

## Between Renting and Owning: Saving and Credit Cooperative based tenure transformation in the inner-city “slums” of Addis Ababa

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The paper examines a tenure transformation process in public housing dominated area. The study found that an intermediate tenure status, between public rental and private ownership mediated through the instrumentality of a Saving and Credit Cooperative, was conducive for the improvement of tenure security and discouraging gentrification. An NGO initiated, cooperative based upgrading is investigated and given as an example.

### 1. Introduction

The inner-city of Addis Ababa covers less than 12 % of the 54,000 ha total area of the city. It is home to about 40% (ORAAMP<sup>2</sup>, 2000) of the population of Addis Ababa, estimated at 3.2 million<sup>3</sup>. About 70% of the houses located in the inner city are government owned. These houses, which are commonly known as *qäbäle*<sup>4</sup> houses are generally single storey *çqa* (mud and wood) construction. They are occupied by the majority of low-income people. Eighty percent of the neighbourhoods and housing units in the city are considered slum<sup>5</sup>; and fifty percent of the total estimated 527,800 (2005) housing units should be replaced by the year 2015 if one of the aims of the Millennium Development Goals is to be met (Mathewos, 2005). In the inner city, due to the relatively available trunk infrastructure and utilities, there is a tremendous pressure from both the government and developers to redevelop the *qäbäle* housing-dominated settlements. However, it has become clear that a blanket solution of urban renewal

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<sup>3</sup> According to CSA (1999:266), projected high variant estimation for 2007. Various authors, however, put the estimation much higher, for example, Solomon & McLead (2004) at 3.5 million, Mathewos (2005) at 3.4 million.

<sup>4</sup> The smallest administrative unit or local government

<sup>5</sup> Owing to its associated connotations of squalor, filth and crime the use of the term “slum” was largely considered inappropriate and its use had been diminishing until the mid 1990s (d’ Cruz & Satterthwaite, 2005). As a result more neutral terms that depict the diversity of settlements and the potential of slum dwellers have been in use. Following the mid 1990s, however, the term slum was re-introduced in the development discourse and even gained more legitimacy as organizations formed by dwellers in some countries started to refer themselves as “slum dweller” organizations and federations, albeit responding to the governments who categorized their settlements as slums (ibid).

could not be economically feasible and is in fact detrimental to the livelihood of low-income people (See for example Ashenafi, 2001). One of the alternatives to renewal is urban upgrading. This paper investigates a single case where upgrading, with a strategy of tenure improvement, was undertaken. The purpose is to draw lessons for possible application in similar programmes.

The paper derives from the author's ongoing PhD project, which analyses cases of settlement upgrading in tenant-dominated inner-city settlements. The data was primarily gathered through qualitative methods supplemented by a quantitative method. It relies on both secondary and primary sources— semi structured in-depth interviews; focus group discussion, individual case histories, informal discussions, observations, and a questionnaire. The names of informants are either abbreviated or are referred in terms of their affiliation to an organization. The paper is divided into five sections: 1) Introduction, 2) Theoretical review, 3) Local context, 4) Case study, and 5) Conclusion.

## **2. Theoretical review**

As part of the structural adjustment policies since the 80s, public housing has been privatised in many countries, for example in Cuba (Hamberg, 1990), Nicaragua (Mathey, 1990), Mozambique (Jenkins, 1990), India (Rakodi, 1995, citing Wadhava, 1994), South Korea (ibid, citing Ha, 1994), South Africa (ibid, 1995), Zambia and Vietnam (Schlyter, 2005). The main rationale for the privatisation of public housing was to avoid subsidies and improve efficiency in building and maintenance. The argument has been “homeowners, unlike renters and landlords, have both an economic and a use interest in their properties” (UN-Habitat, 2003:83, citing Rohe and Stewart, 1996:71). In the same strand, Andreasen stated, “...tenants remain unmotivated to invest the energy to improve the value of the property they do not own” (Andreasen, 1996:360). Similarly, researchers associated with the World Bank have argued that tenure security through private property rights leads to housing improvement (Jimenez, 1983; Friedman et al, 1988).

