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9. ABSTRACT

Since 1971, the Office of Housing of AID has been conducting preinvestment surveys in countries where housing investment guaranty programs are anticipated in order to provide the background and framework for its intervention. These surveys are, in fact, increasingly sophisticated analyses of the shelter sector of each country. Each report is intended to provide the Office of Housing with the information necessary to enable it to answer three primary questions about a specific country:

- . What is the country's capacity to undertake a large-scale housing program?
- . What is the effective demand for housing at a given price level?
- . What is the country's capacity to repay a foreign loan?

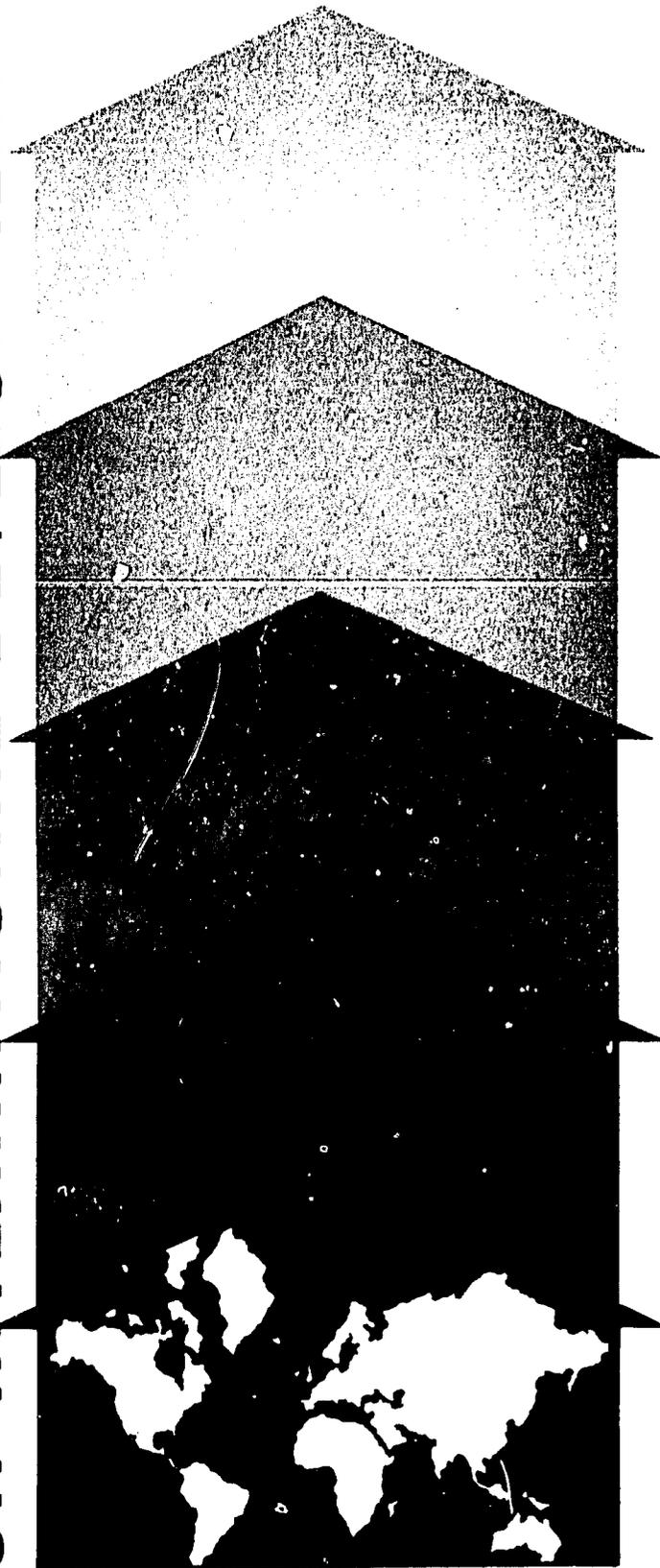
To paraphrase the introduction to the scope of work for a recent survey, its objectives are to determine the need for housing at all socio-economic levels of society, to determine the ability of each socio-economic group to pay for housing; to assess the capabilities of the Government to plan and manage large scale housing programs and projects; to analyze the impact of large scale foreign borrowing on the country's economy and its ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries.

These objectives have been realized with varying degrees of success. Some of the more recent surveys, in particular, provide broad panoramas of the country housing sectors. Some of the earlier ones are more limited in scope and cover only a part of the sector.

These reports provide valuable orientation for anyone becoming involved in housing sector in one of these countries. They should also be useful for comparative studies of housing programs and policies on a regional or world-wide basis.

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Housing - Ethiopia

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**PRE INVESTMENT
SURVEY REPORT
HOUSING GUARANTY
PROGRAM
ADDIS ABABA,
ETHIOPIA, 1971**

TO: Office of Housing
Agency of International Development
Washington, D.C.

FROM: William J. Nagle
Phillip Oviatt
National League of Insured Savings Associations

HOUSING GUARANTY PROGRAM
PRE-INVESTMENT SURVEY
FOR
ADDIS ABABA, ETHIOPIA

May 1, 1971

PRE-INVESTMENT SURVEY

for

ADDIS ABABA, ETHIOPIA

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PREFACE

The immediate impetus for this survey was a request from the Lord Mayor of Addis Ababa to the U.S. AID Mission in Ethiopia for assistance in planning and implementing housing projects for the municipality, utilizing financing available under the AID housing guaranty program. The Mission in turn asked the Office of Housing, AID-Washington, to send a team to hold first-stage discussions with the municipality and other interested parties.

An Africa-wide AID Conference on the Housing Guaranty Program in March, 1971 brought to Addis Ababa Peter Kimm, Deputy Director of the Office of Housing, and George Hazel, A/H regional housing officer for Africa. They discussed the possibilities of housing guaranty financing with AID Mission Director Roger Ernst and his staff and with the Lord Mayor and other officials of the Municipality and the Imperial Government. Also involved in the discussions and assigned to complete the pre-feasibility survey and to follow through with a written report were a team of two consultants to the AID Office of Housing from the National League of Insured Savings Associations. William J. Nagle had general responsibility with Phillip Oviatt making the engineering and construction input.

Just prior to these discussions, final approvals were given and ground broken for the Bole Housing Project in Addis Ababa which will result in the building and sale of 750 homes in the Eth\$19,000 (US\$7,600) (1 Eth\$ = US 0.40) price range for a total sale value of US\$5,500,000. Sponsor-borrower of the Bole Homes is Continental Ethiopia, Ltd., a private corporation. Administrator for project is the Imperial Savings and Home Ownership Public Association (ISHOPA).

The interest of the Lord Mayor in a new housing project to be sponsored by the Municipality was in part stimulated by the enthusiastic response of applicants for the Bole Homes.

The preliminary discussions with Municipal officials on a possible new project for Addis Ababa proceeded on two assumptions: (a) that the Municipality itself rather than a private developer would act as sponsor; and (b) that the project would be in a price range averaging about Eth\$10,000 (or US\$4,000) homes -- about half the cost of the Bole homes.

This Pre-Investment Survey is divided into two parts. Part I places the survey in the context of earlier housing studies, discusses population growth and housing needs, assesses the financial institutions in Addis, judges the housing market, and finally discusses the institution-building requirements if the Municipality itself is to launch a major housing effort.

Dr. Nagle had primary responsibility for Part I and editorial responsibility for the whole report. Part II of the Survey deals with the technical feasibility of a housing project, including an assessment of the capacity of the local building industry. Mr. Oviatt had primary responsibility for Part II.

Policy guidance for the survey was provided by Peter Kimm. In early interviews and information gathering considerable assistance was received from George Hazel and from the Private Enterprise staff of the U.S. AID Mission, Eugene Sullivan and Malcolm Novins. To facilitate further work on this or other housing projects in Ethiopia, all relevant studies and documents have been sent to the Office of Housing as annexes to this report.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Findings

Addis Ababa has had a remarkably high growth rate - with 35,000 in 1908, 400,000 in 1952 and an estimated 837,000 in 1970. The city had an average growth rate of 7% in each of the three years prior to 1970.

Generally deplorable housing conditions affect all but the wealthiest of its citizens: two-thirds of the 158,338 housing units have floors of earth; 138,236 are built of chika or other impermanent material; only 6% have piped water, and only 8,888 of the 158,338 have flush toilets. More than half the population live in semi-permanent or improvised housing.

Those citizens of the Capital needing better housing clearly include many people with regular salaries who would be both willing and able to take on a long-term house mortgage.

The lack of mortgage money and the restrictive financial practices in effect in obtaining a mortgage constitute the biggest barriers facing the middle-level salary earner in obtaining a house. The Savings and Mortgage Corporation requires 200% collateral for a US\$8,000 loan at 9½% interest for a period limited to five years.

The other financial institute making house loans is the Imperial Savings and Home Ownership Public Association (ISHOPA). From 1962 through 1970, it disbursed 193 home loans. Although it has had a mandate to aid low and middle income households, the lack of capital has kept its loan disbursement at a low level. Its recent selection as local administrator for the Bole Homes Project will result in a four-fold increase in ISHOPA's loan activities.

The market for homes in the Eth\$10,000 to Eth\$12,000 (US\$4,000 to \$4,800) range is greater than any foreseeable supply. Analysis of income levels of 86% of the regular salary earners in the City reveals there exists a total of at least 7,627 persons on regular salaries of from US\$120 to \$240, who could afford to buy an US\$4,000 to \$4,800 home on a long term mortgage. Therefore, a middle-income housing project of 1,000 to 2,000 homes would have no difficulty attracting qualified buyers in Addis Ababa.

Given the interest and initiative of the Lord Mayor, the Municipality appears to be the best prospect for sponsor/developer of such a project - although it does not now have the capacity to plan and carry through the project without outside assistance.

Although no land has been yet put aside for a housing project, it could be made available in any area of Addis Ababa. The area with the best prospects is in the south-eastern section of the City.

Conventional building materials are in sufficient supply to accommodate the needs of a housing project.

The quality of the labor force is low, but both unskilled and semi-skilled help is readily available.

Best available estimates of total costs of constructions of housing range between Eth\$130 to \$180 (US\$52 to \$72) per square meter, including land and urbanization.

Expatriate companies dominate the construction industry in Ethiopia; the lack of capital and equipment pose great obstacles to use of Ethiopian builders as prime contractors.

Recommendations.

We recommend:

1) That AID proceed immediately with the development of a second housing guaranty program in Addis Ababa with the Municipality serving as sponsor/developer.

2) That in preparation for such action, AID inform the Municipality that it will entertain a proposal for technical assistance to assist in making necessary plans and proposals for a full scale housing project - and in the process give institutional help in creating a Municipal Housing Office.

3) That early in the planning process, AID encourage the Municipality to develop accurate cost figures that will prove the feasibility of large scale projects of from Eth\$7,000 to \$12,000 (US\$2,800 to \$4,800).

4) That if AID were to choose a single financial institution for any new housing project in Addis Ababa, it be the Imperial Savings and Home Ownership Public Association (ISHOPA).

5) That AID consider a joint venture that would involve both ISHOPA and the Savings and Mortgage Corporation (SMC).

6) That AID explore fully the suggestion of AID Mission Director Roger Ernst to seek some of the mortgage financing from local banks, thus insuring a local financial stake in the project and involving even more institutions than SMC and ISHOPA.

7) That given AID's role in helping to bring ISHOPA into existence and ISHOPA's present problem of inadequate capitalization, AID now consider giving a housing guaranty loan of \$1,000,000 (US) directly to ISHOPA, thus providing seed capital to house mortgage applicants not connected with Bole or any new project.

8) That the support and cooperation of both the Planning Commission and the Department of Housing of the Ministry of Public Works be insured before approving any formal proposal of the Municipality.

9) That AID consider directing part of the housing guaranty funds to the Ministry of Public Works for projects outside Addis Ababa which might be jointly sponsored by the Ministry and a given Municipality.

10) And finally, that the Office of Housing send a representative to the UN Centre in New York,

- a) to gain an understanding of UN activity and priorities regarding housing in Ethiopia,
- b) to elicit opinions on the feasibility of a project in Addis Ababa,
- c) to insure an open exchange of information between the UN and AID's Office of Housing.

PART I

HOUSING NEEDS, FINANCIAL INSTITUTIONS, AND HOUSING MARKET

A. Ethiopia's Population Growth and National Housing Needs

The country's total population is estimated at 24.9 million in January, 1971. A national sample survey, completed in 1967, estimated the January, 1967 figure at 22,591,000.

With a yearly growth rate of almost 2.5% and using the estimate for 1967 as a base, the population will reach 27.6 million in 1975, 31.4 million in 1980 and will double in 26-27 years. The urban population is increasing by 6.5% yearly of which 4% is due to immigration of people from rural areas. The urban population will double in 11 years and it will constitute about 14% of the total population by 1980. The Statistical Office of ECA estimates a 1991 population of 41,108,000.

In the period 1970-73, about 31.7% of the new population increase will reside in urban areas, and this percentage will rise to 40.3% during 1973-79.

Five thousand units per year, plus infrastructure, are needed to reduce over-crowding and eliminate sub-standard housing within 30 years.¹

A UN Housing Mission in 1968 estimated urban housing needs due to population increase only as 25,641 in 1968; 25,641 in 1969; 28,490 in 1970; 28,490 in 1971; and 31,339 in 1972.

Ethiopia's third Five-Year Plan (1968-1972) has projected a 6% economic growth; it has also proposed that housing must account for 18.3% of all investment. It is significant that the Plan proposes

that the private sector carry the major burden of housing finance, to the tune of 96% of all required funds.

Unfortunately, capital now available for housing goes into luxury houses or into chika (stucco and mud or wattle and daub) houses. The villas use high amounts of imported material and house relatively few families. The chika houses result in slum-like conditions. Both kinds are usually rented at exorbitant rates.²

B. Population Growth of Addis Ababa.

The following Table shows an estimated Addis population for September 1970 of 837,000 reflecting a 7% yearly growth rate over the previous three years.

