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Assessing the Effectiveness of Government Policy Interventions on Household Economic Resilience in Addis Ababa

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Abstract: *Improving household living standards is a major policy objective in Ethiopia, yet limited empirical evidence exists regarding the effectiveness of government interventions in enhancing household economic resilience. This study assessed the effectiveness of government policy interventions in improving household living standards in Addis Ababa. A quantitative cross-sectional explanatory research design was employed using primary data collected from 295 households through a structured questionnaire. Descriptive statistics were used to assess household living standard adequacy and perceptions of government interventions, while binary and ordinal logistic regression models were proposed to examine the influence of policy interventions on households' ability to meet monthly expenses after controlling for socioeconomic characteristics. The findings revealed that 83.7% of respondents reported that their household income was insufficient to cover monthly expenses, and over 82% perceived the cost of living as high or very high. Respondents expressed relatively positive perceptions of housing, transport infrastructure, and job creation initiatives, whereas social welfare programs, food security interventions, and housing affordability measures were perceived as less effective. Overall, the study concludes that although government interventions have improved access to selected public services and economic opportunities, their effectiveness in strengthening household economic resilience remains constrained by rising living costs, affordability challenges, and implementation limitations. The study recommends strengthening targeted social protection, employment creation, housing affordability, price stabilization, and evidence-based policy implementation to improve household economic well-being in Addis Ababa.*

Keywords: Household living standards, government policy interventions, economic resilience, cost of living, household welfare, Addis Ababa, Ethiopia.

1. Introduction

Living standards reflect households' ability to meet essential needs and maintain economic security through adequate access to food, housing, healthcare, education, transportation, and other basic services rather than income alone (World Bank, 2022). In developing countries, improving living standards is a major public policy objective because household welfare depends on employment opportunities, income security, access to public services, and the effectiveness of government interventions (United Nations Development Programme [UNDP], 2022). As Ethiopia's capital, Addis Ababa faces rapid urbanization, population growth, and increasing demand for housing, transportation, employment, and social services, creating significant pressure on household welfare (UN-Habitat, 2020).

To address these challenges, the Ethiopian government has implemented policy interventions such as social protection, employment creation, housing, transportation, food security, and urban development programs to promote inclusive growth and improve household well-being (Federal Democratic Republic of Ethiopia [FDRE], 2021; World Bank, 2018). However, many households continue to struggle to meet their monthly expenses because of rising living costs, highlighting concerns about the effectiveness of these interventions (World Bank, 2022). Despite growing research on poverty and urban welfare in Ethiopia, limited empirical evidence exists on the effectiveness of government policy interventions in improving household living standards in Addis Ababa. Therefore, this study evaluates the effectiveness of these interventions by examining households' ability to cover their monthly expenses using evidence-based analysis.

Research Questions

1. What is the current status of household living standard adequacy among residents of Addis Ababa in terms of their ability to cover monthly household expenses?
2. What types of government policy interventions and support mechanisms are accessed by households in Addis Ababa, and how do households perceive their effectiveness in improving their economic well-being?
3. To what extent do government policy interventions influence households' ability to cover their monthly expenses after controlling for socioeconomic characteristics?

3. Research Methodology

3.1 Research Approach

This study employed a quantitative research approach to assess the effectiveness of government policy interventions in enhancing household economic resilience in Addis Ababa. A quantitative approach was selected because the study aimed to measure households' living standard adequacy, examine perceptions regarding government interventions, and statistically estimate the effect of policy interventions on households' ability to meet monthly expenses. Quantitative research enables researchers to examine relationships among measurable variables and test hypotheses using statistical techniques (Creswell & Creswell, 2023). Furthermore, quantitative methods are appropriate when the objective is to identify patterns, estimate effects, and generalize findings from a sample to a wider population (Bryman, 2016).

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3.2 Research Design

The study employed a cross-sectional explanatory research design. The descriptive component was used to assess the current status of household living standard adequacy, including households' ability to cover monthly expenses and their perceptions of government policy interventions. The explanatory component was used to analyze the influence of government policy interventions on household expense adequacy while controlling for socioeconomic characteristics. A cross-sectional design involves collecting data from respondents at a single point in time and is appropriate for assessing current conditions, relationships among variables, and population characteristics (Kumar, 2019). The explanatory design was selected because the study sought to examine the extent to which government policy interventions explain variations in household economic resilience after accounting for demographic and socioeconomic factors (Saunders et al., 2019).

3.3 Description of the Study Area

The study was conducted in Addis Ababa, the capital city of Ethiopia and the country's major political, economic, and administrative center. The city has experienced rapid urbanization, population growth, and increasing demand for housing, employment opportunities, transportation, and basic services (UN-Habitat, 2020). These characteristics make Addis Ababa an appropriate setting for examining household economic resilience and the effectiveness of government policy interventions.