However, privatisation, more often than not, “has led to a process of segregation resulting in gentrification, whereby low-income people are removed from privatised neighbourhoods to less attractive areas or in ‘residualisation’, by which only low income tenants stay in the remaining public housing areas” (Schlyter, 2005, citing: Linneman et al., 1999; Zhou et al., 1996; Clapham, 1995; Stanovik, 1994). Schlyter, based on her experience in Lusaka (Zambia) and Hanoi (Vietnam), showed that privatisation of rental housing was unfavourable for the low-income people. In Lusaka, the effects of privatisation were extensions and densification resulting in “overcrowdness, lack of privacy and too many sharing facilities, such as toilet”; while in Hanoi the results at the level of individual apartments were good but at the level of blocks and common areas resulted in degradation (Schlyter, 2005:12-13). Payne (2002) confirming Schlyter's findings argued that other factors such as perceived tenure security through the passage of time or innovative and intermediate tenure forms including informal types as important for housing improvement and more conducive to the low-income people. He saw privatisation as the final stage of tenure transformation.

In Ethiopia in 1995 a proclamation (No. 112/1995) was issued “to provide for the establishment of an office for the sale of Government houses,” with the purpose of privatising government owned houses. However, in practice, despite the establishment of the office, the privatisation of *qäbäile* (government) housing did not materialize.

On the other hand, recently, the government had introduced “indirect privatisation” strategy through the gradual demolition of the *qābāle* housing and on site relocation of *qābāle* tenants on newly constructed condominium apartments. The fund generated through leasing the land acquired by demolishing the *qābāle* housing was to subsidise the condominium housing. Nevertheless, this strategy of the government did not fully materialize; therefore, it is too early to discuss its impacts. In 1988 similar strategy was used by Redd Barna<sup>6</sup>-Ethiopia, henceforth RBE, to ensure security through the transformation of tenure status and to discourage gentrification in an inner-city slum. The paper examines this strategy.

### 3. Local context

This section will focus on the nature of *qābāle* housing which is the arena of this study. The *qābāle* housing-dominated settlements are the result of unique urban history and political developments in Ethiopia. Below, they are discussed on the basis of the formal–informal discourse, in three layers. In this paper excluding the economic aspect, the informal settlement is defined as constituting of “extra-legal housing”; while the formal settlement is that “consists of the urban government and its agents, institutions and rules and regulations that over time have been introduced in order to control urban space ...” (Hansen & Vaa, 2004:7-8).

Layer-1, *Informal settlements*: The pre-1974 Marxist revolution land tenure and mode of property development can be said to be the main root cause for the emergence of Addis Ababa as an informal city. The city was formally founded in 1886, selected by Emperor Menelik II for its strategic position and availability of resources. It was started out as a garrison town for the Emperor’s army. Following the foundation of the city the emperor started to allocate land to the noblemen, the chiefs and the church (Johnson, 1974; Bahru, 1987). According to Wubshet (2002) these land owners in turn started to allocate some part of their lands to their followers on a lease basis. The landowners, however, did not allow those who leased their lands to legally register with the Municipality, thus leaving them to develop houses informally (ibid). The developed houses were both for themselves and for rent. Therefore, just before the Marxist revolution of 1974 about two third of the housing in Addis Ababa was informally developed rental housing (ibid).

Layer-2, *Nationalization of the informal settlements*: Following the revolution, the most important proclamation affecting urban housing was the proclamation 47/1975, known as Government Ownership of Lands and ‘Extra’ Houses. Through this proclamation, private ownership of land and houses for the purpose of renting was outlawed. All properties belonging to the crown and the church were nationalised, and the same happened to houses owned by individuals for rental purposes. As part of the Marxist ideology, which favoured the poor, the rent of the nationalized houses was reduced by 50%. The administration and management of the nationalized houses were transferred to two organizations. Those with a rental value of less than 100 Birr<sup>7</sup> were put under the *qābāle* administrations, while those more than 100 Birr were put under the Agency for the Administration of Rental Housing.