TABLE I
Population and Growth Rates
Addis Ababa³

Population: September, 1967:	683,530	
Male:	337,350	
Female:	346,180	
		<u>Yearly Increase</u>
Immigration (gross)		5.6%
Birth Rate		<u>4.3%</u>
Gross Increase		9.9%
Emigration		1.0%
Death Rate		<u>1.9 - 2.0%</u>
Net Decrease		2.9 - 3.0%
Net Increase (growth rate)		about 7%
Population Estimate: September, 1970:	837,000	

The capital had a remarkably high growth rate. Census estimates showed 35,000 in 1908, 70,000 in 1928, 105,000 in 1938, 400,000 in 1952 and 449,000 in 1961. It is now the largest city in Africa between Cairo and Johannesburg, and the fifth ranking in population of all African cities.

C. Housing Needs in Addis Ababa

The need for better housing for the citizens of Addis Ababa is obvious to the most casual tourist who would spend an hour walking the city's streets. The city's most serious lack is an adequate infrastructure. A metropolis of 700,000 without a safe piped water supply and without a sewer system is a city in constant dread of outbreaks of cholera, typhoid and diarrhea. Of 150,338 housing units in Addis Ababa, only 9,390 (or 6%) have water piped to them. Only 25,438 have private toilets and of these, only 8,888 have flush toilets as distinct from pit or bucket. These statistics loom larger in importance if one follows the lead of the United Nations Statistical Indicators of Housing Conditions in using the percentage of housing units with toilet facilities as key measure of the standard of living. It asserts that in urban areas the only acceptable kind of toilet is a flush type with connections to a communal sewage disposal system.

The UN study considers such facilities on a par with a piped water supply in the prevention of communicable diseases.

Other statistics from a survey of Addis Ababa⁴ fill out the picture of generally deplorable housing conditions in the Capital City that affect all but the wealthiest of its citizens.

Of the city's 150,338 housing units,

-- only 10,447 are built of brick, stone or wood. The remaining 138,236 are of chika or other impermanent construction;

-- 101,226 (or about 2/3) have floors of earth;

-- only 362 have a telephone, but 50,890 have a radio and 127,798 have electricity.

More than half the population (or 315,308) live in semi-permanent or improvised housing. Of these, 79,037 live in one-room dwellings and 218,943 live in one or two room dwellings.

A surprisingly large number of people in Addis Ababa at all income levels rent rather than own the homes in which they reside. Those residents living in rentals total 335,210 as against 223,991 living in homes owned by themselves or other occupants.⁵ Of 4,585 housing units built in the 12-month period before the survey was taken, only 1,402 were cited as "owner occupied." One banker explained that many persons who build rent out their homes for at least the period of the mortgage (i.e., usually three to five years).

In assessing housing needs in Addis Ababa, one is struck by the fact that those citizens needing better housing clearly include many people with regular salaries who would be both willing and able of taking on a long-term house mortgage. A more detailed account of the "market" is made in a later section. Suffice it here to point out that of salary figures known and available, one finds 12,897 employees of the government, of government-related enterprises and of 304 private establishments who earn monthly salaries of Eth\$300 (US\$120) or above.⁶ Given known facts about present housing conditions,⁷ one safely concludes that a sizable portion of this salary group are dissatisfied with their present housing arrangements.

It is, of course, the regular salary earner who can afford a mortgage who is most likely to be helped by the Housing Guaranty Program. Given the nature of the program, any pre-investment survey that is to be useful must focus on him and on his needs.

The biggest barrier facing the middle-level salary earner in acquiring a house is restrictive practices in effect in obtaining a mortgage loan. As one observer put it, "the private sector is not

adequately organized to provide the funds for the majority of families which need them the most; that is, the low and middle income families. And even if part of the private funds were available for these families, there are inadequate channels and facilities for transmitting these funds to them."⁸ It would be well then to discuss the financial institutions of Addis Ababa before proceeding to a discussion of the housing market.

D. Financial Institutions

There are only two financial institutions in the City that make loans secured by residential property.⁹ They are the Savings and Mortgage Corporation of Ethiopia (SMC) and the Imperial Savings and Home Ownership Public Association (ISHOPA).

1. Savings and Mortgage Corporation (SMC): The SMC is a wholly-owned subsidiary of The Commercial Bank of Ethiopia. When formed in 1965, it took over that part of the mortgage activity of the bank that operated in Addis Ababa and Asmara. It presently has 6,000 loans outstanding. The average home loan is for Eth\$20,000 (US\$8,000). According to SMC's General Manager, it has made some 250 loans for houses in the Eth\$10,000 to Eth\$15,000 (US\$4,000 to \$6 000) category. He explained, however, they have relatively few loans at the Eth\$10,000 level or below "because the period of the loans is for only five years, making the monthly payment about Eth\$250. (US\$100)."¹⁰ A loan for an Eth\$20,000 (US\$8,000) house requires 200% collateral. Interest rates are 9 to 9½%.

2. Imperial Savings and Home Ownership Public Association (ISHOPA):¹¹

Established in 1962, in part through a grant from U.S. AID, ISHOPA

was to encourage savings and provide mortgage loans to home builders. It is modelled on the mutual type of savings and loan association common to the U.S., except that it is basically a public rather than a private institution. ISHOPA has operated at a loss since its beginning and about one-fifth of its original capital has been dissipated. From 1962 through 1970, ISHOPA disbursed 193 home loans. ISHOPA's effort to fulfill its mandate to aid low and middle income households led it to offer loans at maximum terms allowable by law. The fact that its available funds could meet only a very few of qualified applicants resulted in long waiting lists, long intervals between submission of a loan application and the disbursement of a loan, and some loss of credibility.¹²

ISHOPA hit a low in late 1968 when rising interest rates caused a drain on savings accounts and forced new lending to come to a halt. ISHOPA made but one loan in the 1968-69 reporting period. ISHOPA's then managing director was quoted by the Ethiopian Herald on September 7, 1968 (under a headline, "ISHOPA May Close Down") as saying: "There are only three alternatives: change the Association charter to give it greater flexibility in setting interest rates according to prevailing conditions in the money markets; accept government subsidies to provide capital for making low-cost loans and make up for losses; or finally, go out of business entirely."

A month later the Association's General Manager resigned and ISHOPA's future looked very dim. Matters took a decided up-turn with the appointment early in 1969 of Ato Gebretsadik Woldeyesus as General Manager, and in June of 1969 when the government eliminated the 6% rate ceiling on new loans. Probably the strongest

single boost for ISHOPA came with its selection as local administrator for the 750-unit Bole Homes Project, with the mortgage money provided by U.S. investors and guaranteed by the U.S. Government under AID's Housing Guaranty Program. It will result in a four-fold increase in ISHOPA's loan activity. The Association received over 2,000 applications (and as part of its promotion, a similar number of new savings accounts) in the first 25 days after the project was announced.

At this writing, Paul Westerfield, a consultant to AID's office of Housing from the National League of Insured Savings Association, is slated to spend the month of April, 1971 at ISHOPA to give guidance on the organization's role as administrator of the Bole Project and to suggest ways of expanding its savings operations, and to assess ISHOPA's potential with regard to other housing projects.

3. Assessment: If AID were to choose a single financial institution as local administrator of any new housing project for Addis Ababa, it should probably be ISHOPA. In a real sense, ISHOPA, because of its initial funding, is a creature of AID. There is no question that ISHOPA's present role as administrator of the Bole project has provided a tremendous boost to it as a financial institution. By the time a decision on a new project were reached, ISHOPA would have had sufficient experience on the Bole project that a valid judgment could be made of its performance. The only hesitation the writer has now in making an unqualified recommendation in favor of ISHOPA derives from doubt about ISHOPA's ability to expand rapidly enough to accommodate another large loan project. Part of the needed expansion is in rapid growth of its savings deposits.....to

keep its savings in some proportionate relationship to its loan activity. Current plans for technical assistance to ISHOPA, through the National League of Insured Savings Associations, will give ample opportunity to assess both its present and potential capability. One might add that ISHOPA, unlike SMC, has at least tried to concentrate its mortgage activity on middle if not low income purchasers. It would seem only fair that if a project aimed at middle to low-middle income people were to be launched in Addis Ababa, that ISHOPA be given every opportunity to participate.

However, a large, 1,000 to 2,000 unit housing project in the Capital might provide the kind of incentive that could bring about change in the direction and emphasis of the Savings and Mortgage Corporation (SMC). Consideration might be given to a joint venture which would involve both SMC and ISHOPA in project administration and which might involve both the Commercial Bank and the Addis Ababa Bank in some part of the financing. At this writing, given the long development time needed for any new project, there appears to be no advantage in making any advance commitment to ISHOPA or to any other financial institution on its possible role in any new housing program. It would be to ISHOPA's benefit if AID clearly indicated that a decision on any future role was in large part dependent on ISHOPA's performance with the Bole project and on its success in becoming a viable savings institution. Finally, AID might consider giving a housing guaranty loan of \$1,000,000 directly to ISHOPA. It would serve as seed capital to finance applicants not connected with Bole or any new project.

E. Housing Market in Addis Ababa:

This report, in Section 'D' above, has stressed the very obvious need for better housing for all but the wealthiest of the citizens of Addis Ababa. For purposes of this survey, it focused in especial on the housing needs of those in the monthly salary range of Eth\$300 to Eth\$600 (US\$120 - \$240); that is, on those regular earners who could afford mortgage payments on a house in the Eth\$10,000 to Eth\$12,000 range. (US\$4,000 - \$4,800).

1. Analysis: This market analysis is based in large part on two key tables that appear in Appendix 'E'. Table 1 reflects salaries paid in Addis Ababa to the 17,287 employees of the Central Government and the Municipality as well as to 13,829 employees of so-called autonomous authorities.¹³ Table 2, which was prepared especially for this study by the Manpower Research and Statistics Section of the Ministry of National Community Development, gives the salary range for 4,707 employees of 304 private establishments in Addis Ababa. The three figures, totaling 35,823 comprise 86% of the regular salary earners in Addis Ababa.¹⁴

Extracting from these two tables, the number in the Eth\$300 to Eth\$600 (US\$120 - \$240) salary ranges, one finds 2,658 (or 15.4%) of the government work force; 3,052 (or 22.1%) of the employees of the autonomous authorities; and 1,917 (or 41%) of the employees of the 304 private establishments. There are, therefore, a total of at least 7,627 persons on regular salaries of from Eth\$300 to Eth\$600 who could afford to buy an Eth\$10,000 to Eth\$12,000 home on a long-term mortgage.

The experience of ISHOPA in the 25-day period in which it opened applications for the Bole Project gives added proof for the contention that the market for homes in the Eth\$10,000 to Eth\$12,000 range is greater than any foreseeable supply. Table 3 of Appendix 'E' provides a summary statement on the 2,160 applicants for the 720 Eth\$20,000 (US\$8,000) homes. Of 1,232 who completed mortgage loan forms, 339 earned less than Eth\$400 (US\$160) per month. According to ISHOPA's General Manager, most of these could easily qualify for homes at the Eth\$10,000-\$12,000 range.¹⁵

2. Assessment: Analysis of the salary tables and of ISHOPA's experience leads to the clear conclusion that a middle-income housing project of 1,000 to 2,000 homes would have no difficulty in attracting qualified buyers in Addis Ababa.

One additional comment on the market analysis: It was the unanimous opinion of everyone interviewed on the subject that a person making as little as Eth\$300 (US\$120) in a monthly salary could afford a mortgage payment of more than one-fourth his salary. The argument was that most of these people had other income. Vice-Mayor Abdella estimated that at least 80% of such salaried employees of the government owned some land in rural areas from which they received some financial return or at least shares of the grain and other products.

F. Municipality as a Sponsor: A Problem in Institution Building

If one aim of the Housing Investment Guaranty Program is housing projects, an equally important goal is the building of "permanent financial institutions that would attract local savings to meet housing needs." With the prospect of the Municipality of Addis Ababa

becoming the sponsor/developer of a major housing project, AID/AH must extend its institution building aim beyond the financial institutions to public entities such as the Municipality.

At this time a large-scale housing project for Addis Ababa must be regarded as little more than a gleam in the eye of the Lord Mayor. Prolonged discussions with the Vice-Mayors, with the city architects and other officials of the city's planning office led to the clear conclusion that no realistic prior plans were afoot to launch a major housing effort. The stimulus for the Lord Mayor's query to AID was the seeming success of ISHOPA in attracting applicants for the Bole Project. The Lord Mayor's reasoning, according to his subordinates, was that if AID could assist in overcoming the major obstacle of mortgage financing, such a project would prove feasible. His interest in housing is quite consistent with his earlier efforts as Minister of Public Works of the Imperial Ethiopian Government. In that period, his concern over housing as a major national problem resulted in many of the initiatives that led to the establishment of a National Housing Office. The fact that national priorities regarding housing do not seem to find adequate reflection in the Imperial Government's current budget is additional reason for the Lord Mayor to take some initiatives for Addis Ababa on his own and to seek outside assistance. His own background as an engineering graduate of Carnegie Tech adds both to his familiarity with and acceptance of assistance from U.S. sources.

From AID's viewpoint, the Mayor's interest can be seen as a good example of the catalytic and initiatory role played by the very existence of the Housing Guaranty Program.

The discussions, however, revealed that the Municipality is not ready at this time to make a formal proposal for such a project. The initial discussions with the Lord Mayor seemed to indicate that the Municipality had a definite plot of land which it was earmarking for a housing project. Later and more pointed questioning revealed that no such "public" land was available for that purpose and no decision at all had been made on the location. It also became more obvious that a presumption of the earlier discussions - that a project of Eth\$10,000 (US\$4,000) homes was a feasible aim - did not have basis in facts known with any certainty by the Municipality. This is not to deny the feasibility of houses in such a price range, only to say that at this writing the feasibility needs to be proven. Vice-Mayor Abdella said he hoped if AID found an Eth\$10,000 (US\$4,000) house was not feasible, it would still consider a project of higher priced homes. The Vice-Mayor indicated that the Municipality was ready to create a position of Municipal Housing Manager if AID decided on housing guaranty.

