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The urban poor at a crossroads: exploring speculative urbanisation dynamics in  
Addis Ababa's social housing programme

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## **ABSTRACT**

This thesis reviews the impact and relevance of the Integrated Housing Development Programme (IHDP) on the economic and social wellbeing of the urban poor in Addis Ababa, Ethiopia. By situating the programme's performance from the perspective of its residents and the urban poor in speculative urbanisation theory, the study investigates the urban transformation dynamics it has created. The research is guided by the following questions: *how have the urban poor been impacted by the Integrated Housing Development Programme in Addis Ababa? What is the role of the programme in urban transformation dynamics since 2010?* The thesis employs qualitative research methods including semi-structured and structured interviews as well as the participant observation methodology. The findings suggest that the programme has widened the economic and social inequality among the urbanites and created speculative urbanisation dynamics by enabling the vicious cycle of spatial injustice, relocation/dislocation and gentrification.

**Key Words:** Addis Ababa, Integrated Housing Development Programme, speculative urbanisation, gentrification, relocation, dislocation, spatial justice, urban poor, urban transformation, economic and social inequality

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## TABLE OF CONTENTS

1. INTRODUCTION .....	1
2. BACKGROUND .....	4
2.1. Urban and Housing Context in Sub-Saharan Africa .....	4
2.2. Addis Ababa in the 21 <sup>st</sup> Century .....	5
2.2.1. Urban Transformation Process .....	5
2.2.2. Housing Situation.....	7
2.3. The Integrated Housing Development Programme.....	8
3. LITERATURE REVIEW .....	10
4. THEORETICAL AND CONCEPTUAL FRAMEWORK.....	12
4.1. Speculative Urbanism .....	12
4.2. Urban, Spatial Justice and Gentrification.....	14
5. METHODOLOGY .....	17
5.1. Research Design.....	17
5.2. Research Question.....	19
5.3. Data Collection.....	19
5.3.1. Interviews.....	20
5.3.2. Participant Observation.....	21
5.4. Data Analysis .....	21
5.5. Limitations .....	22
5.6. Ethical Considerations.....	22
6. ANALYSIS .....	24
6.1. The IHDP's affordability for the urban poor .....	24
6.2. The fairness of the allocation and financing system .....	26
6.3. Economic and social wellbeing of IHDP residents .....	29
6.4. Displacement, relocation and compensation.....	32
6.5. Cross-cutting issues: infrastructure and service provision.....	35
7. DISCUSSION: SPATIAL IN(JUSTICE) AND GENTRIFICATION.....	38
8. CONCLUSION .....	41
REFERENCES .....	43
ANNEX A: INTERVIEW QUESTIONS FOR AMHARIC SPEAKING RESIDENTS .....	48
ANNEX B: QUESTIONS FOR INTERVIEWS IN ENGLISH .....	50
ANNEX C: INTERVIEW QUESTIONS FOR KEY INFORMANTS .....	51

## LIST OF ACRONYMS

CBE	Commercial Bank of Ethiopia
EPRDF	Ethiopian People’s Revolutionary Democratic Front
ETB	Ethiopian Birr
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit
HDPO	Housing Development Project Office
IHDP	Integrated Housing Development Programme
IRDP	Integrated Regional Development Plan
MFI	Micro-Finance Institution
MSE	Micro and Small Enterprise
MWUD	The Ministry of Works and Urban Development
NGO	Non-Governmental Organisation
SDGs	Sustainable Development Goals
UN-Habitat	United Nations Human Settlements Programme
USD	United States Dollars

## LIST OF FIGURES

Figure 1: Speculative urbanisation vicious cycle.....	18
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## 1. INTRODUCTION

Since the industrial revolution led to the development of large cities in the advanced capitalist countries, the world has never experienced such levels of urbanisation. Today, cities in the Global South are rapidly growing vertically and horizontally, much faster and more unexpected than their Western counterparts. Indeed, Sub-Saharan Africa is urbanising at a pace which has not been witnessed anywhere else in the world. Despite the earlier urbanisation trends, this development is often taking place in economically and socially deprived, unequal and unstable contexts. The pace of urbanisation carries substantial long-term implications for the lives and livelihoods of billions of people in developing countries (Chen et al., 2016; Klaufus et al., 2017).

This is especially the case in East Africa. As the least urbanised region of Africa, rapid urbanisation poses serious challenges. While urban growth brings new economic and social opportunities for rural to urban migrants, it creates problems such as inadequate infrastructure and service provision, increasing health risks and the formation of slums (Tannerfeldt and Ljung, 2006). One of the most acute problems that urbanisation poses in the region is the lack of affordable, safe and efficient housing. Cities in this context are facing a conundrum between growing informal housing and the government's often inadequate response to it (King et. al, 2017).

Housing is intertwined with other developmental issues as household's life often determines their economic, social and health wellbeing. Without adequate and affordable provision of housing, it is challenging to reach the targets for many Sustainable Development Goals (SDGs) (Huchzermeyer and Misselwitz, 2016). Besides the provisioning of adequate and affordable housing, spatial and physical circumstances, such as location, type, quality, and transportation dynamics have unquestionable impacts on the lives and livelihoods of urbanites. These conditions often have considerable implications for social and economic equality and wellbeing in urban contexts (Knox and Pinch, 2010).

In Sub-Saharan Africa, many central and local governments have developed different public housing schemes to provide shelter for the urban poor and to counteract the growing informal settlements. One of the largest housing initiatives in the region is the Ethiopian Integrated

Housing Development Programme (IHDP) -condominium project-.<sup>1</sup> The programme is the biggest in size and scale in Ethiopian history to provide social housing by the state in order to ameliorate the housing shortage and deficiency in Addis Ababa. Moreover, the programme aims to tackle the growing informal settlements in the city, ameliorate living conditions of the urban poor and middle-class, and create formal job opportunities.

The implications of large-scale housing programmes in Sub-Saharan Africa have been extensively debated in academic articles and international organisations' evaluation reports.<sup>2</sup> It is often argued that such programmes, while increasingly relevant and needed for the growing urban population and homelessness in the region, are not adequately designed and implemented to tackle the housing problems of the urban poor. Furthermore, in many different contexts, public housing programmes led to various unintended results, exacerbating the already precarious situation.

This thesis aims to investigate the urban repercussions of Ethiopia's largest public housing scheme by applying some of the analytical tools developed in the Sub-Saharan African contexts. This investigation studies the implications that the IHDP has on the lives and livelihoods of the urban poor in Addis Ababa. The analysis focuses on the economic and social well-being of condominium residents and how they are impacted by the IHDP. In an attempt to reveal the dynamics between urban transformation and the urban poor, the analysis situates the programme's performance in the larger urban transformation debate. From this perspective, the analysis is guided by the following questions: *how have the urban poor been impacted by the Integrated Housing Development Programme in Addis Ababa? What is the role of the programme in urban transformation dynamics since 2010?*

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<sup>1</sup> Throughout the thesis, Integrated Housing Development Programme (IHDP) and condominium project will be used interchangeably. "Condominium housing is a name given to the form of housing tenure where each resident household owns their individual unit, but equally shares ownership and responsibility for the communal areas and facilities of the building, such as hallways, heating systems, and elevators. There is no individual ownership over plots of land. All of the land on a condominium site is owned by all homeowners" (UNDP, 2011).

<sup>2</sup> Some of the most relevant of these will be analysed in the literature review section.

This thesis uses qualitative research methods including semi-structured and structured interviews as well as the participant observation method. While the analytical framework is applied to analyse the IHDP programme in general, the case study focuses specifically on Jemo I, II and III condominium complexes. In order to answer the research questions within that contextual scope, this thesis employs a number of relevant analytical tools that have been developed and widely used in the region. The selection of speculative urbanisation theory bears on its analytical strength to understand complex urban dynamics in the East African context, as well as its flexibility to be applied to different urban development dynamics. While the theory assumes urban transformation to be speculative in nature, it provides lenses to test different hypotheses. In this analysis, speculative urbanisation theory has been strengthened through the urban concepts of spatial justice and gentrification. This framework is applied to situate the IHDP's relevance for the urban poor from urban transformation perspective.

The thesis is structured in eight sections. The next section describes recent urban and housing dynamics in Sub-Saharan Africa and Ethiopia. It focuses on the housing issues relevant to our analysis and is followed by a literature review summarising academic contributions to the issue. Section three elucidates the analytical framework, theory and urban concepts employed. In the analysis part, the findings related to the programme's performance and relevance to the urban poor and condominium residents are discussed. The following discussion situates these findings in the larger urban transformation context, and the conclusion summarises the main findings and recommendations.



## **2. BACKGROUND**

### **2.1. Urban and Housing Context in Sub-Saharan Africa**

While Sustainable Development Goal 11 stipulates the overarching ambition of “making the cities inclusive, safe, resilient and sustainable”, the first target summons all world countries to “ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums” (SDGF, 2019). In this context, Sub-Saharan Africa is the least progressed region in reaching the targets of SDG 11. Indeed, 56 per cent of urban dwellers in this region are living in substandard housing units, while the most available housing remains unaffordable for the large majority of the urban population. The situation is even more acute considering the region’s status as the poorest in the world, aggravating the already precarious situation. Indeed, 71.9 per cent of the urban population in Sub-Saharan Africa lived in slums by 2001 (Croese et al., 2016: 237).

This circumstance led to the increased state involvement in mass housing construction. Due to the fact that private sector is not supplying low-end residential units because of inadequate financial gains, the majority of the urban population in Sub-Saharan Africa lacks the financial means to buy high-end housing units provided by them (Gumbo, 2010). Over the last decade, a growing number of Sub-Saharan African governments embarked on different public housing schemes, involving a complex array of plans, policies and financial mechanisms.

While the international support community, especially UN-Habitat has advocated slum-upgrading, enabling urban environment provision and participatory housing models, developing countries have shifted their focus towards the provision of centrally planned, technocratic and large-scale housing in the last decade (Croese et. al., 2016; Huchzermeyer and Misselwitz, 2016). The enabling environment approach advocated by UN-Habitat stipulates the “provision of a legislative, institutional, and financial framework through which private sector, communities and individuals could effectively develop the urban housing sector” (Croese et. al., 2016: 238-239).