Layer-3, *Continued transformation of the informal settlements*: Following the nationalization, every sitting tenant was formally registered as a tenant of the *qābāle*. However, within this formal arrangement many informal activities continued through

<sup>6</sup> Norwegian “Save the Children”

<sup>7</sup> 1 USD is about 11.00 Birr

time. The *qābāle* authorities have generally a tolerant attitude towards tenants. Tenants can continue the occupancy of a house without paying rent for a number of years, particularly when it is known that they do not have a source of income. Tenure can be transferred to siblings (by including children's names in the *qābāle* registry) and the control of who actually inhabits the house is very weak. Despite restrictions regarding unauthorised transformations of the *qābāle* houses the majority of the tenants are defiant to the rules and they use every possible way to add space to their units. Further, the sale of use-right (selling one's right to use the *qābāle* house), through illegal payments such as *key money* is not unusual though the magnitude of such practice is difficult to know, as such dealings are shrouded in secrecy. Tenants also take advantage by sub-letting at market price. In 1991, though the Marxist regime was ousted and its system was replaced by a "free market" both the state land ownership and the *qābāle* housing system, with all their characteristics, remained the same.

Based on the above discussion the *qābāle* housing can thus be understood as a state owned informal housing: Schlyter (2005, citing Clapham 1995) recognised three housing systems: the market, the regulating market, the state controlled; and added one more based on her own findings– the post colonial housing system. She characterised the post-colonial housing system as a small sector "state controlled housing tied to employment" (ibid:1). The "post-colonial state controlled system" is different from Clapham's "state controlled" in that it is tied to employment. The *qābāle* housing is also a state controlled system. However, it is different from both Clapham's and Schlyter's versions because, unlike other public sector housing which is formally planned and constructed, the *qābāle* housing is informal settlement.

#### 4. Case study

##### 4.1. Upgrading project overview

In 1978, a World Bank study identified eight *qābāles* in the city of Addis Ababa as the poorest of the poor. As one of the members of the international co-ordinating committee, RBE took the initiative to implement an urban upgrading project in one of the identified areas, *wārāda*<sup>8</sup> 3 *qābāle* 41<sup>9</sup>- commonly known as Teklehaimanot (Jember, 1998). The project was commenced in 1981 and phased out in 1986. From 1983 – 1990, RBE did similar project in *wārāda* 21 *qābāle* 13– Kirkos area. In 1988, RBE offered assistance to do more projects in other parts of Addis Ababa. The city administration forwarded a list of areas identified for upgrading. Out of the list provided RBE selected *wārāda* 11 *qābāle* 14– in the Menen area, which is the case of this study.

According to the RBE's Programme Department document (1991), the underlying objective of RBE in sponsoring urban upgrading projects was to reduce "child vulnerability" and promote "family welfare" through the integration of primary health, education, housing, income generation units and the establishment of saving and credit cooperative. The concept of a revolving fund was also introduced as a key principle to be sourced from income generating units and the rent from newly constructed houses. The understanding was that the generated income was to be used as a revolving fund for the maintenance of the housing units and the promotion of child welfare. This paper focuses on the housing component of the upgrading.

<sup>8</sup> A larger settlement comprising a number of *qābāles* .

<sup>9</sup> With the recent restructuring of *wārāda* and *qābāle* boundaries, the naming (numbering) of *qābāles* is changed. However, the paper uses the old naming or commonly known names to be consistent with old documents.

The case area, *wäräda* 11 *qäbäle* 14, commonly known as Menen, is located in the vicinity of Shiro Meda to the North, and Menen High School<sup>10</sup> and the Addis Ababa University Main Campus to the South. Its size is about 15.5 hectares with a population of about four thousand. Menen is part of the larger Sidist Kilo locality— one of the old settlements of Addis Ababa located between the Entoto Mountain and the Old Palace. Both Entoto and the palace are not only intimately associated with the foundation of the city of Addis Ababa, but are also areas on whose surroundings the early *säfar* (neighbourhoods) are developed. Therefore, Menen being part of these areas is characterised by its non-planned and spontaneous settlements, which are the main feature of most of the early *säfers*. The layout of the roads is determined by the spontaneous location of dwellings and irregular plots. Thus one can observe meandering streets with a number of cul-de-sacs.