What seems clear is that the Municipality presently lacks the capability of making a detailed proposal and of carrying through a major project. There is no question of the need for such a project and of the ability of thousands of the Capital's residents to buy such houses. The Lord Mayor's own statements are proof that the spirit is indeed willing, but in this writer's opinion the Municipality's administrative and technical flesh is too weak without outside assistance.

Our recommendation to AID/AH is that if it wishes to proceed on a new housing guaranty program, it should be prepared to obtain for the Municipality the kind of technical assistance necessary to

establish a housing office whose first task might be to undertake the extensive planning necessary for such a major project.

G. Ministry of Public Works.

Further steps in AID involvement in any new project in Ethiopia should begin with an understanding of the present role and the plans of the Housing Department of the Ministry of Public Works. The Ministry has responsibility for housing projects throughout Ethiopia, including Addis Ababa. In practice, this Ministry, like many of the others, appears to concentrate its attention on areas outside the Capital. Nonetheless, the support of the Ministry (and of the National Planning Commission) will be crucial to the success of any large scale project in Addis Ababa. For example, it would be highly doubtful if any new housing guaranty program would receive the guaranty of the Imperial Ethiopian Government were the support for it not strong from both the Planning Commission and the Ministry of Public Works.

The history of the Department of Housing to date comprises also a history of United Nations' involvement in Ethiopian housing problems. Therefore, this section also discusses the UN role in current requests for assistance for housing and community facilities in the port-city of Assab and in the fast-growing city of Debre Zeit, which is near the Capital.

1. Background

The Kolfe Low Cost Housing Project grew out of a proposal made by the Ethio-Swedish Institute of Building Technology in 1961 for setting up an international exhibition of low-cost housing. The exhibition was to take place in October, 1962 under the joint

auspices of the Institute and the UN Economic Commission for Africa; the pilot housing project was to be the main feature of the exhibition. It was subsequently decided to separate the Pilot Project from the exhibition. It would be considered a United Nations project in Ethiopia with Eth\$1,000,000 (US\$40,000) to be contributed by each of three donors: the United Nations, the Government of Sweden and the Municipality of Addis Ababa. Land for the project was contributed by the Municipality. (A description of the project, which consists of 91 homes, a community center, a health center and a school, is included in Annex IV).

Ethiopia's Second Five Year Plan published in 1964 noted the critical condition of urban housing and concluded that the Government must give "fullest support" to the effort to improve housing. The result was the establishment of a Department of Housing in the Ministry of Public Works.¹⁶ It was charged to "prepare, recommend and implement programmes for Government-Sponsored housing developments and encourage the undertaking of such programs by private individuals and entities."

By the time Volume I of the DeLeuw-Cather study was published in July, 1967, the Department consisted of a director "or the nucleus of a department". Following on the DeLeuw-Cather recommendations, the Ministry of Public Works recruited a housing advisor from Israel.

2. Current Plans

The Housing Department decided that the formulation of site planning and housing standards and the design and construction of two pilot projects (one in Assab and one in Debre Zeit) should be undertaken.

The request to IBRD-IDA is "to assist in developing a national urbanization project or programme by providing technical guidance in conjunction with the United Nations and funds for two growth towns. Assistance is specifically requested for the provision of infrastructure and community facilities, for the expansion and strengthening of a national housing bank (ISHOPA), and for the development of small, new building materials in industries which will supply components for construction of the houses, buildings and utilities in the two towns."

Department officials subsequently met with Housing Advisors of the UN's Economic Commission for Africa in Addis Ababa and with the UN's Centre for Housing, Building and Planning in New York.

The UN advisors concluded "that if the Ethiopian Government were to give these Pilot Projects appropriate priority, the available resources of the United Nations Development Programme for these projects would be forthcoming." The quote is from the introduction to the proposal prepared by Donald Hanson for the Ministry of Public Works ("Request to the UN/FAO World Food Programme for Assistance for a Self-Help Project in Ethiopia"). It continues

"It was further recommended by the Economic Commission for Africa Advisors that the two pilot projects should be large enough to:

- (a) Give answers to many of the problems of low-cost housing;
- (b) Serve as a Pilot Scheme to future demand in the major towns of Ethiopia;
- (c) Serve as an example for other African countries with similar problems;

(d) Act:

(i) in the interests and priorities of the Imperial Ethiopian Government;

(ii) in the interests and priorities of the Municipalities of Assab and Debre Zeit;

(e) Proceed, in line with the United Nations policies, to request technical as well as financial assistance."

The Government then requested and received from the United Nations Centre for Housing, Building and Planning the service of Donald R. Hanson for one month in 1970 to prepare the requests to UN institutions for financing of the projects. The two requests, not yet officially released, are included in Annex I of this report.

This writer finds it difficult to extract very precisely from the rhetoric of the proposal the expected IBRD-IDA assistance. It speaks of the "seed" capital to be provided and "the generous loan terms of IDA" which "will assist the Government (and both the Municipalities of Assab and Debre Zeit) in establishing a housing bank fund, based on the repayment of housing loan at 8% over 20 years, which will make the fund self-sufficient within 10 years."

The aim in Assab is to build 1,000 low cost houses for port and industrial workers who will provide self-help labor and to build community facilities and infrastructure for an area of 1,300 families.

The request to FAO's World Food Programme is for food grants to be used as incentive and in place of daily wages for unskilled labor on the Assab projects. (If proven successful, additional World Food Programme requests will be made for more projects in Assab and in other food shortage areas of Ethiopia.)

There is no request to FAO for food grants for the Debre Zeit project. Purpose of that Project is:

- (a) to provide loans for about 200 low-income urban families who will build low-cost houses using self-help labor;
- (b) to provide loans for about 200 middle-income urban families who will employ contractors to build the houses;
- (c) to build community facilities for this growth town;
- (d) to provide loans for about 100 low-income rural families in a rural village near Debre Zeit;
- (e) to build community facilities for this rural residential area (Dankara, a satellite village of Debre Zeit.)

3. Recommendation

It is recommended that a representative of the Office of Housing visit with Donald Hanson and others at the UN Centre for Housing in New York. The aim of such a visit should be: (a) to understand thoroughly present UN activity and priorities regarding housing in Ethiopia; (b) to explore areas of possible cooperation; (c) to elicit opinions and advice on the feasibility of the project proposed by the Lord Mayor of Addis Ababa; and (d) finally, to insure that U.S. AID and the UN agencies will at least maintain an open exchange of information, reports, etc.

It is also recommended that early steps be taken to involve both the Planning Commission and the Ministry of Public Works in any further initiative regarding a new housing project for Addis Ababa, recognizing that the full support of both agencies will be necessary to the success of any project involving the Municipality.

It is finally recommended that AID consider the allocation of part of the housing guaranty funds to the Ministry of Public Works

for projects outside Addis Ababa. Such projects may lend themselves to joint sponsorship by the Ministry and a given Municipality.

PART II
TECHNICAL FEASIBILITY

A. Building Construction Industry

1. Availability and Capacity of Contractors:

In Addis Ababa, the Construction Industry is dominated by expatriate owned companies. Small Ethiopian builders are responsible for the large percentage of inexpensive home construction and operate with little or no capital or equipment.

There are a few construction firms with European based home offices. Some others are share companies with both foreign and local ownership. Majority ownership is usually held by the foreign partner. Management staffing is by Europeans.

Italian nationals constitute the greatest number of non-Ethiopians occupied as builders. They have generally had more working experience in the country, employ Italian descent technical personnel of a high caliber to act as foremen, superintendents and managers.

The major foreign owned companies with adequate experience and managerial capabilities for housing projects are:

Salini Costruttori (Italian)

Mantelli (Italian)

Skanska (Swedish)

Impresit-Recchi (Italian)

There are also two companies specializing in pre-fabricated methods of construction, ECAFCO and VIBROCEMENT.

The latter company, VIBROCEMENT, does not have a present potential for turning out pre-fab components in quantity to supply a large

housing project at the rate equal to that of using conventional methods.¹⁷ (See "Information from the Municipality Architect's office," Annex IV).

ECAFCO has a present managerial ability and experience (and a good potential for expansion) which places it in an ideal position to act as supplier-contractor for a large housing scheme.¹⁸

The least expensive form of construction follows conventional methods. Italian firms long established in Addis have the best reputations for completing work on schedule and for the overall quality of workmanship. They have good connections in material procurement and adequate financial backing for work they undertake. European home-based firms in Addis, tend to have higher over-head costs which normally will keep them out of the more competitive field of housing construction.

Further evaluation is being made of the capacity of Ethiopian contractors. Ethiopian owned sub-contracting firms would certainly be capable of handling various phases of the work. If the Municipality or other government agency assumes the position as sponsor (developer), it would very likely contract the work on a unit cost basis through open bidding.

2. Present Concentration of the Building Industry:

The 750-unit Bole Housing Project, operating under AID's Housing Guaranty Program, represents the largest housing project ever undertaken in Ethiopia. Small projects have been constructed throughout the country for industrial, agricultural and government workers. But the housing industry has concentrated largely on construction of individual dwellings -- either very high cost villas

or very low cost wattle and daub type structures. The housing industry has put little effort into housing for middle and lower-middle income groups. Like the governmental agencies with a responsibility for housing, the builders seem to have adopted an apathetic attitude toward housing in this range because of the seeming lack of prospective financial support. This attitude of the builders, echoing as it does the attitude of the government officials, is further proof of the enormous obstacle posed by lack of adequate mortgage financing in Ethiopia.

B. Construction Methods

1. Conventional:

Hollow building blocks are most frequently used as building material for dwellings of a substantial or lasting nature. Stone and fired building bricks follow second in importance.

Approximately 90% of the housing in Addis Ababa (including high cost housing) has incorporated the use of eucalyptus lodge poles as roof support members. Corrugated metal roof coverings are the most common kinds in use. Metal roof sheeting follows the contours of the roof line as the poles warp or sag during curing. Asbestos-cement sheets must be used with cut lumber trusses or a metal roof frame.

Earth tremors up to 100 per day have been recorded in the Addis Ababa area. This effect on walls constructed by using semi-primitive masonry practices causes fissures to readily appear in block and stone work. The added unstable characteristics of black cotton soil when built upon, increases the incidence of cracking and promotes an increased rate of deterioration to structures.

The use of pre-fabricated components with pre-determined joints which allows expansion and contraction could be an answer to this problem. ECAFCO pre-fabricated panels have a joint design which is flexible and tends to counter the cracking effect on walls.¹⁹

2. Pre-Fabrication:

ECAFCO Company has been in existence for the past five years in Addis Ababa. It has a capital net worth of Eth\$2,150,000 with major participation (67%) in the "3-F" furniture company. The share holdings are divided among German and local shareholders. The major shareholder is the German Development Bank, (D.E.G.) of Cologne, a semi-governmental institution. They employ 300 people of which 97% are Ethiopian nationals.

The company is a manufacturer of Eucalyptus chip board sheets in conjunction with their activities as suppliers and builders of pre-fabricated buildings. They are one of two companies operating in Ethiopia who use pre-fab methods of construction by use of a standardized "Sandwich Panel."

VIBROCEMENT is the second company of importance using pre-fab construction methods. They are relatively new and inexperienced. They would not be able to supply their product in sufficient quantity for a large housing project within reasonable time limits.

If asked if either of the pre-fab companies have potential qualifications as supplier-builders for a housing project, this writer would answer that their manufactured panels would not have a guaranteed life span of 20 years. This is:

1. because pre-fab panels pose greater maintenance problems to owners in comparison with conventional construction;
2. because of deterioration from rotting;

3. because of destruction by termite infestation.

It must also be added that neither company would agree with this conclusion.

Chemically treated chipwood panels made from red eucalyptus trees could withstand destruction by termites. Metal flashing along foundation edges for the house perimeter is not believed to afford foolproof protection from termites. Italian built prefabricated buildings in Addis Ababa dated from WW II are still in good condition. They are, however, separated from the ground by metal piles.

The advantages of pre-fab construction over conventional type may be considered to be:

1. The unitized simple assembly of components at a site during adverse weather conditions.
2. Quality finished product.
3. Possible reduced cost per housing unit if constructed in groups.
4. Reduced dependence on amount of skilled labor at site.
5. Standardized quality of materials.

ECAFCO has not built many private houses with its "new system" (changed joint design). To date they have mainly been occupied with construction of camp sites, including housing; some horizontal office structures and institutional quarters.

C. Materials and Labor

Conventional materials are in sufficient supply to accommodate the needs of a housing project progressing at the minimum rate of three houses a day. One pre-fab supplier-builder is able to gear

his production rate to 4 houses per day.

In any African country there will be certain materials in short supply at one time or another. Generally, the prospects appear to be good in Addis Ababa for a future steady supply of all basic materials, i.e., cement, lumber, steel, hardware and all imported materials used in construction.

Quality of the labor force is low and requires close supervision. Adequate semi-skilled labor is readily available in Addis Ababa. Local contractors have their lead-men as permanent employees.

There has been sustained activity in all areas of construction in Addis Ababa which has developed good material and labor markets to draw upon.

D. Land for Housing Projects

Almost all title to land is held in the private domain. Condemnation proceedings can recover land from private owners if the Municipality determines it may serve a better use, especially if it is undeveloped or unproductive. It is the writer's opinion, after discussions with the city government officials, that land could be made available in any area of Addis Ababa for a project sponsored by the Municipality. It is most probable that the home buyer would be required to pay for the land cost. Urbanization costs of any site selected would have to be paid by the home purchaser.

The area with the best prospects for a housing project suggested by the Municipality is located in the South-Eastern section of Addis Ababa. Acquisition of land with attractive qualities

does not seem to present a serious problem. For example, there are sites with red soil instead of black cotton soil, level, fairly adjacent or easily accessible to employment areas of the city and within urbanized districts. (The Municipality as developer would be in a favorable position to carry out condemnation proceedings and help expedite urbanization.)

