

# The Effect of Integrated Housing Development Program on Housing Ownership of Lower-Income Groups: The Case of Dire Dawa

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## Abstract

Studies at certain urban centers in Ethiopia reveal the ineffectiveness of Integrated Housing Development Program (IHDP) in achieving some of its objectives. Identifying the contextual problems and their root causes plays a vital role in enhancing the program effectiveness so as to promote the housing ownership of lower income groups. The objective of this study was to critically describe and explore practical challenges and their root causes that hindered the effective implementation of the IHDP in the study area. To realize this, relevant theories and conceptual frameworks were reviewed in a way compatible with the study. Mostly qualitative data with few quantitative were collected from primary and secondary sources using questionnaire, interviews, focus group discussion, observation and document analysis. The data results were discussed with triangulation to arrive at conclusion. Accordingly, capacity and skill problems, financial constraints, problem of addressing the target groups, weak cooperation among implementing agencies, shortage of construction materials and corrupt practices were identified as major factors inhibited the effective implementation of the program whereas their major root causes were lack of relevant pre-assessment on the organization and inadequate training, lack of diversified financial sources and low income of the target groups, lack of due attention and inflation, lack of clearly stipulated rules, inability to use local resources effectively, and weak transparency and accountability respectively.

## 1. Introduction

Historical trace witnesses that the importance of housing in economic development was disregarded issue. However, since the late 1960s the role of housing beyond basic necessity has been recognized. Since then housing sector has become influential over ranges of socio-economic, political and cultural aspects. Now a-days, it is considered as one of the sectors that serves as a tool to address poverty and bring sustainable development (UN Habitat, 2003).

Ethiopia is one of the developing countries that formulated Integrated Housing Development Program to alleviate poverty and bring sustainable development. It is undisputable fact that one of the factors that affect housing ownership of lower income groups is the success of a program implementation. The housing program was conceived with the intention of bringing multiple effects that contribute to the betterment of urban residents. It is one of the urban based government-led and financed development programs with multi-goals, primarily aiming at housing provision for low-and middle-income households through creating job opportunities. As to the program spirit, all slums would be cleared within ten years time and Ethiopia is supposed to be a middle-income country by 2025 (UN-Habitat, 2011). Despite the program has been undergoing during the last nine years, there are implementation problems that hindered achievement of the desired objectives.

The problem under investigation is about the factors and their root causes that adversely affected the effective and efficient implementation of IHDP in Dire Dawa city administration to promote housing ownership of lower income residents. Urban Development Policy of Ethiopia (2005) reveals that urban centers in the country have been constrained with development and good governance related problems. The two problems were fundamental constraints that have challenged the development of urban centers. One of the development related constraints is lack of residential houses and dilapidation of urban villages (ibid).

Housing situation in Ethiopia is mainly characterized by unplanned and informal, high density, homelessness, plastic made housing, street peoples and the like (UN Habitat, 2007). Research studied in the study area found that Dire Dawa is relatively in high urbanization process (UN Habitat, 2008).

Contrarily to such high-speed urbanization, housing stock development has been very low. Integrated Development Plan (2006) indicates that there were 24,000 informal houses inhabited with low income households that expected to be increased annually by 2,900 in the subsequent five years. The existing housing stock is characterized by deficiency of basic services and over-crowdedness. In 2008, the total housing stock was 44,126 of which 70 percent were single room and 53 percent were homed by a family of two or more persons (UN Habitat, 2008).

Added to the aforementioned, the study area has not yet attracted as such private housing developers. Due to various reasons, the role of cooperatives in the housing sector development process has been terminated since the commencement of IHDP. These clearly imply that there is a mismatch between sluggish housing stock development in one hand and huge demand on the other hand. And one may infer that housing and housing related problems are one of the critical challenges the city has faced.

Since 2005, Ethiopia adopted IHDP with the objective that creates massive job opportunities through

which low and middle income citizens employed, earn income, promote saving and ultimately become owners of houses (Mahumbi, Yirga, Tugume and Teshome, 2013). Dire Dawa is one of the Ethiopian urban centers that adopted the program with the hope that it addresses the aforementioned problems. During the first a Four Years Plan (2006/07-2009/10) alone, the city administration planned to construct 12,210 houses (Ministry of Work and Urban Development, 2010). However, from 2005/06- 2014/15 only 2803 houses had been constructed and transferred to the beneficiaries, including commercial units. The figure reveals that there is extremely low supply of condominium houses in the city. Besides to the inadequacy of supply, problems related to quality, delay, costs, infrastructural provisions and lack of consideration for vulnerable groups have been complained. One may state that housing problem is more severe in the city as private sector in housing stock development have not been worth mentioning while the existing stock becoming old and need maintenance and replacement.

Studies have been done on condominium housing program in other urban centers evidence that the program implementation has faced certain challenges. Those were price unaffordability, insufficient supply, infrastructural facility problems and post-occupancy management as well as low promotion of land tenure of women. Note withstanding to the general practical problems in other urban centers of the country, it is also important to investigate specific implementation challenges and root causes in Dire Dawa City Administration in respect to plan performance, price affordability, timely fulfillments of some basic facilities and affirmative action wherein certain contextual differences exist.

The Journal article tries to address the following research questions:

1. How is condominium housing transfer implemented in the study area?
2. What practical challenges are facing the city administration to implement the program?
3. What are the root causes of the factors that hindered the effective and efficient implementation of the program?

## **2. Conceptual Review Concerning Promotion of Housing Ownership**

### **2.1 The Multi-faceted Role of Housing Sector**

Various literatures have forwarded the role housing sector plays in socio-economic, political and environmental aspect of human lives. In this regard, Edwards and Turrent (2000) stated that housing is an important element that overlaps with employment, health, education, crime and many other aspects of people's lives.

The level of housing sector development affects local and national economy in a various significant ways. Its development significantly affects macroeconomic variables (Mayo, Malpezzi and Gross, 1987). Though housing cost recovery is very low as productive investment, sectors like industry, health, and education are among the competent for national resources (Aldrich and Sandhu, 1995). The necessity of housing has attracted the attention of international and regional communities. They have recognized that housing is human right which human beings entitled to despite its realization is progressive due to lack of sufficient resources. To materialize and enforce housing right, the right to adequate housing incorporated in to international and regional treaties and conventions (UN Habitat, 2009).

### **2.2 Housing Problems and Their Root Causes in Urban Centers**

Urbanization is a sign of development. In developing countries, urbanization mostly accompanied by population growth. Developing countries could not balance the two and the rate of population growth is faster whereas the pace of housing provision contrarily very low. The mismatch of the two components has been forcing urban dwellers to seek other options. The options on their hand are informal settlements as well as crowdedness living (UN-Habitat and ILO, 1995). Lack of proper plan and management is another factor that aggravating urban population growth in developing countries. Weak plan and management enhance urban growth, inner city decay and growth of slums (Ademiluyi, 2010).

### **2.3 Housing Policy Approaches**

#### **I. Supply Side Approach**

This approach focuses on direction that enhances the provision of shelter to citizens. It invites government to directly intervene in housing provision through construction and transfer. This is done by granting subsidies for the purpose of purchase or rent. The usual subsidies are in the form of interest rate, tax reliefs, and other measures that facilitate housing constructions. This policy approach is most frequently chosen whenever housing supply is reduced, capacity of private sector provision is low and whenever government issued policy encouraging public ownership (UN Habitat, 2003).

Nevertheless, this approach is criticized as it allows government active involvement in housing sector that is likely leading to the crowding out of private sector (ibid). In addition to the likely adverse effect on private sector others further criticize this instrument as it violates consumers sovereignty (Mahumbi, Yirga, Tugume and Teshome, 2013). Furthermore, it is difficult to estimate and assess; sluggish in production rate; contradicts with market conditions and segregate poor at specific site. Supply side approach is

considered as more expensive in providing adequate housing for all house seekers (Martha, 2006a cited in Jemila, 2010).