According to the RBE's preliminary survey, done prior to the commencement of the upgrading project, the area was in a very poor condition. "Out of the total existing houses 13% were unsafe for habitation due to physical dilapidation and 46% of the houses required major maintenance. 92 households had no kitchen space. 214 households shared 92 kitchens (2.3 households per one kitchen). 86 latrines (47%) out of the total 182 were unsafe and unhealthy for use. In *qäbäle* owned houses, the ratio of latrines to households was 1:10. There was only one water tap for every 5.5 families, access roads and drainage for run-off water was appallingly acute, there was scarcity of spaces, the available kindergarten lacked sufficient rooms to serve children and mothers and children lacked basic health services" (RBE, 1994:1-2).

Following the preliminary assessment of the case area a project agreement was signed between RBE and the Municipality in 1988. The main upgrading actors were the City Council of Addis Ababa, RBE, the *qäbäle* dwellers, the *qäbäle* administration (through its organs: the *qäbäle*'s executive committee and the *qäbäle* development committee), and an Advisory committee, which included the *qäbäle* chairman, the *wäräda* chairman, the resident representative of RBE, and the project administrator. Later, in 1989 a Saving And Credit Co-operative, henceforth SACC, was established and has been playing an active role.

The need for the establishment of the SACC was emanated from lessons learned from previous experience in a locality known as Kirkos. The Kirkos upgrading intervention was initiated by RBE in 1983. The intervention included components such as housing, micro finance and income generating units. The intervention was phased out in 1990 and was handed over to a *qäbäle* administration. Under the then *qäbäle* administration the project was mismanaged and a number of the targeted group were replaced by a favoured group falling short of meeting the envisioned goals. Therefore, in Menen unlike Kirkos the SACC was established. Upon phase out it took over the ownership of the housing component to ensure tenure security and avoid gentrification.

During Menen's project period, 198 housing units in 23 double storied blocks were constructed in a nearby overspill area to accommodate households from demolished houses. Apart from the housing, 58 kitchens with 160 compartments, 44 new latrines with 148 compartments were constructed. Major maintenance of 234 houses, 140 old kitchens and 26 old kitchens was undertaken. The housing types were double storey blocks, with each level containing a number of units. Households occupy a room or two, either on the ground or upper floor, sharing a common wall with adjacent neighbours.

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<sup>10</sup> From which the area has assumed its name

An open external stair leads to a gallery on the upper floor, which in turn leads to individual units. Two or more blocks were arranged to form clusters defining common open spaces. The open semi-public spaces were used as children's playground, for doing and drying laundry, drying grains etc. (See Fig. 1 below).

In addition to the new construction and maintenance of the housing some social facilities such as school classrooms, kindergarten and clinic were also built. RBE was also involved in the development of some infrastructure, with particular interest to improve the sanitary condition of the settlement. 1500 meters of foot paths, 1187.50 meters under-surface cement pipe drainage lines, 2015 meters open surface drainage ditches along access roads and 1400 meters of existing roads were paved<sup>11</sup>. The upgrading project was completed in December 1993.