3.4 Population, Sample Size, and Sampling Procedure

The target population of the study consisted of households residing in Addis Ababa. The unit of analysis was the household, as household-level characteristics provide important insights into living conditions, income adequacy, and economic vulnerability. A sample of 295 households was selected for the study. A structured questionnaire was administered to collect information regarding household demographic characteristics, income and expenditure conditions, access to government interventions, and perceptions regarding policy effectiveness. A sampling technique was employed to select respondents who could provide relevant information about household economic conditions. Sampling is important in quantitative studies because it allows researchers to obtain information from a manageable number of respondents while maintaining the possibility of generalizing findings to the wider population (Creswell & Creswell, 2023).

3.5. Data Analysis Methods

The collected data were analyzed using descriptive and inferential statistical techniques.

Results and Discussion

Current Status of Household Living Standard Adequacy in Addis Ababa

Descriptive Statistics of Respondents' Income Levels

Income is one of the most important indicators of household living standards, as it directly determines a household's ability to meet basic needs and monthly living expenses. The following table presents the descriptive statistics of respondents' gross income, net income, and the income level they consider adequate to maintain a reasonable standard of living. The summary includes the number of observations, minimum and maximum values, mean, and standard deviation for each income measure.

Table 1: Descriptive Statistics of Respondents' Income Levels

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Gross income of respondents	295	500	30000	8826.86	3828.016
Net income of respondents	295	3000	70000	18166.90	9165.130
Proposed gross income of respondents	248	7000	350000	45177.42	37846.814
Valid N (listwise)	248				

The findings reveal a substantial gap between respondents' current earnings and the income they consider adequate for maintaining a reasonable living standard. While the average gross monthly income was ETB 8,826.86 and the average net income was ETB 18,166.90, respondents estimated that an average monthly income of ETB 45,177.42 would be required to meet household needs, indicating considerable income inadequacy and disparities among households. This finding supports household welfare theory, which argues that living standards depend on the adequacy of income to meet essential consumption needs rather than income alone (Sen, 1999). It is also consistent with cost-of-living literature, which shows that inflation erodes purchasing power when income growth fails to keep pace with rising prices (Deaton, 1997). Similar evidence from Ethiopia and other developing countries indicates that increasing food, housing, transportation, and utility costs have widened the gap between household income and living expenses, placing

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significant financial pressure on urban households (World Bank, 2022; National Bank of Ethiopia, 2024).

Household Income Adequacy in Covering Monthly Family Expenses

A key indicator of household living standards is whether current household income is sufficient to cover monthly family expenses. Assessing income adequacy provides direct evidence of households' financial well-being and their ability to meet essential needs without experiencing financial strain. The following table presents respondents' assessment of whether their household income adequately covers their monthly family expenses.

Table 2: Household Income Adequacy in Covering Monthly Family Expenses

Whether household income cover family expense					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	48	16.3	16.3	16.3
	no	247	83.7	83.7	100.0
	Total	295	100.0	100.0	

The findings show that 83.7% of respondents reported that their household income was insufficient to cover monthly family expenses, while only 16.3% indicated that their income was adequate. This suggests that most households in Addis Ababa face significant financial pressure, reflecting the widening gap between household income and the rising cost of essential goods and services. The finding supports household welfare and permanent income theories, which argue that living standards depend on the adequacy of income to meet consumption needs rather than income alone (Friedman, 1957; Sen, 1999). It is also consistent with empirical evidence indicating that inflation and rising food, housing, transportation, and utility costs have reduced the purchasing power of urban households in Ethiopia and other developing countries (World Bank, 2022; National Bank of Ethiopia, 2024). These findings reinforce the earlier evidence that respondents' current earnings fall well below the income required to maintain an adequate standard of living.

Distribution of Respondents by Sole Household Income Provider Status

The responsibility for providing household income is an important socioeconomic factor that may influence household financial stability and living standards. Individuals who serve as the sole income provider often face greater financial pressure because the entire household depends on a single source of income. The following table presents the distribution of respondents according to whether they are the sole provider of household income.

Table 3: Distribution of Respondents by Sole Household Income Provider Status

Sole provider of the household					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	258	87.5	87.5	87.5
	Yes	37	12.5	12.5	100.0
	Total	295	100.0	100.0	

The findings indicate that 87.5% of respondents were not the sole household income providers, while only 12.5% relied on a single income source. This suggests that most households depend on multiple income earners to cope with rising living costs, although households with a single provider are likely to face greater financial vulnerability. The finding is consistent with livelihood and income diversification theories, which argue that multiple income sources enhance household resilience to economic shocks and reduce financial risk (Ellis, 2000; Scoones, 1998). Similarly, empirical studies show that income diversification improves household welfare and mitigates the adverse effects of inflation and rising living costs, whereas reliance on a single income source increases the likelihood of financial hardship, particularly in urban Ethiopia (World Bank, 2022; National Bank of Ethiopia, 2024).