## **II. Demand Side Approach**

Demand side approach directly points towards the target groups to address their housing problem. It advocates direct subsidies to the poor and allows people to prefer their own housing choice. Unlike supply side approach, demand side instrument respects the right of poor people to choose the nature of houses and the private to supply them. The poor are given coupons serving as cash increasing utility as well as expenditure on used houses that typically less expensive than new houses (Dodson,2007).

Demand side subsidies are typically two in kind known as direct and indirect subsidies. Direct subsidies are granted to households directly whereas the indirect subsidies given to service providers on behalf of the households. The subsidies may be in the form of capital grants which given at a time for the purpose of housing purchasing, building, completing (World Bank, 2003). The other form of subsidy is housing allowance. It is a regular uninterrupted subsidy granted to renters or owners in order to offset the costs of their housing or housing services.

Demand side policy approach is flexible that allows households the right to choose quality as well as location of the housing. Despite the flexibility of the approach others argue that it does not ensure the poor housing ownership. The opponents claim that to ensure housing ownership of lower income earners, public sector provision is more preferable (John and Daniel, 2007 cited in Jemila, 2010).

## **III. Sites and Service Schemes.**

This strategy focuses on infrastructural services and utilities provisions so as to encourage individuals, cooperatives and /or private sector to develop housing sector. With the intention these actors address housing problem, government gives attention to these facilities in a planned and coordinated manner (UN Habitat, 2003 and 2008).

In sites and service scheme, the role of public sector is allocation of land, provision of infrastructural facilities while housing provision and financing rests on private developers, cooperatives and individuals. Thus, the strategy gives more attention to individuals and communities in housing sector development whereas role of government is reduced to sharing of responsibility in providing basic facilities (UN Habitat & UNESCAP, 2008).

### **2.4 Housing and Infrastructural Provisions**

Infrastructure is defined as the hard component that comprises all systems of urban physical structure that are mainly laid underground (e.g. water) and on the ground (e.g. roads) and above the ground (e.g. electricity lines, telephone) to provide public services. It is argued that a major challenge in most developing countries is to expand the coverage and quality of infrastructure services (Gray, 2001).

### **2.5 Housing Affordability**

Various scholars have tried to conceptualize housing affordability differently. The ground for differences is lack of agreed definition for term affordability. Malpass and Murte (1999) defined affordability as “concerned with securing some given standard of housing or different standards at a price or rent which does not impose, in the eyes of some third party (usually government), an unreasonable burden on household incomes” (p.63). MacLennan and William broadly conceptualized it as the ratio of a chosen definition of housing costs to a selected measure of households’ income in some given period (cited in Malpass and Murie, 1999).

Notwithstanding lack of comprehensive definition of affordability, there are three main factors that influence housing affordability. These are change in the share of income that households devote to housing expenditures, changes in mortgage interest rate, and changes in the cost of different housing solutions (Struyk, 1988).

As empirical study in developing countries indicates, income and affordability are directly proportional. It implies that if households had an opportunity to occupy good quality housing, many would be willing to spend more of their income on housing (Struyk, 1988). The affordable size of a loan was generally determined by taking in to account these important elements. These are capital costs required for obtaining credit, financing terms, the size and regularity of households income and physical possessions and the propensity to invest in housing

A house can be made affordable by means of subsidies but this is not optional in third world due to scale of housing problems and financial shortage. Mortgage lenders started to use a housing expenditure to income ratio, which assumes how many an average households is able to spend on housing. The ratio, 25-30 percent of household income, is usually taken as thumb rule used for different purposes. Nevertheless, the rule has its own limitations in measuring affordability (Smets, 2004). Without prejudice to income level, terms and conditions lenders set have limited lower income households’ accessibility to mortgage markets (IMF, 2002).

## 2.6 Models of Program Evaluation

The term evaluation attracts so many definitions and Vedung (1997) defined as the “careful retrospective assessment of the merit, worth, and value of administration, output, and outcome of government interventions, which is intended to play a role in future, practical action situations” (p.3). An assessment is done to determine whether the preset objectives meet to sustain the strengths and correct the pitfalls. The tool to measure a program success is the difference between stated goals and outcomes/results. Different evaluators utilize different approach and arrive at different conclusions on the same policy or program (ibid). This implies that different approaches have their own value criteria that lead to different results and conclusions.

### I. Substantive Evaluation Model

This model focuses on the overall effectiveness of a given program direction. It deals with examining the extent to which a policy causes a change in the intended direction. It measures both policy outputs and policy outcomes. A policy output refers to what an agency actually done whereas policy outcomes on the other hand, extends to the intended as well as the unintended consequences of the program implementation. This method of policy evaluation helps to determine whether an implemented program addressed the desired out comes, targets or goals. However, this approach does not consider the validity of chosen target or goal and unanticipated outcomes (Vendung, 1997 and James, 1990 cited in Jemila, 2010).

### II. Procedural Evaluation Model

This model gives attention to whether compliance with procedural rules is ensured or not. Accordingly, the main focus of the model is procedural irregularities like determining legality, equity, representativeness and the like. It believes in the need of procedure modification during program implementation so as to attain the predetermined goal, because procedural values have their own contributions to the intended results (Vendung, 1997).

## 2.7 Affirmative Actions

Affirmative action is a policy of favoring members of a disadvantaged group who are perceived to suffer from past discrimination (Oxford Dictionary). The disadvantaged groups also known as vulnerable groups, for various reasons, are weak and vulnerable that consequently require special protection (UN Habitat, 2011). Though it does not seem exhaustive list, women, persons with disabilities, slum dwellers, homeless persons, displaced peoples, and indigenous peoples are “some groups or individuals who have a particular hard time in exercising their right to adequate housing as a result of who they are, discrimination or stigma, or a combination of these factors” (UN Habitat, 2009, p.16).

Disregarding to arguments concerning the effect of affirmative action, it is a positive discrimination aiming at ensuring substantive equality. World Health Organization (2011) revealed that the barriers toward vulnerable groups evolved from different sources. These are inadequate policies and standards, negative attitude and lack of accessibility. And the special protection may vary from region to region while quota system or minority preferences are the usual ways (Stanford Encyclopedia of Philosophy, 2009).

Gandhi (1987) stated that in spite of the fact that houses are places where women chiefly use for domestic and labor purposes, their control or right over them have been remained little. Furthermore, even though the two sexes are expected to gain equally the benefits of the country, the benefits reach women only slowly (World Bank, 1995). Though it is a problematic to reach at a certain conclusion in developing countries due to limited empirical studies on the relation between disability and poverty, a large body of empirical research in developed world shows that “persons with disabilities experience *inter alia* comparatively lower educational attainment, lower employment and higher unemployment rates, worse living conditions, and higher poverty rates” (World Bank, 2012, p. I). UN Habitat (2009) recommended that to protect the right to housing effectively, states should adopt positive measures to ensure that the vulnerable groups are not discriminated against in purpose or effect.

Ethiopia adopted gender mainstreaming strategy to make women equally integral part of the design, implementation, monitoring and evaluation of policies and program in all political, economic and societal spheres (Ministry of Labor and Social Affairs, 2012). It also adopted and enacted instruments that ensure substantive equality of various groups of the society. International Labor Organization /Irish Aid Partnership Program (2013) indicated that a joint report of World Bank and World Health Organization estimated that there are 15 million children, adults and elderly persons with disabilities in Ethiopia which accounting 17.6 per cent of the population.