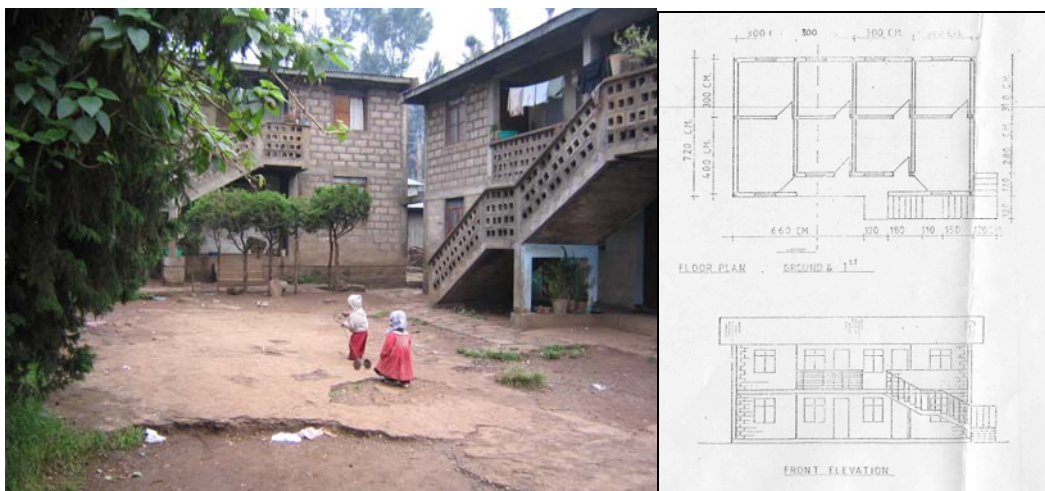


Fig. 1: Typical double roomed floor plan, elevation and cluster of blocks

#### 4.2. The process of tenure transformation

At the early stage of the project, RBE proposed that the target people should privately own the project's housing component. This proposal<sup>12</sup> was not part of the main project agreement. However, according to RBE (1994), the concept was endorsed by the project's Advisory Committee in its meeting held on 21 September 1988. The Advisory Committee, as mentioned earlier, included the *qābāle* chairman, the *wārāda* chairman, RBE's resident representative and the project administrator. A final binding decision from pertinent higher authorities regarding the concept of the private housing proposal was sought but it never came (ibid).

Notwithstanding the lack of response from higher authorities, the newly built houses and related facilities were handed over to the SACC in successive stages: June 1994 and December 1994 with memorandums of understanding, and final legal handover agreement in December 1994 overruling the two preceding memorandums. RBE handed

<sup>11</sup> The exact quantities of the construction work was extracted from RBE (1994)

<sup>12</sup> The proposal was later elaborated in 1991 in a document entitled "Housing Policy Proposal (A shift towards private housing)".

over 23 double storied blocks (which can accommodate 198 households), 58 kitchens with 160 compartments and 5 water stands to the RBE established SACC<sup>13</sup>.

The purpose of changing the tenure form can be categorized into three: 1) to ensure tenure security and 2) to protect from gentrification and 3) to protect the replacement of the intended target groups by a “favoured” group. The method used by RBE to protect the transfer of benefits, e.g. to the middle income, is by avoiding one-time handouts and to tie the benefits through a “matching input” principle. The housing and its attached subsidy were also made non transferable to a third party for 20 years, the age required for a child to support him/her self.

By the end of the project in 1993 the SACC had a total of 475 members, including both the potential housing owners, henceforth referred as “housing beneficiaries” and the rest of the dwellers, henceforth referred as “indirect beneficiaries”. Article-1 of the terms of agreement stated, “[b]asically the objective for the construction of the new houses is to improve the existing environmental conditions and develop the livelihood of target households, specially, by fulfilling the basic requirements for a healthy and secure upbringing of children. It is through the cooperative/individual rent to own system of twenty years, that these upgrading efforts can be accomplished.<sup>14</sup>” (Own translation)

This rather ambiguous article was more clarified by RBE (1991), which elaborated the strategy of ownership transfer as follows:

- a. The housing beneficiaries were required to be members of the SACC presupposing that the SACC was the financier of the housing.
- b. The housing beneficiaries would pay a matching fund of the value of the house presupposing that they had borrowed money from the SACC for the construction of the housing.
- c. The SACC would be the owner of the housing until the housing beneficiaries settle their loans and are given clearance from the SACC.
- d. After the completion of payments, in twenty years, individual members would be given ownership title from the concerned government bodies.

The project gave 55% (472,000 Birr) of the construction cost as a grant with the expectation that the remaining 45% (385,000 Birr) was allocated to finance the development activity of the whole community as a revolving fund (RBE, 1994). The SACC was entitled to collect this fund (the 45%) from the housing beneficiaries on a monthly repayment scheme to replenish its expenses. It would also eventually avail its credit facility to all the *qābāle* dwellers who would like to be members of the cooperative (ibid). To kick-start its activity in generating income for the revolving fund the SACC was also granted seed money of 40,000 Birr, ten shops and one *anḡāra* (Ethiopian flat bread) baking centre with 5 electrical stoves<sup>15</sup>.

The monthly amount of repayment of the housing loan was calculated to be 1 Birr per square meters per month for twenty years. The area of the smallest housing unit was ten square meters (10 Birr/month) and the largest was twenty-eight square meters (28 Birr/month) and the repayment differed accordingly (See the Table below for detail)<sup>16</sup>.

