high demand. It could provide a few plots every year, which is too insignificant as compared to the need. The main criterion for land allocation is very much discriminatory against low-income groups and excludes them entirely to benefit from the limited supply as discussed in section 4.1 above. Besides, since cooperatives are organized on the basis of regular salary income, households in the informal employment sector are excluded from having access to residential land through housing cooperatives. Thus lack of access to residential land has been a major problem particularly for low income cooperators at two levels: First, the cooperative principle at the out set excludes households in the informal sector from cooperative membership. Second, after cooperatives are formed by salaried members, the low-income majority are further scrutinized out on the basis of the level of capital members could deposit in blocked account. In the cooperative movement period during 1970's and 1980's households of different income groups were made to have access to residential land and related services. That was made by organizing housing cooperatives into three income groups (see section 2.5). Currently there is no such categorization of cooperatives according to income levels of members. Only one type (the normal type) of cooperatives is being organized. Fifty-

eight percent of the members complain that the most pervasive problem faced by their cooperatives was a long time delay to obtain land. The waiting list of cooperatives reveals that there are cooperatives organized six to seven years ago and yet not obtained land.

FINANCE

Currently there is no financial institution arranged to cater to the needs of house builders in the country as a whole. In 1970s and 1980's the HSB was assigned the responsibility of providing housing finance at relatively lower interest rate with much favor and priority being given to cooperative housing (see section 2.5). However following the banking sector reform in 1994 the Bank's services were all repealed and it abandoned its specialized function as a housing finance. The Bank was renamed as construction and business Bank (CBB) to imply that it has shifted the focus of its lending services from housing to general business and commercial real estate development. It was reorganized in such a manner that it should operate like a private bank pursuing profit. Thus CBB is now entirely turned to commercial lending as the profit motive is served best by commercial lending than by low cost housing (PADCO, 1997). Needless to say, currently there is a complete lack of financial institution in charge of providing housing finance. This lack of housing finance is a potent factor that has impeded the progress of housing cooperatives since the last ten or so years.

Thus, none of the cooperatives in the study area have taken bank loan for their construction work. However, about 44% of the members reported that they have already taken loans from informal sources for the purpose of their construction and are currently paying back their debts. The problem of financial constraint that cooperative members have to bear is

not limited to the lack of financial services only. On top of that, cooperatives are required to deposit a substantial amount of their capital in blocked account for a long period of time with out any return or interest on it. The financial problem is, therefore, twofold as some members explained it. First, there is no housing finance that provides lending services for cooperatives. Second, cooperatives are required to deposit a large amount of capital in blocked account where no interest is fetched.

Most of the members (74.7%) have disclosed that the construction cost is beyond their income and it will be difficult to facilitate the work with in a limited period of time, unless credit is available by any means. One cooperative member has described the advantage of credit service if it were to be made available like this:

> *" I, for example, am paying Birr 200 for rent. At least it will take 5 years to complete my house, and I will be paying 200 Birr per month for rent until the fifth year. But if bank credit were available the construction of the house would be completed in a year and the 200 Birr rent would be saved. Further a tremendous cost increment will happen in construction materials. All that would have been saved if credit service were made to be available. Above all the discomforts and inconveniences my family is bearing would have been short lived ."*

Only 12 % of the members revealed that they have a bank saving reserved for the construction of their houses and they need not bank loan. The great majority (80%) had no bank saving reserved for the construction work. On the other hand, however, the majority of the members have revealed that they can allocate at least some amount of their income for the construction work. As indicated in table 20, only 12% of the members disclosed that they are not able to allocate a minimum amount of their income for their construction. A substantial proportion (32.7%) of the members have reported that they can put aside as

much as Birr 30 to 300 of their monthly income for the construction work. Another 12% of the members also disclosed that they could reserve or save Birr 600 or more per month. On the average the members can save Birr 335.33 with standard deviation of 323. Both the modal and median disposable income for housing is found to be Birr 300 per month, the maximum being Birr 2000.

Thus taking the median or modal disposable income on housing, it would take about 25 years for a member to complete the construction of a 90,000 Birr worth house which is the minimum standard for the cooperatives. This means, it would be a life long task for members who are already in their mid thirties and above. It is of course a simple guess assuming all other factors constant, or ceteris paribus. In any case, the fact of the mater is that lack of housing finance is a major impediment to cooperative housing.