## 2.8 Housing Sector in Ethiopia

### 2.8.1 Urban Housing Problems and Their Root Causes

#### I. Housing Problems

Even though housing problems may several, Ministry of Urban Development and Construction (2012) tried to

see them categorizing in to two major themes. These are shortage of houses, and dilapidations. Shortage of houses refers to the imbalance between housing supply and demand, and the consequent crowdedness, expansion of informal buildings and construction. Dilapidations, on the other hand, refer to oldness of the existing houses that need replacement and upgrading.

## **II. Root Causes of the Problems**

At the same time, Ministry of Urban Development and Construction (2012) identified ten major causes of urban housing problems. These are shortage of finance, shortage of construction materials and weak capacity of construction sector, low provision of infrastructures, low provision of land, lack of well organized institution that lead housing sector and low housing supply by stakeholders, lack of comprehensive law, urban population growth, low income of urban dwellers, undeveloped registration system of housing and housing related properties, and weak administration of public houses.

### **2.8.2 The Integrated Housing Development Program**

Integrated Housing Development Program came into being since 2005/06. Primarily the program intended to resolve housing and unemployment problems in the cities and urban centers of the country. Whereas the general objective of IHDP is to alleviate housing problems through cost and land saving housing production and improve urban residents' lives through job creation and income growth, the specific objectives on the other hand are:

1. To make urban lower income residents owners of houses through low cost housing provision and the development of saving culture
2. To develop and build the capacity of construction sector through the expansion of micro and small enterprises to create job opportunity;
3. To develop professional skills through the improvement of training system
4. Develop and promote low cost housing technology and ;
5. Change the physical setting of cities through renewal and upgrading (IHDP, 2005).

IHDP document further provides two strategic directions Ethiopian housing development policy shall pursue. The first is expanding low cost housing development. Under this direction, government assists low cost housing provided either by cooperatives, individuals and/or government. The second direction is supporting housing development undertaken by housing developers.

The program also sets financial sources in order to undertake condominium houses project. Accordingly, four financial sources are identified by the program. These were bank loan through bond selling, finance local governments allocate, fund obtained from housing assistants and down payment the beneficiaries pay.

## **3. Results and Analysis**

Many housing-related activities contribute directly to achieving broader socio-economic development goals (Mahumbi, Yirga, Tugume and Teshome, 2013). It is obvious that promotion of housing ownership enables the achievement of those housing driven goals. Integrated Housing Development Program came into being since 2005/06 with the general objective of alleviating housing problems through cost and land saving housing production and improve urban residents' lives through job creation and income growth, the specific objectives on the other hand are:

In contrast to the intension of the program, there is extremely low supply of condominium houses in the city, inadequacy of supply, problems related to quality, delay, costs, infrastructural provisions and lack of consideration for vulnerable groups have been complained.

### **3.1 Transfer of Condominium Houses in Dire Dawa**

#### **3.1.1 Housing Demand and Plan Performance in the Study Area**

UN Habitat (2008) indicated the high velocity of urbanization of Dire Dawa and estimated about 182,000 people were forced to live in sub-standard houses among which more than half pass their living in simple mud-houses or shacks. Among the city housing stock 70 percent were single roomed, 53 percent homed by a family of two or more persons. Information obtained from the Dire Dawa Housing Development Project Office witnessed that in accordance with the launching of the housing program, 12,000 residents were registered in 2007/2008, among which 11,400 became eligible for the condominium houses.

Primary data collected from condominium house' owners illustrate that 72.6 percent of the respondents were either agreed or strongly agreed whereas 27.4 percent of the respondents disagreed or strongly disagreed respectively with the statement that there is high condominium houses need in the city in the study area. The result indicates majority of the respondents across gender confirmed the existence of high need for condominium houses.

Data acquired from focus group discussion and official interviews, on the other hand, tend to show the low need for condominium houses justifying the existence of withdrawal, reluctant to make down payment and informal transfer within the prohibited period. However, they didn't deny the question of price affordability to the lower income groups that adversely affected housing demand. Thus, it is justifiable to state there is high need for condominium houses in particular and houses in general.

The tool to measure a program success is the difference between stated goals and outputs. It measures the effectiveness of a program implementation (Venung, 1997). In the last eight years (2006/07-2013/14), the project office constructed and transferred 2,533 residential houses and 270 commercial units. However, this study is limited to performances that had been undertaken until 2012/13. During the period under study (2006/07-2012/13), only 1,641 residential houses and 167 commercial units were constructed and transferred to the beneficiaries.

It indicates during the period under study (2006/7-2012/13), 13.6 percent (1802 total houses) and up to 2014/15 only 21.1 percent (2803 total houses) performances were undertaken. It should be noted that among 1802 houses 9.3 percent (167 house units) and among 2803 houses 9.6 percent (270 house units) houses were commercial units intended for business. In addition to the indicated result above the number of houses supplied so far, the contributors were asked their view whether adequate supply had existed or not. As the result illustrated in table 1 below, 87.3 percent of the respondents with different occupation argued that the condominium house supply in the study area is not adequate while the remaining 6 percent and 6.7 percent agreed and neither agreed nor disagreed respectively.

Table 1: Cross Tabulation on Adequacy of Supplied Condominium Houses

			There has adequate supply of condominium houses				Total	
			Strongly Disagree	Disagree	No comment	Agree		
Job	Unemployed	Count	1	6	0	0	7	
		% within job	14.3%	85.7%	0.0%	0.0%	100.0%	
	Government Employee	Count	22	21	2	3	48	
		% within Job	45.8%	43.8%	4.2%	6.2%	100.0%	
	NOG Employee	Count	6	6	1	1	14	
		% within Job	42.9%	42.9%	7.1%	7.1%	100.0%	
	Private work	Count	15	31	6	1	53	
		% within Job	28.3%	58.5%	11.3%	1.9%	100.0%	
	Student	Count	0	1	0	1	2	
		% within Job	0.0%	50.0%	0.0%	50.0%	100.0%	
	Pensioner	Count	3	5	0	2	10	
		% within Job	30.0%	50.0%	0.0%	20.0%	100.0%	
	Total		Count	47	70	9	8	134
			% within Job	35.1%	52.2%	6.7%	6.0%	100.0%

Source: Field Survey, 2015

In addition to inadequate housing supply, there has been the problem of delay. HABITAT and UNESCAP (2008) stated that in developing countries high delays are one of the problems in housing sector development activities.

Table 2: Cross Tabulation on Timely Transfer of Houses.

			Houses timely transferred to the beneficiaries					Total
			SD	D	NC	A	SA	
Sex	Female	Count	7	18	3	23	1	52
		% within sex	13.5%	34.6%	5.8%	44.2%	1.9%	100.0%
	Male	Count	12	24	7	36	3	82
		% within sex	14.6%	29.3%	8.5%	43.9%	3.7%	100.0%
Total	Count	19	42	10	59	4	134	
	% within sex	14.2%	31.3%	7.5%	44.0%	3.0%	100.0%	

Note: SD=Strongly Disagree=Disagree; NC=No Comment; A=Agree; SA= Strongly Agree

Source: Field Survey, 2015

As table 2 above displays, out of the total respondents, 45.5 percent disagreed on the timely transfer of condominium houses whereas 47 percent showing their agreement. It seems that the relative majority of those agreed with the timely supply of the houses was that two of the sampled sites which constitute majority of the respondents won housing lottery during the first two/three year of the program implementation. As data result obtained from secondary source revealed, many houses accomplishment and transfer did take up to six years. It shows the existence of high delay. Delay incurs several costs to the beneficiaries in particular and public at large. Above all they encountered bank interest rate for six years and the effect of inflation due the delays in accomplishing the plan. Unnecessary costs adversely affect the principle of value for money and achievement of the set objective.

