

Institutional Analysis of Condominium Management System in Amhara Region: the Case of Bahir Dar City

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Key words: Bahir Dar; Condominium; Institution Analysis; Owners Associations

SUMMARY

To address an ever-worsening housing shortage in Bahir Dar city, the capital of Amhara regional state, the City Administration has, since 2006, launched grand low cost condominium housing projects. Consequently, privatization took the form of the transfer of ownership of an individual flat or unit together with shared rights and obligations for the common elements of the property. As a condominium management system, the regional legal regulations require the establishment of an owners' association in each privatized multi-dwelling residential building to represent all the owners in matters of common ownership, and provided and housing rule for owner's association operational practices. Despite such institutional arrangement, there is high dissatisfaction among condominium residents. This study, thus, aims to empirically explore and analyze the determinant factors that influence performance of owners associations. In order to evaluate the given institutions outcomes, the study adopted Institutional Analysis and Development (IAD) framework as diagnostic tools. This study basically examined how Ostrom's eight design principles that characterize long enduring, self-governed common-pool resource (CPR) institutions apply to Bahir Dar city condominium commons management. The study used both primary and secondary data. The primary data were gathered using questionnaires, guided interview and focused group discussion. Besides, the study used document analysis and review from the existing national and regional statutes, condominium agreements, housing rules and related documents. Both quantitative descriptive statistics and qualitative description approaches were applied to analyze the data. Results of the study revealed that notwithstanding the presence of institution to govern condominium management, performance of owners' associations has been proved to be slow. A number of institutional obstacles and challenges hindered the efficient operation of condominium management system. Among other things, absence of information on detailed structure of laws on condominiums among residents, lack of support from city administration in providing guidelines, training and educational manuals for members of condominiums, administrators etc, and diversity of unit users are considered to be major impediment of association performance. The results have important implications for the city administration and housing agencies on institutional arrangement setting up. Lastly, suggestions are provided on ways of maximizing the performance of owners association.

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1. INTRODUCTION AND BACKGROUND

Housing is one of the basic necessities for human beings. For long time, however, it remains a critical problem which millions of poor people of developing countries lack, Ethiopia being no exception (Bihon, 2007). Like most urban centres of the developing countries, Ethiopian cities and towns are presently facing a plethora of problems of acute and ever worsening housing shortage (Solomon & McLeod, 2004). Ethiopia's persistent urban poverty has made urban land and housing policy the subjects of ongoing debate. With the intention of reducing housing problems, the government recently provides various incentives including allocation of land without charge and subsidization of building materials. Nevertheless, these incentives ultimately satisfied only a small portion of housing demands. Gradually, it is deemed necessary to allocate urban land to a high rise or a row of houses condominium building which assumed to improve the urban land use and supply of housing through making great number of people benefit and commonly hold a small size of urban land (FDRE, 2003, Proclamation No. 370/2003).

In order to pursue this new direction, utilisation the role of housing development in urban development, the government urban strategy involves an approach that launches a national Integrated Housing Development Programme (IHDP). This program targets only middle and lower income households. For its practicality, the state transferred the overall responsibility for the housing sectors at regional level to city administration or municipalities (Ministry of Works and Urban Development, 2007). Amhara region is one of those regions in Ethiopia that had started exercising its mandate to address an ever-worsening housing shortage in its major cities and towns. In terms of housing, regional city administration and housing agency have been taking measures to deliver housing to their residents by launching low cost condominium housing projects, but the strategies were unclear and the achievements are too small in comparison with the magnitude of the problem.

Bahir Dar city, the capital of Amhara regional state, is one of the urban areas of the region where the implementation of IHDP started, since 2006. As a result, the large-scale, high-rise and mixed-use condominiums have become the main usage pattern of buildings in Bahir Dar city with high population density. Yet, condominium management in the city remains one of the areas where significant improvement in terms of governance is required. Despite an increased interest in condominium houses management, few empirical studies have devoted to examining quality and condition of the currently supplied residential condominiums houses than its management (Haregewoin, 2007; Sema, 2010). However, a question should be asked: is it enough and valid to evaluate the condition and quality of condominium only with respect to the status of condominium in quality and conditions without understanding the governing rules? This is because the methods adopted to evaluate the status of quality and conditions

have lacked the considerations of institutional analysis established to govern condominium houses. Hence, the relationship among institutions, collective actions and managing commons in condominium has significant impact on outputs - quality and condition. At this point, one should consider the fact that there is an urgent need to address the issues of institution which ultimately determine the success of condominiums as an effective form of tenure in the housing sector. Without specific strategies and actions and understanding the commons and how the institution works in condominiums issues, the housing markets in the city will face serious problems.

In the past four decades, scholars have developed an immense literature devoted to understanding and solving the tragedy of the common resources management. Although there is wide recognition regarding the importance of careful and sustainable management of condominium, there is no clear and universally applicable blueprint as to what approach should be used or applied. There is no doubt that when a condominium is properly and effectively organized and managed, this form of ownership has a number of advantages for the owners of individual flats (ECE, 2003). However, the question is which type of management could provide maximum utility for owners of condominium units? The issues of how best to govern shared properties are no more settled in academia than in the world of politics.