<sup>13</sup> Hand over agreement document (in Amharic) between RBE and the Menen SACC signed in 1994.

<sup>14</sup> Legal document: agreement entered between RBE community Development project 4012 and *Woreda* 11 *Kebele* 14 residents’ SACC, to hand over new houses, kitchens, residential compounds and water points

<sup>15</sup> Interview with SACC administrator

<sup>16</sup> ibid

Floor area (square meters) the same as Monthly payment (Birr)	Number of households
10 – 15	80
15 <sup>+</sup> – 20	48
20 <sup>+</sup> - 24	48
24 <sup>+</sup> - 28	22
Total	198

Source: SACC's Office

The monthly payments were a little higher than what the housing beneficiaries used to pay when they were in *qäbäle* housing. According to RBE (1994) the *qäbäle* rental fee was a minimum of five Birr/month and a maximum of 21Birr/month. Out of the total 198 housing beneficiaries 45% had been paying less than or equal to 5 Birr/month; 42.5% had been paying 6 Birr/month; 9.5% had been paying 21Birr/month, while 3% the data was not known (ibid).

Once the SACC took over the “ownership of the houses and related facilities” it then signed an agreement with each of the housing beneficiaries. The beneficiaries were poor mothers and households who were found to be completely unable either to build a new house or improve the physical condition of their dilapidated houses.

The terms of agreement stipulated that the borrower had to settle the monthly payments on a regular basis. Failure to do so would initiate written warnings from the SACC. If the borrower failed, despite the warnings, then the case would be referred to the SACC's arbitration committee. Following the decision of the committee if the borrower still failed, then the SACC would take back the house, to eventually deliver it to another applicant. Neither the SACC nor the borrowers were entitled to transfer a house or houses to a third party in the form of exchange, sale or to settle a debt. But if a borrower died, then the case would be administered according to the law of the country. It was forbidden to transfer a house in the form of collateral, gift, inheritance, exchange, or mortgage. The borrower would be given a property deed upon settlement of the debt in twenty years period. However, a borrower may settle the debt before the expiry of twenty years; but the deed would only be issued after the expiry of twenty years. The date of occupation of the housing units goes back to 1991-92.

Despite RBE's private housing proposal and the perceived ownership of the SACC and the housing beneficiaries, the *qäbäle* administration was not clear as to who owns the new houses. This was a cause of constant tension and conflict between the *qäbäle* and the SACC. The *qäbäle* had been constantly complaining that it was losing income, as the government did not officially accept the proposed tenure status of the SACC's beneficiaries. It is the duty of the *qäbäle* to collect rental fees from its tenants or land and housing taxes from owner-occupiers. However, the housing beneficiaries were neither paying rental fees nor taxes. They could not do either of the options. The first option of paying rent was not in their interest as they considered themselves potential owners. They had been in favour of paying the taxes; in fact they had been repeatedly requesting the *qäbäle* to accept the payment of the required taxes. But the *qäbäle* was reluctant to comply with the request as it implied the endorsement of the housing ownership. “The *qäbäle* had even resisted accepting our tax payments thinking that if we paid taxes then the houses would be ours. But, it was through the struggle of the



Committee [SACC] that we were at last allowed to pay taxes. The Committee had to fight because its members themselves are beneficiaries”<sup>17</sup>

The decision regarding the payment of taxes was made after a long bureaucratic process. The last and important step is discussed below.

The *qäbäle* wrote a letter to the Office of the Sub city’s Revenue Department seeking for guidance. Based on the *qäbäle*’s request the head of the Revenue Department’s Office called a meeting to sort out the case. In this meeting which was held in 2004, in addition to the Department head, the head of the sub city’s legal section, chief executive of *qäbäle* 14, the chairman of the SACC, the vice chairman of the SACC were present.

This meeting was very crucial to the SACC. Though the agenda of the meeting was formulated in such a manner that to choose the appropriate type of payment, its implication was far reaching. If it were decided that the housing beneficiaries should pay rental fees, then the housing would be under the *qäbäle* ownership. On the other hand, if the decision were in favour of the payment of taxes, then this would be one step towards private ownership. Thus, the SACC’s representatives had to vigorously and convincingly argue to resolve the long-standing friction between the *qäbäle* and the SACC. According to the minutes of the meeting, among other documents, the representatives based their argument on two main documents: the 1988 project agreement between RBE and the Addis Ababa Municipality and the 1994 hand over agreement between RBE and the SACC.