Notwithstanding the above discussion, the researcher tested whether the above mentioned relative majority of perception across sex was statistically difference or not. Pearson Chi-Square Test indicated that the

Chi-Square value is 0.914. It is a four degree freedom with p-value is 0.914. Thus, 0.914 is greater than 0.05 (5 percent). This represents that there was not significant perceptual difference between male and female on timely transfer of condominium houses to the beneficiaries.

### 3.1.2 Condominium Housing and Basic Facilities

UNHSP/UN Habitat (2008) indicated that adequacy of housing conditions refers to both dwelling unit conditions as well as the wider of living conditions and environment, including facilities and services. The researcher also investigated the conditions about fulfilling basic facilities particularly water, electricity, road and sewerage. Gray (2001) argues that expanding the coverage and quality of infrastructural services in developing countries is a major challenge.

Table 3 below displays that majority of the respondents (67.4 percent) showing their disagreement on the creation of conducive environment for the timely installment of water and electricity lines. The result also showed that majority of the sampled respondents disagreed on the creation of conducive environment to provide basic utilities. Information collected through unit owners associations chairpersons and secretaries interviews, and focus group discussion revealed that though at current time the project office takes responsibility to install them, during the transfer of these sites the beneficiaries were expected to pass through the proceeding of installments.

Table 3: Cross Tabulation on Timely Installment electricity and Water

			Creation of conducive environment to install water and light on time					Total
			SD	D	NC	A	SA	
Site	Shinille	Count	2	33	0	7	2	44
		% within site	4.5%	75.0%	0.0%	15.9%	4.5%	100.0%
	Mariam No.1	Count	10	31	3	13	6	63
		% within site	15.9%	49.2%	4.8%	20.6%	9.5%	100.0%
	Dipo No. 3	Count	3	4	1	3	2	13
		% within site	23.1%	30.8%	7.7%	23.1%	15.4%	100.0%
	Kera	Count	2	6	2	4	1	15
		% within site	13.3%	40.0%	13.3%	26.7%	6.7%	100.0%
Total		Count	17	74	6	27	11	135
		% within site	12.6%	54.8%	4.4%	20.0%	8.1%	100.0%

Note: SD=Strongly Disagree=Disagree; NC=No Comment; A=Agree; SA= Strongly Agree

Source: Field Survey, 2015

Furthermore, respondents through open ended questions responded that shortage of meters for water and electricity as well as bureaucratic way of treating the customers made delay the installments that consequently exposed them either to live in the house without the services or to pay for both rent house and condominium houses. Creating conducive environment and timely installments of the services are vitally important particularly in Dire Dawa where the sites have lacked commonly used services like toilet, washing place and kitchens.

Likewise, the owners were asked their view about timely construction of road and sewerage. Similarly, the respondents showed their disagreement with slight difference to the water and electricity installments. Accordingly, 66.6 percent of the respondents disagreed with the statement that road and sewerage was constructed on time.

Table 4: Cross Tabulation on Timely Construction of Sewerage and Road

			Timely construction of sewerage and road necessitated for the site					Total
			SD	D	NC	A	SA	
Site	Shinille	Count	4	32	0	7	1	44
		% within site	9.1%	72.7%	0.0%	15.9%	2.3%	100.0%
	Mariam No.1	Count	13	26	3	17	4	63
		%within site	20.6%	41.3%	4.8%	27.0%	6.3%	100.0%
	Dipo No.3	Count	3	3	1	4	2	13
		%within site	23.1%	23.1%	7.7%	30.8%	15.4%	100.0%
	Kera	Count	3	6	1	4	1	15
		%within site	20.0%	40.0%	6.7%	26.7%	6.7%	100.0%
Total		Count	23	67	5	32	8	135
		%within site	17.0%	49.6%	3.7%	23.7%	5.9%	100.0%

Note: SD=Strongly Disagree=Disagree; NC=No Comment; A=Agree; SA= Strongly Agree

Source: Field Survey, 2015

It seems that the road must be within the site as most of the sampled sites situated within the city nearby to main roads. The researcher also observed lack of road and sewerage within the sites. It seems that 29.6 percent of the respondents agreed with the assertion intending that they are not as such difficult in the ‘Queen Desert’, Dire Dawa, where hot climate and sandy soil is prevailed that could save summer mud.

### 3.1.3 Condominium Housing and Housing Related Issues

Lifestyle theory believes that cost reduction is not the only means to determine housing affordability. The theory advocates the need to incorporate societal lifestyles and cultural values whenever housing program implemented (Makumbi, Yirga, Tugume and Teshome, 2013). Empirical study on IHDP in Addis found that lack of beneficiary consultation and management; project specific issues like location and built environment were some of unanticipated challenges of the program implementation encountered ( UN Habitat ,2010).

The result of data collected through interviews and focus group discussion disclosed that, the beneficiaries were not consulted in advance on the design, space and costs of the houses. Moreover, the site they acquired determined only by lottery. Secondary data obtained from project office also witnessed that as the designs of the houses were prepared by federal government at Addis Ababa and minor adjustment by the Project office had been done. This implies the less consideration given to the pillars of lifestyle theory and the top-down policy implementation in the study area.

It is obvious that good quality housing supply plays vital role in ensuring the availability of decent housing for low income people. In the study area, the respondents were asked to forward their perception on housing quality of supplied condominium houses. As table 5 below illustrates 85.1 percent of the respondents across gender replied as they dissatisfied with houses’ quality whereas 9.7 percent agreed with the assertion and 5.2 percent neither disagreed nor agreed with. The respondents claimed that the supplied houses lacked good quality. As to the respondents, quality problems of the houses manifested particularly in finishing works and materials used for doors, windows, toilet and others which implies low quality of the supplied houses.

Table 5: Cross Tabulation on Quality of Houses

			The supplied condominium houses maintain good quality					Total
			SD	D	NC	A	SA	
Sex	Female	Count	27	18	1	5	0	51
		% within Sex	52.9%	35.3%	2.0%	9.8%	0.0%	100.0%
	Male	Count	35	34	6	6	2	83
		% within Sex	42.2%	41.0%	7.2%	7.2%	2.4%	100.0%
Total		Count	62	52	7	11	2	134
		% within Sex	46.3%	38.8%	5.2%	8.2%	1.5%	100.0%

Note: SD=Strongly Disagree; D= Disagree; NC-No comment; A=Agree and SA=Strongly Agree

Source: Field Survey, 2015

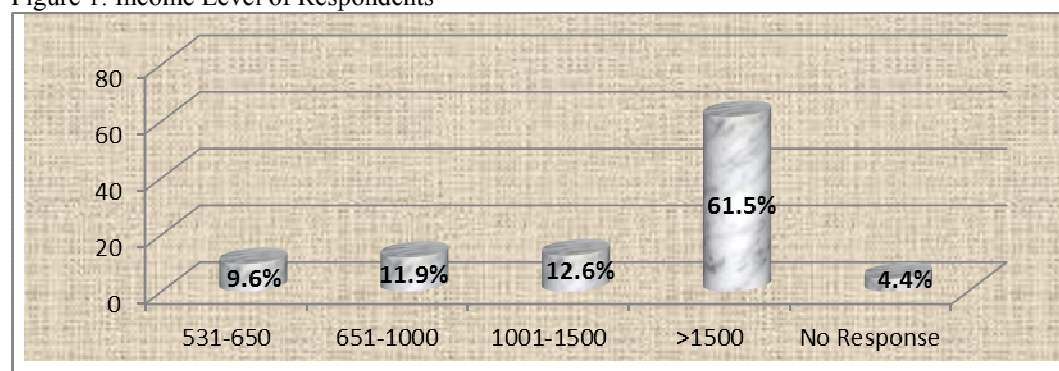
### 3.1.4 Condominium Housing and Target Groups

IHDP was designed mainly targeting lower income groups both in promoting housing ownership and job creation. The program sets the national households’ income categories assumed to be affordable to different type of houses the program going to provide. Accordingly, studio, one bed room, two bed rooms and three bed rooms were assumed to be afforded by income categories from 531-650,651-1000, 1001-1500 and greater than 1500 Ethiopia Dollar respectively. Income groups below 530 Ethiopian Dollar pr month were excluded at the early stage of the program assuming that they gradually earn more income through job creation (IHDP, 2005). It seems that Addis Ababa city administration reduced the monthly income levels to: less than 300 for studio, 301-600 for one bed room and above 600 Ethiopian Dollar for two and three bed rooms respectively considering its context. In this time those who earned above 600 Ethiopian Dollar monthly considered as high income groups (Jemila, 2010).