In the area of condominium management, most empirical research has primarily focused on the impact of a dichotomised management mode, of owners' (residents') management as opposed to professional (third party) management agents (Chen, 1999; Kuo, 1997; Zee, 1995). However, as Yip and Forrest (2002) argued, intrinsic contradictions embedded in the mix of individual and collective ownership of condominium units and its discouraging effect on participation of owners/residents in management make the issue of condominium management more complex. In the past decades, researchers have focused on building and maintaining stable institutions (Ostrom, 1990) as the most prominent solutions to management of commons. Much theorising of collective action for common resource management has focused on the importance of institutions as constraining and enabling structures in people's livelihoods.

The idea of institutional crafting is epitomised in the work of Ostrom who specifies 'Design Principles' for robust and enduring institutions for common property resource management (Ostrom, 1990). Indeed, this has been observed in field contexts ranging from forests to fisheries and fresh water systems. Currently, Ostrom's ideas have been also used at providing practical advice and guidance to the many homeowners and to professional administrators of housing condominiums. For example, after the mass privatization of the public rental housing stock, private ownership in multi-flat housing estates in many countries in transition, a legal basis for the formation of condominiums and the operation of owners' associations has been established. Notably, however, the practical appeal of this approach has been enormous. In this case, it should be noted that the translation of 'design principles' into policy and practice is often accompanied by gross over-simplifications and abstractions of the ideas that do not do justice to the nuances of Ostrom's work (Cleaver & Franks, 2005).

In addition, the prevalent empirical studies regarding condominium management dictated alternatives way of interventions than designing durable cooperative institutions such as outsourcing to professional managers by the management committee (Farncombe & Waller, 2005). On the other hand, Chang & Hung (2000) and You (1996) argued that condominiums ownerships characteristics includes mixed-use and the incompatibility among various usage-patterns such as housing, store, factory and office. might generate the external diseconomies which have rarely been internalized. This implies that there is still another issue difficult to handle to the management committees, professional companies or managers providing for managing services.

In Amhara region, the general responsibility for the preparation of the overall framework for condominium ownership rests with regional governments, city administration and housing authorities. This legal basis requires the establishment of an owners' association in each privatized multi-dwelling residential building, to act in law on behalf of all the owners in matters of common ownership (FDRE, 2003, Proclamation No. 144/2006). In addition, the city administration has developed model condominium agreement and housing rule as the central document regulating the internal relationship between the members of the association. These allow for more precise rules and regulations for the association than those normally included in national laws. It has to be stressed, however, that like many countries in transition the detail of such legal basis and laws provided a comprehensive application of Ostrom's (1990) designed principles. Thus, this study tried to answer the question: Does the institutional arrangement, which govern condominium ownership in Bahir Dar city, as a whole achieved its intended objectives? If not, what are the major determinants factors? To what extent these institutional arrangements incorporate Ostrom's design principles?

With this background information, this study primarily considered the need for undertaking institutional analysis of condominium management system in the case of Bahir Dar city. Particularly, this paper intends to(1) identify, describe and produce an analysis on the relationship between institutional set up, collective action and self-governing behaviours in case of condominium management in relation with Ostrom principles and (2) empirically explore the outcomes of the institutional arrangement in relation to its establishment objectives and identify problem related with it.

1. ANALYTICAL FRAMEWORK

In formulating a conceptual framework for studying the relationship between institutional set up and collective action and self-governing behaviours, a framework developed by Ostrom (1990) IAD, provide useful information. This framework provides a general set of variables and their relationships that are crucial to any type of institutional analysis. Moreover, it is a diagnostic tool that can be used to investigate any broad subject where humans repeatedly interact within rules and norms that guide their choice of strategies and behaviours. Most importantly, the framework can be used to analyze static situations crafted by existing rules and relating to an unchanging physical world and relevant community (Hess & Ostrom,

2007). Moreover, this framework is useful to analyze the rules that are crafted to cope with new situations of condominium housing management and the enlarged community of users. This is, therefore, the rationale for using the IAD framework in this study. This framework has been used for over three decades as the main theoretical structure. The general elements of the IAD framework that is examined in this study are illustrated in Fig. 1.