Part 1 of the project agreement with regard to the aims and objectives of the project enumerates,

“1) The basic aim of the project is to improve the economic, social, physical and environmental conditions of low-income families and their children with active involvement of office-bearers and all members of *qäbäle* 14....

2) The objectives are to assist the target population in upgrading their present level to a level of prosperity, positive development and self reliance...”<sup>18</sup>

Referring to the above objectives, the SACC’s representatives argued that the housing is considered as a means towards self- sufficiency, which can only be achieved if they would own it; and thus making them tenants would be contrary to the objectives of the enabling role of the housing. They also made it clear that RBE had already paid to the government compensation for the demolished *qäbäle* houses. And most importantly, they argued that they have a legal handover document that shows transfer of ownership from RBE to the SACC.

At the end of the meeting an agreement was reached and minuted between the Sub city officials, the *qäbäle* official and the SACC officials that the SACC’s housing beneficiaries should pay housing and land tax and not rental fees. Accordingly the SACC, on behalf of its members, paid the arrears of twelve years (1992-2004) to be refunded by the housing beneficiaries on a monthly basis<sup>19</sup>.

According to the plan of the upgrading project the housing beneficiaries should get the property deeds by 2012. Being aware that such processes might take years before materializing, the SACC initiated the process of getting the deeds. They approached the Land Administration Office of the Sub-city to assess as to how the authorities would react to their request. The verbal response from the Office was that the housing beneficiaries would not get individual property deeds; instead they would be issued with

<sup>17</sup> Informant in a focus discussion group (FDG)

<sup>18</sup> Project agreement document between the Municipality of Addis Ababa and RBE signed 4 April 1998

<sup>19</sup> Interview with SACC administrator

communal deeds<sup>20</sup>. The SACC considered these promissory words as a stepping-stone towards their final goal of acquiring private property deeds, and were eagerly following it up<sup>21</sup>.

In 1988, just before the upgrading started, out of the total 652 houses in the case area 468 (about 70%) were *qäbäle* -owned rental houses. The 468 *qäbäle* housing units were inhabited by 564 households, having 96 (17%) households as co-dwellers (RBE, 1994). By virtue of the upgrading intervention and its strategies the tenure of 198 households was changed, from renting to cooperative ownership and to a possible future private ownership.

#### 4.3. *The SACC and housing transformation*

This section discusses the cooperative ownership in relation to housing transformation. The stage of tenure status so far achieved by the housing beneficiaries is “mortgaged” cooperative ownership (communal ownership). Fieldwork observation and interviews revealed that there were no housing transformations such as room extensions. This is because of the existence of the terms of agreement signed between the SACC and the housing beneficiaries. It included articles regarding issues pertinent to the transformation of the housing. Article 9-1 totally forbids both extending and rebuilding of the house. It stated: “[t]he borrower [housing beneficiary] is forbidden, before or after the settlement of the debt, to extend a room or rebuild the house under any circumstances” (Own translation). Owing to the strictness of this regulation and the capacity of the SACC to have it implemented, only 2 out of the 100 respondents (2%) had extended their houses (1 room addition and another toilet addition).

When asked what they would like to do regarding transformation if and when they acquire the property deeds, informants responded that they would extend more rooms. The reason given was the need for more space. But they all said that this could only be done if, for example, all the neighbours in a certain block agree. They were aware that extensions by individual households would lead to endless litigations owing to the interconnected design of the housing and its common spaces. Informant *KA*, who lived in an upper floor of a block, had a clear mental design. She said: “Once our ownership is confirmed I want to encourage my neighbours to see the possibility of extending all the upper floors by raising columns from the ground. Those on the ground floor can use our extension as their veranda or they can also add more rooms by enclosing the columns.” Similar responses were also given in the focus discussion group, “we have signed not to make extensions for twenty years. Because of this nobody dares to extend. After twenty years we can make an agreement to lay foundations and extend our houses. It all depends on the attitude and capacity of the neighbours in a specific compound. If I extend my house [ground floor] without the consent of those in the upper floor they can easily sue me.... The kitchens are in common, the toilets are in common, six households share one kitchen. For example, even if the *qäbäle* brings another person and wants to extend a seventh kitchen, we do not agree. The Association (SACC) has its own governing rules and the *qäbäle* has its own. It cannot impose on us. Above all the leaders of our Association are very strong. They follow and stick to the rules.”