As already stated Dire Dawa is not part of the need assessment analysis in the course of housing program formulation. The only assessment the administration has been using the number of residents registered for condominium houses irrespective of income levels consideration. Regulation No.26/2006 witnesses as the administration does not give due consideration to lower income groups. As to the same regulation Art.15(c) provided an eligibility criteria and it stipulates that an applicant is illegible if the applicant or the spouse has registered private house or residential land. The same article sub-article (b) prohibits the sale or donation of a condominium house. It seems that the intention behind this prohibition is to prevent the likely transaction to promote the housing ownership of target groups.



Figure 1: Income Level of Respondents



Source: Field Survey, 2015

The result shows that the given income levels accounted 9.6 percent, 11.9 percent, 12.6 percent and 61.5 percent respectively. Only 9.6 percent of targets group intended to acquire studio became the owners of the house whereas majority of the beneficiaries (61.5 percent) were residents with monthly average net household income greater than 1500 Ethiopian Dollar. If the researcher did use the income levels of respondents similar to Addis Ababa city administration to distinguish income levels, one might not found a beneficiary. Because the result shows that the monthly income all of beneficiaries was greater than or equal to 531. The overall result indicates that majority of the beneficiaries were those who earned relatively high income level whereas the lower income earners together constituted only 38.5 percent. Low housing ownership share of lower income groups witnesses at least the following important points. They were excluded during the registration due to their nature of work and /or income level withdrew after lottery or transferred to third party in any form.

Furthermore, the researcher investigated the way the residents owned the condominium houses. As already discussed above, transfer of condominium houses to a third party within five years was prohibited by law. The surveyed data indicated condominium houses have not only owned through registration process and displacement for development purpose.

Table 6: Cross Tabulation on How Condominium Houses Acquired

		How did you acquire the house?					Total
		registration & Lottery	Displaced	Government decision	Purchase from Lottery winner	Other means	
Site	Shinille	Count	24	5	3	11	44
		% within site	54.5%	11.4%	6.8%	25.0%	100.0%
Mariam No.1		Count	42	4	1	13	61
		% within site	68.9%	6.6%	1.6%	21.3%	100.0%
Dipo No.3		Count	11	0	0	2	13
		% within site	84.6%	0.0%	0.0%	15.4%	100.0%
Kera		Count	8	0	2	5	15
		% within site	53.3%	0.0%	13.3%	33.3%	100.0%
Total		Count	85	9	6	31	133
		% within site	63.9%	6.8%	4.5%	23.3%	100.0%

Source: Field Survey, 2015

There were also residents who became condominium house owners through purchase and special decision. Table 6 above indicates as some people acquired houses through sale. The cross tabulation across site tells us as owning through purchase from lottery winners has been practically seen. The transfer to third party via selling was not limited to the sites transferred before to five years but also relatively recent sites like Dipo.No.3 and Kera. The overall site results indicated that 23.3 percent of the respondents acquired the houses through purchase from lottery winners whereas 4.4 percent through government decision. Furthermore, there were respondents replied that they acquired the houses through other means. They did not specify the means they owned the houses but the likely answer seems that they acquired them through donation or inheritance. This implies in despite of the fact that transfer of condominium houses to third party was legally prohibited, the practice shows the existence of hidden of transaction within the prohibited period.

Most of the interviewed non-officials argued that the major reason why beneficiaries withdraw and /or sell condominium houses is the inability to pay down payment. Data obtained through officials' interview and group discussion also indicated as hidden transaction likely exists due to various reasons.

Besides to the above discussion, respondents were asked their view on who has been practically becoming condominium houses owners. As table 7 below illustrates only 1.6 percent of the respondents believed

that low income residents have been benefited whereas lower income groups accounting 40.7 percent. In addition to the perception of the respondents, the income levels of residents practically owning condominium houses was discussed next section in detail. The overall discussions evidenced that the objective of benefiting the lower income groups has been challenged both in regulation and practice.

Table 7: Cross Tabulation on Real Beneficiaries of the Program

			Which section/s of the residents practically owning and				Total
			Low Income Group	Middle Income Group	High Income Group	Low Middle Income Groups	
Income	531-650	Count	0	1	10	2	13
		% within income net	0.0%	7.7%	76.9%	15.4%	100.0%
	651-1000	Count	0	9	4	2	15
		% within income	0.0%	60.0%	26.7%	13.3%	100.0%
	1001-1500	Count	0	8	4	5	17
		% within net income	0.0%	47.1%	23.5%	29.4%	100.0%
	>1500	Count	2	32	25	24	83
		% within net income?	2.4%	38.6%	30.1%	28.9%	100.0%
Total		Count	2	50	43	33	128
		% of Total	1.6%	39.1%	33.6%	25.8%	100.0%

Source: Field Survey, 2015

### 3.1.5 Costs of Condominium Houses and Financial Capacity

Under this sub-section the researcher analyzed costs of condominium houses in respect to the financial capacity of the residents. Provision of affordable house is one of the factors that ensure housing ownership of lower income groups. There are two forms of ownership right a condominium houses beneficiary entitled with. They are unit ownership right that subject to legal transaction in accordance with law and undivided common element right attached to the unit ownership (FDRE, 2003). This intended to be done through cost saving design, subsidies, using local construction materials and introducing new technology that could substitute imported materials (IHDP, 2005). Without prejudice to the above, the cost of living in a condominium has three components. The costs are individual costs a lottery winner paid for purchasing or mortgage loan, for upkeep and repairs, and for a monthly condominium fee. Costs of condominium houses vary depending on type, space, time of transfer and floor of the house.

A usual common standard that a house is affordable if it requires a 25-30 percent of a house hold income (Smets, 2004). According to this thumb rule, a resident household income in the study area should at least earn 900 Ethiopian Dollar, 1800 Ethiopian Dollar, 3388 Ethiopian Dollar and 5388 Ethiopian Dollar to purchase studio, one bedroom, two bedrooms and three bedrooms respectively.

Table 8: Terms and Re-payment period

House Type		Area (m <sup>2</sup> )	Admtv cost	Total Cost	Down Payment	Remaining	Monthly Payment	Year
Studio	Minimum	26.22	0	35523.74	3,552.37	31,971.36	225.01	20
	Maximum	29.85	0	39492.87	4044.17	36397.6	256.16	
1 Bedroom	Minimum	36.18	0	128060.92	12,806.09	115254.83	450	15
	Maximum	46.34	0	164,022.7	16,402.27	115254.83	576.36	
2 Bedroom	Minimum	67.93	0	199540.50	29931.07	169609.42	845	15
	Maximum	69.80	0	205033.51	29931.07	182498.35	868.26	
3 Bedroom	Minimum	76.41	0	297503.10	59500.62	238002.48	1347	15
	Maximum	78.14	0	304238.87	60847.77	243391.10	1382.25	

Source: Dire Dawa Housing Development Project Office, 2015

The result implies that contrarily to the intention of the program, those households who were earned less than 900 Ethiopian Dollar were practically excluded from the program.

