

Policy pointers

Government and donors should promote affordable housing finance for low- and middle-income groups by establishing a low-interest mortgage lending system, piloting housing finance products and inclusive public private partnership (PPP) initiatives on housing.

Regional and municipal authorities should pursue more collaborative processes, such as structured dialogue with community groups and residents, in order to develop affordable shelter solutions. These should include mechanisms for vulnerable groups to participate.

Development partners should work with government at multiple levels to strengthen the capacity of authorities involved in shelter provision, including bolstering the ombudsman's powers and complaint-handling mechanisms.

Municipalities should take a more consultative approach to the regularisation or resettlement of informal settlement residents, drawing on international best practice that safeguards vulnerable groups.

Proposed solutions for inclusive shelter in Hawassa

The city of Hawassa is growing fast, driven by the recent construction of a flagship industrial park which is expected to attract up to 60,000 workers by 2021. As the population expands, Hawassa's shelter needs are becoming ever more acute: existing housing stock and government housing programmes and policies do not match demand. While informal settlements expand to absorb increasing demand from migrant workers and others, sustainable housing solutions are urgently needed for the city's hundreds of thousands of residents. This briefing summarises findings of recent research into the shelter challenges faced by low-income and vulnerable groups in Hawassa and provides policy recommendations for relevant stakeholders across government, local communities, business and the donor community.

Hawassa is a medium-sized Ethiopian city and the capital of Southern Nations, Nationalities and Peoples Region (SNNPR); it is home to around 387,087 people.¹ It is a city on the rise, with the construction of a new industrial park in 2017; this flagship 'Special Economic Zone' is designed to provide 60,000 jobs and massively boost clothing exports. The industrial park has attracted tens of thousands of workers — mainly young women — into the city. Rapid population growth has come with fast-paced political change, both nationally and locally, and a generation of new policymakers and officials are now considering how best to address a range of policy areas including, critically, demand for housing.

With further industrial parks being developed in other regions of the country, learning from the experience of how Hawassa manages its housing needs is of wider relevance. This briefing shares key findings from a collaborative study investigating shelter provision in Hawassa (see Box 1), part of a wider research study on inclusive cities in East Africa.² It is aimed at federal and municipal policy officials, international donors and relevant private

sector and civil society groups. Findings from this research can shed light on shelter access in the city and provide recommendations for how to enhance the response by the Hawassa city administration, the Federal Government and development partners. The following sections summarise the study's main findings.

Large-scale state housing schemes: not meeting need

There have been various government housing schemes in Hawassa that supplement the kebele housing stock (kebeles are Ethiopia's smallest administrative unit): the Integrated Housing Development Programme (IHDP) or condominiums; cooperative housing; and a microfinance institution scheme for private landlords linked to the Hawassa Industrial Park. Currently, the housing stock is approximately 85,000 units, counting both formal and informal settlements (see Table 1). This stock serves about 387,087 people, the majority of whom live within the plan (municipal) boundary. But none of these schemes have generated sufficient or affordable

In Hawassa, current land prices are excessively high and unaffordable for most citizens

housing at scale. Housing demand hugely outstrips supply, driven by rapid national urbanisation rates (estimated at 5.4% per annum)³ and, since 2017, exacerbated by the arrival of thousands of workers for the industrial park.

Existing schemes were meant to provide housing for people on low incomes but are largely beyond the reach of even middle-income groups. In addition, current government policy promotes the building of high-rise housing in response to land shortages, but this is not made affordable for low-income groups.

Residents of state housing schemes frequently complain of poor infrastructure and a lack of accountability in terms of service provision. This is rarely given adequate oversight by municipal authorities but rather left to homeowners to resolve. Although residents organise around very specific and urgent common needs, they rarely organise at a neighbourhood level around common and longer-term strategic interests such as campaigning for affordable housing, better utilities or security.

Female-headed households, divorced, separated and widowed women, elderly people and women and men with disabilities all experience severe shelter challenges and are among the most vulnerable residents in Hawassa. These groups are the most likely to struggle to access either formal or informal shelter, related both to their below-average income levels but also to other forms of stigma and discrimination.

Formal land acquisition system: largely out of reach

Like all cities in Ethiopia, Hawassa's land distribution is centralised: all land is leased to

individuals through a regional government-led auction. Current land prices are excessively high and unaffordable for most citizens. In addition to limited municipal resources and capacity, the city's system for land leasing is lengthy and costly. As a result, auctioned plots of land are in high demand and extremely expensive, forcing people to turn to informal settlements and informal deals on peri-urban land where lease holding is ambiguous, which can spark land-related conflict.

Low- and middle-income groups have minimal access to mortgage finance. The only ways for individuals to access finance to construct houses on leased land are: compensation money received after eviction (only for eligible households); leveraging remittances from social networks such as Ethiopian diaspora groups overseas; or the microfinance scheme provided for the housing of the industrial park workers through the Sidama Microfinance Institute.