This approach had been driven mainly by cost-effectiveness calculations since it is estimated to cost three times less in terms of service provision to build large-scale houses instead of upgrading slums. However, in many urban contexts, this has led to the mushrooming of inefficient houses and satellite gated communities on city peripheries. The growing influence

of Chinese development initiatives and the provision of cheap or free construction services in exchange of raw materials have also reinforced this trend (Croese et. al., 2016).

## **2.2. Addis Ababa in the 21<sup>st</sup> Century**

### **2.2.1. Urban Transformation Process**

From the author's observation in Addis Ababa, in every part of the city was the bizarre mixture of disorder, construction and modernity. This was true both in terms of its spatial and social arrangements. There were massive mud and aluminium substandard houses, and container shops combined with the construction of massive luxury hotels, shopping centres and deluxe apartment blocks. The glittering image of hundreds of newly built apartment blocks sprawling outside of the city was like a magic box. Perhaps, the following words of an Ethiopian academic appropriately describe the image of the city's glittering modernity and far-reaching ambitions among the context of disorder.

*[In] this episode of transformation is the sense of hope and pride that seem to have mushroomed at the same time and in the same manner as the commercial developments that have mushroomed along the streets of the city. It seemed to stem from more than simply the hustle and bustle of the renewal projects; residents of the city see an emerging "modern city" that they can proudly identify themselves with. The excitement, the sense of urgency, the uncertainty, the tension, and contradiction around the modernization projects are so high that one cannot leave without a gaze ... I learned, in this city of change, what is celebrated is also what is grieved; what is desired is also what is despised (Ejigu, 2014: 268).*

Ethiopia is one of the poorest and least urbanised countries in Africa, ranking 169<sup>th</sup> in the UN Development Index (UN-Habitat, 2011). Nevertheless, its capital Addis Ababa, with a population of over 3.5 million, is growing exponentially at a rate of 3.49 per cent every year. Since the overthrow of the Derg regime and the country's integration into the global capital economy, the city has experienced a massive influx of people from the rural areas. In fact, the city spatially expands an average of 1 per cent every year, while the largest part of this growth is owed to the construction of informal substandard housing along the major roads. While the

land is state property in Ethiopia, it can be leased for long-term development (UN-Habitat, 2011; Goodfellow, 2018).<sup>3</sup>

Despite Ethiopia's GDP growth through the market-oriented reforms, Addis Ababa faces several challenges with increasing inequality, homelessness, urban poverty and inadequate urban services (UN-Habitat, 2011). Indeed in 2007, 70-80 per cent of the urban population was estimated to live at or below the poverty line, while 79.1 per cent of the city's population lived in slums or other substandard housing types. The unemployment rate in Addis Ababa is higher than 32 per cent (Tolon, 2008; UN-Habitat, 2011; UN-Habitat, 2014). In a sharp contrast, as the seat of African Union, Addis Ababa hosts a large number of international organisations, non-governmental organisations and expatriates working for them (Keller and Mukudi-Omwawi, 2017).

The city has metropolitan and local master plans, first initiated by Italians, revised during the Derg regime and finally moulded into the Integrated Regional Development Plan (IRDP) introduced in 2004. While the city government has authority over land and planning, the federal administration system makes it challenging to implement plans and is often faced with ethnic tensions. The reason behind this is that while having a special authority within the federal system, most of the city growth and urban sprawl extends into the Oromia region, causing massive displacements (Cirolia and Berisford, 2017).

*Tensions between the city and the resident communities in the surrounding area, resulting in scaled protest and violence, represent a challenge to state power. For two years the state has remained unable to implement the new master plan due to community backlash. In addition, the prevalence of informality demonstrates the limits of the state's control over the regulation of existing development and the negotiated nature of urban outcomes in Addis Ababa (Cirolia and Berisford, 2017: 77).*

It is worth noting that this type of growth absorbs a large amount of agricultural land in the outskirts of the city. The land used to provide a substantial income for many households and was critical for sustaining the ecosystem of the metropolitan area which is rapidly turning into condominium sites or unplanned development areas through both formal and informal construction (Kassa, 2014; Abo-El-Wafa et al., 2017; Mulugeta et al., 2017). Nevertheless, the city administration has so far been successful with enlarging the city over the years. In the last

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<sup>3</sup> Proclamation No. 172/2002, Proclamation No. 272/2003

decade, the city grew horizontally and vertically while skyscrapers now ablaze the city centre together with enlarged infrastructure and transportation cover (Cirolia and Berrisford, 2017). The largest and most prestigious transportation project of Addis Ababa, the light-rail system is now serving along the East-West axis of Addis Ababa, connecting several condominium areas to the city centre (Aklilu and Necha, 2018).

### **2.2.2. Housing Situation**

One of the greatest challenges Addis Ababa has been facing alongside rapid urbanisation is the lack of affordable, safe and efficient housing. Indeed, the city is facing a huge housing deficit. Demand has mostly been met by substandard and rental housing (KI.3; RT.1). Similar to other Sub-Saharan African countries, the Ethiopian government prioritised centralised large-scale housing delivery instead of slum-upgrading or enabling environment provision (UN-Habitat, 2011).

In addition to the population growth mentioned earlier, several reasons require further elaboration to fully comprehend Addis Ababa's housing problem. Despite the overthrow of the communist Derg regime, the Ethiopian government kept its grip on land ownership and financing until recently. Land development had often been initiated by the country's small elite class in close coordination with the government (UN-Habitat, 2011).<sup>4</sup> This had indeed left huge tracks of land under the responsibility of actors previously not capable or interested in housing development whilst most of the housing construction was initiated informally by the country's poor migrants (Goodfellow, 2018).

*In Addis Ababa alone, 300,000 units are required to meet the deficit. The housing deficit is set to increase concurrently with the foreseen high population and urbanization growth (UN-Habitat, 2011: 6).*

In terms of private housing provision and finance, there is a very low supply and most of the private sector construction targets rich Ethiopians and expatriates. Likewise, only rich people who are able to provide security can borrow from financial institutions, whereas community savings and borrowing systems “*iquib, iddir and mahiber*” as well as Micro-Finance Credits

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<sup>4</sup> Proclamation No. 47: ‘Government Ownership of Urban Lands and Extra Houses’ (1975)

(MFIs) are insufficient to provide credits for house purchase (Gumbo, 2010).<sup>5</sup> The result of the present housing provision and financial mismatches has been soaring housing and rental prices “making it extremely difficult for even professionals such as doctors and lawyers to access affordable housing.” (UN-Habitat, 2011: 3).

### **2.3. The Integrated Housing Development Programme**

The Integrated Housing Development Programme (IHDP) was initiated in 2004 as a federal programme to construct condominium housing blocks of which 400.000 housing units were to be in the country and 175.000 units in Addis Ababa. It is financed by Commercial Bank of Ethiopia (CBE) bonds and the budget of Addis Ababa. The programme’s aim was to provide affordable and safe housing for the country’s poor, better housing conditions for the middle-class, and to ameliorate the overall economic situation by creating 200.000 jobs for the unemployed and informal labourers as well as to promote 10.000 SMEs. In order to accomplish this, the IHDP embarked on a massive construction in the urban periphery along the major roads axes as well as in central areas previously cleared from slums (UN-Habitat, 2011).

The main tenet of IHDP was to cleanse the city from informal housing and jobs by constructing formal houses and indirectly promoting formal jobs. The programme expected to improve social and economic equality as well as to provide better livelihood opportunities for the poor. It was one of the main pillars of Ethiopia’s poverty reduction strategy in accordance with the Millennium Development Goals (UN-Habitat, 2011; Keller and Mukudi-Omwawi, 2017). Under the Integrated Housing Development Programme, 171,000 housing units had been built by 2011 (UN-Habitat, 2011).

The emergence of the Integrated Housing Development Programme rests on several policy and legislations that were issued previously. The most important ones are the Proclamation 40/96 in 1996 making it possible for Micro-Finance Institutions (MFIs) to provide financial services and credit for the poor. The Urban Development Policy in 2005 sets up targets, strategies and methods for the new grant housing delivery programme (Gumbo,2010). It is this policy and legislation background that gives mandate to the IHDP and MFIs to provide loans and

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<sup>5</sup> Iqub, iddir and mahiber are some of the traditional community saving systems in Ethiopia.

affordable housing units for the urban poor. In order to ensure affordability for the poor, the government subsidizes mortgages (Ayenew & Martin, 2009).

The programme was first designed and implemented by the German Technical Corporation (GTZ) and after the first condominium block, the Housing Development Project Office took over the responsibility. The Ministry of Works and Urban Development (MWUD) is responsible for the strategic planning and governance of all urban developments including the IHDP (UN-Habitat, 2011). In its first implementation phase, 245,000 housing units were constructed all over the country of which 80,257 were located in Addis Ababa spread over 100 project sites. In the first year alone, approximately 450,000 people applied for the lottery (UN-Habitat, 2011). The Commercial Bank of Ethiopia provides low interest loans for those who win the lottery and guarantee that the down-payment is repaid within 15 years (Planel and Bridonneau, 2017). “The current Housing Development Program administers eight types of condominium complexes. The ones targeted for the low- and middle-income groups range in cost from ETB 1500 (\$56) per month to ETB 3500 (\$150)” (Keller and Mukudi-Omwawi, 2017: 177).

In terms of the financing, it is argued that the programme is becoming financially unsustainable due to increasing construction costs and the limited revenues it has generated as well as decreasing financing from federal and local budgets. While the programme is strategically planned at the federal level, the responsibility of its implementation rests on the local government with limited human resources and management capacity. Over the past few years, this growing financial burden on the programme has resulted in construction costs being cut at the expense of quality. As a result, it has been reported that the quality of houses is incrementally decreasing while the houses are delivered unfinished and service provision not provided, especially water, electricity and sanitation. Indeed, a large number of housing units that were already distributed and for which down-payments have been received by 2019 have not yet been completed (KI.1).

Despite these shortcomings, the programme has so far managed to construct massive amounts of housing blocks, increased the homeownership in the country as well as developed the construction and financing sectors (UN-Habitat, 2011). Furthermore, it has become a common practice now to use the first floors of housing units for commercial activities, promoting the local economy in the urban periphery (KI.2).