The income level of the respondents also witnesses beneficiaries whose income less than 1000

Ethiopian Dollar accounted only 21.5 percent. It seems that even this share was not for the affordability of the supplied houses as it required at least 900 Ethiopian Dollar monthly incomes. Thus, the prescribed monthly installments as well as once paid down payment were not compatible with the income level of the target groups. The owners were also asked the perception they had towards the price of condominium houses in respect to other houses. As table 9 below illustrates those respondents who believed that the price of condominium houses were cheap, equal to price of other houses and expensive accounted 39.8 percent, 21.9 percent and 38.3 percent respectively. This implies the income level of the respondents in one way or other affects the perception of different income groups on the price of condominium houses.

Table 9: Cross Tabulation on Cost of condominium Houses.

			How do you see the cost of purchasing a condominium house than other house in the city?			Total
			Cheap	Equal Cost	Expensive	
Income	531-650	Count	3	2	8	13
		% within income	23.1%	15.4%	61.5%	100.0%
	651-1000	Count	3	5	8	16
		% within income	18.8%	31.2%	50.0%	100.0%
	1001-1500	Count	5	4	8	17
		% within income	29.4%	23.5%	47.1%	100.0%
	>1500	Count	40	17	25	82
		% within income	48.8%	20.7%	30.5%	100.0%
Total		Count	51	28	49	128
		% within income	39.8%	21.9%	38.3%	100.0%

Source: Field Survey, 2015

The respondents through open-ended questions replied that the price of condominium houses were expensive in Dire Dawa where sand, stone and cement found at a very near distance in comparison to Addis Ababa. The researcher also found that Dire Dawa city administration was expected to set lower prices and provide condominium houses accordingly due to the above mentioned reasons. Officials and experts of the project office, on their part, stated that in a general sense condominium houses were cheap but unaffordable to poor section of the society. There is a tendency in which the residents consider condominium price of a house is expensive. This is mainly due to expansion of informal settlements in which residents easily acquire lands from peripheral areas with low cost. However, majority of the officials and experts indicated that the price of a condominium house was cheap. The discussion implies that the provided houses were not affordable to lower income groups, particularly the low income earners.

Besides to the purchasing price of a condominium house, the researcher asked respondents' perception about the requested down payment. Down payment was one of the sources the IHDP intended to finance itself.

Table 10: Cross Tabulation on Down Payment

			Down payment paid for condominium houses			Total
			Inconsiderable to income	considerable to income	Easily payable	
Family Size	<3	Count	23	13	2	38
		% within family size	60.5%	34.2%	5.3%	100.0%
	4-6	Count	64	18	0	82
		% within family size	78.0%	22.0%	0.0%	100.0%
	> 6	Count	11	3	0	14
		% within family size	78.6%	21.4%	0.0%	100.0%
Total		Count	98	34	2	134
		% within family size	73.1%	25.4%	1.5%	100.0%

Source: Field Survey, 2015

Table 10 above illustrates under each column as family size increases the perception to the inconsiderableness of down payment increases from 60.5 percent to 78.6 percent whereas those replied considerable decreases from 34.2 percent to 21.4 percent. This exemplifies as family size increases the costs necessary paid for housing decreases. This is true particularly wherever member of dependents in the family are

large. Through open ended question, the respondents replied that down payment was the foremost challenge many housing lottery winners encountered. It is also possible to assume the difficulty they faced in the environment where low saving habit exists as well as saving encouragement was not arranged.

In addition to investigating the opinion of the respondents on down payments vis-à-vis income level, the researcher asked the means, those who replied it was inconsiderable to income, used to pay. As the respondents replied out of the total respondents 44 percent and 35 percent did pay with the contribution of family and saving respectively. It should be noted that the term family here refers to extended family which is not limited to household as family within the household already incorporated in the net income of households.

Table 11: Cross Tabulation Means Used to make down Payment

		How did you pay it?							Total	
		Saving	Family Support	Friend support	Bank Loan	Micro-finance Loan	Ikub	Other		
Sex	Female	Count	10	19	1	0	4	1	3	38
	% within	26.3%	50.0%	2.6%	0.0%	10.5%	2.6%	7.9%	100%	
Sex	Male	Count	28	19	1	1	2	1	7	59
	% within	47.5%	32.2%	1.7%	1.7%	3.4%	1.7%	11.9%	100%	
Sex	Total	Count	38	38	2	1	6	2	10	97
	% within	39.2%	39.2%	2.1%	1.0%	6.2%	2.1%	10.3	100%	

Source: Field Survey, 2015

The results in the table 11 above shows the insignificant role of financial institutions in housing development sector as majority of the owners did pay either with their effort of saving or with the help of family. Moreover, in this case the term 'others' refers to using more than one source to pay down payment. Furthermore, the respondents were asked to reflect their view on costs of condominium houses particularly down payment and bank interest rate.

In addition to down payment, interest rate requested for housing mortgage is crucial in determining the cost of a house. In the study area, the Commercial Bank of Ethiopia has been giving mortgage service with normal interest rate. As to the information acquired from Dire Dawa Commercial Bank, beneficiaries were expected to pay ordinary interest rate set by the national bank based decision-currently 9.5 percent. It implies there has no subsidy on interest rate. In addition commercial bank is the only institution that took responsibility in arranging housing mortgage in the country. Lower income earners could access the bank loan if only down payment is paid and title deed sent to the bank for mortgage purpose.

### 3.1.6 Condominium Housing and Affirmative Action

Art.89 (2) of the FDRE constitution stipulates duty of the government to all Ethiopians "equal opportunity to improve their economic conditions and to promote equitable distribution of wealth among them. Dire Dawa housing development project office establishment No.20/2006 sets affirmative action for females alone that permitted at least 10 percent prior lottery chance. It seems that the existing law gives special treatment only to women while others like disabled persons, youth and elderly people are disregarded.

The practice in the study area shows that female house seekers have been encouraged through double lottery chance. Accordingly, out of 1641 beneficiaries 48.9 percent (801) women became the beneficiaries of residential condominium houses. This is achieved through double lottery chance in which females participated twice. The practice in the study area shows females are given a 30 percent lottery chance to encourage and ensure substantive equality. But there is no justifiable criterion why 30 percent has been taken as appropriate number.

Other vulnerable groups, on the other hand, have not given necessary consideration. Lack of appropriate consideration started to be seen from lack of rules clearly set their right. Inadequacy of legal ground, on the other hand, adversely affected the proper implementation of the rights the respective groups entitled with.

Without prejudice the country' resource potential, the various vulnerable groups particularly, the disabled residents has not get the necessary due attention. Design of the houses has not convenient for disabled persons. There was an attempt to treat them through lack of stipulated rule after the housing lottery drawn. However, it lacked clearly entitled right and due time appropriate response. Moreover, lack of record on how much disabled persons treated became difficult to find out.

The Crosstab result in the table 12 below displays that 44.2 percent and 51.9 percent of female gendered disagreed and agreed with the statement that various section of the society had been given affirmative action while the remaining voted for no comment. Likewise, 50 percent and 42.6 percent of male gendered disagreed and agreed with the statement respectively. Though the overall result ended with majority agreement (56.3%), a

number of respondents voted for disagreement that showed the inaccessibility of the transfer to some vulnerable groups.