Table 20: Disposable Income for Housing

Monthly Income Disposable on Housing	No	%	% Cumulative
None	18	12	12
30_300	49	32.7	44.7
350_500	22	14.7	59.3
600 and above	18	12	71.3
Not stated	43	28.6	100
Total	150	100	-

More than half (51.4%) of the members have no planned timetable regarding the completion of their houses. Table 21 indicates that only 48.6% of the members were able at least to sketch a timetable when their construction will be completed. Only about 11.3% of them have intentions to finish within a year, 18% within two to three years, and 19.3%

intends to finish after four or more years. The "other" category (51.4%) constitutes those who do not know when the construction work will be completed, and mentioned different qualified opinions and conditions. Most of them said that they will finish their construction "*when money is at hand*" or "*when God allows*". These opinions indicate that the efforts of the cooperative members to house themselves are being highly frustrated by lack of finance. Thus, it can certainly be inferred that lack of long-term credit service for housing is a major roadblock that negatively influences the construction of houses by cooperatives.

Table 21: Timetable to complete the construction work

Completion Period	No	%
Within this period	17	11.3
Within 2 to three years	27	18
In four or more years	29	19.3
Others	77	51.4
Total	150	100

SOCIAL AND PHYSICAL INFRASTRUCTURE

As table 22 shows, 34.7% of the members have revealed that they faced the problem of access roads and 94.7% of the members reported that they faced the problem of electricity. The reason is that the municipality holds the principle that unless more than 75% of the houses in each cooperative are completed, electricity service will not be installed in that neighborhood. Some members also revealed that even if the 75% principle is fulfilled, the payment for the installation of the service is extremely prohibitive. Many of the members complain and comment that the municipality installs electricity in non-cooperative neighborhoods with no charge to the residents, whereas in the case of cooperative

neighborhoods, members are supposed to pay the expense for the installation of the service network. This discriminatory policy is unjust and very much disappointing, as they complain.

About 67% of the members also reported that they suffer from lack of drainage system in the area. The problem becomes more serious in the rainy seasons when the surrounding fields and open areas turn to ponds and swamps. The condition is very much troubling both for foot travelers as well as for vehiclers. The problem has even more far-reaching serious effect, as it becomes the cause for malaria epidemic that often develops to its deadly stage soon after rainy seasons elapse.

Other serious infrastructure problems reported are the lack of marketing/ shopping services and schools. As the areas are located at the outskirt of the city, the lack of primary school education, but most particularly kindergarten schooling, is a strongly felt problem. Small children below the ages of ten cannot go far to attend school and this has been troubling many parents. Many parents opted to reside in rented houses in the mid city even if the construction of their houses is approaching the finishing stage.

Table 22: Major Infrastructure Problems as Reported by the Members

Lack or absence of	**Reported by (%) of the members**
Access road	34.7
Electricity	94.7
Potable water	8.0
Drainage system	67.3
Marketing service	43.3
Schooling	29.5

Another important problem raised by the members is the question of security. On top of the problems of other services like electricity and drainage, a significant number of the members also have disclosed that they felt unsecured, as the area is not patrolled by police. The fact that the area is far from the mid city coupled with the lack of policing service and absence of electricity endangers the lives and properties of the members.

In general, it could be understood from field observation that the cooperative project sites are devoid of basic infrastructure services. It appears that a host of houses are being erected amidst the wide fields of undeveloped land or seemingly agricultural field. Therefore, lack of infrastructure facilities and services is one of the first mentioned drawbacks that discourage the construction of residential houses. Many members of cooperatives restrain from building their houses and prefer to stay in rented houses in the mid city. They wait until the area is developed or served with basic infrastructure services. Others may abandon the idea of house building and withdraw from their cooperative membership exacerbating member turnover. So the lack of infrastructure facility is an important cofactor impeding cooperative housing.

TRAINING AND TECHNICAL SERVICES

As discussed in the previous sections technical and training services are important elements in the process of cooperative housing. Cooperatives used to receive these services from the government during the 1970s and 1980s. Currently, however, such services are not available for cooperatives. Technical / engineering services that used to be given for cooperatives without charge are no longer given to day. The organizational training and orientation services too are out of the date. BCP was formed by proclamation to undertake

the task of promoting cooperatives (including cooperatives other than housing). However, about 19.3% of the members reported that they do not know the office at all, 31.4% said they know the office but provides no service at all and only 49.3% responded the office grants legal certificate for cooperatives. The matter is that the government organ responsible to promote and support cooperatives is providing no service except issuing legal certificate.