E. Available Data

The section of Part I, titled, "Municipality as Sponsor: A Problem in Institution Building," questions a presumption of the early discussions with the Municipality that a project of US\$4,000 homes was feasible. This writer's further discussions on technical feasibility questions with the planners and architects of the Municipality, did not add much in the way of new data. This is not to say that the data provided is not useful, but it is to say that it is based on plans for other projects ranging back to the Kolfe project of the early 60's.²⁰ The plans (for Kolfe, for the pilot projects proposed in the 1967 DeLeuw Cather study, which were designed by a local architectural firm, Z. Enau Tedros) are provided as attachments to this study and appear in Annex IV.

Those plans provide cost figures ranging from Eth\$110 (US\$44) per square meter (with sanitary facilities added, costs increase to Eth\$150 (US\$60) at the Kaliti Rehabilitation Center Project to Eth\$137 (US\$55) for the Kolfe project.) Land costs are excluded in each case.²¹

The Government's material price schedule is two years old. The best estimates are that the figures quoted therein have generally increased by 10 to 15% since that time. This is most obviously true

for increases of imported items which constitute about 15% of the costs of construction for a two-bedroom house.

Best available estimates of total costs average Eth\$130 to \$180 (US\$52 to \$72) per m², including land and urbanization.

In fairness to the Municipality's architects and planners, it should be stated that they have not been devoting much time or attention to problems of housing. In recent months, housing has not been a priority item on their work agenda. The planners and architects in the Municipality seem to represent more talent than is now available in the still small Department of Housing in the Ministry of Public Works. But to draw such a comparison is relevant only if the talent can be used for housing instead of the other crucial problems facing a large city with such an inadequate infrastructure.

We have recommended that AID should provide the kind of technical assistance needed to establish a housing office whose first task might be to undertake the planning necessary for a large housing project. And one of the first tasks of such a staff should be to work out up to date and accurate cost data. This should be done before any formal proposal is accepted by AID for a new housing guaranty program.

Meanwhile, the documents provided by the City Architect's Office are useful. All of them listed here are attached to this report as Annex IV:

- 1) Plans for pre-fab houses & letter from ECAFCO.
- 2) Plans for pre-fab houses & letter from VIBROCEMENT.
- 3) Map of Addis Ababa indicating possible sites with marked-in notes.

- 4) House Plans A, B, and C by Architect Tedros (None Built).
- 5) KOLFE Site Layout.
- 6) KOLFE Plans by Municipality (Arch. Despotov).
- 7) Balkansky's Ideas for improvement on Bole Project, House Floor Plan. (75 and 60m².)

In exploring the technical feasibility questions, one of the most useful conversations this writer had was with Ato Tekeste Ahderom, Chief of Architectural Studies at Haile Selassie University. His comments are summarized in Appendix F.

Footnotes:

- 1) Housing Study, proposed by DeLeuw-Cather International, Inc. for Imperial Ethiopian Governments Ministry of Public Works, July, 1967.
- 2) Cited in "Request to the IRBD-IDA for Assistance to an Urbanization Project in Ethiopia", a proposal prepared for the Ministry of Public Works by Donald R. Hanson, Inter-Regional Housing Advisor, Centre of Housing, Building and Planning, United Nations, New York. (Note: not yet officially forwarded by the Ministry.)
- 3) Obtained in personal interview with Lars Bondestram, Demographer, Central Statistical Office, Ethiopian Imperial Government. A table showing recorded age distribution by sex, also provided by Mr. Bondestram, has been inserted in the national population report, cited above, and may be found in the Annex to this study.
- 4) Detailed Tables culled from the survey made in 1967 comprise Appendix B.
- 5) Table 1 of Appendix B.
- 6) Tables 1 and 2 of Appendix D.
- 7) It is significant that the "facts" have changed little in the past six years. The AID team that studied housing in Addis Ababa in 1965 concluded in a statement still valid today:
 "Serious housing shortages exist in Addis Ababa... Not that there are any substantial number of people without shelter, but there is acute overcrowding and the bulk of the population, including many in the middle and low income brackets, are living in sub-standard dwellings. Many are located in areas which lack acceptable means of access, safe sewage disposal facilities, or even piped water supply. The dwellings themselves are often of semi-permanent (chic) construction in bad repair, without adequate light and ventilation, piped water or even minimum toilet and bathing facilities."
 See Annex I -- A Survey of Housing in Ethiopia (With Special Emphasis on the Capital City of Addis Ababa), June, 1965; written by a team consisting of J. Robert Dodge, Director, Division of Technological Services, Office of International Housing, Housing and Home Finance Agency, Washington, D.C.; Barton O. Young, Deputy Assistant Administrator, Office of Community Programs, also of H.H.F.A.; and L. Albert Wilson, Consultant, the Foundation for Cooperative Housing, Washington, D.C. Published later in a condensed version as Housing in Ethiopia, Office of International Housing Country Report Series, Department of Housing and Urban Development; Washington, D.C., January, 1969.
- 8) From "Request to the IBRD-IDA," etc., p. 85.

- 9) See Appendix C for a general description of banking in Addis Ababa.
- 10) Interview with Ato Sime Takele, General Manager, Savings and Mortgage Corporation.
- 11) This session is based on material provided by ISHOPA, from interviews with ISHOPA General Manager Ato Gebretsadik Woldeyesus, and most significantly, from Professor Jack Guttentag's partial draft report on home financing. Guttentag made his study in December, 1970 for the UNDP at the request of the Department of Housing of the Ministry of Public Works. The draft is included in Appendix D.
- 12) See Appendix D.
- 13) The "Autonomous authorities" are government-affiliated or controlled enterprises which include Commercial Bank of Ethiopia, Addis Ababa Central Medical Stores, Development Bank of Ethiopia, Addis Ababa University, National Lottery, Grain Corporation, National Bank of Ethiopia, Electric Light and Power Authority, Ethiopian Airways, Imperial Highway Authority, Telecommunications Board, Tobacco Monopoly, H.S.I. Foundation, Ethio-Franco Railway, National Coffee Board and the Mortgage Company of Ethiopia. The Government salary figures do not include employees of the Ministry of Defense, police and security forces, and the Ecclesiastical Office. (From Ethiopia, Statistical Abstract for 1969, p.132).
- 14) Ato Getenet Zewede of the Labor Department of the Ministry of National Community Development, under whose direction Table 2 was prepared, told this writer that the 4,707 figure for employees of the 304 private establishments represented well over 50% of the salaried employees of private firms in Addis Ababa.
- 15) Interview with Ato Gebresadik Woldeyesus, General Manager, ISHOPA.
- 16) Order 46 of 1966 (25:23) H.G. 131, 135-6.
- 17) See "Information from the Municipality Architect's Office," Annex IV.
- 18) Ibid.
- 19) Volume II of the DeLeuw Cather Study (which is included as part of Annex I) shows minimum construction standards developed by the study team. These standards have been accepted by the Government, at least as norms for housing projects in the low price range.
- 20) In providing Mr. Oviatt this material, Mr. V. Balkansky, Acting Chief of the Municipality's Architecture Section, commented that the plans for at least 20 of the Kolfe units were prepared by an architect who had not spent any length of time

in Ethiopia prior to doing the work. He did not think the designs wholly compatible with Ethiopian living patterns.

- 21) It is worth noting that none of the three models designed for the DeLeuw Cather Study have kitchens or baths in the main house.

APPENDIX 'A'

Source Material

1. Previous studies: There have been two extensive studies of housing in Ethiopia. DeLeuw Cather International, Inc. published Volumes I & II of a Housing Study for the Ministry of Public Works of the Imperial Ethiopian Government in July, 1967. Two years earlier, a team from the U.S. sponsored by AID published A Survey of Housing in Ethiopia (With Special Emphasis on Addis Ababa)*. In part because of its emphasis, the AID study stands as a particularly valuable source for purposes of the current survey. It serves as a commentary on both the competence of the 1965 team and general lack of progress on housing in Addis Ababa that their analyses and recommendations stand as substantially valid six years later.

2. New source material: This present brief survey has the advantage of some more up-to-date statistics, including a number of documents of a privileged character not officially released or only presently in draft form. These include a proposal to the IRBD-IDA prepared in 1970 by Donald R. Hanson of the UN Centre of Housing; a draft report on the Population of Ethiopia by the Government's Central Statistical Office; and extensive and yet unpublished tables that emerged from a housing survey of Addis Ababa in 1967 and 1968.

For the market analysis, new data is found in Ethiopia's Statistical Abstract for 1969, in material prepared especially for this study by the Manpower Section of the Ministry of Community Development and by data generated in ISHOPA's recent experience with applicants for the Bole Housing Project in Addis Ababa. Interviews with many persons in and out of government constituted a major source of information and understanding for this study.

* Both studies and all other available material relevant to housing in Ethiopia are included in annexes to this report.

(To be filed with original report in Office of Housing, AID-Washington)

3. List of Annexes:

Annex I. General Studies on Housing in Ethiopia

A. A Survey of Housing in Ethiopia (With Special Emphasis on the Capital City of Addis Ababa), June, 1965, written for AID by a team consisting of J. Robert Dodge, Director, Division of Technological Services, Office of International Housing, Housing and Home Finance Agency, Washington, D. C.; Burton D. Young, Dep. Asst. Administrator, Office of Community Programs, also of H. H. F. A.; and L. Albert Wilson, Consultant, The Foundation for Cooperative Housing, Washington, D. C. (104 pages).

B. Housing in Ethiopia, Office of International Housing, Country Report Series, Department of Housing and Urban Development, Washington, D. C., January, 1966. (A condensed version of the AID report) (67 pages).

C. Housing Study, prepared for the Imperial Ethiopian Government, Ministry of Public Works by DeLeuw Cather International, Inc.. (Included here are Volume I, published in July, 1967, and two supplementary volumes published in August, 1968 and March, 1969.)

D. "Request to the IRBD-IDA for Assistance to an Urbanization Project in Ethiopia", a 127 page proposal prepared for the Ministry of Public Works by Donald R. Hanson, Inter-Regional Housing Advisor, Centre of Housing, Building and Planning, United Nations, New York. (Not officially released.)

E. "Request to the UN/FAO World Food Programs for Assistance for a Self-Help Project in Ethiopia", another proposal prepared by Hanson for the Ministry of Public Works. Request deals with pilot housing projects for Assab and Debre Zeit. (Not officially released.)

Annex II. General Statistical Documents Bearing on Housing

A. Imperial Ethiopian Government, Third Five Year Development Plan (1968-1973), Addis Ababa.

B. Imperial Ethiopian Government, Central Statistical Office, Population of Ethiopia (with estimates of vital rates, population growth, literacy and occupation--Results from National Sample Survey, 1st Round, (1964-1967)). (Draft report, dated January, 1971, not yet officially released).

C. Ethiopia: Statistical Abstract 1969. Central Statistical Office, Imperial Ethiopian Government.

D. Draft Report on The Addis Ababa Household Expenditure Survey. Central Statistical Office, Imperial Ethiopian Govt., January, 1971.

E. Housing Census and Sample Population Survey in Addis Ababa, 1967, Forms and Instructions, Statistical Manual, Central Statistical Office, Imperial Ethiopian Government.

F. United Nations, Economic Commission for Africa, Summaries of Economic Data for Ethiopia. Compiled August, 1970. (O70-682)

Annex III. Financial Institutions

A. United Nations, Economic Commission for Africa and German Foundation for Developing Countries, "Meeting on Technical and Social Problems of Urbanization", (with emphasis on financing of housing) Addis Ababa, 8-23 January, 1969. National Monograph: Ethiopia (M69-74)

B. Imperial Savings and Home Ownership Public Association, Accounts and Audit Report (1969-1970)

C. Imperial Savings and Home Ownership Public Association,
1. Report for year 1965-1966
2. Report for year 1967-1968
3. Report for year 1968-1969

D. Mortgage Company of Ethiopia S. C., Annual Report, 1969.

E. Commercial Bank of Ethiopia, Annual Report, 1969.

Annex IV. Technical Feasibility

- A. List of Unit Price for Building Construction published in 1969 by the Ministry of Public Works & Communications.
- B. Floor plans for Housing built in the Kolfe suburb by the Building College.
- C. Minimum standards for Low-Cost Housing Projects from the De Leuw Cather Study, Volume II, July 1967. (Complete edition submitted which also shows "House Types and layout.")
- D. Information-Drawings and prototype plans of housing from Municipality Architect's office.
- E. Housing materials survey for Addis Ababa - not yet published or for general distribution.

Annex V. Miscellaneous

- A. Booklet on the Kolfe Low-Cost Housing Project, Addis Ababa
- B. Map of Addis Ababa.
- C. AID, Housing Guaranty Paper, Ethiopia: Continental Homes Inc. (AID-DCL/P-929)
- D. U.S. Dept. of State, Background Notes, Ethiopia, March, 1970
- E. U.S. Dept. of State, Ethiopia, Post Report, Sept. 1968
- F. U.S. AID, Ethiopia, Economic Report, Revision No. 236, March 1970.
- G. U.S. AID, Development Guaranty Paper, Ethiopia: Development Corporation International (AID-DCL/P-404).
- H. U.S. Department of Labor, Bureau of Labor Statistics, Labor Law and Practice in the Empire of Ethiopia.

- I. Bole Homes Housing Project: Description of the Project.
- J. ESIBT NEWS, Vol.II, No.9 (September, 1967): with materials on the Ethio-Swedish Institute of Building Technology.
- K. United Nations Economic and Social Council: Economic Commission for Africa:
 - 1. Review of Sources and Methods for Financing for Housing and Urban Development in Africa (M70-832).
 - 2. Population Development is the Base for Housing Needs (M70-1734)
 - 3. Establishment and Development of Housing Banks and their Role in African Countries.
 - 4. Indigenous Savings Associations in Eastern Africa and the Mobilization of Domestic Savings.
 - 5. Report of the Regional Meeting on Technical and Social Problems of Urbanization With Emphasis on Financing of Housing (M69-329).