Table 12: Cross Tabulation on Affirmative Action

			Vulnerable sections of the societies were give affirmative action					Total
			SD	D	NC	A	SA	
Sex	Female	Count	8	15	2	18	9	52
		% within Sex	15.4%	28.8%	3.8%	34.6%	17.3%	100.0%
	Male	Count	18	23	6	23	12	82
		% within Sex	22.0%	28.0%	7.3%	28.0%	14.6%	100.0%
Total		Count	26	38	8	41	21	134
		% within Sex	19.4%	28.4%	6.0%	30.6%	15.7%	100.0%

Note: SD=Strongly Disagree=Disagree; NC=No Comment; A=Agree; SA= Strongly Agree

Source: Field Survey, 2015

### 3.1.7 Condominium Housing and Corrupt Practices

UN Habitat and UNESCAP (2008) indicated that corrupt practice is one of the manifested problems in housing sector development of developing countries. Regarding corruption the owners of condominium houses were also asked their view. Table 13a below illustrates that 74.5 percent female and 70.6 percent of males confirmed the existence of corrupt practices respectively. This shows that female and male respondents about the perception of corrupt practices were almost similar whereas those who confirmed the non-existence of corrupt practices across gender were very low. The respondents replied that systematic corrupt acts such as abuse of power and nepotism have been seen. Data collected through other instruments also confirmed the existence of rent-seeking practices mainly due to the fact that provision of condominium houses has passed through long chained processes involving various stakeholders. The project office secondary data also confirmed as rent-seeking mentality was of the major challenges encountering the implementation of the program.

Table 13a: Cross Tabulation on Corrupt Practices

			IHDP implementation free from corrupt practices					Total
			SD	D	NC	A	SA	
Sex	Female	Count	17	21	7	5	1	51
		% within sex	33.3%	41.2%	13.7%	9.8%	2.0%	100%
	Male	Count	32	24	16	8	2	82
		% within sex	39.0%	29.3%	19.5%	9.8%	2.4%	100%
Total		Count	49	45	23	13	3	133
		% within sex	36.8%	33.8%	17.3%	9.8%	2.3%	100%

Note: SD=Strongly Disagree=Disagree; NC=No Comment; A=Agree; SA= Strongly Agree

Source: Field Survey, 2015

Furthermore, the research tested whether significant perception difference between male and female gendered on corruption practice existed or not. The null hypothesis stated that there was no statistically significant perception difference between male and female gendered on corruption practice whereas the alternative hypothesis believed that there was statistical difference between males and females on corruption practice. As illustrated in figure 13b below, the p-value (0.693) is greater than 0.05(confidence level). Thus, Pearson Chi-Square test represents there was no statistical difference. It implies that the alternative hypothesis rejected as the two sexes had similar perception on the existence of corruption practice.

Table 13b: Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.235 <sup>a</sup>	4	.693
Likelihood Ratio	2.230	4	.694
Linear-by-Linear Association	.006	1	.940
N of Valid Cases	133		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 1.15.

Source: Field Survey, 2015

### 3.2 The Major Challenges that Impeded the Implementation of IHDP

This section appears with answer to research question deals with practical challenges the housing program faced

during implementation. Unlike the assumption on paper, a program implementation may face practical challenges. This section presents practical challenges that hindered the effective implementation of condominium housing program in the study area. Accordingly, major challenges identified and discussed here below.

**1. Capacity and Skills Problems:** Capacity and skills plays irreplaceable role in achieving the object set in an activity. The organization of the project office was inappropriate as well as under staffed. In 2012/13, the project office recognized the problem pertinent to institutional arrangement and human resource needed and submitted proposal to solve the problem. Even though the submitted proposal was not approved until the period this study was undertaken, the existed accountability hierarchies and human power were confirmed by the office as not appropriate to effectively discharge the assigned responsibilities. The accountability hierarchies were not good enough to ensure accountability and speedy performance whereas insufficient human power forced the project office to utilize temporary employees (DDHDPO Five Year Report, 2015).

Moreover, IHDP is a new program with many-targeted objectives. Due to its newness skill gap observed starting from managers to constructors as well as associations. Besides to its newness, the program aimed at addressing many problems. Accordingly, reducing unemployment rate and capacitating the construction sector were targeted. In the case of study area, data collected through interviews, experts' focus group discussion as well secondary data revealed that capacity and skills problems were some of the practical implementation problems. The data ascertained that there were shortage of professionals in the sector and weak skills and lack of experiences. The problems in one way or another adversely affects the timely supply of the houses both quantitatively and qualitatively.

**2. Financial Problem:** The integrated housing development program is intended to secure finance from four sources. These have been commercial bank through bond selling, budget allocated by the city administration, down payment made by house lottery winners and fund anticipated from those who assist housing sector development (IHDP, 2005). The sources, however, could not in a position to provide adequate finance to implement the program effectively. As to the information obtained through officials' interviews and focus group discussion, inability to borrow sufficient finance from commercial bank, particularly pertinent to the commencement of Great Renaissance Dam, inability of the city administration to allocate enough budget to the program implementation, lack of secured anticipated fund and undue date payment or inability of the beneficiaries to pay down payment adversely affected housing financing in the city .It was only during the first four year housing program plan (2006/07-2009/10 that commercial bank released 280 million Ethiopian dollar whereas the city administration allocated only 53.8 million Ethiopian Dollar, during 2010/11-2014/15, to accomplish the construction of houses already started during the first four year plan.

The city administration could not secure the anticipated fund while finance expected through down payments was challenged by inability to pay or undue date payment. The problems also further confirmed with secondary data of the project office (Five Year Report, 2015). Lack of necessary financial power, on the other hand, hindered adequate and timely supply of condominium houses. To remind the already discussed under other section the performance of the program during under the study was 13.6 percent, regardless of the target groups became owner of houses.

**3. Problem of Addressing the Target Groups:** This practical implementation problem can be seen classifying in to two. The first is the less attention formally given to the target groups though prescribed rules. In case of less attention in the study area, it seems that any resident who has no private house or residential land registered in either of the applicant or correspondent spouse entitled to a house unit (Regulation No.26/2006). The regulation evidences the non-exclusion of some residents based on the income levels set by the program or other income levels contextually to be determined by the administration. As already discussed under condominium housing and target groups, the housing program set general income levels as a country whereas as Addis Ababa city administration set reduced income levels considering contextual realities. Hence, without prejudice whether the set income levels put in to reality or not, in the study area Dire Dawa Housing Development Project Office Establishment Proclamation No.20/2006 is inconsistency with the spirit of the program that witnesses the less attention formally given to the target groups, particularly low income earners. The same regulation article 6 encourages and gives priority for those registered residents if they purchase the house at once or pay a better down payment. This also continued after lottery winners could not pay down payment on due time. Even if the administration subsidies the residents, particularly land, many lower income groups faced the primary challenges at lack of formal attention to them-both in less attention given to consider the income levels and the amount of down payment set.

Without prejudice to the above discussions, the legal instruments the project office used did not consider the right of disabled residents in the housing program. The constructed houses were not designed in a way disabled lottery winners could normally be treated with others. Hence, unless the good will of the project office positive response, there was not legally stipulated recognition of disabled lottery winners. Though the project office did treat lottery winners through application there was no recorded data on how much disabled

residents acquired the necessary affirmative action.

The second is price unaffordability of the target groups. In addition to the above discussed point, various costs required for a condominium housing unit prohibited the target population being beneficiary. The inaccessibility of the program aroused due to different reasons. The result of primary and secondary data analysis evidenced that down payment, monthly installments as well as finishing costs have gone beyond their income level in which many lower income groups, particularly low income group forced to either to withdraw or transfer informally to third party. Even if it was difficult to ascertain that houses transferred to third party were due to price unaffordability, discussion made under condominium housing and target groups sub-section reveals that 23.3 percent of the houses were acquired through sale. Note that it did not include those who withdrew at different stages which the researcher could not clearly indicate due to absence of recorded data. Nevertheless, data result collected through focus group discussion indicated as many lottery winners withdrew while data obtained from the owners through open ended question disclosed that most of the reason why lottery winners withdrew or sold their houses was price unaffordability.