### 3. LITERATURE REVIEW

There is a vast array of literature on urban transformation and public housing employing a wide range of methodologies and urban theories. In line with the local context, methodology and theory employed in this thesis, the articles have been identified according to the critical urban theories. A growing number of essays are available from both Ethiopian and Western academics that have analysed the condominium housing and urban transformation in Addis Ababa from different angles. This literature is presented in relation to their contribution to the research question of this thesis.

In his analyses, Ejigu (2014; 2015) traced the current urban transformation dynamics in Addis Ababa in Ethiopia's political and social history through the local modernisation and place becoming theories. In placing the current infrastructure projects in country's complex and ambivalent modernisation project, he argued that the spatial changes in Addis Ababa created a paradox between the local aspirations and the modernist projects. The commercially and speculatively motivated projects, in seeking to establish Addis Ababa's role as a diplomatic capital of Africa, has often projected the urban informality as backward and unmodern.

Graetz et al. (2016) added that the recent developments taking place in the city, such as the light-rail construction and the development of the commercial hub in inner city, have served the project of building a "globally competitive city" while throughout the process the urban poor was dislocated. In the same vein, Cirolia and Berrisford (2017) argued while the Ethiopian political apparatus is capable to embark on such urban transformation trajectory, its capability is nevertheless challenged by the ongoing confrontations with the urban informality.

The urban problems in Addis Ababa was asserted by Demissie (2008) through the neoliberal expansion theory. In his analysis, the increasing urbanisation in the periphery of African cities is a recent phenomenon and is vastly different than the Western experiences. Van Noorloos and Kloosterboer (2017) have added that while the urbanisation through mass housing in periphery could be related to neoliberal expansion, its trajectory is highly context specific. They argued, however, that these investments in periphery often serve speculation and marketing of the city. Klaufus et al. (2017) added that these urban projects and public housing schemes often lead to further segregation and gentrification while creating consumption-oriented and speculative neighbourhoods.

In their analysis of the politics of right to the city in Addis Ababa, Planel and Bridonneau (2017) have argued that the IHDP programme has been instrumentalised by the authoritarian government of Ethiopia to politicize settlements in city periphery. They claimed that the “social engineering” practices are employed through the condominium project to create and/or strengthen the politically comforting middle-class. In this process while the well-off urbanites gain further advantage, the urban poor is confronted by increasing control, pressure, and political conservatism if they are to continue living in condominiums. Di Nunzio’s (2014; 2017) anthropological research on street politics is worth mentioning here, where he analysed the “community policing” of EPRDF in Addis Ababa neighbourhoods.

In terms of the implementation and results of the IHDP programme, Keller and Mukudi-Omwawi (2017) found in their analysis that the condominium housing largely benefitted the urban middle and higher classes at the expense of the poor. Ingwani et al. (2010) argued that despite the programme being more affordable than other housing provision in Addis-Ababa, its technical and design features made it improper for the economic and social wellbeing of the urban poor. With regards to the social and economic impact of resettlement due to condominium programme, Abebe and Hesselberg (2013) concluded that many residents were further impoverished due to the loss of informal activities. Mulugeta et al. (2017) added that the urban expansion in Addis Ababa caused displacement of rural people, while the areas used for farming have largely disappeared.

In their analysis of public housing programmes Vale (2013), Manzo (2011) and von Hoffman (2000) have asserted that the programmes had instead served the private sector interests and the clearance of valuable slum lands, displacement and racial segregation. Furthermore, they claimed that the programmes had mostly served the middle-class at the expense of the urban poor. The analysis on this model of housing provision often found it to be too technocratic, inflexible, socially segregating, economically unviable and unaffordable for the masses (Sengupta, 2013; Croese and Cirolia, 2016; Zhang and Ball, 2016).



## **4. THEORETICAL AND CONCEPTUAL FRAMEWORK**

Housing policy and programmes in any given context is often part of a larger urban transformation debate. Urban transformation is a complex phenomenon, involving multiple plans, processes and policies. It is spatial and local, yet at the same time considerably global in cause and effect relationships (Steel et al., 2017). While an understanding of any housing programme within a larger urban transformation process requires multiple theories and concepts in a complex and dialectical web of relationships, it also requires this understanding to be spatially focused and context specific.

Urbanisation theories and concepts in literature mostly consist of those emerged in Western academia. What Leitner and Sheppard (2015) called as “mainstream urban theories” fail to thoroughly capture the dynamics and heterogeneity of urban transformations taking place in the developing world. Critical urban theories, in contrast, are better equipped to understand these dynamics as they are ‘originated’ through the analysis of developing cities and flexible to adapt to different urban contexts. In this part, the thesis will review a number of critical urban theories and concepts that are to be relevant to the research questions and methodology. While doing this, the concepts and theories will be analysed given a consideration of the spatial and local context of Ethiopia.

### **4.1. Speculative Urbanism**

The tremendous and rapid change in urban space in developing countries has been thoroughly scrutinized through critical urban theories. Neoliberal urbanisation (Sheppard, 2014), world-city making and subaltern urbanism (Roy, 2005; 2011) and speculative urbanism (Goldman, 2011) are all different perspectives for analysing the dynamics of developing urban cities and their transformations. While both theories capture different dynamics at play, it is essential to choose the theory according to its suitability to the local context and research focus. While the majority of critical urban theories have strong relevance to the dynamics at play in Addis Ababa, these theories rather provide a ‘global and general’ understanding whereas our focus is mostly understanding the local dynamics. The thesis’ selection of speculative urbanism reflects its adaptability to the urban transformation context of Addis Ababa as well as our research objective and questions.

Speculative urbanism was introduced into academic literature by Michael Goldman (2011) through his research on South Asian mega cities. The theory seeks to explain the government's role in the development of cities through land speculation, image building and city marketing to attract international attention and investment rather than the development of real economy, service sectors and developmental needs of urban populations (Goldman, 2011). The theory provides strong analytical and conceptual lenses to analyse the public housing programs and urban transformation.

Accordingly, the central and local state actors actively engage in building a modern image of the city to increase speculation in urban and peri-urban land. The aim with this image creation is to present the city to the world as modern, developed, orderly, fashioned and economically attractive. Thus, the physical and spatial developments take place in the first place to build this image, often in contradiction with real needs and aspirations of its people. This type of urbanisation often prioritizes short-term profitability and growth through creating 'investment bubbles' rather than seeking to provide long-term sustainable development (Goldman, 2011).

Additionally, speculative urbanism often takes places in urban contexts where structural economic transformation has not taken place and an entrepreneurial middle class has not yet emerged. As stated above, this type of urban development and transformation does not take place in accordance with the economic and social context of the urban system. In line with this, such speculative developments lead to highly gentrified neighbourhoods, as the developments have taken place without consideration of peoples' needs, and those areas are slowly occupied by powerful groups, displacing the residents (Steel et al., 2017).

While speculative urbanism stipulates that the urban developments do not take people's needs into consideration, such urbanisation trends also drain the public budget by funding inefficient and ineffective projects. Thus, the budget raised by the citizens' taxes, is spent in areas for creating speculation instead of solving urban problems or promoting sustainable urbanisation. These speculative projects not only serve the interests of the high-class powerful groups, but also cause massive displacement and relocation throughout the process (van Noorloos and Kloosterboer, 2018). As such, the speculative urbanisation trends lead to social gentrification, pushing urban poor into undesired areas while cleansing the land for speculation and international capital flow (Harvey, 1985).

Speculative urbanisation theory is thus, relevant and encompassing to analyse the urban transformation process in Addis Ababa through housing projects. However, such an analysis

would have been unsatisfactory without looking deeper into some concepts which help us to understand the dynamics at play throughout and following the speculative urbanisation trajectory.

## **4.2. Urban, Spatial Justice and Gentrification**

The IHDP programme was initiated to ameliorate the living conditions of the urban poor and create an equitable housing opportunity for all. The programme sought to manage this through efficient low-cost housing construction. Carmon and Fainstein (2013) were among the first to write an elaborate book about large-scale ‘efficiency’ urban projects, and their implications for the urban, spatial justice and equality. They argued while social justice continues to be the key concept in urban planning rhetoric, a majority of urban development decisions have been taken without taking “justice” into consideration (Fainstein and Fainstein, 2013).

While they had largely argued that urban justice cannot be improved by efficiency, in this section an overview of different concepts of ‘justice’ will be provided, along with how it is understood in an urban context. Carmen and Fainstein (2013) asked a simple and brief question to all urban development projects: “who pays and who wins?”. To analyse it empirically, three different but interrelated social justice values had been explored in an urban context: equity, diversity and democracy.

From this perspective, the analytical lenses provided for urban programmes are how resources, opportunities and power are redistributed (equity), how inclusive they are in spatial forms (diversity) and to what extent marginal and underprivileged groups are considered (democracy). “The aim is a just city, but justice requires sensitivity to the claims of many different groups, and one cannot decide a priori which is the most deserving” (Fainstein and Fainstein, 2013: 48).

An analysis of urban justice requires reflectivity in understanding urban theories. Originally theorised by Krugman (1991), “centre-periphery dilemma” explores the spatial implications of classical economic theories and advocates that the spatial arrangement in a city has become a key factor in discussions of comparative advantage, income equality and economic growth. While the full ramifications of economy are not within the framework of this thesis, it is important to analyse how spatial economy is relevant for urban and spatial justice (Shefer and Frenkel, 2013).

Among the primary concerns here is the conglomeration of economic activities and specialisations in the city centre and how the periphery is characterised by the deprivation of them. It is important to note here that these theories are more relevant to Western urban contexts. However, it is essential to use the framework they have provided as these concerns reveal themselves differently in developing contexts (Shefer and Frenkel, 2013). Especially in urban Africa, a significant amount of informal work specialisations is tied to the urban centre, where most of the urban dwellers make their livelihoods. It is imperative to consider the spatial justice and centre-periphery dilemma from this point of view, in contrast to the spatial conglomerations in the West.