The growing pressure on land has created incentives for farmers living on the city periphery to transfer their land lease, as many fear (lawful but involuntary) resettlement. This practice has been common across Ethiopia in recent years but leaves farmers with government compensation that, until very recently, was far below market rates and with little control over new land granted. Our data showed that farmers were able to make considerably more money from transferring their land lease to speculators, informal land developers and individuals keen to build their own shelter. However, this imbalance may be addressed by a new proclamation (pending ratification) that increases levels of state compensation, although it is too early to gauge its impact. New settlers may risk building illegally, as municipal authorities do not always demolish such shelters. Various study participants mentioned instances of the alleged bribery of officials in such situations.

Box 1. Our study: methods and objectives

Our research included desk review and qualitative and quantitative fieldwork from April 2018 to May 2019. During the course of the research, Ethiopia underwent major political change, including outbreaks of conflict in Hawassa. As a result, data collected early in the project needed to be interpreted with caution and was validated at a multi-stakeholder workshop in October 2019. Adjustments were made to the recommendations in light of changes that had taken place between data collection and publication of findings.

Eight researchers conducted 87 interviews and 11 focus groups in Hawassa and interviewed federal institutions in Addis Ababa. A survey of 60 households was conducted in two informal settlements to give a snapshot of access to services, prices and shelter types.

Our study sought to: investigate systems through which people access shelter; establish how low-income and vulnerable groups (including women and girls, refugees and internally displaced people and people with disabilities) are positioned within these systems; and identify targeted interventions that can allow low income and vulnerable groups to improve their access to shelter.⁶

Capacity gaps in government

The study found that the municipality's limited financial resources and officials' limited technical capacity — including limited understanding of, or access to, new technology — was a major challenge in their work. These limitations often led to an inability to implement existing policy (such as supporting housing cooperatives) and undermined their day to day operation.

A perceived lack of accountability (including corrupt practices such as nepotism in land and housing allocation processes and in maintenance contracts) was also seen as linked to capacity challenges. Some interviewees alleged that the patchy implementation of the law governing eviction of informal settlements is related to financial incentives (such as private financial gain), although our research was not able to validate these

claims. Inconsistent application of policies on informal settlements can also arise if authorities perceive that evicting residents of illegally constructed housing could provoke conflict — as experienced in Hawassa in the last year — and therefore they may opt not to act. A combination of these factors can perpetuate informal settlements characterised by inadequate shelter, poor services and lack of economic opportunities for residents.

Government finances for procuring and servicing land for leasing, building new housing stock and maintaining municipal housing are inadequate. In line with recent legislation, the Industrial Parks Development Corporation (IPDC), responsible for industrial park development in Ethiopia, is exploring the use of PPP to construct dormitories for workers in the Hawassa Industrial Park (HIP). In order for PPPs to be successful at the necessary scale, the government needs to support incentivising international investors, while ensuring affordability for low income groups — an area where previous schemes have failed. PPPs may present an opportunity to ensure workers' representation in discussions, particularly in adequately addressing the affordability of the proposed housing plan.

Expansion of informal settlements; emerging security challenges

With few options to access credit or to rent in the formal sector, living in an informal settlement is the only affordable option open to many. Female-headed households in particular are likely to seek affordable shelter in remote areas where rent is lower. However, our study suggests that in these areas women and children experience higher risks of sexual violence, due to dense proximity of housing, absence of street lights, long distances they need to travel for work and lack of evening transport. This means the regularisation of informal settlements, where this leads to improvements in access roads and transport, better services and a more enabling environment for local livelihood opportunities, may have particular benefits for vulnerable women and children.

Despite legislation that makes (pre-2011) informal settlements and shelters eligible for regularisation, its implementation has been partial. So far not all eligible settlements have benefitted from this process, while some ineligible settlements have not been demolished. Without alternative housing solutions, clampdowns may not be appropriate or effective and could risk conflict. Our research revealed widespread feelings of disempowerment and grievance among resettled residents whose livelihoods, social networks and access to services were hugely disrupted by relocation without consultation. In addition, there is currently limited community organisation and dialogue with authorities, and no mechanism for this.

Table 1. Estimated housing stock, Hawassa

Type of houses	Total number of houses
Formal housing units	45,000
Built by government	4,525
Condominiums	3,538
Resettlement houses/public rental	977
Kebele houses	2,008
Built through private development	33,952
Individuals	33,246
Cooperatives	626
Real estate	80
Informal housing units (housing deficit in addition to private rental)	40,000
Total housing stock in Hawassa	85,000

Source: UNHabitat 2019¹

Recommendations

1. Improve access to housing for low- and middle-income groups by strengthening existing housing stock and providing affordable housing finance.

Housing cooperatives are generally owned and collectively managed by members who contribute their time and labour towards the construction of housing. They make housing more affordable by reducing the costs for individual members and by being eligible to lease land from the government at a lower rate. The city administration should actively support the formation of housing cooperatives to increase the supply of affordable housing. This policy must be combined with additional incentives, including servicing and making land available for free or at affordable lease rates, and providing subsidised infrastructure and services (such as water and electricity) to help reduce the cost of housing cooperatives further.