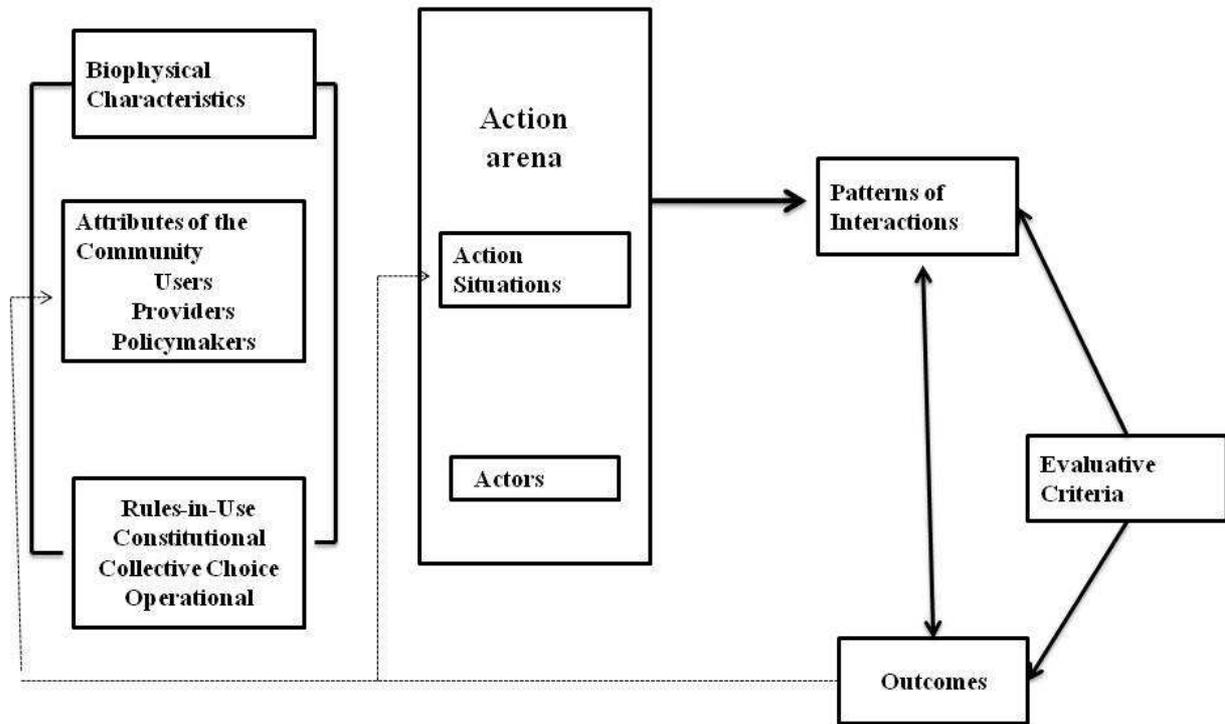


Figure 1: Institutional Analysis and Development framework : Ostrom, (1990); Ostrom et al., (1994)

Figure 1 summarizes the relationships among variables in Ostrom et al (1994) framework. This IAD framework posits three very broad clusters of variables that are basic underlying factors affecting institutional design and the patterns of interaction occurring within action arenas. The three inter-related components are (1) the technical and physical attributes of the resource and the rules-in-use; (2) the decision making arrangements and rules governing relationships among resource users; and (3) patterns of interaction among users associated with outcomes or consequences. In this study, each component have analyzed and discussed.

In analyzing the IAD framework, there are three ways to enter the framework. One can start in the middle with the action arena, at the right-hand side with the outcomes, or at the left-hand side with the underlying factors (the physical/material characteristics, the attributes of the relevant community, and the rules-in-use at several levels) or beginning with the outcomes makes sense with questions such as why and how information is being enclosed. Why do authors not voluntarily contribute to a repository? In this study, entering the analysis with the

physical/technical and institutional characteristics is most appropriate since the concept of condominium is a recent phenomenon that require understanding from the beginning. So, the analysis will begin with context which refers to the physical situation associated with the project or the problem to be addressed, the attributes of the community, and the rules-in-use. The action arena consists of the decision making arrangements and rules governing relationships among resource users will then be analyzed. Ending with the analysis of pattern of interaction and outcomes make sense with questions such as why and how information is being enclosed. Why do authors not voluntarily contribute to a repository?

In order to understand the context, this begins with analyzing the physical/technical and institutional characteristics by looking at the physical or biological characteristics. But this does not mean that the study focuses only on the condition of the physical/material characteristics. It also considers understanding of the user communities, the management systems, the various property rights involved, and the multiple levels of the rules-in-use (Gibson, et.al 2000; Moran and Ostrom 2005). Besides, rule matters at every level in that they “rule in” some behaviour and “rule out” others. Hence, rules-in-use which are generally known and enforce and generate opportunities and constraints for those interacting were analysed at three levels: operational, collective choice, and constitutional.

Concerning the context variables in IDA, for robust and enduring institutions for common property resource management, Ostrom (1990) identified and stated that there should be clearly defined boundaries of jurisdiction over the resource, a clearly defined user group or community should manage the resource, locally appropriate rules must be devised and there should be clear identification of rights to resources and rules about them. Thus, while analyzing, the IAD framework were particularly used to understand whether unit user has rights to withdraw resource units from the commons, whether the rights and obligations are clearly defined, and whether the rules are considered as fair and legitimate by the residents.