The terms of agreement had, however, some provisions for some minor kind of transformations provided that the borrower secures permission. Article 9-2 stated, “The Borrower is not allowed to change either the interior or exterior of the house without a

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<sup>20</sup> *ibid*

<sup>21</sup> *ibid*

prior permission from the SACC.” According the SACC administrator almost all the housing beneficiaries have made alterations to the interior of the housing. The type of changes included the division of rooms, the plastering and painting of walls and the addition of ceilings in the upper floors. One of the motivations for the alterations in the interior space was the prevalent competition among neighbours– the mentality that “I should not be less than my neighbour”. This same motivation was also informally mentioned by many of the informants as the key reason in having similar furniture.

At the settlement level, because of the aspiration to finally secure the “private ownership” the SACC was motivated to participate in *qäbäle*-initiated upgrading. For example, in road pavement work the *qäbäle* contributed 70% of the expenses while dwellers contributed the remaining 30% in the form of cash and labour. According to the SACC administrator, the SACC covered 11, 500 Birr in addition to the labour contribution of its members.

As stated earlier, RBE’s introduction of the strategy of “private ownership” had divided the dwellers in the case area into two groups: housing beneficiaries (those who were considered potential housing owners) and the indirect beneficiaries (those who remained kebele tenants). As in many *qäbäle* housing dominated settlements uncontrolled transformations are common in the compounds of the indirect beneficiaries. Informant *BS* said “provided there is money anybody is happy to extend in a *qäbäle* owned compound. If for some reason you complain, you are confronted with the usual statement, ‘it is none of your business, this is a government house’”.

## 5. Conclusion

The housing “private ownership” was the key concept introduced in Menen’s upgrading. But more important was the method through which this concept was implemented. The fact that the SACC was established and was made to own the housing for twenty years was a wise strategy of insuring sustainability. It had been protecting the area from gentrification and the possible unlawful eviction of the target group. Though the wish of the housing beneficiaries is to finally acquire individual title deeds, as discussed in the theoretical review, individual private ownership may immediately lead to gentrification, overcrowdedness and eventual degradation of the settlement. Therefore, this paper agrees with the intention of the sub-city officials to finally grant communal property deeds, as this would sustain the existing, encouraging situation.

The responsibility of the SACC was not only to facilitate the housing beneficiaries’ aim for private ownership but also to engage itself in “community development”. In this regard it had been giving saving and credit service for any dweller that was a member of the SACC, and had also been participating in the *qäbäle* initiated upgrading. Therefore the SACC was instrumental in dealing with the central challenges of the low-income dwellers: enabling them to own housing and at the same time building their financial capacity. But, what is worth noting here is that the whole scheme was subsidized by RBE. Therefore, if replicability is to be insured a better financing mechanism should be crafted.

The SACC had been playing a significant role in the administration and maintenance of the common kitchens and common toilets. It had also been effectively controlling the cleanliness of common spaces and the proper functioning of drainage ditches. However, the fact that the housing beneficiaries were not able to extend their houses had constrained their need for more spaces. The

SACC was not proactive enough in fully implementing the concept of the “revolving fund” as envisioned by RBE. In this regard the *qäbäle* administration could demand more from the SACC, as this is stipulated in the initial agreement entered between RBE and the Municipality of Addis Ababa.

The main lessons which can be drawn from Menen’s upgrading process are the importance of: 1) improved property rights to enhance security, 2) stretching the grant of property deeds over twenty years time (the avoidance of one time hand-out of property) to avoid gentrification, 3) establishing community organization, in this case SACC, to build the financial capacity of dwellers, to act as a temporary owner of housing and to mobilize inhabitants to respond to the multi-pronged challenges of low-income settlements, and 4) the importance of a strong SACC leadership which is elected by its members and accountable to its members.

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