Number of Household Dependents Supported by Respondents' Income

The number of dependents supported by a respondent's income is an important determinant of household living standards, as it directly affects the distribution of available financial resources within the household. A higher dependency burden increases household expenditure and may reduce the ability of available income to meet basic needs. The following table presents the distribution of respondents according to the number of individuals who depend on their income for financial support.

Table 4: Number of Household Dependents Supported by Respondents' Income

Number of dependent on respondents income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	5	1.7	1.7	1.7
	1	137	46.4	46.4	48.1
	2	94	31.9	31.9	80.0
	3	56	19.0	19.0	99.0
	4	2	.7	.7	99.7
	5	1	.3	.3	100.0
	Total	295	100.0	100.0	

The findings show that 98.3% of respondents supported at least one financial dependent, with nearly half (46.4%) supporting one dependent and 31.9% supporting two. This indicates that household income is shared among several members, increasing financial pressure as the number of dependents rises. The finding is consistent with household dependency theory, which suggests that higher dependency ratios reduce disposable income and weaken household welfare when income growth does not keep pace with household needs (Becker, 1981). Likewise, empirical studies have found that households with more dependents are more vulnerable to financial hardship and declining living standards, particularly during periods of high inflation and rising living costs (World Bank, 2022; National Bank of Ethiopia, 2024). Therefore, the high dependency burden observed in this study likely contributes to the widespread inadequacy of household income among urban households in Addis Ababa.

Households' Perceptions of the Effectiveness of the Affordable Housing Program in Addis Ababa

Government housing interventions are among the major policy measures designed to improve urban households' access to affordable housing and enhance economic well-being. Assessing households' perceptions of these interventions is important to understand whether existing policy measures are achieving their intended objectives, particularly in addressing housing affordability challenges among low- and middle-income groups. The following table presents respondents' level of agreement regarding different dimensions of the affordable housing program, including housing accessibility, affordability, implementation effectiveness, stakeholder involvement, and support provided to target beneficiaries.

Table 5: Households' Perceptions of the Effectiveness of the Affordable Housing Program in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Housing Access Improvement	Count	37	0	4	125	129
	Row N %	12.5%	0.0%	1.4%	42.4%	43.7%
Low-Income Housing Access	Count	41	0	104	145	5
	Row N %	13.9%	0.0%	35.3%	49.2%	1.7%
Housing Affordability	Count	4	75	158	21	37
	Row N %	1.4%	25.4%	53.6%	7.1%	12.5%
Fair Housing Allocation	Count	37	0	80	111	67
	Row N %	12.5%	0.0%	27.1%	37.6%	22.7%
Public-Private Housing Partnership	Count	4	17	139	44	91
	Row N %	1.4%	5.8%	47.1%	14.9%	30.8%
Housing Subsidy Adequacy	Count	21	34	114	61	65
	Row N %	7.1%	11.5%	38.6%	20.7%	22.0%

The findings indicate that the affordable housing program in Addis Ababa has contributed to improving housing access, with most respondents acknowledging its role in expanding housing opportunities and improving accessibility for low-income households. However, concerns remain regarding affordability, housing quality, subsidy adequacy, and targeting of beneficiaries. These findings support housing policy perspectives that emphasize that effective housing

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interventions require not only increasing housing supply but also ensuring affordability, inclusiveness, and equitable access (UN-Habitat, 2020). Similarly, empirical studies in developing countries reveal that affordable housing programs often face challenges related to rising construction costs, limited subsidies, weak beneficiary targeting, and affordability gaps (Gilbert, 2016; Buckley & Kalarickal, 2006). Therefore, strengthening subsidy mechanisms, improving allocation transparency, and enhancing public-private partnerships are essential to increase the effectiveness of the program in improving household well-being.

Households' Perceptions of the Effectiveness of Rent Control Policies in Addis Ababa

Rent control policies represent one of the government's interventions aimed at protecting households from rapidly increasing rental costs and improving housing affordability in urban areas. Assessing households' perceptions of these policies helps determine whether rent regulation has achieved its intended objectives, particularly in reducing rental burdens and protecting vulnerable households from excessive increases in housing costs. The following table presents respondents' perceptions regarding the effectiveness of rent control policies in Addis Ababa, focusing on rental price stabilization, fairness, complaint resolution mechanisms, and benefits to low-income households.