The second component of the analysis focuses on the action arena that consists of residents who make decisions and situations which are affected by the physical, community, and institutional characteristics which in turn result in varying patterns of interactions and outcomes. Action arenas can occur at all levels of rule and decision making, including the operational-choice, collective-choice, and constitutional-choice levels discussed above. In applying the IAD framework, this study specifically interested in analyzing the diverse arenas involved in owners association such as collective choice arrangement, compliance monitoring, mechanisms of punishment, conflict-resolution mechanisms, right to organize and whether users, provision, monitoring, enforcement, conflict resolution, and governance activities are organized in multiple layers of nested enterprises or not. This analysis will be made in relation to designed principles identified by Ostrom for robust and enduring institutions for common property resource management (Ostrom, 1990). According to Ostrom’s, people involved in resource use should take part in decision making about the resources; decision making should take place in public in arenas to which all resource users have access; accountable monitoring and effective authority structures should be there; graduated sanctions should be devised for non-compliance with collective rules and such sanctions must be applied consistently, rapidly and impersonally; conflict resolution

mechanisms should be clear, accessible and rapid; and there should be nesting institutions with other levels of decision-making.

In analysis of institution arrangement, a pattern of interaction with its associated outcomes is the other major areas where IDA framework is applied. Pattern of interaction among users of common resources are derived from the strategic choices of individuals, and these depend upon individual expectations of others' behaviour. In commons, how the actors interact strongly affects the success or failure of the resource. Patterns of interaction can be strongly conflictual especially when there is hyper change in the community of users and in their values and goals. Therefore, this study also analyzes the condominium community patterns of interaction that may be influenced by hierarchies, lack certainty and respect with owners association, and distrust. For robust and enduring institutions for common property resource management, Ostrom (1990) also discusses secondary strategies such as the monitoring of user group members' behaviour by each other, and the enforcement of rules and application of sanctions. These may be useful in decision making arrangements, but how they are implemented will affect the pattern of interaction which occurs. Hence, this study also examines to what extent monitoring and the enforcement of rules has been applied and contributed to pattern of interaction

Within the broad spectrum of the condominium management, there are a myriad number of competing outcomes; some of them are considered negative, while others are seen as positive. In order to understand which elements of a system of governance of a condominium commons work effectively and need improvement or reform, comprehensive evaluation criteria is required. Although there are multiple forms of evaluation for such management, based the objectives of this study, the primary purpose of this evaluation is to measure the performance of institutional arrangement in terms of achieving its objectives of establishment.

2. METHODOLOGY

With the purpose of comprehending the concept of institutional arrangement and pursuing the objective of this study, qualitative data was used. In order to obtain diverse and relevant data both primary and secondary sources of data were used. The data were collected through questionnaire, interview, focus group discussion as well as document analysis. Once the data collections were completed, data organization and preparation was carried out to make it ready for analysis. Then, analysis of data through relevant statistical tools of descriptive statistics such as frequency, percentage, range, and mean were produced. The statistical outputs were used as a springboard for describing the results and establishing meaningful relations among various variables considered in this study and furnished appropriate answers for the research questions. Besides, as one of today's most extensively employed analytical tools (Allen and Reser, 1990), qualitative content analysis was used in this study. Data obtained through interview and group discussion were first transcribed and then analyzed.

The total number of condominium house beneficiaries in Bahir Dar city is 1618, of which

1528 are residential units and 105 are commercial houses units. In order to select participants from simple random sampling was used. On the other hand, in order to select participants from residential units, first, stratified sampling was employed to identify residential unit owners and then simple random sampling was used to select participants from each type of residential users. Stratification was made based on each subject types of units. For this purpose, the name of every unit owners in the condominium is collected from the city administration responsible for distribution of condominium houses. Then, numbers were assigned to each name and a random sample generated by computer was employed. Consequently, questionnaires were distributed for selected participants.

The questionnaires were administered to 405 systematically and randomly selected condominium houses residents residing in 10 *kebeles* of Bahir Dar city (*kebele* refers to the smallest administrative unit in Ethiopia). On the due date, the researcher managed to collect 328 feedbacks from residents (80.99% response rate). There are three main reasons for high response rate. The first reason is language. Before the actual data collection through questionnaire, pilot study was undertaken in two condominium blocks using questionnaire prepared in English language. The rate of response was relatively low. From the informal discussion, I realized that respondents have difficulties to fully understand and respond to questions in a way they want. They prefer to be communicated with a language which they can easily understand and respond in a way they feel and believe. Hence, questionnaires were translated into local language of the study area (Amharic). The second reason is related to the issue this study raised. People living in condominium houses reported several problems, and they perceived the outcome of this study will be seriously considered by stakeholders and be part of the solution. The third reason is related to questionnaire administration collection. Questionnaires were administered house-to-house and collected in person by researcher himself and trained assistants. This contributed to the high response rate.