TABLE 1

HOUSING UNITS BY PERIOD OF CONSTRUCTION AND TYPE OF TENURE

Period Since Construction	Total	T Y P E O F T E N U R E					Not Stated	Establishment
		Owner Occupied	Rented	Free	Other			
Addis Ababa - Total								
Total	163,293	42,184	85,486	12,041	2,593	7,989	12,955	
Within last 12 months	4,585	1,402	2,064	416	82	621	-	
Less than 2 Years	6,992	2,584	3,094	558	116	640	-	
Less than 3 Years	8,030	2,957	3,786	636	167	484	-	
Less than 4 Years	8,997	3,230	4,515	583	204	465	-	
Less than 5 Years	8,571	3,194	4,265	548	175	389	-	
5 - 10 Years	48,292	13,272	23,315	3,098	887	1,720	-	
11 - 20 Years	24,168	7,352	13,590	1,759	555	912	-	
21 - 30 Years	10,979	3,157	5,610	1,508	268	436	-	
31 - 50 Years	5,386	1,518	2,621	928	123	196	-	
51 & Over Years	522	179	212	82	11	38	-	
Not Stated	42,771	3,339	22,414	1,925	405	1,733	12,955	

TABLE 2

HOUSING UNITS BY TYPE, BY TYPE OF TENURE AND NUMBER OF OCCUPANTS

	Total		T y p e o f h o u s i n g u n i t							
			Permanent		Semi-permanent		Improvised		Not Stated	
	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants
			61,717							
			ADDIS ABABA - TOTAL							
Total	150,338	617,330	64,987	301,912	83,076	308,335	2,229	6,973	46	110
Owner	42,184	223,991	18,705	116,800	22,985	105,354	486	1,800	8	37
Rented	85,486	335,210	37,245	159,856	47,197	172,143	1,029	3,156	15	55
Free	12,041	44,177	4,544	18,992	7,022	23,628	470	1,547	5	10
Other	2,993	13,599	1,191	6,071	1,686	7,058	113	462	1	8
Not Stated	7,634	353	3,302	193	4,186	152	129	8	17	-
Vacant*	7,564	65	3,280	49	4,144	15	126	1	14	-

* Note: The penciled figures next to "Vacant" are intriguing; early work has left the analyst puzzled. At this point the 7,564 vacant figure must be considered undigested. It would seem to indicate that the shortages are for suitable housing, not simply for shelter.

TABLE 4
Buildings by Type and by Number
of Housing Units

Number of Housing Units per building	Total
Attached Buildings	
Total	35,835
2	21,247
3	8,510
4	3,476
5	1,278
6	613
7	264
8	175
9	81
10	52
11-15	103
16-20	23
21 & Over	13

TABLE 5

HOUSING UNITS BY TYPE ACCORDING TO THE SUPPLY
BY RADIO AND TELEPHONE

	Total		T y p e o f h o u s i n g u n i t							
	Housing units	Occu- pants	Permanent		Semi-permanent		Improvised		Not Stated	
			Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants
	ADDIS ABABA - TOTAL									
Total	150,338	617,330	64,987	301,912	83,076	308,335	2,229	6,973	46	110
Neither	85,188	309,751	26,021	98,319	57,335	205,762	1,811	5,607	21	63
Telephone	362	1,391	331	1,269	28	114	3	8	-	-
Radio	50,890	261,304	29,648	161,139	20,966	98,867	269	1,261	7	37
Both	5,898	43,343	5,561	40,571	327	2,687	9	75	1	10
Not Stated	8,000	1,541	3,426	614	4,420	905	137	22	17	-
Vacant	7,564	65	3,280	49	4,144	15	126	1	14	-

709891

TABLE 6.

HOUSING UNIT ACCORDING TO THE TYPE OF TOILET

Type of Toilet	Total		Type of Toilet									
			Flush		Pit		Bucket		Pit		Not Stated	
	Housing Units	Occu- pants	Housing Units	Occu- pants	Housing Units	Occu- pants	Housing Units	Occu- pants	Housing Units	Occu- pants	Housing Units	Occu- pants
ADDIS ABABA - TOTAL												
Total	190,338	617,330	11,787	62,605	100,644	417,250	260	1,322	37,338	135,371	509	779
Private	29,638	149,129	8,888	31,728	16,436	96,388	112	799	-	-	2	18
Coöperative	26,809	330,963	2,856	10,620	83,787	319,780	78	252	-	-	84	311
Pit Not stated	38,099	137,238	43	257	221	882	70	273	37,338	135,371	423	490

TABLE 7

HOUSING UNITS AND OCCUPANTS BY TYPE OF KITCHEN, BY WENEDA

	Total		Type of housing units							
			Permanent		Semi-permanent		Improvised		Not Stated	
	Housing units	Occupants	Housing units	Occupants	Housing units	Occupants	Housing units	Occupants	Housing units	Occupants
ADDIS ABABA - TOTAL										
Total	150,338	617,330	64,987	301,912	83,076	308,335	2,229	6,973	46	110
Separate kitchen	85,402	403,554	43,351	227,614	41,226	173,422	603	2,452	22	66
No kitchen	64,634	213,518	21,289	74,142	41,710	134,821	1,619	4,515	16	40
Not stated	302	258	147	156	140	92	7	6	8	4

TABLE 8

HOUSING UNITS BY TYPE OF WATER SUPPLY

<i>Wakala</i>	Total		T y p e o f w a t e r s u p p l y								Not Stated	
			Piped in unit		Piped outside unit		Well		River			
	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants	Housing units	Occu- pants
ADDIS ABABA - TOTAL												
Total	150,338	617,330	9,390	48,978	130,650	530,758	3,153	12,095	6,589	24,333	556	966
Piped to unit	9,390	48,978	9,390	48,978	-	-	-	-	-	-	-	-
1 - 25 metres	78,077	337,945	-	-	76,299	330,991	1,489	5,866	289	1,088	-	-
26 - 50 metres	13,170	48,951	-	-	12,665	47,066	279	1,047	226	838	-	-
51 - 75 metres	12,239	45,588	-	-	11,616	43,346	292	1,108	331	1,134	-	-
76 - 100 metres	7,604	27,858	-	-	6,797	24,919	236	958	331	1,981	-	-
100 & Over metres	26,172	95,062	-	-	23,368	83,619	544	1,963	2,560	9,480	-	-
Not Stated	3,686	12,948	-	-	205	817	293	1,133	2,632	10,012	556	966

TABLE 9

HOUSING UNITS BY TYPE OF FLOOR

PERIOD OF CONSTRUCTION

	Total Units	Last 12 Months	less than 2 years	3 years	4 years	5 years	5-10 years	11-20 years	21-30 years	31-50 years	51 + years	Not Stated
ADDIS ABABA - TOTAL												
Wood	33,669	898	1,432	2,009	2,173	2,134	12,630	7,569	3,011	1,769	150	9,894
Concrete	4,001	234	372	240	211	195	860	315	440	284	23	827
Stone	913	29	84	28	30	29	127	120	136	102	6	222
Earth	101,227	3,397	5,057	5,718	6,540	6,198	28,555	16,137	7,377	3,215	331	18,702
Tile	234	14	27	25	33	11	77	9	17	3	1	17
Not Stated	294	13	17	10	10	4	45	18	5	13	11	148
Total	150,338	4,585	6,989	8,030	8,997	8,571	42,294	24,168	10,986	5,386	522	29,810

TABLE 10

HOUSING UNITS BY TYPE OF WALL

Period of Construction

	Total Units	Last 12 Months	Less than 2 years	3 years	4 years	5 years	5-10 years	11-20 years	21-30 years	31-50 years	51+ years
ADDIS ABABA - TOTAL											
Brick	3,134	222	267	276	182	153	700	265	376	163	14
Chicka	138,226	2,044	6,098	7,288	8,454	8,080	39,699	22,884	9,656	4,550	405
Cor.iron	950	82	108	73	38	42	128	113	44	41	3
wood	2,825	71	144	128	105	118	738	350	237	192	3
stone	4,488	119	332	223	163	132	885	495	634	409	84
Other	529	26	39	36	34	44	127	56	36	28	3
Not Stated	186	21	1	6	21	2	17	5	3	3	10
Total	150,338	4,585	6,989	8,030	8,997	8,571	42,294	24,168	10,986	5,386	522

TABLE II

HOUSING UNITS BY TYPE OF ROOF

PERIOD OF CONSTRUCTION

	Total Units	Last 12 Months	Less than 2 years	3 years	4 years	5 years	5-10 years	11-20 years	21-30 years	31-50 years	51 + years	Not Stated
ADDIS ABABA - TOTAL												
Cor.iron	144,014	4,488	6,765	7,815	8,811	8,410	40,818	22,527	9,941	4,904	470	29,061
Con/brick	1,121	34	138	54	60	33	259	258	99	83	5	94
Tile	311	2	3	93	3	10	44	46	52	35	-	23
Thatch	4,383	43	72	65	113	105	1,049	2,247	821	318	35	501
Other	240	13	3	3	9	9	35	75	43	34	-	16
Not Stated	269	5	1	-	1	2	89	15	30	12	12	102
Total	159,338	4,585	6,989	8,030	8,997	8,571	42,294	24,168	10,986	5,386	522	29,810

TABLE 12

HOUSING UNITS AND OCCUPANTS BY TYPE OF LIGHTING

Type of lighting	Total		Type of housing units							
	Housing units	Occupants	Permanent		Semi-permanent		Improvised		Not Stated	
			Housing units	Occupants	Housing units	Occupants	Housing units	Occupants	Housing units	Occupants
ADDIS ABABA - TOTAL										
Total	150,338	617,330	64,987	301,912	83,076	308,335	2,229	6,973	46	110
Electricity	127,796	545,289	60,979	288,629	65,561	252,359	1,227	4,214	29	87
Gas	19,413	64,625	3,242	11,515	15,342	50,668	824	2,423	5	19
Candle	464	1,446	149	543	296	863	19	40	-	-
Oil	1,662	5,513	313	1,102	1,255	4,196	93	215	1	-
Oil/Other	1,003	457	304	123	622	249	66	81	11	4

TABLE 13
Number of Housing Units by Type
of Building

Type of Building	Total
Total	163,293
Single	49,690
Attached	98,490
Multihousing	2,266
Compound	837
Non-Residential	12,010

TABLE 14

HOUSING UNITS BY TYPE AND OCCUPANTS
LIVING IN DIFFERENT TYPES OF HOUSING UNITS

Districts	Total		Type of Housing Units							
	No.	%	Permanent		Semi-permanent		Improvised		Establishment	
			No.	%	No.	%	No.	%	No.	%
Total	163,293	100.0	64,987	39.8	83,076	50.9	2,229	1.4	12,955	7.9

H O U S I N G U N I T S

APPENDIX 'C'

Banking in Addis Ababa*

In January, 1964, the State Bank of Ethiopia was reorganized providing the creation of the National Bank of Ethiopia (functioning as a central bank) and the Commercial Bank of Ethiopia, providing short term commercial loans. In 1965, a new private bank was organized: The Addis Ababa Bank, with some foreign capital participation. It was also in 1965 that the Mortgage Company of Ethiopia (now named Savings and Mortgage Corporation) was established as a wholly owned subsidiary of the Commercial Bank. It took over the mortgage loan operations of the parent bank in the cities of Addis Ababa and Asmara. Older expatriate banks, such as Banco di Roma and Banco di Napoli (in Asmara), continue functions largely limited to movement of foreign trade. The Development Bank, a government corporation, was established in 1951 to provide longer term credit for agricultural and industrial development. The Investment Bank, another government entity, was established in 1963 for the purpose of accelerating industrial development through the device of government participation in the share capital of new enterprises. The Imperial Savings and Home Ownership Public Association (ISHOPA) was established in part through a U. S. AID grant in 1962 to encourage savings and provide mortgage loans to home builders. ISHOPA and the Savings and Mortgage Corporation are discussed in detail in the main text of this report.

According to Ato Sime Takele, General Manager of the Savings and Mortgage Corporation, it was not until 1943 that solid foundations for sound banking business was laid. Commercial banking of some kind had been in existence since 1905. The deposit base of the Commercial banks rose from Eth\$11.4 million in 1943 with only two banks and three branches in operation, to Eth\$363.4 million with four banks and over 100 branches at the end of 1970. He claims that with the technical assistance from the U. S. most of the banks are organized along lines of banking practice in the U. S. .

* Some of the information and historical material on banking is from the AID, Survey of Housing, and some was obtained from personal interviews with banking officials.

Appendix 'C'

Page 2

Interest payments on deposits is presently 6% on savings deposits up to Eth\$20,000 and 3% for any amount in excess. Fixed and time deposits may also be made for periods of three months to over one year. Interest payments are 6% p. a. on over 12 months deposits; 5% p. a. on six to 12 months deposits; and, 4% p. a. on 30-days to six-months deposits.*

A table showing the growth in deposits in commercial banks for the period between 1964-1970 is followed by current credit regulations fixed by the National Bank of Ethiopia.

* Interview with Ato Sime Takele on March 12, 1971.

The Deposits of Commercial Banks in Ethiopia

1964 - 1970⁺

End of	Demand Deposits	Savings & Time Deposits	Total Deposits
1964	E. 8108,161,726	E. 8 71,112,208	8179,273,934
1965	140,071,338	73,894,797	213,966,135
1966	134,500,273	93,175,463	227,675,736
1967	145,785,240	102,842,181	248,627,421
1968	150,691,961	125,145,433	275,837,394
1969	160,249,984	150,044,568	310,294,552
1970	176,886,785	186,512,205	363,398,990

+ Source: Statement of Condition, Commercial Banks in Ethiopia, published monthly by the National Bank of Ethiopia.