Table 23: Assistances given by the BCP as perceived by members

Assistances	No	%
No assistance at all	47	31.4
Grant legal personality only	74	49.3
Do not know its existence	29	19.3
Total	150	100

CONSTRUCTION STANDARDS AND REGULATIONS

The majority (74.8%) of the members have informed that the building standard given by the municipality is not tantamount to their income level and they have commented that the municipality should revise its design regulations. Most cooperative house designs have an estimated cost of above Birr 100 000, the minimum cost being Birr 90,000. Some respondents informing this study commented that while it is plainly known that the majority of the people are poor, setting high standards is not acceptable. The minimum standard house approved by the municipality costs Birr 67,000. Any one who wants to acquire land for housing has to be certified to afford this cost. This highly expensive design pushs low-income groups out of the scene. The implication is that the poor are being marginalized and deprived of their right to shelter by design regulations. In fact, the

majority of the city 's population is poor so much so that they cannot afford such standards. Even the minimum standards do not allow self-help building as it requires technical know how and expensively processed materials which are beyond the reach of low-income groups. This discourages the use of locally available materials and unskilled labor, thereby impeding self-help and self-reliance initiatives. In other words, high standards depend mainly on imported materials and contractor based technical know-how. This undermines family labor and self help efforts thereby making housing unaffordable for the majority of households.

The essence of self-help is that it requires less of scarce resources such as highly skilled labor and capital and use instead relatively abundant factors of production. In post 1975 cooperatives movement, there were cooperatives organized under the aided self-help initiatives that mobilized their labor to produce low income housing (Solomon, 1985). But currently, there is no such effort to mobilize the human resource towards the fulfillment of the housing needs of the mass. Official standards are imposed with out referring to the needs and capacities of the majority people.

Thus, expensive housing designs are among the major stumbling blocks for cooperative housing, and it can be stated that cooperative housing programs in the study area are de jure reserved to middle and upper income groups. Or, in other words, the prevailing condition is prohibitive for low-income brackets to construct their housing as the regulatory system marginalizes the poor.

In conclusion, the widely held misconception that high standards improve the condition of housing is prevalent among the authorities. Such a principle makes sense if it were the case that housing units fulfilling such standards are either afforded by the majority households or are provided by others. In the study area, where the majority of the population is absolutely poor and where the public sector is unable and also in apathy to provide housing, such a principle is neither feasible nor desirable.

5 CONCLUSIONS AND RECOMMENDATIONS

The housing problem is multifaceted by its nature in that it emanates from multifarious causations of socioeconomic, institutional and political factors and hence demands eclectic approaches towards its solution. Socioeconomic factors arise mainly from the low development level of the country and the fact that the great segment of the urban population is living under poverty line. The low income level of the majority population coupled with soaring construction cost prohibit people to construct residential houses. Yet the problem is still getting worse and worse exacerbated by the continuous swarming of people into cities and towns.

Many developing countries have been resorting to a range of different approaches and programs to resolve the problem of housing. Prior to 1970s the provision of conventional housing had been at the stake, and that was replaced by sites-and-services programs along with the upgrading of informal settlement. However, in the face of rapid rural urban migration and the low income of in-migrants, efforts to provide sufficient dwelling units through these programs proved ineffective by the late 1980s.

The inability of governments to be the sole development agent as well as the failure of the conventional and project approaches to resolve the question of housing made the adoption of the "enabling" approach imperative by the early 1990s. Since then the trend in housing policy has been a general shift to this new approach whereby the full potentials and resources of all actors in shelter production and improvement process are mobilized, and the way ahead appears to rest much on this approach.

The enabling approach envisages the promotion of integrated and self-administered community organizations to bring about collective mobilization of self-help potentials and resources in an effort to address the problem at hand. But this does not mean the denial of traditional responsibilities of governments to housing. Rather the approach is meant to serve as a vehicle for creating additional actors to reinforce government efforts for a better achievement in dealing with problems posed by very large number of poor people. Indeed, there remains a decisive responsibility governments should shoulder as the housing issue can never be divorced from the state. There is every reason that governments should and must put their hands onto the housing market. The enabling approach is then not a transfer of responsibilities from the government to other actors, but rather redistribution of responsibilities among a variety of actors in order to form a coalition of actors to fight the problem in an organized manner.