Interviews and discussions were made with board members of the associations, elected technical committees and local elders of all associations and with selected city administration and condominium housing project managers. The returned survey questionnaires indicated that respondents generally differ in their access to getting the unit, types of use, marital status, and resident's family size. On the one hand, there is similarity in all *kebeles* condominium building as they operate on similar systems of condominium governance by establishing owners association to act on behalf on unit owners as well as accepting similar model of condominium agreement and housing rules prepared by city administration. This study investigated the practicality of this assumption. On the other hand, there are variation among respondents in relation to access to the unit, marital status, family size and types of use. This inspired the study to understand how this respondent's different background addressed in the condominium law. In other words, condominium buildings blocks in 10 *kebeles* of Bahir Dar city sample complement with renters that provide a wider spectrum of sample data on the "who is using the unit" variable in the study, which is conjectured as an important independent attribute in the determination of the effective implementation of institutions that govern condominium management. Marital status, size of family and type and size of unit use scenario also enriches the data. These variables have a significant implication on allocation of cost and benefits of common property in condominium.

3. RESULT AND DISCUSSION

The presentation and analysis of the findings are categorized in four thematic sections based on the objectives of the study and the research questions.

The first part of the result and discussion deals with the descriptive and quantitative analysis on review and assessment of historical evolution of institutional arrangement for condominium housing management, the natures of common, attributes of users and community, and rules-in-use. Action situations are perceived to be nested within relevant tiers of action, and it is not fair to limit analysis to single action arenas. Thus, to fully develop a systemic institutional analysis that involves complex systems of interaction, the second part of the result and discussion is devoted to the decision-making arrangements by using IAD framework which helps to organize and explain behaviour in policy systems. The third part of the result and discussion deals with the institutional characteristics of an action situation and the behaviour of unit users in the resulting structure. Hence, patterns of interaction flow logically from the behaviour of actors in the action arena would be the 4th section of the result and discussion.

Evolution of institution

While designing applicable institutional arrangement, it is difficult to craft or adopt successful, sustainable and robust local institutional arrangements by imposing rules from external authorities. Unfortunately, the reality of the study area was against the above argument since there were no possibilities for potential buyers of units to participate while the city administration introduced a self-governed condominium management system. It seems this institutional arrangement strongly underpinned by evolutionary concepts of the role that crafting plays in the development of institutions from the users. This implies that there is a need for investigation on how the existed institution was crafted and implemented.

Results of the interview indicated that while establishing institution, a group of committee from city administration office were assigned to investigate the legal basis practices of other countries on the establishment of condominiums and owners' associations. The investigation showed that the regional city administrator neither craft new institutions nor shape or 'make good' the deficiencies of previous arrangements (since living in condominium is a new phenomenon). Instead, the city administration officials were interested to propose what they think is practiced somewhere else. This is manifested in the model institution adopted by city administration which seems the responsible body that enthusiastically propose blueprint and cookie-cutter approaches to community condominium management. The detail of this approaches are based on Ostrom's designed principles that has been applied across multiple contexts.

Informants argued that the proposed institution arrangement is introduced along with encouraging conditions that are favourable for the success of collective action, learning and adaptation to change the socioeconomic, ecological, and policy environments. In other words, institutional formation in the city is conceptualised as a socially embedded process rather than a deliberate and transparent managerial activity. A particular point in the agreement model covers the voting rights of the owners at general meetings to adopt or amend the declaration description by-laws, and rules according to their interest. Despite such substantial progress, these institutional changes are, in reality, often cosmetic, and lack effective community management and resulted in owners' association poor and ineffective performance. A number of obstacles in terms of institutional aspects hindered practices of adoptability. This will be discussed later.

The natures of common, attributes of users and community, and rules-in-use

The ANRS agreement document (2006) defines 'Commons' as all parts of the condominium except the units. This common property is owned jointly by the owners of the units and includes the roof, staircases, exterior walls and windows, building foundations, infrastructure such as water pipe, electric cables. At the same time, the rules defined unit users with rights over their units and commons. This usage is undivided and attached to the unit ownership. The principles of nature of common in condominium management discussed above clearly link to the design principles through the fundamental idea that there is clear demarcation of what constitute commons and individual units. Moreover, ANRS (2006), proclamation No. 144/2006 stipulate that without prejudice to other provisions of this proclamation, unit owners shall contribute to cover common expenses in proportion to their undivided interest in the common elements, and the share of such undivided interest shall be determined in accordance with the standard set in the declaration to which a particular unit belong. However, up to the date of data collection there is no legal requirement that any expense be allocated according to ownership percentage.

The practice indicated that all unit users use commons freely without any restrictions and, having equal and undivided shared use right among residents on common property. This implies that despite unit users are diverse in terms of type of unit use, family size, number of vehicles etc have equal use right on commons without any restrictions and addition of costs while the benefit is varied based on the above unit users attribute. This is against Ostrom principle of congruence. This implies that the ownership fraction should be recognized as very important for the owners and for the owners' association performance which requires immediate actions from responsible body.