Table 6: Households' Perceptions of the Effectiveness of Rent Control Policies in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Rent Increase Control	Count	33	80	66	66	50
	Row N %	11.2%	27.1%	22.4%	22.4%	16.9%
Rental Cost Stability	Count	33	4	24	169	65
	Row N %	11.2%	1.4%	8.1%	57.3%	22.0%
Rental Cost Stabilization	Count	33	6	25	142	89
	Row N %	11.2%	2.0%	8.5%	48.1%	30.2%
Rental Dispute Resolution	Count	33	6	55	89	112
	Row N %	11.2%	2.0%	18.6%	30.2%	38.0%
Rental Affordability	Count	33	6	160	49	47
	Row N %	11.2%	2.0%	54.2%	16.6%	15.9%

The findings reveal mixed perceptions regarding the effectiveness of rent control policies in Addis Ababa. While respondents generally recognized the contribution of rent regulation in stabilizing rental costs (79.3%) and protecting tenants from excessive price increases, concerns remain regarding its ability to improve affordability for low-income and vulnerable households. This suggests that rent control can provide short-term tenant protection but may not address structural housing challenges such as supply shortages, rising demand, and increasing urbanization pressures. This finding is consistent with housing market theories, which argue that rent regulation can reduce rental instability but may generate limited long-term impacts if not supported by broader housing interventions (Arnott, 1995). Empirical studies in developing urban contexts also indicate that rent control policies often face challenges related to enforcement, market distortions, and insufficient protection of vulnerable groups (Glaeser & Luttmer, 2003; Jenkins, 2009). Therefore, strengthening rent regulation through improved enforcement, increased housing supply, and targeted support mechanisms is necessary to enhance its contribution to housing affordability in Addis Ababa.

Households' Perceptions of the Effectiveness of Social Welfare Programs in Addis Ababa

Social welfare programs are important government interventions designed to support vulnerable households, reduce economic hardship, and improve access to basic necessities. Assessing households' perceptions of these programs helps determine whether existing social protection mechanisms are effectively addressing poverty, improving access to essential services, and enhancing the economic well-being of disadvantaged groups. The following table presents respondents' perceptions regarding the effectiveness of social welfare programs in Addis Ababa, focusing on financial assistance, basic needs support, education and skill development opportunities, targeting of vulnerable groups, institutional partnerships, and long-term empowerment.

Table 7: Households' Perceptions of the Effectiveness of Social Welfare Programs in Addis Ababa

		Strongly disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
Financial Assistance	Count	33	115	43	58	46
	Row N %	11.2%	39.0%	14.6%	19.7%	15.6%
Basic Needs Support	Count	73	38	43	75	66

	Row N %	24.7%	12.9%	14.6%	25.4%	22.4%
Skills Development Support	Count	0	80	95	90	30
	Row N %	0.0%	27.1%	32.2%	30.5%	10.2%
Vulnerable Group Targeting	Count	67	2	108	38	80
	Row N %	22.7%	0.7%	36.6%	12.9%	27.1%
Community Partnership	Count	70	68	13	121	23
	Row N %	23.7%	23.1%	4.4%	41.0%	7.8%
Beneficiary Empowerment	Count	30	5	181	34	45
	Row N %	10.2%	1.7%	61.4%	11.5%	15.3%

The findings indicate that social welfare programs in Addis Ababa provide some support to households but remain limited in improving long-term economic well-being. Many respondents perceived financial assistance, basic needs support, and targeting of vulnerable groups as inadequate, although partnerships with community and non-governmental organizations were recognized as contributing to service delivery. This finding supports social protection theories, which emphasize that effective welfare systems should combine immediate assistance with empowerment strategies, skills development, and livelihood opportunities to achieve sustainable poverty reduction (Devereux & Sabates-Wheeler, 2004). Similarly, empirical studies in developing countries show that social assistance programs often face challenges related to limited coverage, insufficient benefit levels, weak targeting, and dependence on short-term support (Barrientos, 2013; World Bank, 2018). Therefore, improving the effectiveness of social welfare programs in Addis Ababa requires stronger targeting mechanisms, expanded coverage, and greater integration of welfare support with employment creation and livelihood development initiatives.

Households' Perceptions of the Effectiveness of Job Creation and Economic Development Interventions in Addis Ababa

Job creation and economic development interventions are among the major government policy measures aimed at improving household economic conditions, reducing unemployment, and enhancing living standards. Assessing households' perceptions of these interventions provides insight into whether employment and economic development initiatives are achieving their intended objectives, particularly in supporting vulnerable groups, promoting entrepreneurship, attracting investment, and improving household welfare. The following table presents respondents' perceptions regarding the effectiveness of job creation and economic development activities implemented in Addis Ababa.

Table 8: Households' Perceptions of the Effectiveness of Job Creation and Economic Development Interventions in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Employment Creation	Count	19	49	105	62	60
	Row N %	6.4%	16.6%	35.6%	21.0%	20.3%
Targeted Employment Support	Count	0	19	57	136	83
	Row N %	0.0%	6.4%	19.3%	46.1%	28.1%
Entrepreneurship Support	Count	0	39	42	128	86
	Row N %	0.0%	13.2%	14.2%	43.4%	29.2%
Investment Promotion	Count	33	133	0	77	52
	Row N %	11.2%	45.1%	0.0%	26.1%	17.6%
Living Standards Improvement	Count	22	76	67	58	72
	Row N %	7.5%	25.8%	22.7%	19.7%	24.4%
Economic Benefit Equity	Count	0	104	119	45	27
	Row N %	0.0%	35.3%	40.3%	15.3%	9.2%