It is also justifiable to argue that price affordability was the most challenging in environment where the designed encouragement of saving was not implemented and diverse housing financial institutions have not yet arranged for lower income to cover the set down payment. In general down payment, monthly installments along with normal interest bank rate and finishing costs could not be affordable to the income of lower income groups. The problem further worsened with the subsequent high inflation rate that increased the cost of household expenditure.

**4. Weak Cooperation among the Implementing Bodies:** Implementation of condominium housing program has involved several implementing agencies. The involvement of several agencies calls for the cooperation and coordination of those agencies. The agencies were either accountable to federal government or Dire Dawa city administration and play a vital role in ensuring the effectiveness and efficiency of the program. The project office has worked with the kebeles in registering the beneficiaries; with land development and management bureau in determining the eligibility of the beneficiaries and subsequent title deed for the purpose of securing mortgage; with commercial bank; water and sewerage bureau, electricity corporation and others might not mentioned. Even though the nature of the program is trans-sectorial in nature and required the collaborative work of other offices, those offices lack cooperation and did the works as extra work-not part of their plan. Consequently, delay to accomplishments of works observed (Report on 8<sup>th</sup> Section Urban Development and Housing Construction Meeting, 2014). It is also reasonable to assume that lack of necessary cooperation can adversely affect the quality of services. As interviews with unit owners associations and secretaries disclosed, cooperation between constructors that built the houses and associations that did finishing works resulted in both delay accomplishing the work and low quality. As already discussed, 85.1 percent of the respondents across gender replied as they dissatisfied with the quality of houses whereas some sites construction took up to six years to be accomplished.

**5. Shortage of Construction Materials:** In contrast to the intention of the program, the implementation faced shortage as well as price increment of construction materials subsequent to the inflation the country encountered. Shortage of construction materials was created by the uneasily availability of both inputs and local materials and their increased prices. The close analysis of the available data indicated that the problem was more aggravated with the inability to cope up with the unforeseen challenges and weak capacity of the project office to introduce new technology so as to substitute and utilize of local resources appropriately (DDHDPO, 2015). It should be noted here that the program was designed with the intention to extensively use local resources so as to avoid materials shortage and to provide affordable houses.

**6. Corrupt Acts:** According to the Global Integrity Report of 2006, corruption is considered as social, economic and political norms in Ethiopia which implies the widespread and deep-rooted of corruption practice in the country where Dire Dawa is part and parcel. Ibrahim Index of African Governance (2013) indicated that Ethiopia scored lower than the continental average in corruption. The survey further indicated that the situation may be deteriorating (Transparency International, 2014). The respondents believed and stressed the existence of corrupt acts during the implementation of the program. As discussed under corrupt practices, in sub-section how condominium houses were transferred, 70 percent of the respondents with no gender based statistical difference in perception disagreed with the assertion that the program implementation free from corrupt practices. The result of open ended question evidenced that corrupt acts were manifested through nepotism and abuse of public authority. Excluding certain houses from lottery in the name of reserve and secret dealing in case lottery winners withdraw and the existence of other forms of corrupt acts were witnessed by the contributors. The owners stipulated that the acts were committed in systematic environment in which the acts done covered with legal rules/use legal gaps. Secondary data further confirmed the existence of corrupt practice (DDHDPO Five Year Report, 2015).

### 3.3 Root Causes of the Factors Affecting the Effective Implementation of IHDP

This section of the study presented analysis responding to research question deals with the root causes of the problems hindered the effective implementation of the program in the study area. Critically investigating root causes enable us to set basic remedial measures than targeting the symptoms. Note that a practical problem may be aroused from one or more root causes. In line with this, the researcher explored the following root causes

**1. Capacity and skill Problems:** Organizational structure, human resource and skill were the main problems discussed this category of practical challenges. The main root causes for the problems were lack of well investigation about the nature of organizational structure with the necessary experts, shortage of professionals in the sector and of the project office and low experience and inadequate skill fill training.

**2. Financial Problems:** As discussed under encountered practical problems, four sources of finance were anticipated to implement the program. In the course of practice, however, the administration could not allocate sufficient budget due to low revenue of the city. It also became difficult to secure the intended fund from housing development supporters. The financial power expected from the beneficiaries became challenged with prices of condominium houses, low incomes of the beneficiaries as well as lack of arrangements to encourage saving. Similarly, the remaining financial source, Commercial Bank of Ethiopia, stopped loan after the first 280 million Ethiopian Dollar. The reason behind the commercial bank to stop loan were the reluctant of the bank to lend to Dire Dawa City administration/ the customers of the program (Report on 8<sup>th</sup> Section Meeting, 2006) and the procedural justification of the bank that whole previous loaned money was not returned to secure further loan. Since construction of some sites took up to six years, inability to prepare title deeds and create mortgage relation timely, the return of borrowed money took more years than expected.

**3. Problem of Addressing the Target Groups:** Under this section, one of the investigated findings was the less attention legally given to the target groups. The less attention discussed under the problems section seems came from lack of sufficient awareness about the spirit of the program set at national level as a policy framework. The researcher observed from the group discussants they did not even know the existence program document that set objective and target groups to be benefited through the program implementation. Price unaffordability problem was, on the other hand, was caused by the income inconsideration of down payment and bank interest rate, lack of encouraging environment for saving, low income of the target groups and lack of diversified housing finance institutions as discussed under costs of condominium houses.

**4. Weak Cooperation among Implementing Agencies:** The implementation of IHDP has been undertaken through the involvement of several agencies. However, the cooperation of the agencies was not strong to achieve the objective of the program effectively and efficiently. As the result of the data obtained from official interviews indicted weak cooperation seems emanated from lack of clearly stipulated rules that govern the implementing agencies. Consequently, the implementing agencies took the housing program works as extra work rather than part of their plan.

**5. Shortage of Construction Materials:** The analysis of primary and secondary data revealed that the main root causes for shortage of construction materials were the increase in prices of domestic and import construction materials, the decrease in the quantity of supply on the market, lack of timely even distribution of the materials as well as inability to use cheap local materials by adopting new technology intended by the program.

**6. Corrupt Practices:** It is obvious that transparency and accountability are the mechanisms in which rent-seeking activities controlled and make corrected. Lack of transparency and accountability adversely affects discharging public responsibility and paved the way for rent-seeking acts.

### 3.4 Conclusion

The study evaluated the effect of the program on promoting the housing ownership of lower income groups through the investigation of the encountered challenges and their root causes that adversely affected the proper implementation of the program. Based on the findings it is possible to conclude that the intended objective of promoting housing ownership of lower income groups in the study area was very poor. The provision of condominium houses through government-led and financing was accompanied with poor performance, inadequacy, low quality and high delay as well as non-timely fulfillment of basic facilities like water, electricity and sewerage whereas construction of roads within the sites were not yet done. The provided houses were unaffordable to the target groups both in the set down payment and monthly installments. Moreover, disabled residents were not legally guaranteed in which their right promoted in the program.

The program implementation faced capacity and skill problems, financial constraints, problems of addressing the target groups, price unaffordability, weak cooperation among implementing agencies, shortage of construction materials and corrupt practices. The main root causes of the hindering problems were lack of relevant pre-assessment study on organizational structure of the project office and lack of adequate skill gap training were the root causes for capacity and skill problems. The root causes for financial problems were low income of the target groups and lack of diversified financial institution that financing the sector. Furthermore, lack of clearly stipulated rules that ensure the cooperation of implementing agencies and the right of disabled



residents, inability to utilize local resources through the adoption of new technology and weak transparency and accountability were the root causes of the practical problems.

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