Ostrom's designed principle of congruence contends that rules need to be well-matched to local conditions. With this regard, the study realized that the existing institution does not match with the practical situation. This is marked through analyzing the law that stipulate the fact that buyers are the ones obliged to attend condominium meetings or serve on condominium boards and committees, make decisions and propose change or improvements

on the existing institutions and other related activities. On the other hand, the same law allow buyers to lease or sale out their respected units. This is essential, and has significant implication for the current condominium management system of the city. Occupiers may not show the same pride of ownership and sense of community and security as a building that is fully owner-occupied. Based on empirical evidences, it is possible to predict that some of the rules do not well-match with the current practical conditions. This may be related to the fact that majority of buildings are dominated by renter. Although this study does not aim to examine who is addressed in the housing project, the finding implies that channels for distributing units of condominium are ineffective. The targeted group are not addressed through integrated housing development project. Because, majority people living in condominium houses are not the owners rather they are renters.

As we can infer from IAD framework, the type of rule to consider in an institutional analysis are closely linked with the elements of rules-in-use. The study tried to understand what these rules are and the source of each rules. Particularly this study is interested to consider and analyze rules related with positions or roles that unit owners can assume in an action situation, how to act as a decision maker, the amount and type of information available to unit owners in an action arena, and for whom the unit owners are accountable for. The finding indicated that set of positions or roles that owners of unit can assume in an action situation is board member. The owners, through the general meetings, may also choose to delegate specific responsibilities to committees, auditors, control commit constituted of owners. A particular point in the agreement model covers the voting rights of the owners at general meetings to elect candidates for the position. Voting is based on one vote per unit owner. In most matters involving elections, approvals or decisions, a simple majority of those present and voting is required to carry a motion. This means that more than 50% of the votes must be cast in favour of the candidate or the motion. If this quorum is not attained, a second annual general meeting must be convened as soon as possible.

Decision making arrangements

In exploring the third principle of Ostrom collective-choice arrangements, the study understands the existence of rule that matched with this principle through the fundamental idea that unit users of condominium houses has the right to participate in collective action decision and in modifying rules of regular operation of the resource over time. Unfortunately, this is limited to unit-occupiers. In other words, renters do not have the right to participate in general meeting and make decision. The owner of a unit who leases a unit shall provide the lessee with a copy of the declarations and description, by-laws and rules of the condominium.

Initially the institutions that govern condominium management in Bahir Dar city seem to be appropriate in placing collective action management. This is particularly to those owning their own home since it clearly outlined the entire required law framework and ensure that condominiums are safe and enjoyable communities to live in for all concerned. , However, it is difficult for associations to be successful in a situation where condominium buildings dominated by rental-occupancies who are not allowed to participate in general meeting, taking action and making decision in the association activities. The practice is also against Ostrom's principles that contend those involved in resource use should take part in decision making

about the resources. Therefore, the city administration should propose ways that can be done to provide alternatives for potential renters to engage in collective action.

While incentives to cooperate might exist in the law, this does not guarantee that users will cooperate, particularly, in situations where the rule governing condominium assumed and used in a manner that implies solidarity and homogeneity of unit users. Thus, in condominium management system, monitoring or follow-up is a key to successful operation of homeowner associations. With this understanding, owners associations have tried to establish mechanism of monitoring. The general responsibility for this task has been given to Technical Committee Members (TCM) elected by the owners at the annual general meeting. These members are delegated by the owners to take responsibility for overseeing and controlling the activity of the association between meetings of owners.

The study found that effective monitoring of resource use and of compliance with collective rules is not practical. The major problems that resulted in poor monitoring system confirmed and experienced by members of owners' associations are related with difficulty in maintaining a high level of awareness about associations objectives, inability to obtain effective training and technical expertise by resident leaders, poor record keeping, leader turnover, apathy and disinterest on the part of residents toward owners' associations and insufficient housing authority cooperation and involvement. Although the regulation is over ambitious in granting monitoring mechanism compared to capabilities, the practice indicated that compliance monitoring program of the association are not always in place and operational. This shows that improved commitment to and capabilities in monitoring is an essential ingredient to improve condominium management in Bahir Dar city.

As stated by informants from owners association, due to lack of accountable monitoring and effective authority structures, the laws of monitoring mechanism has become illegitimate. This perception of unit users has been further supported by absence of taking serious and appropriate measures on those who violate operational rules. Documents show that there shall be gradual sanction to reflect the severity, frequency, and context of the violation and this will be done by technical committees with the support of board members. However, there have been violations against the rules committed by the owner and/or tenants and the association has never taken appropriate actions and notice all unit users that violation of rules is a major crime. This is partly because of associations' lack of awareness and sensitivity about monitoring and taking actions are very low. This indicates that one of the principles of Ostrom - taking appropriate sanctions on those who violate operational rules is not practiced.

Having appropriate conflict resolution mechanisms is one of the ingredients for successful institutional implementation. With this regard, the institutional arrangement designed for condominium management seems fits with Ostrom's principle of placing low-cost and readily available dispute resolution mechanisms. This kind of task is assumed to be accomplished by representative user committees, local elders or associations. In effect, the law clearly specify that whenever conflicts arise neither the board nor the association management members are the main responsible bodies to initially approach this problem. Conflicts shall be dealt with concerned parties themselves. If they are not able to solve the problem, the next step is to

communicate in writing with the standard technical committee that is selected at general meeting for compliance monitoring. This technical committee is given the power to delegate the case to be solved by local elected elders than the technical committee or the court.