NATIONAL BANK OF ETHIOPIA

CREDIT REGULATION - NBE/CR/I

STANDARD RATES OF INTEREST CHARGED BY THE NATIONAL BANK
OF ETHIOPIA

Pursuant to the provisions of Article 16 of the Monetary and Banking Proclamation, 1963 (Proclamation No.206 of 1963), the National Bank of Ethiopia has raised the standard rates of interest on advances discounts and rediscounts as follows:-

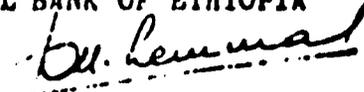
<u>DISCOUNTS AND REDISCOUNTS:</u>	<u>PER ANNUM</u>
Article 21 of Proclamation No. 206 of 1963:	
(i) Eligible paper covering export of goods from Ethiopia	5%
(ii) All other eligible paper	6 1/2%

ADVANCES:

Article 22 (a) of Proclamation No.206 of 1963	
(i) Eligible paper covering export of goods from Ethiopia:	5%
ii) All other eligible paper:	6 1/2%
Article 22 (b) of Proclamation No. 206 of 1963	
(i) Freely negotiable Treasury Bills issued by the Imperial Ethiopian Government	5%

The above rates of interest will be effective as from 1st day of August 1970 and supersede the rates previously published under Credit Regulation NBE/CR/F dated 10th of September 1966.

NATIONAL BANK OF ETHIOPIA


Mennan Lamma
Governor

July 20th 1970

NATIONAL BANK OF ETHIOPIA

CREDIT REGULATION - NBE/CR/H

INTEREST RATES PAYABLE ON DEPOSITS BY BANKS AND OTHER

DESIGNATED FINANCIAL INSTITUTIONS

Pursuant to the provisions of Article 17 (b) of the Monetary and Banking Proclamation 1963 (Proclamation No.206 of 1963), the National Bank of Ethiopia (hereinafter the "Bank") has fixed the maximum rates of interest which banks and other designated financial institutions may pay directly or indirectly, or by any method, practice, or device whatsoever, on various classes of deposits in accordance with the following schedule:-

<u>MAXIMUM RATES OF INTEREST ON DEPOSITS</u>	<u>PER ANNUM</u>
1. Saving Deposits:	6%
2. Time Deposits:	
(a) Over twelve months	6%
(b) Six to twelve months	5%
(c) Thirty days to six months	4%
3. Demand Deposits:	

No interest may be paid on demand deposits.

For the purpose of this Regulation, the following definitions will apply:-

Saving Deposits means:

(a) Funds of not in excess of Eth.\$20,000.00 deposited to the credit of individuals, or of a business organisation, body corporate under public law, association, or any other organisation, and

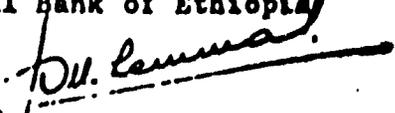
(b) With respect to which the depositor is required or may be required to give notice in writing of intent to withdraw not less than thirty days before withdrawal is made.

Time Deposits: means any deposit other than Savings or Demand Deposits with respect to which there is a specific written contract that such funds, in whole or in part, may not be withdrawn for a specified period of time.

Demand Deposits: means all deposits except Savings and Time Deposits.

The above rates of interest will be effective as from the 1st day of August 1970 and supersedes the rates previously published under Credit Regulation NBE/CR/O dated 25th of January 1967.

National Bank of Ethiopia


Menasse Lema.
GOVERNOR

NOTICE

The Commercial Bank of Ethiopia S. C. is pleased to announce that with effect from February 1, 1967, the rate of interest on Savings Accounts, Certificate of Time Deposits and 30 Days Notice Account will be increased as follows:-

a) - Savings Accounts: 5% per annum.

Amounts on Savings Accounts in excess of E\$10,000.- will attract interest at 3% per annum only.

b) - Time Deposits:

i) for 3 to 6 months 3% per annum
 ii) from 6 to 12 months 4% " "
 iii) over 12 months 5% " "

- Special rates may be established upon request by Head Office for long term deposits.

- All Certificates of Time Deposits which were issued prior to February 1, 1967, will continue to attract the old rates of interest until they will come up for renewal.

c) - 30 Days Notice Accounts: 3% per annum

Initial Time and 30 Days Notice deposits must be at least Eth.\$5,000.- Interest will be payable on multiples of Eth.\$1,000.-

EXTRA SERVICES:

We also invite you to make full use of the service of our City Branches at Addis Ababa Branch, Addis Ketema, Arada, Giorgis, Tekle Haimanot and Arat Kilo which are open from Monday to Friday for Savings and Time Deposits:-

From 0900 hours to 1200 hours
 " 1500 " to 1900 "

and on Saturdays

" 0900 hours to 1200 hours

COMMERCIAL BANK OF ETHIOPIA S.C.

Addis Ababa,
 January 27, 1967.

APPENDIX 'D'

Housing Finance in Ethiopia

by Jack Guttentag

(a partial draft)

I. Introduction

The Government of Ethiopia has drafted a request to the IBRD-IDA for assistance in implementing two urbanization projects. These projects represent the first concrete thrust of a major urbanization programme that has been in the planning phase for some time. Indispensable to the success of these projects, and to the urbanization programme generally, is a reorganization of the home finance system of Ethiopia so that the system can generate a higher level of domestic savings available for housing. The great bulk of the financing required to meet the housing component of the programme must be provided from private sources.

I was in Ethiopia in December 1970 for the UNDP as Housing Finance Advisor to the Department of Housing of the Ministry of Public Works. My major task was to provide a general blueprint for a reorganization of the housing finance system so that it can play the major role required of it in Ethiopia's urban program. Hopefully this blueprint will (a) provide helpful guidance to the administrators of the housing finance system on current policy problems; (b) suggest the types of new legislation required for an effective restructuring of the system; and (c) define the duties of a long-term Housing Finance Advisor (or Advisors) whose services have already been requested by the Ethiopian Government.

II. The Housing Problem

The housing problem in Ethiopia has been extensively analysed and documented in two earlier studies.*

Hence I will merely summarize the main points.

* See Housing Study, Imperial Ethiopian Government Ministry of Public Works, by DeLew Cather International Inc., Volumes I & II, July 1967, and supplementary Volume III, August 1968, and 17 Survey of Housing in Ethiopia, by a US AID team, June 1965.

1. "Serious housing shortages exist in Addis Ababa and probably to a lesser degree in other major cities of Ethiopia. Here is acute overcrowding in Addis Ababa and the bulk of the population, many in the middle and low-middle income brackets, are living in substandard dwellings. Many of these dwellings are located in areas which lack acceptable means of access, safe sewage disposal facilities, or even piped water supply. The dwellings themselves are often of semi-permanent (chica) construction in bad repair, without adequate light and ventilation, piped water or even minimum toilet and bathing facilities" (A Survey of Housing in Ethiopia).

2. As in most developing countries rural to urban migration is an important factor underlying the serious housing shortage in urban areas.

3. "Available statistics also indicate that not nearly enough new dwellings are being constructed annually to satisfy the increase in population, at any income level much less to allow for: (1) a reduction in over-crowding, (2) for replacement of sub-standard dwellings, or (3) the re-housing of low-income families in Addis Ababa displaced as a result of public and private construction." (A Survey of Housing in Ethiopia, p.1) Carefully developed estimates indicate housing needs through 1987 averaging about 60,000 dwelling units per year, with about 11,000 in Addis Ababa.* The best available estimate is that about 25,000 units per year have been constructed in recent years, meeting only a fraction of the need.

* Housing Study, Page 24.

4. Most of the new units constructed in recent years further more, area of the sub-standard quality, while the comparatively few that are constructed using modern methods are mainly luxury housing designed for rental to the rich (including foreigners); this type of construction uses relatively large amounts of imported materials.

5. The shortfall of new construction will continue in the future even under the most favorable circumstances. As stated in the Government's third 5-year Development Plan, "the demand for urban housing cannot be fully satisfied because the extent of needs is so vast, and the nation's limited resources are also required for investment in other social and economic activities, some of them necessarily accorded higher priority in the plan."*

Yet the Government is determined that at least a beginning be made in dealing with the problem, and the Third 5-Year Development Plan envisages a sharp rise in investment in urban residential building. The problem is that funds budgeted by Government for this purpose will finance only about 4% of the target investment.

The balance must come from the private sector, with perhaps some modest assistance from abroad.

III. The Housing Finance Problem

A. Finance as a bottleneck

With the existing organization of the home finance system there will be no chance of reaching the targets embodied in the Plan. Finance is a "Bottle-neck". Before considering the existing home finance structure it is desirable to indicate more precisely what this means.

* Imperial Ethiopian Government, Third 5-Year Development Plan, 1968-73, pp. 346-347.

1. One thing it may mean is that the allocation of income between consumption and savings, particularly by low-income households, does not reflect their true preferences. If there were adequate institutional development many families would be willing to save for the purpose of acquiring a house who now do not save. In this sense the "bottleneck" keeps the overall rate of domestic savings below what it would otherwise be.
2. The allocation of existing savings, as between housing and other types of investment, may not be optimal because of lack of institutional development. Consider three types of investment, A, B, and C with social priorities established in the same order. If funds budgeted by Government are expended entirely on A, with B and C left to the private market, lack of institutional development may cause underinvestment in B relative to C. This type of situation may exist in Ethiopia (B being housing), though it is not clear what categories of investment have a lower priority.
3. The organization of the construction industry may be less efficient than would be the case if there were adequate institutional development. Large-scale methods of production cannot be employed if the capital required for operations of substantial magnitudes cannot be mobilized.
4. Labour and material that could be used to build houses and are not being used for any other purpose, may remain unemployed for lack of institutional development. This type of bottleneck is usually a matter of finance only in part, however. More than finance is required to mobilize these resources in building houses.

B. Existing Institutions

There are two institutions in Ethiopia that make loans secured by residential properties. These are the Savings and Mortgage Corp. (SMC) and the Imperial Savings and Home Ownership Public Association (ISHOPA).

The SMC is a wholly-owned subsidiary of the Commercial Bank of Ethiopia. It was formed in July 1965, taking over the assets and liabilities of the real estate department of the Bank (about \$20½ million at the time). Loans

from the parent Bank continue to be its principal source of funds, amounting at year-end 1969 to a million. The Corporation also has a \$2½ million credit line from the Commercial Bank of Ethiopia, maintaining an account with the Bank of about \$½ million. In addition, the Corporation accepts fixed deposits for amounts above \$10,000.00 at negotiated rates. At the end of 1969 such deposits amounted to \$ million. The Corporation operates out of one office in Addis Ababa and a branch office in Asmara (previously a branch office of the Commercial Bank of Ethiopia).

At the end of 1969 SMC had outstanding loans of \$ million but a large proportion was secured by commercial buildings, apartment houses, land etc.. The volume of loans advanced for the purpose of constructing homes cannot be ascertained from the Corporation's records but is roughly on the order of \$ million. This is nevertheless a substantially larger figure than the volume provided ISHOPA (see below).

Home loans by SMC are made on very restrictive terms. The borrower must provide collateral equal to 200% of the loan, the repayment period is limited to 5 years, and interest rates are 9 - 9½%.*

Most residential loans are on substantial properties, commonly called "villas", the average value running to \$40,000 or more. Almost all of them are rented, although borrowers often claim that they are building for their own occupancy (SMC is not concerned with whether or not the houses are rented). Some borrowers have incomes little higher than the mortgage payments on their loans and can only discharge the loan by renting. Delinquencies on loans secured by higher-priced villas are now quite high and SMC is cautious in making more such loans. Repossession of collateral is expensive and very time-consuming.

* Fees, however, are quite modest, amounting to a 1% commitment fee that is refundable if the loan is refused, plus a \$30 appraisal fee; these fees are substantially less than those charged by ISHOPA.

Despite restrictive terms demand for residential loans is high and there is always a waiting list. SMC is exploring ways to increase its available funds. It is negotiating an additional loan from the Commercial Bank of Ethiopia, and is planning to offer a new type of savings account that will restrict withdrawals and pay a rate above the passbook rate. The Corporation also hopes to open several more branch offices.

The AID report made the following comment regarding the lending terms of SMC:

"This type of 'marginal' financing does not, and cannot be expected to serve the vast majority of the general public in meeting its housing needs. Very few families may be expected to have, or to accumulate in advance, assets amounting to 50% or more of the cost or value of a house."

This comment is correct but it should be understood that the restrictive terms imposed by SMC serve the purpose of rationing the Corporation's limited funds in the face of heavy demand. At various times the Corporation has considered extending the maturity on residential loans - an increase from 5 to 10 years would reduce very sharply the monthly payment required to amortize loans - but has not done so for fear that the main result would be to increase the size of their waiting list. If a lender can place all his available funds at a term of five years, and nevertheless goes ahead to increase the term to ten years, demand will rise with no increase in supply, waiting list will accumulate, and over time fewer loans will be made than before because loans will turn over more slowly. In general a liberalisation of lending terms that is not accompanied by an increase in the supply of funds sufficient to meet the increased demand at these terms is usually counter-productive over the long run. Such a policy more often than not hurts most those it is designed to help.

While SMC might have potential to become a more effective housing finance institution, there is little or no scope for changing the Corporation's policies through external pressure. Like its parent Corporation, the Commercial Bank of Ethiopia, SMC is basically an autonomous profit-making enterprise that cannot be easily influenced by the governmental institutions responsible for dealing with the housing problem. (Five of SMC's directors represent the Commercial Bank of Ethiopia, one is the General Manager of SMC, and one is from the National Bank of Ethiopia). Fortunately, ISHOPA

is available to implement public policy. ISHOPA is basically a governmental institution and a majority of its directions are from governmental agencies. The association also is represented on the National Housing Committee which is the public body responsible for housing under the Ministry of Public Works. The balance of this report therefore focuses on ISHOPA.