The acceptance of the enabling approach has increased the importance of housing cooperatives as a means of organizing self-help endeavors and mobilizing community resources. Cooperative housing has been taken to be a most viable strategy towards fulfilling the housing needs of the urban mass particularly in developing countries. Housing cooperatives have manifold advantages and they have attested success in addressing critical housing problems in different countries with various historical and socioeconomic contexts. However, the success of cooperatives depends to a large extent on government assistance including the putting into effect of supportive institutional structures that provide administrative, technical, financial and coordinating services. Thus,

the assistance and catalytic action of governments is a necessary condition for the success of housing cooperatives.

In retrospect, housing cooperatives had shown such an "impressive" progress in Ethiopia during the late 1970s and 1980s. Cooperatives had enabled thousands of households from different income groups to have access to the basic elements of housing, i.e., land, finance, construction materials, technical and organizational services. They have contributed a significantly high proportion of housing production towards the fulfillment of the housing needs of the urban masses. However, following the change of government during the early 1990s, technical, institutional and financial assistances that cooperatives used to receive were all repealed, and a period of policy impasse has set in since then.

In Bahirdar it was in 1995 that the cooperative way of housing resumed under the context of the new socioeconomic and political orientation. Cooperative housing was renovated by the regional government as a most viable strategy to resolve the prevailing critical housing problem and to pursue sound urban development. Unfortunately, however, the performance of cooperatives in the last eight or so years as investigated by this study reveals a general sterility or failure of the program to realize the intended outcomes.

One major failure of the program is that the organization of cooperatives has been based on regular and salaried employment that has excluded the great majority of households in the informal employment sector. There is only one type or category of cooperative

membership instead of having different categories of membership according to the income sources and capacities of households.

The supply of residential land for cooperatives is also very much insignificant as compared with the tremendous need. After cooperatives are organized on the basis of salaried employment of members, households are further screened out according to the level of capital members could deposit in blocked account. Thus the main criterion for land allocation is very much discriminatory against low-income groups. A glance at the survey data reveals that only the few upper income groups could manage to have access to residential land through cooperatives.

Housing cooperatives need institutional support of the government to facilitate and render technical, administrative, organizing and coordinating services. Such services are almost entirely non-existent in Bahirdar and the activities of cooperatives are not well organized or coordinated in line with cooperative principles. As a result, cooperative societies appear to deter individual efforts instead of consolidating and strengthening them. The cooperative division of BCP concerned with housing cooperatives is poorly organized and desperately understaffed so much so that it cannot deliver any one of the services necessary for housing cooperatives. The division is given marginal significance as compared with the agricultural division and run by agriculturalists who have no relevant expertise in urban housing issues.

Another stumbling block for cooperatives is a complete lack of financial institutions that provide housing finance services at reasonable rate of interest. The CBB that used to provide housing finance services had entirely redirected its services to general business activities and had withdrawn from its responsibility to provide low cost housing finance. This lack of housing finance services has seriously retarded the effort s of even upper and middle-income households let alone the efforts of low-income groups.

Lack of social and physical infrastructure facilities has also a discouraging effect on the construction of houses by cooperatives. The new settlement areas parceled to cooperatives lack basic infrastructure facilities like electricity drainage, access roads, and other community facilities such as schooling, policing and marketing.

Moreover, highly expensive standards of housing designs entail potent barriers particularly for low-income cooperatives by inflating construction costs. Even the minimum standards approved by the municipality do not allow self help building, as it requires technical know how and expensively processed materials. This discourages the use of locally available materials and unskilled labor thereby impeding self-help and self-reliance initiatives.

On the whole, from the forgoing investigation, there is every evidence to conclude that ***problems of land provision, housing finance, and infrastructure services as well as expensive building standards are major impediments to housing cooperatives in Bahirdar city.***

Recommendations

The criteria of land allocation which excludes low-income groups should be revised in such a way that equitable access to land should be available to all income groups. In general the provision of residential land and basic infrastructure services should be improved.

Installing appropriate long-term financial institution that shall deliver housing finance services to cooperatives is a prerequisite. Lending services should be available at reasonable rate of interest particularly for low income households

Revising construction standards and designs in order to make them affordable to the majority of low-income groups appears to be imperative. Use of less expensive construction materials and simple technical skills to lower construction costs should be considered. This will help mobilize self-help potentials through labor-intensive construction of houses. In this regard alternative and cheaper construction materials should be explored and produced locally.