The study found that using simple delegation or short agreement to resolve a dispute require interpretation and extrapolation processes makes dispute resolution more difficult, time-consuming and costly. The study underlined that a short intervention of local elders' or technical committee's agreement is unlikely to directly address the main problems. There are various factors that affect the process of problem solving. Among others, lack of skill and experiences of members of technical committee and local elders in resolving the real-life problem that happened in condominium is found to be one of the main problems that resulted poor conflict resolution system. In effect, authorized organs have not made definitive decisions whenever necessary, rather they exercised their responsibility by postponing resolution of both simple and difficult issues to avoid uncomfortable confrontations and preserve a transaction and most of the time they deal with issues as they arise and solve them temporarily. Surprisingly, all associations do not have clear and binding procedures for the calling and conducting and reporting of dispute resolution. This implies that strategies of governance that enables holistic thinking and action is one of the missing points and a significant impediment to implement the laws.

The pattern of interaction

Pattern of interaction among residents of condominium is determined by consequences of nature of common, user attributes effectiveness of monitoring, enforcement, conflict resolution, and related governance activities. The pattern of interaction touches the last principle of Ostrom, which is nested enterprise. This principle h confirms that there should be sets of rules established within a hierarchy of user's institutions. With this regard, the study showed that unit users, provision, monitoring and sanctioning, conflict resolution, and other governance activities are organized in a nested structure with multiple layers of activities. But, providing nested enterprise for management of commons for condominium housing does not necessarily mean that it shall result in good pattern of interaction among residents. A recurrent theme in related to nested enterprise in management of commons is the problems of ensuring whether such enterprises are realized and internalized by users. The study also indicated that although there are chains of commands, and governance activities are organized in multiple layers of nested enterprises, activities nested are not working well. Consequently, cooperation among unit users found to be very poor and complex.

Some of the most important points missed in condominium management which positively influences pattern of interaction is the failure to realize that the success and facility of association depends on the amount of information provided for users residents, creating identity and high incentives for unit owners for coordination, developing trust, certainty and respect with owners association. This implies that the city administration needs not only to craft institutional arrangements but also ensuring whether such institution is effectively communicated and internalized by users. Similarly, owners associations need to strives not only for implementing management procedures that are not developed by owners through a representative form of self government but also to develop community spirit and address

quality of life issues. This is due to the fact that self-governance requires collective action combined with information. This procedure support consistent institutional arrangements as well as high degree of social capital which refers to the aggregate value of social networks (i.e., who people know), and the inclinations that arise from these networks for people to do things for each other (i.e., the norms of reciprocity) (Putnam 2000). Without such specific strategies and actions on condominium issues, implementing enterprise that organized in a nested structure with multiple layers of activities will be difficult.

Analyzing Outcomes

This study used the objective of establishing institution as baselines for the analysis of its outcomes. The three main objectives of institution in condominium management are providing fair distributional equity, creating accountable monitoring and effective authority, and encouraging sustainability through innovation and adaptation in response to change. Therefore, analysis of performance of institutions outcomes focus on fiscal equivalence, accountability, and conformance to general morality and sustainability.

Fiscal Equivalence

In principle, beneficiaries need to pay reasonable and proportional payment for the service he/she received. Based on this principle, those who received greater benefits should pay more than those who received fewer benefits. On the basis of principle of fiscal equivalence, each unit owners should get their own share of common property. In situations where there is diversity among residents of condominium houses, practically the cost and benefits will be also divers. In the current study context, however, there is no such ownership fraction, and thus, share is not defined by, and not limited to, the ownership fraction for the unit(s) owned. This study found that one of the major reasons for failure of owners to contribute an agreed amount of money for reserve fund, and for refusals to accept responsibility to maintain the common unit is unfair distribution of costs and benefits.

Accountability

There are a number of different dimensions of questions to this institutional performance criterion. These include, first, the extent to which the institutional context facilitates low-cost information sharing or transparency in some areas; second the relative capacity or skill of users to evaluate the actions of others in the policy situation; and third, the extent to which users has ready access to mechanisms that permit them to monitor and sanction one another. With this regards, despite there is an effort to facilitate low-cost information sharing or transparency, often rules and regulations are merely written in administrative procedures, legislation, and they are not known by the users. Moreover, majority residents are ignorant of the law and the relative capacity or skills of users to evaluate the actions of others in the policy situation are found to be poor. This implies that users cannot clearly define who has rights to use common, boundaries of commons, who does not have rights and take action against commons in their condominium. Concerning the extent to which users has ready

access to mechanisms that permit them to monitor and sanction one another, as discussed above, appropriate unit users and communities are not involved in monitoring activities. In general, the existing monitoring and sanction mechanism is not operational. There are also imbalances in many of accountability areas, and in turn make accountability impaired. This indicates that there is no crosscheck on opportunistic behaviour of residents.

