

The Ministry of Works and Urban Development (MoWUD) is to import 600,000 tonnes of cement and 100,000 tonnes of reinforcement bars at a project cost of 200 million dollars for the ongoing nationwide housing development projects. The supplier of the construction materials will be selected through an international auction.

The government has designed a five-year plan to curb the shortage of houses estimated to stand at one million across the country. According to the plan, 400,000 houses will be constructed in 70 towns, and the project demands a total of 24 billion Br. The project was first launched in Addis Abeba three years earlier than in the rest of the country. Other towns started on it in the 2006/2007 fiscal year.

The construction of 61,000 houses was started in 2007 in Addis Abeba and 35 other towns. An additional construction project for 83,000 houses began in 2007/2008 in 55 towns.

These constructions need from 1 million to 1.5 million tonnes of cement annually, and local cement factories can, in aggregate, produce about 1.6 million tonnes and can only supply the projects with half of this amount, which falls short of what the project needs. The MoWUD has, thus, been filling the gap by buying the commodity from international markets.

In this year alone, it has signed a procurement agreement worth 1.2 million tonnes of cement with A & G Global Plc, and the consignment would be arriving soon.

"New cement manufacturers are emerging in Ethiopia. But, as they can not supply what we need for the coming fiscal year, imports will continue," Arkebe Oqubay, state minister for MoWUD, told *Fortune*.

The other construction material that is in short supply is reinforcement-bars. The housing development project needs 150,000 tonnes of reinforcement bars every year, and the local supply is nowhere close to satisfying this demand. In the first round of the just ended fiscal year alone, 34,305,835 tonnes of metal was imported and distributed all over the project sites. Another consignment of 50,000 tonnes was imported in the second round and the purchase of an equivalent amount is in process.

"The government allocates the budget for these imported materials because the construction of the houses has to be done," Arkebe says.

The government has already prepared a plan signaling its determination not to allow the shortage of construction materials to hinder the housing programme.

The three local cement producers, Muger of Oromia, Mesebo of Tigray and National of Dire Dawa, have a joint production capacity of 1.6 million tonnes annually, which the government's plan envisions increasing by 300 per cent (to 4.7million tonnes) by 2011. In the interim period, the government will continue to import one million tonnes cement annually, in addition to the import by the MoWUD.

In addition to the existing three, 22 other companies have got licenses to establish cement factories and most have entered the construction stage. The government has, therefore, revised its original 4.7 million tonnes target to 8.6 million.

To increase the production capacity of the five local steel manufacturers, government has taken various measures to help them get raw materials. Scrap-metal, which used to be exported one year ago, has now been banned from export, and is supplied to the local producers through auctions.

In addition, government is also in the process of importing 2,200 construction machineries from China, about a hundred of which have already arrived in Ethiopia. The machineries include loaders, crusher, dump-trucks and loded. These machineries will be distributed to individual, group and company contractors engaged in transport and condominium construction sectors that have registered good performances. Buyers of these machineries have entered a loan agreement with the Commercial Bank of Ethiopia (CBE), and they will receive two billion Birr worth of machineries, Arkebe said.