Mortgage finance is out of reach to most low- and middle-income groups. Government and donors should identify viable options for opening up access to finance to these people, specifically through a low-interest lending bank. Microfinance products for housing could be developed, drawing on international experience adapted for the Ethiopian context.⁴ Donors already supporting the US\$250 million Hawassa Industrial Park programme have vested interests in making the park work, since improving shelter for its workers in terms of affordability, safety and service quality is key to both worker retention and the Park's success. Beyond the industrial park, the government needs to scale up affordable housing microfinance to put it within reach of middle- and lower-income groups in Hawassa and expand investment in social housing that meets minimum standards.

Government, the private sector and civil society should play active roles in mobilising finance through PPPs that will enable Hawassa's City

Administration and IPDC to build, maintain and expand housing stock. Where the PPP model relates to HIP worker housing schemes, workers should be represented in discussions. Government must ensure emerging PPP discussions include the voices of marginalised and low-income groups.

2. Address barriers to land acquisition. The Hawassa city administration should work with neighbouring local government jurisdictions and farmers to acquire land for housing construction as part of an integrated development plan. Relatedly, an efficient transport system in and out of the city is critical to the success of this.

The government also needs to monitor the impact of recent legislation increasing compensation rates for farmers to ascertain how this is affecting the wider land market and whether it has successfully increased availability or exacerbated access problems for low income households.

Increasing the availability of land for housing will not only help to relieve the acute housing shortage, but may also reduce the need to expand the city's housing vertically using high rise buildings, which those on lower incomes may find unaffordable.

3. Strengthen capacity and accountability of Hawassa's city government. Existing government programmes to strengthen capacity in the municipality's housing sector are insufficient. Additional financial and technical capacity support is needed for the institutions involved in shelter provision.

Strengthening the power of the ombudsman (with regards to both its engagement with Hawassa city and SNNPR regional bodies) and complaint-handling mechanisms will be key to ensuring that government is more accountable.

4. Address informal settlements and implement regularisation. To ease the acute demand for housing, the city administration should carefully consider further regularisation of some (eligible) informal settlements according to the existing legal framework surrounding them.

The municipality should formulate policies for the sustainable provision of shelter and also engage with residents of informal settlements. If involuntary resettlement is unavoidable, best practice can be drawn from the International Finance Corporation's (IFC) performance standards on environmental and social sustainability,⁵ specifically Performance Standard 5, to safeguard vulnerable residents (including

female-headed households, people with disabilities and others). This must ensure the provision of alternative secure shelter for informal communities (where eligible), and avoid conflict. Improved involuntary resettlement processes could include reviewing alternative sites for relocation; ensuring community dialogue to identify core needs and inform relocation plans; development of grievance mechanisms; and creation of resettlement action plans and livelihood restoration plans.

The safety and security of women and children in informal settlements must be paramount. It is essential that municipal authorities work with relevant bureaux, sub-city offices and civil society organisations to prevent violence against women and girls. This should include data collection; safe transport; improvements in water and sanitation facilities; and reliable day care facilities for children whose parents work away from home.

5. Build political consensus and inclusion through good governance. Greater political consensus is needed around shelter solutions across government, as well as across diverse regional and ethnic groups. This process must be broadly inclusive to be sustainable. A key part of achieving this consensus will be promoting good urban governance and strengthening social accountability.

More structured collaboration between municipal and regional authorities and community groups is also key. Vulnerable residents and those on low incomes are currently not organised and so unable to advocate for or collaborate with municipalities for longer-term shelter solutions. The formation of community groups or farmers' associations can benefit stakeholders too, giving them a stronger voice in these decisions. Strong political leadership from different levels of government and from Ethiopia's different ethnic groups will also be required for sustainable and inclusive governance.

Women have so far lacked formal channels to engage in political and housing policy processes; designated roles and spaces must be created for their organised input.

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Notes

¹ UNHabitat (2019) Stakeholder Coordination Meeting presentation, "Support to the Sustainable Development of Hawassa City Project", 6th May 2019. / ² See www.iied.org/shelter-provision-east-african-cities-understanding-transformative-politics-for-inclusive-cities / ³ World Bank Ethiopia Overview, April 2019: www.worldbank.org/en/country/ethiopia/overview / ⁴ World habitat awards, Community-Led Infrastructure Finance Facility (CLIFF): www.world-habitat.org/world-habitat-awards/winners-and-finalists/community-led-infrastructure-finance-facility-cliff / ⁵ International Finance Corporation, performance standards on environmental and social sustainability: www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards / ⁶ Grant, E, Desta, G, Admassie, Y, Hassan, F, Stevens, S and Ayenew, M (forthcoming) In Search of Shelter: the case of Hawassa, Ethiopia. IIED, London.