The findings indicate that job creation and economic development interventions in Addis Ababa have contributed positively to supporting vulnerable groups and promoting entrepreneurship; however, their broader impact on employment generation, investment promotion, and household living standards remains limited. While many respondents recognized benefits for needy groups and business creation, uncertainty regarding sustainable employment opportunities and equitable distribution of economic benefits highlights ongoing challenges. This finding aligns with economic development theories that identify employment creation, entrepreneurship, and investment promotion as important pathways for improving livelihoods and reducing poverty (Todaro & Smith, 2020). However, empirical studies in developing countries show that employment interventions often face challenges related to limited formal job creation, dominance of informal employment, and unequal access to economic opportunities (Fields, 2011; World Bank, 2013).

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Therefore, enhancing the effectiveness of economic development initiatives in Addis Ababa requires stronger private sector participation, investment promotion, and inclusive employment strategies that generate sustainable livelihood opportunities.

Households' Perceptions of the Effectiveness of Price Stabilization Measures in Addis Ababa

Price stabilization measures represent important government policy interventions aimed at controlling inflationary pressures, protecting consumers, and improving households' ability to access essential goods and services. Evaluating households' perceptions of these measures helps determine whether government efforts have been effective in reducing excessive price increases and improving economic well-being. The following table presents respondents' perceptions regarding the effectiveness of price stabilization measures in Addis Ababa, focusing on controlling price increases, ensuring access to basic needs, promoting fair market practices, reducing price disparities, and stakeholder participation.

Table 9: Households' Perceptions of the Effectiveness of Price Stabilization Measures in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Price Increase Control	Count	0	27	150	65	53
	Row N %	0.0%	9.2%	50.8%	22.0%	18.0%
Basic Needs Access	Count	0	43	71	144	37
	Row N %	0.0%	14.6%	24.1%	48.8%	12.5%
Fair Market Competition	Count	22	10	120	90	53
	Row N %	7.5%	3.4%	40.7%	30.5%	18.0%
Price Equity Improvement	Count	14	43	47	111	80
	Row N %	4.7%	14.6%	15.9%	37.6%	27.1%
Stakeholder Cooperation	Count	0	57	95	54	89
	Row N %	0.0%	19.3%	32.2%	18.3%	30.2%

The findings indicate that price stabilization measures in Addis Ababa have contributed to improving access to essential goods and reducing some market challenges; however, uncertainty remains regarding their effectiveness in controlling price increases and inflationary pressures. While respondents recognized improvements in managing price disparities and supporting consumer access, concerns remain about the sustainability of these measures due to broader structural factors such as supply constraints, rising input costs, and market instability. This finding is consistent with economic theories of inflation management, which emphasize that effective price stabilization requires not only regulatory interventions but also supply-side improvements, institutional capacity, and market coordination (Mankiw, 2021). Empirical studies in developing countries similarly show that price control measures may provide short-term consumer protection but often have limited long-term effects without addressing underlying production and market challenges (Khan & Senhadji, 2001; World Bank, 2022). Therefore, strengthening supply systems, improving regulatory mechanisms, and enhancing stakeholder coordination are essential to ensure sustainable improvements in household economic well-being.

Households' Perceptions of the Effectiveness of Transport Infrastructure Improvement Initiatives in Addis Ababa

Transport infrastructure improvement is a key government intervention that influences urban mobility, access to economic opportunities, and the overall quality of life of residents. Efficient transport systems reduce travel costs, improve connectivity, and support households' economic activities by facilitating access to workplaces, markets, and essential services. The following table presents respondents' perceptions regarding the effectiveness of transport infrastructure improvement initiatives in Addis Ababa, focusing on accessibility, reliability, sustainability, inclusiveness, technological improvement, and stakeholder participation.

Table 10: Households' Perceptions of the Effectiveness of Transport Infrastructure Improvement Initiatives in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Urban Connectivity Improvement	Count	23	2	76	130	64
	Row N %	7.8%	0.7%	25.8%	44.1%	21.7%
Transport Reliability	Count	18	58	118	77	24
	Row N %	6.1%	19.7%	40.0%	26.1%	8.1%
	Count	33	6	51	134	71

Sustainable Transport Promotion	Row N %	11.2%	2.0%	17.3%	45.4%	24.1%
Inclusive Transport Access	Count	38	80	34	82	61
	Row N %	12.9%	27.1%	11.5%	27.8%	20.7%
Smart Transport Integration	Count	73	9	81	64	68
	Row N %	24.7%	3.1%	27.5%	21.7%	23.1%
Stakeholder Participation	Count	17	82	3	92	101
	Row N %	5.8%	27.8%	1.0%	31.2%	34.2%