ISHOPA is modelled on the mutual (non-profit) type of savings and loan association that dominates in the USA, except that it is considered basically a public rather than private institution. Its basic purpose is "to encourage thrift" and to advance credit "at reasonable rates of interest in order to facilitate the individual's ownership of his own home". ISHOPA has power to accept savings accounts, borrow money and issue debentures, to make loans, and "acquire, own, possess, mortgage, lease and dispose of property." Loans may not exceed 75% of the value of the property mortgaged, with a limit of \$20,000 on single family units and \$30,000 on two-family units. The maximum term is sixteen years. Dividend payments received by savers are tax-free

Growth of deposits at ISHOPA was reasonably satisfactory through 1967 but very slow thereafter. At year-end 1970 total deposits amounted to about \$2 million, \$1.8 million at the main office in Addis Ababa and the balance at a branch office in Assab. The Association pays 5% on savings accounts of the passbook type which are de facto withdrawable on demand, but this probably will be raised to 6% in the near future to match the rate recently adopted by commercial banks. Fixed deposits on amounts of \$10,000 or more carry negotiated rates up to 7% passbook savings account for \$1.7 million of the \$2.0 million total, fixed deposited accounting for the remainder. No debentures have as yet been issued.

From its inception through December 1970 ISHOPA had disbursed 193 home loans aggregating \$3.6 million, of which \$2 million were outstanding at the end of the period. The record of loans disbursed by years is as follows:

<u>Period ending September</u>	<u>Number of Loans</u>
1962-63	2
1963-64	21
1964-65	35
1965-66	33
1966-67	47
1967-68	14
1968-69	1
1969-70	14

As indicated the volume of loans fell drastically after 1967 and for most this reflects the slow-down in savings account growth of 1968-69 ISHOPA stopped accepting loan applications. During 1970 loan activity began slowly to recover. The great majority of loans disbursed have been for the legal maximum amount of \$20,000.

ISHOPA's lending activity in the past thus comprises a drop in the ocean of need. It has been estimated, for example, that 19 major growth towns which will have major infrastructure development completed by 1971, could use 6-8,000 loans per year. *

ISHOPA currently has a waiting list of about 200 loan applications, but this would be substantially larger if any attempt were made to solicit applicants, or if there were any indication that a larger volume of loans would become available in the future.

Repayment experience on loans has been excellent (no defaults have yet been recorded). While loans carry a face maturity of 16 years, the mortgage payment is calculated to amortize the loan over $13\frac{1}{2}$ years. Borrowers are thus allowed to forego up to 30 payments, with the permission of the Association, without becoming delinquent.

The original capital of ISHOPA consisted of \$1,000,000, half contributed by His Imperial Majesty and half by the US AID. However, the Association has operated at a loss since its inception and about 1/5 of its initial capital has been dissipated. This reflects a number of factors discussed later, including lack of sufficient growth to permit an efficient scale of operations, and an inadequate margin between savings rates and loan rates.

ISHOPA's charter stipulated a maximum loan rate of 6%, leaving the Association with no flexibility to cover the higher rates it was forced to pay on savings accounts in order to remain competitive when market rates rose. Not until October 1969 was the 6% ceiling eliminated and ISHOPA's board of directors given discretion to set the rate. This revision in ISHOPA's charter only affected loans written after that date however and ISHOPA's portfolio of old loans continued to earn only 6%. In 1970 an appeal was made to existing borrowers voluntarily to accept a rate increase to 7%, and a large proportion agreed. Of

* See Request to the IBRD-IDA for Assistance to an Urbanization Project in Ethiopia,

the 152 mortgages outstanding at year-end 1970, 20 still carried rates of 6%, 120 were at 7%, 21 were at 9% and one at 10%. With a rise in the savings account rate to 6% imminent, the earnings squeeze on ISHOPA will continue.

ISHOPA's policy since its inception has been to offer loans at the maximum terms allowable by law, even though its available funds could meet only a fraction of the qualified demand at these terms. The inevitable result has been long waiting lists and long intervals between submission of a loan application and disbursement of a loan. The only way the Association could keep its waiting list down was to refuse to accept application. *

It is easy enough to understand how ISHOPA got into this bind. The Association was formed to aid low and middle-income households. If ISHOPA had set terms restrictive enough to keep the demand for loans in line with its available funds, it would have been criticized as "another institution to aid the rich". To avoid such criticism, ISHOPA felt obliged to post the maximum terms allowed by law (even these terms were criticised as being too severe for most Ethiopian families to meet). But by promising much more than it could hope to deliver, ISHOPA raised false hopes, and suffered a loss of credibility.

The low point in ISHOPA's fortunes was reached in late 1968 when rising market interest rates caused a drain of savings accounts and forced new lending to come to a halt.

The managing director was quoted by the press as stating that:

"There are only three alternatives: change the Association charter to give it greater flexibility in setting interest rates according to prevailing conditions in the money markets; accept government subsidies to provide capital for making low-cost loans and make up for losses; or finally, go out of business entirely." (The Ethiopian Herald, September 7, 1968)

* ISHOPA's advertising intensified its problem by stressing the lending side of its operations. As late as 1969, when the Association has stopped even accepting loan applications, its advertising noted that a savings account passbook at ISHOPA was "a passport to home ownership."

The newspaper chose to point up the last alternative, the column heading reading "ISHOPA.....may close down". A month later the general manager resigned and it appeared that the prediction might come true.

Early in 1969, however, a new and vigorous manager was appointed, withdrawals eased off, and in June the government eliminated the 6% rate ceiling on new loans. In addition, ISHOPA received a strong boost from consummation of long-standing plans for a large-scale (750 dwelling units) housing project in Addis Ababa, financed by an investor in the United States with an AID-guarantee. ISHOPA is the local administrator of the project and will originate and service the loans.*

Clearly ISHOPA has turned the corner. The question is, where does it go from here?

C. Alternatives

In general there are two ways (not mutually exclusive) in which ISHOPA could become a more effective home finance institution. First, it could receive sizeable allocations of funds from the Ethiopia Government. (In a memorandum submitted to His Imperial Majesty on March 31, 1970, the managing director of ISHOPA together with officials from the Ministry of Finance and the Lord Mayor of Addis Ababa requested an annual grant of \$500,000 from the current budget, a one-time loan of \$500,000 from the Mortgage Bank to meet the current waiting list, a second loan of \$250,000 from the Municipal Department of the Ministry of the Interior, and Government guarantees of loans from abroad. Second, ISHOPA could through appropriate changes in policies and procedures draw to itself a large volume of private savings. The balance of this report is directed to the second approach, partly because there seems to be little possibility that any sizeable amount of Government funds will be found for ISHOPA, and partly because the writer has little to contribute on the question of how to loosen the Government's purse strings.**

* The homes will cost about \$20,000 interest rates on the loan will run about 10%, with a 10% downpayment and 20-year term. The contractor is a large American firm but the project will employ local sub-contractors, local labour, and largely local materials. The loan funds will be provided by the Federal Home Loan Bank - Boston, with repayment guaranteed by AID, which in turn has the guarantee of the Ethiopian Government. When the project was announced ISHOPA received 2,200 applications in 25 days, after which no further applications were accepted.

** A good case can be made that the second approach also is "sounder" in that it will tend to promote a larger volume of national savings.

ISHOPA: INCREASING ISHOPA'S CURRENT INCOME

A first priority for ISHOPA is to increase its income. As noted, ISHOPA has been operating in the red since its inception. The continued erosion of the Association's capital involves an ever-increasing danger of loss of public confidence. In addition, higher income is necessary to permit ISHOPA to pay attractive rates on savings, a point discussed more fully below. Finally, the flow of current income is also a source of future loanable funds, a point that is frequently overlooked.

A. Interest Rates on New Loans

Interest earnings on home loans is ISHOPA's principal source of income. There is no question but that in the past ISHOPA's rates have been too low. The margin between income and expenses has been too small to allow the Association to pay a competitive rate to savers except by using up capital. In addition, rates have not been high enough to keep demand in balance with the supply of funds available for lending.

Some observers would deny that ISHOPA's rates have been too low. They would argue that low-income households cannot afford adequate housing at high interest rates; only at low rates can low-income families qualify for the loans needed to obtain a minimum standard of housing. This well-intentioned view, however, fails to make the important distinction between a posted interest rate and an effective interest rate. An effective rate is that rate at which funds are actually available. The distinction can be illustrated with the following parable pertaining to a conversation between a loan applicant and a lender.

Applicant: I would like a home loan for \$20,000. I can meet your income, downpayment and other requirements. Can you make the loan and what is the rate?

Lender: We can make the loan. The rate is 12%.

Applicant: 12%? That is very high. The lender down the street charges only 8%.

Lender: Why didn't you borrow from the lender down the street?

Applicant: He has no money.

Lender: When I have no money I charge only 6%.

It seldom is in the interest of low-income households as a whole, although under some circumstances it may be in the interest of a tiny minority of such households, to set a posted rate below the effective rate. One way or the other the demands of high-income borrowers are usually satisfied before the demands of low-income borrowers, and when the posted rate is low the former do not provide the lending institution with the stream of income that could finance the needs of the latter.

I will illustrate the dimensions of the problem with a sample. Suppose ISHOPA has available one million or enough to make fifty loans of \$20,000 each in a given year, and the demand for loans (assuming a 25% downpayment and 16-year maturity) is as follows:

<u>Interest Rate</u>	<u>Number of Households Demanding Loans</u>		<u>Total Loans Demanded</u>
	<u>High Income</u>	<u>Low Income</u>	
15%	50	0	50
8%	50	500	550

How should ISHOPA distribute the 50 loans?

a) If ISHOPA rationed its funds by interest rates, as a private commercial lender would do, it would post a rate of 15% with the result that only the demands of high-income households would be met. Over time, however, the Association's funds would grow much more rapidly with the high rates. The difference in growth return is greater the longer the maturity. Assume, for example, two loans of \$1,000, one at 15% and one at 8%, with all payments made annually.*

* The assumption of annual payments is made to simplify the computation. The assumption leads to an understatement of the difference in accumulated sums between high-interest rate and low-rate loans.

With a one-year maturity the lender would receive \$1,015 and \$1,008 respectively for relending at the end of the year. If the repayment period is five years the accumulated sums at the end of the period, assuming reinvestment of interest and principal at 15% and 8% respectively, would be \$2,011 and \$1,469. At the 13½ year repayment period used by ISHOPA the differences would be even greater.*

The above example assumes that the higher income resulting from the higher rate would accrue to the Association, increasing its reserves. In fact, of course, part of it would be paid to shareholders as dividends. This would have the effect of increasing the attractiveness of savings accounts at ISHOPA, which would accelerate the growth rate of such deposits. Either way, whether the income is retained by the Association or paid out to savers, the Association's lending power in the future will be increased.

The disadvantage of this policy is of course that in the short run ISHOPA would be making loans only to those who could afford to pay the higher rate.

b) Suppose instead ISHOPA posted a rate of 8% which a large number of low-income households can afford. Since the Association has funds to meet only a small part of the demand at this rate loans must be rationed employing other criteria. If other than income criteria are used, high-income households are likely to obtain most of the available loans. They will be better credit risks, they will have more influential friends, they dress better, etc., etc.. Even if a "first come first served" rule is adopted higher-income households typically are better informed and will be first in line. Instead of paying the higher rate that they can afford, however, the high-income households will obtain the benefit of the lower rate while a small number of low-income households may also obtain the benefit of the lower rate, the great majority of them will have to wait longer for a loan than if the Association had charged the higher rate.

* The example assumes that the loan size is independent of the rate charged. In some cases where borrowers commit themselves to the largest loan consistent with the requirement that the mortgage payment cannot exceed 25% of their income, higher interest rates will lead to smaller loans so long as total demand is adequate to employ all the lender's funds at the assumed rate; however, this does not invalidate the example.

c) Since ISHOPA is a public institution it could employ income criteria in rationing loans; that is, it could post the lower rate and explicitly exclude high-income households. This would assure that only low-income households obtain loans from ISHOPA, but the problem of rationing loans to such households would remain. Again there would be a lucky few who obtained loans in the current year but over the long run the funds available for low-income households would be smaller than if ISHOPA had charged the effective rate.

d) Because the ideology of low-interest rates is very powerful consideration should be given to a compromise policy of variable rates. Under this policy high-income households would pay the higher rate and low-income households the lower rate. To simplify administration however it would be preferable to tie the rate to the loan amount rather than to the borrower's income. As an example, the rate on a \$5,000.00 loan might be 8%; on the next \$5,000.00 the borrower would pay 10%; on the next \$5,000.00, 12%, etc.. The existing \$20,000.00 ceiling could safely be eliminated with such a policy. This plan should be frankly recognized as a subsidy operation, with high-income household subsidizing low-income households.

An important collateral advantage of such a plan is that all borrowers will have an incentive to use smaller loans. Under the existing policy there is a strong incentive for borrowers, even those with low-incomes to request the maximum allowable loan.^{*} In 1963 when ISHOPA began operations the average loan size was over \$18,000.00 and in 1970, it was well over \$19,000.00.

* From the standpoint of a profit-maximizing institution the policy of charging higher rates on larger loans is perverse, because the institution's costs are inversely related to loan size; i. e., the larger the loan the lower the cost in percentage terms. Thus other things being the same a private lender charges a higher rate on smaller loans if he is allowed by law to do so. If such discrimination is illegal the private lender will often simply refuse to make small loans. In the USA for example private lenders will not make small insured loans because the legal rate ceiling on such loans prevents the lender from recovering his costs. Thus, while it may be wise for a public institution such as ISHOPA to charge lower rates on small loans, it is very unwise for Government to try and force private lenders to do the same.

If most borrowers prefer the maximum loan amount despite the graduated scale of interest rates, it indicates that the scale is not sufficiently steep and the rate on larger loans should be raised further.

It would be theoretically possible to establish a set of effective variable rates, where total loan demand would not exceed ISHOPA's available funds. This may not be probably practical however because it would require a set of very steeply graduated rates which probably would exceed the legal rate maximum in Ethiopia (12%). Hence, the rationing ideally of such criteria should be simple to understand, it should involve a minimum of personal judgement by ISHOPA officials in order to avoid suspicion of bias, favoritism, etc., and it should provide an incentive for borrowers to minimize the use of ISHOPA's funds.