While the processes where different social and economic groups separate into different neighbourhoods (centre-periphery for example) through urban plans, policies and programmes has been conceptualised as urban segregation, the very presence of these segregated neighbourhoods create social and/or urban gentrification. Considered from a housing perspective, many factors might be influential in this process: location, physical and financial structure, target groups, transportation dynamics, neighbourhood employment opportunities and ownership status, to name a few (Buitelaar et al., 2018; Klaufus et al., 2017). The urban decisions, policies and housing programmes often determine who can live where, and as a result intentionally or unintentionally lead the way to gentrification (Steel et al., 2017).

The process of gentrification is spatially, socially and economically context specific. Although Western urban paradigms have provided the conceptual lenses, gentrification has significant differences in Latin American and African contexts. In their analyses, Steel et al. (2017), for instance, argued that the construction of massive luxury housing blocks leads to the gentrification of urban periphery in different African countries, instead of the often-theorized inner-city gentrification.

*In other words gentrification in the global South has evolved towards new manifestations of urban development that are related to an often expected rise of land and other real estate prices. This has resulted in highly visible forms of socio-spatial segregation between those who have access to urban land and those who do not (Steel et al, 2017: 137).*

It is often the case in many urbanising contexts that land speculation, spatial injustice and gentrification go hand in hand to cause displacement and relocation of the urban poor. The result is the rapid commodification of the land that used to belong to ordinary urbanites. While

throughout the process the land is opened for speculation and investment, the urban poor are spatially excluded (Klaufus et al., 2017). This exclusion creates new avenues for research as it is tackled differently by state and local governments in peri-urban contexts.

While urban decisions often lead to different dynamics of segregation and speculation over land, Klaufus et al. (2017) argue that African cities are rapidly flourishing by gated communities. Massive housing construction and land speculation create fertile grounds for these walled, separated and segregated housing blocks, often distancing themselves from the ordinary life of the city. Their empirical analysis revealed that the growing middle-class are taking advantage of these gated communities while the often-displaced urban poor bear the burden (Klaufus et al., 2017).

## **5. METHODOLOGY**

### **5.1. Research Design**

This case study uses qualitative methods, primarily semi-structured and structured interviews as well as participant observation methodology. In order to answer the research questions, the thesis analysed the primary and secondary data through the lenses of speculative urbanism, spatial justice and gentrification theories and concepts. These concepts and theories provided the perspective through which the study looked beyond the issues of condominium residents, and to see the larger picture of urban transformation. The case study is bound in time from 2010 (of which first academic results and evaluations on IHDP were gathered) until 2019. While the larger analytical focus is on Addis Ababa in general, the study spatially focuses on Jemo I, II and III condominium complexes. Jemo was one of the first areas in which condominium houses were constructed, and it is currently the largest housing complex. While the area was far in the city periphery with no physical connections with inner city, the area is now relatively connected. The choice of Jemo case reflects its spatial situation, being located between the city centre and periphery. Also, the fact that Jemo is now complete and has had inhabiting residents for some years, is assumed to provide saturated data.

As illustrated by Figure 1, the research design is built on speculative urbanism theory, and its relationship as the triggering factor for spatial (in)justice, relocation/dislocation and gentrification. The diagram stipulates that when the city is urbanising through speculation, it leads to a vicious cycle where each step reinforces the next. As the larger population segment in an urban context, the poor is substantially affected throughout the process. According to the theory, in each step, while the urban poor is further disempowered, this disempowerment reinforces the continuation of the vicious cycle.

The research design is thus built on an understanding of this cycle and the analytical lenses it provides. It is for this reason that the analysis focuses on the urban poor and condominium residents, and critically assesses their situation within the cycle. Understanding whether the IHDP programme contributes to the cycle or attempts to ameliorate the situation is key and forms the research problem of this thesis, which is assessed through the research questions outlined below. This assessment employs the qualitative indicators, dynamics and paradigms of speculative urbanisation, urban justice and gentrification outlined in the previous chapter.

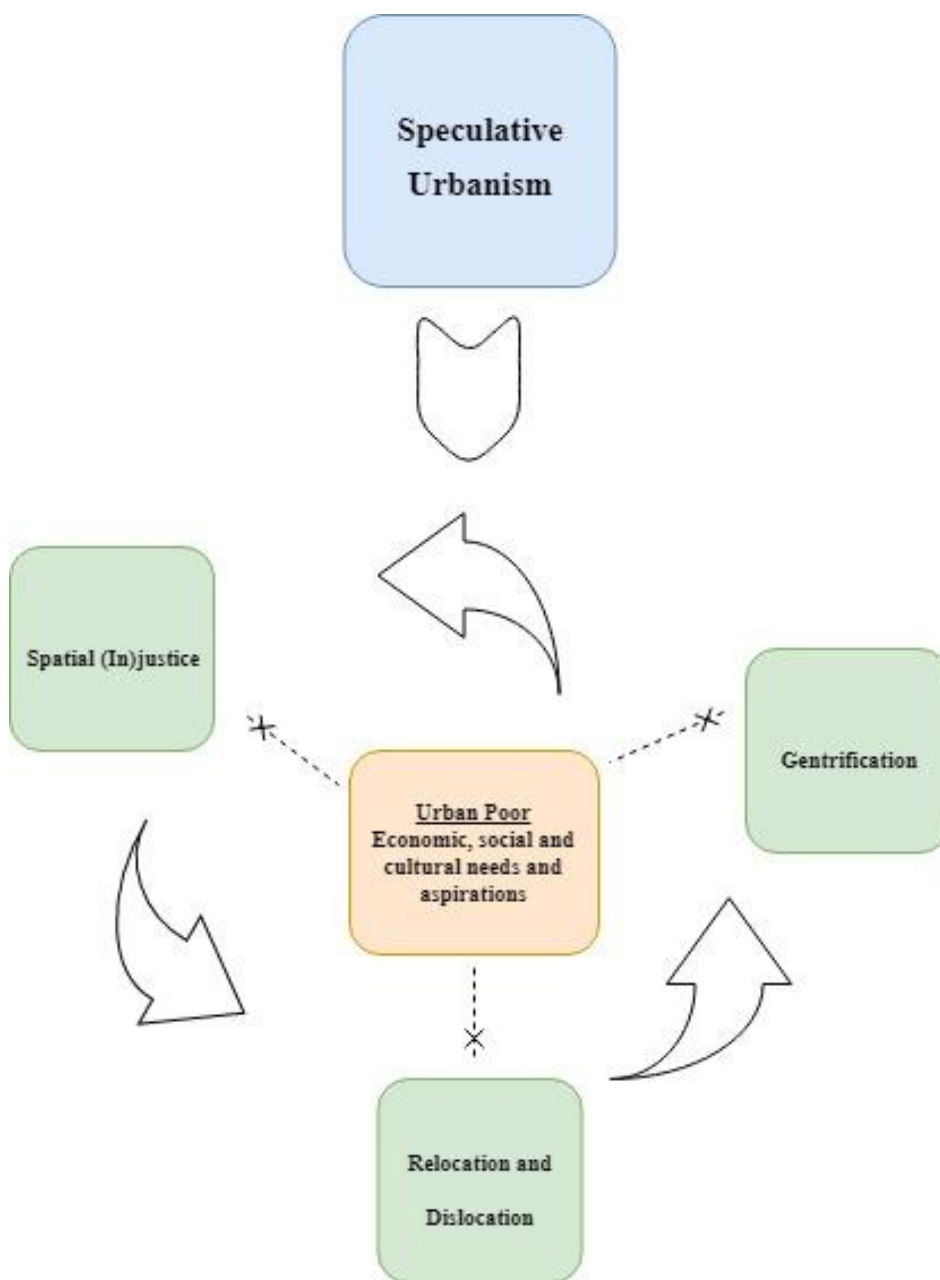


Figure 1: Speculative urbanisation disempowerment diagram

Source: compiled by the information from Goldman (2011).

## **5.2. Research Question**

*How have the urban poor been impacted by the Integrated Housing Development Programme in Addis Ababa? What is the role of the programme in urban transformation dynamics since 2010?*

The three key areas that these questions focus are the IHDP programme, the urban poor and urban transformation.<sup>6</sup> In line with the research problem presented above, the research questions aim at analysing both the IHDP's impact and relevance to the urban poor (the core of the diagram) and its dynamics within the larger urban transformation process (the vicious cycle). While it seeks to provide a general overview of these dynamics, it also aims at analysing the programme's influence on the economic and social dynamics of the urban poor. By doing this, the author aims to reveal the type of urban transformation dynamics the programme has created, whether sustainable or speculative, and its influence on the vicious cycle presented.

## **5.3. Data Collection**

During the data collection phase of this thesis, two separated but logically interrelated sets of semi-structured and structured interviews were conducted. The initial data gathering process was launched with the author's participant observation in a condominium housing unit. During December 2018, the author lived in Enderase Condominium in Kazanchis district of Addis Ababa and kept weekly notes of observations and research process. At the same time, two non-structured and two semi-structured interviews with urban development academics at Addis Ababa University were conducted (ANNEX C). These key informants were found through snowball technique. This first data collection process helped formulate the research question. They were also useful to understand the critical issues challenging the urbanisation and housing context as well as to gather the network and information for further data collection. This was followed by two pilot interviews with two condominium residents in English (ANNEX B).

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<sup>6</sup> This research applies UN-Habitat's classification of the urban poor as outlined in the Introduction.



The second phase of data collection took place in the first two-weeks of July 2019 through a research assistant in Addis Ababa. This was in order to include the perspectives of Amharic speaking residents, whom the author assumes to be more objective than interviewing socially and economically better-off English speakers. The technique and objective of interviews were closely discussed with the research assistant and the questions were adapted to the simplified and context-specific version for Amharic speakers (ANNEX A). The interviews with Amharic residents were conducted in Jemo I, II and III condominium areas, located on south-west of Addis Ababa. In total, 21 randomly selected residents (of which 14 are owners and 7 are tenants) were interviewed. Each interview was conducted in different housing blocks of Jemo condominium complexes. Five of the second phase interviews were conducted by the author on WhatsApp application in July 2019. These five residents were found on the Facebook page of condominium residents in Addis Ababa.