The findings indicate that transport infrastructure improvement initiatives in Addis Ababa have positively contributed to urban connectivity and the promotion of sustainable mobility; however, challenges remain regarding service reliability, inclusiveness, and technological advancement. While respondents recognized improvements in accessibility and stakeholder participation, concerns about meeting the needs of vulnerable groups and ensuring dependable transport services suggest that infrastructure expansion alone is insufficient. This finding aligns with urban transport theories, which emphasize that effective mobility systems require not only physical infrastructure development but also accessibility, affordability, reliability, and inclusiveness (Banister, 2008). Empirical studies in developing cities similarly demonstrate that improved transport infrastructure can enhance economic opportunities by reducing travel barriers, but its benefits may be constrained by rapid urbanization, weak service management, and unequal access (Cervero, 2013; Gwilliam, 2011). Therefore, strengthening public transport reliability, adopting smart transport solutions, and ensuring inclusive planning are essential to maximize the contribution of transport interventions to household economic well-being.

Households' Perceptions of the Effectiveness of Food Security Initiatives in Addis Ababa

Food security initiatives are important government interventions aimed at improving access to adequate, safe, and nutritious food while reducing household vulnerability to food insecurity. Assessing households' perceptions of these initiatives helps evaluate whether existing policy measures are effectively addressing food access challenges, improving agricultural productivity, supporting vulnerable groups, and strengthening institutional coordination. The following table presents respondents' perceptions regarding the effectiveness of food security initiatives implemented in Addis Ababa, focusing on food accessibility, agricultural improvement, support for vulnerable groups, stakeholder collaboration, and monitoring mechanisms.

Table 11: Households' Perceptions of the Effectiveness of Food Security Initiatives in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Nutrition Access Improvement	Count	36	23	125	47	64
	Row N %	12.2%	7.8%	42.4%	15.9%	21.7%
Agricultural Productivity Improvement	Count	0	2	57	104	132
	Row N %	0.0%	0.7%	19.3%	35.3%	44.7%
Vulnerable Group Nutrition Support	Count	19	2	176	46	52
	Row N %	6.4%	0.7%	59.7%	15.6%	17.6%
Stakeholder Collaboration	Count	0	80	98	68	49
	Row N %	0.0%	27.1%	33.2%	23.1%	16.6%
Monitoring and Evaluation Effectiveness	Count	3	72	54	117	49
	Row N %	1.0%	24.4%	18.3%	39.7%	16.6%

The findings indicate that food security initiatives in Addis Ababa have contributed positively to agricultural productivity and institutional coordination; however, their direct impact on household access to nutritious food and vulnerable groups remains uncertain. While respondents recognized improvements in food production and monitoring mechanisms, limited awareness and mixed perceptions regarding nutrition support and beneficiary targeting highlight ongoing implementation challenges. This finding is consistent with food security and sustainable livelihood theories, which emphasize that food security depends not only on food availability but also on access, affordability, utilization, and resilience of vulnerable households (Sen, 1981; Chambers & Conway, 1992). Empirical studies in developing countries similarly show that food security programs are more effective when they integrate agricultural support, social protection, nutrition interventions, and strong targeting mechanisms, while weak coordination and limited coverage often reduce their impact (FAO, 2021; Barrett, 2010). Therefore, improving beneficiary targeting, expanding nutrition-focused interventions, and strengthening awareness and coordination mechanisms are essential to enhance the

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contribution of food security initiatives to household economic well-being.

Households' Overall Perceptions of the Effectiveness of Major Government Policy Interventions in Addis Ababa

Assessing households' overall perceptions of government policy interventions provides an important understanding of which policy areas are considered more effective in improving economic well-being and addressing the challenges associated with the rising cost of living. The following table summarizes respondents' overall level of agreement regarding the effectiveness of major government interventions, including housing policy, rental stability policy, social welfare policy, employment opportunities, price stability policy, transportation and infrastructure development, and food security policy.

Table 12: Households' Overall Perceptions of the Effectiveness of Major Government Policy Interventions in Addis Ababa

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Housing Policy	Count	0	38	56	193	8
	Row N %	0.0%	12.9%	19.0%	65.4%	2.7%
Rental Stability Policy	Count	14	42	23	187	29
	Row N %	4.7%	14.2%	7.8%	63.4%	9.8%
Social |Welfare Polciy	Count	11	77	60	145	2
	Row N %	3.7%	26.1%	20.3%	49.2%	0.7%
Employment Opportunity	Count	0	31	133	87	44
	Row N %	0.0%	10.5%	45.1%	29.5%	14.9%
Price Stability Policy	Count	0	14	132	145	4
	Row N %	0.0%	4.7%	44.7%	49.2%	1.4%
Transportation and Infrastructure	Count	4	35	79	154	23
	Row N %	1.4%	11.9%	26.8%	52.2%	7.8%
Food Security Polciy	Count	0	60	181	54	0
	Row N %	0.0%	20.3%	61.4%	18.3%	0.0%