The organizational approach should be revised and cooperatives should be organized into three types according to financial sources and capacities of households as was practiced in late 1970s and 1980s.

Bureau of Cooperative Promotion (BCP) is not appropriately organized in a way that it could provide organizational, technical and coordinating assistances to housing cooperatives. So there is a need to create a specialized government organ to provide and

coordinate different services. This may be achieved either by consolidating the concerned division within the BCP or make BWUD to retain the responsibilities which it used to shoulder previously.

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Appendix A

Survey Questionnaire Administered to the Sample Households
Name of the cooperative: _____. Questionnaire No: ____. Date_____

Section 1: Household Characteristics.

No.	Household members	sex	Age	Marital Status	Relation To head	Place of birth	Duration lived in Bahirdar	Where did you live before	Education level	Employment status	Occupation	Monthly in come
	1	2	3	4	5	6	7	8	9	10	11	12
1 2 3 4 5 6 7 8 9 10												

Sex (2)
1. Male
2. Female 2

Marital status (4)
1.single
2. Married
3. Divorced
4.widowed
5. Separated

Relation to head (5)
1. Head
2.spouse
3.son/ daughter
4.parent
5.servant
6.other

Place of birth (6)
1.Bahirdar city
2.other zone with in the region
3.other region in Ethiopia
4.outside Ethiopia

Where did you live before (8)
1.rural
2.urban

Educational level (9)
1. No schooling
2. Grade 1-8
3. Grades 9-12
4. Vocational
5. Diploma
6. BA/BSc and above
7. Other ----------

Employment status(10)
1. Self employed formal
2. Self employed informal
3. Government employee
4. Private company
5. Other----------

occupation (11)
1. Teacher
2. Engineer
3. Public elected
4. Trader
5. Soldier
8. Other----------

Monthly income (12)
1. Below 200
2. 201-500
3. 501-800
4. 801-1100
5. 1101-1400
6. 1401-1700
7. 1701-2000
8. Above 2000

Part Two: General

1. Date of your entry into the cooperative ----------

2. Are you founding member of the cooperative?

   1) Yes, 2) no

3. If you are not a founding member, how did you join the co-op?

   1. You bought a lot from a withdrawing member
   2. You are represented by a member as a care taker
   3. Other, ----------

4. Why did you decide to join the co-op?

   1. Because rental house is not available
   2. Because rental house is expensive
   3. Because house ownership is an important asset
   4. Other, ----------

5. In case rentable housing is available at reasonable price, would you have refrained from joining the co-op? 1) Yes, 2) no

6. The home you are living in currently is:

   1. Rented from kebele for -------Birr
   2. Rented from Rental Housing Agency for---------Birr
   3. Rented from a private household for ---------- Birr
   4. Your newly constructed house
   5. Other, ----------

7. What do you think is the advantage of getting into cooperative housing?
   1. Land acquisition
   2. Access to credit
   3. Cost minimizing
   4. Others (specify)----------

8. Do you actively participate in any decision of the co-op?

   1) Yes 2) No,

9. If you do not participate, what is your reason? ----------
   ----

10. Do you attend co-op meetings regularly?

    1) Yes 2) No,

11. Are you a member of executive or any other task committee?

1) Yes, 2) No

12. What is the most challenging task in cooperative housing?

1. Coordination and organization of members
2. Acquiring legal personality
3. Land acquisition
4. Others (specify)----------

13. Which of the following problems are faced by your co-op?

1. Delay in obtaining land
2. Delay in site planning and building permit
3. Scarcity of building materials
4. High cost of building standard
5. Lack of cooperation among members
6. Failure of members to abide by the coop by-laws
7. Other, ----------

14. What measures do you think will help facilitate/promote cooperative housing?

1. Revise cooperative law
2. Revise land acquisition
3. Provide credit service
4. Revise building standards
5. Provide infrastructure facilities
6. Others, ----------

Part Three: Land and Infrastructure

1. What constraints were faced by the co-op in obtaining land? ----------

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2. How long did it take to acquire land after the co-op was established?

----------Years, ----------months, ----------weeks

3. Have you already known your lot?

1) Yes 2) no

4. What is the size of individual lots in square meters? ----------

5. Do you think that the municipality is not effective in providing land for co-ops?

1) Yes 2) no 3) do not know

6. If your answer for the above question is "yes", how is it not effective? ----------

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7. What is the effect of the current lease policy on co-op housing?