A simple method that meets these criteria is as follows:*

If a policy of encouraging smaller loans is to be successful in aiding low-income households it must be possible for borrowers to obtain some housing accommodations acceptable to them and to ISHOPA at a price low enough that the small loan will finance the major part of it (75% or so). If ISHOPA for example, priced \$5,000.00 loans very low but would

- * The method proposed is a variant of one used by the Caja Central of Chile. When a loan application is received, ISHOPA computes $\frac{EB \times N}{L}$ for the previous 12-month period: where B is the end of month savings balance, N is the number of months the balance was held and L is the requested loan. Thus if an applicant for a \$10,000.00 loan had a \$500.00 balance for the previous six months and a \$300.00 balance for the six months before that, his score is 600×6 plus 300×6 divided by 10,000, equaling 54. Each month ISHOPA ranks all applicants and gives loans to those with the highest score until its funds are exhausted. The following month the process is repeated but applicants whose demands were not satisfied in the previous month will obtain one more month credit in their score. Assuming the applicant above does not change his balance his new score will be 600×7 plus 300×6 divided by 10,000, equaling 60; his score moves up as he waits. This completely mechanical rule rewards past savings, encourages smaller loans, and rewards waiting.

accept as security only houses costing \$20,000.00 or more, the policy would backfire. Indeed experience in other countries suggests that this is likely to happen unless there is a housing program that provides the physical supply counterpart of the small loan. The reason is that the low-priced dwelling unit purchased on the private market usually will not provide adequate security for a loan. Special types of security for the lender have to be devised, e.g., by having the loan guaranteed by a borrower collective of some sort, or by controlling the physical environment in which the unit is placed so that its value will be maintained. Some types of programs that could be employed are discussed in Mr. Titly's recent memorandum and need not be pursued here.*

B. Fees on New Loans

A second source of income to ISHOPA is fees on new loans. ISHOPA's charter states that charges which may be imposed shall be such as may be required to cover the Association's cost in connection with the making of any loan, but shall in no event exceed 5% of the amount of the loan. The fees actually established by ISHOPA are shown below.

COSTS PAID BY BORROWERS

	<u>Eth. \$</u>	
Appraisal fee	200.00	
Loan fee	200.00	
Inspection fee	400.00	(or 2% of construction cost whichever is higher)
Cost of Standard Plans	400.00	
Cost of Designing New Plans	800.00	(or 4% of construction cost whichever is higher)
Revenue Stamp	2.50	(per \$1,000.00 of loan)
Insurance Premium	3.50	(per \$1,000.00 of value per year)

N. B. A borrower is not asked to pay the appraisal fee if plans are purchased from ISHOPA.

* Andrew L. Titly, Outline of A Suggested Urbanization and Housing Policy, Planning Commission Discussion Paper, December, 1970.

ISHOPA considers only the first two items "costs in connection with the making of any loan", so that total costs to the borrower may exceed 5%. Thus on a \$20,000.00 loan a borrower with his own plans pays ISHOPA \$800.00 in fees or 4% of the loan, in addition to a \$50.00 tax and \$70.00 insurance premium per year. (The last two items of course ISHOPA does not receive.) On a \$10,000.00 loan the borrower pays ISHOPA \$600.00 or 6% of the loan. These fees must be paid in cash and comprise a substantial burden on borrowers, they are proportionately more heavy on smaller loans. Thus it would appear that little scope exists for raising fees.

C. Interest Rates on Old Loans

Low interest rates on loans made in early years exercise a heavy drag on ISHOPA's earnings, and will continue to do so for some time, unless something is done to raise the rates on these loans. The distribution of rates as of December 30, 1970 is as follows:

<u>Rate</u>	<u>Number of Loans</u>
6%	20
7%	110
9%	21
10%	1

The 22 loans at 9-10% were all made after October 1969 when the legal 6% rate ceiling was abolished and ISHOPA was given discretion to set the rate to meet market conditions. The 110 borrowers paying 7% voluntarily accepted a 1% rise in response to ISHOPA's appeal while 20 borrowers refused. According to ISHOPA's management however, there is no scope for further voluntary increase of this sort.

To include borrowers with low-rate mortgages to accept a higher rate some quid proquo must be offered. It is fortunate indeed that a quid proquo is at hand. Under their existing contracts borrowers are prohibited from sub-letting their homes. The demand to sublet is very strong. There is every reason to believe that a large proportion of existing borrowers would accept a higher rate if they were allowed to sub-let part or all of their homes. Since the existing restrictions on sub-letting benefit no one except perhaps commercial landlords who are protected from competition of private owners it is strongly recommended that ISHOPA offer new contracts to

borrowers that would allow sub-letting, while allowing ISHOPA to raise the interest rate to coincide with the current rate. Since this proposal runs counter to views advanced by many that sub-letting is an "evil" I will discuss briefly to discuss this problem.

1. Existing restrictions on sub-letting are based on two factors:

a) The stated purpose of the Association is to facilitate the individual's ownership of his own home. This can be interpreted to mean that ISHOPA should prohibit sub-letting.

b) Because of the need to ration funds it appears appropriate to give preference to those who wish homes for their own use rather than those who wish to rent them at a profit.

2. Regarding the legalities of the matter the writer cannot speak authoritatively. It would superficially appear however that the intent of the law as it stands is to prohibit loans to firms that are in the business of constructing homes or multi-family residences for profit. The legal status of the individual home owner who may wish to sublet part or all of his residence is not at all clear.

3. It is important to distinguish restrictions on sub-letting by existing borrowers with policy towards potential new borrowers. No real purpose is served by preventing existing home owners from sub-letting their homes. On the contrary such restrictions hurt the home owner who has decided that he prefers less housing space and more of other things such as food and clothing that can be purchased with rental income obtainable.

TABLE 1

PERSONS EMPLOYED AND SALARIES PAID BY THE CENTRAL GOVERNMENT
AND AUTONOMOUS AUTHORITIES IN ADDIS ABABA IN APRIL 1969, BY LEVEL OF INCOME

ሠገጠኞች ብድር / ሀ/የሰጠውት/የሰጠውት (ብ)

የወር ደመወዝ ስጦታ /በላት/በር/	የሠገጠኞች ሠራተኞች			በሌሎች ግብይት ቤቶች			INCOME GROUP (ES PER MONTH)
	የሠገጠኞች ብዛት		የሰጠውት በብ ስጦታ	የሠራተኞች ብዛት		የሰጠውት በብ ስጦታ	
	በየብ	%		በየብ	%		
ብ25 በታች	406	2.4	7.7	50	0.4	0.8	UNDER 25
25 - 49	3,085	17.8	115.1	1,723	12.4	68.9	25 - 49
50 - 74	2,539	14.7	163.4	1,387	10.0	85.7	50 - 74
75 - 99	1,212	7.0	100.7	1,141	8.3	99.4	75 - 99
100 - 149	1,760	10.2	209.8	1,544	11.2	186.6	100 - 149
150 - 199	1,665	9.6	281.4	1,119	8.1	185.7	150 - 199
200 - 249	1,439	8.3	312.7	1,013	7.3	229.2	200 - 249
250 - 299	891	5.2	236.2	1,181	8.5	323.5	250 - 299
300 - 349	1,003	5.6	316.9	724	5.2	230.9	300 - 349
350 - 399	580	3.4	213.0	755	5.5	281.0	350 - 399
400 - 449	344	2.0	141.9	563	4.1	237.9	400 - 449
450 - 499	224	1.3	103.1	376	2.7	176.4	450 - 499
500 - 599	504	2.9	269.4	634	4.6	347.3	500 - 599
600 - 699	469	2.7	297.1	485	3.6	316.6	600 - 699
700 - 799	542	3.1	403.8	318	2.3	240.9	700 - 799
800 - 899	167	1.0	138.1	160	1.2	134.7	800 - 899
900 - 999	138	0.8	131.4	150	1.1	140.5	900 - 999
1000 - 1499	176	1.0	202.6	234	1.8	308.8	1000 - 1499
1500 እና በላይ በላይ	140	0.8	282.6	239	1.7	381.8	1500 AND OVER
ጠቅላይ	17,287	100.0	3,927.8	13,829	100.0	4,176.3	TOTAL
	NUMBER	%	EMPLOYMENTS (IN'000ES)	NUMBER	%	EMPLOYMENTS (IN'000ES)	
	CENTRAL GOVERNMENT			AUTONOMOUS AUTHORITIES AND SELECTED PRIVATE FIRMS			

Source: Ethiopia, Statistical Abstract for 1969, p. 143.

TABLE 3

BOLE HOUSING PROJECT

Memo Prepared for Selection Committee Meeting

1. Total number of applicants who registered during the official period	2160
2. Those who filled out Mortgage Loan forms	1232
3. Out of these 1232:	
(a) Those who have voluntarily withdrawn application	8
(b) Those who already own houses	58
(c) Those who earn (family income) less than \$400.00 per month	339
(d) Those who earn (family income) more than \$1,500.00 per month	54
4. Those who may qualify (includes the 207 applicants whose family income is between \$400.00 and \$500.00 per month)	773

Addis Ababa
February 23, 1971

APPENDIX 'F'

Comments by Chief of Architectural Studies Haile Selassie University in conversation with Philip Oviatt.

(The following comments were made by Ato Techeste Ahdercm, Chief of Architectural Studies at Haile Selassie University's Southern Campus of Architectural and Building Technology -formerly Ethio-Swedish Building College. He graduated from building college, took graduate work in town planning from the University of the Netherlands, graduate work in architecture from Yale University, and holds a Masters Degree from Iowa State University. His thesis was on low cost housing for Ethiopia. It includes research data as recent as 1970.)

...Little is known regarding desirable features of a house standard acceptable to any social level of population in Ethiopia.

Many people pay 50% and more of their yearly income for housing.

In much of the housing being built currently, space is not being used for its designed purpose. Not enough of the right kind of storage area is provided.

Much more specific, in depth, research is required to identify accurately design requirements for homes in Ethiopia.

He believes:

- 1) Housing should have inside kitchens and baths.
- 2) Construction of a 2 bedroom, 65 m² house, with amenities contributing to pride of ownership, can be built for Eth\$150 per m² including urbanization and land costs (project or more than 100 units).
- 3) No appropriate plans exist anywhere for housing in the cost range of Eth\$8,000 to Eth\$15,000 (US\$3200 - \$6000).
- 4) That the housing problem lies in providing home financing for the growing middle class of young people.

APPENDIX 'G'

Persons Interviewed

Municipality of Addis Ababa:

H. E. Dr. Haile Giorgis Workneh, Lord Mayor
H.E. Ato Bekele Haile, Vice-Mayor
H.E. Ato Abdella Abdurahman, Vice Mayor
H.E. Ato Mulugetta Sene Giorgio, Vice-Mayor
H.E. Ato Hailu Sebsibe, Vice-Mayor
Ato Bekele Dina, Architect and Assistant to Vice-Mayor Abdella
Dr. Gunstedt, Department of Public Health and Social Services
Ato Assefa Tessema, Chief, Planning Department
Ato Beyene Wolde-Giorgis, Chief Engineer
Mr. Vladimir Balkansky, Architect
Mr. H.E. Callaway - Cadastral Expert

Imperial Ethiopian Government:

Ato Mulgetta Demissie, Director General, Department of
Municipalities, Ministry of Interior
Ato Getenet Zewede, Labor Department, Ministry of National
Community Development
H.E. Ato Habtu Eshete, Vice Minister, Central Statistical Office
Ato Seyoum Alemayehu, Deputy Head, Central Statistical Office
Ato Osman, Industries Branch, Central Statistical Office
Mr. Lars Bundestam, Demographer, Central Statistical Office
Ato Shitto Mersha, Head Public Housing Department, Ministry
of Public Works
Mr. Mantari - Chief Technical Services, Ministry of Public Works.
Dr. Maaza Dekele, Planning Commission
Mr. Andrew Tetley, Planning Commission

U.S. AID Mission in Addis Ababa:

Roger Ernst, Mission Director
William Reed, Deputy Director
Donals Miller, Program Officer
Eugene Sullivan, Chief, Private Enterprise Division
Malcolm Novins, Private Enterprise Division
Gordon Manley - Chief AID Engineer
David Gephart - Assistant AID Engineer

Others:

R.E. Fitchett, Regional Advisor, Housing Finance Industry and
Housing Division, the United Nations Economic Commission for
Africa
Alex B. Puplampu, Housing Finance Division, UNECA
Ato Gebretsadik Woldeyesus, General Manager of ISHOPA
Ato Getachew Tessema, Member of Board of ISHOPA and
Managing Director, Lion Insurance Company
Ato Sime Takele, General Manager, Savings and Mortgage
Corporation
Ato Tadesse Abebe, Deputy General Manager, Commercial Bank
of Ethiopia
Librarian, UNDP, Addis Ababa
Tsion Gabre, Librarian, United States Information Service
Ato Mesfin Leykun - Associate Dean - Dept. of Architecture and
Building Technology (Building College)
Ato Techeste Ahderom - Chief Archectural Section
(Building College)
Engineer Brank - Siemens Company
R.E. Houlden - Assistant Manager - SKANSKA
Ato Samuel Seyfu - Architect Consultant .rm

Ato Abate Menkir - Architect - Engineering Consultant Firm
Mr. Lothar Ehlscheid - Director, ECAFCO
Mr. J. Hertling - Impresit-Bedelle Company
Mr. Paul Dowling - Technical Advisor, Peace Corps
Mr. Carl Curtain - Assistant Manager - Ralph Parsons
Construction Co.
Mr. D. Kissig - Engineer - Imperial Highway Authority
Mr. John Kessler - Project Engineer - Harza Engineers
Mr. Paul Manchak - Haile Selassie University - Architectural
Division
Mr. Edward Simone - Haile Selassie I University - Ethiopian
Studies Anthropology-Housing Requirements.