The primary data was triangulated by a large selection of academic and official secondary data. The academic articles consisted of previous research conducted on IHDP programme, urban transformation process in Addis Ababa and the urban employment and housing informality. The official sources consisted of UN and UN-Habitat reports for IHDP programme implementation and the housing situation in Addis Ababa. The author was unable to use official government reports due to the language barrier and non-transparency of these documents in government and programme websites.

### **5.3.1. Interviews**

Three different sets of interviews were conducted, and for each one a different questionnaire was prepared considering language and context. The preparation of different sets of questions also aimed at easing the tensions related to suspicion among residents, as well as creating a balanced ground in terms of their positionality vis-à-vis the researcher and questions. For academics, the questions were rather general and aimed at exploring the most pressing issues and concerns regarding the housing situation. For condominium residents, the questions were related to their situation as homeowners or tenants as well as their economic and social well-being with regards to living in condominiums.

The first phase of interviews was conducted at Addis Ababa University, and two of them in a hotel cafe. Some interviews were recorded and where the conversation was more informal,

notes were taken on a laptop or notepad. The second phase of interviews were conducted by a research assistant in Addis Ababa. After each interview, the assistant sent the interview reports after translating to English. A close communication and guidance were provided in each step of the data collection process.

After the process of data collection was completed, interview respondents were coded according to their residency and data source status. The key informants were coded as ‘*KI.number*’, the owner of housing units were coded as ‘*RO.number*’ whereas tenants were coded as ‘*RT.number*’. This codification was done both to keep their privacy as well as to help readers to easily source the information.

### **5.3.2. Participant Observation**

The participant observation methodology was employed to understand the dynamics of living in a condominium. The author, during the observation period, took notes related to his impressions of the housing situation, transportation and the context, economic wellbeing and social interactions of condominium residents as well as the ordinary daily life. Furthermore, it created opportunities to have informal discussions with several residents, of which the inputs were useful to create interview questionnaire. During this period, the author was aware of the local social and cultural dynamics.

### **5.4. Data Analysis**

The interviews were analysed through NVIVO 12 Plus programme. First, categories and nodes were created within the framework of the theoretical background and research questions. These codes were enlarged when additional issues appeared to be important in interviews. In total 25 nodes were created, ranging from the residents’ perspectives on displacement to their income and livelihoods. Throughout the interview analysis, thick description methodology was employed, therefore the focus was not only the empirical and descriptive responses, but also the subtle meanings and understandings within an urban transformation context (Engel and Schutt, 2009).

## **5.5. Limitations**

The major limitation of this thesis is the author's limited ability to reach urban poor and condominium residents. Urban poor who are not resident in any condominium, while they are critically important for the analysis, have been unintentionally left out. Both the author and research assistant were unable to reach displaced urban poor as it requires a solid local network and financial capability. For this reason, the fact that interviews were conducted with condominium residents is a major limitation as it was not possible to reach and take into account of people who had not been able to get a condominium housing unit.

The second limitation is due to the context of condominiums where a majority of residents are renters. It is a common practice to rent a housing unit for owners due to reasons explored below. The thesis could have been stronger if it had been able to reach condominium owners who reside elsewhere. Furthermore, if official programme officers could have been reached at local and federal level, the analysis could have been stronger with the inclusion of a larger array of opinions.

Finally, throughout the fieldwork in Addis Ababa, the author was limited to interview with only key informants and a number of condominium residents. The author was not able to conduct the data gathering himself in Jemo condominium complexes due to a number of reasons. Firstly, any interview in condominium complexes requires a government approval, which the author was unable to apply for due to internship restrictions. Secondly, the political climate in Addis Ababa was tense, with daily demonstrations generally taking place as a response to ethnical tensions sparked by recent political changes and urban constructions taking place in Oromia lands. The analysis, however, could have been stronger if the author was able to conduct all interviews himself, as it could have provided a better understanding of the social and behavioural factors of respondents.

## **5.6. Ethical Considerations**

As the first stage of data collection took place in academic institutions, no government permission was required. The pilot interviews were conducted with two close contacts after their consent. In the follow-up, they were notified about the research progress. Before the launch of the second phase of data collection, a government approval was requested and

received in a week. The research assistant was instructed to give proper attention to residents' privacy, ethical considerations, gender equality and sensitivity. Due to the sensitivity of the topic, the research assistant was required to show government approval to housing managers in condominium blocks and ask for residents who would be willing to participate.

All interviewees were asked for their consent and whether they wanted to be recorded. In the beginning of each interview, participants were told briefly about the thesis project, the study and why the author was interested in this research. Due to confidentiality, no names and background information of participants were kept electronically. The key informants and condominium residents were coded and numbered differently. The fact that the author had only been able to reach male key informants is an issue with regards to gender equality, however nearly an equal number of gender equality was reached for condominium residents.

A final consideration is related to the author's participant observation through living a month in a condominium housing unit. The fact that these housing units were originally built for urban poor creates an ethical paradox as the author spent a month there. The author had, due to this reason, limited his residence only for research purposes, while during the period was careful in not interfering ordinary lives of other residents.

## **6. ANALYSIS**

### **6.1. The IHDP's affordability for the urban poor**

The Ethiopian government, in its 2005 urban policy report, prioritised the provisioning of affordable housing for the urban poor (Abebe and Hesselberg, 2013). The academic literature and the evaluation reports came up with different conclusions in terms of the program's affordability for the urban poor. In fact, this is a very subjective area of research since it is highly challenging to reach condominium residents at large, as well as the ones who were left outside. This analysis faced similar research challenges with regards to the questions of affordability for whom and in what context.

According to UN-Habitat (2011), the rent or monthly payment of an affordable housing unit should not exceed 30 per cent of household's income. While it is hard to assess the overall household income in Addis Ababa due to informal jobs, it is estimated according to the UN-Habitat categorisation that 80 per cent of Addis Ababa population are not wealthy enough to comfortably afford an IHDP housing unit (Ayenew and Martin, 2009). While those who cannot afford the payment can participate in the lottery, it was often the case they had to withdraw due to payment difficulties (Gumbo, 2010). According to Planel and Bridonneau (2017), the IHDP programme has created a large indebtedness among the urban poor, despite its primary aim being to ameliorate their livelihoods and facilitate a nation-wide saving. In fact, the paradox created for the relocated urban poor is to become homeowners while they are heavily indebted.

The issue of unaffordability was not entirely the case for some households interviewed (RO.1; RO.14; RO.4; RT.2). Those residents, with the majority having formal employment, had either secured the down-payment through additional bank credits or relatives working abroad. One interviewee, who had been amongst the primary beneficiaries of the programme, serviced the down-payment with additional government support (RO.1). Furthermore, housing units were more affordable in early programme years due to the changing interest rates and down-payment amount. Due to refinancing difficulties, the programme has increased the down-payment amount initially from 10 per cent to 20 per cent, and recently to 40 per cent while the interest rate was increased to 10 per cent, making the programme even more unaffordable for the urban poor (KI.2; RO.1; RO.3).

When it comes to the large numbers of urban poor, however, the programme is significantly unaffordable. In Addis Ababa where the majority lives at or below the poverty line, only a small amount of people are economically capable of providing the down-payment and monthly service payments (Keller and Mukudi-Omwawi, 2017). This is further exacerbated for single women and women households who have significantly lower chances of getting a formal employment (UN-Habitat, 2011).

*Hard to say [the programme] is effective while there are a lot of low-income citizens who wish to have the condo but they are financially poor to afford. I don't think it is affordable for the poor people, even for me, it was possible I own the house with the money I got while working abroad (RO.5).*

As exemplified by the above quotation, a majority of the respondents acknowledged that the programme has become increasingly unaffordable for low income urbanites.

The programme's increasing unaffordability over the years is also caused by several structural factors. The cost for a housing unit is increasing due to construction costs and the global financial crisis. This has led the programme to increase interest rate and service payments. While the ones who are able to service the increasing costs continue reaping the benefits, the ones who are unable to pay their monthly payments or down-payments continue to live in substandard housing, or rent-out the housing units they acquired previously (UN-Habitat, 2011).

*... the condos are occupied by the middle-income citizens and the low-income citizens are still living in rental houses because in both options, paying monthly [rent] is must ... so they prefer to save the interest rate to be paid for owning the condo (RO.5).*

While the number of urbanites who would be able to secure the down-payment is decreasing, the renting out strategy is used by residents who are already well-off or want to increase their income (Croese et al. 2016; RT.3; RT.4; RO.4).

In fact, many respondents specified they were having payment difficulties. Despite the programme having no financial income requirements, there is a considerable number of residents who had to sell or rent their property because they had not been able to provide service payments (Abebe and Hesselberg, 2013). This is also risking the future of the programme as the city government has been facing challenges to collect service payments and raise funds for

the development of other areas and the provision of services (Keller and Mukudi-Omwawi, 2017).

In Addis Ababa, where the unemployment rate stands higher than 32 per cent and a greater majority of people are engaged in temporary informal business activities, it is highly challenging to provide these payments. Furthermore, these people are ineligible to apply for additional financial credits since they have no formal jobs as a guarantee (UN-Habitat, 2011). This disadvantage for the urban poor is also worsened by the fact that moving into a condominium creates additional financial burden with increased service payments as well as the finalisation of construction costs (RT.6; RO.3, RO.14; RO.4).

## **6.2. The fairness of the allocation and financing system**

While the issue of unaffordability has been mentioned in the previous section, the IHDP had been launched to take it into consideration. In fact, the programme designed a credit subsidy system through the Commercial Bank of Ethiopia (CBE) and in the following implementation phases, a cross-subsidy system was integrated in order to fund the cheaper housing units. Furthermore, the credit system was designed so that no income requirement was required for the applicants. The only requirement was set to residents proving they had previously lived in Addis Ababa and had no property at the time of application (UN-Habitat, 2011).