Sustainability

Practically, good living conditions can be maintained in a condominium only when the operation activities are carefully planned and executed. In relation to this, condominium proclamation clearly stated that the unit owners association is responsible for repairing common elements and the assets of the association damaged by accident. At the same time, unit owners association is responsible for maintaining common elements, or a unit, which a unit owner is responsible for but failed to maintain within a reasonable period of time. In addition, the unit owners' association may improve the buildings and its surroundings when it is necessary. However, the practice indicated that owners association failed to collect the required reserve fund for such operational activities because of lack of fair allocation of cost and benefit, well-prepared budgets and sound financial planning ensuring that income is sufficient to meet expenses, auditor on the account transactions, high personal integrity from the people involved, and control systems. There is no such information about controlling systems that should be available to all unit owners at owners' meetings. With the purpose of understanding the impact of the absence of the above factors, I have invited an expert (construction engineer) to make inspection of the jointly owned property. The results of the inspections indicated low quality and condition of condominium buildings.

4. CONCLUSION AND POLICY IMPLICATION

Although there is institutional arrangement, which consists of most design principles identified for robust institutions for the establishment of condominiums, it is found to be a slow and difficult process. The general conclusion of this study is drawn by taking Ostrom's eight predefined variables as a base for describing the institution governing the use of condominium houses in Bahir Dar city. For this purpose, qualitative values (yes, no or weak) were assigned to Ostrom's eight design principles. If the principle exclusively found in the existing institutional arrangement designed for condominium management in Bahir Dar city – it would be rated as “Yes”, if it is completely absent –“No”, and if it is partially included – “Weak”). The eight designed principles identified by Ostrom can be found in most robust institutions, but they were absent in failed systems. These principles have inspired this study to compare the existing institutional arrangement and its practical performance. In order to do so, qualitative values (robust, fragile or failed) were assigned to the institutional performance. If the principle is practiced and result in positive performance –it would be rated as “robust”, if it is completely not practiced and result in negative output –“Failed”, and if it is partially practiced and somewhat contributed to good performance – “Fragile”. As shown in table 4.1, the study tried to form a simple correlation between availability of principles and evaluated these principles in relation to the finding of institutional performance.

Table 4.1. Condominium management system in Bahir Dar city in on the basis of Ostrom's eight design principles and institutional performance

Ostrom's design principles	Presence of principle in institutional arrangement	Institutional performance robust , fragile and failed
Clear boundaries & member-ships	Weak	Fragile
Congruent rules	No	Failed
Collective choice arrangements	Weak	Failed
Monitoring	Yes	Failed
Graduated sanctions	Yes	Failed
Conflict resolution mechanisms	Yes	Failed
Minimal recognition of rights to organize	Yes	Failed
Nested enterprises	Yes	Failed

Based on the result and conclusion of the study, the following recommendations and policy implication were made:

- Before claiming that commons management approaches that are successfully applied across multiple contexts would also works in case of condominium, it is necessary to conduct a more careful investigation on appropriate local context, uniformly applicable and rapidly scalable solutions to potential problems, context-sensitive problems of governance, etc
- The need for adaptive crafting of institutions that assumed to fit the socio-ecological system of interest is not an end by itself. Thus, the general institution on how condominiums are established, regulated, functioned and detail of the inner workings of the condominium should be clearly understood and internalized by all condominium ownership of housing unit users.
- Establishing owners association alone is not enough to enhance better management system. Institutional arrangement on condominium ownership should be accompanied by special guidelines covering the different aspects of establishing and operating condominiums.
- It is not only clearly defined boundaries over the resource and user group or community which is important for efficient manage of condominium. Equally, there should be clear identification of rights to resources and rules about them, particularly on allocation of cost and benefit.
- Condominium unit acting together in a formal general meeting are the supreme authority of an owners' association. However, most buildings are occupied by renters and thus there should be mechanisms that address the interest of this group to take part in decision making about the condominium resources.
- In condominium unit's usage there are always conditions that tempt some individuals to cheat while others conform to the rules. Thus, there should be accountability and monitoring and effective authority structures. Without responsibility, accountability and monitoring system, it might be difficult to expect the existence of long-enduring condominium management institutions.

- It is unwise to think that all unit users are acting according to the rule. Therefore, graduated sanctions should be devised for non-compliance with collective rules, and there should be mechanisms to notice all appropriators that cheating and acting against the rules are major crimes.
- It is not possible to transfer responsibility of conflict resolution for unit users, which in most cases do not have management skills. To resolve dispute in a low-cost and orderly manner, there should be a mechanism that enables to elect users who are experienced and have a skill in such issues. At the same time, training on the subject and awareness creation among users should be provided
- When the rights of users to devise their own institutions are recognized by the regional government and city administration, possibility of institutional improvement or change by users should not be cosmetic, rather there should be a mechanism to provide information on condition, requirement and related criteria.
- The existing nested institutions with other levels of decision-making and governance should allow management of condominium in large and complex systems rather than focusing on interest of purchasers. Renters should learn at least minimal skills of organization through participation in their owners association or learn about ways that neighbouring association have organized

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BIOGRAPHICAL NOTES

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