1) Encouraging 2) discouraging

8. If the lease policy is discouraging, please explain how it discourages co-op s? ----------

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9. Which problems are faced in the new resident area?
   1. Far from work place
   2. Far from school
   3. No accessory road
   4. No electricity
   5. No potable water
   6. No drainage system
   7. No marketing/shopping services
   8. Others, ----------

10. Has the progress of the co-op been constrained due to lack of infrastructure services?

1) Yes 2) no

11. If the co-op's progress is constrained due to lack of infrastructure services, please explain the most determinant services. ----------

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Part Four: Finance

1. What is the amount of money members contribute to the cooperative?
   1. Registration fee ----------
   2. Regular contribution Birr ----------
   3. other----------

2. Are there members who fail to pay their contribution?

1) Yes, 2)No

3. If there are members who have not completed their contribution, how many are they?

---

4. Do you owe any arrears to the cooperative? 1) Yes, 2)No

5. If you owe arrears to the co-op, how much is it? ----------

6. What is the estimated cost of each housing unit? ----------

7. Do you feel that the amount is beyond the reach of your income level?

1) Yes 2) No

8. Can you get credit or any other financial help to complete the construction?

1) Yes 2) no

9. Do you have bank saving to complete your house construction? 1) Yes 2) no

10. At maximum, how much can you save per month for your co-op? ----------

11. Have you taken any loan from relatives or friends for your contribution?

1) Yes 2) no

12. If you are paying bank loan for your co-op, how much do you pay per month? ---------

13. How long will it take to finish your loan payment? ----------Year, ----------month.

14. Did the co-p take loan from any financial institution?

1) Yes 2) No

15. If the co-op has not taken any bank loan, what is the reason?

1. Members of the co-op do not want loan since they con afford without loan
2. There is no credit available for co-ops
3. Other, ----------

16. In case credit service is available, would the construction be facilitated?

1. Yes 2. No

17. Do you think the progress of the co-op is impaired with lack of credit service?

1) Yes 2) No

18. Is there a regular auditing of the co-op's finance?

1) Yes 2) No

19. Is there any financial deceit or loss faced by the cooperative?

1) Yes 2) No

<u>Part Five:</u> Organizational and Operational

1. How is the construction being done?

1) Mutually 2) Individually

2. If the construction is being done mutually, do you need to take out your lot and build individually instead of on mutual basis?

a) Yes b)No,

3. How is the construction being done?

1. By a contractor
2. By members and hired labor
3. Other ----------

4. How is the progress of your cooperative construction?

Parts of the house	Completed (1)	Partially completed (2)	Just started (3)	Not yet started (4)
4.1 Foundation				
4.2 Walls				
4.3 Floor				
4.4 Roof				
4.5 Ceilings				
4.6 Painting				
4.7 Service rooms				
4.8 The whole unit				

5. What do you feel about the progress of the construction work?

1) Progressing well 2) Delayed 3) No progress at all

6. If the work is delayed or not progressing at all, what are the main reasons for that?

1. Lack of commitment by the members
2. Financial constraint
3. Lack of building materials supply
4. Lack of infrastructure services in the area
5. Legal and bureaucratic bottlenecks
6. Others (specify)

7. Are the cooperative leaders committed and responsible?

1) Yes 2) no

8. How many people have left the co-op? ----------

9. Are withdrawing members allowed to sell their lot?

1) Yes 2) no

10. If there is a frequent member turnover, why members withdraw from the cooperative?

1. Lack of financial capacity
2. They want to maximize profit by selling land
3. Other----------

11. What is your intention for the future?
    1. To sell your lot and leave the cooperative
    2. To complete the construction
    3. Other ----------
12. If you intend to withdraw, what is your reason?
    1. You are unable to contribute the required money
    2. You need money for other purposes
    3. You do not like the area because it is far from the center of the city
    4. Other, ----------
13. If you intend to proceed your co-op, when do you think the construction will be completed? ----------
14. Do members respect the co-op by –law?
    a) Yes b) no
15. If members do not respect the co-op's by-law, what is the reason? ---------- - ----------
16. How is the degree of cooperation and integration among members?
    1) Weak 2) Medium 3) Strong

Part Six: Legal and Institutional

1. Do you have a copy of the co-op's by-law?
    1) Yes 2) no
2. Does the co-op by-law permit individual members to construct individually?
    1) Yes 2) no
3. Is the building standard given by the municipality affordable to the ability of the co-op members? 1) Yes 2) no
4. Should the building standard be revised?
    1) Yes 2) no
5. Would you like to build your house at cheaper cost if the building code were allowing for that? 1) Yes 2) no
6. Do you feel that your co-op by-law has some problems to be revised?
    1) Yes 2) no 3) do not know

7. If you say "yes" for the above question, please explain the problems and suggest solutions ----------

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8. Do you think that there are policies or regulations that have retarded co-op housing?