This is in fact a positive step for many informal workers and the urban poor to have the eligibility to apply for the lottery system. Previously, a high degree of urban dwellers was ineligible to apply for any sorts of credits as they had no formal income or guarantee (Peck and Yohannes 2009). For this reason, the programme has welcomed an enormous number of applications since its launch. As the demand was so high, a lottery system was launched to allocate the housing units in construction, while the top 30 per cent of the allocation was initially kept for women (UN-Habitat, 2011).<sup>7</sup>

It is highly challenging to secure a place in one of the condominium units despite its many shortcomings and periphery locations. For many urban dwellers, the option is far better than completely losing their housing options in the city centre or moving elsewhere in a substandard housing. For some, however, the IHDP programme has created many possibilities to increase

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<sup>7</sup> In the first programme year in 2005, 435.000 applications were received (UN-Habitat, 2011)

their income and living standards through renting the property they have acquired (KI.1; RT.1; RT.3; RT.4; RO.4). For many others, as explained by some respondents below, it has created hopes and aspirations that one day they could become homeowners, despite the fact of their disapproval of condominium places.

*I live in a rented condo; it belongs to someone else. But we are waiting for the list of the next condo winners where we have registered by 1997EC & re-registered again by 2000EC for the second time.<sup>8</sup> Registration period was announced by the government himself at that time ... until then we have to be patient as we have been for the last eleven years to be confined by one condo house at rental bases (RT.2)*

*People go to these condominiums temporarily; they are not decent settlements ... There are also safety issues out there, people coming from the craziest part of Addis as displaced people (RT.1).*

Like the statement of these residents, many condominium renters are waiting for a long time to secure a place in the lottery system. Until then, they have to continue living in condominiums as most of their previous housing areas have been lost to the urban transformation process.<sup>9</sup> Although the IHDP programme has created opportunities for many, it has exacerbated the situation of many previous dwellers in the centre who have not been lucky to secure a place. “It has certainly benefitted some society at the expense of others”, as acknowledged by one of our respondents (RT.1).

Despite the lottery system being initiated because of the criticisms of the unfair allocation system previously, it still has its setbacks. This mostly comes from the transparency of the registration system and documentation as well as the code of conduct the lottery system has been implemented (KI.1).

*Everything is institutionalised, there is a system and procedure, but nothing is working like that as it appears on paper ... (RO.14).*

*It's a mess how they are distributed. Those are irresponsible contractors ... [there is] purposely a fake lottery system ... while they require six months previous living in*

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<sup>8</sup> EC: Ethiopian Calendar

<sup>9</sup> The issue of urban transformation and displacement is complex and will be outlined in the next sections.



*Addis, the rule is not a problem for many ... you can create fake IDs. People from different places who don't deserve it take these houses (RT.1).*

In addition to the programme being highly unaffordable for the urban poor, the system in which housing units are distributed is further constraining their exclusion. It is argued that the candidates who can provide higher down-payments are prioritised in the lottery (Planel and Bridonneau, 2017). It is often the case that returning Ethiopian diaspora are advantaged since they can provide higher down-payment. The fact that they are only allowed to invest in commercial and residential sectors increases the programme's attraction for the diaspora (Goodfellow, 2017; 2018). The networks and access that is required to gain advantage in the distribution process are often not held by marginalised urban poor.

A number of our interviews have also revealed that there had been issues of bribery, unfair distribution and lack of information throughout the process.

*If I win [a place] in the condo lottery, I think we can manage the down payment. In previous lottery system we heard rumours of unfair distribution, but I can't confirm (RT.2).*

*It was announced by the government but the application process was tougher as there were hundreds of thousands who were applying at the same short period of time. No financial support at all and there is lack of dissemination of relevant information (RO.3).*

*Officials asking for a bribe, long lines to register and also bureaucracy (RO.7).*

Taking these issues into consideration, the allocation system is not only unfair by itself, but it is also excluding and further marginalising poor urbanites. This exclusion comes about as urban poor and homeless people have very little access to any sorts of information. Furthermore, even if they have information, the access to programme requires networks and alliances, beginning from the kebele administration to the municipal administration.<sup>10</sup> It is for this reason that the allocation and financing system is hindrance for the inclusion of urban poor, and a contributing factor to urban injustice and marginalisation.

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<sup>10</sup> Kebele is the smallest local administration unit in Ethiopia. Kebele houses are substandard housing units built by the government during the Derg regime. Currently, they are rented out by the kebele administrations.

### 6.3. Economic and social wellbeing of IHDP residents

The IHDP programme aimed to ameliorate the situation of high unemployment and urban poverty by increasing the economic and social wellbeing of its residents and by creating formal employment opportunities. It had been foreseen that the home ownership would directly benefit urban poor by increasing their monthly income. Furthermore, a number of condominium places had been earmarked for commercial activities so that formal employment could be indirectly promoted (UN-Habitat, 2011). Indeed, a number of respondents remarked the opportunities the programme created for them, as exemplified by the following quotation.

*It helped me to have a personal and reserved life which helped me to save more money.  
It is improving my livelihood as that saving helps me to have my own business (RO.3).*

Despite the programme being largely unaffordable for the urban poor, it has been argued that poor households who cannot afford monthly payments could rent out their property. In due time, they could have improved their economic situation while living in another property (UN-Habitat, 2011; Keller and Mukudi-Omwawi, 2017). While the idea is mentioned in several analyses, this paper has not been able to reach house owners who live elsewhere.

The paper, however, identified several issues where homeownership through the programme has benefitted well-off residents at the expense of others. The following resident's words signal the sentiment that several condominium tenants have.

*The only ones who make money from this are those who can rent, [they are] making a lot of money, prices of condominiums increase per year around 10 per cent (RT.1).*

A significant number of the interviews revealed that the residents do not necessarily feel that their economic and social well-being have improved. Instead, for those who continue to reside in a housing unit as an owner or renter, the expenditures have generally risen. One of the main reasons for this trend is the changing of living standards from traditional towards urban, consumption oriented. Second, for many Ethiopian families who are used to communal life and sharing, living in a condominium has transformed their lives into more individualistic where they have lost their support and care traditions (Ingwani et al., 2010).

*... people were struggling to develop new sets of relationships and associations in their neighbourhoods. Iqub is such an informal organization important in the livelihood*

*security of poor households in Addis Ababa ... act as a social security for its members. Women involved in small businesses said they had a problem of loss of their membership status now because their income was less than before (Abebe and Hesselberg, 2013).*

*I had good social and neighbourhood relations in my family's dwelling better than here. Economically, I have shortage of cash to run my business because I was already sending my salary to settle the owning cost while living abroad (RO.5).*

It is worth mentioning that while a number of respondents claimed that their housing comfort and privacy has improved, they felt more insecure with their lives due to the loss of this communal life. As one responded claimed "it doesn't improve income generation but it has improved the quality of life. It gives freedom and independence" (RO.1). Despite this, it was understood from many residents that they still prefer their previous places.

*I used to live at the residential compound of my parents before moving to condominium with typical Ethiopian strong social ties with families, relatives, and neighbours on daily basis as well as in good and bad times (RO.3).*

*In previous life, family size [was] very small to lead a simple life with very limited service and expenses. At this stage everybody shares a house with external family as a dependent or have to rent one room house (RT.2).*

This change of lifestyle happened in a rapid urban transformation context where many households moved into condominium areas in the city periphery. While their social networks had been broken, their vulnerability have been exacerbated by the gentrified, gated communities. Many residents who moved into condominium areas in the urban periphery found that they lost their informal work opportunities and communal spaces. The ones who had been moved, found that they lost their agricultural land income (Adamu, 2010; RT.1). Furthermore, many residents can no longer engage in the informal job activities that they used to do previously in their communal spaces (Teddla. 2009).

*[We] have become even more vulnerable, [we] have become dependent in this urban area ... [we] have lost our safety nets we previously had ... What kind of vision do you have for the children here? No education, nothing, and now they are working and living in different parts of Ethiopia. Those who make demonstrations, significant of them are these youngsters (RT.1).*

While the initial IHDP houses had been built on informal houses in the city centre, a big portion of huge condominium areas have been built on the urban periphery due to the unavailability of land and extra costs in central areas (UN-Habitat, 2011). As it was mentioned by the interviewee, this has created many social and economic constraints for residents. Many residents have lost their previous occupations and their income activities. Furthermore, the opportunities provided in those periphery locations are slim, while the transportation to the city centre is limited (Pedrazzini et al., 2014; Huchzermeyer and Misselwitz, 2016; RO.2; RO.6; RO.8; RT.3).

*The negative impact of my moving is that I almost have no social and cultural interaction with my previous neighbours and people I know for long. Besides, it has negatively affected my work condition because I arrive late to my office because it is too far from here ... I spend only half of [my salary] for transport expense (RO.8).*

While the condominium residents living in the inner-city are advantaged, the periphery locations created many challenges for its residents (Ingwani et al., 2010). Considered from the urban spatial perspective, the IHDP programme has created an urban-periphery dilemma mentioned earlier. Many of the residents who have been pushed out to the city periphery have lost many advantages which the urban spatiality could provide. From this perspective, the IHDP programme created the conditions of spatial injustice, by spatially dividing citizens along the lines of exclusion and inclusion.

*These people are terribly worried about their future, but they are only thinking about building [more] condominiums and promoting private investment. Many people there now engaged in petty jobs (RT.1).*

*I am somewhat dissatisfied, because the location of the condominium house is in the middle of nowhere. And I have to wait long queues for taxi and pass through crowded roads every morning ... it is hard to arrive to my workplace on time (RT.3).*

In an urban economic context such as Addis Ababa, informality is extremely important for peoples' lives and livelihoods. Both men and women, have made their incomes through various ways that are bound to the inner city. The kebele houses they used to live in, were not only their living quarters, but also where they produced and engaged in many different commercial activities. Many women, for example, used to sell vegetables and beverages in their kebele houses (Abebe and Hesselberg, 2013). While the city-centre provided them many income-generation activities, moving into a condominium housing unit meant the end of it. Although

the condominium complexes have been provided with commercial areas, only those who are powerful and able to receive permits and licenses could use them. For the urban poor, it was not only that they lost their production and commercial areas, but also their customer and service bases (KI.2; RT.1; RT.2).