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The findings show that respondents perceive housing, rental stability, and transport infrastructure policies as relatively more effective, while employment, food security, social welfare, and price stabilization interventions receive more uncertain assessments. This suggests that policies addressing visible urban challenges, such as housing access and mobility, generate more immediate benefits, whereas interventions targeting broader economic well-being require longer-term implementation and stronger institutional coordination. This finding is consistent with urban welfare and public policy theories, which emphasize that effective policy interventions should address both immediate service needs and underlying socioeconomic conditions to improve household welfare (Sen, 1999; Ostrom, 2005). Empirical studies in developing urban contexts similarly demonstrate that infrastructure-oriented interventions often produce more observable outcomes, while poverty reduction and income-related programs face challenges related to targeting, sustainability, and institutional capacity (World Bank, 2018; UN-Habitat, 2020). Therefore, improving household living standards in Addis Ababa requires an integrated policy approach combining housing, employment creation, social protection, food security, and inflation management strategies.

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Policy	.572	.266	4.626	1	.031	1.771
	age of respondents	.010	.033	.090	1	.765	1.010
	gender of respondents	.633	.437	2.098	1	.148	1.883
	Marriage status of respondents	.070	.420	.028	1	.868	1.072
	Number of children of respondents	.934	.257	13.231	1	.000	2.545
	Education level of respondents	-.105	.260	.164	1	.686	.900
	Education of respondents in years	-.090	.103	.772	1	.380	.914
	Emloyment status of respondents	-.749	.391	3.668	1	.055	.473
	Gross income of respondents	.000	.000	.003	1	.954	1.000
	Sole provider of the household	.528	.556	.904	1	.342	1.696
	Living house of respondents	.889	.931	.911	1	.340	2.432
	Number of dependent on respondents income	.366	.241	2.317	1	.128	1.443
	Constant	1.361	2.352	.335	1	.563	3.899

a. Variable(s) entered on step 1: Policy, age of respondents, gender of respondents , Marriage status of respondents, Number of children of respondents , Education level of respondents, Education of respondents in years, Emloyment status of respondents , Gross income of respondents, Sole provider of the household, Living house of respondents , Number of dependent on respondents income .

Binary Logistic Regression Results on the Effect of Government Policy Interventions on Households' Ability to Meet Monthly Expenses

To examine whether government policy interventions influence households' ability to meet monthly expenses while controlling for socioeconomic characteristics, a binary logistic regression model was estimated. The dependent variable measures whether respondents' household income is sufficient to cover monthly family expenses, while the main explanatory variable captures households' perceptions of and access to government policy interventions. The model controls for demographic and socioeconomic characteristics, including age, gender, marital status, number of children, education, employment status, income level, household provider status, housing condition, and dependency burden. The following table presents the estimated regression coefficients, standard errors, significance levels, and odds ratios of the model.

Table 13: Binary Logistic Regression Results on the Effect of Government Policy Interventions on Households' Ability to Meet Monthly Expenses

The regression results indicate that government policy interventions have a statistically significant positive effect on households' ability to cover monthly expenses (B = 0.572, p = 0.031; Exp(B) = 1.771), suggesting that households benefiting from or positively perceiving government interventions are about 1.77 times more likely to report

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adequate financial capacity. This finding highlights the role of housing support, price stabilization, employment initiatives, social protection, transport improvements, and food security programs in reducing household economic pressure. It is consistent with capability and welfare theories, which emphasize that household well-being depends not only on income but also on access to social and economic opportunities that enhance living conditions (Sen, 1999; Stiglitz, 2000). Among socioeconomic factors, the number of children in the household showed a significant positive association (B = 0.934, p < 0.001; Exp(B) = 2.545), possibly reflecting the contribution of additional household members and extended family support networks, as discussed in household livelihood theories (Becker, 1981; Ellis, 2000). Employment status showed a negative but marginally significant effect (B = -0.749, p = 0.055; Exp(B) = 0.473), indicating that employment alone may not guarantee financial adequacy due to inflation, low wages, and rising living costs, consistent with the concept of the working poor (ILO, 2021). Other variables, including income, education, gender, age, and housing conditions, were not statistically significant, suggesting that real purchasing power and access to supportive policies may be more important determinants of perceived household economic well-being in a high-inflation context. This finding aligns with the permanent income hypothesis, which argues that welfare depends on sustainable purchasing capacity rather than current income alone (Friedman, 1957).

Ordinal Logistic Regression Results on the Effect of Government Policy Interventions on Household Expense Adequacy

To examine the effect of government policy interventions on households' ability to meet monthly expenses while accounting for socioeconomic characteristics, an ordinal logistic regression model was estimated. The dependent variable measures households' level of expense adequacy, while the main explanatory variable represents the extent to which households access and perceive government policy interventions as effective. The model controls for key socioeconomic characteristics, including age, gender, marital status, number of children, educational attainment, employment status, and net household income. The following table presents the parameter estimates, standard errors, Wald statistics, significance levels, and confidence intervals from the ordinal logistic regression model using a logit link function.