1) Yes 2) no 3) do not know

9. If your answer is "yes" for the above question, please explain such problems that have retarded co-ops. ----------

10. Does the co-op proclamation law have some problems? 1) Yes 2) No,

11. If the current co-op proclamation has shortcomings, would you explain please? ---------

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12. Please list some of the most important government institutions that can assist your co-op? ----------

13. What assistance does the co-op need from the government? ----------

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14. What assistance does the cooperative get from the bureau of the cooperative promotion?

1. Non
2. Training
3. Audit service
4. Grant legal personality
5. Other ----------

Appendix B

Check List for Unstructured Interviewing/ Documentary survey

From the Municipality and BWUD

1. Land provision profile since 1991
2. Nature of the housing problem in the city
3. Progress of co-op housing.
4. Pervasive problems faced by co-ops with regard to
    - Finance
    - Land provision
    - Infrastructure
    - Construction standard and building codes
    - Housing policy, administration, and management
5. Is the building standard affordable to the households' ability to pay? How and why?
6. Is the present co-op proclamation encouraging or discouraging as compared to the previous one?
7. Is there municipal or state policy that retards co-op housing? Explain
8. What is the most challenging task in co-op housing? Explain
9. What measures should be taken to promote co-op housing? Explain how and why?

From the Cooperative Promotion Bureau

1. Services provided to housing co-ops
2. Organization procedures and types of housing co-ops
3. Legislation and regulation with regard to co-op housing
4. No. Of co-ops established and registered
5. Limitations/shortcomings of the Bureau
6. Criteria required from households to join housing co-op?
7. Is it possible for individual members to construct individually? Why? Why not?
8. Is the present co-op proclamation encouraging or discouraging as compared to the previous one?

9. Is there municipal or state policy that retards co-op housing? Explain
10. What are most challenging tasks in co-op housing? Explain
11. What measures should be taken to promote co-op housing? Explain how and why
12. What shortcomings do have co-op bylaws?

To the Cooperative Leaders/members

1. How do you see the progress of the co-op?
2. When was the co-op acquired land?
3. Have members already known their respective lots? Why/ why not?
4. Is it possible for members to construct individually? Why/why not?
5. If the work is not progressing well, what are the main reasons for that? Explain
6. Are there members who fail to pay their contribution? How many?
7. Did the co-op take loan from any financial institution? Where? How? How much?
8. If the co-op did not take loan, why not?
9. In case credit service is available, would the construction be facilitated? Why/ why not?
10. Is there regular auditing of the co-op's finance? How often? By whom?
11. Is there any financial deceit faced by the co-op? Explain
12. Is the building standard given by the municipality affordable to the ability of the members? Should it be revised? How?
13. Is there frequent member turnover in the co-op? How many members have left the co-op?
14. Is the present co-op proclamation encouraging or discouraging as compared to the previous one?
15. Do members respect the co-op by-law? If not why not?
16. What shortcomings the co-op's by-law has? Explain
17. Are there municipal or state policies that retard co-op housing? Explain
18. Do members actively participate in any decision making of the co-op? If not why not?
19. How is the degree of cooperation and mutual understanding among members?
20. What is the most challenging task in co-op housing? Explain
21. What infrastructure services are lacking in the new resident area?

22. What measures should be taken to promote co-op housing? Explain how and why?
23. Do you think that the municipality is not effective in promoting co-op housing? Explain how and why?
24. Please explain the most pervasive problems faced by the cooperative members?

DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any university. All the sources of material used for the thesis have been duly acknowledged

Name: **Bekele Melese**

Signature: 

Place: **Addis Ababa**

Date: **July 2003**

This thesis has been submitted for the examination with my approval as a university advisor

Tegegne Gebre Egziabher (Ph.D).
July 2003