#### **6.4. Displacement, relocation and compensation**

Many urban development projects in developing countries have one thing in common: they cause massive displacement and impoverishment (Cernea, 2000). While these development projects have been undertaken for the sake of development, it has often been the case that they cause massive negative effects for the long-term development efforts embroiled in the UN Sustainable Development Goals. In Addis Ababa, condominium construction has been the biggest urban development project that has caused a large number of displacement and relocation, often for the urban poor residents in inner-city slums (Teddla, 2009; Abebe and Hesselberg, 2013).

The relocation and displacement caused by condominium housing construction is twofold. While in the inner-city areas it has led to the relocation of already settled urbanites living in kebele houses or other substandard constructions, as well as informal commercial businesses, the programme caused displacement in peri-urban and rural areas (UN-Habitat, 2011). It has already been mentioned that the peri-urban areas of Addis Ababa belonged to the Oromia. While the IHDP programme is implemented by the federal government, the displacement caused in the Oromia region thus sparks political and ethnical tensions and demonstrations. When it comes to the spatial and urban repercussions of this displacement, it means a loss of informal livelihoods of rural Oromia people and the land they used to live in (RT.1). In periphery areas of Addis Ababa, this loss of land for condominium construction changed the lives of many households, by pushing them into other rural areas or into the inner city as homeless. The ones who have been able to secure the down-payment, however, were able to find a housing unit in one of the condominiums, despite the fact that their income-generation activities have changed.

*These are corrupt government officials ... doing maths in the office without talking to people out there. The city keeps expanding, while making us more vulnerable. People*

*are lost in the city and here and there ... Even for those who are compensated, they are vulnerable, no jobs, nothing anymore... (RT.1).*

*Our village was destroyed for counter development purposes so the government arranged a long-term payment method ... we lived some time in Arat Kilo but now our condominium is far away from the city (RO.2).*

The city's expansion towards the peri-urban Oromia lands has not only caused massive relocation and displacement, but also caused one of the survival methods of the city being lost. Ethiopia has had numerous droughts and famine in the recent years (Haylemariam, 2017). The urban and peri-urban agriculture has provided the city with safe and affordable vegetables and fruits in all seasons, providing both food security and stable income. The city's rapid expansion through the construction of condominiums is also leading to farmland grabbing and soil degradation (Kassa, 2014; Abo-El-Wafa et al., 2017; Mulugeta et al., 2017).

*Make an assessment of people who used to live in Jemo ... all of them were engaging in farming. Jemo belongs to Oromia, they are poor farmers, their livelihood depending on land, it is their critical asset. Now they don't have land but they cannot leave, they have just become dependent on safety net. The value of compensation is also problematic, farmers all they need is land, they don't need cash, they can spend it in a week, then they are vulnerable again (RT.1).*

When the condominium construction is planned to take place in downtown areas where there are existing residential and commercial places, the city administration provides three options for the residents: compensation according to the value of their property, relocation to another kebele housing or the option to accept a condominium housing while residing in a substandard house provided by the state until its construction (UN-Habitat, 2011). However, analysing the implementation of these three processes proves to be in many instances rather complicated, patchy and irregular.

In 2019, the condominium units that were allocated through this method and the lottery process exceeded the condominium units that have been constructed. This has created a huge supply mismatch while the number of already waiting urban dwellers has kept increasing (KI.1). While the IHDP promised to provide them with housing units as soon as possible when constructions are completed, the economic and social situations of these people have already deteriorated due to constant moving and losing their employment. Many residents who have been relocated

during this process have lost their income generation activities or had to pay more rent, making them more vulnerable (Teddla, 2009).<sup>11</sup>

The temporary housing provided by the state for those who accept a condominium unit is arguably quite substandard, worse than their previous kebele houses or slums. Unfortunately, they often may have to reside in these buildings for more than a year until the construction of their condominium is completed (UN-Habitat, 2011). For those who cannot provide the down-payment, the situation is far worse. They have to move into periphery locations and build their homes by their own means where the compensation they had been provided with is not adequate. For the ones who could afford in settling in a condominium house, the monthly payments or the rent is much larger than what they had previously paid (Teddla, 2009; Planel and Bridonneau, 2017).

It is often argued that the process has not been implemented in a transparent manner since the launch of the programme. The urban population that is to be relocated were not consulted nor included in the planning and implementation phases. The compensation process, particularly, has been implemented irregularly, depending on the context and the negotiation process with residents. The programme has not taken a thorough analysis of the social and economic situation of the residents who are compensated or relocated. Furthermore, the relocation had not been implemented in a planned manner, causing residents to leave their houses before the government makes appropriate preparations for their temporary residence (Planel and Bridonneau, 2017).

Lideta and Arat Kilo were one of the oldest neighbourhoods in central Addis Ababa. It was accommodating a large number of kebele houses and at the same time it was the commercial centre of the town, providing its residents with many income generation activities. Most of the residents in Lideta now live in the Jemo condominium complexes on the outskirts of Addis Ababa (Planel and Bridonneau, 2017). According to UN-Habitat (2011), they were forcibly relocated without proper consultation and compensation in order to clean the neighbourhood from informal settlements. The ones who did not have title deeds were unable to be relocated to condominiums. Furthermore, in some cases where the residents declined to move, their electricity and water was cut (UN-Habitat, 2011). According to Planel and Bridonneau (2017),

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<sup>11</sup> Only in Arada district, around 1099 residents were displaced by 2009 (Teddla, 2009)

these relocated condominium owners are more vulnerable than the ones who owned it through lottery.

An often-overlooked aspect of relocation is what Abebe and Hasselberg (2013) called the loss of social capital, traditional and mutual help networks. For many poor residents living in urban inner-city slums, they were key for their survival. Once they have moved into condominium houses, they lose these networks and become vulnerable in adapting to modern consumerist lifestyles in condominiums. Many relocated people have seen their economic and social wellbeing deteriorate and lose their informal networks and jobs.

While the urban poor in inner Addis Ababa is dislocated or resettled in condominium houses often in periphery locations, the lands emptied by them have seen their value dramatically increased. In many of these neighbourhoods, luxury hotels and apartments, shopping centres, and skyscraper commercial buildings and banking institutions are built, serving the interests of the city's modernisation, international financial flows and expatriates (Pedrazzini et al., 2014).

#### **6.5. Cross-cutting issues: infrastructure and service provision**

Despite the shortcomings mentioned in previous sections, a majority of interview respondents claimed their condominium housing unit was better in terms of quality and comfort. It is indeed true that the IHDP programme has provided a large number of housing units in a city full of slums and substandard kebele houses (UN-Habitat, 2011). The paradox that needs further attention is that the residents prefer their previous houses despite having better conditions in condominiums. From this hindsight, this section takes a brief look at the different dimensions of infrastructure and service provision issues.

The city administration of Addis Ababa is not only responsible for the financing and management of the IHDP programme, but also for the infrastructure and service provision of the condominium sites in metropolitan and periphery areas. It has already been discussed in previous sections that the city administration, with its limited financial and human capacity within the federal system, has been over-capacitated to provide effective and efficient services to condominium sites (UN-Habitat, 2011).

While the initial condominium areas constructed in the city centre has relatively improved infrastructure and service provision; in periphery sites the provision of electricity, water,



sanitation and garbage collection have yet to be effectively provided (Abebe and Hesselberg, 2013). Furthermore, the residents who secure a housing unit enter their new places without the settlement of these infrastructure and services (UN-Habitat, 2011). The issue is indeed in a sharp contrast to what had been provided in earlier condominium areas built in the centre. As a matter of fact, the interviews we conducted with inner city residents were far more positive with regards to the satisfaction of their environments (RT.3; RO.11).

The fact that urbanites who move into condominium houses find their homes unfinished adds an extra burden and expense. It is estimated that they have to pay an extra 65.000 to 70.000 ETB for the finalisation of the construction of their housing units (Planel and Bridonneau, 2017). The situation is worse for the urban poor who hardly make down-payments. While they must provide monthly service payments, they also bear the extra burden of building the unfinished infrastructure. Furthermore, since the condominium housing units are not constructed nor allocated according to Ethiopian family needs and sizes, most newcomers have to pay for renovation costs (Abebe and Hesselberg, 2013).

*The city and district are to provide our electricity, water and phone, but for us it took more than two months to install it in our own efforts .... [we] get our condominium with no finishing work done. We have to deal with city and district utility providers (electricity, water, telephone), and many more which takes more than two months (RO.3).*

According to Mukudi-Omwawi (2017), the service provision in condominium areas are at startlingly low levels in some areas, where “only 10 per cent of the condo households are connected to sewer lines, and only 5 per cent of the condominium residents can use this system on a regular basis” (Mukudi-Omwawi, 2017). In addition, the sanitation and water systems are inadequate or not working, and infrastructure is left unfinished creating additional dangers for the residents living nearby. It is not an uncommon practice for residents to “collect water in buckets and carry them to their flats”. (UN-Habitat, 2011).

*There is water shortage in my current condo because I live in the upstairs. There is no water due to lack of pressure to rise the water up ... and solid waste disposal area is located near the condo blocks, it creates bad environment due to lack of frequent checking of the solid waste by waste collectors (RO.5)*

With regards to education and healthcare, Abebe and Hesselberg (2013) revealed that so far there was not any healthcare facility built close to condominium areas within the urban

periphery. As there was also an insufficient capacity of public-school provision in these periphery areas, children have to travel long distances.

This section has provided another lens through which we can see the centre-periphery dilemma and spatial injustice have been revitalised through improper and unjust infrastructure and service provision. While the city centre condominium areas have far better conditions, the provision of services is precarious in periphery locations. The spatial constellation of these differences, while often not visible, forms an integral part of spatial injustice and gentrification that the thesis will now illustrate.

## **7. DISCUSSION: SPATIAL IN(JUSTICE) AND GENTRIFICATION**

The IHDP programme, while initially designed for providing affordable housing for the urban poor and improving their living conditions, has often favoured the interests of the middle-class due to a number of reasons. It has created opportunities for well-off citizens or returning diaspora by easing the conditions for them to become homeowners. The urban poor has largely been excluded from this opportunity through down-payment and service payment difficulties and other unfair conditions of allocation and financing.