Table 14: Ordinal Logistic Regression Results on the Effect of Government Policy Interventions on Household Expense Adequacy

Parameter Estimates								
		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Q11familyexpense = 0]	-1.395	2.288	.372	1	.542	-5.880	3.090
Location	Policy	.510	.256	3.981	1	.046	.009	1.011
	Q1age	.009	.032	.084	1	.772	-.053	.071
	Q2gender	.592	.414	2.046	1	.153	-.219	1.403
	Q3marriagestatus	.196	.408	.231	1	.631	-.603	.996
	Q4children	.886	.245	13.099	1	.000	.406	1.366
	Q7Educationyears	-.072	.089	.657	1	.418	-.247	.102
	Q8Jobstatus	-.667	.364	3.356	1	.067	-1.381	.047
	Q10netincome	5.943E-6	2.132E-5	.078	1	.780	-3.583E-5	4.772E-5
Link function: Logit.								

The ordinal logistic regression results indicate that government policy interventions have a statistically significant positive effect on households' ability to meet monthly expenses (β = 0.510, p = 0.046), suggesting that households with greater access to or favorable perceptions of government programs are more likely to achieve higher levels of expense adequacy. This finding highlights the contribution of housing, rental regulation, social welfare, employment support, price stabilization, transport, and food security interventions in reducing household economic constraints. It is consistent with welfare economics and Sen's capability approach, which emphasize that public interventions improve well-being by expanding access to essential resources and opportunities beyond income alone (Stiglitz, 2000; Sen, 1999). Empirical studies similarly show that effective social protection and poverty reduction programs strengthen household resilience against economic shocks (Barrientos, 2013; Fiszbein & Schady, 2009). The number of children in the household also showed a significant positive effect (β = 0.886, p < 0.001), which may reflect the role of extended family structures, shared responsibilities, and additional household support mechanisms rather than dependency alone (Becker, 1981). Employment status had a negative but statistically insignificant effect (β = -0.667, p = 0.067), indicating that employment does not always translate into economic security when wages are affected by inflation and rising living costs, consistent with the concept of working poverty (ILO, 2021). Other factors, including income, education, age, gender, and marital status, were not significant predictors, suggesting that in a high-inflation context, access to supportive policies and real purchasing power may be more influential than nominal income alone, consistent with the permanent income hypothesis (Friedman, 1957).

Conclusison and Recommendaiton

Conclusion

This study assessed the effectiveness of government policy interventions in enhancing household economic resilience in Addis Ababa by examining households' ability to cover monthly expenses, their experiences with major government interventions, and the factors influencing household expense adequacy. The findings revealed that a substantial proportion of urban households face challenges in maintaining adequate living standards due to the increasing gap between household income and monthly expenditures. Despite the fact that most respondents were engaged in employment activities, particularly in the private and public sectors, many households reported difficulties in covering their regular expenses, reflecting the significant pressure created by rising living costs. The study further showed that households perceive the cost of living in Addis Ababa as very high, with housing, food, transportation, and other essential expenditures placing considerable financial burdens on households. This indicates that employment and income generation alone have not been sufficient to ensure economic security, highlighting the importance of effective government interventions that address multiple dimensions of household vulnerability.

The study also demonstrated that government policy interventions contribute significantly to improving household economic resilience. Households recognized the contribution of different policy interventions, including housing programs, rental stability measures, social welfare programs, employment creation initiatives, price stabilization measures, transportation and infrastructure development, and food security interventions, although the level of perceived effectiveness varied across policy areas. The ordinal logistic regression analysis confirmed that government policy interventions have a statistically significant positive influence on households' ability to meet monthly expenses after controlling for socioeconomic characteristics. This finding indicates that well-designed and effectively implemented public policies can strengthen households' capacity to cope with economic pressures and improve living standards. However, the study also identified gaps related to policy coverage, targeting, implementation effectiveness, and sustainability. Therefore, enhancing household economic resilience in Addis Ababa requires an integrated policy approach that combines improved access to affordable housing, employment opportunities, social protection, food security, inflation management, and efficient delivery of essential urban services.

Recommendations

Based on the findings of this study, it is recommended that the Addis Ababa City Administration strengthen the effectiveness of existing government policy interventions by improving their targeting, coverage, and implementation mechanisms. Particular attention should be given to policies addressing the major factors affecting household living standards, including affordable housing, employment creation, price stabilization, food security, and social protection. Strengthening coordination among relevant institutions and ensuring that interventions reach the most vulnerable households will enhance the contribution of government programs toward improving household economic resilience. Furthermore, policy interventions should move beyond short-term support mechanisms and focus on sustainable solutions that improve households' long-term economic capacity. This requires expanding employment opportunities, supporting income-generating activities, improving access to affordable basic services, and regularly evaluating policy outcomes based on households' experiences and needs. Evidence-based monitoring and continuous policy adjustment are essential to ensure that government interventions effectively respond to the changing economic realities faced by urban households in Addis Ababa.

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