When it comes to the needs and aspirations of the urban poor, the programme has proven to be unsatisfactorily planned and implemented to meet them. The real needs of the large majority of urbanites are to become homeowners in line with their economic, social and cultural contexts. Throughout the process, the IHDP programme has not only provided insufficient attention to these economic and social needs, but also caused a major disruption to the income generation activities of urban dwellers. This has further been exacerbated by the segregation of centre and periphery through the exclusion of the urban poor from the inner city where their livelihood and income generation activities belonged to.

A majority of our respondents have claimed that the IHDP programme has not met their housing needs and aspirations, but instead for some of them it was a “political project” that benefitted the already rich (RO.4 and RO.8). Furthermore, there was a significant sentiment of the fact that a certain group of investors had taken advantage of the situation by owning more houses than they needed in order to reap the rental benefits. “Those rich people are having more than one condominium house and letting their houses be rented with an unfair fee”, as one of our respondents declared (RT.6).

There were several reasons the programme evoked an increasing spatial and social injustice in Addis Ababa. The main factor among them is the programme’s unaffordability, which is due to several structural reasons deteriorating over the years. While the programme is relatively more affordable than other options, it is still very unlikely to be affordable for a great majority of Addis Ababa population. Furthermore, the programme has not adequately delivered its great ambition of ameliorating the livelihood situations of the urban poor. Instead, it has increased overall expenditure levels, and at the same time disconnected many urbanites from their income generation activities.

An analysis through the three values of urban spatial justice (equity, diversity and democracy), has revealed that the programme has failed to be spatially just in all aspects. The IHDP programme has delivered the public resources into unproductive spatial areas, creating opportunities for those who are already better-off, while throughout the process empowering the urban investors and speculators. In spatial forms, the programme is relatively exclusive, meaning that the urban poor was excluded from the inner city where livelihood opportunities exist. This exclusion, though a lesser extent, was continued through their unequal access to condominium houses. In all processes, it was revealed that marginal and underprivileged groups were not adequately considered where most of them had been unfairly relocated or dislocated.

As we have looked through the planning, implementation and the initial results of the IHDP programme, the analysis revealed that the urban poor was abruptly relocated from their houses in inner city. This relocation was not only bound to the centre. In order to prepare the land in city periphery, a large number of farmers had been dislocated. The result was not only injustice in spatial and social terms, but also growing segregation and gentrification along the centre-periphery axes. The public resources were spent to provide advantage to the certain segment of the population in detriment of the large unresourceful population through shifting their spatial conditions.

As predicated by Goldman (2011), such public investments not only create unfair conditions in terms of urban and spatial equality, but also cause a major disruption for the development of the real economic sector. In a country where the public budget is limited, there is a dire need for investments in job creation and poverty alleviation. Instead, the IHDP programme has channelled the resources into unproductive areas in city periphery while opening the valuable and economically rich inner-city areas into speculation.

While the city has been gentrified through the public housing scheme, the needs and aspirations of the urban poor have been neglected. The spatial injustice that was created has enlarged the division between the resourceful and the poor in a city of growing inequality. What this created has been the growing modernisation of inner city through the expansion of land speculation, construction, and sprawling luxury houses, hotels and shopping centres. On the other hand, a gentrified, disempowered urban periphery was created through the blossoming of condominium gated houses.

The gentrification has further revealed itself through what Buitelaar et al. (2018) and Klaufus et al. (2017) mentioned about the exclusion and neglect in gentrified areas with regards to the physical and financial context, transport dynamics and neighbourhood employment status. They advocated that such factors determine who can live in what neighbourhood. The analysis has proven that the condominium complexes in city periphery have lacked or been neglected of all these construing factors. The condominium houses are often delivered before their physical construction completed. These housing complexes have not been adequately provided with public services compared to the inner-city areas. Furthermore, with the uprooting of farming grounds, there exists no formal or informal employment opportunities nearby condominium areas in city periphery.

## 8. CONCLUSION

This research aimed to understand the dynamics created by the Ethiopian Integrated Housing Development Programme and its implications for and relevance to the lives and livelihoods of the urban poor in Addis Ababa's urban transformation context. The findings suggested that the IHDP programme has created speculative urbanisation dynamics through enabling the conditions for the spatial injustice, gentrification and relocation/dislocation vicious cycle. Throughout the process, the urban poor have been negatively influenced by spatial exclusion and loss of income generation activities.

By analysing the programme's affordability, spatial and financial fairness as well as the residents' economic and social wellbeing, the thesis has shown that the IHDP programme is not relevant for the majority of the urban poor. It can be concluded that while the privileged and well-off have taken advantage of the programme, this was at the expense of the relocated and dislocated urbanites. The speculative dynamics that were created in the valuable inner city have further created the conditions of which the land had been reserved for the commercial interests of the resourceful.

The employment of the speculative urbanisation theory, interviewing and participant observation methodology allowed this analysis to understand the urban transformation dynamics beyond the condominium housing. While the thesis has indicated that the IHDP programme is not relevant to the urban poor, it also demonstrated the programme's influence in creating spatial injustice dynamics. The latter was rather an unexpected outcome from when the research began. From this perspective, it can be argued that Addis Ababa's urban transformation dynamics, and especially the IHDP programme, is unsustainable and short-sighted.

The thesis has contributed to the academic discussions on urban transformation, centre-periphery dilemma and public housing provision in the Sub-Saharan Africa context. A growing number of Ethiopian and Western academics and non-profit organisations are becoming interested in the initial results of Ethiopia's largest housing initiative. Considering the fact that the first implementation phase of the IHDP programme has finished, this thesis is timely and relevant.

The study confirmed the Goldman's (2011) theory of speculative urbanisation in developing city contexts. It has furthermore provided additional perspective through which the speculative

urbanisation dynamics can be analysed with the speculative urbanisation vicious cycle in different urban contexts. Further research in different urban contexts is highly needed considering the rapid urbanisation and housing deficit problem in Sub-Saharan Africa. The application of the speculative urbanisation vicious cycle can be strengthened by quantitative and mixed research methods of which the urban poor and resident household dynamics can be detailly analysed through surveys. Furthermore, an analysis of the public officials' perspective of the IHDP programme would be highly relevant for strengthening the arguments provided in this thesis.

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## **ANNEX A: INTERVIEW QUESTIONS FOR AMHARIC SPEAKING RESIDENTS**

(Translated from English to Amharic by the research assistant)

1. Describe the condition of the house where you live before in terms of the quality of the house (floor, ceiling and walls, toilet shower water and electricity kitchen), number of rooms, proportion and flexibility of the rooms?
2. How do you see the basic facilities (electric power supply, water supply, sewage disposal lines, solid disposal areas and transportation) comparing to the place where you live before?
3. Could you describe your social, economic and cultural background at the previous dwelling?
4. In a positive or negative way for each aspect, how has moving into the condominium impacted your income (work activity), social, economic and cultural background?
5. Describe the reasons you take a condominium house as one option?
6. What is your current employment?
7. How many people live in the household? Compared to before has this number increased or decreased?
8. Are you the property owner or tenant?  
  
If you are the property owner, do you consider selling or renting your property?  
  
If sold how much is it worth\_\_\_\_\_ (#)  
  
And if rented\_\_\_\_\_ (#)
9. If owned, how did you learn about the programme and what kind of scheme is it
10. What were the difficulties you faced on the registration process, if any?
11. Did you receive any assistance, both in terms of financial and informational, before and during your application procedure?
12. Could you explain the process you had secured a housing unit in the condominium?
13. How did the lottery process unfold?
14. How did you secure the down-payment?

15. How long do you wait to own the house after the registration?
16. How do you settle the owning cost of the condominium unit?
17. How do you see the affordability of the payment conditions for owning the condominium house with regard to the income of the low-income citizens?
18. To what extent has the project responded to the needs of the low-income citizens?
19. According to you, how does the construction boom cause financial burden on the already registered low income citizen?
20. On the time you receive the house, to what extent was the house completed and comfortable for living?
21. What are your criticisms on the quality of the house during receiving the house?
22. To what extent are you satisfied with your current residence in condominium?
23. Has moving into condominium improved your housing needs and problems?
24. Do you think the programme has benefited more rich people than poor people?
25. How much has the low-cost housing development improved the standard of living of low-income citizens?
26. The Building's Façade are open for different commercial establishments such as Bars, pubs and hotels, Wood and steel workshops, do these establishments have positive or negative impacts on residents who occupied the building units for residential purpose.
27. What is your opinion concerning the areas provided for different social service, parking area, green area and children's playing ground?
28. Are there things that could have been done differently to make the condominium safe and comfortable for the disabled and old citizens like elevator and parking space for the disabled?
29. How do you see the fairness of the costs shared by residents for different services like security services, septic tank pumping service?
30. Besides improving the city's landscape, has the low-cost housing development improved the standard of living of low-income citizens?

## **ANNEX B: QUESTIONS FOR INTERVIEWS IN ENGLISH**

- 1- Where did you live before moving into condominium? Could you describe your daily life there, livelihood situation and income generation activities?
- 2- How did you learn about the programme? Did you receive any assistance, both in terms of financial and informational, before and during your application procedure?
- 3- Could you explain the process you had secured a housing unit in the condominium? How did the lottery process unfold? How did you secure the down-payment?
- 4- What kind of condominium unit have you secured? Are you the property owner or tenant?
  - 4a) If you are the property owner, do you consider selling or renting your property?
- 5- How has moving into the condominium impacted on your household's daily life and economic well-being? Has it impacted your livelihoods and/or income generation activities?
- 6- How has your household's life, livelihoods and income generation been influenced compared to your previous residence?
- 7- To what extent are you satisfied with your current residence in condominium? Has moving into condominium improved your housing needs and problems?

## **ANNEX C: INTERVIEW QUESTIONS FOR KEY INFORMANTS**

- 1) What are the key determinants of urban sprawl and urban transformation in Addis Ababa? What is the role of the Integrated Housing Development Programs (IHDP) within this context?
- 2) In your opinion, has the Integrated Housing Development Programme been carried as it is planned? To what extent has it reached its goals and target population? Has it efficiently and effectively addressed its target populations' needs?
- 3) In your opinion, what are the successes and shortcomings from the Program's implementation phase? If the programme has missed some of its targets, what are the requirements lacking or failing? How do you think the programme could have better provided better results for its target population?